

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

RECEIVED-FPSC
12 MAY 18 PM 4:59
COMMISSION CLERK

DATE: May 18, 2012
TO: Dorothy E. Menasco, Commission Deputy Clerk II, Office of Commission Clerk
FROM: Martha A. Golden, Regulatory Supervisor/Consultant, Division of Economic Regulation
RE: Docket No. 090056-SU, Application for authority to transfer the wastewater facilities of Fountain Lakes Sewer Corporation to Bonita Springs Utilities, Inc., and cancellation of Certificate No. 442-S, in Lee County

Please add the following attached documents to the above referenced docket:

1. January 26, 2012 e-mail from Troy Rendell providing the City of Bonita Springs Ordinance No. 11-12, dated December 21, 2011, that approved a special surcharge for the purchase of the Fountain Lakes Sewer Corporation.
2. January 26, 2012 e-mail from Troy Rendell providing Bonita Springs Utilities' November 16, 2011 petition to the City of Bonita Springs for a special surcharge for the purchase of the Fountain Lakes Sewer Corporation.

Thank you.

Attachments

DOCUMENT NUMBER - DATE

03167 MAY 18 2012

FPSC-COMMISSION CLERK

Martha Golden

From: Rendell, William T. [WTRendell@aquaamerica.com]
Sent: Thursday, January 26, 2012 9:47 AM
To: Martha Golden
Cc: Patti Daniel
Subject: Fountain Lakes
Attachments: Ordinance-No.-11-12-BSU-Wastewater-Tariff-Fountain-Lakes-and-Marsh-Landings.pdf
Good morning Martha,

I received your voice mail concerning Fountain Lakes. Attached is an Ordinance approved by the City of Bonita Springs on December 21, 2011, which approved BSU's petition to implement a special surcharge for the purchase of Fountain Lakes.

This was a public hearing where the public (customers) did attend.

I can send you a copy of the petition filed by BSU.

Let me know if you have any further questions.

Thanks,
Troy

**CITY OF BONITA SPRINGS
ORDINANCE NO. 11-12**

AN ORDINANCE OF THE CITY OF BONITA SPRINGS APPROVING THE PETITION OF BONITA SPRINGS UTILITIES, INC., MODIFYING ITS WASTEWATER TARIFF TO APPROVE A SPECIAL SERVICE CHARGE FOR THE FOUNTAIN LAKES AND MARSH LANDING COMMUNITIES; PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, BONITA SPRINGS UTILITIES, INC. ("BSU") provides water and wastewater service within and outside the City of Bonita Springs pursuant to that certain Franchise Agreement By, Between And Among Bonita Springs Utilities, Inc., The City of Bonita Springs, Florida, and Lee County, Florida ("Franchise"); and,

WHEREAS, on November 16, 2011 the City of Bonita Springs received the Petition from BSU to Amend its Tariff for a special service charge to be applied to the Fountain Lakes and Marsh Landing communities, which Petition was accepted by the City Council at its regular meeting of December 21, 2011; and,

WHEREAS, the City Council has set the said Petition for a public hearing on December 21, 2011, at 9:00 a.m., and caused due notice thereof to be published in the Fort Myers News-Press, a copies of which said notice are on file with the City Clerk; and,

WHEREAS, a public hearing was held on December 21, 2011 in the City Council Chambers, Bonita Springs, Florida, at which time BSU presented evidence and testimony in support of its Petition, and all interested parties were permitted to address the Board and to make a statement of record, and the Board, after being fully advised in the premises, makes the following determinations:

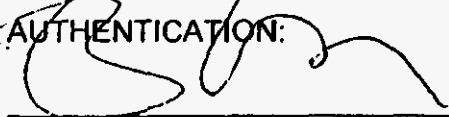
NOW THEREFORE, the City of Bonita Springs hereby Ordains:

- 1. The revised Water and Wastewater Tariffs, to include a special service charge to be applied to the Fountain Lakes and Marsh Landing communities, as proposed by BSU in its Petition, is hereby approved and granted with the charge to be implemented by BSU upon closing on the purchase and transfer of the assets being acquired by BSU.**

2. The provisions of this Ordinance shall take effect 30 days following its adoption by the City Council by official vote at the conclusion of the public hearing.

DULY PASSED AND ENACTED by the City Council of the City of Bonita Springs, Florida this 21st day of December, 2011.

AUTHENTICATION:




Mayor



City Clerk

APPROVED AS TO FORM:



City Attorney

Vote:

Nelson	Aye	Spear	Aye
McIntosh	Abstained	Simons	Aye
Martin	Aye	Lonkart	Nay
Slachta	Aye		

Date Filed With City Clerk: _____

Martha Golden

From: Rendell, William T. [WTRendell@aquaamerica.com]
Sent: Thursday, January 26, 2012 9:50 AM
To: Martha Golden
Cc: Patti Daniel
Subject: Fountain Lakes
Attachments: Vance ltr 11 16 11 (2).pdf

Martha,

Here is the petition filed by BSU, which was approved at the December 21, 2011 Commission meeting by the City of Bonita Springs.

I sent you the approved Ordinance earlier.

Hopefully this will answer your question.

Thanks,
Troy

LAW OFFICES
ROSE, SUNDBSTROM & BENTLEY, LLP

www.rsbattoorneys.com

Please Respond to the Tallahassee Office

FREDERICK L. ASCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
F. MARSHALL DETERDING
MARTIN S. FRIEDMAN, P.A.
JOHN J. FUMERO, P.A.
BRIDGET M. GRIMSLEY
JOHN R. JENKINS, P.A.
KYLE L. KEMPER

CHRISTIAN W. MARCELLI
STEVEN T. MINDLIN, P.A.
THOMAS F. MULLIN
CHASITY H. O'STEEN
WILLIAM E. SUNDBSTROM, P.A.
DIANE D. TREMOR, P.A.
JOHN L. WHARTON

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

November 16, 2011

Audrey Vance, Esq.
City Attorney
City of Bonita Springs
9101 Bonita Beach Road
Bonita Springs, Florida 34135


Re: Bonita Springs Utilities, Inc.;
Petition to Approve Special Service Charge for
Fountain Lakes and Marsh Landing
Our File No. 20989.41

Dear Ms. Vance:

Pursuant to section five of the Franchise Agreement among Bonita Springs Utilities, Inc., the City of Bonita Springs, and Lee County, Florida, as amended, enclosed please find the original and ten copies of a Petition to Approve Special Service Charge for Fountain Lakes and Marsh Landing filed on behalf of Bonita Springs Utilities, Inc. Under separate cover we are providing the Petition to Lee County, care of the County Attorney's Office.

