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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Emergency Petition by ) DOCKET NO. 981609-WS  
D.R. Horton Custom Homes, Inc. )  
to eliminate authority of )  
Southlake Utilities, Inc. to )  
collect service availability )  
charges and AFPI charges in Lake )  
County )

In re: Complaint by D.R. Horton )  
Custom Homes, Inc. against ) DOCKET NO. 980992-WS  
Southlake Utilities, Inc. In )  
Lake County regarding collection )  
of certain AFPI charges. )

TESTIMONY  
OF  
ROBERT L. CHAPMAN, III  
ON BEHALF OF SOUTHLAKE UTILITIES, INC.

Q. Please state your name and address.  
A. My name is Robert L. Chapman, III. My business  
address is 2525 Lanier Place, Durham, North Carolina  
27705.  
Q. By whom are you employed?  
A. I am employed by Southlake Utilities, Inc.  
("Southlake").  
Q. What is your position with Southlake?  
A. I am President of Southlake.  
Q. What is the nature of your work with Southlake?  
A. I am the only full-time officer of the company. My  
responsibilities include planning, permitting,

DOCUMENT NO.  
01047-01  
1-24-01

1 finance, operations, capital improvements, developer  
2 relations, consumer relations, and regulatory and  
3 legal affairs. I manage one full-time employee and  
4 three part-time employees.

5 Q. I would like to investigate your formal education  
6 and prior employment. Please identify where you  
7 received your undergraduate degree and the area of  
8 concentration of your studies?

9 A. I received an A.B. (Artium Baccalaureus - Bachelor  
10 of Arts) degree from Duke University in 1971. My  
11 undergraduate major was philosophy. I was general  
12 manager of the student radio station, WDBS. I  
13 obtained a commercial FM license for the station and  
14 was the first manager of WDBS(FM). As a senior, I  
15 was elected to the Order of Red Friars, Duke's  
16 highest student honorary.

17 Q. Please describe your previous experience and  
18 employment.

19 A. 1971-1972 General Manager, WDBS(FM)  
20 1971-1973 Director, Duke University Media Center  
21 1973-1990 President and Chief Executive Officer,  
22 Learning Resources, Inc.  
23 1990-1997 Developer, Southlake Florida Quality  
24 Development  
25

1 1998-present Partner, Traditional Neighborhood  
2 Development Partners, LLC

3 1990-present President, Southlake Utilities, Inc.

4 Q. Are you a member of any professional associations?

5 A. Yes. I am a member of the American Water Works  
6 Association, National Town Builders Association, the  
7 Congress for the New Urbanism, and I am chairman of  
8 the North Carolina Smart Growth Alliance. I also  
9 have attended numerous continuing education  
10 seminars, including the Water Reuse 1998 seminar  
11 sponsored by the American Water Works Association  
12 and the Water Environment Federation and the Florida  
13 Public Service Commission ("Commission") 1999 Class  
14 C Water and Wastewater Utility Workshop.

15 Q. I show you a document marked Exhibit RLC-1. Can you  
16 identify it?

17 A. Yes. It is my resume.

18 Q. Did you prepare, or have prepared at your direction  
19 and under your supervision, the testimony you are  
20 about to give in this matter?

21 A. Yes.

22 Q. Are you familiar with the service area of  
23 Southlake?

24 A. Yes. As President of Southlake, I am very familiar  
25 with its service area.

1 Q. I show you a document labeled Exhibit RLC-2. Can you  
2 identify it?

3 A. Yes. It is a map illustrating the location of  
4 Southlake's certificated service area.

5 Q. I show you three documents labeled Exhibits RLC-3,  
6 RLC-4 and RLC-5. Can you identify them?

7 A. Yes. They are aerial photographs of the Southlake  
8 service area. Exhibit RLC-3 was taken on February  
9 24, 1990. Exhibit RLC-4 was taken on March 19,  
10 1996. Exhibit RLC-5 was taken on January 14, 2000.

11 Q. What do the aerial photographs demonstrate?

12 A. In 1990, there was very little development in the  
13 Southlake service area. Specifically, there was one  
14 single family residence and three barns. In 1996,  
15 the territory had expanded to include 434  
16 apartments, plus 82 customers served by 3/4 x 5/8  
17 inch meters, 7 multi-family timeshares with  
18 clubhouse, and one single family house and three  
19 barns. In January 2000, the aerial photo shows  
20 two shopping centers and 1,830 residential units  
21 occupied or under construction.

22 Q. I show you a document labeled Exhibit RLC-6. Can you  
23 identify it?

24 A. Yes. This is a document which I prepared in July  
25 2000, to provide a visual documentation of growth

1 within the Southlake service area for the year 2000  
2 and for subsequent years. It contains 33  
3 photographs and 12 aerial photos of six main  
4 subdivisions underway within our service area in  
5 July 2000: Cagan's Crossing DRI, Clear Creek PUD,  
6 Glenbrook PUD, Summer Bay DRI, Sunrise Lakes PUD,  
7 and Woodridge PUD. Two additional subdivisions,  
8 High Grove and Silver Creek were not included  
9 because they were not underway at that time. One  
10 page is devoted to each subdivision, providing a  
11 March 1996 aerial and a January 2000 aerial for  
12 comparison, along with construction photos and a  
13 tabulation of units under construction in July and  
14 announced by the developer for completion through  
15 2005.

16 Q. Can you please describe the location of the  
17 Southlake service area in regards to its proximity  
18 to Walt Disney World and other nearby developing  
19 areas?

20 A. Yes. As shown on Exhibit RLC-2, Southlake's service  
21 area is very close to Walt Disney World. In fact,  
22 the eastern boundary of Southlake's Orange County  
23 bulk service area (which is not shown on Exhibit  
24 RLC-2) is approximately one mile west of the  
25 boundary of Disney's newest park, the Animal

1 Kingdom. The area within a five-mile radius of  
2 Southlake has literally exploded in population,  
3 growing from an area devoted exclusively to citrus  
4 to around 20,000 new residential units in a short  
5 time period. I saved an article from the October  
6 31, 1999, Orlando Sentinel about the "Four Corners"  
7 area which sums it up this way: "With several  
8 massive developments on the way, the population boom  
9 has just started." In addition, a St. Johns River  
10 Water Management District Technical Staff Report,  
11 issued March 30, 2000, estimates that the population  
12 served by Southlake will increase from 4,807 in 1999  
13 to 11,807 in 2003.

14 Q. I show you two documents marked Exhibits RLC-7 and  
15 RLC-8. Can you identify them?

16 A. Yes. Exhibit RLC-7 is the October 31, 1999  
17 newspaper article and Exhibit RLC-8 is an excerpt  
18 from the St. Johns River Water Management District  
19 Technical Staff Report.

20 Q. Please discuss the areas in the Southlake service  
21 area, which have received entitlements for  
22 development.

23 A. In the Southlake service area, we have one Florida  
24 Quality Development "FQD" (an elite form of  
25 Development of Regional Impact "DRI"), for the

1 Southlake development (now known as Cagan's  
2 Crossings). It has 617 acres and is approved for  
3 8,000 housing units and 200,000 square feet of  
4 commercial development. There is one regular DRI,  
5 Summer Bay. It has 311 acres and is approved for  
6 2,782 housing units and 100,000 square feet of  
7 commercial development. There are several Planned  
8 Unit Developments ("PUDs") within the Southlake  
9 service area with the following approved development  
10 levels; High Grove PUD, 164 single family residences  
11 and 20,000 square feet of commercial development;  
12 Glenbrook, 722 dwelling units, 200,000 square feet  
13 of commercial development, and a 20 room hotel;  
14 Clear Creek, 316 dwelling units; Silver Creek, 120  
15 dwelling units; Walker Heights (now known as Sunrise  
16 Lakes) 660 dwelling units and 200,000 square feet of  
17 commercial development; and Woodridge, 720 housing  
18 units, 200,000 square feet of commercial  
19 development, and one hotel-motel. The approved  
20 projects total 14,484 dwelling units. They occupy a  
21 total of 1,407 acres, more or less. The overall  
22 Southlake service area contains 2,777 acres, more or  
23 less, which includes the 163 acre bulk service area  
24 in Orange County. Of the remaining 1,370 acres, 906  
25 acres are designated in the Lake County

1 Comprehensive Plan for higher density "urban  
2 development". This total breaks down as follows: A  
3 total of 477 acres of this area are designated by  
4 the current Lake County Comprehensive Plans for  
5 "Urban" development at 7 dwelling units per acre,  
6 totaling 3,338 additional units. A total of 429  
7 acres of this area is designated "Urban Expansion-  
8 Ridge" which calls for a density of 4 dwelling units  
9 per acre, totaling 1,716 units. A total of 301  
10 acres is designated as "Rural Conservation" which is  
11 limited to one dwelling unit per 10 acres, for a  
12 total of 30 units. Outside of Southlake's  
13 certificated service area is Southlake's bulk  
14 service area for service to Orange County, which  
15 consists of 163 acres. Southlake's 163 acre bulk  
16 service area within Orange County is proposed for  
17 Growth Center designation at 6 units per acre,  
18 totaling 978 units. The grand total of this  
19 approved development density within the Southlake  
20 service area, including the bulk service area, is  
21 19,546 dwelling units and 920,000 square feet of  
22 commercial development.

23 Q. I show you a document labeled Exhibit RLC-9. Can you  
24 identify it?

25



1 A. Yes. It is a table provided by the Florida  
2 Department of Environmental Protection ("DEP") which  
3 lists developments in the Southlake service area,  
4 which have already received permits from the DEP.  
5 This list was current as of April 2000, when it was  
6 faxed to us by Mr. Frank Huttner of the DEP office  
7 in Orlando. This list shows that outstanding  
8 permits for Southlake as of April 2000 showed a  
9 requirement of 2,361 equivalent residential units  
10 (ERU's). Of these 2,361 ERUs, 1,530 were already in  
11 use and 831 were in progress but not cleared yet.

12 Q. Please summarize the history of Southlake's plant  
13 sites.

14 A. In June 1990, Southlake, Inc., was hired by my  
15 parents, Robert and Elisabeth Chapman, to rezone and  
16 develop their 617-acre former orange grove. The new  
17 project was named *Southlake*. Southlake, Inc., was  
18 successful in obtaining a very high density and  
19 received approval for 13.53 residential units (22  
20 gross) per acre. For water and sewer service,  
21 Southlake, Inc.'s initial plan was to utilize an  
22 existing facility owned by Polk County at Polo Park  
23 which is approximately 1/4 mile south of the  
24 property. However, we became aware of a used  
25 350,000 gallon package plant located near Lake Buena

1 Vista and the economics indicated that it would be  
2 substantially more cost efficient to purchase this  
3 plant than to connect to the Polk County facility.

4 On August 22, 1990, Mr. and Mrs. Chapman signed a  
5 one-year option with Southlake for a potential lease  
6 of ten (10) acres for a proposed wastewater  
7 treatment plant for a 99-year term for the sum of  
8 \$35,000 per year. About six (6) of the ten (10)  
9 acres were within the 14 +/- acres indicated for  
10 water and wastewater sites in the approved site plan  
11 of the *Southlake* Development. On August 31, 1990,  
12 Southlake filed an application with the Florida  
13 Public Service Commission for certificates to  
14 provide water and wastewater service to the 617 acre  
15 Southlake development.

16 In September 1990, Lake County adopted the PUD  
17 rezoning ordinance. By that time, Southlake  
18 Utilities had decided not to purchase a plant  
19 because the Southlake project, its only customer at  
20 that time, now intended to utilize the Polk County  
21 facilities instead. This was because in the newly  
22 adopted PUD ordinance Lake County stipulated that  
23 *Southlake* "shall be served by County designated  
24 regional water and wastewater treatment facilities  
25 when such facilities are made available." According

1 to the ordinance, if the Southlake Development  
2 wanted, it could assist the county in establishing  
3 regional facilities. However, those facilities would  
4 have to be dedicated to the County. According to  
5 the ordinance, if the Southlake Development wanted  
6 to construct its own facilities, the County would  
7 decide their location, which might be different from  
8 the sites the Southlake Development proposed. Then  
9 later, when the County's regional service became  
10 available, the Southlake Development must connect to  
11 that service. Since the Southlake Development was  
12 considering using the Polk County facilities as an  
13 alternative, the ordinance addressed that  
14 possibility as well. It provided that "the Lake  
15 County Board of County Commissioners may extend the  
16 time period for use of Polk County facilities should  
17 such extension be in the best interest of Lake  
18 County." The bottom line was that Lake County had  
19 adopted a law requiring the only customer within the  
20 proposed Southlake Utilities service area to use a  
21 county designated system when it was available and  
22 making the use of the Polk County facilities or a  
23 Southlake Utilities system temporary. This made  
24 going ahead with a Southlake facility economically  
25 unfeasible. Therefore, Southlake did not exercise

1 the option to lease the ten (10) acres within  
2 *Southlake* development and instead sought and  
3 obtained permission from Lake County to use Polk  
4 County's facilities rather than facilities to be  
5 constructed by *Southlake Utilities*. *Southlake*  
6 Development made arrangements to use facilities  
7 operated by Polk County and obtained a commitment  
8 letter from Donald A. Crawford, P.E., Utilities  
9 Director, Polk County Utilities.

10 In October 1990, *Southlake Development* made a  
11 successful loan application to the Florida Housing  
12 Finance Agency for a \$2.7 million State Apartment  
13 Incentive Loan. In the application, *Southlake*  
14 Development said that water and sewer service would  
15 be provided by Polk County.

16 At an October 16, 1990, Lake County Board of County  
17 Commissioners meeting, the Lake County Attorney,  
18 introduced a text amendment to the *Southlake PUD*  
19 ordinance requiring *Southlake Utilities* to transfer  
20 applied for PSC certificates to Lake County. In  
21 January 1991, Lake County informed the Florida  
22 Public Service Commission that should *Southlake* seek  
23 and obtain a certificate, the certificate "shall be  
24 transferred to the County" upon completion of  
25 construction. In effect this meant that the efforts

1 of Southlake Utilities to obtain a franchise and  
2 build facilities were apparently futile, because the  
3 County would require us to transfer those facilities  
4 to them. Ms. Jackie Gilchrist of the Commission  
5 wrote asking what our intentions were regarding the  
6 transfer. Southlake replied that if the County took  
7 the certificates, they would have to pay for them.

8 In March 1991, Lake County wrote Polk County  
9 requesting water and wastewater service from Polk  
10 County for developments in south Lake County in lieu  
11 of the construction of "temporary wastewater  
12 facilities" by Southlake Utilities and others. In  
13 April 1991, Southlake Development learned that Polk  
14 County was planning a significant rate increase and  
15 that public hearings would be held on June 25, 1991,  
16 to consider those rates. Since Lake County was now  
17 saying that it would require Southlake Development  
18 to use Polk County instead of using facilities  
19 constructed by Southlake Utilities (which they  
20 referred to as "temporary facilities"), Southlake  
21 Development asked its lawyer in Polk County, Jack  
22 Brandon, Esq., to attend that hearing to represent  
23 Southlake Development's interests. We also asked  
24 his firm, Peterson, Myers, Craig, Crews, Brandon and  
25 Puterbaugh, P.A. to draft a utility agreement

1 between Polk County and Southlake, Inc. Then on May  
2 13, 1991, Lake County called a meeting with  
3 Southlake Development, and other developers to  
4 discuss using the City of Kissimmee facilities or  
5 Polk County facilities for water and sewer services  
6 for our area.

7 In May 1991, I wrote Lake County on behalf of  
8 Southlake and provided them with a copy of the  
9 anticipated flows and the financial arrangement that  
10 Southlake Development had proposed to Polk County.

11 In June 1991, Lake County sent us proposed amended  
12 final language for the PUD Ordinance, with further  
13 changes made by the County Attorney. It now said  
14 Southlake's on-site facilities, if any, would be  
15 "temporary" and there was an explicit requirement  
16 that should a Florida Public Service Commission  
17 certificate be obtained it "shall be transferred to  
18 the County upon completion of construction of said  
19 [temporary] facilities."

20 On June 25, 1991, Polk County's rate increases were  
21 adopted.

22 The Polk County rate increases suddenly meant that  
23 the project's first phase, Southlake Apartments,  
24 would no longer be financially feasible because the  
25 rents, which had to include utilities, could no

1 longer meet affordability requirements under the  
2 Florida Housing SAIL loan. It appeared that the  
3 Polk County facilities were no longer a realistic  
4 option. Around that time we learned that a new  
5 water company, franchised by the Commission, would  
6 be constructed immediately to the north of  
7 *Southlake*. I met with Mr. Lester N. Mandell,  
8 President of Lake Grove Utilities, at his office in  
9 Altamonte Springs. He was agreeable that Lake  
10 Groves provide service to *Southlake*. I obtained a  
11 copy of the Lake Groves Utilities tariff, dated  
12 April 30, 1991.

13 The rezoning of *Southlake FQD* became effective July  
14 9, 1991, when the Florida Department of Community  
15 Affairs issued the Development Order. The Lake  
16 County Board of County Commissioners ratified this  
17 development order, and to our great relief, removed  
18 the requirement that the *Southlake Utilities*  
19 facilities, if any, be temporary and the mandate  
20 that PSC certificates be transferred to Lake County.  
21 The option to lease the plant site expired on August  
22 22, 1991. As of that date, it was our intention to  
23 utilize *Lake Groves Utilities* for water and  
24 wastewater service or as an alternative, to  
25

1 negotiate a bulk arrangement at a lower price with  
2 Polk County.

3 A year later, in the fall of 1992, I learned of  
4 another used wastewater treatment plant; this one  
5 owned by the City of Winter Springs. It would meet  
6 the needs of the still not yet started *Southlake*  
7 project. In November 1992, Southlake obtained an  
8 offer for investment financing from Ronald Allen for  
9 the acquisition of that plant. Therefore we decided  
10 to try and revive the concept of constructing  
11 facilities rather than using the Lake Groves  
12 facilities or the Polk County facilities. By early  
13 1993, we had revived our plan to build facilities  
14 on-site through Southlake Utilities. Southlake had  
15 been granted certificates by the Florida Public  
16 Service Commission. We had not stopped the Florida  
17 Public Service Commission proceedings in case  
18 Southlake Utilities would be needed to provide  
19 service either through on-site facilities or through  
20 wholesale service from another utility provider such  
21 as Lake Groves. On August 17, 1993, Southlake and  
22 Mr. and Mrs. Chapman executed a 99-year lease for  
23 12.53 acres of the 617 acre *Southlake* project. This  
24 lease covered 10 acres for the utility's wastewater  
25 treatment plant, 1.38 acres for the water treatment



1 plant, and 1.15 acres for a water tank. The rent,  
2 based on the capitalized value of the property, was  
3 \$47,400 annually.

4 In 1993, 29 acres adjacent to the plant site owned  
5 by Southlake Community Foundation, Inc., was  
6 appraised for \$1,736,000, \$59,862 per acre, by  
7 Pardue, Heid, Church, Smith, and Waller, MAI.  
8 Southlake used this appraisal and the discounted net  
9 present value of the rent to obtain a value of  
10 \$760,586 for the leased land, or \$60,700 per acre.

11 On December 23, 1998, Southlake and the new  
12 landowner, Southlake Development Limited, executed a  
13 lease amendment. It gave Southlake a bargain  
14 purchase option for \$1,000.00. Our accounting  
15 advisors have informed us that utility accounting  
16 principles required the lease to be capitalized.  
17 Consistent with that advice and Accounting  
18 Instruction 22C, NARUC Uniform System of Accounts  
19 for Class A Water Utilities, Southlake Utilities  
20 included the capitalized lease into its plant  
21 accounts in 1998.

