

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
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. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

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

(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.
BRIAN J. STREET

CHRISTIAN W. MARCELLI, OF COUNSEL
(LICENSED IN NEW YORK ONLY)

September 24, 2007
VIA HAND DELIVERY

Jared Deason
Florida Public Service Commission
Division of Economic Regulation
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

070900

Re: Aloha Utilities, Inc.; Complaint of Warren Dunphy on behalf of Realm Management, LLC

Dear Jared:

1. **Your letter dated July 22, 2007 states, "DEP imposes permit requirements for Aloha wastewater treatment system. DEP has specifically recognized in Aloha's most recent wastewater treatment plant operating permit that all of Aloha's undeveloped certificated territory is to be utilized as part of the reuse system." It further states, "Aloha is required to provide reuse to any new customers who connect to Aloha's wastewater system and such requirement is a part of the utility's wastewater treatment operating permit." Please provide a copy of all DEP operating permits referenced in the preceding statement.**

Utility Response:

FDEP states in its wastewater operating permit for Aloha Seven Springs WWTP and reuse system (FLA012752) that the capacity of Aloha's reuse application system is 3.089 MGD based on the application of reuse water on the area "defined by the boundaries of Seven Springs's service area as define in Aloha's Florida Public Service Commission approved tariff." By granting this capacity, the FDEP anticipated that all non-developed land suitable for reuse water application within the Seven Springs service area would be used for reuse water application as it was developed in the future. This is an important concept in that it requires future generators of wastewater (residential and commercial) to take back reuse water in sufficient

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FPSC-COMMISSION CLERK

quantities to allow Aloha to properly dispose of treated wastewater (reuse water) in compliance with FDEP rules. If Aloha is not allowed to compel ALL new customers to take reuse water, then the capacity of Aloha wastewater disposal and water reuse systems will be affected and Aloha's ability to operate its systems in compliance with FDEP rules and good utility practice may be impacted.

2. **Your letter dated July 22, 2007 states, "Aloha's SWFWMD approved; (a) water use permit; (b) conservation plan; and, (c) the grants it received for construction of its reuse system all require this utility to aggressively pursue the provision of reuse service to all new customers." Please provide a copy of the SWFWMD-approved water use permit, conservation plan and grants referenced in the preceding statement.**

Utility Response:

As requested, the following relevant documents are provided: (1) the existing Southwest Florida Water Management District approved Water Use Permit; (2) the Consent Agreement and Conservation Plan; and (3) the Cooperative Funding Agreement and related Proposed Project Plan. All are attached as part of **Attachment A** hereof. In order to understand these documents and the requirements imposed under them, some background is necessary.

As Aloha contended in its earlier response, a number of SWFWMD rules, regulations, directives and other requirements and documents require Aloha to maximize its use of reuse water in place of potable water at each and every opportunity. However, without in-depth understanding of those underlying general SWFWMD rules, regulation, directives and other requirements, it will be difficult for those reading this response to appreciate the implications of the terms and conditions set forth in the documents provided and how they support our position on this issue. Therefore, we first provide contractual background information to assist the reader in reviewing the attached documents.

Provisions of the state's Water Policy, chapter 62-40, Florida Administrative Code (FAC) encourage, promote and require reuse and water conservation.

The Water Resource Implementation Rule (1997) contains significant guidance and requirements related to water conservation and reuse. These provisions serve to guide activities and programs of the water management districts. This rule established several general policies for water management programs including the following:

1. To advocate and direct the use of reclaimed water as an integral part of water management programs, rules and plans consistent with protection of the public health and surface and ground water quality.
2. To **encourage the use of the lowest acceptable quality water** for the purposes intended.

That Rule includes water conservation and use of reclaimed water as part of the consideration of whether or not a proposed use of water is reasonable-beneficial use. All applicants for SWFWMD Water Use Permits **must** demonstrate that their proposed water use is **reasonable/beneficial** before a permit will be issued. In addition, rule imposes additional requirements on permit applicants which are located in Water Use Caution Areas (such as the Northern Tampa Bay Water Use Caution Area [NTBWUCA] which includes the entire Aloha Utilities' Seven Springs Service Area).

In 1996, the FDEP, water management districts, the Department of Health, the Public Service Commission, the Department of Agricultural and Consumer Services, and the Department of Community Affairs implemented a comprehensive agreement to encourage and promote the reuse of reclaimed water.

When Aloha applied for renewal of its current Seven Springs Water Use Permit, SWFWMD reviewed Aloha's application to determine if it was in compliance with the Water Resource Implementation Rule and was therefore, proposing water use that utilized the lowest acceptable quality water for the purposes intended. Aloha demonstrated that it was in compliance in the rule by: (1) supplying reuse water to all customers where an existing reuse distribution pipeline existed; or (2) requiring all new subdivisions and commercial users, by service agreements, to provide the infrastructure necessary and take reuse water for irrigation purposes. The Utility thus was able to assure the District that the lowest quality water was being used for the purpose. Aloha's policy at that time, as it is at present, is that **all** new applicants for service which are located in an area currently served by its reuse water distribution system, or located in an area where the applicant can provide the necessary infrastructure to enable taking reuse water, shall be required to construct the needed facilities and take reuse water for irrigation purposes. Without the ability to require its customers to take reuse water service Aloha would not be able to comply with the requirements of the District.

Aloha Water Use Permit (WUP) specifically requires Aloha to submit annual reports documenting reuse water use by its customers and, to document the extent which the use of reuse water reduces its per capita demands for potable water. The special District rules and requirements related to maximum per capita demands imposed on utilities located in Water Use Caution Area's specifically allow Aloha to take a credit for the total quantity of reuse water provided to offset total potable water uses to allow it to comply with the limitation on per capita potable water uses imposed. Its WUP specifically requires Aloha to maintain records and to report its compliance with these special conditions yearly. It is therefore, necessary for Aloha to require all potential users of reuse water to take it so that it can comply with the Districts special per capita potable water limitations for utilities located in Water Use Conservation Areas.

In 2002 Aloha entered into a Consent Order (CO) with SWFWMD. This CO states that Aloha, as a utility located in the NTBWUCA is required to take special measures to conserve water and protect that water resource. One of the supply-side water conservation measures agreed to in the CO was full and aggressive utilization of wastewater reuse as an integral measure to conserve potable water. The CO recognizes that Aloha's reuse service area is the same as its overall service area. In addition, the District's acknowledgment of the benefits of the reuse program can be seen in its continued cooperative funding of the backbone distribution system needed to allow Aloha to expand the number of reuse customers it will serve. In the CO the District acknowledges that Aloha "will require new projects to construct reuse distribution systems and take back effluent as an alternative to potable water for irrigation purposes" as part of its means of compliance with the CO.

The District and Aloha entered into a Cooperative Funding Agreement in 1997 which allowed Aloha to construct a large portion of the backbone of its reuse water distribution system. To obtain this funding, Aloha demonstrated that the construction of the pipeline would allow it to greatly extend its reuse service to the parts of its service area which would be constructed in the future. The Agreement states that the public will benefit "from reduced environmental impacts from groundwater withdrawals" due to the construction of this project. Implicit in this statement is that the District understood that this also meant that for this benefit to be achieved all future customers located along the route of this pipeline would be required to take reuse water from it. In fact, the agreement requires Aloha to provide the District with a report documenting the potable water offsets achieved. The

description of the project specifically envisions that this pipeline would serve “thousands of residential and commercial units” in the future. Also, the Agreement envisions that one of the measurable benefits of the project is that it will provide “*an opportunity/obligation for future residential and commercial construction to plan and construct reuse distribution systems as a substitute for potable water supply irrigation.*” If any new customers were not required to connect to this pipeline and take reuse water the full benefits promised the public for funding it would not be realized, and the general body of ratepayer will therefore have to pay for the shortfall in the form of utility construction of additional water or reuse facilities.

- 3. Please provide a copy of all correspondence with Aloha, Warren Dunphy, and Leroy Allen, regarding the installation of the reuse line dated after July 24, 2007.**

Utility Response: What little correspondence has occurred between Aloha and Warren Dunphy and Leroy Allen since July 24, 2007 is attached hereto as **Attachment B.**

- 4. Aloha claims that the estimated constructed costs for the reuse line is \$300,000. Please provide a detailed cost breakdown for the elements of the reuse line. In addition, please provide documentation to support the cost breakdown for the elements of the reuse line that would justify the \$300,000 estimate.**

Utility Response: Aloha only estimated (on a very liberal basis), that cost of \$300,000 in recent months, when it became necessary to determine the amount of a Letter of Credit. Attached is the detail of that cost estimate as prepared by the Utility’s engineer. However, the original estimate of costs is the responsibility of and were developed by the developer in the early stages of negotiations on this project. It is our understanding those original estimates were somewhere in the neighborhood of \$80,000. It is neither the responsibility of, nor the normal course of business, for the Utility to attempt to estimate the cost of such facilities. The only reason why it was done in this case was for the purposes of determining what appropriate bond should be required as security to move forward with service to the developer, pending resolution of this complaint.

- 5. Please explain in detail why Seven Springs Medical Park was not required to execute a Refundable Advance Agreement to install the reuse line, but instead was able to execute the Developer Agreement Amendment for Reclaimed Water that requires Seven Springs Medical Park to connect to a reuse line when it becomes available in the future.**

Utility Response: Seven Springs Medical Park was not required to execute a Refundable Advance Agreement to install the reuse line, because at the time that they needed water and wastewater service, they were several miles away from the nearest reuse line. As such, imposing such a requirement upon them would have been unreasonable, given the fact that their demand for reuse service is comparable to that required for the Realm property and therefore, their percentage demand on such line would likely have been well under 1%.

6. **Are there any other properties serviced by Aloha that were required by Aloha to install a reuse line larger than what was required to service the property for the benefit of surrounding properties, developed or undeveloped? If so, please provide a list of those customers that installed the reuse line, as well as, all documentation relating to the installation of their reuse line. The documentation should include, but is not limited to, Refundable Advance Agreements and correspondence with the properties owners or agents.**

Utility Response: The Utility does not keep records in this type of order that would allow us to list all such properties. It is relatively common for the Utility to require a developer to oversize facilities and expend slightly more money for such oversizing, in order to enable the Utility to provide service off the same reuse line to future customers in the vicinity. However, generally speaking, those are not the subject of a Refundable Advance Agreement, in part because the difference in cost for oversizing is usually relatively minor (as it is in this case as well). While Refundable Advance Agreements have been executed for oversizing of water and wastewater lines, we do not believe there has been (to date), any other Refundable Advance Agreements entered into for reuse lines. Attached hereto as **Attachment C** is correspondence from 2003 through 2005 relative to oversizing required for a reuse line for the Cypress Walk East development. This is an example of required oversizing that was not the subject of a Refundable Advance Agreement.

7. **Please provide a status update as of August of 2007 for Aloha's reuse system. Are Aloha's reuse customers currently utilizing all reuse produced by their sewage treatment plant? If so, how many gallons of water are available in holding ponds to meet the excess demand?**

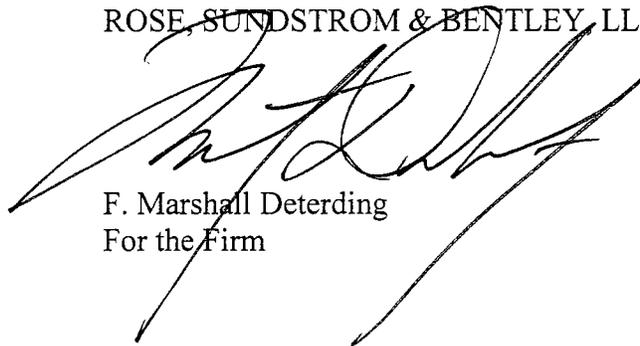
Utility Response: In August of 2007, 8.4 million gallonage more of treated effluent was produced by the Seven Springs sewage treatment plant that was used by reuse customers. Therefore, the Utility needed substantially more reuse water demand for the month. The demand for reuse water varies by season and by climate cycle over the years. The wet weather

holding ponds at Aloha's treatment facilities you reference are not meant for storing reuse water for use in times of high demand. In fact, their purpose is to store reuse water in times of surplus (wet weather) so that reuse water will not have to be disposed of by other means (such as surface water discharge). When the ponds levels rise due to light demand (wet weather or very cold weather), the system sizing is such that the pond levels will be depleted during normal demand periods. When high demand periods occur (during droughts for instance) it is often required that reuse facilities cut system pressure to lower consumption and/or limit the number of days a customers may take reuse water to allow every customer to obtain their share of the limited supply. However, it is important to note that the size of wet weather storage ponds and the size of the irrigable acreage (customer's property) must be closely coordinated such that the pond water levels can be reduced after a wet period during a normal reuse demand period so that the pond capacity will be available before the next seasonal wet period. If the irrigable land area is not of sufficient size (and therefore the reuse water disposal capacity) for the quantity of raw wastewater generated by customers, then the pond levels will not be reduced during normal demand periods and the ponds will overflow during the next wet period causing serous consequences both logistically and legally for the utility.

If you have any questions or need anything further, please do not hesitate to contact me.

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For the Firm

FMD/tms

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**SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
WATER USE
INDIVIDUAL
PERMIT NO. 203182.04**

EXPIRATION DATE: April 27, 2005

PERMIT ISSUE DATE: April 27, 1999

THE PERMITTEE IS RESPONSIBLE FOR APPLYING FOR A RENEWAL OF THIS PERMIT PRIOR TO THE EXPIRATION DATE WHETHER OR NOT THE PERMITTEE RECEIVES PRIOR NOTIFICATION BY MAIL. FAILURE TO DO SO AND CONTINUED USE OF WATER AFTER EXPIRATION DATE IS A VIOLATION OF DISTRICT RULES AND MAY RESULT IN A MONETARY PENALTY AND/OR LOSS OF WATER. APPLICATION FOR RENEWAL PRIOR TO THE EXPIRATION DATE IS SUBJECT TO DISTRICT EVALUATION AND APPROVAL.

This permit, issued under the provision of Chapter 373, Florida Statutes and Florida Administrative Code 40D-2, authorizes the Permittee to withdraw the quantities outlined herein, and may require various activities to be performed by the Permittee as outlined by the Special Conditions. This permit, subject to all terms and conditions, meets all District permitting criteria.

PROJECT NAME: Not Specified

GRANTED TO: Aloha Utilities, Inc.
2514 Aloha Place
Holiday, FL 34691

ABSTRACT: This is a new permit for a long-standing existing public supply use serving the Seven Springs Service Area. It is located in southwestern Pasco County within the Northern Tampa Bay Water Use Caution Area (NTB WUCA). The Annual Average quantity is 2,040,000 gallons per day (gpd) and the Peak Month quantity is 2,470,000 gpd, and the quantities are unchanged from the previously permitted quantities. The permitted withdrawals will serve a portion of the population of the service area, but the quantities do not meet all of the present demand or the future demand within the service area. There are eight existing production wells open to the Floridan aquifer. Special Conditions require: recording and reporting metered pumpage monthly; flexibility of pumpage distribution; water quality sampling quarterly; submittal of an environmental monitoring report; submittal of annual per capita rate; submittal of water audits; submittal of annual residential water use reports; submittal of annual reuse supplier report; and continued implementation of water conservation programs.

TOTAL QUANTITIES AUTHORIZED UNDER THIS PERMIT (in gpd)			
AVERAGE:	2,040,000	PEAK MONTHLY:	2,470,000

<u>Use</u>	<u>Average</u>	<u>Peak Monthly</u>
Public Supply:	2,040,000 gpd	2,470,000 gpd

See Withdrawal Table for quantities permitted for each withdrawal point.



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 Permittee: Aloha Utilities, Inc.
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PROPERTY LOCATION: Pasco County, approximately 3 miles of New Port Richey, adjacent to State Road 54.