We look forward to working with you and the City staff on this matter. Contact persons for this Petition are Director of Finance Debbie Bautista, General Counsel Don Thomson, and me. Should you have any questions regarding the Petition or other matters, please feel free to call.

Sincerely,


John R. Jenkins
For the Firm

JRJ/kem
Enclosures

cc: Mr. Carl Schwing
Ms. Debbie Bautista
Mr. Fred Partin
G. Donald Thomson, Jr., Esq.

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950 PENINSULA CORPORATE CIRCLE, SUITE 2020 BOCA RATON, FL 33487 (561) 982-7114 FAX (561) 982-7116

BONITA SPRINGS UTILITIES, INC.

PETITION TO APPROVE SPECIAL SERVICE CHARGE FOR FOUNTAIN LAKES AND MARSH LANDING

Bonita Springs Utilities, Inc. ("BSU" or "Company"), a not-for-profit Florida Corporation, by and through its undersigned attorneys, files this Petition to Approve Special Service Charge to wastewater customers within the Fountain Lakes and Marsh Landing communities, and in support thereof states:

A. Purpose of the Petition

1. BSU operates a water and wastewater system within the City of Bonita Springs ("City"), and certain unincorporated areas in Southwest Lee County, pursuant to that certain Franchise Agreement by, between and among Bonita Springs Utilities, Inc., the City of Bonita Springs, and Lee County, Florida, dated October 2nd, 2002, and enacted as City of Bonita Springs Ordinance No. 02-14 ("Franchise").

2. Aqua Utilities Florida, Inc., a Public Service Commission regulated utility, owns and operates a wastewater collection, transmission, treatment and disposal system, and a non-potable irrigation water system serving the Fountain Lakes and Marsh Landing communities ("Communities"). BSU provides central potable water service to the Communities. The irrigation system serves only the Fountain Lakes community. The Communities are located outside of the municipal boundaries of the City, in unincorporated Lee County.

3. BSU has entered into an Asset Purchase Agreement dated August 11, 2011 with Aqua Utilities Florida, Inc. and Aqua Operations, Inc. (jointly referred to as "Aqua"), pursuant to which BSU will acquire Aqua's wastewater system assets and the Fountain Lakes Community Association ("FLCA") (or an operating company as its designee) will acquire the irrigation system serving Fountain Lakes. The Agreement was amended on October 6, 2011, and again on November 7, 2011.

4. BSU has undertaken an engineering assessment of the wastewater system assets and developed a plan to decommission the existing treatment plant, interconnect the wastewater system with BSU's regional plants, and upgrade the collection and transmission systems within the Communities. The Company has developed a Special Service Charge to allocate the cost of acquisition and improvements to the wastewater customers in the Communities.

5. This Petition requests City Council approval of a Wastewater Tariff amendment and authorization to collect a Special Service Charge to recover the cost of acquisition, interconnection and upgrade of wastewater assets serving the Communities. The provision of non-potable irrigation water by FLCA to the Fountain Lakes Community is an unregulated activity not subject to the Franchise and not a part of this Petition.

B. The Systems

1. Aqua operates the wastewater system serving the Communities pursuant to Florida Public Service Commission Certificate No. SU 572-07-AR. The system serves 747

single family and 521 mixed meter/multi-family units for a total of 1,268 units or 1163.8 equivalent residential connections (ERC), as well as clubhouses. The Communities are effectively built out, with no additional connections expected in the service area.

2. The wastewater system includes an activated-sludge extended-aeration treatment plant with a permitted capacity of 0.19 million gallons per day located on a 20 acre site. Effluent is disposed of through three percolation ponds located on the site. Wastewater is collected through six collection systems that include 39,187 linear feet of gravity mains, 202 manholes and 6 lift stations (4 in Fountain Lakes and 2 in Marsh Landing). Following interconnection to the BSU wastewater plant, and decommissioning of the existing plant, the plant site will be turned over to FLCA.

3. The Asset Purchase Agreement between BSU and Aqua provides for a purchase price of \$2.5 million for the wastewater system and irrigation system assets. The price was based on a number of factors including the price paid by Aqua for the assets, the investment made by Aqua during its period of ownership, the wastewater system rate base for PSC regulatory purposes, and the system cash flow. Although the wastewater plant has exceeded its permitted capacity during storm events, the system is currently in substantial compliance with regulatory requirements, and is a going concern owned by a national utility company. Notwithstanding the fact that BSU will take the plant out of service, Aqua will not sell the system unless it is paid fair market value. Without payment of this purchase price, the transaction cannot proceed.

4. Following a sale of the wastewater system, Aqua considered the irrigation system to be a stranded asset. FLCA was interested in securing a continued supply of irrigation water. The Asset Purchase Agreement provides that, at closing on the sale of the wastewater system to BSU, the irrigation system will be conveyed by Aqua to FLCA, or its designated operating company.

C. System Improvements

1. BSU's plan following acquisition includes running the existing plant for a period of 18-24 months during which time the interconnections and collection system improvements will be undertaken. The Company will add telemetry and controls to the lift stations and plant, correct inflow and infiltration issues in the collection system, rehabilitate and upgrade the lift stations and existing pumps, and demolish the plant. The estimated cost associated with this work is as follows:

<u>Project</u>	<u>Cost</u>
Plant Site Work and Demolition	\$ 173,000
Lift Station #1	312,000
Lift Station #2	197,000
Lift Station #3	87,000
Lift Station #4	37,000
Lift Station #5	37,000
Lift Station #6	12,000
Collection System Upgrades	400,000
Engineering, Permitting, Testing	125,500
Contingency	<u>125,500</u>

Total \$ 1,506,000

2. The plant is subject to inflow during storm events due to collection system conditions, and operating reports document flows exceeding capacity in each of the three years reviewed. As the plant nears the end of its useful life, it will become necessary to increase investment in renewal and replacement, with attendant increases in rates to pay for improvements. Replacement of the existing plant with BSU's central wastewater system eliminates a source point of pollution in the community, increases the quality of treatment, avoids odor problems, frees up the site for use by the homeowners and generally provides environmental benefits to the customers and the community at large.