22 Q. I show you documents marked Exhibits RLC-10, RLC-11,  
23 RLC-12, RLC-13, and RLC-14. Can you identify them?

24 A. Yes. Exhibit RLC-10 is a copy of the commitment  
25 letter from Polk County Utilities. Exhibit RLC-11

1 is the letter from Jackie Gilchrist. Exhibit RLC-12  
2 is a June 27, 1991, draft of the utility agreement  
3 between Polk County and Southlake, Inc. Exhibit  
4 RLC-13 is the May 1991 letter to Lake County.  
5 Exhibit RLC-14 is the December 23, 1998 Lease  
6 Amendment.

7 Q. It has been suggested that Southlake's water and  
8 wastewater plant balances be reduced by \$1,500.00  
9 each regarding the office copier. Would you please  
10 respond to this suggestion?

11 A. Yes. The copier was originally purchased for use in  
12 Southlake company's office for \$3,000.00 in 1993 and  
13 Southlake reimbursed R.L. Chapman, II, in January,  
14 1994.

15 I attempted to contact the company that sold the  
16 copier to Mr. Chapman, which was Basetek. However,  
17 Basetek was sold to Omni, and Omni was sold to Delta  
18 Business Systems and Delta Business Systems was sold  
19 to IKON Office Solutions. On May 14, 1999, I was  
20 informed by the local sales representative for IKON,  
21 Mr. John McDaniel, that he did not have the Basetek  
22 files and he was referring it to the Orlando office  
23 to find the invoice. Ms. Cassandra Robinson of IKON  
24 in Orlando promised to have the microfilm researched  
25 but was unable to retrieve the Basetek files.

1           However, Southlake did provide the Commission  
2           auditors with a copy of the original check to Mr.  
3           Chapman as well as a copy of the current service  
4           contract for the copier that shows its model number,  
5           R4430, and serial number, 2099430642. I showed Mr.  
6           Ted Davis, an engineer with the Commission, the  
7           copier and pointed out its serial number and its  
8           maintenance log dating to 1993 when he visited our  
9           offices in Clermont.

10   Q.    Can you identify these documents labeled Exhibits  
11           RLC-15 and RLC-16?

12   A.    Yes. They are Southlake's Commission approved Water  
13           Tariff Sheet No. 31.0 and Wastewater Tariff Sheet  
14           No. 28.0.

15   Q.    It has been suggested that Southlake's Tariff does  
16           not authorize reassessment of plant capacity charges  
17           for residential customers at any time after  
18           connection to the Southlake system. Does Southlake  
19           agree with that suggestion?

20   A.    No. As you can see from the Tariff sheets,  
21           Southlake's Tariff in fact authorizes a reassessment  
22           of plant capacity charges for increased consumption  
23           for all customers after connecting to the system.  
24           The Tariffs do not limit the reassessment to only  
25           general service customers. It has also been

1 suggested that the Tariff sheets be revised to limit  
2 the reassessment to only general service customers.  
3 If the Tariff sheets did not set forth the  
4 possibility of reassessing residential customers,  
5 than there would not be a need to revise the Tariff  
6 sheets to remove the possibility.

7 Q. Have you investigated the zoning of the Clear Creek  
8 Subdivision?

9 A. Yes. According to our billing records, the vast  
10 majority, if not all, of the units in Clear Creek  
11 are owned and operated by management companies as  
12 commercial vacation rental units. They are not used  
13 as single family homes. I became aware of this  
14 situation approximately three years ago when  
15 representatives of D. R. Horton Custom Homes, Inc.,  
16 notified us that it was seeking to amend its PUD  
17 ordinance to add explicit short-term vacation rental  
18 language to the ordinance. However, as I understand  
19 it, they did not follow through with the amendment  
20 when they learned that short-term vacation rentals  
21 do not require special zoning in Lake County.

22 Q. I show you two documents marked Exhibits RLC-17 and  
23 RLC-18. Can you identify them?

24

25

1 A. Yes. They are Southlake's approved Tariff sheets for  
2 AFPI charges - Water Tariff Sheet No. 39.0 and  
3 Wastewater Tariff Sheet No. 36.0.

4 Q. It has been suggested that Southlake be fined  
5 \$5,000.00 for allegedly overcollecting wastewater  
6 AFPI charges in excess of 375 ERCs. Please respond.

7 A. Southlake does not believe that it over-collected.  
8 First, Southlake's AFPI charges are determined by  
9 the date of actual connection. Some developers may  
10 reserve capacity that they never use, as is  
11 envisioned in the Commission's Rules, Section 25-  
12 30.540(3)(a) and 25-30.540(3)(b), F.A.C. which state  
13 "The utility may charge and collect a reasonable  
14 amount, up to the total charges due under the  
15 agreement, to extend services. Upon the collection  
16 of the charges, the utility shall reserve the  
17 necessary treatment capacity for the applicant for a  
18 period of time specified in the agreement." . . .  
19 "Unless the utility can sell the reserved capacity,  
20 the charges collected shall not be refunded should  
21 the applicant not proceed further with the  
22 development." From Commission Order No. 24564,  
23 Docket No. 900738-WS, pages 15-16: "Commission  
24 policy has been to accumulate the carrying costs  
25 associated with the excess plant as an AFPI charge

1 to be collected from future customers at the time of  
2 connection." . . . "The amount of the AFPI charges  
3 are based upon the date future customers connect to  
4 the system normally coinciding with the payment of  
5 the service availability charges."

6 AFPI prepayments may be made at the time of capacity  
7 reservation. Southlake treats these prepayments as  
8 deposits toward the AFPI charge that is determined  
9 by the date of the actual connection.

10 When there are multiple developers (such as is the  
11 case of Southlake), the order in which structures  
12 are completed is often quite different from the  
13 order in which reservations of capacity were made.  
14 To ensure that it collected from the first  
15 connections totaling the designed capacity of a  
16 plant, Southlake would need to collect deposits from  
17 more than just that number. In addition, Southlake  
18 sincerely believes that until the tariff chart  
19 expired in December 2000, it was required to collect  
20 AFPI for all reservations and connections. Only  
21 after that time would collection cease, and then  
22 only if the actual flow through the plant exceeded  
23 its designed capacity.

24 As Southlake understood the applicable rules and  
25 statutes, before December 1999, Southlake had to

1 charge the amounts listed in the AFPI tables under  
2 each month. After December 1999, Southlake is  
3 required to charge (i) the amount specified for  
4 water connections for December 1999, in Water Tariff  
5 First Revised Sheet No. 39.0 until such time as the  
6 water treatment plant reaches its designed capacity  
7 based on actual flow reported on the monthly  
8 operating reports to the Florida DEP; and (ii) the  
9 amount specified for wastewater connections for  
10 December 1999, in Wastewater Tariff Sheet No. 36.0  
11 until the wastewater plant reaches its designed  
12 capacity based on actual flows reported on the  
13 monthly operating report to the Florida DEP,  
14 Southlake provided the Staff with an in-depth  
15 analysis and explanation of the appropriate AFPI  
16 collections in its response to Document Request No.  
17 MC-10. To be sure of our understanding, we early on  
18 sought the guidance of Commission staff. Billie D.  
19 Messer, Regulatory Analyst Supervisor, informed us  
20 that Southlake was required to charge the rate  
21 listed in the tariff chart for the month in which a  
22 customer hooks up. In her letter of January 13,  
23 1994, she stated the correct amount to be charged  
24 *"is what ever the rate is specified on the chart at*  
25 *the point in time it is applied. In other words,*

1           the utility should apply the amount listed under  
2           February, 1994 if that is when the customer hooks  
3           up..." We relied upon this in collecting AFPI  
4           charges. The wastewater plant did not reach the  
5           165,000 Gallon (375 ERC) per day level until April  
6           2000.

7 Q. I show you two documents marked Exhibits RLC-19,  
8           RLC-20, and RLC-21. Can you identify them?

9 A. Yes. Exhibit RLC-19 is the January 13, 1994, letter  
10           from Ms. Billie Messer. Exhibit RLC-20 is the in  
11           depth analysis and explanation regarding Southlake's  
12           collection of AFPI charges which was previously  
13           provided to the staff on Southlake's response to  
14           Document Request No. MC-10. RLC-21 is an excerpt of  
15           the DEP monthly operating report for April 2000.

16 Q. It has been suggested that Southlake has violated  
17           the Commission's requirement that it provide  
18           security in this matter. Did Southlake attempt to  
19           obtain financing for security?

20 A. Yes.

21 Q. I show you a document marked Exhibit RLC-22. Can you  
22           identify it?

23 A. Yes, it is a chronology of some of Southlake's  
24           efforts to obtain financing for security in this  
25           matter.



1 Q. Please discuss Southlake's efforts in this area.

2 A. Southlake Utilities expended a great deal of time  
3 and effort to obtain financing for the security as  
4 is partially documented in Exhibit RLC-22. Despite  
5 our best efforts, Southlake Utilities was  
6 unsuccessful in obtaining either a bond or letter of  
7 credit from third parties. Southlake Utilities  
8 provided a corporate undertaking to the Commission,  
9 but the Commission did not accept Southlake's  
10 corporate undertaking. Subsequently, I decided to  
11 seek Commission approval for the transfer of the  
12 majority organizational control of Southlake  
13 Utilities to parties with far greater financial  
14 assets. I believe that such parties will have far  
15 greater ability than I do to provide the security in  
16 this matter.

17 Q. Do you have further comments that you would like to  
18 make?

19 A. No. However, I will be glad to answer any questions  
20 that anyone would like to ask.

21

22

23

24

25

**Robert L. Chapman, III**  
2525 Lanier Place  
Durham, NC 27705  
(919) 403-7654

Robert L. Chapman, III, is President of Southlake Utilities, Inc., an investor-owned public utility providing water and wastewater services to residential and commercial customers in southeastern Lake County, Florida. The Southlake Utilities service area, just west of Walt Disney World, is experiencing rapid growth and is already zoned for nearly 19,000 residential units. He is also managing director of Traditional Neighborhood Development Partners, LLC. TND Partners specializes in infill development that follows the principles of New Urbanism and Smart Growth.

Mr. Chapman served as President of Southlake Development Group, developers of *Southlake*, a new town of traditional neighborhoods master-planned by Andres Duany and Elizabeth Plater-Zyberk. *Southlake* received state designation as a Florida Quality Development, with entitlements for the construction of 8,000 living units and two neighborhood commercial centers. The first phase, an \$18,000,000 apartment development, set an Orlando-area rental absorption record, with 65 move-ins per month. It maintains near 100% occupancy. *Southlake* was acquired by a Chicago based investment group in June, 1997. He also established and managed the Southlake Community Development District, a special purpose unit of local government.

Before founding Southlake Development Group, Mr. Chapman was President (and founder) of Learning Resources, Inc. in Durham, NC, which produced and distributed computer-based instructional materials and educational films for 300 clients including the Association of Collegiate Schools of Architecture and the Harvard Graduate School of Design. The Durham-Research Triangle Chamber of Commerce named him Outstanding Small Business Person of the Year.

He received an A.B. from Duke University in 1971.

Bob is a founding member and member of the board of directors of the National Town Builders Association and a charter member of the Congress for the New Urbanism. He currently serves as chairperson of the board of directors of the North Carolina Smart Growth Alliance.

He has also served on the governing boards of numerous not-for-profit organizations including Broadcasting Foundation of America, Carolina Cinema Corporation, Community Radio Workshop, Duke School for Children, Durham Bicentennial Commission, Duke University Art Museum, The North Carolina Art Society, and the

Research Triangle Council for Entrepreneurial Development.

His publications include: "New Urbanist Projects Attract Investment" *New Urban News*, January-February, 1999, "TND Finance Report: New Urban Projects Yield Solid Returns" *New Urban News*, January-February, 1998; *The Affordable Expandable Florida Home*, design competition judge, (Cape Canaveral: Florida Solar Energy Center, 1991); *Electronic Advancement* co-author (Washington: CASE: Council for the Advancement and Support of Education, 1991); *Bull Durham and Beyond*, project manager, (Durham: The Durham Bicentennial Commission, 1976); *Arts Festival Planning Guide*, co-editor (Raleigh: North Carolina Dept. of Cultural Resources, 1975).



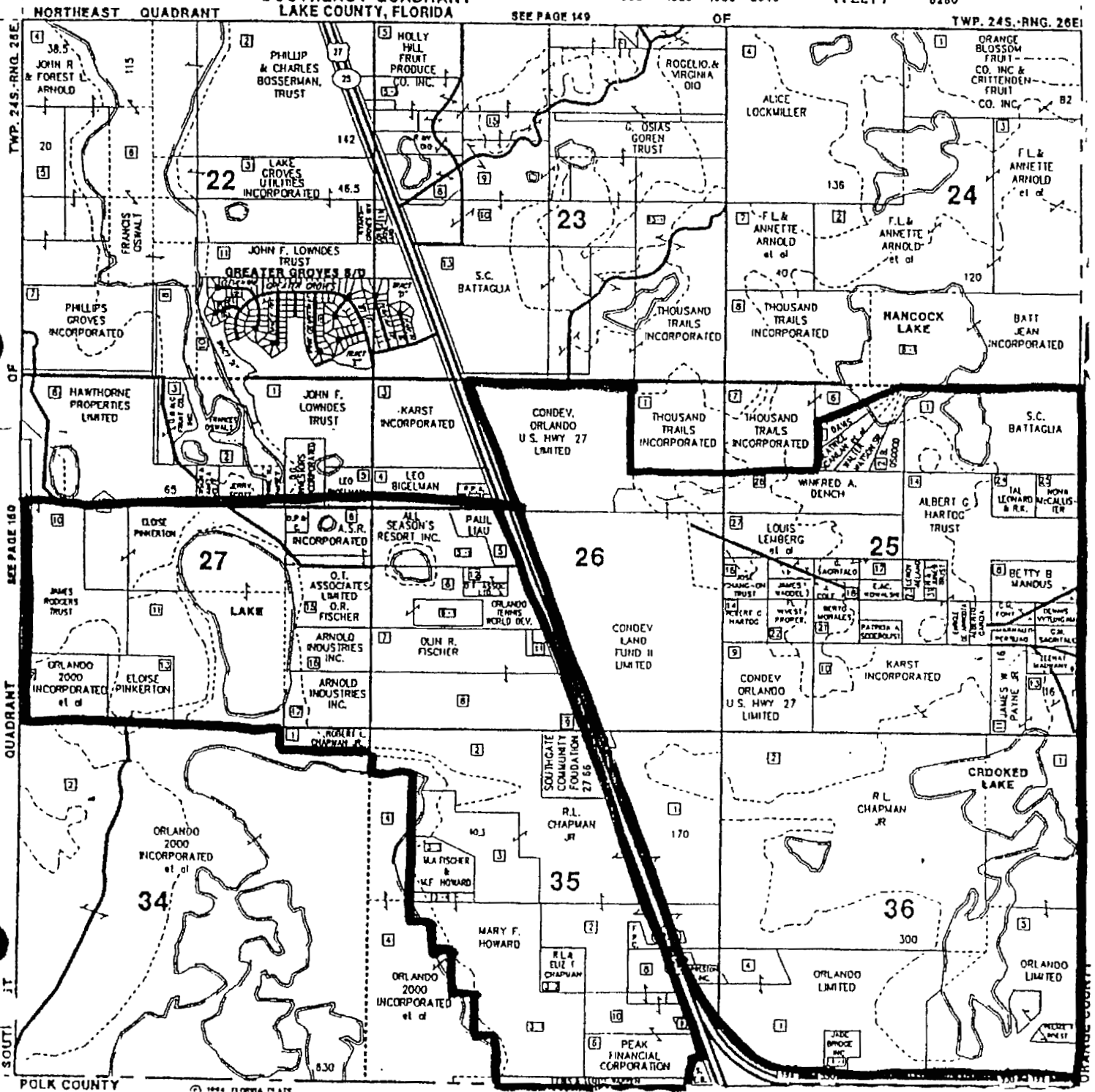
# Southlake

SOUTHLAKE UTILITIES, INC.  
800 U.S. Highway 27 Clermont, FL 34711  
(352) 394-8898 FAX (352) 394-8894  
Florida PSC Certificates 464-S and 533-W

SERVICE AREA as shown on PLAT MAP

TWP. 24S.-RNG. 26E.

SOUTHEAST QUADRANT  
LAKE COUNTY, FLORIDA



TWP. 24S.-RNG. 26E.

OF

SEE PAGE 160

QUADRANT

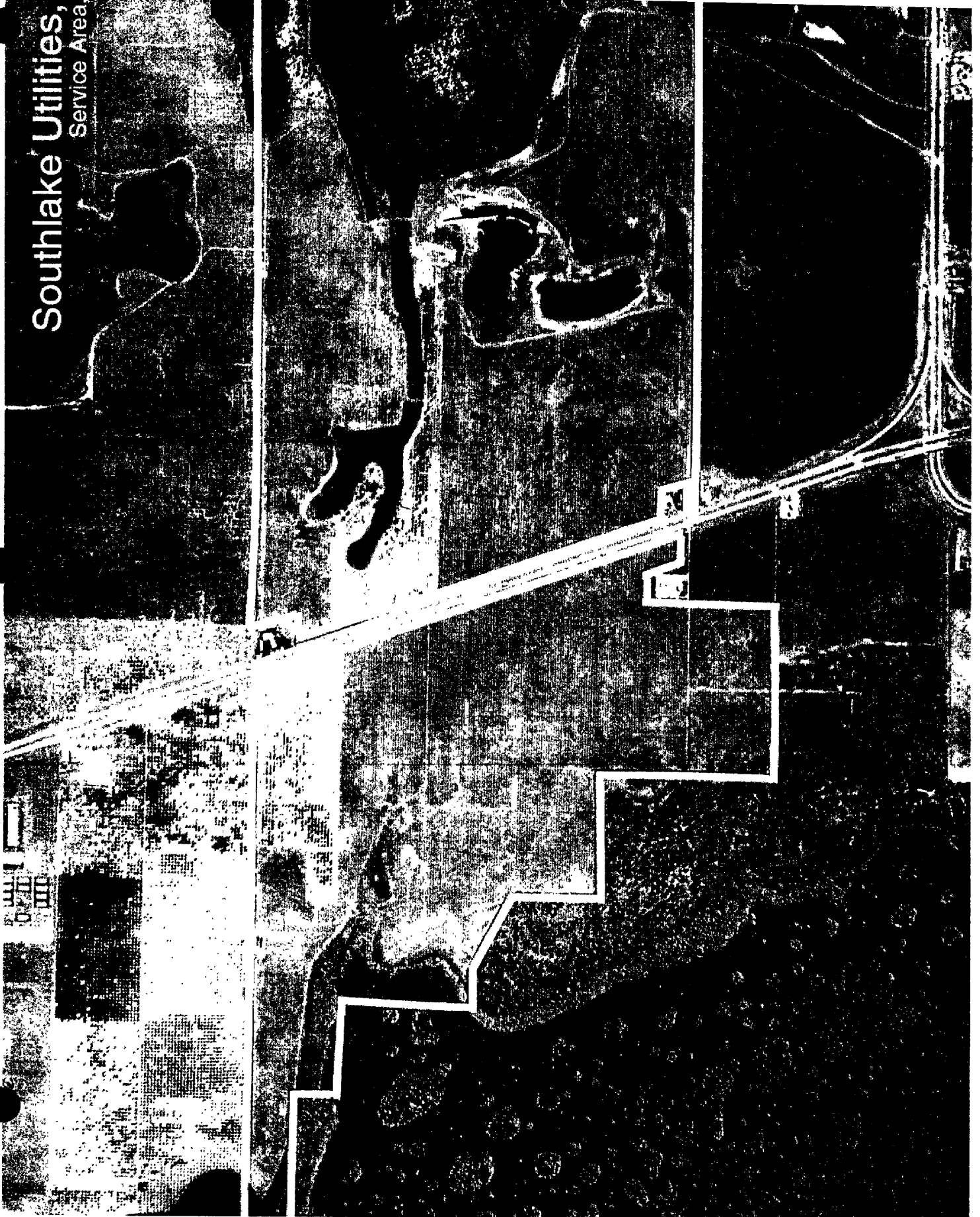
SOUTH

POLK COUNTY

ORANGE COUNTY

Southlake Utilities, Inc.  
Service Area, 1990

DOCKET NOS. 980922-WS AND 981609-WS  
EXHIBIT NO. RLC-3  
R. CHAPMAN EXHIBIT NO. \_\_\_\_\_  
AERIAL PHOTO - 2/24/90



Southlake Utilities, Inc.