TYPE OF APPLICATION: New (Expired)

WATER USE CAUTION AREA:
 Northern Tampa Bay

APPLICATION FILED: October 21, 1998

ACRES: 1.64 Owned
 144.00 Controlled
 7,173.00 Serviced

APPLICATION AMENDED: N/A

WATER USE: PUBLIC SUPPLY

SERVICE AREA NAME

Seven Springs

<u>USE TYPE</u>	<u>POPULATION SERVED</u>	<u>PER CAPITA RATE</u>
Residential Single Family Other Uses (Unmetered)		
Total Public Supply:	24,452	Gross = 121 gpd/person Compliance = 93 gpd/person

<u>I.D. NO.</u> <u>PERMITTEE/</u> <u>DISTRICT</u>	<u>DIAM.</u> <u>(IN.)</u>	<u>DEPTH</u> <u>TTL./CSD.</u>	<u>USE</u>	<u>GALLONS PER DAY</u>	
				<u>AVERAGE</u>	<u>PEAK MONTHLY</u>
3 / 19	6	350 / UNK	PS	122,000	155,000
4 / 20	6	350 / UNK	PS	167,000	211,000
1 / 21	10	280 / UNK	PS	449,000	523,000
2 / 22	8	500 / UNK	PS	288,000	347,000
6 / 23	8	305 / 120	PS	239,000	304,000
7 / 24	8	302 / 145	PS	284,000	348,000
8 / 26	10	342 / 226	PS	259,000	315,000
9 / 27	10	342 / 220	PS	232,000	267,000

PS = Public Supply

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<u>DISTRICT I.D. NO.</u>	<u>SECTION/TOWNSHIP/RANGE</u>	<u>LOCATION LAT./LONG.</u>
19	23/26/16	281223.03/824022.34
20	23/26/16	281224.03/824013.34
21	30/26/17	281146.03/823812.34
22	29/26/17	281139.03/823720.34
23	13/26/16	281350.03/823930.34
24	13/26/16	281342.03/823910.34
26	34/26/16	281114.03/824130.35
27	34/26/16	281103.03/824141.35

SPECIAL CONDITIONS:

All conditions referring to approval by the Regulation Department Director, Resource Regulation, shall refer to the Director, Brooksville Regulation Department, Resource Regulation.

SUBMITTING REPORTS AND DATA

1. All reports required by the permit shall be submitted to the District on or before the tenth day of the month following data collection and shall be addressed to:

Permit Data Section, Resource Regulation
 Southwest Florida Water Management District
 2379 Broad Street
 Brooksville, Florida 34609-6899

Unless otherwise indicated, three copies of each plan or report, with the exception of pumpage, rainfall, evapotranspiration, water level or water quality data which require one copy, are required by the permit.

WATER QUANTITY METERING AND REPORTING

2. The Permittee shall continue to maintain and operate the existing non-resettable, totalizing flow meter(s), or other flow measuring device(s) as approved by the Director, Brooksville Regulation Department, for District ID No(s). 19, 20, 21, 22, 23, 24, 26, and 27, Permittee ID No(s). 3, 4, 1, 2, 6, 7, 8, and 9. Such device(s) shall maintain an accuracy within five percent of the actual flow as installed. Total withdrawal and meter readings from each metered withdrawal shall be recorded on a monthly basis and reported to the Permits Data Section (using District forms) on or before the tenth day of the following month. If a metered withdrawal is not utilized during a given month, a report shall be submitted to the Permits Data Section indicating zero gallons.

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3. The Annual Average Daily and Peak Month Daily quantities for all existing production wells, shown above in the production withdrawal table, are estimates based on historic and/or projected distribution of pumpage, and are for water use inventory and impact analysis purposes. The quantities listed in the table for these individual sources are not intended to dictate the distribution of pumpage from permitted sources. The Permittee may make adjustments in pumpage distribution as necessary up to 1.2 times the permitted quantities for the individual wells, so long as adverse environmental impacts do not result and other conditions of this Permit are complied with. In all cases, the total Annual Average Daily withdrawal and the total Peak Month Daily withdrawal are limited to the quantities set forth above.
4. The Permittee shall submit on a monthly basis total water quantities, in gallons, obtained from external sources, including the interconnect(s) with Pasco County, and submit this information to the Permit Data Section by the 10th day of the following month, in conjunction with the monthly pumpage report.

WATER QUALITY MONITORING AND REPORTING

5. Water quality samples shall be collected and analyzed, for parameter(s), and frequency(ies) specified below. Water quality samples from production wells shall be collected whether or not the well is being used, unless infeasible. If sampling is infeasible the Permittee shall indicate the reason for not sampling on the water quality data form. Water quality samples shall be analyzed by a Department of Health and Rehabilitative Services (DHRS) certified laboratory under Environmental Laboratory Certification General Category "1". At a minimum, water quality samples shall be collected after pumping the well at its normal rate for a pumping time specified in the table below, or to a constant temperature, pH, and conductivity. In addition, the Permittee's sampling procedure shall follow the handling and chain of custody procedures designated by the certified laboratory which will undertake the analysis. Any variance in sampling and/or analytical methods shall have prior approval of the Director, Brooksville Regulation Department. Reports of the analyses shall be submitted to the Permits Data Section (using District forms) on or before the tenth day of the following month, and shall include the signature of an authorized representative and certification number of the certified laboratory which undertook the analysis. The parameters and frequency of sampling and analysis may be modified by the Director, Brooksville Regulation Department, as necessary to ensure the protection of the resource.

<u>District ID No.</u>	<u>Permittee ID No.</u>	<u>Minimum Pumping Time (minutes)</u>	<u>Sampling Parameter</u>	<u>Frequency</u>
19	3	15	Chloride, Sulfate, TDS	Quarterly
20	4	15	Chloride, Sulfate, TDS	Quarterly
21	1	15	Chloride, Sulfate, TDS	Quarterly
22	2	15	Chloride, Sulfate, TDS	Quarterly
23	6	15	Chloride, Sulfate, TDS	Quarterly
24	7	15	Chloride, Sulfate, TDS	Quarterly
26	8	15	Chloride, Sulfate, TDS	Quarterly
27	9	15	Chloride, Sulfate, TDS	Quarterly

TDS=Total Dissolved Solids; Quarterly= February, May, August, November

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Analyses shall be performed according to procedures outlined in the current edition of Standard Methods for the Examination of Water and Wastewater by the American Public Health Association-American Water Works Association-Water Pollution Control Federation (APHA-AWWA-WPCF) or Methods for Chemical Analyses of Water and Wastes by the U.S. Environmental Protection Agency (EPA).

7. The District reserves the right to set chloride, sulfate, or TDS, concentration limits on any production well in the future, based on data collected and after a sufficient data base has been established to determine limits. These limits shall be required after discussions with the Permittee. At such time as the concentration in any water sample reaches or exceeds the designated concentration limits, the Permittee shall take appropriate action to reduce concentrations to below those set for the particular well. If the District determines that long-term upward trends or other significant water quality changes are occurring, the District may reconsider the quantities permitted.

ENVIRONMENTAL MONITORING

8. By November 1, 1999, the Permittee shall submit a report analyzing the existing environmental monitoring programs within the service area. The report shall also assess existing conditions of the monitored sites relative to the Permittee's withdrawals. If upon review the District does not find this monitoring adequate for reporting the environmental conditions of this area, the District may require development of an Environmental Monitoring Plan (EMP). Upon notification by the District that an EMP is required, the Permittee shall have 90-days to develop and submit the required EMP to the District. The EMP should include, but not be limited to, the following:
 - A. The Owner ID Nos. of all monitoring points and wetland transects;
 - B. Aerial maps showing the following:
 1. A north arrow;
 2. Section, Township, and Range;
 3. All existing production wells to be included in this application, designating the District and/or Owner ID No.;
 4. All monitored wetlands and monitoring points, designating the Owner ID No. of each point;
 - C. A complete explanation of water-level and wetland quantitative analysis and qualitative vegetative assessments to be performed, including the frequency of monitoring each or the transect with photographic documentation.

WATER CONSERVATION AND WATER USE CAUTION AREA CONDITIONS

9. The Permittee shall maintain a per capita water rate equal to or less than 150 gpd; This standard shall remain in effect until modified by rule.

For planning purposes, listed below are per-capita goals for future management periods. These goals may be established as requirements through future rulemaking by the District:

- A. By January 1, 2001, the District may establish a new per capita water use standards. Based on current information, the per capita water use goal may be established by rule at 130 gpd; and,

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Permittee: Aloha Utilities, Inc.
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- B. By January 1, 2011, the District may establish a new per capita water use standard. Based on current information, the per capita water use goal may be established by rule at 130 gpd.

By April 1 of each year for the preceding fiscal year (October 1 through September 30), the Permittee shall submit a report detailing:

- A. The population served;
- B. Significant deducted uses, the associated quantity, and conservation measures applied to these uses;
- C. Total withdrawals;
- D. Treatment losses;
- E. Environmental mitigation quantities;
- F. Sources and quantities of incoming and outgoing transfers of water and wholesale purchases and sales of water, with quantities determined at the supplier's departure point; and
- G. Documentation of reuse and desalination credits, if taken.

If the Permittee does not achieve the specified per capita rates, the report shall document why these rates and requirements were not achievable, measures taken to attempt meeting them, and a plan to bring the permit into compliance. This report is subject to District approval. If the report is not approved, the Permittee is in violation of the Water Use Permit.

The District will evaluate information submitted by Permittees who do not achieve these requirements to determine whether the lack of achievement is justifiable and a variance is warranted. Permittees may justify lack of achievement by documenting unusual water needs, such as larger than average lot sizes with greater water irrigation needs than normal-sized lots. However, even with such documented justification, phased reductions in water use shall be required unless the District determines that water usage was reasonable under the circumstances reported and that further reductions are not feasible. For such Permittees, on a case-by-case basis, individual water conservation requirements may be developed for each management period.

Prior to the 2001 and 2011 management periods, the District will reassess the per-capita and other uses conservation goals. As a result of this reassessment, these goals may be adjusted upward or downward through rulemaking and will become requirements.

- 10. The Permittee shall maintain a water conservation oriented rate structure as specified in the Basis of Review for Water Use Permitting.
- 11. The Permittee shall conduct water audits of the water supply system during each management period. Water audits which identify a greater than 12 percent unaccounted for water shall be followed by appropriate remedial actions. Audits shall be completed and reports documenting the results of the audit shall be submitted as an element of the report required in the per capita condition to the District by the following dates: February 1, 2001; and February 1, 2011. Water audit reports shall include a schedule for remedial action if needed.

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12. By April 1 of each year for the preceding fiscal year (October 1 through September 30), the Permittee shall submit a residential water use report detailing:

1. The number of single family dwelling units served and their total water use;
2. The number of multi-family dwelling units served and their total water use; and
3. The number of mobile homes served and their total water use.

Residential water use quantities shall include both the indoor and outdoor water uses associated with the dwelling units, including irrigation water.

13. By January 1 of each year for the preceding fiscal year (October 1 through September 30), the Permittee shall submit a report detailing:

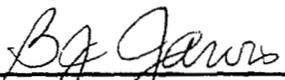
- A. The total annual average daily and monthly quantity of effluent supplied as reuse;
- B. For all individual customer reuse connections with line sizes of 4 inches or greater, list:
 1. line size;
 2. location of connection;
 3. account name and address;
 4. indication of meter, if present; and
 5. metered quantities, if metered.
- C. The annual average daily quantities, monthly quantities, locations, and methods of disposal for effluent that is not reused.
- D. A map or plan depicting the area of reuse service; this map should include any areas projected to be added within the next year, if possible.

14. Prior to submission of a formal application to increase quantities, the Permittee shall investigate the feasibility of desalination to provide all or a portion of the requested quantities, and to implement desalination if feasible. This report shall include a detailed economic analysis of desalination, including disposal costs, versus development of fresh water supplies, including land acquisition and transmission costs.

15. The total quantity distributed by the system, from the permitted withdrawal facilities and any external sources, shall not exceed 3,818,000 gallons per day on an average annual basis.

STANDARD CONDITIONS:

1. The Permittee shall comply with the Standard Conditions attached hereto, incorporated herein by reference as Exhibit "A" and made a part hereof.



Authorized Signature
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

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40D-2
Exhibit "A"

WATER USE PERMIT CONDITIONS

STANDARD CONDITIONS

1. If any of the statements in the application and in the supporting data are found to be untrue and inaccurate, or if the Permittee fails to comply with all of the provisions of Chapter 373, F.S., Chapter 40D, or the conditions set forth herein, the Governing Board shall revoke this permit in accordance with Rule 40D-2.341, following notice and hearing.
2. This permit is issued based on information provided by the Permittee demonstrating that the use of water is reasonable and beneficial, consistent with the public interest, and will not interfere with any existing legal use of water. If, during the term of the permit, it is determined by the District that the use is not reasonable and beneficial, in the public interest, or does impact an existing legal use of water, the Governing Board shall modify this permit or shall revoke this permit following notice and hearing.
3. The Permittee shall not deviate from any of the terms or conditions of this permit without written approval by the District.
4. In the event the District declares that a Water Shortage exists pursuant to Chapter 40D-21, the District shall alter, modify, or declare inactive all or parts of this permit as necessary to address the water shortage.
5. The District shall collect water samples from any withdrawal point listed in the permit or shall require the Permittee to submit water samples when the District determines there is a potential for adverse impacts to water quality.
6. The Permittee shall provide access to an authorized District representative to enter the property at any reasonable time to inspect the facility and make environmental or hydrologic assessments. The Permittee shall either accompany District staff onto the property or make provision for access onto the property.
7. Issuance of this permit does not exempt the Permittee from any other District permitting requirements.
8. The Permittee shall cease or reduce surface water withdrawal as directed by the District if water levels in lakes fall below applicable minimum water level established in Chapter 40D-8 or rates of flow in streams fall below the minimum levels established in Chapter 40D-8.
9. The Permittee shall cease or reduce withdrawal as directed by the District if water levels in aquifers fall below the minimum levels established by the Governing Board.
10. The Permittee shall practice water conservation to increase the efficiency of transport, application, and use, as well as to decrease waste and to minimize runoff from the property. At such time as the Governing Board adopts specific conservation requirements for the Permittee's water use classification, this permit shall be subject to those requirements upon notice and after a reasonable period for compliance.

Permit No.: 203182.04
Permittee: Aloha Utilities, Inc.
Page 10

11. The District may establish special regulations for Water Use Caution Areas. At such time as the Governing Board adopts such provisions, this permit shall be subject to them upon notice and after a reasonable period for compliance.
12. The Permittee shall mitigate, to the satisfaction of the District, any adverse impact to existing legal uses caused by withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include:
 - a. A reduction in water levels which impairs the ability of a well to produce water;
 - b. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams or other watercourses; or
 - c. Significant inducement of natural or manmade contaminants into a water supply or into a usable portion of any aquifer or water body.
13. The Permittee shall mitigate to the satisfaction of the District any adverse impact to environmental features or offsite land uses as a result of withdrawals. When adverse impacts occur or are imminent, the District shall require the Permittee to mitigate the impacts. Adverse impacts include the following:
 - a. Significant reduction in levels or flows in water bodies such as lakes, impoundments, wetlands, springs, streams, or other watercourses;
 - b. Sinkholes or subsidence caused by reduction in water levels;
 - c. Damage to crops and other vegetation causing financial harm to the owner; and
 - d. Damage to the habitat of endangered or threatened species.
14. When necessary to analyze impacts to the water resource or existing users, the District shall require the Permittee to install flow metering or other measuring devices to record withdrawal quantities and submit the data to the District.
15. A District identification tag shall be prominently displayed at each withdrawal point by permanently affixing the tag to the withdrawal facility.
16. The Permittee shall notify the District within 30 days of the sale or conveyance of permitted water withdrawal facilities or the land on which the facilities are located.
17. All permits issued pursuant to these Rules are contingent upon continued ownership or legal control of all property on which pumps, wells, diversions or other water withdrawal facilities are located.