D. Special Service Charge Analysis

1. Utility ratemaking principles require costs associated with the system acquisition and improvement to be equitably apportioned among the residents of the Communities who will receive the benefit. BSU proposes to recover its costs through a Special Service Charge developed by BSU staff and reviewed by BSU's rate consultant, Public Resources Management Group, Inc. ("PRMG"). PRMG is a utility rate, financial and management consulting firm headquartered in Maitland, Florida. A copy of the Special Wastewater Service Charge Analysis dated October 19, 2011, prepared by PRMG is attached hereto as Exhibit "A" ("Report"). The Report addresses a variety of information including the following:

- Identification of customers subject to the Special Service Charge
- Methodology behind the development and application of the charge
- Observations and recommendations with respect to the charge
- Capital costs associated with construction of the improvements
- Customer and statistical information

2. Acquisition of the wastewater system, interconnection to the regional system and associated collection and transmission system improvements provide a real and substantial benefit to the customers in the Communities required to pay the Special Service Charge. Community properties will directly benefit and the value of the benefited properties will be enhanced. The method of apportioning the capital cost among the properties is based upon the generally accepted equivalent residential connection ("ERC") concept. For the purpose of billing the Special Service Charge, an ERC is the level of service or capacity required to serve a single-family home, while each multi-family unit is assigned an ERC factor of 0.8. A multi-family unit refers to a class of service where one meter serves more than three residential units.

3. Pursuant to BSU's proposed Tariff, customers may pay the Special Service Charge in a lump sum payment or through a monthly payment option based on a twenty-five year term and 6% interest rate. A breakdown of the Special Service Charge for each unit is as follows:

	<u>One Time Payment</u>	<u>Monthly Payment</u>
Single-Family Unit	\$ 3,442	\$ 22.18
Multi-Family Unit	\$ 2,754	\$ 17.74

Any customer electing to pay the amortized monthly charge may pay off the outstanding balance due at any time. Customers electing to pay the monthly amortized charge are subject to


the terms of payment for monthly rates as set forth herein, including being subject to disconnection of service for nonpayment. In the event a customer elects to amortize the Special Service Charge, the Company requires the customer to allow BSU to place a lien on the property to secure repayment.

E. Requested Tariff Amendment

To collect the Special Service Charges applicable to the Fountain Lakes and Marsh Landing Communities, BSU requests approval of the amendment to its Wastewater Tariff as set forth in Exhibit "B." Implementation of this Special Service Charge will occur only following Closing on the acquisition of the system assets from Aqua by BSU. A revised Wastewater Tariff in its entirety is attached hereto as Exhibit "C." The Company believes that the proposed amendment is fair, equitable, and in the public interest.

WHEREFORE, Petitioner requests that this Honorable City Council set a Public Hearing and take such action as may be required by law to hear this Petition and approve the revised Wastewater Tariff in the form attached hereto.

Respectfully submitted this
16 day of November, 2011, by:



John R. Jenkins, Esq.
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Bonita Springs, Florida 34134
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Attorneys for Petitioner

Exhibit A
Special Wastewater Service Charge Analysis

FOUNTAIN LAKES SEWER SYSTEM

SPECIAL WASTEWATER SERVICE CHARGE ANALYSIS

On Behalf of



**Bonita Springs
Utilities, Inc.**

October 19, 2011



Public Resources Management Group, Inc.
Utility, Rate, Financial and Management Consultants



Public Resources Management Group, Inc.
Utility, Rate, Financial and Management Consultants

October 19, 2011

Mr. Fred Partin
Executive Director
Bonita Springs Utilities, Inc.
11860 E. Terry Street
Bonita Springs, FL 34135

Subject: Special Wastewater Service Charge Analysis for Fountain Lakes Sewer System

Dear Mr. Partin:

Public Resources Management Group, Inc. (PRMG) has completed its review of the special wastewater service charge analysis for the Fountain Lakes Sewer System (the "System") on behalf of Bonita Springs Utilities, Inc. (BSU), and has summarized the results in this report for your consideration. This report summarizes: i) BSU's special wastewater service charges currently being applied to other developments located within the service territory; ii) the identification of those customers located within the System that will be subject to the application of the special wastewater service charge; iii) the methodology behind the development and application of the special wastewater service charges; and iv) PRMG's observations and recommendations with respect to the analysis. In order to develop the special wastewater service charges for the System, we have relied upon certain information and data collected from BSU, including the initial purchase price of the System and additional capital costs associated with the construction of wastewater system improvements within the System (the "Wastewater Improvements"), customer and statistical information identifying the potential customers to be billed the special wastewater service charges; and other information and data provided by BSU. To the extent we have performed our analyses using the data and information obtained from BSU and others, we have relied upon such information to be accurate and no assurances are intended and no representation or warranties are made with respect thereto or the use made herein.

Special Benefit Assumptions

On August 11, 2011, BSU entered into an Asset Purchase Agreement to purchase the existing utility assets of Fountain Lakes Sewer System for \$2.5 million. It should be noted that the acquisition of the System includes facilities associated with an irrigation system, the ownership of which will be transferred by the current owner's at closing directly to the Fountain Lakes Home Owners Association (HOA) or an entity of their choosing. Based on BSU's engineering evaluation the value of the irrigation system is considered de minimis. BSU has completed the due diligence effort to identify needed system upgrades and rehabilitation. The construction of the Wastewater Improvements necessary to provide central wastewater service to customers/properties located within the System provides a real and substantial benefit to the

K:\DC\1139-12\Rpts\Special WW Svc Chrg Rpt

341 NORTH MAITLAND AVENUE - SUITE 300 - MAITLAND, FL 32751
TELEPHONE: (407) 628-2600 • FAX: (407) 628-2610 • EMAIL: PRMG@PRMGinc.com

units/parcels being billed the special wastewater service charges. The extension of wastewater service and provision of central wastewater treatment and disposal services clearly enhances the use of the property located within the System by providing a significantly improved level of service. The construction of the Wastewater Improvements will provide long-term wastewater collection, treatment, and disposal services on an efficient and effective basis that will directly benefit the identified properties and will protect and enhance the value and integrity of the benefiting properties. This will be accomplished by promoting the health, safety, and welfare of the benefiting properties of the System by making available BSU's professionally operated and maintained central wastewater collection, treatment, and disposal system, and eliminating a point source of pollution by taking the existing wastewater treatment plant out of service.