Service Area, 1996

DOCKET NOS. 980922-WS AND 981609-WS  
EXHIBIT NO. RLC-4  
R. CHAPMAN EXHIBIT NO. \_\_\_\_\_  
AERIAL PHOTO - 3/19/96



DOCKET NOS. 980922-WS AND 981609-WS

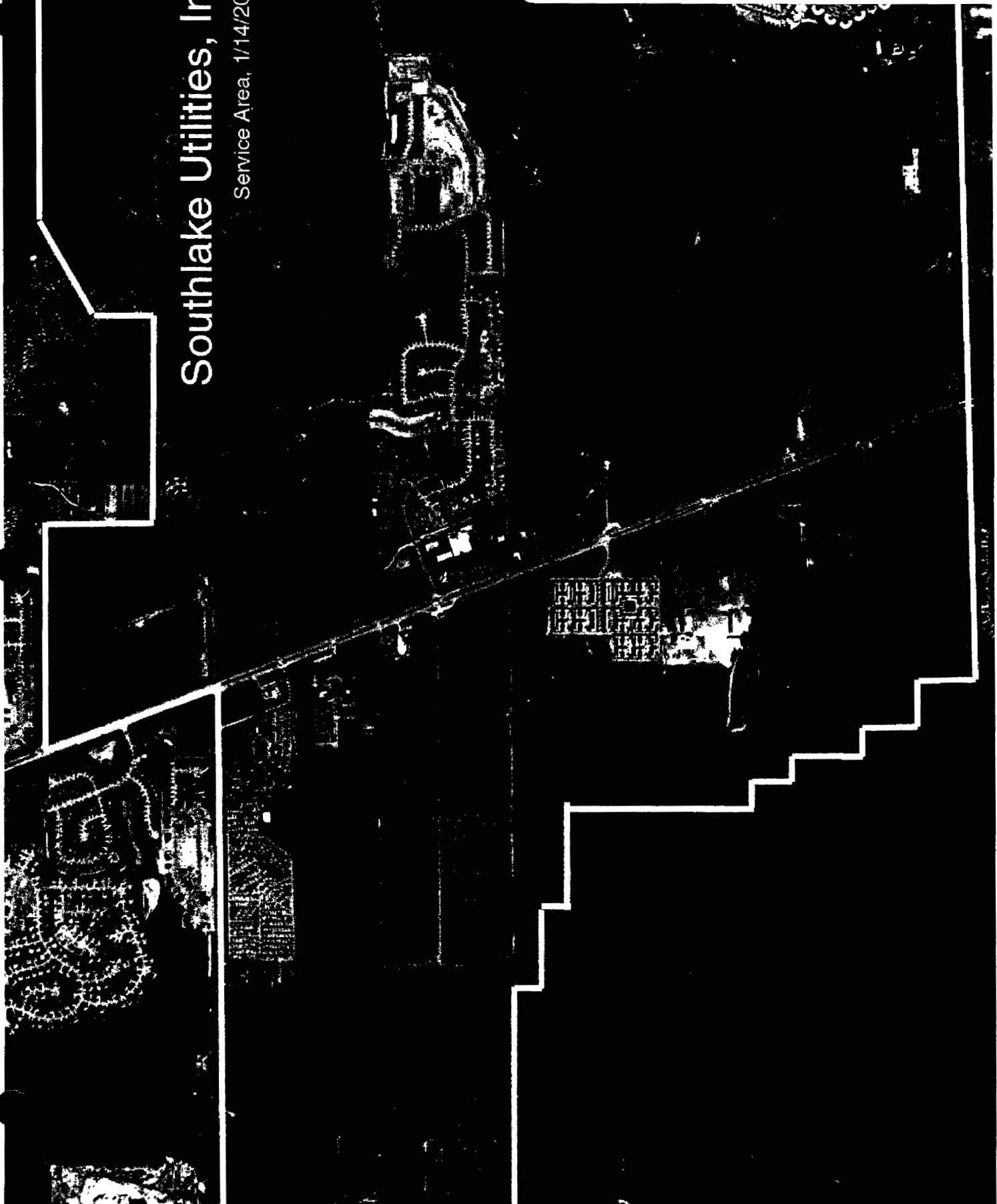
EXHIBIT NO. RLC-5

R. CHAPMAN EXHIBIT NO. \_\_\_\_\_

AERIAL PHOTO - 1/14/00

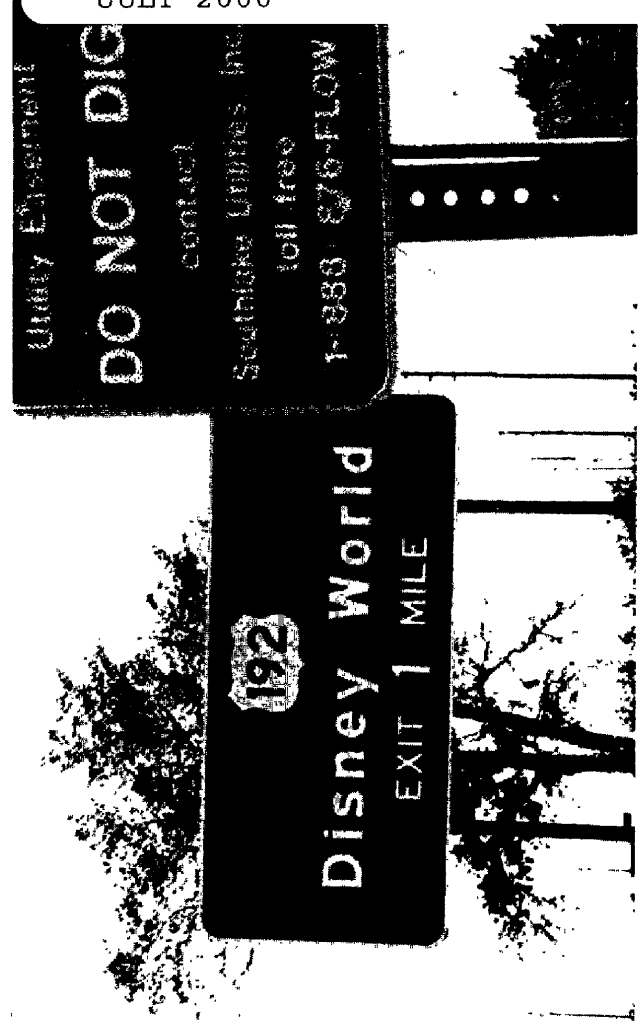
Southlake Utilities, Inc.

Service Area, 1/14/2000



# Growth Calendar Year 2000 and Beyond

DOCKET NOS. 980922-WS AND 981609-WS  
EXHIBIT NO. RLC-6  
R. CHAPMAN EXHIBIT NO. \_\_\_\_\_  
SERVICE AREA GROWTH REPORT -  
JULY 2000



prepared by  
Southlake Utilities, Inc.  
July, 2000

000001

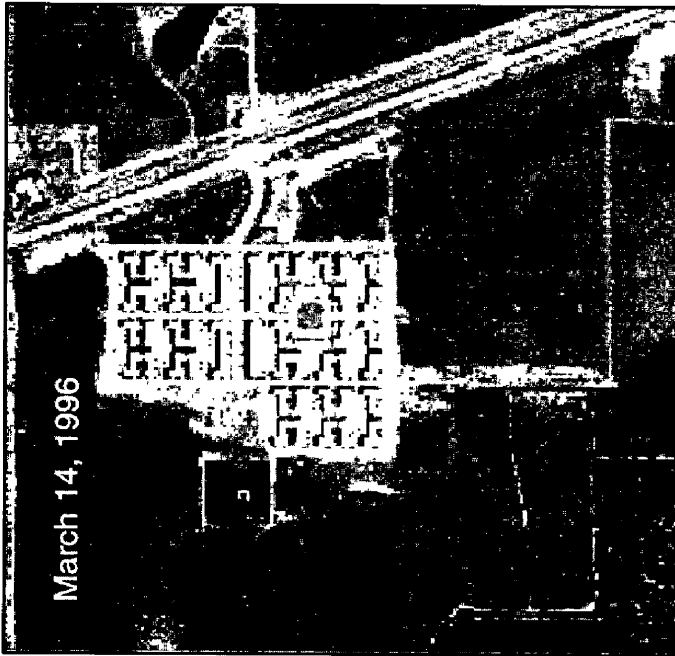
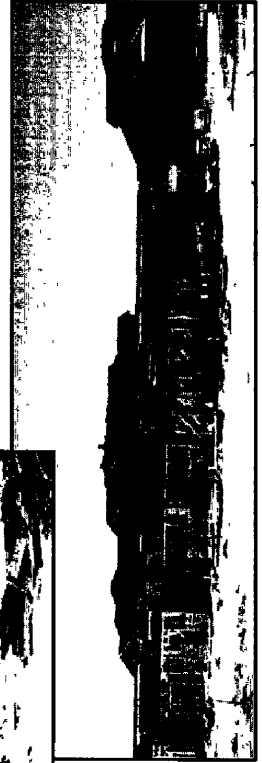
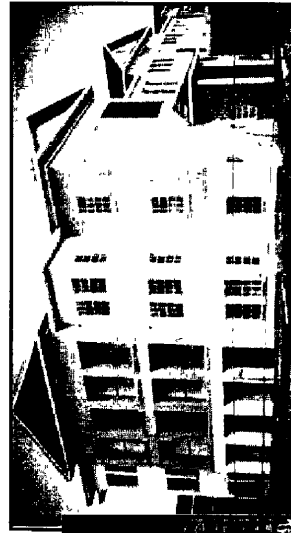
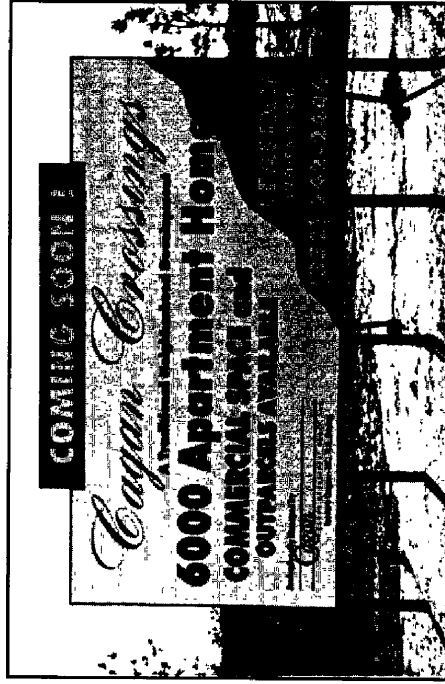


# Cagan Crossings DRI

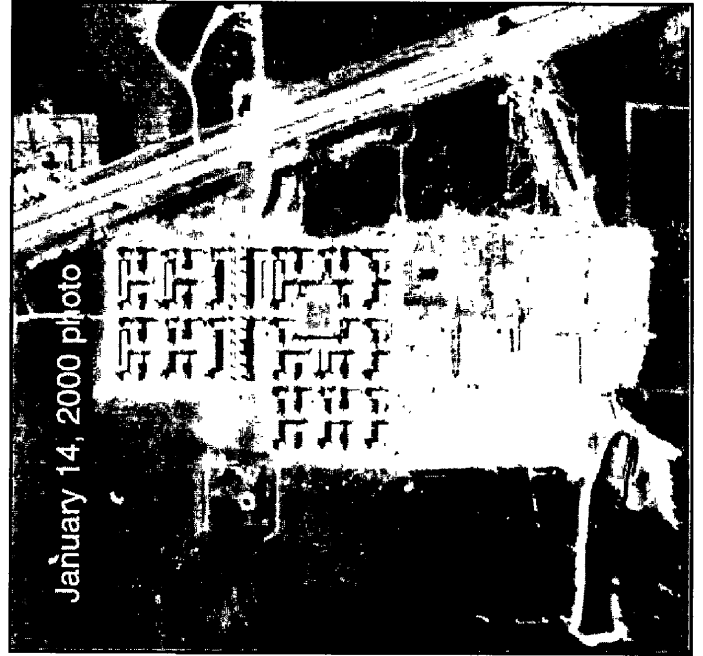
served by Southlake Utilities, Inc.

Under construction	272	M/F units	194.3	ERCs
Additional through 2005	1,787	M/F units	1,276.4	ERCs

An additional 5,941 M/F units and 200,000 sf commercial is approved.



March 14, 1996



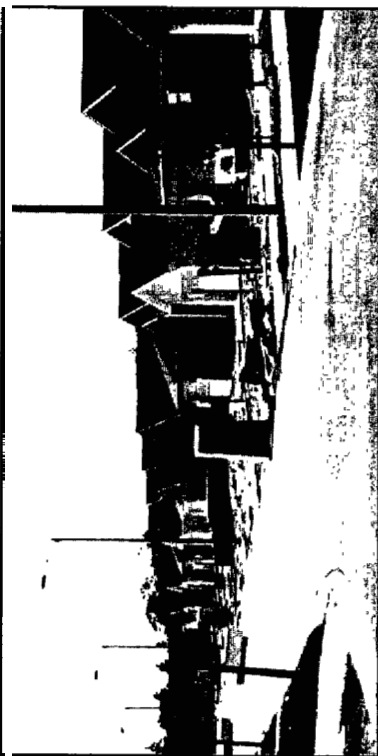
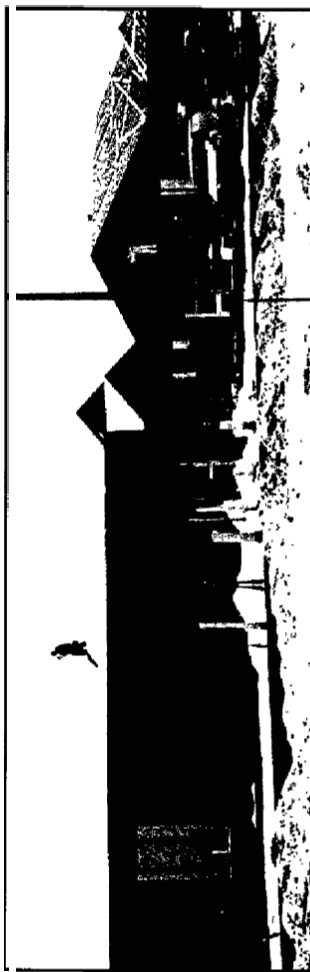
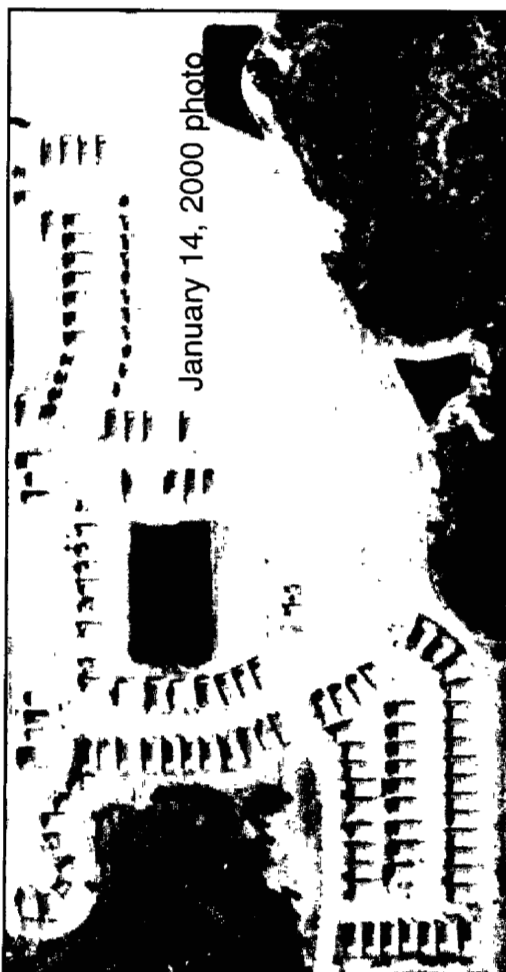
January 14, 2000 photo

# Clear Creek PUD

served by Southlake Utilities, Inc.

Units under construction and models, April 2000  
26 S/F\* 26.0 ERCs  
Additional 2000 Completions, April estimate  
18 S/F\* 18.0 ERCs  
Completed 2001 (estimate)  
33 S/F\* 33.0 ERCs

Operated commercially as vacation rentals.



**DR. HOUGHTON**  
CUSTOM HOMES

## CLEAR CREEK

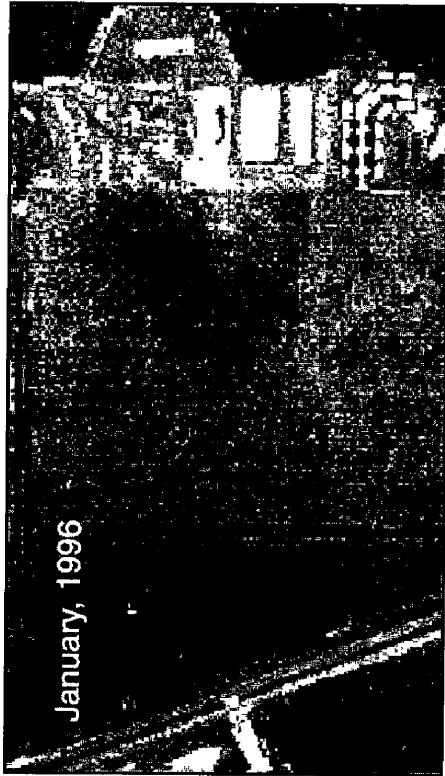
Model Center Straight Ahead 1/2 Mile  
352-394-3575

# Glenbrook PUD

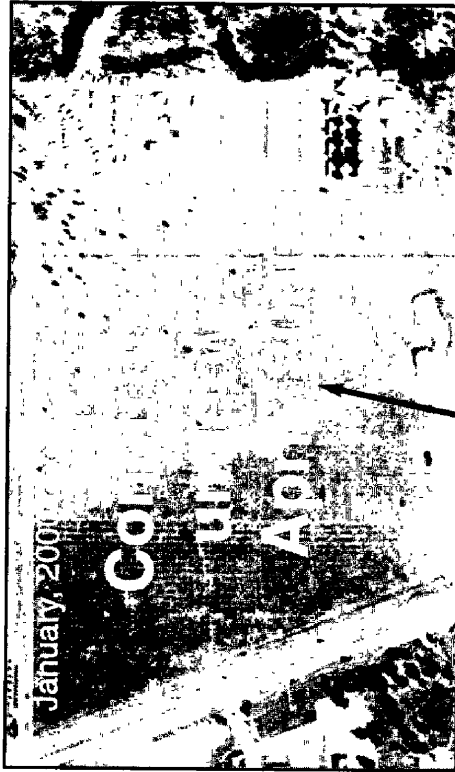
served by Southlake Utilities, Inc.