BEFORE THE SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

ORDER NO. SWF 02-

IN RE: ALOHA UTILITIES, INC.
WUP No. 203182.004/CT No. 55948
PASCO COUNTY, FLORIDA

CONSENT ORDER

Pursuant to Sections 120.57(4) and 373.083, Florida Statutes (F.S.), this Consent Order is entered into between the Southwest Florida Water Management District, hereinafter referred to as the "District", and Aloha Utilities, Inc., hereinafter referred to as the "Permittee", to settle certain matters at issue between the parties. The parties hereby voluntarily agree to the following findings of fact, conclusions of law and corrective actions.

FINDINGS OF FACT

1. The District is the administrative agency charged with the responsibility to conserve, protect, manage and control water resources within its boundaries and to administer and enforce Chapter 373, F.S., and the rules promulgated thereunder as Chapter 40D, Florida Administrative Code (F.A.C.).
2. Permittee's mailing address is 6915 Perrine Ranch Road, New Port Richey, Florida 34655-3904. Permittee is a private utility company, incorporated in the State of Florida.
3. On September 29, 1992, the District issued Water Use Permit (WUP) No. 20003182.002 (the ".002 Permit") to Permittee, authorizing water withdrawals of 2,040,000 gallons per day (gpd) on an annual average basis from eight wells for public supply use in Permittee's Seven Springs Service Area. The Seven Springs Service Area is located in southwestern Pasco County, Florida, and is within the Northern

Tampa Bay Water Use Caution Area, hereinafter "NTBWUCA".

4. On April 27, 1999, the District issued WUP No. 20003182.004 (the ".004 Permit") to Permittee renewing the .002 Permit. The .004 Permit continued to authorize Permittee to make annual average withdrawals of 2,040,000 gpd. Permittee currently serves a population of approximately 24,452 people. The .002 Permit and the .004 Permit will hereinafter be referred to collectively as "the Permits".

5. Between November 1995, and the date of preparation of this Consent Order, Permittee has consistently exceeded the annual average withdrawals authorized under the Permits, as follows:

MONTH/ YEAR	ANNUAL AVERAGE DAILY PUMPAGE	PERCENTAGE OVERPUMPED
11/95	2,047,870	0.40%
12/95	2,064,714	1.20%
01/96	2,086,703	2.30%
02/96	2,104,129	3.10%
03/96	2,097,675	2.80%
04/96	2,110,548	3.50%
05/96	2,143,731	5.10%
06/96	2,199,298	7.80%
07/96	2,232,490	9.40%
08/96	2,265,207	11.00%
09/96	2,290,399	12.30%
10/96	2,328,269	14.10%
11/96	2,362,283	15.80%
12/96	2,367,801	16.10%
01/97	2,390,236	17.20%
02/97	2,413,370	18.30%
03/97	2,446,106	19.90%
04/97	2,448,756	20.00%
05/97	2,444,687	19.80%
06/97	2,454,370	20.30%
07/97	2,460,133	20.60%

MONTH/ YEAR	ANNUAL AVERAGE DAILY PUMPAGE	PERCENTAGE OVERPUMPED
08/97	2,495,844	22.30%
09/97	2,549,630	25.00%
10/97	2,570,969	26.00%
11/97	2,553,280	25.20%
12/97	2,522,920	23.70%
01/98	2,484,245	21.80%
02/98	2,431,797	19.20%
03/98	2,390,309	17.20%
04/98	2,448,713	20.00%
05/98	2,486,261	21.90%
06/98	2,527,897	23.90%
07/98	2,555,726	25.30%
08/98	2,553,353	25.20%
09/98	2,484,315	21.80%
10/98	2,493,370	22.20%
11/98	2,531,705	24.10%
12/98	2,593,422	27.10%
01/99	2,612,634	28.10%
02/99	2,686,686	31.70%
03/99	2,758,752	35.20%
04/99	2,764,050	35.50%
05/99	2,782,148	36.40%
06/99	2,721,232	33.40%
07/99	2,707,556	32.70%
08/99	2,737,043	34.20%
09/99	2,777,452	36.10%
10/99	2,778,617	36.20%
11/99	2,781,201	35.30%
12/99	2,777,208	36.10%
01/00	2,795,862	37.10%
02/00	2,809,800	37.70%
03/00	2,796,139	37.10%
04/00	2,767,378	35.70%
05/00	2,770,537	35.80%
06/00	2,829,833	38.70%
07/00	2,833,959	38.90%

MONTH/ YEAR	ANNUAL AVERAGE DAILY PUMPAGE	PERCENTAGE OVERPUMPED
08/00	2,808,538	37.70%
09/00	2,791,682	36.80%
10/00	2,864,716	40.40%
11/00	2,885,176	41.50%
12/00	2,804,601	39.00%
01/01	2,706,565	33.00%
02/01	2,670,938	30.90%
03/01	2,681,989	31.50%
04/01	2,719,705	33.30%
05/01	2,764,828	35.50%
06/01	2,759,801	35.30%
07/01	2,727,397	33.70%
08/01	2,756,645	35.10%
09/01	2,788,770	36.70%
10/01	2,750,241	34.80%

6. The NTBWUCA is delineated by Rule 40D-2.801(3)(c), F.A.C., as an area where groundwater withdrawals have resulted in the lowering of lake levels, destruction or deterioration of wetlands, reduction in streamflow, and salt water intrusion. Permittees within the NTBWUCA are required to take special measures to conserve water and protect the water resource.

7. During the review of Permittee's application for the .004 Permit, the District advised Permittee in a letter dated November 19, 1998, that due to the location of its withdrawals in the NTBWUCA no additional quantities would be permitted. Permittee was further advised that it should seek alternative sources to groundwater to address increased demand from its customers.

8. In a Compliance Notice dated April 2, 1999, the District informed Permittee that it was exceeding its permitted withdrawals, and advised Permittee to

take action to reduce on-site well withdrawals.

9. On June 6, 2000, District staff issued Permittee a second Notice of Noncompliance, advising Permittee that it continued to exceed its permitted withdrawals.

10. On November 21, 2000, the District issued Permittee a Notice of Violation, again informing Permittee that it was exceeding its permitted withdrawals. The Notice of Violation advised Permittee to bring its water withdrawals into compliance with the .004 Permit within 30 days of the notice. As of the date of preparation of this Consent Order, Permittee remains in violation of the .004 Permit.

11. The parties herein have discussed this matter and resolved all disputed issues regarding the violations set forth above.

CONCLUSIONS OF LAW

12. The District has jurisdiction over the Permittee pursuant to Sections 373.069(2)(d), 373.103(1), 373.216 and 373.219(1), F.S., and Rule 40D-2.041, F.A.C.

13. Making withdrawals in excess of the quantity of water authorized by the Permits, as described in paragraph 5, constitute violations of Section 373.219(1), F.S., Rule 40D-2.381, F.A.C., and the terms of the Permits.

PENALTY

14. The Permittee shall pay to the District a penalty of Four Hundred Thirty-nine Thousand Five Hundred Fifty-four and 45/100 dollars (\$439,554.45).

CORRECTIVE ACTIONS

15. Attached hereto as Exhibit "A" to this Consent Order is a Compliance Plan which has been mutually agreed to by the parties. The Compliance Plan demonstrates

how and when Permittee will come into compliance with state law, District rules, and the terms of the .004 Permit. The Compliance Plan is subject to modification to ensure its effectiveness, upon mutual agreement of the parties. Full compliance with the .004 Permit must be achieved within one hundred eighty (180) days of approval of this Consent Order by the District's Governing Board. This requirement does not confer any authorization or approval by the District of any continued violation of the .004 Permit by Permittee. The Compliance Plan shall be complied with by the Permittee. Any failure of Permittee to comply with any provision of the approved Compliance Plan shall constitute a violation of this Consent Order.

16. The Permittee may request an extension of time for any due date specified in this Consent Order or in the Compliance Plan, in writing, at least five (5) days before such due date. The District shall grant the requested extension in writing, for good cause which is defined as any act, event or condition that adversely affects the ability of the Permittee to perform any obligation hereunder, or comply with any condition hereunder, if such act, event or condition is beyond the reasonable control of Permittee and is not the result of a lack of reasonable diligence by Permittee including, but not limited to, an act of God, hurricane, landslide, lightning, earthquake, flood, drought, sabotage, vandalism, aircraft accidents or incidents, or similar occurrence, acts of a public enemy, extortion, war, blockade or insurrection, riot, civil disturbance, change of law, the failure of any contractor, subcontractor or supplier to timely furnish labor, services, materials or equipment if such failure is caused by an uncontrollable circumstance and substitute labor, services, materials or equipment on terms and conditions no less favorable to the affected party are not readily available, strikes, work

stoppages or other labor disputes or disturbances, the order, injunction, judgment, action or failure to act, by any court.

17. The District acknowledges that development of an alternative water source project by Permittee would be a benefit to water resource management within the NTBWUCA. The District will use its best efforts to process and consider granting cooperative funding for a proposed project, which consideration shall be on a uniform basis with other projects in the District.

18. Payment of the penalty set forth in Paragraph 14 herein will be suspended while Permittee conducts a feasibility study for a reverse osmosis plant, as described in Section III B of the Compliance Plan. The suspension of the penalty will be effective for no more than five (5) years from the date of approval of this Consent Order by the District's Governing Board. If the feasibility study indicates that a reverse osmosis plant is technically and economically feasible, Permittee will construct the plant, and the District will waive the penalty at such time as Permittee begins operation of the reverse osmosis plant. If Permittee does not conduct the feasibility study in good faith as determined by the District, Permittee will be required to pay the penalty to the District within thirty (30) days of notification to Permittee of such a determination. The District's determination of whether the study was conducted in good faith shall be considered an agency action subject to challenge by the Permittee pursuant to Sections 120.569 and 120.57, F.S. The Permittee asserts that the feasibility study for the reverse osmosis plant which is referenced herein will cost an amount in excess of Four Hundred Fifty thousand and no dollars (\$450,000.00), and shall provide to the District verification of the actual amount spent. The estimated cost of this feasibility study is a

material provision of this Consent Order, and if the study does not meet or exceed the estimated cost, the penalty shall not be reduced as described hereinafter.

If the Permittee has conducted the feasibility study in good faith, but the conclusion of the study is that a reverse osmosis plant is not technically and economically feasible, the District will reduce the penalty to One Hundred Thousand and 00/100 dollars (\$100,000.00). This reduced penalty will be suspended while the District and Permittee identify a mutually acceptable potential alternative water supply project. The suspension of the reduced penalty will be effective for no more than five (5) years from the date of approval of this Consent Order by the District's Governing Board. When the parties have agreed upon an alternative project, Permittee will conduct a feasibility study of that alternative project. If the feasibility study indicates the alternative project is technically and economically feasible, Permittee will implement the project, and the District will waive the penalty at such time as Permittee begins operation of the alternative project. If Permittee does not conduct the feasibility study in good faith as determined by the District, Permittee will be required to pay the reduced penalty of One Hundred Thousand and 00/100 dollars (\$100,000.00) to the District within thirty (30) days of notification to Permittee of such a determination. The District's determination of whether the study was conducted in good faith shall be considered an agency action subject to challenge by the Permittee pursuant to Sections 120.569 and 120.57, F.S. The Permittee asserts that the feasibility study for the alternative water supply project which is referenced herein will cost an amount in excess of Fifty Thousand and 00/100 dollars (\$50,000.00), and shall provide to the District verification of the actual amount spent. The estimated cost of this feasibility study is a material

provision of this Consent Order, and if the study does not meet or exceed the estimated cost, the penalty shall not be reduced as described hereinafter.

If Permittee has conducted the feasibility study in good faith, but the conclusion of the study is that the alternative project is not technically and economically feasible, the District will reduce the penalty to Fifty Thousand and 00/100 dollars (\$50,000.00). This penalty will be paid to the District within thirty (30) days of submission to the District of the study indicating the alternative project is not feasible.

19. Permittee shall additionally pay to the District compensation for District enforcement costs in the amount of One Thousand and 00/100 dollars (\$1,000.00), within 10 days of approval of this Consent Order by the District's Governing Board. If mailed, the address for payment is:

Finance Department
Southwest Florida Water Management District
2379 Broad Street
Brooksville, Florida 34604-6899

20. For each day of delay beyond any due date specified in this Consent Order or the approved Compliance Plan, the Permittee shall pay to the District an additional One Hundred and 00/100 dollars (\$100.00) per day. This additional sum shall be paid by the Permittee upon the District's mailing to the Permittee of a demand letter for payment. This provision shall not be construed to preclude the District's right to undertake other administrative, civil or criminal action as appropriate in the event any due date is not met.

21. The Permittee further agrees to henceforth fully comply with all of the terms and conditions of the .004 Permit. The Permittee acknowledges by the execution of this Consent Order that any future violation of Chapter 373, F.S., District rules, or the

terms of the .004 Permit or subsequent permits may subject it to any or all of the following: criminal prosecution, administrative action, or civil suit in which civil penalties of up to Ten Thousand and 00/100 dollars (\$10,000.00) per day per offense may be imposed.

22. The Permittee hereby waives any right to an administrative hearing or judicial review of the terms of this Consent Order.

23. This Consent Order shall not relieve the Permittee of the need to comply with all other applicable federal, state and local laws, regulations, or ordinances.

24. The terms and conditions set forth in this Consent Order may be enforced in a court of competent jurisdiction pursuant to Sections 120.69, 373.083(1) and 373.129, F.S.

25. The District expressly reserves and retains the right to initiate appropriate legal action against the Permittee to prevent or prohibit the future violation of any applicable statutes, rules, orders, or permit conditions, except as specifically addressed in this Consent Order.

26. For and in consideration of the complete and timely performance by the Permittee of its obligations under this Consent Order, the District waives its right to pursue civil or administrative action for any violations described in this Consent Order.

27. The Permittee shall allow authorized representatives of the District access to the Property at all reasonable times without prior consent or notice for the purpose of determining compliance with this Consent Order, Chapter 373, F.S., the rules of the District, and the terms of the Permit.

28. The effectiveness of this Consent Order is subject to review and approval

by the District Governing Board. In the event the District Governing Board shall not approve this Consent Order, this Consent Order shall be null, void and of no legal effect. After this Consent Order has been executed by the Permittee and the Executive Director of the District, the Permittee may not withdraw its approval or terminate this Consent Order under any circumstances unless the District Governing Board fails to approve this Consent Order.

ALOHA UTILITIES, INC.

Pamela Jacobelli
Witness/Pamela Jacobelli

By: Stephen G. Watford
Stephen G. Watford, President

1/31/02
Date

SOUTHWEST FLORIDA WATER
MANAGEMENT DISTRICT

Diana M. Brass
Witness

By: E.D. Vergara
E.D. Vergara
Executive Director

Approved as to legal form and
content
Margaret M. Lytle
Attorney

2-11-02
Date

Approved by the Governing Board of the Southwest Florida Water Management District this _____ day of _____ 2002, in Brooksville, Hernando County, Florida.

By: _____
Ronnie E. Duncan, Chair

Attest: _____
Janet D. Kovach, Secretary

(Seal)

Filed this _____ day of
_____ 2002.

Deputy Agency Clerk

CONSENT ORDER
ALOHA UTILITIES, INC.

ALOHA UTILITIES, INC.

GROUNDWATER WITHDRAWAL COMPLIANCE PLAN

Pursuant to discussions with the Southwest Florida Water Management District ("District"), Aloha Utilities, Inc. ("Aloha" or "Company") submits this Groundwater Withdrawal Compliance Plan. The purpose of the Plan is to demonstrate how and when the Utility will come into compliance with the strict pumping limitations set forth in the Company's Water Use Permit No. 203182.04 ("WUP"). The Plan is divided into four sections: an overview, demand and supply side conservation measures, environmental impact study and summary and a compliance schedule.