Apportionment Methodology

The BSU Board of Directors has determined that all of the developed parcels located within the System, with the exception of certain common facilities should participate in sharing initial acquisition costs and the construction costs of the Wastewater Improvements. Based on this premise, the proposed method of apportionment of the costs among the units/parcels within the System should be based upon the equivalent residential connection (ERC) concept. An ERC quantifies each parcel's enhanced benefit of use as derived from the access to available centralized wastewater services. An ERC for the purposes of billing the herein proposed special wastewater service charges will be assigned based on the level of service associated with a single-family residential home, which will be considered one (1) ERC. This level of service relationship is consistent with the values currently assigned for equivalent residential connections in the application of aid-to-new-construction ("ANC") (capacity or impact) fees and retail user fees for the BSU wastewater system and were predicated on average residential class flow characteristics (average demands), which directly relate to the purpose of the initial acquisition and the Wastewater Improvements. Thus, for purposes of applying the special wastewater service charge proposed herein, it is reasonable to assign the cost of such improvements on an ERC basis.

Existing Special Service Charge Programs

In order to extend and improve both centralized water and wastewater service to subdivisions and other areas of customers requiring such service, BSU has previously implemented special water and wastewater service charges as a capital funding source for such improvements. These charges are intended to defray all or part of the cost of providing the necessary improvements in order to extend and enhance service to the specific customers requiring the utility services. Such improvements include installation of lines, lift and pumping stations, meters, and other appurtenant facilities. There are currently five (5) special service charge programs in place in the BSU service area and the specific charges associated with each program are based on the costs of each particular project. Customers benefiting from the improvements are allowed to remit payment of the special service charge in a one-time lump sum payment or amortize the charge in the form of a monthly fee upon terms and conditions consistent with those proposed for the Fountain Lakes special service charge.

In addition to the application of the special water and wastewater service charges, BSU may also charge each connecting ERC any appropriate ANC fees, capacity reservation fees, and any other charges as normally charged by the utility to recover costs associated with providing or reserving water and/or wastewater capacity or facilities.

Customer Base Subject to Proposed Wastewater Special Service Charges

Prior to the acquisition of the Fountain Lakes Sewer System, BSU is undertaking a due diligence engineering evaluation in order to determine the condition of the wastewater system infrastructure and to identify necessary repairs, upgrades, and extensions within this specific service territory. The entire service territory within the subdivisions of Fountain Lakes and Marsh Landing is the area subject to application of the special wastewater service charges that are summarized in this study. Based on information provided by BSU, as shown on Table 1, there are 1,268 units located within the service area with approximately 747 being identified as single-family residential parcels and 521 units being categorized as multi-family residential. All units identified currently receive centralized wastewater service and since the subdivisions are built-out, no additional connections are expected.

For purposes of ERC assignments and based on discussions with BSU, it has been determined that each single-family residential parcel/unit will be considered 1.0 ERC while each multi-family unit will be assigned an ERC factor of 0.8. This is consistent with the ERC application methodology currently utilized by BSU in the determination of ANC fees and monthly water and wastewater retail rates and serves as the factor for the allocation of capacity (level of service) to each residential dwelling unit. Based on this approach, total ERCs subject to the proposed wastewater special service charge as outlined in this report for those developments benefitting from the initial acquisition and Wastewater Improvements are as follows:

<u>Customer Class</u>	<u>Applicable Units/Parcel</u>	<u>ERC Factor</u>	<u>ERCs Subject to Special Wastewater Service Charges</u>
Single-Family	747.0	1.00	747.0
Multi-Family	<u>521.0</u>	0.80	<u>416.8</u>
Total	<u>1,268.0</u>		<u>1,163.8</u>

Projected Wastewater Special Service Costs

As discussed earlier, the purpose of implementing the wastewater special service charge is to recover the initial acquisition costs of the System and those capital-related costs associated with performing needed wastewater collection system asset replacements and upgrades to facilities located specifically within the Fountain Lakes Sewer System. Specifically, in addition to the acquisition costs, improvements related to lift station upgrades, coupled with the upgrade of the existing collection system, and interconnects with the BSU system are the primary costs to be recovered as a result of the implementation of this specific service charge. Estimated capital costs to be recovered through the application of the proposed wastewater special service charge

were derived based on information provided in the Due Diligence Engineering Report provided by BSU staff. The specific costs utilized in the development of the special service charge, as shown on Table 1 at the end of this report, are as follows:

1. On August 11, 2011, BSU entered into an Asset Purchase Agreement to purchase the existing utility assets of Fountain Lakes Sewer System. The purchase price is \$2.5 million. It should be noted that the acquisition of the System includes facilities associated with an irrigation system, the ownership of which will be transferred directly to the Fountain Lakes Home Owners Association (HOA) or an entity of their choosing at closing. Based on BSU's engineering evaluation the value of the irrigation system is considered de minimis.
2. Based on the results of BSU's due diligence efforts approximately \$1,506,000 in capital construction expenditures associated with rehabilitating and upgrading the wastewater treatment and collection system and interconnection facilities (previously defined as the "Wastewater Improvements") have been identified. This estimate was based on detailed cost data developed by BSU's engineering department. Unless otherwise noted, the underlying assumptions and capital construction expenditure amounts included herein are exclusive of engineering and testing cost allowances, and are assumed to be reasonable based on discussions with BSU staff. Such capital costs are incorporated into the development of the proposed wastewater special service charge.
3. No costs associated with billing the special service charge, administering the capital program, or other ancillary operating costs have been incorporated in the development of the proposed special service charge. It is anticipated that, such costs will be absorbed as part of normal utility system operations.