Completion in 2000	358	M/F units	255.7	ERCs
Additional through 2005	266	S/F units	266.0	ERCs
Additional through 2007	288	S/F units	288.0	ERCs

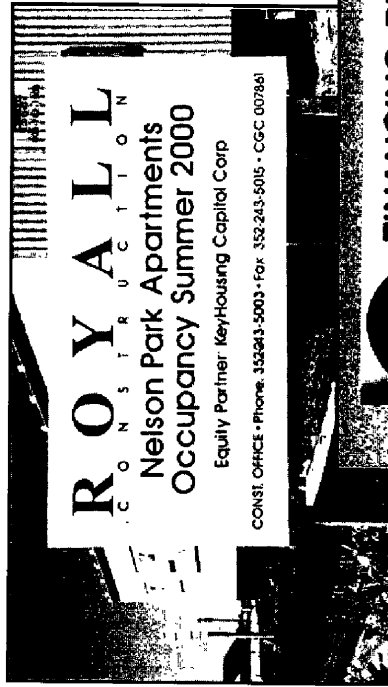
Additional 168 S/F units and 200,000 sf commercial approved.



January, 1996



January, 2000



**ROYALL**  
CONSTRUCTION

Neison Park Apartments  
Occupancy Summer 2000

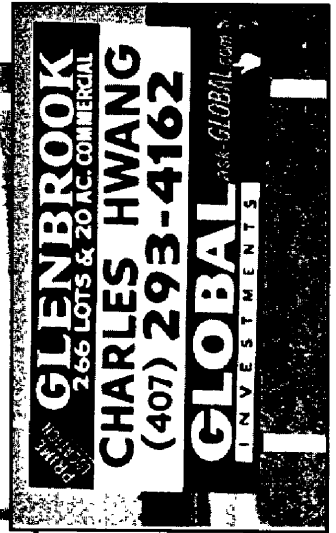
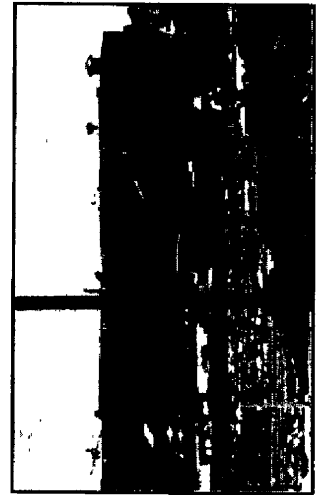
Equity Partner: KeyHousing Capital Corp

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**GLENBROOK**  
266 LOTS & 20 AC. COMMERCIAL

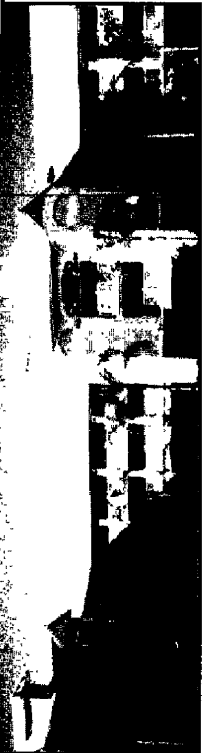
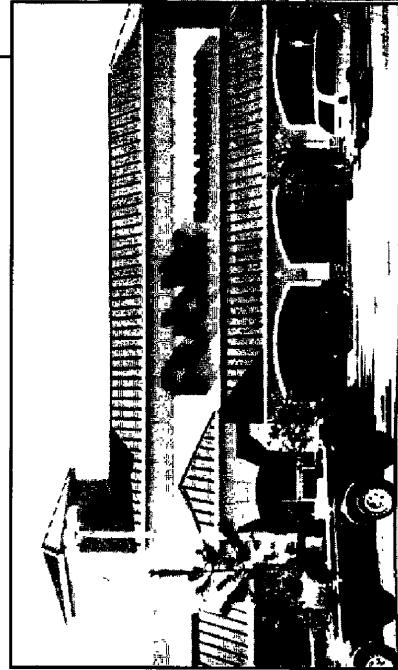
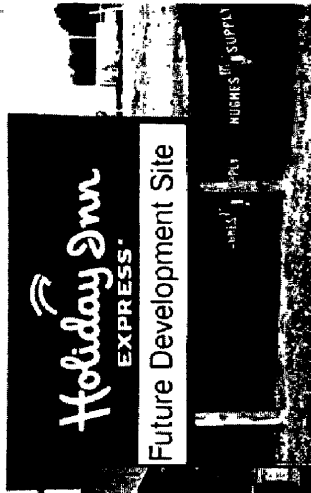
**CHARLES HWANG**  
(407) 293-4162

**GLOBAL**  
INVESTMENTS

# Summer Bay DRI

served by Southlake Utilities, Inc.

Under constructio, April 2000	72 M/F units	51.4 ERCs
Planned for 2000	17 S/F units	17.0 ERCs
	88 Motel units	25.1 ERCs
	Laundry, office	45.7 ERCs
Completion by 2005	150 Motel units	42.9 ERCs
	980 M/F units	700.0 ERCs

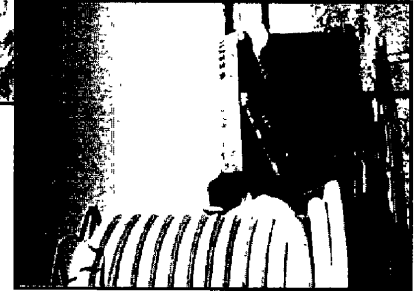
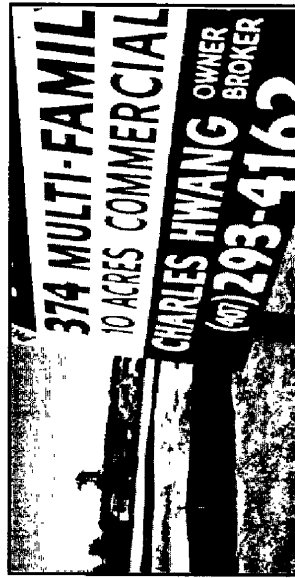
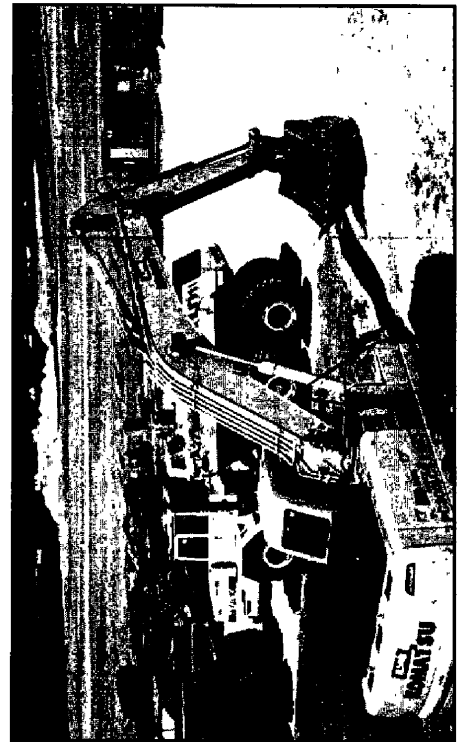
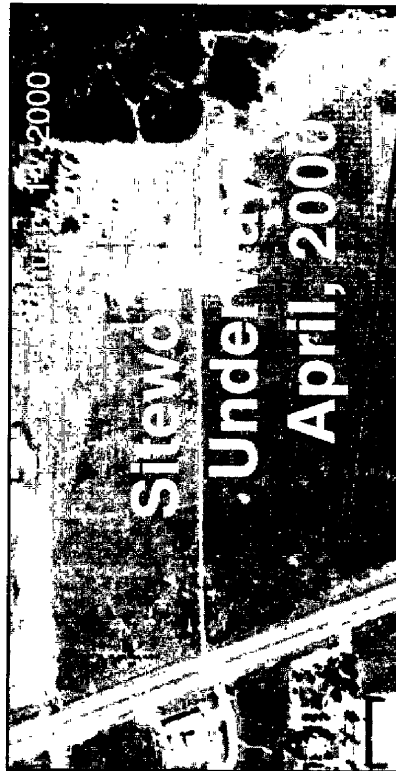
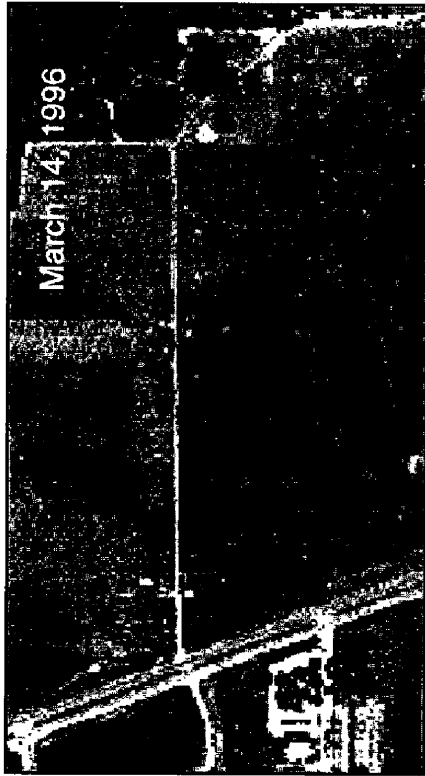


# Sunrise Lakes PUD

served by Southlake Utilities, Inc.

Construction starts in 2000	42	S/F units	42.0	ERCs
	313	M/F units	223.6	ERCs
Additional through 2003	233	S/F units	233.0	ERCs
Walgreens, Wendy's,	19,120	sq. ft.	9.3	ERCs
Vet, auto parts, medical	19,000	sq. ft.	16.2	ERCs

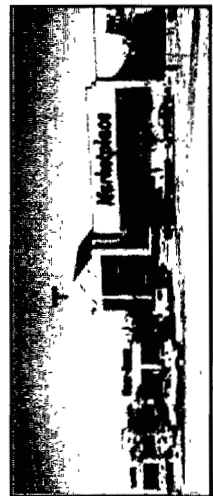
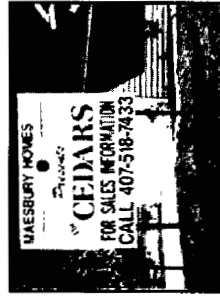
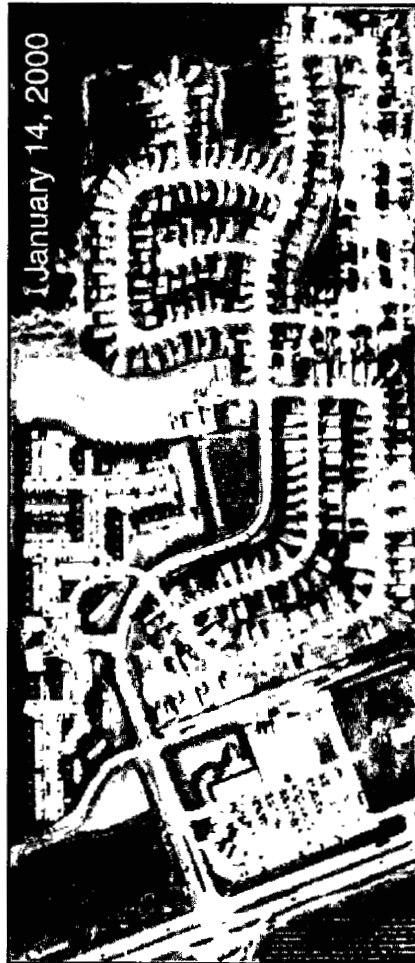
Additional 161,180 sf commercial, 61 M/F units approved.



# Woodridge PUD

served by Southlake Utilities, Inc.

Units under construction, April 2000  
 20 S/F    20.0 ERCs  
 Additional 2000 Completions, April estimate  
 18 S/F    18.0 ERCs  
 Completed 2001 (builder estimates)  
 33 S/F    33.0 ERCs



The Orlando Sentinel archive

**FOUR CORNERS RESIDENTS WANT THEIR OWN NAME  
LEGISLATOR SAYS HE WILL HELP MAKE CITRUS RIDGE  
OFFICIAL**

Published: Sunday, October 31, 1999 Section: OSCEOLA  
SENTINEL Page: 1 By Tyler Gray of The Sentinel Staff

Four Corners is the name used by residents who live in the sprawling community near the intersection of Osceola, Lake, Polk and Orange counties, but it's not their name. And "Four Corners" has not been posted on any road signs or major maps.

So residents have enlisted the help of at least one state legislator who could help them make the name "Citrus Ridge" stick. State Rep. Randy Johnson of Celebration said if residents want their community known as Citrus Ridge, then he'll work to make it official. "If they can show a consensus, I will gladly represent them in the Florida Legislature to have that name recognized," said Johnson, whose district includes three of the counties Four Corners occupies. He said he would push for road signs and map labels designating the area.

In the years since "Four Corners" came into use, its location has always been subject to interpretation. Some might confuse it with a growing community of the same name near Windermere. Politically speaking, four counties, three water management groups, two road planning agencies and two regional planning councils share the area. Everyone takes a slice, but no one looks out for services in the community as a whole, many residents say.

"A name is the first step of creating identity for a community," said Charles Moore, a director on the grass-roots Four Corners Council. "It signifies where a person lives." So

several weeks ago, the council sent ballots with four name choices to 8,000 Four Corners homes along with the Four Corners Loop newsletter. A core of residents chose "Citrus Ridge," describing the crop that was once the staple of the region and the high elevation of the land itself along U.S. Highway 27. "Ridge" describes the land that, a million years ago, was the only dry part of Florida. The Four Corners Council estimates from mail routes that 20,000 people live there.

With several massive developments already on the way, the population boom has just started. Services are slowly catching up. Churches, hospitals, schools and recreation facilities are being established. A new soccer league recently started serving children in the region.

Residents are finding ways to have their voices heard on the issues that matter to them. Moore said if council members can get 1 percent of the population to agree on "Citrus Ridge," then they will be able to persuade Johnson to go to bat for them. "What will do it for me is a sense that we've had a community discussion and know that the community is on board," Johnson said.

Moore and other Four Corners Council members are circulating a petition to gather as many signatures in support of the name as possible. Those interested in signing can call the Four Corners Council at (407) 396-0481.

"My hope," Moore said, "is within a matter of two or three months, we'll be able to obtain those names."

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Henry Dean, Executive Director  
John R. Wehle, Assistant Executive Director



**WATER  
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DISTRICT**

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TDD 407-722-5368

**OPERATIONS:**  
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Melbourne, Florida 32935-0100  
407-752-3100  
TDD 407-752-3102

Certified Mail Number: Z364 326 884

Southlake Utilities  
Robert L. Chapman III President  
800 US Hwy 27  
Clermont FL 34711

Re: Notice of Board Consideration of Permit Application  
Number 2392 (formerly 2-069-0010) in Lake County

Enclosed is a copy of the Technical Staff Report (TSR) which states that staff will recommend approval of the application with the conditions as stated in the TSR.

This TSR constitutes a Notice of District Decision to grant the permit application. If you disagree with any part of the TSR, you should immediately contact the district staff to discuss your concerns. Please refer to the enclosed Notice of Rights regarding your rights and important time frames regarding the proposed district action.

You are entitled to address the governing board concerning the application. However, whether you do so or not is solely your decision. Objections, which the District has received concerning the above-referenced application, are provided to assist you in preparing any presentation to the governing board.

The Governing Board will consider this application at 1:00 p.m. April 11, 2000, or as soon thereafter as it may come onto be heard at St. Johns River Water Management District, Palatka, Florida, 32178. Agenda items scheduled for action on April 11, 2000 may be postponed for consideration at the governing board meeting, which begins at 9:00 a.m. on April 12, 2000.

If you have any questions concerning your Technical Staff Report, contact James Hollingshead, (Hydrologist) at (407) 897-4305.

Sincerely,



Gloria Lewis, Director  
Division of Permit Data Services

March 30<sup>th</sup>, 2000  
3/27

Enclosures: Technical Staff Report  
Notice of Rights

cc: District Files Lynn Minor Condev US 27 LTD

000001

**PREVIOUSLY PERMITTED USE:**

*CUP no. 2-069-0010NM was issued on February 11, 1992.*

Expiration: February 11, 1997

Allocation: 77.38 mgd ground water in 1992,  
251.35 mgd ground water in 1993,  
383.65 mgd ground water in 1994,  
513.44 mgd ground water in 1995, and  
643.33 mgd ground water in 1996 for household (94%), water  
utility, 5%), and commercial/industrial (1%) uses.  
1.84 mgd (max) for essential use as needed

**USE STATUS:**

This is a timely renewal of an existing permit with a request for an increase in allocation and the addition of two new wells. The recommended allocation for the utility is 1.145 million gallons per day in the year 2003 for Household, Commercial and Utility type uses.

	<u>1999</u>	<u>2003</u>
Population served	4,807	11,806
Average daily use (mgd)	.528	1.145
Household Average daily use (mgd)	.4835	1.099
Average gpcd (household)	101	97
Commercial/Industrial Average daily use (mgd)	0.0275	0.034
Water Utility daily use (mgd)	0.00	0.00
Unaccounted for water (mgd)	0.017	0.010

**Use Classifications:**

Household:	94.6%	95.9%
Commercial/Industrial:	5.3%	3.2%
Urban Landscape Irrigation	0%	0%
Water Utility:	0%	0%
Unaccounted For Use	3.2%	0.9%

**AUTHORIZATION:**

The District authorizes, as limited by the attached permit conditions, the use of up to 418.0 million gallons per year of ground water from the Floridan aquifer for public supply (household, commercial/industrial, and water utility type uses) in the year 2003.

## SOUTHLAKE UTILITIES Updated 4/13/00

Total pumping capacity is 1,500 gpm (using the original capacity figures) which by itself will satisfy 1,364 eru's (using the P.E.'s 65 psi capacity, this increases to 1,850 gpm or 1,682 eru's). However, 11,200-gallons of each 15,000-gallon hydropneumatic tank volume is available (per the design engineer) to satisfy 30 minutes of chlorine contact time at max. day, which limits the plant to 1,075,200 gpd or 1,366 eru's.

## Permits Issued

				ERU's
9/25/92	WC35-210970	R.W.Makemson	0.6 mgd Aeration/Storage WTP (never constructed); "As-Built" for Hydrotank Plant Accepted 3/24/94	
11/12/92	WD35-216293	R.W.Makemson	Southlake Community "dry-line" Clrd 3/24/94	305
5/13/94	WD35-249798	S. Quinlan	Woodridge S/D dry-line converted to wet-line 7/18/94	330
6/27/94	WC35-251071	R.Wilson	Well #2/aux. power Clrd 7/14/94	
4/18/95	WD35-270542	J.Wells	Summer Bay - Unit I "dry-line"	0
5/23/95	WD35-270542	R.Wilson	Summer Bay	43 (84 total as of Sept. 3, '98. 361 total eru's projected at 5 year buildout)
8/27/96	WD35-289371	R.Wilson	Southlake Townhouses	238 *. (not to be constructed; see note below)
9/28/97	WD35-80599-001	J.Einhouse	Clear Creek PUD	246
12/2/97	WD35-80599-002	R.Henson	W/D/Marketplace @ Woodridge	15
2/4/98	WD35-80599-003	T.Skelton	Sarah's Place Apts.	245
6/16/98	WC35-80599-004	R.Wilson	2nd Hydro tank Clrd. 10/2/98	0
6/98	WD35-80599-005	N/A	The Palms (transfer of ownership for project -001)	0
9/16/98	WD35-80599-006		Glenbrook Entrance Road	0
11/3/98	WD35-80599-007	T.H. Skelton	Nelson Park Apts.	256 eru's (not cleared)
11/3/98	WD35-80599-008	G. Delaney	Southlake Ph. 2A & 2B	401 eru's (not cleared)
12/31/98	WD35-80599-009		Publix Shopping Center	28

1/29/99	WC35-80599-010	R.Wilson	WTP Expansion to 3,702 eru's Not Cleared	
6/28/99	WC35-80599-011	W.D.Musser	Woodridge SD Phase II	0 (29 eru's covered under WD35- 249798)
9/1/99	WD35-80599-012	J.D. Einhouse	Sunrise Lakes	86 eru's (not cleared)
8/18/99	WD35-80599-013	G. Delaney	Southlake Ph. 2A & 2B-minor modification of project 008	(See Project 008)
11/4/99	WD35-80599-014	J.W.Wells	Summer Bay Maint. Bldg.	20 eru's (not cleared)
11/5/99	WD35-80599-015	J.W.Wells	Holiday Inn Express/Summer Bay	68 eru's (not cleared)
Pending		G.Delaney	High Grove	382 eru's (not issued yet)
4/99	WC35-80599-017	R.Wilson	Reissuance of expired WTP Expansion Permit	
Pending			Glenbrook SD	(not issued yet)
			Total ERU's	2,361 - (831 not cleared yet)

- A March 30, 1998 letter from the Utility stated that a 238 eru "Southlake Townhomes" project would not be constructed.