SECTION I - OVERVIEW

Aloha Utilities, Inc. is a PSC regulated water, wastewater and reuse service provider. The Company has eight production wells which draw from the floridan aquifer. The Company primarily provides residential potable water service to a population of approximately 25,000. The per capita gross usage as identified in the WUP is 121 gpd/person. The Utility has no central treatment facilities at this time. Its well fields are located between the Eldridge/Wilde and Pasco County ("County") well fields.

On April 27, 1999, the District issued its WUP to Aloha, for public service water supply. The permitted withdrawals included an annual average quantity of 2,040,000 gallons per day ("gpd") and peak monthly quantity of 2,470,000 gpd. Referencing these quantities the WUP states:

... and the quantities are unchanged from the previously permitted quantities. The permitted withdrawals will serve a portion of the population of the service area, but the quantities do not meet all of the present demand or the future demand within the service area.

Based on per capita consumption, historical usage in the service area has been below that of other area utilities. In the past, the Utility has had a core customer base in its Seven Springs service area comprised of retirees in one and two person households. The principal development in the service area was Veterans Village which contained small, garden and multi-family homes with limited square footage.

Usage characteristics in the Utility's Seven Springs service area have changed with the population demographic. South Pasco County is now a bedroom community of the Tampa metropolitan area. The Trinity Development of Regional Impact has resulted in the construction of thousands of homes and millions of square feet of commercial

development in the service area. These homes are relatively larger than those added to the system in years past, with more square footage and more water fixtures. The houses are occupied by larger, younger, more active families. The lot sizes have increased, accompanied by irrigation demands. Small commercial and light industrial development is now taking place in the service area with varied usage patterns. The growth rate in the service area is approximately 5% per year. However, due to changes in demographics, the increase in consumption is even greater than 5% in the service area.

The Aloha Seven Springs service area is located within the Northern Tampa Bay Water Use Caution Area ("WUCA"). The Utility's service area is surrounded by Tampa Bay Water, a regional water supply authority with eleven well fields located in Pasco, Pinellas and Hillsborough Counties. In May of 1998, the District entered into a Partnership Agreement with Tampa Bay Water and its member governments to develop new water supplies and reduce withdrawals from certain well fields in an effort to promote recovery from adverse environmental impacts caused by over pumping from groundwater sources. The District recently determined that drought conditions, along with Tampa Bay Water's well field pumping, in excess of the quantities authorized by its Consolidated Permit for the eleven well fields, have together created an acute emergency affecting the public health, safety and welfare.

In addition to the substantial customer growth in its service area, rainfall amounts in the Seven Springs and the surrounding areas have been below normal levels since October 1998, shortly before the WUP was issued. Since 1998 there has been an approximate 28" rainfall deficit. On a District wide basis, the year 2000 was the driest calendar year on record since 1915, with rainfall at only 67% of normal levels.

SECTION II - DEMAND SIDE WATER CONSERVATION MEASURES

The Compliance Plan proposed by Aloha Utilities includes both demand side and supply side measures. On demand side, the Company has already implemented, or intends to undertake, certain activities to promote water conservation.

A. Customer Direct Mail Billing Inserts

In late 2000, Aloha Utilities, Inc. acquired the capability to provide billing inserts to its customers with each monthly customer bill. The Company has utilized the billing inserts to notify customers of various issues concerning utility service. Principal among these issues is the Company's efforts to educate customers about water supply and use including the current drought conditions, methods and devices for conserving water, and the importance of compliance with watering restrictions. A sample of the Company's billing inserts regarding conservation issues is enclosed as Exhibit "A". The Company is making District water conservation pamphlets and brochures available to its customers. The Company intends to continue its customer notice and information efforts to promote water conservation in an effort to reduce consumption and water pumpage.

B. Customer Conservation Programs

Conserving water provides a low-cost alternative to development of alternative water sources. The Company proposes to implement the following customer conservation programs to educate consumers, curtail additional increases in consumption, and achieve long term reductions in usage on an individual basis:

1. Retrofit Kit: The Company will initiate a program to make retrofit kits available to interested customers at no charge. The kit will include such items as low flow showerheads, low flow faucet aerators, leak detection tablets, replacement flapper valves, and educational materials regarding conservation. Customers will be informed of the program through billing inserts and other means. Annual Budgeted Cost: \$25,000.

2. Water Conservation Pilot Program: The Company will develop and implement a program to make available high efficiency water heaters and low flow toilets to utility customers. The program will provide for, or offer credits or other financial incentive toward, a selection of such devices to customers, monitor the water use of participants, and report to the District regarding the effectiveness of the program. An initial report concerning implementation of such program will be made within 60 days of implementation, a preliminary report within six months and a final report within one year of implementation. Annual Budgeted Cost: \$30,000. Thereafter, if the program is determined to provide substantive conservation benefits, the Company will fully implement the program. If the program is determined not to provide such benefits, it will be discontinued and the budgeted cost will be transferred to another conservation program hereunder or to a new program which will be subject to District approval.

3. Mixed Media Conservation Messages: Through radio, television and billing inserts, the Company will budget monthly for media advertising to promote conservation. Such advertising budget will be allocated 50% for billing inserts, 25% for radio and 25% for television mediums. Annual Budgeted Cost: \$15,000.

4. Water Auditor: A full time staff position will be created to interact directly with customers, perform water audits, irrigation audits and recommend and promote water conservation measures. Audits will initially target large volume users in which improvements in overall water use efficiencies will have the greatest impact on Utility water withdrawals. Annual Budgeted Cost: \$38,000.

5. Additional Staffing: Initially, the Company will budget for one new staff member to implement and promote consumer conservation programs. Budgeted Annual Cost: \$30,000.

6. Web Site: The Company is in the process of developing a web site to provide information to the general public about the Utility. The web site will include a section on conservation providing general information on the topic, specific information on Utility

programs, and links to other useful sites. Budgeted Annual Cost: \$12,000.

The Company will, within 30 days of the date of the Consent Order, meet to refine the details of this consumer conservation program in conjunction with the District's water shortage coordinator. The total cost of the program is estimated to be \$150,000 annually. It is anticipated that these conservation measures will result in an approximately 5% reduction in water demand in the service area.

The conservation program is to be paid for from revenues generated by the conservation rates implemented pursuant to Waterate 2001 discussed below. The Company will develop these programs in the first quarter of 2002 and should be in a position to implement them by June 30, 2002. These programs will proceed unless the Public Service Commission denies recognition of the funding for these programs as proposed by the Company in its pending rate case. The Company will nevertheless be required to comply with water conservation requirements of the WUP. Aloha will use its best efforts to secure PSC approval for the water conservation programs in this §2. In the event funding for these programs is recognized, but Conservation Revenues in a given year based on Waterate 2001 are less than projected, adjustments to the program budgets will be made accordingly.

C. Implementation of Conservation Rates

The Utility's rates and charges are established by the Florida Public Service Commission. Rates and charges cannot be modified without the prior consent of the Commission. Historically, the Commission has done very little to promote the use of conservation rates, having approved such rates for less than ten utilities statewide. As a result of several issues arising from District WUP enforcement, including the purchase of water from Pasco County and the implementation of a conservation rate structure, the Public Service Commission is conditioning rate relief for the Company on the filing of a full rate case.

On April 2, 2001, representatives of Aloha attended the Waterate 2001 Workshop hosted by the District. At that time, the District provided information and training on software designed to assist in establishing a conservation or inverted block rate structure, the goal of which is to reduce water usage by at least 5% in the Company's service area. The Company utilized this software in preparing a conservation rate structure for its Application for Increase in Water Rates which was filed with the PSC on August 10, 2001.

The time frame required for completing a rate case is 13-19 months from test year approval, as discussed in more detail below. At such time as the PSC authorizes a change in Aloha's rates, the Company will implement the conservation rate structure. According to the Waterate 2001 model, the Company can expect a substantial reduction in potable water use, estimated at 28%, over the use which would otherwise be expected for the same period. Unlike traditional rate setting in the water industry in Florida, use of a conservation rate structure will cause greater variability in system revenues. The Company

estimates that, based on the District's model, revenues may exceed the approved revenue requirement by up to \$288,900 annually ("Conservation Revenues"). The Company has proposed to the PSC that, to the extent they occur, the Company should use such Conservation Revenues to further the conservation programs, with the balance going toward costs associated with the development of the reverse osmosis water treatment facility, or such other alternative water source project or objective as the Company may determine, subject to District approval, which approval shall not be unreasonably withheld.

D. Wastewater Reuse System

Over the past three years, Aloha Utilities, Inc. has invested approximately \$5,000,000 in upgrading its wastewater treatment facilities to provide public access irrigation quality effluent to the public, and to construct a backbone transmission system to deliver effluent to commercial and residential property owners in the Seven Springs service area. This investment represents the single largest financial and operational undertaking in the Company's history. The construction of the Aloha reclaimed water facility has proceeded in two phases.

In 1997 the Company installed filters at its wastewater plant to improve treatment standards to provide effluent quality suitable for irrigation purposes. In January 1998, Aloha entered into a Cooperative Funding Agreement with the District for the design and construction of a portion of its reuse system. The purpose of the Agreement was a 50% cost sharing arrangement for the \$1,800,000 phase 1 wastewater project being undertaken by Aloha. The project consisted of the design and construction of approximately 5 miles of water transmission main and appurtenant facilities extending from the existing terminus of the transmission system at the intersection of Mitchell Ranch Road and Little Road into the heart of its service area and terminating at the Fox Hollow Golf Course. The reuse system was also extended to commercial properties in close proximity to the wastewater plant. As stated in the Cooperative Funding Agreement, the project was a key component in a program to provide 800 million gallons per year of reclaimed water to offset ground water withdrawals in the Northern Tampa Bay WUCA. A copy of the Agreement is attached hereto as Exhibit "B". At the completion of phase 1, the Company was generating public access irrigation quality effluent. However, due to certain Department of Environmental Regulation requirements regarding Class 1 reliability and redundancy of plant components, the Company was limited to irrigation on the Mitchell Ranch, which offset substantial, long duration, agricultural irrigation occurring on that property.

Phase 2 of the reclaimed water facility was facilitated through a \$5,200,000 financing completed on July 30, 1999. Loan proceeds were used to expand the wastewater treatment plant capacity from 1.2 to 1.6 mgd and to complete construction of the plant improvements necessary to achieve Class 1 reliability. As a result of the construction of the Aloha reclaimed water facility, and extension of the transmission system into the Seven Springs service area in the North Tampa Bay WUCA, the Department of

Environmental Protection recently approved reuse service to 19 commercial sites and subdivisions. Delivery of effluent by Aloha to the Fox Hollow Golf Course alone offsets a permitted groundwater withdrawal capacity of 427,000 gpd and numerous other withdrawals. A list of the properties currently receiving reuse service, or to which service is available, is attached hereto as Exhibit "C." The Company may rely in part on the District's cooperation in ensuring that all such customers replace their groundwater withdrawals with reuse effluent as required by contract with the Utility or by water use permit restrictions.

On April 10, 2001 Aloha submitted permit documentation to DEP for Master Reuse System designation to extend service to reuse customers in the Seven Springs service area without DEP approvals for each site. All of the groundwater withdrawals by Aloha pursuant to the WUP are either consumed by its utility customers or returned to the reclaimed water facility and the environment within the Seven Springs service area.

Aloha believes that investment in its reclaimed water facility and reuse transmission system was the single most effective means available to offset groundwater withdrawals for customer irrigation needs and mitigate environmental and water resource impacts caused by groundwater withdrawals for direct customer consumption. Acknowledgment by the District of the benefits of this program can be seen in the continued cooperative funding provided since the original Agreement. Aloha has sought, and continues to seek recognition by the District of the benefits of this program and the mitigation of groundwater withdrawals in the Company's service area in the North Tampa Bay WUCA.

E. Residential Reuse

For a number of years, Aloha Utilities has required developers in its service area to contractually obligate themselves to construct residential reuse distribution systems for new development within the service area. Aloha has been limited in its ability to enforce this requirement until public access irrigation quality effluent was in fact available to such projects. This has now occurred, and Aloha will continue to require new projects to construct reuse distribution systems and take back effluent as an alternative to potable water for irrigation purposes.

Aloha is now investigating the feasibility of retrofitting existing neighborhoods with reuse distribution facilities in an effort to offset potable water use with reuse for irrigation needs. While a number of governmental utilities have implemented such programs, very few PSC regulated utilities have been able to do so. Governmental utilities are free to establish compensatory rates for such programs, pass ordinances requiring usage or payment for irrigation water, and have broader access to grant funding, low interest loans and other favorable capital sources to finance these programs. Historically, even the District itself has not extended cooperative funding to finance the retrofitting of residential areas with reuse distribution systems. Aloha is willing to work with the District to pursue such programs based on financial feasibility under the PSC cost recovery and rate making guidelines.

SECTION III - SUPPLY SIDE CONSERVATION MEASURES

The Compliance Plan proposed by Aloha Utilities includes supply side measures to promote water conservation.

A. Purchased Water From Pasco County

Pursuant to prudent operating practices, and primarily as an emergency backup for the benefit of both systems, Aloha Utilities, Inc. and Pasco County established a water system interconnect a number of years ago. Since that time, Aloha has, on occasion, purchased relatively modest amounts of water from the County on an as-needed basis. One alternative to reduce the Utility's pumping to levels set forth in the WUP is to purchase water from Pasco County in a quantity which makes up the difference between the permit limits and the demand in its Seven Springs water system. This alternative presents several issues which must be addressed.

First, the Company currently purchases water from the County on as-needed basis, and it's unclear whether the County would commit to provide water to the Utility in quantities required to bring the Utilities pumpage within the limits set forth in the WUP. Second, the Utility has not yet determined the overall effect of purchased water from Pasco County on its water system and quality. The County employs different treatment processes, has a product with a different water chemistry, and is involved in a different corrosion control program. Material alterations to Aloha's water treatment processes, with the attendant costs, must be considered in order to accommodate large quantities of purchased water from the County or any other source.

The next issue to be addressed is the one of cost. The County charges \$2.20 per 1000 gallons for water purchased by Aloha Utilities. The County recently announced that the charge will be increased to \$2.35. The Utility currently has an approved commodity charge of \$1.25 per thousand gallons which it charges to its customers. Purchasing water from the County will increase the cost of water to Aloha, and therefore its customers, by over \$1,000,000. It also raises two relevant timing issues.

Until such time as Tampa Bay Water in general, in Pasco County in particular, have developed alternative water supply sources pursuant to the requirements of the Consolidated Permit, the customers of Aloha Utilities are simply replacing water drawn from Aloha Utilities with water drawn from a County well field a few miles away, both within the North Tampa Bay WUCA. Arguably, the additional demand placed on the Pasco County well fields as a result of the sale of water to Aloha will have a more deleterious effect on the environment than continued pumping by Aloha from its eight smaller, scattered wells. In short, purchasing water has not been demonstrated to benefit the environment, and may in fact be doing more harm. Therefore, until such time as alternative water sources are in place, it is questionable whether a compliance plan should

require purchased water from Pasco County.

The second timing issue is the requirement that the Utility obtain Public Service Commission approval for a rate increase in order to generate revenues sufficient to pay the higher cost of water purchased from Pasco County. Further to that goal, in February 2001, the Utility filed an Application for Limited Proceeding for Emergency, Temporary, and Permanent Increase in Water Rates with the Public Service Commission for the narrow purpose of increasing rates to pay for the higher cost of water purchased from Pasco County. The filing of a limited proceeding was intended to take advantage of the more streamlined and faster review and approval process available for certain types of cases at the Commission. However, on April 3, 2001, the Commission threw out the Utility's Application. The Commission's reasoning in part was that, notwithstanding the declaration of a water shortage emergency by the District's Executive Director in Executive Director Order No. SWF 01-14 ("Order"), the Order raised far too many issues, and resulting rate matters, to isolate and handle in the Limited Proceeding. Therefore, in order to establish the rates necessary to pay for purchased water from Pasco County, the Utility was required to file a traditional rate case with the Public Service Commission.