Design of Proposed Special Wastewater Service Charge

It should be noted that there are several methods for the apportionment of the identified capital costs to those properties benefiting from such improvements. PRMG believes that the methodology used in the apportionment of the costs to the properties located in the Fountain Lakes Sewer System service area has a logical basis and is not arbitrary. The imposition of the proposed special service charge links with the benefit to be received by the property (wastewater facilities) and it is based on a fair and reasonable apportionment of cost.

Based on the number of ERCs, the initial acquisition costs of the System, and the capital costs for the Wastewater Improvements within the service territory and the determination of recoverable costs as outlined in the assumptions and considerations discussed herein, the following special service charge applicable to the wastewater customer base was determined:

(Remainder of page intentionally left blank)

	<u>Amount [*]</u>
Purchase Price	\$2,500,000
Wastewater Improvements	<u>1,506,000</u>
Total Capital Costs to be Recovered	\$4,006,000
Total Applicable Billable Units/ERCs	<u>1,163.8</u>
Rate per One (1) ERC	\$3,442.17
Rounded Rate per 1.00 ERC (SFR)	\$3,442
Rounded Rate per 0.80 ERC (MFR)	<u>\$2,754</u>

[*] Derived from Table 1.

The special wastewater service charges outlined above are what are intended to be charged wastewater customers located within the subdivisions of Fountain Lakes and Marsh Landing if each property owner wishes to pay the fee upfront as a one-time payment. If the customer were to opt for an installment payment method, the following monthly payments are estimated:

	<u>Monthly Installment Payments [*]</u>
	<u>25-Year Term</u>
Single-Family Unit	\$22.18
Multi-Family Unit	\$17.74

[*] Assumes 6.0% rate of interest. Based on information provided by BSU staff, the special service charge will be placed on each customer's monthly utility bill.

Observations and Recommendations

Based on our studies, assumptions, considerations, and analyses summarized herein, PRMG is of the opinion that:

1. Based on an analysis of the initial purchase price and the Wastewater Improvements within the Fountain Lakes and Marsh Landing subdivisions, which benefit all parcels and customers within the service area of the System, the projected cost per equivalent residential connection (ERC) amounts to approximately \$3,442 per ERC which is the equivalent of a single-family land development-based parcel for the developments benefitting from the acquisition and Wastewater Improvements within the franchise service territory. Based on the cost recovery goals of BSU it is the recommendation of PRMG that this uniform billing application be implemented for the benefitting project area.
2. The corresponding special wastewater service charge applicable to each multi-family residential unit within the System service area amounts to \$2,754, which recognizes that each multi-family unit equates to 0.80 ERCs. This application level is consistent with BSU's ANC Fee and retail rate application methodology and is based on actual wastewater

Mr. Fred Partin
Bonita Springs Utilities, Inc.
October 19, 2011
Page 6

capacity relationships between the two customer classes used to develop monthly rates for service.

We appreciate the opportunity to provide this analysis to the BSU on behalf of its acquisition of Fountain Lakes Sewer System and the wastewater capital improvements that are needed to upgrade and rehabilitate the wastewater facilities.

Very truly yours,

Public Resources Management Group, Inc.



Henry L. Thomas
Vice President

HLT/dlc
Attachment

Table 1
Bonita Springs Utilities, Inc.
Fountain Lakes Sewer System

Development of Special Wastewater Service Charges

Special Service Charge Based on \$2.5M Purchase Price plus Estimated Cost of Improvements:

Customer Class	Applicable Units/Parcel	ERC Factor	ERC's Subject to Special Service Charges
Single-Family	747	1.00	747.0
Multi-Family	<u>521</u>	0.80	<u>416.8</u>
Total	<u>1,268</u>		<u>1,163.8</u>

Total Capital Costs to be Recovered [1]	\$	4,006,000
Total Applicable Billable Units/ERC's		<u>1,163.8</u>
Rate per One (1) ERC	\$	3,442.17
Rounded Rate per 1.00 ERC (SFR)		
Rounded Rate per 0.8 ERC (MFR)	\$	3,442
	\$	2,754

	<u>Monthly Installment Payments [2]</u>
	<u>25-Year Term</u>
Single-Family Unit	
Multi-Family Unit	\$22.18
	\$17.74

Footnotes:

[1] \$2.5 Million Purchase Price plus \$1.506 Million Improvements

[2] Assumes 6.0% rate of interest.

Exhibit B
Revisions to Wastewater Tariff

42.4 SPECIAL SERVICE CHARGE TO THE FOUNTAIN LAKES AND MARSH LANDING COMMUNITIES – In addition to the other rates and charges contained in this Tariff, wastewater customers in the Fountain Lakes and Marsh Landing communities are required to pay a Special Service Charge which is intended to defray the cost of system acquisition and necessary improvements in order to render service to such customers, and which provide a special benefit to those customers. Customers may pay the Special Service Charge in a lump sum, or may pay over time based on a 25 year amortization, with an interest rate of 6.0% per annum. The charges are set forth below:

	<u>Single Family Unit</u>	<u>Multi-Family Unit</u>
One Time Payment:	\$3,442	\$2,754
or		
Monthly Amortization:	\$22.18	\$17.74

A multi-family unit refers to a class of service where one meter serves more than three residential units. Any customer electing to pay the amortized monthly charge may request from the Company the outstanding balance due on such Special Service Charge and pay off the charge in full at any time. Customers electing to pay the monthly amortized charge shall be subject to the terms of payment for monthly rates as set forth herein, including being subject to disconnection of service for nonpayment. In the event a customer elects to amortize the Special Service Charge, the customer shall allow the Company to place a lien on the property to secure repayment.

Exhibit C
Amended Wastewater Tariff

BONITA SPRINGS UTILITIES, INC.