On 10/1/98, an application was received to upgrade well #2 to 1,500 gpm, add a 108,000-g GST and 3 VS HSP's @ 1,350 gpm each, a 2nd gas C12 system, and a generator to operate Well #2 (1500 gpm) plus 2 of the 3 HSP's (2700 gpm). This will increase plant capacity to 2.916 mgd or 3,702 eru's. Permit issued 1/29/99. Permit expired. Permit reissued 4/99.

Max. day last 12 mos. = 847,000 gallons (10/99)

Permit #: 0080599-001-DS PATS ID: Issue: 31-JUL-1997 Expire: 31-JUL-1999

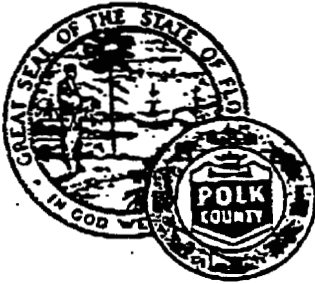
Proj# / Name	Site Name	Type/Sub	Received
001 / CLEAR CREEK PUD	SOUTHLAKE UTILITIES	(P DS /C	16-JUL-1997
002 / WINN DIXIE MARKETPLACE	SOUTHLAKE UTILITIES	(P DS /C	05-NOV-1997
003 / SARAH'S PLACE APARTMENT	SOUTHLAKE UTILITIES	(P DS /C	22-DEC-1997
004 / SOUTHLAKE UTILITIES WTP #1	SOUTHLAKE UTILITIES	(P WC /17	05-MAY-1998
005 / PALMS, THE	SOUTHLAKE UTILITIES	(P DS /TO	26-JUN-1998
006 / GLENBROOK ENTRANCE RD	SOUTHLAKE UTILITIES	(P DS /C	13-JUL-1998
007 / NELSON PARK APARTMENTS	SOUTHLAKE UTILITIES	(P DS /C	31-JUL-1998
008 / SOUTHLAKE PHASE 2A & 2B	SOUTHLAKE UTILITIES	(P DS /C	07-AUG-1998
009 / PUBLIX SHOPPING CENTER	SOUTHLAKE UTILITIES	(P DS /C	25-SEP-1998
010 / SOUTHLAKE UTILITIES WTP #	SOUTHLAKE UTILITIES	(P WC /17	01-OCT-1998
011 / WOODRIDGE S/D	SOUTHLAKE UTILITIES	(P DS /C	08-JUN-1999
012 / SUNRISE LAKES S/D	SOUTHLAKE UTILITIES	(P DS /C	22-JUN-1999
013 / SOUTHLAKE PHASE 2A & 2B	SOUTHLAKE UTILITIES	(P DS /MM	25-JUN-1999
014 / SUMMER BAY MAINTENANCE BLD	SOUTHLAKE UTILITIES	(P DS /C	30-AUG-1999
015 / HOLIDAY INN EXPRESS/SUMMER	SOUTHLAKE UTILITIES	(P DS /C	12-OCT-1999
016 / HIGH GROVE 11/5/99 <sup>By</sup>	SOUTHLAKE UTILITIES	(P DS /C	08-FEB-2000
017 / SOUTHLAKE UTILITIES WTP #	SOUTHLAKE UTILITIES	(P WC /17	30-MAR-2000
018 / GLENBROOK S/D	SOUTHLAKE UTILITIES	(P DS /C	11-APR-2000

at last record.

Count: \*18

<Replace>

*Project Feasibility and Ability to Proceed - Infrastructure (Attachment V.C.2.,*



UTILITIES DIVISION

October 3, 1990

IMPERIAL  
P O L K C O U N T Y

POST OFFICE BOX 2019 BARTOW, FLORIDA 33830  
TELEPHONE:  
(813) 533-6491 (Administration)  
(813) 534-6039 (Customer Service)  
(813) 293-4892 ext. 6039 (Administration & Customer Service)  
(813) 533-4049 (Operations/Maintenance)  
(813) 293-4892 ext. 3860 (Operations/Maintenance)

Mr. Robert L. Chapman III, President  
Southlake Development Group  
800 U.S. Highway 27  
Clermont, Florida 34711

RE: Southlake Development  
Water and Wastewater Utility Service

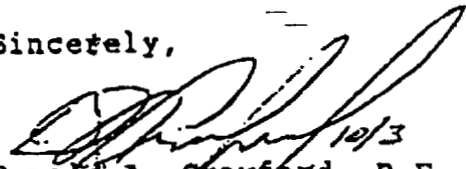
Dear Mr. Chapman:

Pursuant to your recent request, I would like to advise you that Polk County Utilities has water and wastewater utility services available in the Hwy. 27/192 area. As we have discussed, the County is very interested in providing utility service to your proposed Southlake Development.

I am available at your convenience to further discuss the requirements and fees for the utilization of Polk County water and wastewater facilities.

We look forward to having the opportunity to serve your proposed development. Should you have any questions, do not hesitate to call me.

Sincerely,

  
Donald A. Crawford, P.E.  
Utilities Director

DAC/mjm

xc: Darrell Gunn, Public Works Director  
Steve Shealey, Utilities Staff Engineer  
Mark Carpanini, Assistant County Attorney  
Jack Brandon, Attorney at Law  
Project File

State of Florida

Commissioners:  
THOMAS M. BEARD, CHAIRMAN  
BETTY EASLEY  
GERALD L. (JERRY) GUNTER  
FRANK S. MESSERSMITH  
MICHAEL MCK WILSON



DIVISION OF WATER & SEWER  
CHARLES H. HILL,  
DIRECTOR  
(904) 488-8482

Public Service Commission

January 30, 1991

Mr. Norman Mears  
Rhema Business Services, Inc.  
P.O. Box 13705  
Tallahassee, Florida 32317

Re: Docket NO. 900738-WS, Application of Southlake Utilities, Inc.  
for Water and Sewer Certificates in Lake County.

Dear Mr. Mears:

Enclosed is information we received from Lake County, the Department of Environmental Services regarding the PUD Ordinance for Southlake Utilities. The PUD Ordinance (which is currently being prepared) indicates that Southlake shall transfer its certificates to Lake County upon completing construction of its water and wastewater facilities. What is the utility's position regarding the PUD Ordinance? Is it the utility's intention to immediately file for a transfer? A response within ten days will be greatly appreciated.

Sincerely,

*Jackie Gilchrist*  
Jackie Gilchrist  
Regulatory Analyst

cc: Division of Water and Sewer (McRoy, Hill)  
Division of Legal Services (A. Crosby)  
Division of Records and Reporting  
Mr. Robert L. Chapman, III

DOCKET NOS. 980922-WS AND 981609-WS  
EXHIBIT NO. RLC-12  
R. CHAPMAN EXHIBIT NO. \_\_\_\_\_  
JULY 27, 1991 DRAFT OF UTILITY  
AGREEMENT

**PETERSON, MYERS, CRAIG, CREWS, BRANDON & PUTERBAUGH, P. A.**  
ATTORNEYS AT LAW

J. HARDIN PETERSON SR (1894-1976)  
MICHAEL W. CREWS (1941-1991)

JACK P. BRANDON  
BEACH A. BROOKS, JR.  
J. DAVIS CONNOR  
MICHAEL S. CRAIG  
ROY A. CRAIG, JR.  
JACOB C. DYKHOORN  
KEVIN G. KING VILTON  
DOUGLAS A. LOCKWOOD III  
CORNEAL B. MYERS  
CORNELIUS B. MYERS, III  
JAMES H. PETERSON, III  
ROBERT E. PUTERBAUGH  
THOMAS B. PUTNAM, JR.  
CLAUDE C. SWEAT  
KERRY M. WILSON

P O BOX 1079  
130 EAST CENTRAL AVENUE  
LAKE WALES, FLORIDA 33859-1079  
(813) 878-7611  
(813) 883-8942  
FAX 878-0543

P O BOX 24629  
OLD CITY HALL BUILDING  
100 EAST MAIN STREET  
LAKELAND, FLORIDA 32802-4629  
(813) 883-9511  
(813) 678-9234  
FAX 882-8031

P O DRAWER 7603  
LAKE REGION PLAZA  
SUITE 300  
141 8TH STREET, NW  
WINTER HAVEN, FLORIDA 32883-7603  
(813) 894-3390  
FAX 299-5498

PLEASE REPLY TO  
**WINTER HAVEN**

June 27, 1991

VIA FAX #904/394-8894

Mr. Robert L. Chapman, III  
SOUTHLAKE DEVELOPMENT GROUP  
800 U.S. Hwy. 27  
Clermont, FL 34711

RE: UTILITY AGREEMENT

Robert:

The following is a draft of the Utility Agreement. Please review and call me at your earliest convenience.

As you can tell, there are several issues that warrant discussion.

Once we have this Agreement in final form, we will submit a signed copy to the Utilities Department with the request for this matter to be placed on the Public Works Committee's agenda.

Thank you for your patience in this matter.

Sincerely,

  
MICHAEL S. CRAIG

:pk  
Enclosure

000001



UTILITY AGREEMENT

THIS AGREEMENT is made as of the \_\_\_\_\_ day of \_\_\_\_\_, 1991, by and between SOUTHLAKE, INC., a Florida corporation ("Southlake"), and POLK COUNTY, a political subdivision in the State of Florida ("County") (collectively, the "Parties").

WHEREAS, Southlake is developing 617 acres in the Southeast Corner of Lake County, Florida, more particularly described on attached Exhibit A (the "Property"); and

WHEREAS, Southlake plans to develop 799 multi-family housing units in Phase One of its development (the "Project"); and

WHEREAS, the Project needs interim wastewater treatment (the "Service") for the Project; and

WHEREAS, the County currently owns and operates a wastewater treatment plant in the Northeast Corner of the County with excess capacity and additional capacity currently under construction (the "Plant"); and

WHEREAS, Southlake desires to contract with the County, and the County desires to contract with Southlake to provide Services to the Project for a three-year period beginning on the date of this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and promises contained herein and other good and valuable consideration, the Parties hereto agree as follows:

1. The County hereby covenants and agrees to reserve and provide wastewater treatment capacity in the amount of 144,000 gallons per day (GPD) and Services to the Project upon Southlake's

payment of connection fees equal to twenty-five percent (25%) of the County's standard connection fees for multi-family dwelling units. The fee shall be calculated as follows:

$$800 \text{ dwelling units} \times \$2,050.00 \times 25\% = \$410,000.00.$$

2. The County shall reserve wastewater treatment capacity and provide Services for three years from the date of this Agreement. At least \_\_\_\_\_ months prior to the expiration date of this Agreement, each party shall notify the other in writing of its desire to continue or terminate the wastewater treatment services under this Agreement. If the Parties elect to continue the Services, unless otherwise agreed in writing, Southlake shall be required to pay to the County the (full/remaining 75% of the) County's connection fee charges for the Project.

3. Southlake agrees to obtain all easements, assignable to the County, necessary for the installation of the wastewater and effluent reuse lines (the "Service Lines").

4. Southlake shall be responsible for designing, permitting and constructing a wastewater main line from the Property south along U.S. 27 to the Plant. Southlake shall be responsible for all costs and expenses of said line, including engineering, permitting, material and construction costs.

5. Southlake shall be responsible for designing, permitting and constructing effluent reuse lines from the Plant north along U.S. 27 to the Property. Southlake shall be responsible for all costs and expenses of said line, including engineering, permitting,

material and construction costs.

6. Southlake shall install an 8-inch master meter on the wastewater line servicing the Property, and Southlake shall be charged \$1,300.00 per month, plus an additional \$1.85 per 1,000 gallons of wastewater per month.

7. Southlake shall install on Southlake's Property and at Southlake's cost, prior to issuance of a certificate of occupancy, the necessary lines, valves, pumps, meters, irrigation systems, and other appropriate appurtenances for the reuse of effluent for the irrigation of areas such as lawns, greenways, medians, common areas, open spaces and other similar areas.

8. Southlake may enter into agreements with third parties who have also contracted with the County for Services to cooperate and share in the costs and expenses of the installation of the Service Lines.

9. Both Parties recognize and agree that Southlake must have timely Services to meet Southlake's development needs.

10. The County guarantees Services during the three-year period.

11. If for any reason the County cannot meet Southlake's Services needs in a timely fashion, after giving ninety (90) days written notice to the County, the County hereby grants Southlake the right to expand the County's sewer plant to fill Southlake's needs. Southlake shall be reimbursed by the County for any improvements it is required to make. If the County is required to reimburse Southlake for its construction costs, as set forth above,

Southlake shall provide the County with verifiable, accurate cost records to support the reimbursements.

12. This Agreement shall be binding upon the Parties hereto, their heirs, successors and assigns.

13. This Agreement shall be effective upon the day and year first above written.

Signed, sealed and delivered  
in the presence of:

SOUTHLAKE, INC.

\_\_\_\_\_

By \_\_\_\_\_  
Robert Chapman, III  
President

\_\_\_\_\_

Two Witnesses

BOARD OF COUNTY COMMISSIONERS  
POLK COUNTY, FLORIDA

\_\_\_\_\_

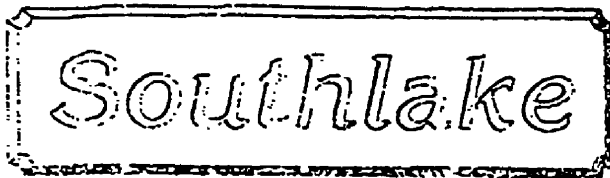
By \_\_\_\_\_  
Chairman

\_\_\_\_\_

Two Witnesses

Attest: E. D. "Bud" Dixon, Clerk

By \_\_\_\_\_  
Deputy Clerk



DEVELOPMENT GROUP

800 U. S. Highway 27 Clermont, FL 34711

(904) 394-8898

FAX: (904) 394-8294

May 28, 1991

Mr. Don Findell  
Executive Director  
Department of Environmental Services  
315 West Main Street  
Tavares, FL 32778

Dear Don:

Thank you for taking time to schedule last Friday's meeting of those who are in the process of creating communities near the southern boundary of Lake County.

It was very helpful to us to receive a clarification of your goals and objectives.

Quite frankly, I seem to have been laboring under a misconception that the basis for the entry of your agency into providing water and wastewater treatment services would be to provide better service and to pass on efficiencies of scale in the form of lower costs to residents. I hope you can understand that, because of my market orientation, I would make such assumptions.

Based on my notes from the meeting, I hope it is accurate to state that your primary objectives are not necessarily the above. Rather, you listed two goals:

1. To comply with D.C.A.'s request for a "master plan;"  
and
2. To utilize the county's involvement with the provision of water and wastewater treatment, either directly or through public/private partnerships, for growth management.

You did not indicate whether the county would also be looking to such a system as a revenue generator. However, on reviewing the Post Buckley report, I think this might be a fair assumption.

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Mr. Don Findell

May 28, 1991

Page Two

Now that we have a clearer understanding of your goals, we see no problem with Southlake Utilities, Inc. making a constructive contribution toward their attainment.

At your earliest possible convenience, I would like to schedule a meeting with you and Mr. Thelan to discuss structuring a public/private partnership which will meet your goals as well as meeting ours, which are to provide the high quality at the cost effective service to our residents.

As you requested, I am enclosing a copy of the projected wastewater usages and projected unit counts for Southlake.

Sincerely,

Robert L. Chapman, III  
President

RLC:mw  
Enclosures

cc: Mr. Al Thelan, County Manager  
Mr. Joseph W. Abbott, P.E.  
Mr. Rick Anderson, Condev  
Mr. Bruce Anderson, Westlake  
Mrs. Ruth Ray, Ray Ranch

000000

Doc# 99004783  
Pages: 1589 - 375  
Filed & Recorded  
01/20/99 03:19:23 PM  
JAMES C. WATKINS  
CLERK OF CIRCUIT COURT  
LAKE COUNTY  
RECORDING \$ 37.00  
TRUST FUND \$ 5.00

THIRD AMENDMENT TO LEASE

THIS THIRD AMENDMENT TO LEASE (hereinafter sometimes referred to as the "Third Amendment"), made and entered into this 22 day of December, 1998, by and between SOUTHLAKE DEVELOPMENT, LTD., Florida limited partnership (hereinafter sometimes referred to as "Lessor"); and SOUTHLAKE UTILITIES, INC., a Florida corporation (hereinafter sometimes referred to as "Lessee"),

W I T N E S S E T H:

WHEREAS, the parties hereto <sup>Book 1680 Page 367</sup> presently are also the Lessor and Lessee, respectively, under that certain Lease For Ninety-Nine Years as recorded in Official Records Book 1316, Page 350 [NOTE: All recording references herein are to the current public records of Lake County, Florida], as first amended by that certain First Amendment Of Lease recorded in Official Records 1504, Page 2321, as then assigned by that certain Assignment Of Lease as recorded in Official Records Book 1521, Page 1081, and as subsequently amended by that certain Second Amendment To Lease recorded in Official Records Book 1529, Page 1183 (hereinafter sometimes collectively referred to in the singular as the "Lease"); and

WHEREAS, the parties hereto wish to amend and modify the Lease in certain aspects; and

NOW, THEREFORE, in consideration of the premises and the mutual covenants, agreements, conditions, and warranties of the parties to the Lease and this Third Amendment, it is hereby covenanted and agreed by and between the parties as follows:

Prepared by:

William J. Deas, Esquire  
William J. Deas, P.A.  
2215 River Boulevard  
Jacksonville, Florida 32204

Return to:

William J. Deas, Esquire  
William J. Deas, P.A.  
2215 River Boulevard  
Jacksonville, Florida 32204

000001

1. The Lease is hereby amended and modified as of its effective date hereof as follows:

(a) The following two new provisions are hereby added to the end of the Lease:

"Lessee shall have the right, at its sole option upon the expiration of the basic Ninety-Nine Year term hereof, to purchase the property herein leased from Lessor for the sum of \$1,000.00 cash. This purchase right option of Lessee must be exercised by written notice of such from Lessee to Lessor no sooner than ninety (90) days prior nor later than thirty (30) days prior to the expiration of the normal term of the Lease. Title to said leased property shall be conveyed by Lessor to Lessee by Special Warranty Deed subject to all covenants, restrictions, and easements of record, and all ad valorem taxes due thereon. Lessee shall bear any and all costs of such conveyance."

"Anything herein notwithstanding to the contrary, Lessee shall not have the right to utilize the leased premises for any sign purposes other than directional or identification signs reasonably requested for its own business purposes."

(b) The old Legal Description of the Water Tank Parcel as described in Exhibit "A" to the Lease is hereby deleted.

(c) The description of the property leased as described in Exhibit "A" to the Lease is expanded to include the new Well Head Lease Parcel as described in Exhibit "1" attached hereto, together with the new Water Treatment Plant Supplemental Parcel which is described in Exhibit "2" attached hereto.