On April 16, the Utility filed with the PSC a request for a test year approval. On April 27, the Commission issued approval of the test year to be used in the rate case. The Utility, with its legal, engineering and accounting consultants then prepared the minimum filing requirements ("MFR's") set forth in the Commission rules to properly file the rate case. Since the Commission has insisted on the use of a projected test year, rather than a historic test year with pro forma adjustments for the purchased water from Pasco County, the MFR preparation period proposed required a minimum of 90 days. The Utility filed its rate case Application on August 10, 2001.

The Commission established August 10, 2001 as the official date of filing of the rate case. From that point, the Commission has, by statute, eight months to conduct the case. The Commission will utilize that entire period of time. After eight months, the Commission will issue an order granting some, or all, of the rate relief requested by the Company. Based on precedent, the Commission will fail to grant a portion of the requested rate increase, and certain issues will be identified as in dispute between the Commission and the Utility. Within 15 days of the issuance of the Commission order, the Utility or other parties may file a Motion for Reconsideration on the points in dispute. Other parties will have 12 days to respond. An additional 60 days is required for Commission consideration and ruling on the Motion. Thereafter, a 20 day period is required for issuance of a final order. The total time frame for the rate case is estimated to be at 16 months, with a range of between 13 and 19 months from test year approval. At that time, the Utility will be in a position to pay for water it purchases from Pasco County. If the PSC process can be accelerated, the Utility will be in a position to purchase water as soon as rates which will allow such purchases are granted and implemented.

On April 12, 2001, District General Counsel, William Bilenky appeared before the Public Service Commission to address the District's actions in this case in the context of

the requested rate increase by Aloha Utilities, Inc. Mr. Bilenky's comments indicated the District's willingness to work with the Utility over time to address the noncompliance with the WUP. The Utility appreciates the District's cooperative approach in this matter. However, the District's position contributes to relieving the Commission of any urgency in acting on the Utility's rate increase, a prerequisite to the purchase of water from Pasco County as an alternative to over pumping under its WUP. Therefore, to the extent the Compliance Plan focuses on the purchase of water from Pasco County, the schedule for compliance will be subject to the 13-19 month PSC approval process.

Public Service Commission procedures will not allow a Utility to establish interim rates to begin to collect all or a portion of the rate increase related to increased purchased water costs prior to completion of the rate case.

The Company will, subject to and at the time rate relief has been secured from the PSC, purchase water from Pasco County in quantities sufficient to make up the difference between the permit limits and the demand in its Seven Springs water system. The Company shall diligently pursue such rate relief. The Company will continue to purchase water, assuming compatibility between the Company's water quality and the County's water quality, until a suitable alternative water source, such as completion of the proposed R.O. water treatment plant, is available.

B. Alternative Water Sources

Over the past two years, the Utility's consulting engineers undertook a thorough search of existing WUPs in and around its existing water service area to ascertain whether any wells or water withdrawal permits remained unused. The Utility was unsuccessful in locating and/or negotiating for the transfer of an unused or underutilized water use permits. Further, assignment and transfer of ownership and location of WUPs is within the District's discretion. In discussions with the Utility representatives, District Staff have appeared unwilling to approve any such transfer of ownership or location, raising the question of whether any benefit may be expected from efforts to utilize a third party WUP.

In 1997, in conjunction with an engineering report required by the Public Service Commission with regard to construction of centralized water treatment facilities in the Seven Springs area, the Company's consulting engineers prepared a comprehensive report on the water demand in the service area. That report demonstrated that water demand will continue to increase with population in the service area. Such population growth, and resulting water demand, is not only outside the control of the Utility, it is the Utility's legal duty to provide potable water service to this expanding customer base. At the time of the Utility's WUP renewal in 1999, the District recognized that the failure to change previously permitted quantities would mean that such quantities would not meet all of the present or future demand within the service area. Neither the Utility nor the District can ignore the reality of population growth in this service area.

The Utility, through its consulting engineer, has undertaken a study of possible water

source alternatives. The Company has determined, on a preliminary basis, that it is feasible to construct a 2,500,000 gpd, average annual daily demand, reverse osmosis water treatment facility. Preliminary construction cost estimate for the system is approximately \$25,000,000. The steps necessary to undertake and complete such a project include conceptual engineering, hydro geologic data review, regulatory feasibility assessment, construction cost estimate, secure financing, engineering and hydrology studies, finalize implementation plan, detailed design, permitting, construction and startup. The time frame for these tasks is 60 months. The Company proposes to undertake a feasibility study according to the following timetable:

1. Within 60 days of approval of the Consent Order by the District's Governing Board, Aloha will hire a consultant specializing in RO projects to assist the Company, its engineers and hydrology consultants, in performing the Feasibility Study.

2. Within 120 days of the RO consultant's start date, Aloha will submit a Scope of Work to the District, outlining the Feasibility Study. The Scope of Work should, at a minimum, describe how Aloha will address the following:

- i. The anticipated water quality of source aquifer zones for RO withdrawals;
- ii. The proposed method of disposal of brine-water concentrate, and if injection is the intended method of disposal, describe the anticipated water quality of the disposal aquifer zones;
- iii. The anticipated number of RO wells, proposed well locations, proposed well construction details (e.g., casing and total depths, and pumping capacity), and projected well construction costs;
- iv. The anticipated schedule and details of proposed hydrogeological testing to determine the technical feasibility of the RO project (e.g., vertical water quality profiling, Aquifer Performance Testing, geophysical logging, and groundwater modeling of potential drawdown impacts), and estimated costs for hydrogeological testing;
- v. The anticipated RO treatment costs; and
- vi. The anticipated total costs for the RO facility.

3. Within 180 days of approval of the Scope of Work by the District's Governing Board, Aloha shall perform all necessary groundwater supply hydrogeological testing.

4. Within 180 days of completion of hydrogeologic testing, Aloha shall complete the Feasibility Study and submit the final results to the District.

5. Assuming the results identify the Project as feasible, within 60 days of completion of the Feasibility Study, Aloha will issue a Notice to Proceed to the Company's

consulting engineer to begin the design and permitting process. A copy of the Notice will be provided to the District.

6. Within 60 days of issuance of all required permits, Aloha will publish a Notice to Bid for construction of the Project.

Subject to financial feasibility and required regulatory approvals, the Company proposes to construct the reverse osmosis treatment plant. Financial feasibility shall include consideration of grant funding from the District earmarked for project feasibility and capital costs, and PSC rate relief for the cost of the feasibility study, design, permitting and capital cost of the project. The Company will also be seeking financial assistance from the District for this project. This is the type of project the District has funded for Tampa Bay Water and other water service providers to encourage use of alternative sources, especially in WUCA's. This alternative water source should prove sufficient to allow for continued withdrawal under the WUP within the permit limits. Amounts in excess of the permit may be required on an interim basis from time to time.

SECTION IV - ENVIRONMENTAL IMPACT STUDY BASED ON CURRENT PUMPING LEVELS

Over the course of the last two to three years, the Company has slowly increased its pumping levels over the limits set forth in the WUP as a result of the increased customer base within the service area and increased demand resulting from drought conditions. Given the relatively small and scattered well sites utilized by the Company, negative environmental impact as a result of pumping in excess of the WUP limits are not readily apparent. Nevertheless, District staff has indicated that no increase in the pumping limits under the WUP will be approved. This is due in part to the environmental impact of over pumping by Tampa Bay Water within the Northern Tampa Bay WUCA.

The Order calls for Tampa Bay Water to evaluate and update environmental and water resource impacts caused by pumping from the consolidated permit well fields. As certain of these well fields are located in close proximity to the Company's well fields, it may be reasonable to consider a study of the environmental impacts of the Utility's current pumping levels as a small part of this analysis. The Company would be interested in cooperating in such an evaluation. This may assist in determining whether recent pumping levels may be sustained without damage to the environment, which should be considered as a reasonable alternative to other water sources, including the purchase of water from Pasco County and Tampa Bay Water. Further discussions between the parties are necessary to determine the parameters and potential benefits of such a study.

SECTION V - SUMMARY AND COMPLIANCE SCHEDULE

The Compliance Plan and schedule for Aloha Utilities, Inc. may be summarized as follows:

PLAN COMPONENT

COMPLIANCE SCHEDULE

Customer Direct Mail and Education Efforts	Current and ongoing
Consumer Conservation Programs	June 30, 2002
Implementation of Conservation Rates	PSC approval expected in 13-19 months from test year approval
Wastewater Reuse System	Current and Ongoing
Residential Reuse	Current and Ongoing
Purchase Water from Pasco County	13-19 months from test year approval for PSC approval of rates to support purchased water
Alternative Water Sources	60 months

The Utility views the purchase of water from Pasco County to be one of several components of the Compliance Plan. The Utility does not view this as a single, long term solution to the water demand in the service area. In the short term, the purchased water has operational and cost problems, as well as, raising questions of the environmental impact of purchased water from Tampa Bay Water and Pasco County.

Subject to financial feasibility and regulatory approvals, the Company proposes to construct a 2.5 mgd reverse osmosis treatment plant. This alternative water source should provide a sufficient water source to allow for continued withdrawal under the WUP within the permit limits, without reliance on purchased water.

COOPERATIVE FUNDING AGREEMENT
BETWEEN THE
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
AND
ALOHA UTILITIES, INC.
FOR THE
DESIGN AND CONSTRUCTION OF THE ALOHA UTILITIES, INC., REUSE SYSTEM (K016)

THIS COOPERATIVE FUNDING AGREEMENT is made and entered into by and between the SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT, a public corporation of the State of Florida, whose address is 2379 Broad Street, Brooksville, Florida 34609-6899, for itself and on behalf of the Pinellas-Anclote River Basin Board, hereinafter collectively referred to as the "DISTRICT," and ALOHA UTILITIES, INC., a private corporation, whose address is 2514 Aloha Place, Holiday, Florida 34691, hereinafter referred to as the "COOPERATOR."

WITNESSETH:

WHEREAS, the COOPERATOR proposed a project to the DISTRICT for funding consideration under the DISTRICT's cooperative funding program; and

WHEREAS, the project consists of the design and construction of approximately 26,000 linear feet of reclaimed water transmission main and associated appurtenances extending from an existing main at State Road 54, and southward to the Fox Hollow Golf Course, hereinafter referred to as the "PROJECT"; and

WHEREAS, the PROJECT is a key component of a program to provide 800,000,000 gallons per year of reclaimed water to offset groundwater withdrawals in the Northern Tampa Bay Water Use Caution Area; and

WHEREAS, the public will benefit from reduced environmental impacts from groundwater withdrawals, lower reclaimed (vs. potable) water rates for irrigation and reduced percolation pond disposal costs; and

WHEREAS, the DISTRICT considers the PROJECT worthwhile and desires to assist the COOPERATOR in funding the PROJECT.

NOW, THEREFORE, the DISTRICT and the COOPERATOR, in consideration of the mutual terms, covenants and conditions set forth herein, agree as follows:

1. PROJECT MANAGER AND NOTICES. Each party hereby designates the employee set forth below as its respective Project Manager. Project Managers shall assist with PROJECT coordination and shall be the party's prime contact person. Notices or reports shall be sent to the attention of the parties' Project Manager by U.S. mail, postage paid, to the parties' addresses as set forth in the introductory paragraph of this Agreement.

Project Manager for the DISTRICT: Carl P. Wright
Project Manager for the COOPERATOR: Stephen G. Watford.

- 1.1 The DISTRICT's Project Manager is hereby authorized to approve requests to extend a PROJECT task deadline set forth in this Agreement. Such approval shall be in writing, shall explain the reason for the extension and shall be signed by the Project Manager and his/her Department Director, or Deputy Executive Director if the Department Director is the Project Manager. The DISTRICT's Project Manager is not authorized to approve any time extension which will result in an increased cost to the DISTRICT or any time extension which will likely delay the final PROJECT task deadline.
 - 1.2 The DISTRICT's Project Manager is authorized to adjust a line item amount of the PROJECT COSTS set forth in Exhibit "B" if such adjustment does not exceed ten percent (10%) of the line item amount, aggregate adjustments are less than \$10,000, and such adjustment does not result in an increase to the total PROJECT cost. Such approval shall be in writing, shall explain the reason for the adjustment, and shall be signed by the Project Manager and his/her Department Director and their Deputy Executive Director. The DISTRICT's Project Manager is not authorized to make changes to the Scope of Work and is not authorized to approve any increase in the not-to-exceed amount set forth in the compensation section of this Agreement.
2. SCOPE OF WORK. Upon receipt of written notice to proceed from the DISTRICT, the COOPERATOR shall perform the services necessary to complete the PROJECT in accordance with the Special Project Terms and Conditions set forth in Exhibit "A" and the COOPERATOR's Proposed Project Plan set forth in Exhibit "B," both attached hereto and incorporated herein. Any changes to the Scope of Work and associated costs shall be mutually agreed to in a formal written Amendment prior to being performed by the COOPERATOR. The COOPERATOR shall be solely responsible for managing the PROJECT, including the hiring and supervising of any contractors or consultants it engages under this Agreement.
3. FUNDING. The parties anticipate that the total cost of the PROJECT will be One Million Eight Hundred Forty-eight Thousand Two Hundred Forty-four Dollars (\$1,848,244). The DISTRICT agrees to fund 50 percent of the PROJECT costs up to Nine Hundred Twenty-four Thousand One Hundred Twenty-two Dollars (\$924,122) and shall have no obligation to pay any costs beyond this maximum amount. The COOPERATOR agrees to fund 50 percent of the PROJECT costs up to Nine Hundred Twenty-four Thousand One Hundred Twenty-two Dollars (\$924,122). The COOPERATOR shall be the lead party to this Agreement and shall pay PROJECT costs prior to requesting reimbursement from the DISTRICT.
 - 3.1 The DISTRICT shall reimburse the COOPERATOR for its share of PROJECT costs in accordance with the PROJECT COSTS set forth in Exhibit "B." The COOPERATOR may contract with consultants or contractors in accordance with the Special Project Terms and Conditions set forth in Exhibit "A." Upon DISTRICT approval, the budget amounts for the work set forth in said contract(s) shall supersede the amounts set forth in the Proposed Budget and shall be incorporated herein by reference. The DISTRICT shall reimburse COOPERATOR for 50% of each DISTRICT-approved invoice received from COOPERATOR, but at no point

in time shall the DISTRICT's expenditure amount under this Agreement exceed the funding level made by COOPERATOR. Payment shall be made to the COOPERATOR within thirty (30) days of receipt of an invoice, with the appropriate support documentation, which shall be submitted to the DISTRICT on a monthly basis at the following address:

Accounts Payable Section
Southwest Florida Water Management District
Post Office Box 1166
Brooksville, Florida 34605-1166

- 3.2 The COOPERATOR shall not use any DISTRICT funds for any purposes not specifically identified in the PROJECT scope of work.
- 3.3 The DISTRICT shall have no obligation to reimburse the COOPERATOR for any costs under this Agreement until construction of the PROJECT has commenced.
- 3.4 The DISTRICT's performance and payment pursuant to this Agreement is contingent upon the DISTRICT's Governing Board appropriating funds for the PROJECT.
4. CONTRACT PERIOD. This Agreement shall be effective upon execution by all parties and shall remain in effect until September 30, 2000, unless terminated or extended in writing by mutual written agreement of the parties.
5. PROJECT RECORDS AND DOCUMENTS. Each party shall, upon request, permit the other party to examine or audit all PROJECT related records and documents during or following completion of the PROJECT. Each party shall maintain all such records and documents for at least three (3) years following completion of the PROJECT. All records and documents generated or received by either party in relation to the PROJECT are subject to the Public Records Act in Chapter 119, Florida Statutes.
6. REPORTING. The COOPERATOR shall provide the DISTRICT with any and all reports, models, studies, maps or other documents resulting from the PROJECT.
7. INDEMNIFICATION. The COOPERATOR shall defend, indemnify and save harmless the DISTRICT and all DISTRICT agents, employees and officers from and against all liabilities, claims, damages, expenses or actions, either at law or in equity, including court costs and attorneys' fees, allegedly caused or incurred, in whole or in part, as a result of any act or omission by the COOPERATOR, its agents, employees, subcontractors, assigns, heirs or anyone for whose acts or omissions any of these persons or entities may be liable during the COOPERATOR's performance.
8. INSURANCE REQUIREMENT. The COOPERATOR shall maintain during the entire term of this Agreement, insurance in the following kinds and amounts or limits with a company or companies authorized to do business in the State of Florida and shall not commence work under this Agreement until the DISTRICT has received an acceptable certificate of insurance showing evidence of such coverage. Certificates of insurance shall reference the DISTRICT Agreement Number and Project Manager.