WASTEWATER TARIFF

**BONITA SPRINGS UTILITIES, INC.
11860 East Terry Street
Bonita Springs, Florida 34135**

(239) 992-0711

(Effective September 1, 2011)

WASTEWATER TARIFF

TABLE OF CONTENTS

	<u>Page Number</u>
Territory Served	3
Technical Terms and Abbreviations.	4
Index of Rules and Regulations	6
Rules and Regulations.	8
Rate Schedules.	14
Miscellaneous Service Charges.	19
Service Availability Policy	21

TERRITORY SERVED

That territory set forth in the Bonita Springs Utilities, Inc. Franchise Agreement By, Between and Among Bonita Springs Utilities, Inc., the City of Bonita Springs, and Lee County, Florida, and on file at the Company's office.

TECHNICAL TERMS AND ABBREVIATIONS

- 1.0 "ANC" - Fee for Aid to New Construction.
- 2.0 "ASSISTED LIVING FACILITY" - An institutional class of customer licensed by the State of Florida, Agency for Health Care Administration pursuant to Chapter 400, Florida Statutes.
- 3.0 "COMPANY" - Bonita Springs Utilities, Inc., a Florida Not-For-Profit Corporation.
- 3.1 "CITY" - Refers to the City of Bonita Springs, a political subdivision of the State of Florida.
- 4.0 "CONNECTION FEE" - Charge for labor and facilities necessary for connection to lines of Company.
- 4.1 "CONSTRUCTION COST" - The Company's unit cost, multiplied by quantities for each item provided by the Developer, plus a five percent contingency.
- 5.0 "CONSUMER OR CUSTOMER" - Any person, firm, association, corporation, governmental agency or similar organization, supplied with wastewater service by the Company and may also be a member.
- 6.0 "CONSUMER'S INSTALLATION" - All pipes, shut-offs, valves, fixtures and appliances or apparatus of every kind and nature which are located on the customer's side of the "Point of Delivery" and used in connection with or forming a part of the installation necessary for disposing of sewage collected from the customer's premises regardless of whether such installation is owned by the customer or used by the Consumer under lease or other agreement.
- 7.0 "COUNTY" - refers to Lee County, a political subdivision of the State of Florida.
- 8.0 "EQUIVALENT RESIDENTIAL CONNECTION" ("ERC") - A measure of the average daily flow for a single residential unit.
- 9.0 "FRANCHISE" - The franchise granted by the City and County to the Company.
- 10.0 "MAIN" - Shall refer to a pipe, conduit, or other facility installed to convey wastewater service to individual service lines or to other mains.
- 11.0 "MEMBER" - The holder of a membership certificate or member account with the Company.
- 11.1 "MIXED MASTER" - Refers to a class of service where one meter serves customers utilizing different classes of service.

- 11.2 "MULTI-FAMILY UNIT" - Refers to a class of service where one meter serves more than three residential units such as apartments, condominiums, mobile homes, or combinations thereof.
- 12.0 "POINT OF DELIVERY" - The point where the Company's pipes or meters are connected with pipes of the Consumer, which is typically the property line.
- 13.0 "RATE SCHEDULE" - Refers to rates or charges for a particular classification of service, which rates or charges are subject to change from time to time by approval of the City Council.
- 14.0 "SERVICE" or "WASTEWATER SERVICE" - Service, as mentioned in this Tariff and in agreement with Consumers, shall be construed to include, in addition to all wastewater service required by the Consumer, the readiness and ability on the part of the Company to furnish wastewater service to the Consumer. Thus, the maintenance by the Company of the availability of service at the point of delivery upon request shall constitute the rendering of wastewater service, irrespective of whether Consumer makes any use thereof.
- 15.0 "SERVICE LINES" - The pipes of the Company which are connected from the Mains to Point of Delivery.

INDEX OF RULES AND REGULATIONS

<u>Rule Number</u>	<u>Page Number</u>
1.0 General Information	8
2.0 Application Required	8
3.0 Applications by Agents	8
4.0 Applications for Building Permit	8
5.0 Withholding Service	8
6.0 Extensions	8
7.0 Limitations of Use	9
8.0 Continuity of Service	9
9.0 Termination of Service	9
10.0 Type and Maintenance	9
11.0 Change of Customer's Installation	10
12.0 Inspection of Customer's Installation	10
13.0 Protection of Company's Property	10
14.0 Access to Premises	10
15.0 Right of Way or Easements	10
16.0 Billing Periods	10
17.0 Payment of Water and Wastewater Service Bills Concurrently	11
18.0 Returned Checks	11
19.0 Change of Occupancy	11
20.0 Unauthorized Connections	12
21.0 Adjustment of Bills	12
22.0 Evidence of Consumption	12
23.0 Service Deposit	12
24.0 Rate Schedules	13
25.0 Normal Reconnection Charge	19
26.0 Violation Reconnection Charge	19
27.0 Reimbursements for Extra Expenses	19
28.0 Miscellaneous Service Charges	19
28.1 Reclaimed Water Rate	20

SERVICE AVAILABILITY POLICY

29.0 Purpose	21
30.0 Applicability	21
31.0 Agreement for Service	21
32.0 Non-Transferability	21
33.0 Letters of Availability	21
34.0 Service Availability Payments	22
35.0 ANC Fees	22
36.0 Connection/Meter Installation Fee	23
37.0 Capacity Reservation Fees	23
38.0 Contribution of Lines	23
39.0 Obligations of Developer	23
40.0 Miscellaneous Construction Provisions	24

41.0	Service to Existing Subdivisions	24
42.0	Special Service Charge to Imperial Harbor Subdivision	24
42.1	Special Service Charge to Former Hacienda Customers	25
42.2	Special Service Charge to Spring Creek Village Subdivision	25
43.0	Service to Gravity Expansion Areas	26
44.0	Quality of Wastewater	26
45.0	Refundable Advances	27
46.0	Wastewater Reuse	27
47.0	Allocation of Capacity	28

RULES AND REGULATIONS

- 1.0 GENERAL INFORMATION - These Rules and Regulations are a part of the rate schedules and applications and contracts of the Company and, in the absence of specific written agreement to the contrary, apply without modifications or change to each and every customer to whom the Company renders wastewater service.

In the event that a portion of these Rules and Regulations are declared unconstitutional or void for any reason by any court of competent jurisdiction, such decision shall in no way affect the validity of the remaining portions of the Rules and Regulations for wastewater service unless such court order or decision shall so direct.