2. Except as are herein amended or modified, all of the terms, conditions, covenants, agreements, representations, and warranties of the Lease are and shall remain in full force and effect, specifically including, but not limited to, the rent payments contemplated therein.

3. The parties hereto, by their respective executions hereof, hereby represent and warrant to the other party hereto, that, to the best of their respective information and belief, the Lease is not in default as of the date hereof.

4. It is specifically understood and agreed that no person, firm, or other legal entity shall be a third party beneficiary hereunder, and that none of the provisions of this Third Amendment shall be for the benefit of, or be enforceable by, anyone other than the parties hereto, and that only the parties hereto and their permitted assignees shall have any rights hereunder.

000000



5. This Third Amendment shall not become effective or binding until it has been executed by all parties hereto, and shall be dated for purposes hereof as of the date of execution of Lessor.

6. This Third Amendment shall be construed under the law of the State Of Florida, regardless of its place of execution or delivery.

7. This Third Amendment shall not be construed more strongly against either party hereto, regardless of who was more responsible for its preparation.

8. This Third Amendment shall not be amended or modified except in the same fashion and with the same requirements as an amendment to the Lease.

9. This Third Amendment shall be binding only upon and shall inure only to the benefit of the parties hereto and their legal representatives, successors, and assigns, as applicable. Any party hereto may be released from any obligation or agreement hereunder only by a written agreement of the other party specifically providing for such release.

10. This Third Amendment may be executed in any number of counterparts, each of which, when executed and delivered, shall be deemed to be an original instrument, but such counterparts shall together constitute one and the same instrument.

11. Whenever used herein, the terms "Lessor", and "Lessee" shall include masculine, feminine, neuter, singular and/or plural, as the context so admits or requires.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment, the day and year first above written.

000003

Signed and sealed in the presence of:

SOUTHLAKE DEVELOPMENT, LTD.  
a Florida limited partnership

By: SOUTHLAKE HOLDING, INC.  
a Florida corporation, a  
its sole General Partner

[Handwritten Signature]

Signature of Witness

By: [Handwritten Signature]  
Jeffrey Cagan, as its  
President

JEFFREY F. HISSAM

Typed or Printed Name of Witness

(Corporate Seal)

[Handwritten Signature]

Signature of Witness

IVANKA VASILJ

Typed or Printed Name of Witness

SOUTHLAKE UTILITIES, INC., a  
Florida corporation

Lynne R. Fish

Signature of Witness

By: [Handwritten Signature]

Robert L. Chapman, III, as  
its President

Lynne R. Fish

Typed or Printed Name of Witness

(Corporate Seal)

Walker Daniels

Signature of Witness

Walker Daniels

Typed or Printed Name of Witness

STATE OF Illinois  
COUNTY OF Cook

Book 1680 Page 371

The foregoing instrument was acknowledged before me this 1 day of December, 1998, by Jeffrey Cagan, as President SOUTHLAKE HOLDING, INC., a Florida corporation, as the sole General Partner of SOUTHLAKE DEVELOPMENT, LTD., a Florida limited partnership, on behalf of the Corporation and of the Partnership, who is personally known to me ~~for~~ who has produced \_\_\_\_\_ as identification.

[Signature]

Signature of person taking acknowledgment

Sandy C. Wang

Name typed, printed or stamped

09123101

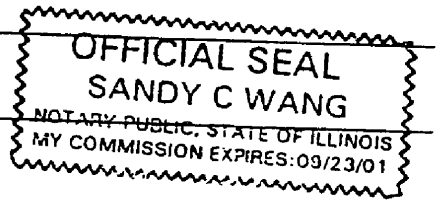
Commission expiration date

Notary Public

Title or rank

None

Serial number, if any



MEMO: Legibility or writing  
typing or printing unsatisfactory  
in this document.

STATE OF NORTH Florida CAROLINA  
COUNTY OF Orange

The foregoing instrument was acknowledged before me this 23 day of Dec, 1998, by ROBERT L. CHAPMAN, III, as President of SOUTHLAKE UTILITIES, INC., a Florida corporation, on behalf of the Corporation, who is personally known to me (or who has produced \_\_\_\_\_ as identification).

[Signature]

Signature of person taking acknowledgment

Name typed, printed or stamped

Commission expiration date

Title or rank

Serial number, if any

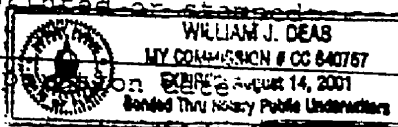


EXHIBIT "1"

THAT CERTAIN PIECE, PARCEL, OR TRACT OF LAND, LYING, BEING A  
SITUATE IN LAKE COUNTY, FLORIDA; AND BEING MORE PARTICULAR  
DESCRIBED AS FOLLOWS:

That part of Section 35, Township 24 South, Range 26 East, La  
County, Florida, described as follows:

Commence at the Northwest corner of the Northeast 1/4 of  
Section 35, Township 24 South, Range 26 East and run N  
89°42'18" E along the North line of said Northeast 1/4 for  
a distance of 355.86 feet; thence run S 00°17'42" E for a  
distance of 13.69 feet to the POINT OF BEGINNING; thence  
run N 89°42'18" E for a distance of 10.00 feet; thence run  
S 00°17'42" E for a distance of 10.00 feet; thence run S  
89°42'18" W for a distance of 10.00 feet; thence run N  
00°17'42" W for a distance of 10.00 feet to the POINT OF  
BEGINNING.

[WELL HEAD LEASE PARCEL - JOB #1]

EXHIBIT "2"

THAT CERTAIN PIECE, PARCEL, OR TRACT OF LAND, LYING, BEING & SITUATE IN LAKE COUNTY, FLORIDA; AND BEING MORE PARTICULAR DESCRIBED AS FOLLOWS:

That part of Section 35, Township 24 South, Range 26 East, La County, Florida, described as follows:

Commence at the Northeast corner of Section 35, Township 24 South, Range 26 East and run S 89°42'18" W along the North line of the Northeast 1/4 of said Section 35 for a distance of 1308.05 feet to the POINT OF BEGINNING; thence continue S 89°42'18" W along said line for a distance of 122.03 feet; thence run S 00°18'42" E along the East line of lands described in Official Records Book 1316, Page 350, as amended in Official Records Book 1529, Page 1183, of the Public Records of Lake County, Florida, for a distance of 287.68 feet; thence run S 00°11'59" E along said line for a distance of 120.30 feet to the Southeast corner of said lands; thence run N 89°48'01" E for a distance of 122.26 feet; thence run N 00°18'42" W for a distance of 408.18 feet to the POINT OF BEGINNING.

[SECOND REVISED WATER TREATMENT PLANT SUPPLEMENTAL PARCEL - JOB #7]

JOINDER AND CONSENT

Robert L. Chapman, Jr. and Elizabeth T. Chapman, his Wife ("Mortgagee"), being the present owner and holder of the Purchase Money Mortgage And Security Agreement recorded in Official Records Book 1521, Page 1054, and the companion Financing Statement recorded in Official Records Book 1521, Page 1106 (collectively the "Mortgage") [All recording references herein are to the current public records of Lake County, Florida], hereby join in and consent to the above and foregoing Third Amendment To Lease (the "Amendment") for purposes of ratifying and confirming such and agreeing that the lien, Security Agreement, force, effect and priority of the Mortgage shall be subject to the Amendment with the same force and effect as if the Amendment had been executed and recorded prior to the recordation of the Mortgage.

IN WITNESS WHEREOF, Robert L. Chapman, Jr. and Elizabeth T. Chapman, his Wife, has caused this Joinder And Consent to be executed this 12th day of December, 1998.

Signed and sealed in the presence of:

*Max Wilson*

Signature of Witness

Max Wilson

Printed Name of Witness

*Elizabeth C. Wilson*

Signature of Witness

Elizabeth C. Wilson

Printed Name of Witness

*Robert L. Chapman Jr*

Robert L. Chapman, Jr.

*Max Wilson*

Signature of Witness

Max Wilson

Printed Name of Witness

*Elizabeth C. Wilson*

Signature of Witness

Elizabeth C. Wilson

Printed Name of Witness

*Elizabeth T. Chapman*

Elizabeth T. Chapman

000008

MEMO: Legibility of written  
or printing unsatisfactory  
in this document

STATE OF GEORGIA  
COUNTY OF DOUGHERTY

Book 1680 Page 375

The foregoing instrument was acknowledged before me this  
12th day of December, 1998, by Robert L. Chapman, Jr.  
as one of the present owners and holders of the Purchase Money  
Mortgage And Security Agreement, who is personally known to me  
(or who has produced \_\_\_\_\_ as  
identification).

Brenda C. Conley

Signature of person taking acknowledgment

BRENDA C. CONLEY

Name typed, printed or stamped

JANUARY 5, 2002

Commission expiration date

NOTARY PUBLIC DOUGHERTY COUNTY GEORGIA

Title or rank

Serial number, if any

STATE OF GEORGIA  
COUNTY OF DOUGHERTY

The foregoing instrument was acknowledged before me this  
12th day of December, 1998, by Elizabeth T. Chapman  
as one of the present owners and holders of the Purchase Money  
Mortgage And Security Agreement, who is personally known to me  
(or who has produced \_\_\_\_\_ as  
identification).

Brenda C. Conley

Signature of person taking acknowledgment

BRENDA C. CONLEY

Name typed, printed or stamped

JANUARY 5, 2002

Commission expiration date

NOTARY PUBLIC DOUGHERTY Co. GEORGIA

Title or rank

Serial number, if any

SOUTHLAKE UTILITIES, INC.

ORIGINAL SHEET NO. 31.0

## WATER TARIFF

12.0 DAMAGE TO EXISTING FACILITIES

Utility may require that the Contributor repair or reimburse the Utility at the Utility's option for damage to the Utility's existing facilities by the construction activities of the Contributor. The Contributor shall also be responsible for damage to any other utility's facilities or to roadways, sidewalks, driveways, drainage facilities, or to landscaping.

13.0 PLANT CAPACITY CHARGES

Utility requires that all Contributors pay for a pro rata share of the cost of Utility's water and wastewater treatment plant facilities whether the facilities have been constructed or not. Such charges to Contributors pursuant to this policy are calculated based upon the estimated demand of the Contributor's proposed installations and improvements upon the treatment facilities of the Utility and are computed by multiplying the number of calculated equivalent residential connections by the plant capacity reservation charges reflected on Sheet No. 38.0.

If the experience of the Contributor after twelve months of actual usage exceeds the estimated gallons on which the plant capacity charges are computed, the Utility shall have the right to collect additional contributions in aid of construction. The twelve month period shall commence when certificates of occupancy have been issued for the Contributor's entire project.

14.0 METER INSTALLATION FEES

Utility will furnish and supply all water meters used in its system in the interest of standardization and uniformity.

Utility will charge each person requesting water service a fee to offset the Utility's cost of the meter, appurtenances and cost of installation if applicable for the size meter required by the use characteristics of the property and the customer to be served as determined by the Utility. This fee will be paid by consumers for the meter and meter installation and shall be charged only one time for the meter and its installation at any one location. Requests to exchange meters of a larger size will result in a charge to the consumer of the difference between the existing smaller size meter and the requested larger size meter plus applicable installation costs. The fees required for meter installations are listed on Sheet No. 38.0.

(Continued to Sheet No. 32.0)

Robert L. Chapman, III  
President



SOUTHLAKE UTILITIES, INC.

ORIGINAL SHEET NO. 28.0

WASTEWATER TARIFF

12.0 DAMAGE TO EXISTING FACILITIES

Utility may require that the Contributor repair or reimburse the Utility at the Utility's option for damage to the Utility's existing facilities by the construction activities of the Contributor. The Contributor shall also be responsible for damage to any other utility's facilities or to roadways, sidewalks, driveways, drainage facilities, or to landscaping.

13.0 PLANT CAPACITY CHARGES

Utility requires that all Contributors pay for a pro rata share of the cost of Utility's water and wastewater treatment plant facilities, whether the facilities have been constructed or not. Such charges to Contributors pursuant to this policy are calculated based upon the estimated demand of the Contributor's proposed installations and improvements upon the treatment facilities of the Utility and are computed by multiplying the number of calculated equivalent residential connections by the plant capacity reservation charges reflected on Sheet No. 35.0.

If the experience of the Contributor after twelve months of actual usage exceeds the estimated gallons on which the plant capacity charges are computed, the Utility shall have the right to collect additional contributions in aid of construction. The twelve month period shall commence when certificates of occupancy have been issued for the Contributor's entire project.

14.0 PLANT CAPACITY CHARGE BASED ON SEWAGE STRENGTH

All plant capacity charges as outlined in paragraph 13.0 are based on formal domestic sewage defined herein as containing not more than 200 parts per million bio-chemical oxygen demand, or 200 ppm SS. Whenever actual or estimated waste which contains more than these amounts is to be admitted into the wastewater collection system, the Utility must specifically agree to the connection. The plant capacity charges will be calculated in direct proportion to strength for each ppm of either BOD or SS over 200 ppm. All such connections shall provide for a suitable point for the waste to be sampled by the Utility or the regulatory agencies.

(Continued to Sheet No. 29.0)

Robert L. Chapman, III  
President

SOUTHLAKE UTILITIES, INC.

FIRST REVISED SHEET NO. 39.  
Cancels Original Sheet No. 39.

Water Tariff

SCHEDULE OF ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
January	1.74	22.74	45.16	69.11	94.70	119.68
February	3.48	24.60	47.15	71.23	96.97	119.68
March	5.22	26.46	49.13	73.35	99.24	119.68
April	6.96	28.32	51.11	75.47	101.51	119.68
May	8.70	30.17	53.10	77.59	103.79	119.68
June	10.44	32.03	55.08	79.71	106.06	119.68
July	12.18	33.89	57.07	81.83	108.33	119.68
August	13.92	35.75	59.05	83.95	110.60	119.68
September	15.66	37.61	61.03	86.07	112.87	119.68
October	17.40	39.46	63.02	88.19	115.14	119.68
November	19.14	41.32	65.00	90.31	117.41	119.68
December	20.88	43.18	66.98	92.43	119.68	119.68

Effective Date: January 1, 1995

Type of Filing: AFPI

Robert L. Chapman, II  
President

**SOUTHLAKE UTILITIES, INC.**

**FIRST REVISED SHEET NO. 36.0**  
**Cancel Original Sheet No. 36.0**

Wastewater Tariff

SCHEDULE OF ALLOWANCE FOR FUNDS PRUDENTLY INVESTED

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
January	23.20	302.91	598.60	911.65	1,243.50	1,564.72
February	46.40	327.43	624.56	939.16	1,272.70	1,564.72
March	69.60	351.95	650.52	966.68	1,301.90	1,564.72
April	92.79	376.47	676.47	994.19	1,331.11	1,564.72
May	115.99	400.99	702.43	1,021.70	1,360.31	1,564.72
June	139.19	425.51	728.39	1,049.22	1,389.51	1,564.72
July	162.39	450.03	754.35	1,076.73	1,418.71	1,564.72
August	185.59	474.56	780.30	1,104.24	1,447.91	1,564.72
September	208.79	499.08	806.26	1,131.76	1,477.11	1,564.72
October	231.99	523.60	832.22	1,159.27	1,506.31	1,564.72
November	255.19	548.12	858.18	1,186.79	1,535.52	1,564.72
December	278.38	572.64	884.13	1,214.30	1,564.72	1,564.72

Effective Date: January 1, 1995

Type of Filing: AFPI

Robert L. Chapman, III  
President

FL PUBLIC SERVICE COMM

## State of Florida

## Commissioners:

SUSAN F. CLARK  
J. TERRY DEASON, CHAIRMAN  
JULIA L. JOHNSON  
DIANE K. KIESLING  
LUIS J. LAUREDO



DIVISION OF WATER &  
WASTEWATER  
CHARLES HILL  
DIRECTOR  
(904) 488-8482

## Public Service Commission

January 13, 1994

Mr. Norman Mears  
Rhema Business Services, Inc.  
P.O. Box 13705  
Tallahassee, FL 32317

Dear Mr. Mears:

This letter is in response to your call earlier this week concerning the service availability and AFPI charges of Southlake Utilities, Inc. The question was whether the current service availability charges would be appropriate for both townhouses and single family residences, and also what was the appropriate level of AFPI charges to apply since the charges started in 1991 but the plant has not actually come on line until February 1994.

Although the table of flows identified on first revised sheet 40.0 lists a single family residence with a 5/8" x 3/4" meter as 315 gpd, the standard level for 1 ERC is 350 gpd. The existing plant capacity charge of \$420 for a single family residence appears to be based on 350 gpd. The single gallonage rate of \$1.20 is derived when \$420 is divided by 350 gpd. This being the case, if a townhouse is evaluated at 315 gpd, the appropriate charge for a townhouse should be something less than for a single family residence. The actual amount should be \$378 (\$1.20 x 315 gpd). In order to make the tariff consistent, a tariff correction should be filed for first revised sheet 40.0 which modifies the flow of 315 gpd for a single family residential 5/8" x 3/4" meter customer to 350 gpd. This change could be handled administratively by staff.

With regard to the application of AFPI charges, the correct amount to be charged at this point is what ever the rate is specified on the chart at the point in time it is applied. In other words, the utility should apply the amount listed under February 1994 if that is when the customer hooks up, rather than start at the beginning since the plant was not actually constructed at that time. The utility may wish to come in and have the entire AFPI schedule revamped, since the charges were designed to start in 1991 but have not yet been applied. This change would be handle through a tariff filing which would have to be voted on by the Commission.

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Mr. Norman Mears  
January 13, 1994

I hope this responds to your concerns. If you have any additional questions, please feel free to call.

Sincerely,

*Billie B. Messer*

Billie B. Messer  
Regulatory Analyst Supervisor

cc: Charles H. Hill, Director Division of Water and Wastewater  
Jackie Olchrist, Regulatory Analyst

# Southlake Utilities

## Fax Memo

*Fwd to: Jim Ade*

*Please share with  
Scott Schildberg.  
(904) 354-5842*

Date: May 7, 1999

To: Mr. Mark Caruth  
Florida Public Service Commission  
c/o Norman Mears

Fax: (850) 562-9887

From: Bob Chapman *RLC*

Fax: (919) 402-8282  
Phone: (919) 403-7654

Reference Document Request MC-10 to Norman Mears.

Dear Mark:

It has taken me longer to prepare this response than I had hoped, primarily because this is a complicated topic and because I had to do a good deal of research to be sure that my response was accurate and precise.

### A. Background:

Southlake Utilities, Inc. filed its original application for certificates to provide water and wastewater service on August 31, 1990.

In our initial filing we requested a guaranteed revenue charge.

On January 2, 1991, in Order No. 23947 the Commission determined that we "had provided sufficient information to determine rates and charges." The Commission decided to "bifurcate" the certificate process and to grant Southlake Utilities certificates on January 2, 1991. In order for the Commission to have time to complete its analysis of the data we submitted, it determined that "appropriate rates and charges will be set by a subsequent order."

During the next several months our utility consultant, Norman Mears, had a number of discussions with Commission staff. One of the topics discussed was whether we could amend our filing to include the relatively new AFPI charges. (The actual rule for Applications for AFPI Charges, found in Section 25-30.434, was not adopted by the Commission until two and one-half years later, November 15, by Order PSC-93-911982-WS, effective November 30, 1993.)

In April, 1991, Mr. Mears was told by staff that Southlake Utilities could have either AFPI or Guaranteed Revenues, but not both — because they overlapped. We were told that in order to file an application for AFPI charges, we would have to withdraw our request for authorization of Guaranteed Revenues.

Therefore, on April 12, 1991, we withdrew our request for Guaranteed Revenues.

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We accepted the staff's advice as correct, and we relied on it. Nevertheless, we have since heard that the Commission has approved tariffs for other utilities which include both Guaranteed Revenue and AFPI Charges, although we have not verified this.