8.1 Liability insurance on forms no more restrictive than the latest edition of the Commercial General Liability policy (CG 00 01) of the Insurance Services Office without restrictive endorsements, or equivalent, with the following minimum limits and coverage:

Minimum Limits -	\$500,000 per occurrence
	\$1,000,000 in the aggregate

8.2 Vehicle liability insurance, including owned, non-owned and hired autos with the following minimum limits and coverage:

Bodily Injury Liability per Person	\$ 100,000
Bodily Injury Liability per Occurrence	\$ 300,000
Property Damage Liability	\$ 100,000
	or
Combined Single Limit	\$ 500,000

8.3 The DISTRICT and its employees, agents, and officers shall be named as additional insureds on the general liability policy to the extent of the DISTRICT's interests arising from the Agreement.

8.4 Workers compensation insurance in accordance with Chapter 440, Florida Statutes, and/or maritime law, if applicable.

8.5 Certificates of insurance shall provide for mandatory thirty (30) days prior written notice to the DISTRICT of any material change or cancellation of any of the required insurance coverage.

8.6 Certificates of insurance shall be required from any Subcontractors otherwise the COOPERATOR must provide evidence satisfactory to the DISTRICT that coverage is afforded to the Subcontractor by the COOPERATOR's insurance policies.

9. TERMINATION. Either party may terminate this Agreement upon the other party's default in complying with any term or condition of this Agreement, as long as the terminating party is not in default of any term or condition of this Agreement. To effect termination, the terminating party shall provide the defaulting party with a written "Notice of Termination" stating its intent to terminate and describing the term and/or condition with which the defaulting party has failed to comply. If the defaulting party has not remedied its default within thirty (30) days after receiving the Notice of Termination, this Agreement shall automatically terminate. If this Agreement is terminated by the DISTRICT, the defaulting party shall not be entitled to payment for any PROJECT costs incurred after receipt of the Notice of Termination, except for properly incurred irrevocable commitments made prior to receipt of the Notice of Termination.

10. RELEASE OF INFORMATION. The parties shall not initiate any verbal or written media interviews or issue press releases on or about the PROJECT without providing advance copies to the other party. This provision shall not be construed as preventing the parties from complying with the public records disclosure laws set forth in Chapter 119, Florida Statutes.

11. DISTRICT RECOGNITION. The COOPERATOR shall recognize DISTRICT funding and Basin Board funding in any reports, models, studies, maps or other documents resulting from this Agreement, and the form of said recognition shall be subject to DISTRICT approval. If construction is involved, the COOPERATOR shall provide signage at the PROJECT site that recognizes funding for this PROJECT provided by the DISTRICT and the Basin Board. All signage must meet with DISTRICT written approval as to form, content and location, and must be in accordance with local sign ordinances.
12. PERMITS AND REAL PROPERTY RIGHTS. The COOPERATOR shall obtain all permits and all real property rights necessary to complete the PROJECT prior to commencing any construction involved in the PROJECT. The DISTRICT shall have no obligation to reimburse the COOPERATOR for any costs under this Agreement until the COOPERATOR has obtained such permits and rights.
13. LAW COMPLIANCE. Each party shall comply with all applicable federal, state and local laws, rules, regulations and guidelines, relative to performance under this Agreement.
14. COMPLIANCE WITH DISTRICT RULES & REGULATIONS. If the PROJECT involves design services, the COOPERATOR's professional designers and DISTRICT regulation and projects staff shall meet regularly during the PROJECT design to discuss ways of insuring that the final design for the proposed PROJECT will technically comply with all applicable DISTRICT rules and regulations.
15. REMEDIES. Unless otherwise provided in this Agreement, all claims, counter-claims, disputes and other matters in question between the parties to this Agreement, arising out of, or relating to, this Agreement or the breach of it will be decided in accordance with the laws of the State of Florida and by a court of competent jurisdiction within the State of Florida, and Venue shall lie in the County of Hernando. Unless specifically waived by the COOPERATOR or the DISTRICT, failure of the other party to timely comply with any obligations in this Agreement shall be deemed a breach of this Agreement and all expenses and costs due to said breach shall be borne by the party responsible for the breach. Any obligations waived by either party shall not imply or otherwise be a waiver of any other obligations of this Agreement.
16. ASSIGNMENT. Prior to completion of the PROJECT, neither party may assign or transfer its rights or obligations under this Agreement, including any operation or maintenance duties related to the PROJECT, without the written consent of the other party.
17. THIRD PARTY BENEFICIARIES. Nothing in this Agreement shall be construed to benefit any person or entity not a party to this Agreement.
18. PUBLIC ENTITY CRIMES. A person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the thresh-hold amount provided in Florida Statutes, Section

287.017 for CATEGORY TWO, for a period of 36 months from the date of being placed on the convicted vendor list.

19. NON-PROFIT THROUGH SALE. The COOPERATOR shall deduct an amount equal to DISTRICT funding, minus accumulated depreciation, for all or any portion of the PROJECT from the sale price if at any time in the future the COOPERATOR divests itself of assets encompassing all or any portion of the PROJECT. This provision shall survive the expiration of this Agreement and shall remain in effect in perpetuity.
20. MODIFICATIONS. This Agreement constitutes the entire agreement between the parties and may be amended only in writing, signed by all parties to this Agreement.
21. DOCUMENTS. The following documents are attached and made a part of this Agreement. In the event of a conflict of contract terminology, priority shall first be given to the language in the body of this Agreement, then to Exhibit "A," and then to Exhibit "B."
 - A. Exhibit "A" Special Project Terms and Conditions
 - B. Exhibit "B" COOPERATOR's Proposed Project Plan

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IN WITNESS WHEREOF, the parties hereto, or their lawful representatives, have executed this Agreement on the day and year set forth next to their signature below.

SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT

Witness

By: _____
E. D. Vergara, Executive Director Date

Federal ID#: 59-0965067

ALOHA UTILITIES, INC.

Annis H. Faust

Witness

By: *Stephen G. Watford*

Stephen G. Watford, Vice President Date 12/16/97

Federal ID#: 59-1299038

COOPERATIVE FUNDING AGREEMENT
BETWEEN THE
SOUTHWEST FLORIDA WATER MANAGEMENT DISTRICT
AND
ALOHA UTILITIES, INC.
FOR THE
DESIGN AND CONSTRUCTION OF ALOHA UTILITIES, INC., REUSE SYSTEM (K016)

DISTRICT APPROVAL	INITIALS	DATE
LEGAL	<i>JL</i>	10/6/97
RISK MGMT	<i>[Signature]</i>	12/18/97
CONTRACTS	<i>[Signature]</i>	12/18/97
RP DEPT DIR	<i>[Signature]</i>	12/18/97
DEPUTY EXEC DIR	<i>[Signature]</i>	12/18/97
GOVERNING BOARD		

EXHIBIT "B"

**ALOHA UTILITIES, INC.
PROPOSED PROJECT PLAN**

TYPE OF PROJECT

The proposed project consists of construction of a reclaimed water transmission system designed to extend the Company's new reuse system to the largest single area of residential and commercial development in south central Pasco County ("Project").

The Company is currently constructing Phases 1A and 1B of its reuse system which will deliver reclaimed water to pasture land known as the Mitchell Ranch. The proposed Project will allow for extension of this reuse system from the Mitchell Ranch to Trinity Communities, a development of Regional Impact and the single largest residential development in Pasco County. The Project will make reclaimed water available to over 10,000 residential units, 5,000,000 square feet of commercial development, and golf courses which would otherwise irrigate with groundwater withdrawals. The Project will make available reclaimed water in the Aloha service area located in the Northern Tampa Bay Water Use (Resource) Caution Area ("WUCA").

PROJECT OBJECTIVE

The Project objective is to extend reclaimed water irrigation service as a substitute for groundwater withdrawals within the Aloha service area. The Project will connect the Company's existing reuse system with the core of its service area where the development of thousands of residential and commercial units is projected to take place. The Project will initially allow disposal of approximately 140 million gallons per year of reclaimed water on the Fox Hollow Golf Course and other existing sites. This will replace irrigation from groundwater sources. Developers in the service area are contractually obligated to accept and utilize reclaimed water from the Utility, but only after it becomes available to their properties.

Currently, the Company disposes of effluent by percolation ponds located at the Company's wastewater treatment plant site. It is the further objective of the Company that reuse become the primary method of effluent disposal for Aloha Utilities, Inc. This Project will allow extension of the Company's reuse system which is currently under construction, in a manner that will achieve this objective. Construction of the reuse system will further provide a cost saving alternative to construction of additional percolation ponds for effluent disposal to serve existing and future utility customers.

PROJECT DESCRIPTION

Existing Reuse System

In 1995, the Company began construction of the initial phase of its reuse system. Phase 1A consisted of construction of treatment plant improvements to increase wastewater effluent to public access irrigation standards, and to construct a transmission main and distribution system to the Mitchell Ranch to deliver approximately 400,000 gallons per day ("gpd") of reclaimed water. Phase 1A is currently being completed and will be followed immediately by Phase 1B which will provide for delivery of approximately 400,000 gpd of additional reclaimed water to another tract of the Mitchell Ranch.

Phases 1A and 1B provide temporary disposal sites, the rights to which expire in May, 1999. Thereafter, the Company intends to irrigate future development which may take place on the Mitchell Ranch. However, the key to success of its reuse system will be construction of the Project and the extension of reclaimed water into areas of development such as Trinity Communities where immediate demand is high.

The Proposed Project

The proposed Project is located in Pasco County. The Project will provide an opportunity to deliver reclaimed water along the length of the main for years to come, and will deliver reclaimed water to the fastest growing residential development area in Pasco County.

The reclaimed water transmission main will interconnect with the Company's existing main at the intersection of State Road 54 and Little Road, will run south along Little Road a distance of approximately 1.75 miles to Trinity Boulevard, and then east along Trinity Boulevard a distance of approximately 1.25 miles to the irrigation storage pond for the Fox Hollow Golf Course as well as providing service to other developments along the route. A 12-inch main will run 3/4-miles west on YMCA Boulevard to Trinity Oaks Boulevard and then 3/8-mile north and south on Trinity Oaks Boulevard. This main extension will provide reclaimed water to Morton Plant Hospital, the proposed YMCA, and Trinity College. A map of the proposed Project identifying the location of the transmission main is attached hereto as Exhibit "1."

The main will consist of approximately 26,000 linear feet of 12", 16" and 24" ductile iron pipe and appurtenant facilities. Additional construction details are set forth in the Exhibit "2" cost estimates referenced below. Wet weather management systems are available in the form of golf course holding ponds and the companies existing percolation pond system.

It is believed that the Project fits into the Basin Board Plan by providing reclamation of a water resource, and elimination of existing and future groundwater withdrawals, in an area already experiencing withdrawal impacts, the North Tampa Bay Water Use (Resource) Caution Area.

Initial Water Withdrawals Offset

The permitted water withdrawals for users who will initially be served by the Project include:

<u>Users</u>	<u>User Type</u>	<u>WUP No.</u>	<u>Average Permitted Withdrawal Rate</u>
Mitchell Ranch	Agricultural	20.7977.01	3,600 gpd
Fox Hollow Golf Course (Rexbo Realty, Inc.)	Recreational	20.10039.01	427,000 gpd
District School Board of Pasco County (Seven Springs Middle School)	Irrigation	N/A (well dia. < 5")	less than 100,000 gpd
Suncoast YMCA	Public Supply	N/A (well dia. < 5")	less than <u>100,000 gpd</u>
Estimated Initial Use Offset			630,600 gpd

Estimated Percentage of Initial Use Offset (of total plant capacity).....53.0%

The Utility has requested approval from the Public Service Commission of a rate of \$.25 per 1000 gallons of reclaimed water. It is expected that such rate will be approved in February, 1997.

Estimate of Potential Reclaimed Water Users

In addition to the initial reclaimed water withdrawal offsets identified above, the real benefit of the proposed Project is in making available reclaimed water to potential users in the service area. Construction of the proposed Project will provide reclaimed water to arguably the fastest growing area in Pasco County and in the Northern Tampa Bay Water Resource Caution Area. Groundwater withdrawal impacts to surface and groundwaters has been a source of intense debate in the Tampa Bay area. The District has documented impacts on lake levels and other surface water environmental features from existing groundwater withdrawals. Such impacts will only be increased by water demand from continued growth in the area.

In its DRI Application, Adam Smith Enterprises estimated that Trinity Communities would develop approximately 10,000 single family, multifamily, and manufactured housing units and approximately 4.7 million square feet of commercial space over a 21-year buildout. The proposed Project will make that reclaimed water available to future construction within the DRI and in other surrounding areas. In addition, existing common area and green space areas are potential reclaimed water customers.

Additional significant reclaimed water users would include the following:

<u>Users</u>	<u>Type of Use</u>
Adam Smith Enterprises, Inc. (Trinity Communities)	Public Supply/Irrigation
Sunfield Homes, Inc. (Thousand Oaks)	Public Supply/Irrigation
Mitchell Ranch (Future Development)	Public Supply/Irrigation
Trinity College	Public Supply/Irrigation

DEMONSTRATION OF NEED

The Northern Tampa Bay Water Resources Assessment Project, Volume 1 (SWFWMD, 1996) provides extensive analysis of the status of the water resource in the Tampa Bay area in general, and in the Pasco County/Northern Tampa Bay Water Use (Resource) Caution Area in particular. Aloha Utilities' Seven Springs service area is located within the Northern Tampa Bay WUCA. The Water Resources Assessment Project Report ("WRAP") indicates that withdrawal impacts in the area are largely due to increased withdrawals for public supply purposes. Groundwater withdrawals for all uses have greatly increased over the last thirty years. In the vicinity of regional public supply wellfields, impacts from associated water level declines include lowering of lake levels, reduction in spring and stream flow, and destruction of wetland habitat. The WRAP Report goes on to detail the increasingly obvious impact of these withdrawals on groundwater and surface water resources, particularly in the Northern Tampa Bay Area.

A high existing demand for water by agricultural facilities, golf courses, residential properties and others presently provides an opportunity to substitute reclaimed water for groundwater withdrawals by these users. This substitution is particularly important in areas already experiencing withdrawal impacts. The importance of reclaimed and preserving the water resources of the State is recognized by the Florida Legislature in Sections 403.064, 373.250, and 373.1961 Florida Statutes.

The District Water Management Plan water supply policies also encourage expanded use of reclaimed water. Consistent with the intent of the legislature and the findings of the District, Aloha Utilities, Inc. has made a conscious decision to convert present and future wastewater disposal capacity into its reuse system. Initially, it is estimated that the proposed Project will offset approximately 150,000,000 gallons per year initially. The Utility's Seven Springs Wastewater Treatment Plant currently provides capacity of 1,200,000 gpd, all of which is anticipated to be ultimately disposed of by the reuse system. This will provide over 435,000,000 gallons per year of reclaimed water based on current plant sizing. The Company is currently planning a 1,000,000 gpd expansion of its wastewater treatment plant which will eventually result in reclaimed water use of over 800,000,000 gallons per year in the Seven Springs system.