- 2.0 APPLICATION REQUIRED - Wastewater service is furnished only after an application or agreement and payment of the initial connection fee and deposit is accepted by the Company. The conditions of such application or agreement are binding upon the customer as well as upon the Company. A record of the application or agreement for wastewater service accepted by the Company will be furnished to the applicant on request. Members may be required to show proof of occupancy when making application for new service or transfer of service. The applicant shall furnish to the Company the correct name and street address or lot and block number at which wastewater service is to be rendered.
- 3.0 APPLICATIONS BY AGENTS - Applications for wastewater service requested by firms, partnerships, associations, corporations, and others shall be rendered only by duly authorized parties. When wastewater service is rendered under agreement or agreements entered into between the Company and an agent of the principal, the use of such wastewater service by the principal shall constitute full and complete ratification by the principal of the agreement or agreements entered into between agent and the Company and under which such wastewater service is rendered.
- 4.0 APPLICATIONS FOR BUILDING PERMIT - Upon request for a permit letter for the purpose of obtaining a building permit, the applicant shall pay in full the ANC fee in effect at that time for the number of ERC's/Units as defined by the Company's Rules and Regulations. There shall be a minimum payment of one (1) ANC fee paid.
- 5.0 WITHHOLDING SERVICE - The Company may withhold or discontinue wastewater service rendered under application made by any member or agent of a household, organization or business unless all prior indebtedness to the Company of such household, organization or business for water and/or wastewater service has been settled in full. Service may also be discontinued for any violation made by the Consumer of any rule or regulation set forth in this Tariff.
- 6.0 EXTENSIONS - The Company will extend service in accordance with the Service Availability Policy set forth herein.

- 7.0 **LIMITATIONS OF USE** - Wastewater service purchased from the Company shall be used by the customer only for the purposes specified in the application for wastewater service. Wastewater service shall be rendered to the customer for the customer's own use, shall be collected directly into the Company's main wastewater lines, and may not be submetered, resold or otherwise disposed of to lessees, tenants, or others unless: (i) Company elects not to individually meter; (ii) customer provides 60 days prior written notice to Company; (iii) customer collects a rate or charge which does not exceed the actual purchase price for wastewater service paid to the Company; (iv) except in the case of a condominium association, customer retains ownership of the property served; and, (v) customer complies with all other technical and policy requirements of the Company. In no case shall a customer extend his lines across a street, alley, lane, court, property line, avenue, or other way in order to furnish wastewater service to the adjacent property even though such adjacent property may be owned by him. In case of such unauthorized extension, sale or disposition of service, the customer's wastewater service will be subject to discontinuance until such unauthorized extension, sale or disposition of service is discontinued and full payment is made to the Company for wastewater service rendered by the Company (calculated on proper classification and rate schedules) and until reimbursement is made in full to the Company for all extra expenses incurred for clerical work, testing and inspections.
- 8.0 **CONTINUITY OF SERVICE** - The Company will at all times use reasonable diligence to provide continuous wastewater service and, having used reasonable diligence, shall not be liable to the customer for failure or interruption of continuous wastewater service. The Company shall not be liable for any act or omission caused directly or indirectly by strikes, labor troubles, accidents, litigations, breakdowns, shutdowns for emergency repairs or adjustments, acts of sabotage, enemies of the United States, Wars, United States, State, Municipal or other governmental interference, acts of God or other causes beyond its control.
- 9.0 **TERMINATION OF SERVICE** - At customer's request, Company will terminate service to a property on a specified date. Termination is the permanent end of service to a particular location and shall be distinguished from a discontinuation of service which is temporary in nature as in the case of a rental occupancy or a seasonal customer. In the event of a termination of service, customer will no longer be responsible for payment for service to the property. However, such termination of service shall result in the forfeiture of all fees paid (including, but not limited to ANC Fees). Any subsequent request for service to the same location must be accompanied by payment of all rates and charges then in effect.
- 10.0 **TYPE AND MAINTENANCE** - The customer's pipes, apparatus and equipment shall be selected, installed, used and maintained in accordance with standard practice and shall conform with the Rules and Regulations of the Company, and shall comply with all governmental regulations applicable to same. The Company shall not be responsible for the maintenance and operation of the customer's pipes and facilities. Consumer agrees to keep such facilities in good repair, to promptly stop

all leaks, and infiltration within standard limits. The customer expressly agrees not to utilize any appliance or device which is not properly constructed, controlled and protected, or which may adversely affect the wastewater service; the Company reserves the right to discontinue or withhold wastewater service to such apparatus or device.

- 11.0 CHANGE OF CUSTOMER'S INSTALLATION - No changes or increases in the customer's installation, which will materially affect the proper operation of the pipes, mains, or stations of the Company, shall be made without written consent of the Company. The customer shall be liable for any charge resulting from a violation of this Rule. Upon increasing size of water meter customer may be charged for increase in ANC Fees and deposits, as stated in Rate Schedule.
- 12.0 INSPECTION OF CUSTOMER'S INSTALLATION - All customer's wastewater service installations or changes shall be inspected upon completion by a competent authority to ensure that the customer's piping, equipment, and devices have been installed in accordance with accepted standard practice and local laws and governmental regulations. Where municipal or other governmental inspection is required, the Company cannot render wastewater service until such inspection has been made and a formal notice of approval from the inspecting authority has been received by the Company. Notwithstanding the above, the Company reserves the right to inspect the customer's installation prior to rendering wastewater service, and from time to time thereafter, but assumes no responsibility whatsoever for any portion thereof.
- 13.0 PROTECTION OF COMPANY'S PROPERTY - The customer shall exercise reasonable diligence to protect the Company's property on the customer's premises and shall knowingly permit no one but the Company's agents or persons authorized by law, to have access to the Company's pipes and apparatus. In the event of any loss or damage to property of the Company caused by or arising out of carelessness, neglect or misuse by the customer, the cost of making good such loss or repairing such damage shall be paid by the customer.
- 14.0 ACCESS TO PREMISES - The duly authorized agents of the Company shall have access at all reasonable hours to the premises of the customer for the purpose of installing, maintaining, inspecting or removing Company's property or for performance under or termination of the Company's agreement with the customer and in such performance shall not be liable for trespass.
- 15.0 RIGHT OF WAY OR EASEMENTS - The customer shall grant or cause to be granted to the Company, and without cost to the Company, all rights, easements, permits, and privileges which are necessary for the rendering of wastewater service as determined by the Company.
- 16.0 BILLING PERIODS - Bills for wastewater service will be billed monthly, and are due when rendered and will be considered as received by customer when delivered or

mailed to the service address or some other place mutually agreed upon. Non-receipt of bills by customer shall not release or diminish the obligation of the customer with respect to payment thereof.