According to the uniform system of accounts (USOA) adopted by the Florida Public Commission in Rule 25-30.115, F.A.C., Allowance for Funds Prudently Invested charges are accounted for as Guaranteed Revenues. Therefore to understand AFPI we need to determine how the Commission defines Guaranteed Revenues.

Under Rule 25-30.515 Guaranteed Revenues is defined as "a charge designed to cover the utility's costs including, but not limited to the cost of operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers." This type of charge is designed to help the utility "recover a portion of its cost from the time capacity is reserved until a customer begins to pay monthly service fees."

The calculations for our application for Allowance for Funds Prudently Invested, found in Docket 900738-WS contain estimates for all of the elements in the Guaranteed Revenues definition: return on expenses, depreciation, tax, and return on plant. A calculation is made of revenue required to fund earnings and revenue required to fund expenses. These are subtotaled and divided by a Gross Receipts Tax factor to determine an ERC carrying cost for one year.

It is important to note that both Guaranteed Revenues and AFPI are designed to provide funds for carrying costs, including return on expenses and plant, which otherwise would be covered by monthly service fees. What are the monthly service fee composed of? Approximately one-third to one-half of our monthly service fees are typically comprised of base facilities charges and approximately one-half to two-thirds of our monthly service fees are typically gallonage fees.

#### **B. Southlake Utilities, Inc. Guidelines for AFPI Charges:**

Southlake Utilities has developed the following guidelines regarding collection of AFPI Charges, based on the applicable Rules, Statutes, and Commission orders:

- |                              |   |
|------------------------------|---|
| <b>AFPI Guideline No. 1.</b> | <b>AFPI Charges are determined by the date of actual connection.</b>  |
| <b>AFPI Guideline No 2.</b>  | <b>AFPI prepayments may be made at the time of capacity reservation. These prepayments are treated as deposits toward the actual AFPI charge which is determined by the date of actual connection. AFPI deposits earn interest at the appropriate rates established by the commission. AFPI revenues are normally recognized when service is connected and flows begin. If an applicant abandons a project and we are unable to resell the capacity within four years, AFPI deposits will not be refunded but recognized as revenue at the beginning of the fifth year.</b> |
| <b>AFPI Guideline No 3.</b>  | <b>On the date of actual connection, we determine a true-up charge. We do this by calculating the amount of AFPI due on the date of connection and then subtracting the amount of the deposit and accrued interest on the deposit.</b>  |

**AFPI Guideline No 4.**

Through December, 1999, Southlake Utilities charges the amount specified in the Water Tariff First Revised Sheet No. 39.0 and Wastewater Tariff First Revised Sheet No. 36.0.

**AFPI Guideline No 5.**

After December, 1999, Southlake Utilities will charge the amount specified for water connections for December, 1999, in Water Tariff First Revised Sheet No. 39.0 until such time as the water treatment plant reaches its designed capacity.

**AFPI Guideline No 6.**

After December, 1999, Southlake Utilities will charge the amount specified for wastewater connections for December, 1999, in Wastewater Tariff First Revised Sheet No. 36.0 until such time as the wastewater plant reaches its designed capacity.

**AFPI Guideline No 7.**

If an applicant reserves capacity and pays an AFPI deposit but subsequently notifies Southlake Utilities of their inability to actually utilize the capacity, Southlake Utilities will true up the AFPI charges through the month of notification. If the capacity may be resold by Southlake Utilities to other developers within four years, any recovered AFPI deposit will be refunded.

**C. Support for Southlake Utilities, Inc. Policies for AFPI Charges:**

**AFPI Guideline No. 1.**

**AFPI Charges are determined by the date of actual connection.**

**Support for Policy:**

From Commission Order No. 24564, Docket No. 900738-WS, pages 15-16:

"Commission policy has been to accumulate the carrying costs associated with the excess plant as an AFPI charge to be collected from future customers at the time of connection."

"The amount of the AFPI charges are based upon the date future customers connect to the system normally coinciding with the payment of the service availability charges."

**AFPI Guideline No 2.**

**AFPI prepayments may be made at the time of capacity reservation. These prepayments are treated as deposits toward the actual AFPI charge which is determined by the date of actual connection. AFPI deposits earn interest at the appropriate rates established by the commission. AFPI revenues are normally recognized when service is connected and flows begin. If an applicant abandons a project and we are unable to resell**



the capacity within four years, AFPI deposits will not be refunded but recognized as revenue at the beginning of the fifth year.

Under the Commission's Rules, Section 25-30.540(3)(a) "The utility may charge and collect a reasonable amount, up to the total charges due under the agreement, to extend services. Upon the collection of the charges, the utility shall reserve the necessary treatment capacity for the applicant for a period of time specified in the agreement." AFPI charges are one of the total charges due. The amount of the deposit charges is the amount specified in the AFPI tariff chart for the month of reservation, to be trued up later to the amount due at the time of connection.

Per the Commission's Rules, Section 25-30.311 (4) (a) "Each utility which requires deposits to be made by its customers shall pay a minimum interest on such deposits of 6 percent per annum."

### AFPI Guideline No 3.

On the date of actual connection, Southlake Utilities determines a true-up charge. We do this by calculating the amount of AFPI due on the date of connection and then subtracting the amount of the deposit and accrued interest on the deposit.

See Elements 2 and 3 above.

### AFPI Guideline No 4.

Through December, 1999, Southlake Utilities AFPI charges are determined by the amounts specified in our Water Tariff, First Revised Sheet No. 39.0 and Wastewater Tariff, First Revised Sheet No. 36.0.

If an application for AFPI is successful, the rates and charges are then set forth in a Water Tariff Sheet approved by and on file with the Commission. The Utility is bound by Section 367.091(2), Florida Statutes:

*"Each utility's rates, charges, and customer service policies must be contained in a tariff approved by and on file with the commission."*

The statute is explicit: The rates, charges and customer service policies of Southlake Utilities, Inc. "must be contained" in our Commission approved tariff. Our Water Tariff and Wastewater Tariffs each contain a "Schedule of Allowance for Funds Prudently Invested," First Revised Sheet No. 39.0, and First Revised Sheet No. 36.0, effective January 1, 1995. Both list AFPI charges through December, 2000. The Tariff, as approved by the Commission, contains no provision for terminating the charge before December, 2000.

To be sure we understood when we are required to terminate the charge we long ago sought the guidance of commission staff. Our utility consultant, Mr. Norman Mears contacted Billie D. Messer, Regulatory Analyst Supervisor to discuss, among other things, the

how we should determine of AFPI charges. Mr. Mears was informed that the Utility was required to charge the rate listed in the tariff chart for the month in which a customer hooks up.

Billie D. Messer confirmed this in writing to Mr. Mears on January 13, 1994, stating that the correct amount to be charged "*is what ever the rate is specified on the chart at the point in time it is applied. In other words, the utility should apply the amount listed under February, 1994 if that is when the customer hooks up...*"

Billie D. Messer informed us that the charges for a particular month on the AFPI chart in the tariff must be charged as stated in the chart without exception — even though, at the time the of the letter our plant was the not even constructed.

Thus, we have been advised in writing by the responsible official at the Commission that we must follow the Tariff chart amounts for the months listed therein. We have relied upon this determination received from the Commission staff that the tariff chart must be followed in our financial forecasting and strategic planning.

#### AFPI Guideline No 5.

After December, 1999, Southlake Utilities will charge the amount specified for water connections for December, 1999, in Water Tariff First Revised Sheet No. 39.0 until such time as the water treatment plant reaches its designed capacity.

This policy is based on the language contained in the second paragraph on page 7 of the Commission's Order No. PSC-96-1082-FOF-WS, Docket No. 950933-WS and Section 25-30.434 (3)(d), F.A.C.

The second paragraph on page 7 of Order No. PSC-96-1082-FOF-WS is complex. To correctly implement the provisions of the paragraph it is necessary to use the *rules of construction* to understand the subject of each sentence and its relationship to the subject of the sentences that precede and follow it in the paragraph.

The paragraph contains four sentences.

**i. First Sentence:** "*Our calculation provides an AFPI charge for a five year period beginning January, 1995 and ending December, 1999.*"

This means that the Commission staff performed calculations for AFPI charges and that these charge are established for a five year period from January, 1995 to January, 1999.

**ii. Second Sentence:** "*After December, 1999, the utility shall be entitled to collect the AFPI for the designated amount of equivalent residential connections, but the charge shall remain fixed at the December, 1999 amount.*"

This sentence applies to the time period after December, 1999. It stipulates that during that period, the utility has the right to collect AFPI charges, fixed at the December, 1999 amount, for the "designated amount" of ERCs.

However, the term "designated amount" has not been previously used, or defined, in the order. It therefore requires further clarification as well as specificity.

The only thing we know for sure from the second sentence is that the "designated amount of equivalent residential connections" is an amount which, after December, 1999, limits the number of ERCs for which AFPI charges (at the December, 1999 rate) can be collected. The designated amount has no applicability to the period prior to and ending in December, 1999. (Charges for the first five year period, in accordance with the first sentence, are provided by the Commission's calculations. During the initial five-year period, the charges are fixed, without reference a designated amount of equivalent residential connections (ERC's).)

It is up to the next sentence to stipulate the "designated amount" which applies to AFPI collected after December 1999.

iii. **Third Sentence:** *"When 940 and 375 equivalent residential connections for water and wastewater, respectively, are collected, the AFPI charges shall cease."*

This sentence refers to the "designated amount" in the second sentence and tells us that that amount is 940 water and 375 wastewater ERCs. This is equivalent to 329,000 gallons of water plant capacity and 112,670 gallons of wastewater plant capacity, which, when added to pre-existing usage and fire flow is equivalent to the "designed capacity" of the plants. The total plant design capacity of the water plant is 537,000 gpd peak flow and for the wastewater plant 164,750 gpd average annual daily flow.

This sentence refers to the subject matter of the second sentence. It uses the same terminology — "collect the AFPI for the designated amount of equivalent residential connections" in sentence two and "equivalent residential connections ... collected" in sentence three. Sentence two applies only to the period after December 1999. Therefore, under the standard rules of construction sentence three which modifies and completes sentence two does not apply to any time period other than the period after December 1999.

The concept of "equivalent residential connections" being "collected" is somewhat abstruse but appropriate. This is because ERCs are a measure of historical flows (See Notes 1 and 2) and the utility does in fact collect monthly service for its historical flows. When those historical flows, expressed

in ERCs or in gallons, reach the designed capacity of the plants, the Utility will be currently recovering all of its costs. When this happens, there is no need for AFPI charges ~~help~~ the Utility recover a portion of its cost from the time capacity is reserved until a customer begins to pay monthly service fees.

iv. Fourth Sentence: *"The utility shall bear the additional cost of carrying the excess plant after that date."*

*"The utility"* is Southlake Utilities.

*"... shall bear the additional cost of carrying excess plant"* means the Utility will not be able recover these costs through AFPI charges. This statement is difficult to understand since the purpose of AFPI is to allow the utility to recover the costs of carrying excess plant until the plant has reached its designed capacity. Since there is no excess capacity once the plant has reached designed capacity, we are somewhat puzzled as to when there would be additional costs of carrying excess plant? The only time we can think is during months after December 1999 when the charge is fixed at the December, 1999 rate, but this sentence deals with the time after AFPI charges cease.

*"... after that date."* This clause links the sentence to the date determined by the third and second sentences, i.e. the date following December 1999 when the plants reach their designed capacity.

Note 1: Designed capacity for the water plant is a "maximum daily flow" of 0.537 MGD as set by Florida Department of Environmental Protection (FDEP) Permit Number WC35-210970 as modified by Permit Number WC35-251071. The plant will have reached its designed capacity when the plant exceeds a historical one day flow of 537,000 gallons. As explained above, prior to December, 1999, Southlake Utilities will charge the amount specified in the tariff, whether or not the historical one-day flow has exceeded 537,000 gallons.

#### AFPI Guideline No 6.

After December, 1999, Southlake Utilities will charge the amount specified for wastewater connections for December, 1999, in Wastewater Tariff First Revised Sheet No. 36.0 until such time as the wastewater plant reaches its designed capacity.

See AFPI Guideline No 5, above for a complete explanation which is also applicable to AFPI Guideline No 6.

Note: The designed capacity for the wastewater treatment plant is a "annual average daily design flow" of 0.16475 MGD as set by Florida Department of Environmental Protection (FDEP) Permit Number DC35-210971. The plant will have reached its designed capacity when the plant exceeds an average historical average daily

over a one-year period of 164,750 gallons per day. Prior to December, 1999, Southlake Utilities will charge the amount specified in the tariff, whether or not the historical annual average design flow has exceeded 537,000 gallons, as explained in Guideline No. 5, above 164,750

**AFPI Guideline No. 7.**

If an applicant reserves capacity and pays an AFPI deposit but subsequently notifies Southlake Utilities of their inability to actually utilize the capacity, Southlake Utilities will true up the AFPI charges through the month of notification. If the capacity is resold by Southlake Utilities to another applicant within four years, any recovered AFPI deposit will be refunded.

This policy is based on Section 25-30.540(3)(a)(b), F.A.C., which states "*Unless the utility can sell the reserved capacity, the charges collected shall not be refunded should the applicant not proceed further with the development. The agreement shall set forth the period of time within which a sale of the reserved capacity will require a refund to the applicant, which time period shall not be less than four years.*"

**B. Response to Specific Questions:**

**Question (1A)**

**"Did AFPI Water Revenues occur after the 940 Max Quantity ERC Water had been reached?"**

Response: No. Please see the discussion above.

The 940 "Max Quantity ERC Water" was reached in May, 1998, when the peak day of the water plant reached its designed capacity of 537,000 gallons per day, peak. However, we believe we are not only allowed and but required to collect Water AFPI through December, 1999, as explained above and that the limit only takes effect when the plants themselves have reached designed capacity after that date.

Note: Section 25-30.434(3), F.A.C. specifies information which applicants shall provide in their applications for AFPI charges.

*"Each application for AFPI charges shall provide the following information. If any of the following items do not apply to the applicant, the applicant shall state the reason it does not apply."*

Subsection (3)(d) describes how charges in the application shall be calculated "*The charge shall be calculated for one equivalent residential connection (ERC) on a monthly basis up to the time the utility reaches the designed capacity of the plant for which the charge applies. The charges shall cease when the plant has reached its designed capacity.*"

This provision relates to how the figures submitted in the application are calculated, and is not applicable to actual operations.

Section Section 25-30.434(6), regulates actual operations. We believe it explicitly reinforces our position

*"For utilities that have non-used and useful plant to be held for periods longer than what is determined to be prudent, the AFPI charge will cease accruing charges and will remain constant after the accrual period, established by the Commission, has expired. The utility can continue to collect the constant charge until all ERCs projected in the calculation have been added."*

Under the operational terminology of this section it is clear that there is an "accrual period, established by the Commission..." This is the five year period ending in December, 1999. The rule tells us that any non-used and useful plant held beyond the that the APFI charge will stop increasing and remain constant when the accrual period has expired. After this time the utility may continue collecting the fixed charge until all of the ERCs projected in the original calculations have been added. Thus, we again see that the ERC limit only applies at the end of the accrual period. In Southlake Utilities case this is after December, 1999.

Question 1B.

"If so, then please prepare a schedule of excess AFPI water."

Not applicable

Question (1C).

"Please provide General Ledger support for AFPI Revenue Data for Water"

Previously provided.

Question (2A).

"Did AFPI Sewer revenues occur after the 375 Max Quantity ERC Sewer had been reached?"

Response: The wastewater plant has not yet reached its designed capacity. This is anticipated to happen sometime after December 1999. Please see attached charts for our projection.

Please refer to our response to Question 1A for a more detailed response.

Question (2A)

"If so, then please prepare a schedule of excess AFPI Sewer."

Not applicable.

Question (3C)

"Please provide General Ledger support for AFPI Revenue data for Sewer."

Previously provided.

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Note 2: How are ERCs measured?

ERCs are measured *historically*. Correspondence received by us from the Commission (attached) indicates that the PSC recognizes four methods for determining a utility's number of water ERCs:

- a. "historical average daily flows over a one year period;"
- b. "historical average of five max days in one year period,"
- c. "historical maximum day in one year period;"

or

- d. "historical average daily flow during maximum month during maximum month in one year period."

(Citation: Florida Public Service Commission Memorandum Re: Revision of Service Availability Rules and Policies, December 7, 1994.)

Southlake Utilities uses the historical maximum day method described in c. above to determine when the water plant has reached its designed capacity as the 0.537 MGD designed capacity is a measure of maximum daily flow. This is required by our DEP permit. We use the "annual average daily design flow" method to measure designed capacity for the wastewater treatment plant. The current limit is an "annual average daily design flow" of 0.16475 MGD as set by Florida Department of Environmental Protection (FDEP) Permit Number DC35-210971. The plant will have reached its designed capacity when the plant exceeds an average historical average daily over a one-year period of 164,750 gallons per day.

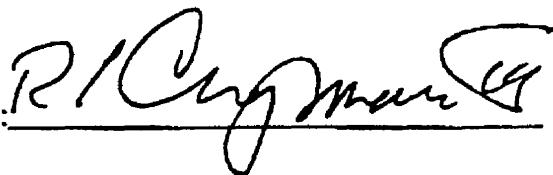
In Order No. PSC-96-1082-FOF-WS, the Commission noted that

*"In calculating the amount of non-used and useful plant, the utility relied on the original flow estimates of 350 gallons per day (gpd) for water and 300 gpd for wastewater from our initial rate setting order."*

The Commission went on to say that

*"A better indicator is the actual flow from the utility's own records."*

By: \_\_\_\_\_



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## State of Florida

## Commissioners:

SUSAN F. CLARK  
J. TERRY DEASON, CHAIRMAN  
JULIA L. JOHNSON  
DIANE K. KIESLING  
LUIS J. LAUREDO



DIVISION OF WATER &  
WASTEWATER  
CHARLES HILL  
DIRECTOR  
(904) 488-8482

## Public Service Commission

January 13, 1994

Mr. Norman Mears  
Rhema Business Services, Inc.  
P.O. Box 13705  
Tallahassee, Fl 32317

Dear Mr. Mears:

This letter is in response to your call earlier this week concerning the service availability and AFPI charges of Southlake Utilities, Inc. The question was whether the current service availability charges would be appropriate for both townhouses and single family residences, and also what was the appropriate level of AFPI charges to apply since the charges started in 1991 but the plant has not actually come on line until February 1994.

Although the table of flows identified on first revised sheet 40.0 lists a single family residence with a 5/8" x 3/4" meter as 315 gpd, the standard level for 1 ERC is 350 gpd. The existing plant capacity charge of \$420 for a single family residence appears to be based on 350 gpd. The single gallonage rate of \$1.20 is derived when \$420 is divided by 350 gpd. This being the case, if a townhouse is evaluated at 315 gpd, the appropriate charge for a townhouse should be something less than for a single family residence. The actual amount should be \$378 (\$1.20 x 315 gpd). In order to make the tariff consistent, a tariff correction should be filed for first revised sheet 40.0 which modifies the flow of 315 gpd for a single family residential 5/8" x 3/4" meter customer to 350 gpd. This change could be handled administratively by staff.

With regard to the application of AFPI charges, the correct amount to be charged at this point is what ever the rate is specified on the chart at the point in time it is applied. In other words, the utility should apply the amount listed under February 1994 if that is when the customer books up, rather than start at the beginning since the plant was not actually constructed at that time. The utility may wish to come in and have the entire AFPI schedule revamped, since the charges were designed to start in 1991 but have not yet been applied. This change would be handle through a tariff filing which would have to be voted on by the Commission.

000011



Mr. Norman Mears  
January 13, 1994

I hope this responds to your concerns. If you have any additional questions, please feel free to call.