The Public Facilities Element of the Pasco County Comprehensive Plan dated June 15, 1989 established the following objective:

Develop an effluent reuse and disposal program where permissible to conserve the potable water resources of the County;

The Project promotes reuse and use of reclaimed water in lieu of groundwater withdrawals in furtherance of the County Comp Plan. Substituting reclaimed water for current and future groundwater uses will reduce pumping by the amounts set forth above, with a resulting reduction in stress on groundwater resources by extension of a reuse system into areas of high water demand.

MEASURABLE BENEFITS

The initial benefit of this program is the immediate elimination of groundwater withdrawal by the water users who will be served. This will reduce withdrawal rates by up to 140,000,000 gallons per year initially. The greater and longer term benefit will be the extension of the reuse system into the fastest growing area in Pasco County. This will provide an opportunity/obligation for future residential and commercial construction to plan and construct reuse distribution systems as a substitute for potable water supply irrigation. It is anticipated that the entire 1,200,000 gpd capacity of the Aloha Seven Springs Wastewater Treatment Plant will be utilized for reclaimed water, as well as a 1,000,000 gpd expansion of that facility. This will provide an estimated 800,000,000 gallons per year of reclaimed water for use in the Utility service area in south central Pasco County. A key to this program is construction of the proposed Project which will allow for transmission of the reclaimed water to the area of highest demand.

An additional benefit will be the elimination of the Company's existing percolation pond effluent disposal system. It is anticipated that these ponds will be used in the future for wet weather backup, and as reject ponds in conjunction with the Company's reuse system. In addition, to the extent that the Utility can replace higher cost methods of effluent disposal such as percolation pond construction with its reuse system, there will result a cost savings to the Utility customers.

As an alternative to the Phase 1 reuse system currently under construction and the proposed Project, the Company investigated construction of additional percolation ponds for effluent disposal. An estimated cost comparison of disposal alternatives is as follows:

New Percolation Ponds With Land (if permissible)	\$ 8,500,000
Reuse System - Phase 1A and 1B	(3,617,912)
Reuse System - Phase 2	<u>(1,848,245)</u>
Capital Cost Savings	\$ 3,033,843

Another financial benefit to area residents will be the substitution of potable water for irrigation purposes at higher monthly rates by use of reclaimed water at lower rates.

DELIVERABLES

Deliverables from this Project will include:

1. Cooperative funding Agreement with the District
2. Plans and specifications for Project
3. Permit applications and engineering reports
4. Construction contracts and documentation
5. Project signage
6. Inspection and progress reports
7. Operation and maintenance manuals
8. Final pay requests and requisitions
9. Certification, record drawings
10. Final report

PROJECT COSTS

The estimated costs for the Project are set forth in Exhibit "2" attached hereto. The Project cost schedule identifies various categories of costs for the proposed Project. It is anticipated that, upon approval of this funding request, the District will fund up to 50% of the total Project cost. A cost summary for the Company's Reuse System - Phase 2 (the Project) is as follows:

Reclaimed Water Main Extension - Little Rd. & Trinity Blvd.	\$ 1,394,882.50
Reclaimed Water Main Extension - YMCA Blvd. & Trinity Oaks Blvd.	265,362.50
Engineering Services	<u>188,000.00</u>
Total Cost	\$1,848,245.00

EXHIBIT "A"
SPECIAL PROJECT TERMS AND CONDITIONS

1. CONTRACTING WITH CONSULTANT AND CONTRACTOR. The COOPERATOR shall engage the services of a consultant(s), hereinafter referred to as the "CONSULTANT," to design and a contractor(s), hereinafter referred to as the "CONTRACTOR," to construct the PROJECT in accordance with the COOPERATOR's Proposed Project Plan previously submitted to the DISTRICT and attached as Exhibit "B." The COOPERATOR shall be responsible for administering the contract with the CONSULTANT and CONTRACTOR and shall give notice to proceed to the CONSULTANT no later than May 1, 1998.
2. APPROVAL OF BID DOCUMENTS. The COOPERATOR shall obtain the DISTRICT's written approval of all construction bid documents prior to being advertised or otherwise solicited. The DISTRICT shall not unreasonably withhold such approval. The DISTRICT's approval of the construction documents does not constitute a representation or warranty that the DISTRICT has verified the architectural, engineering, mechanical, electrical, or other components of the construction documents, or that such documents are in compliance with DISTRICT rules and regulations or any other applicable rules, regulations, or laws. The DISTRICT's approval shall not constitute a waiver of the COOPERATOR's obligation to assure that the design professional performs according to the standards of his/her profession. The COOPERATOR shall require the design professional to warrant that the construction documents are adequate for bidding and construction of the PROJECT.
3. FINAL DESIGN REPORT AND APPROVAL. The COOPERATOR must provide the DISTRICT with a final design report. The final report must clearly evidence that at least twenty-five percent (25%) of the reclaimed water will offset existing or planned, ground water or surface water withdrawals. The COOPERATOR shall obtain the DISTRICT's approval of the final design report prior to proceeding with implementation of the PROJECT. The DISTRICT shall not unreasonably withhold such approval.
4. DISTRICT PARTICIPATION IN SELECTING CONSULTANT AND CONTRACTOR. The COOPERATOR selects and the DISTRICT approves David W. Porter and Civil Engineering Associates, Inc. as the CONSULTANTS for this PROJECT. Upon notifying the COOPERATOR's Project Manager, the DISTRICT shall have the option of participating in the COOPERATOR's selection of the CONTRACTOR.
5. APPROVAL OF CONTRACT. The COOPERATOR shall obtain the DISTRICT's approval of all contracts between the COOPERATOR and the CONTRACTOR. The DISTRICT shall not unreasonably withhold such approval.

6. COMPLETION DATES. The COOPERATOR shall commence construction on the PROJECT by May 1, 1999 and shall complete all aforementioned work within twelve (12) months of said construction commence date. However, in the event of any national, state or local emergency which significantly affects the COOPERATOR's ability to perform, such as hurricanes, tornados, floods, acts of God, acts of war, or other such catastrophes, or other man-made emergencies beyond the control of the COOPERATOR such as labor strikes or riots, then the COOPERATOR's obligation to complete said work within aforementioned time frames shall be suspended for the period of time the condition continues to exist.

7. RECLAIMED WATER OFFSET REPORT. The COOPERATOR shall submit a report, three years after PROJECT completion, documenting that at least twenty-five percent (25%) of the PROJECT's reclaimed water offsets existing or planned ground water or surface water withdrawals under normal operating conditions. The COOPERATOR shall obtain DISTRICT approval of the report before finalization. The DISTRICT shall not unreasonably withhold such approval. This provision shall survive the term of this Agreement.

PRELIMINARY ESTIMATE OF PROBABLE COST

0404-01-24

Aloha Utilities Inc. - Reclaimed Water System

13-Mar-97

Phase 2 - Main Extension (YMCA Blvd. & Trinity Oaks Blvd.)

I.	II. DESCRIPTION	III. UNIT OF MEASURE	IV. QUANTITY	V. UNIT PRICE IN FIGURES	VI. TOTAL (PAY QUANTITY) Col VI.x Col VII.
1	12" C900 PVC PIPE, RESTRAINED JOINT	L.F.	319	\$42.00	13,398.00
2	12" C900 PVC PIPE, PUSH ON JOINT	L.F.	7,250	\$27.00	195,750.00
3	12" GATE VALVE & BOX	EA.	2	\$1,250.00	2,500.00
4	DUCTILE IRON FITTINGS	TON	0.8	\$5,000.00	4,000.00
SUBTOTAL ESTIMATED COST :					\$215,648.00
MOBILIZATION (5%)					\$10,782.40
MAINTENANCE OF TRAFFIC (2%)					\$4,312.96
SUBTOTAL :					\$230,743.36
CONTINGENCY @ 15%					\$34,619.14
CONSTRUCTION TOTAL :					\$265,362.50

ESTIMATED COSTS FOR ENGINEERING SERVICES

Aloha Utilities, Inc. - Reclaimed Water System

Proposed Extension to Fox Hollow Golf Course

and

Trinity Oaks Boulevard

1.	Survey	\$36,000
2.	Engineering Design and Permitting	\$89,000
3.	Engineering for Bidding & Construction	\$19,000
4.	Construction Inspection (12 weeks)	<u>\$44,000</u>
	Total	\$188,000

EXHIBIT 2

The Company will fund its portion of the Project costs from shareholder loans or conventional bank financing.

COMPLETION AND IMPLEMENTATION SCHEDULE

A schedule to complete the proposed Project with a scope of work and the key tasks is set forth as Exhibit "3" attached hereto. It is estimated that funds will become available from the District in the forth quarter of 1997. This completion schedule also provides the plan for implementation of the proposed Project. It is anticipated that the time period for construction of the proposed Project is approximately 14 months, to begin within 4 weeks of funding approval by the District.

KEY PERSONNEL

Persons authorized to represent the Applicant and provide relevant information are as follows:

Stephen G. Watford, Vice President
Aloha Utilities, Inc.
2514 Aloha Place
Holiday, Florida 34691
813/938-2851
813/938-2853

David W. Porter, P.E.
David W. Porter & Associates, Inc.
5000-4A U.S. 17 South
Orange Park, Florida 32073
904/269-6773
904/269-3667 FAX

Dale Ernsberger, P.E.
Genesis Group, Inc.
910 U.S. Highway 301 North
Tampa, Florida 33619
813/620-4500
813/620-4980 FAX

John R. Jenkins, Esquire
Rose, Sundstrom & Bentley
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
904/877-6555
904/656-4029 FAX

ADDITIONAL INFORMATION

The Company appreciates this opportunity to provide information about the Project and will provide additional information as requested by the District or as may be helpful from time to time during the application process.

**PROJECT SCHEDULE
ALOHA UTILITIES, INC.
RECLAIMED WATER SYSTEM
PHASE 2 CONSTRUCTION PROJECT**

	Months														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
DESIGN															
PERMITTING															
BIDDING / AWARD															
CONSTRUCTION															
STARTUP															

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
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. SUNDSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

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

(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.
BRIAN J. STREET

July 24, 2007

Cheryl Bulecza-Banks
Florida Public Service Commission
Division of Economic Regulation
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Aloha Utilities, Inc.; Complaint of Warren Dunphy on behalf of Realm Management, LLC

Dear Ms. Bulecza-Banks:

We are in receipt of your letter of June 19, 2007 addressed to Steve Watford, President of Aloha Utilities, Inc. Two weeks ago staff requested a response to that letter. I have been asked to provide that response.

Aloha Utilities, Inc. is not in agreement with the staff's initial position as expressed in your letter. That initial position is directly contrary to the Utility's long-standing service availability policy; the best interest of the Utility's customers; sound regulatory practice; compliance with the Commission's requirements; and compliance with the requirements of other regulatory agencies.

- (1) Existing service availability policy. Aloha's written service availability policy, and its long-standing practice in relation to that policy, require that developers contribute all on-site and all off-site distribution and collection system facilities. Its existing rates and service availability charges are founded on that policy. The requirements imposed upon Realm Management, LLC ("Realm") are in conformance with that long-standing policy. Realm signed an agreement to that effect over a year ago, long before a complaint was filed with the PSC effectively proposing to breach that Agreement.

Commission staff's opinion not only constitutes a requirement that the Utility deviate from that long-standing policy for the first time, but also raises questions about when and if that policy is applicable to past or future water, wastewater, or reuse agreement or whether the staff's new position is applicable in any particular instance.

- (2) Sound regulatory policy. Not only does the Commission staff's proposal dramatically change the Utility's long-standing service availability policy, but it is also contrary



to sound regulatory policy and creates many unanswered questions with regard to appropriate action by the utility in the future.

- (A) The staff's position is in large part based upon their statement that Realm "... will be utilizing less than 5% of the line." This statement is misleading if not inaccurate. Aloha's requirement of Realm is to extend an existing reuse line, from the existing point of connection for the property adjacent to Realm's property next door. That is, and always has been, required of any new customer for water, sewer or reuse for approximately 40 years. The oversizing of that line, and the oversizing of the line under State Road 54 (that were required and agreed to by Realm over a year ago) allow other customers to connect to that line as it is extended northward along Little Road to approximately 5-6 more parcels of property. The oversizing of that line in fact constitutes only a small part of its total cost. However, that oversizing substantially increases the benefit of the line to Aloha Utilities, Inc., its customers, and even to Realm. Without the oversizing of the lines, Aloha could have simply required an extension of the existing line from the adjacent property to Realm's property sized only to meet Realm's reuse needs. Under that set of circumstances, the line would have been 100% related to utilization by Realm. Instead Aloha required Realm to incur a relatively minor additional cost to oversize that line, thereby allowing Aloha to serve future customers and Realm to receive the benefit of a refundable advance where none would be applicable if Aloha had required Realm to only construct the facility necessary to serve Realm.
- (B) The staff's initial position suggests that there is some level of usage by the developer at which requiring the construction of facilities to extend from one parcel to the adjacent parcel is inappropriate if oversizing is required. However, no guidance is provided as to when that requirement is and is not appropriate. Staff's decision seems, at best, ad hoc.
- (C) The staff's position creates not only confusion on the part of Aloha, but also confusion on the part of all persons requesting service through Aloha. The purpose of the service availability policy is to provide guidance and understanding to those who would seek service and to insure uniformity in the conditions for service imposed by the utility. The Commission staff's initial position is contrary to the long standing policy and requirements imposed upon others and as such will create confusion and defeat the purpose of a good service availability policy.
- (D) The Commission staff's position invites litigation and complaints from each and every developer who is required to extend a water, sewer or reuse line from adjacent property to their own property, especially if that line is appropriately required to be oversized in order to allow for efficient service to other customers in the future. Not only will this require the addition of staffing by the utility, it will impose substantial additional litigation and complaint costs on dealing with developers (and therefore increased costs on the general body of rate payers), and even on the Commission itself.

- (E) Regardless of whether litigation costs are incurred, which they clearly will be, the Commission staff's position results either in a requirement that Aloha construct these facilities now, in direct conflict with over 40 years of standard policy, or that some other entity be required to construct these lines in the future when it will be much more costly and much less efficient to do so. The net result is that those facilities will likely never be constructed thereby substantially reducing the utility's ability to sell reuse and to expand their reuse system as previously required by the Commission.
 - (F) The staff's position leaves only one other alternative. This is for Aloha to change the basis for approximately 40 years of consistently approved Service Availability Policy and construct the line itself. Such action would however not only substantially change that policy for the future, but also substantially impact rates for service to all customers of the Utility.
 - (G) Over 14 months ago, Realm entered into an agreement that called for them to extend and oversize the line. This was approximately a year before they filed a complaint in this proceeding before the Commission. The Commission's rules authorize a developer who disagrees with the requirements for service imposed by a utility to file a complaint after execution of an agreement. That rule envisions that the developer would make its disagreement known at the time of execution of that agreement, rather than many months down the road. This developer did not do that. Realm acted deliberately in breach of its agreement. Realm filed a complaint in an effort to pressure the Utility to initiate water and wastewater service, without doing anything toward completing its obligations related to offsite reuse construction.
 - (H) At some point in time, a developer agreement must become final and not subject to complaint by a developer. The Commission's allowing this developer to do so, approximately a year later, not only raises the specter of this happening in each and every future case, but also in every single prior case where a developer was required to construct water, sewer or reuse facilities oversized in order to ensure the efficient provision of service to future customers.
- (3) General Compliance with regulatory agency and legislative goals. The provisions of Section 403.064 and Section 373.250 each note that it is the legislative intent for the PSC, DEP and the Water Management Districts to promote and encourage the maximization of utilization of reuse water.

The Florida Public Service Commission has entered into Memoranda of Understanding with the Florida Department of Environmental Protection; the Florida Water Management Districts; and the Florida Department of Community Affairs. Each of these documents stresses the importance of promoting and maximizing reuse of reclaimed water. The three Memoranda of Understanding which the PSC has entered into are:

MOU between FDEP and FPSC dated September of 2001 (supercedes the MOU dated November 20, 1992; MOU between FPSC and Florida Water Management Districts dated June 27, 1991; and MOU between FPSC and the FDCA dated May 16, 2000.

These MOUs between the FPSC and three other agencies clearly and repeatedly express the intent of all of these agencies to work cooperatively to promote and maximize utilization of reuse.

In addition, the Florida Public Service Commission has entered into a "Statement of Support for Water Reuse" between the PSC, the EPA, the FDOH, the FDACS, the FDCA, all of the Water Management Districts, and the FDEP, wherein they specifically state their objective to promote and maximize the use of reuse water.

The proposed position taken by the staff in this case, not only do not promote reuse water, it would treat it substantially less favorably than is required in any water or wastewater developer agreement or refundable advance agreement.

- (4) Specific compliance with regulatory agencies. The Florida Department of Environmental Protection ("DEP") and the Southwest Florida Water Management District ("SWFWMD") required as part of their permitting of Aloha Utilities, Inc. that it aggressively pursue reuse and utilize reuse as a method of effluent disposal. This Commission also imposed such a requirement in its recent rate order. The Commission staff's initial position substantially undermines Aloha's ability to comply with those requirements.
- (A) DEP. DEP imposes permit requirements for Aloha wastewater treatment system. DEP has specifically recognized in Aloha's most recent wastewater treatment plant operating permit that all of Aloha's undeveloped certificated territory is to be utilized as part of the reuse system. The reuse system is first and foremost a method of effluent disposal. Aloha is required to provide reuse to any new customers who connect to Aloha's wastewater system and such requirement is a part of the utility's wastewater treatment plant operating permit. The Public Service Commission staff's initial position substantially undermines the ability of the utility to require future customers to take reuse and therefore endangers the ability of the utility to continue to comply with the requirements of its permit and operate its wastewater treatment plant in an efficient and sound manner in conformance with that permit.
- (B) SWFWMD. Aloha's SWFWMD approved: (a) water use permit; (b) conservation plan; and (c) the grants it received for construction of its reuse system all require this utility to aggressively pursue the provision of reuse service to all new customers. The Commission staff's initial position substantially jeopardizes Aloha's ability to do so and to remain in compliance with those requirements.
- (C) PSC. The Florida Public Service Commission in its Final Order No.

Cheryl Bulecza-Banks
Page 5
July 24, 2007

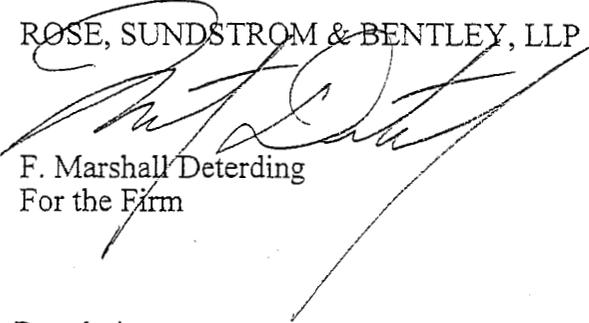
PSC-97-0280-FOF-WS issued in the Reuse Project Plan for Aloha Utilities, Inc. directed the Utility to aggressively pursue the provision of reuse service to all future customers, and in fact made unprecedented and extremely aggressive assumptions about the Utility's ability to sell every gallon of reuse which it produced. Without the ability to require the construction of small portions of reuse facilities in accordance with the standard Service Availability Policy, compliance with that requirement by the Commission is rendered nearly impossible, and substantial increases in the cost of providing reuse service to the general body of ratepayers can be expected.

Based upon the above, Aloha believes that the staff's position as stated in your letter of June 19, 2007 is clearly inappropriate and will have substantial and immediate negative impacts to Aloha's reuse system, its ability to comply with its water use permit, its ability to comply with its wastewater treatment plant operating permit, its ability to comply with the prior Commission orders, and its ability to comply with the requirements of its reuse grants from SWFWMD. Furthermore, staff's position will substantially increase uncertainty and litigation (and probably most importantly to the Florida Public Service Commission), it will substantially increase the cost of providing service to the general body of rate payers. Based upon these facts, it is the position of Aloha Utilities, Inc. that the staff position is clearly inappropriate and Aloha requests that the Commission staff move this matter forward to the next appropriate step under PSC rules and regulations so that Aloha may present its case and, if necessary, proceed to hearing on this matter.

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

Sincerely,

ROSE, SUNDSTROM & BENTLEY, LLP



F. Marshall Deterding
For the Firm

FMD/bsr

cc: Mr. Stephen Watford
Troy Rendell, Division of Economic Regulation
Roseanne Gervasi, Office of General Counsel

aloha\bulecza-banks.fmd.wpd

COMMISSIONERS:
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MATTHEW M. CARTER II
KATRINA J. MCMURRIAN
NANCY ARGENZIANO
NATHAN A. SKOP

STATE OF FLORIDA



TIMOTHY DEVLIN, DIRECTOR
DIVISION OF ECONOMIC REGULATION
(850) 413-6900

Public Service Commission

August 24, 2007

F. Marshall Deterding
Rose, Sundstrom & Bentley, LLP
2548 Blairstone Pines Drive
Tallahassee, FL 32301

Re: Complaint filed by Warren Dunphy, on behalf of Realm Management

Dear Mr. Deterding:

The Public Service Commission (PSC) in receipt of your letter dated July 24, 2007 in regards to the above referenced complaint. In order to further evaluate the complaint, staff requests the following information:

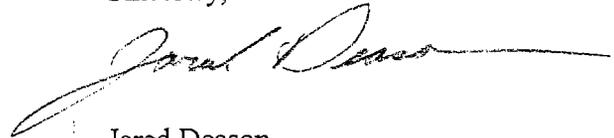
1. Your letter dated July 22, 2007 states, "DEP imposes permit requirements for Aloha wastewater treatment system. DEP has specifically recognized in Aloha's most recent wastewater treatment plant operating permit that all of Aloha's undeveloped certificated territory is to be utilized as part of the reuse system." It further states, "Aloha is required to provide reuse to any new customers who connect to Aloha's wastewater system and such requirement is a part of the utility's wastewater treatment operating permit." Please provide a copy all DEP operating permits referenced in the preceding statement.
2. Your letter dated July 22, 2007 states, "Aloha's SWFWMD approved; (a) water use permit; (b) conservation plan; and, (c) the grants it received for construction of its reuse system all require this utility to aggressively pursue the provision of reuse service to all new customers." Please provide a copy of the SWFWMD-approved water use permit, conservation plan and grants referenced in the preceding statement.
3. Please provide a copy of all correspondence with Aloha, Warren Dunphy, and Leroy Allen, regarding the installation of the reuse line dated after July 24, 2007.
4. Aloha claims that the estimated constructed costs for the reuse line is \$300,000. Please provide a detailed cost breakdown for the elements of the reuse line. In addition, please provide documentation to support the cost breakdown for the elements of the reuse line that would justify the \$300,000 estimate.

August 22, 2007

5. Please explain in detail why Seven Springs Medical Park was not required to execute a Refundable Advance Agreement to install the reuse line, but instead was able to execute the Developer Agreement Amendment for Reclaimed Water that requires Seven Springs Medical Park to connect to a reuse line when it becomes available in the future.
6. Are there any other properties serviced by Aloha that were required by Aloha to install a reuse line larger than what was required to service the property for the benefit of surrounding properties, developed or undeveloped? If so, please provide a list of those customers that installed the reuse line, as well as, all documentation relating to the installation of their reuse line. The documentation should include, but is not limited to Refundable Advance Agreements and correspondence with the properties owners or agents.
7. Please provide a status update as of August of 2007 for Aloha's reuse system. Are Aloha's reuse customers currently utilizing all reuse produced by their sewage treatment plan?. If so, how many gallons of water are available in holding ponds to meet the excess demand.

In order to expedite this complaint processing, please provide this information by September 8, 2007, pursuant to Rule 25-30.355(3), Florida Administrative Code. If you have any questions, please contact me at (850) 413-6934.

Sincerely,



Jared Deason

cc: Division of Economic Regulation (Willis, Bulecza-Banks, Rendell)
Office of General Counsel (Fleming)
John Jenkins, Rose Sundtrom & Bentley
Warren Dunphy

MAROLF ENVIRONMENTAL, INC.

23-Mar-07

To: Gator Realm LLC

ATT: Lee Allen

Re: Alli Gators Reclaim

We are pleased to provide a quote on the above referenced project.

CLEARING GRUBBING & EARTHWORK.....	\$	-
DRAINAGE.....	\$	-
SANITARY.....	\$	-
RECLAIM WATER.....	\$	160,950.00
Includes HDPE Directional Bore, Remove 4" HDPE in 12" Casing, Install 6" PVC Reclaim Water Line, Casing Spacers & End Seals, Maintenance of Traffic, Sod replacement of disturbed areas, 2" Service to Gators & Pressure Test		
PAVING BASE & CURBS.....	\$	-
LANDSCAPING SOD & IRRIGATION	\$	-
LAYOUT & CERTIFIED AS BUILTS.....	\$	16,500.00
TOTAL BID PROPOSAL.....	\$	177,450.00

We have specifically excluded the following:				
Tree Barricades	Dust Control	Meters	Sidewalk	Testing
Sidewalk/curb	Retaining Wall	Fence	Permits	Fees
Dumpster Pad w/Encl.	Landscaping	Irrigation	Car Stops	Bond
Pervious Parking	Root Pruning	Bollards	Meter Box	TV Sanitary
Concrete Paving	Grease Traps		HC Ramps	

NOTES:

1. This proposal is based on plans by Spring Eng C4.3 & C4.4
2. It is assumed that all on-site soil is of usable quality.
3. All connections to buildings are by others
4. Marolf Environmental, Inc. will be provided a Coordinates Disk from the Engineer Via the Owner or Contractor in order for Marolf to provide the layout.
5. Above includes a Geo Tech Eng Budget of \$8,500.00

Sincerely,
Marolf Environmental

Don Fraize Jr.

RWM 6" PVC = 725 + 300 + 1000' = 2025'

6" ϕ @ \$10/in diam/LF

6" x \$10 x 2025 = \$121,500 -

} CK.

Marolf Bid \$177,450 -

4% Bond 8,000

\$185,450 -

Eng. Plans & Specs	25,000 -	
Construct. Mngmt	10,000 -	
Surveying	3,000 -	
Permitting (DOT, Co. Rd, wetland)	10,000 -	15,000
AS-BUILTS	<u>1,000 -</u>	
ENGINEERING/Permits	49,000 -	54,000

6" PVC C900 & HDPE INSTALLED	178,000 -	
Performance Bond	<u>8,000 -</u>	
	186,000 -	
MISC & CONTINGENCIES (20%)	<u>46,500</u>	37,200
	232,500	277,200

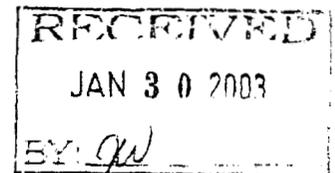
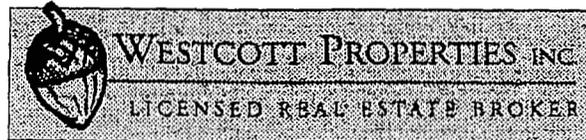
450' ± 10' WIDE EASEMENT
(Along North R/W SR54)

Administration -

Value of property

= sq ft of prop

then 75% of
that x 59 feet
width
450' x 10
4,500.00



29 January 2003

Mr. Stephen G. Watford
Aloha Utilities, Inc.
6915 Perrine Ranch Road
New Port Richey, Florida 34655
Phone: 727-372-0115 (ext. 101)
Fax: 727-372-2677

RE: Cypress Walk East

Dear Mr. Watford

Thank you once again for taking the time to meet with me regarding the Cypress Walk East project. I learned quite a bit about the vehicles Aloha Utilities has in place for the purpose of compensating developers for performing additional utility work. The Cypress Walk East project will be greatly impacted if we are not remunerated for performing the additional utility work you have requested our project to pre-fund. Therefore, I would like to quantify the cost involved in the additional infrastructure Aloha Utilities has requested we construct. As we both know, the supplementary water line extension and reclaim water line are not necessary for the viability of our project. However, the cost impact to execute your requested additions to our plan increases the total development budget by approximately 15% or \$125,000.

The Reclaim Water Infrastructure

I am still unclear who is requiring us to bring reclaim water to the site. I am under the impression this is an Aloha Utilities stipulation. However, I am confused when other projects in the immediate area are breaking ground without having to add reclaim water infrastructure to their development (i.e. The Sabals Townhomes). Therefore, do you mind addressing this issue so that I may convey to the owner why this \$100,000 request is being made? Additionally, the total green space requiring irrigation on the Cypress Walk East project is less than one acre. If we were to factor the area we will be irrigating into the total cost for the reclaim addition then we would be spending almost \$2.30 per square foot – I can purchase undeveloped commercial property for this amount.

The 12" Water Main Resizing and Addition

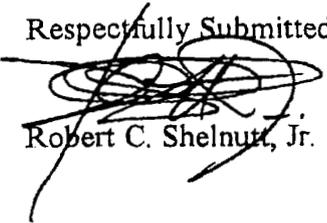
I would like some more clarity on your request to increase our planned 8" line to 12" and extend it approximately 800' further than our needs require. I understand we are able to use the Refundable Advance Agreement to potentially recapture a portion of the added infrastructure costs from future customers. However, I am under the impression the addition of this 12" line will simply



complete a loop for Aloha Utilities and the potential for additional customers is zero. Therefore, I am very unclear how the owner will receive compensation for work performed in the interest of Aloha Utilities.

I am not sure the Refundable Advance Agreement is going to be a viable tool for the owner to recapture the added utility costs. However, if Aloha Utilities would be willing to explore some form of impact fee credits or a modification of your requests then I think we may be able to come to an agreement on this project. In closing, we would be very grateful for your consideration on each of these issues.

Respectfully Submitted,



Robert C. Shelnut, Jr.

TO

File

FROM

ALOHA UTILITIES, INC.

6915 Perrine Ranch Road
 NEW PORT RICHEY, FLORIDA 34655
 (727) 372-0115

SUBJECT Trinity Commons (Cypress Walk East-Commercial) DATE 3/3/05
 FOLD ↑ Received calls from Kevin @ Kalameris (813-924-1392) and Phillip
 Lee @ Spring Engineering (727-938-1516) regarding ~~a~~ ^a reclaim issue
 on the above referenced project. They were told the reclaim was
 on the west side of Welbilt - it is on the east side. They want
 to know what to do. Is Aloha going to bring the line
 across or do they have to do it.

PLEASE REPLY TO →

SIGNED

Jennifer

REPLY Dale turned over to Tom on 3/10/05. Tom was able to
 get with Steve. They need to bring the line to the
 west side by jack & bring under Welbilt.

3/11/05 - Called Kevin @ Kalameris explained he would have
 to do the change order to perform the work.

DATE: 3/11/05

SIGNED

Jennifer

CIVIL ENGINEERING ASSOCIATES INC.

March 27, 2003

Al Belluccia
Heidt & Associates, Inc.
2212 Swann Avenue
Tampa, Fl 33606

**Reference: Revised Plan Review
Cypress Walk East**

CEA File No. 0404-01-09

Dear Al:

We have discussed the revised drawings for the referenced project with Aloha Utilities, and have added the comment on reclaimed water:

Sewer: No adverse comments.

Reclaimed Water: Extend 12" Reclaimed Water Wain to west side of property.

Water:

The fire line requires a fire flow meter assembly, copy of detail attached. You may consider taking the domestic service to the retail shops off of the fire flow meter. Please provide a detail plan of the meter bank and fire flow meter.

Call me with any questions.

Sincerely,

CIVIL ENGINEERING ASSOCIATES, INC.n



Dale D. Ermsberger, P.E.
de/de