Sincerely,

*Billie B. Messer*

Billie B. Messer  
Regulatory Analyst Supervisor

cc: Charles H. Hill, Director Division of Water and Wastewater  
Jackie Olfchrist, Regulatory Analyst

State of Florida



Commissioners:

J. TERRY DEASON, CHAIRMAN  
SUSAN F. CLARK  
JULIA L. JOHNSON  
DIANE K. KIESLING  
JOE GARCIA

DIVISION OF WATER &  
WASTEWATER  
CHARLES HILL  
DIRECTOR  
(904) 488-8482

**Public Service Commission**

MEMORANDUM

December 7, 1994

**TO: ALL WATER AND WASTEWATER UTILITIES SUBJECT TO THE JURISDICTION OF THE FLORIDA PUBLIC SERVICE COMMISSION**

**FROM: FLORIDA PUBLIC SERVICE COMMISSION**

**RE: REVISION OF SERVICE AVAILABILITY RULES AND POLICIES**

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The Florida Public Service Commission is examining the current service availability rules and policies (see attached). The Division of Water and Wastewater is conducting a survey of all of the regulated water and wastewater utilities under FPSC jurisdiction regarding the laws, rules and/or policies pertaining to service availability. Due to a changing environment, staff believes it is time to review the concept of service availability charges and policies. The utilities' participation and future workshops will play important roles in developing a more effective policy.

The attached questionnaire has been developed for that purpose. Please complete the questionnaire and return it to the Commission by January 10, 1995 to the following address:

→ { Florida Public Service Commission  
Division of Water and Wastewater  
c/o Mr. Troy Rendell  
101 East Gaines Street  
Tallahassee, FL 32399-0850

If you have any questions, do not hesitate to contact Mr. Troy Rendell at (904) 488-8482.

**Attachment**

cc: Parties of Record

00001

Florida Public Service Commission  
Questionnaire for Regulated Utilities  
Service Availability Charges

Utility: SOUTHLAKE UTILITIES, INC  
Address: 800 US Hwy 27, CLERMONT  
County: LAKE 347  
Person(s)/Title(s): Robert L.  
CHAPMAN, III, PRESIDENT

Questions

1. What is the size of your utility in terms of FPSC classification (A, B, or C)?

C

2. For purposes of designing service availability, if a water equivalent residential connection (ERC) is defined as 350 gpd, do you believe that a utility's corresponding number of water ERCs should be based on:

- historical average daily flows over one year period  
 historical average of five max days in one year period  
 historical maximum day in one year period  
 historical average daily flow during maximum month in one year period

Provide an explanation as to why you chose the response you did.

Should promote the  
MORE efficient utilization of  
Facilities and capacity.

3. For purposes of designing service availability, if a wastewater ERC is defined as 280 gpd, do you believe that a utility's corresponding number of wastewater ERCs should be based on:

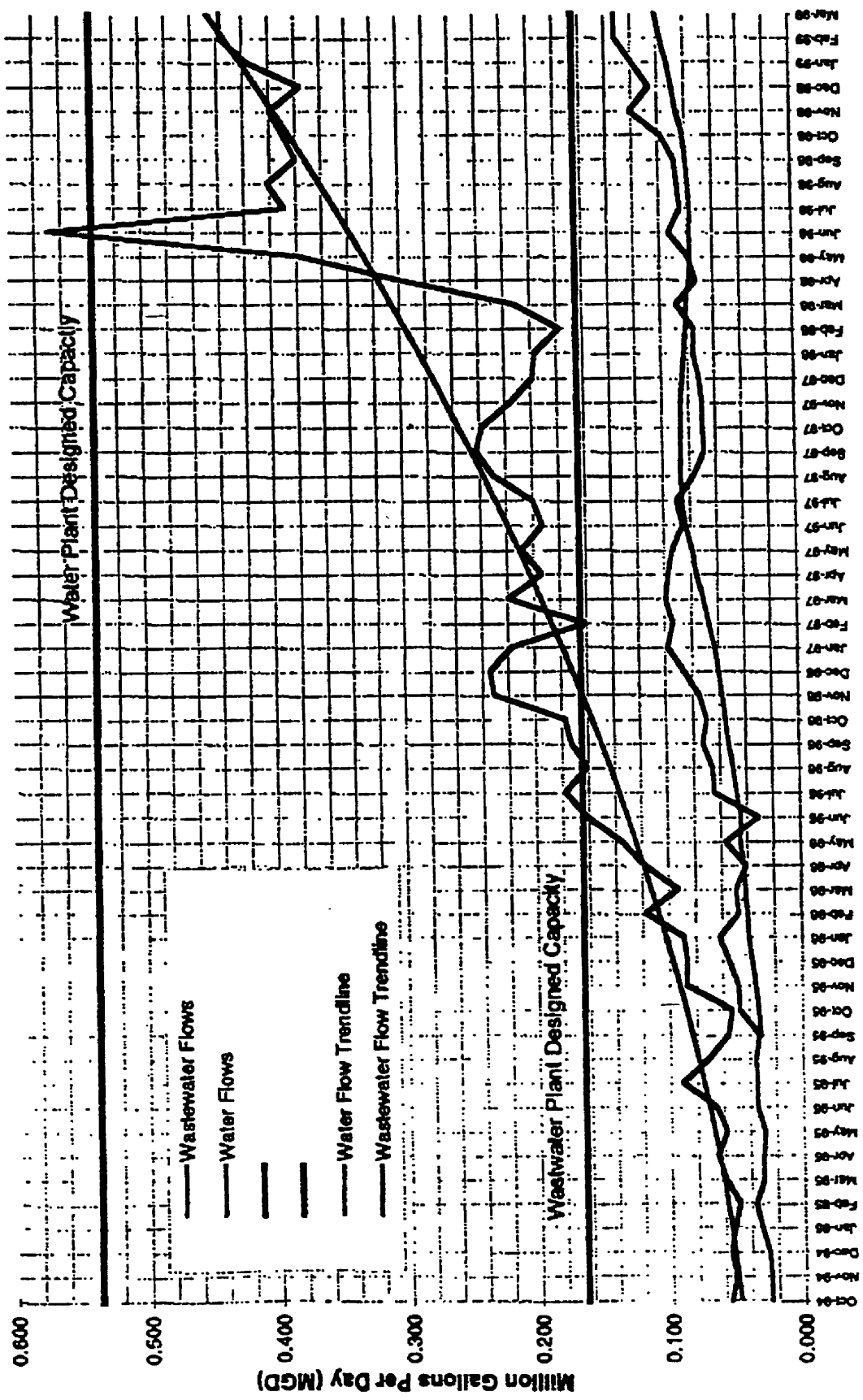
- historical average daily flows over one year period  
 historical average of five max days in one year period  
 historical maximum day in one year period  
 historical average daily flow during maximum month in one year period

Provide an explanation as to why you chose the response you did.

Should promote and encourage  
more efficient utilization  
of facilities and capacity.

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# Southlake Utilities, Inc. Plant Designed Capacity in ERCs Historical Flows in ERCs



# Southlake Utilities

## Fax Memo

Date: 5/18/99

To: Mr. Mark Caruth

Fax: (850) 413-6478

Cc: Norman Mears

Fax: (850) 562-9887

From: Bob Chapman

Fax: (919) 402-8282  
Phone: (919) 403-7654

Per our telephone conversation this morning regarding your request MC-10, it is my pleasure to provide the schedule of ERCs that follows.

Would you please add this schedule to our previous response.

By: \_\_\_\_\_

*Robert Chapman III*

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Southlake Utilities, Inc.  
 Schedule Showing Plant Designed Capacity and Actual ERCs, January, 1997- March, 1999

WATER							
Month	Total ERCs, Maximum Day	Water Plant Designed Capacity, Max Day ERCs	ERCs Allocated to Pre-January, 1995 Customers and Fire Flow	Total AFPI Applicable ERCs	Total ERCs Not Including Pre-January, 1995 Allocations	Percentage of Water Plant Designed Capacity Reached	Percentage of Applicable Water ERCs
Jan-97	1,320.0	1,534.3	594.3	940.0	725.7	86.0%	77.2%
Feb-97	657.1	1,534.3	594.3	940.0	62.9	42.8%	6.7%
Mar-97	1,280.0	1,534.3	594.3	940.0	685.7	83.4%	72.9%
Apr-97	871.4	1,534.3	594.3	940.0	277.1	56.8%	29.5%
May-97	922.9	1,534.3	594.3	940.0	328.6	60.1%	35.0%
Jun-97	662.9	1,534.3	594.3	940.0	68.6	43.2%	7.3%
Jul-97	725.7	1,534.3	594.3	940.0	131.4	47.3%	14.0%
Aug-97	837.1	1,534.3	594.3	940.0	242.9	54.6%	25.8%
Sep-97	917.1	1,534.3	594.3	940.0	322.9	59.8%	34.3%
Oct-97	674.3	1,534.3	594.3	940.0	80.0	43.9%	8.5%
Nov-97	680.0	1,534.3	594.3	940.0	85.7	44.3%	9.1%
Dec-97	648.6	1,534.3	594.3	940.0	54.3	42.3%	5.8%
Jan-98	637.1	1,534.3	594.3	940.0	42.9	41.5%	4.6%
Feb-98	820.0	1,534.3	594.3	940.0	225.7	53.4%	24.0%
Mar-98	731.4	1,534.3	594.3	940.0	137.1	47.7%	14.6%
Apr-98	1,054.3	1,534.3	594.3	940.0	460.0	68.7%	48.9%
May-98	2,191.4	1,534.3	594.3	940.0	1,597.1	142.8%	169.9%
Jun-98	2,022.9	1,534.3	594.3	940.0	1,428.6	131.8%	152.0%
Jul-98	1,714.3	1,534.3	594.3	940.0	1,120.0	111.7%	119.1%
Aug-98	1,514.3	1,534.3	594.3	940.0	920.0	98.7%	97.9%
Sep-98	1,862.9	1,534.3	594.3	940.0	1,268.6	121.4%	135.0%
Oct-98	1,502.9	1,534.3	594.3	940.0	908.6	98.0%	96.7%
Nov-98	1,435.7	1,534.3	594.3	940.0	841.4	93.6%	89.5%
Dec-98	1,588.6	1,534.3	594.3	940.0	994.3	103.5%	105.8%
Jan-99	1,502.9	1,534.3	594.3	940.0	908.6	98.0%	96.7%
Feb-99	1,374.3	1,534.3	594.3	940.0	780.0	89.6%	83.0%
Mar-99	1,791.4	1,534.3	594.3	940.0	1,197.1	116.8%	127.4%

10000

Southlake Utilities, Inc.

Schedule Showing Plant Designed Capacity and Actual ERCs, January, 1997- March, 1999

WASTEWATER							
Month	Total ERCs, Average Annual Daily Flow	Wastewater Plant Designed Capacity, Average Annual Daily Flow ERCs	ERC's Allocated to Pre-January, 1995 Customers	Total AFPI Applicable ERC's	Total ERCs Not Including Pre-January, 1995 Allocations	Percentage of Wastewater Plant Designed Capacity Reached	Percentage of Applicable Wastewater ERCs
Jan-97	210.6	549.2	174.2	375.0	36.4	38.3%	9.7%
Feb-97	223.6	549.2	174.2	375.0	49.4	40.7%	13.2%
Mar-97	237.5	549.2	174.2	375.0	63.3	43.2%	16.9%
Apr-97	253.1	549.2	174.2	375.0	78.9	46.1%	21.0%
May-97	263.3	549.2	174.2	375.0	89.2	48.0%	23.8%
Jun-97	278.6	549.2	174.2	375.0	104.4	50.7%	27.9%
Jul-97	285.6	549.2	174.2	375.0	111.4	52.0%	29.7%
Aug-97	288.6	549.2	174.2	375.0	114.4	52.6%	30.5%
Sep-97	287.5	549.2	174.2	375.0	113.3	52.4%	30.2%
Oct-97	287.5	549.2	174.2	375.0	113.3	52.4%	30.2%
Nov-97	286.1	549.2	174.2	375.0	111.9	52.1%	29.9%
Dec-97	282.2	549.2	174.2	375.0	108.1	51.4%	28.8%
Jan-98	276.1	549.2	174.2	375.0	101.9	50.3%	27.2%
Feb-98	270.8	549.2	174.2	375.0	96.7	49.3%	25.8%
Mar-98	267.8	549.2	174.2	375.0	93.6	48.8%	25.0%
Apr-98	261.1	549.2	174.2	375.0	86.9	47.5%	23.2%
May-98	258.9	549.2	174.2	375.0	82.8	46.8%	22.1%
Jun-98	258.9	549.2	174.2	375.0	84.7	47.1%	22.6%
Jul-98	257.2	549.2	174.2	375.0	83.1	46.8%	22.1%
Aug-98	259.7	549.2	174.2	375.0	85.6	47.3%	22.8%
Sep-98	265.0	549.2	174.2	375.0	90.8	48.3%	24.2%
Oct-98	272.8	549.2	174.2	375.0	98.6	49.7%	26.3%
Nov-98	286.9	549.2	174.2	375.0	112.8	52.3%	30.1%
Dec-98	286.4	549.2	174.2	375.0	122.2	54.0%	32.6%
Jan-99	308.3	549.2	174.2	375.0	134.2	56.1%	35.8%
Feb-99	324.2	549.2	174.2	375.0	150.0	58.0%	40.0%
Mar-99	336.4	549.2	174.2	375.0	162.2	61.3%	43.3%

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DEPARTMENT OF ENVIRONMENTAL PROTECTION DISCHARGE MONITORING REPORT - PART A

When Completed mail this report to: Department of Environmental Protection, Central District, 3119 Magazine Boulevard Suite 212, Orlando, FL 32803-3767

PERMITTEE NAME: Southlake Utilities, Inc  
 900 South U.S. Highway 27  
 Clermont, FL 34711

PERMIT NUMBER: FL4010934  
 MONITORING PERIOD FROM: April 1993  
 TO: April 30, 2000  
 REPORT GROUP: Monthly Domestic

FACILITY: Southlake Utilities WWT  
 U.S. Highway 27 South  
 Clermont, FL

FACILITY ID: FL4010634  
 CIMS TEST SITE NO.: 3031P03827  
 DISCHARGE POINT NUMBER: 3001  
 PLANT SIZE/TREATMENT TYPE: C/C

COUNTY: Lake

Parameter	Quantity of Loading	Units	Quality or Concentration	Units	No. of Analysis	Sample Type
Flow	0.198	MGD				
STORING NO. 50050 NAME/SITE NO. 50050	0.166	MGD				
CB003			1.4	MG/L	Monthly	Monthly
STORING NO. 40003 NAME/SITE NO. 40003			1.3	MG/L	Monthly	Monthly
CB003			4.8	MG/L	Monthly	Monthly
STORING NO. 40003 NAME/SITE NO. 40003			1.9	MG/L	Monthly	Monthly
CB003			7.0	MG/L	5 days wk	5 days wk
STORING NO. 40003 NAME/SITE NO. 40003						
pH						
STORING NO. 40003 NAME/SITE NO. 40003						

I, the undersigned, being duly sworn, depose and say that I am familiar with the information submitted herein, and based on my inquiry of those individuals immediately responsible for furnishing the information, I believe the information is true, accurate and complete, I am aware that there are significant penalties for submitting false information including the possibility of fine and imprisonment.

NAME/TITLE OF PRINCIPAL EXECUTIVE OFFICER OR AUTHORIZED AGENT: SIGNATURE OF PRINCIPAL EXECUTIVE OFFICER OR AUTHORIZED AGENT: TELEPHONE NO. / DATE: 407-889-9755 5/03

COMMENT AND EXPLANATION OF ANY VIOLATIONS (Reference all attachments here):

DOCKET NOS. 980922-WS AND 981609-WS  
 EXHIBIT NO. RLC-21  
 R. CHAPMAN EXHIBIT NO.  
 DEP MONTHLY OPERATING REPORT -  
 APRIL 2000



Robert Chapman's Chronology

April 19, 2000 Discussed the need for financial analysis with consultant Norman Mears. Mr. Mears stated that he would be unwilling to undertake this work. I requested advice from counsel for an accountant who could determine potential refund liability.

Week of April 24, 2000 Counsel recommends Guastella and Associates. I made a telephone call to Mr. John Guastella, who agreed in principle to accept the assignment.

Made initial request to Ms. Sally Ballou, First Union National Bank, that First Union provide \$1,000,000 financing to Southlake Utilities.

May 5, 2000 Met with Trusten Capital Partners. They do not provide the type of financing we seek.

May 8, 2000 Signed contract with Guastella and Associates.

May 9, 2000 PSC issues order PSC-00-0917-SC-WS

Met with Wachovia Bank. They do not provide the type of financing we seek in Florida.

Week of May 15, 2000 Initiated discussions with Doug Sealy, partner of investment banking firm Prager McCarthy & Sealy for underwriting of \$1,000,000 bond issue for Southlake Utilities.

May 15-16, 2000 Gary White of Guastella and Associates begins onsite work with Southlake Utilities financial records

May 30, 2000 Filed protest and requests for hearings.

Week of June 5 Telephone discussions with Prager McCarthy & Sealy partners, Ed Bulleit and Kevin Mulshine.

Week of June 12, 2000 Initiated discussions with Florida Choice Bank concerning letter of credit.

June 13-14 Gary White's second two day trip to review Southlake records.

June 19, 2000 Further discussions with Ed Bulliet and Kevin Mulshein of Prager, McCarthy and Sealy concerning financing request.

June 22, 2000 Staff counsel called with an estimated security amount of \$735,592, which is to be filed on 6/26/2000. The date was subsequently extended to 6/29/00.

June 26, 2000 Discussions with Mr. Fitzhugh Powell of Cecil W. Powell & Co. for surety bond.

June 27, 2000 Received preliminary commitment from Mr. Fitzhugh Powell of Cecil W. Powell & Co. for surety bond – if we would post 100% of the amount in cash or provide an irrevocable letter of credit. If Southlake had that amount of cash or such a letter of credit, it would not need the bond.

June 26-27, 2000 Executed and filed a corporate undertaking in favor of Florida Public Service Commission.

Received a letter from Sally Ballou of First Union indicating bank's interest in proceeding with loan.

June 29, 2000 Received request for additional information from Guastella and Associates.

Set meeting for July 19 at Southlake Utilities office with Kevin Mulshine and Ed Bulleitt to proceed with financing.

June 30, 2000 Additional financial information submitted to First Union National Bank.

Additional financial information submitted to Florida Choice Bank.

July 2, 2000 Additional financial information submitted to Cecil W. Powell & Co.

July 3, 2000 Telephone discussions with First Union National Bank concerning loan request.

July 5, 2000 Telephone discussions with Derrick Cox, First Union National Bank concerning loan request.

July 6, 2000 Meeting with Ken LaRoe, President of Florida Choice Bank concerning letter of credit.

July 7, 2000 Met with Derrick Cox, Vice President, First Union National Bank

July 10, 2000 Provided additional information to Florida Choice Bank  
Turned down by Florida Choice Bank.  
Provided additional information to First Union  
Guastella and Associates reported that it had already spent more than 200 hours on the review and analysis.

July 19, 2000 Meeting at Southlake Utilities site with Prager McCarthy and Sealy regarding Southlake selling \$1 to \$2 million in bonds.

July 28, 2000 A representative of First Union report that it is leaning toward a credit of \$200,000, pending receipt of personal and corporate tax returns.

July 31, 2000 Conversations on the status of the proposal with Kevin Mulshein and with Doug Sealy of Prager McCarthy and Sealy. They indicate that it will be two weeks before they will have a recommendation.

After July 31,2000 Continued discussions with Prager McCarthy and Sealy.  
Discussions with potential purchasers of system.