17.0 PAYMENT OF WATER AND WASTEWATER SERVICE BILLS CONCURRENTLY-

When both water and wastewater service are provided by the Company, payment of any wastewater service bill rendered by the Company to a customer shall not be accepted by the Company without the simultaneous or concurrent payment of any water service bill rendered by the Company. The Company may discontinue both water service and wastewater service to the customer's premises for non-payment of the wastewater service bill or water service bill or if payment is not made concurrently. The Company shall not reestablish or reconnect wastewater service and/or water service until such time as all wastewater and water service bills and all charges are paid. No partial payment of any bill rendered will be accepted by the Company, except by agreement with Company.

18.0 RETURNED CHECKS - Upon return of a check for any reason, the Company may redeposit the check, but the customer will be responsible for any service charge.

Upon return of a check for the second time, customer is to be notified that restitution must be made immediately by cash or money order only, including the service charges. Customers failing to respond or to make restitution shall have water and/or wastewater service disconnected and will be charged a violation reconnect fee. Service will not be restored until payment in full is received for all charges due.

Owner/Tenant situations - owners shall not be held responsible for the service charge incurred because of a bad check from their tenant.

Check Return -	<u>Check Amount</u>	<u>Charge</u>
	\$0 - \$50.00	\$25.00
	\$50.01-\$300.00	\$30.00
	Over \$300.00	\$40.00 or 5% whichever is greater

19.0 CHANGE OF OCCUPANCY - When a change of occupancy takes place on any premises supplied by the Company with wastewater service, notice shall be given to the Company not less than three (3) days prior to the date of change by the outgoing Customer. The outgoing customer shall be held responsible for all wastewater service rendered on such premises until such notice is so received by the Company and the Company has had reasonable time to discontinue the wastewater service. However, if such notice has not been received, the application of a succeeding occupant for wastewater service will automatically terminate the prior account.

For the convenience of its customers, the Company will accept telephone orders, to discontinue or transfer wastewater service from one service address to another, and will use all reasonable diligence in the execution thereof. However, oral orders or advice shall not be deemed binding or be considered formal notification to the

Company. All transactions must be reported and cleared through the Company, including transfers, sales and charges.

- 20.0 UNAUTHORIZED CONNECTIONS - Connections to the Company's wastewater system for any purpose whatsoever are to be made only by employees of the Company. Any unauthorized connections to the customer's wastewater service shall be subject to immediate discontinuance without notice. Wastewater service shall not be restored until such unauthorized connections have been removed and until settlement is made in full to the Company for all wastewater service estimated by the Company to have been used by reason of such unauthorized connection.
- 21.0 ADJUSTMENT OF BILLS - When a customer has been overcharged or undercharged as a result of incorrect application of the rate schedule, incorrect reading of a water meter, or other similar reasons, the utility shall bill or refund to the customer amount in error for one-half the period since the last test; not to exceed 6 months, except if it can be shown that the error was due to some cause, the date of which can be fixed, the adjustment shall be computed back to that date, but not beyond. Adjustment shall not include any portion of the base charge. If meter does not register, or if no reading can be obtained, only current billing may be adjusted using an estimate of previous billings.
- 22.0 EVIDENCE OF CONSUMPTION - The initiation or continuation or resumption of water service to the customer's premises shall constitute the initiation or continuation or resumption of wastewater service to the customer's premises regardless of occupancy.
- 23.0 SERVICE DEPOSIT - Before rendering service, the Company shall require a non-interest bearing deposit or guarantee satisfactory to the Company to secure the payment of bills by the member. The amount of initial deposit shall be the following, according to meter size:

SINGLE FAMILY RESIDENTIAL,
DUPLEX, TRIPLEX and
GENERAL:

<u>Meter Size</u>	<u>Deposit Amount</u>
5/8 x 3/4"	\$ 100.00
1"	250.00
1.5"	500.00
2"	800.00
3"	1,600.00
4"	2,500.00
6"	5,000.00
8"	8,000.00

Institutional, Multi-Family & Mixed Master: \$100.00 per unit or ERC

The Company may waive the deposit requirement upon receipt of a letter from the customer's most recent utility company stating that the customer's account was in good standing for the 24-month period immediately preceding the application to Company for service. Good standing shall require, at a minimum, that the customer's account was never more than 30 days in arrears.

After a residential customer has established a satisfactory payment record and has continuous service for 18 months, the Company may refund the customer's deposit provided the customer has not, in the preceding 12 months: (a) made more than one late payment of a bill, (b) paid with a check refused by a bank, (c) been disconnected for nonpayment, or (d) used service in a fraudulent or unauthorized manner. Subsequent to such refund, Company may require a new deposit as a result of any of the above-referenced deficiencies. General, multi-family, mixed master and institutional deposits, however, are not refundable until change of ownership occurs.

Company may require an additional deposit if usage or payment history warrants. Upon final settlement of customer's account, any unused balance of the deposit will be refunded.

A service deposit may be transferred from one service location to another, if both locations are supplied wastewater service by the Company; however, a deposit may not be transferred from one name to another.

24.0 RATE SCHEDULES - The following are the Company's rate schedules for service, and are subject to change from time to time upon approval of the City Council.

GENERAL SERVICE RATE SCHEDULE

AVAILABILITY - Available throughout the area served by the Company to all customers for which no other schedule applies.

LIMITATION - Subject to all of the Rules and Regulations of this Tariff.

WASTEWATER RATES -

Monthly Base Charge

<u>Meter Size</u>	<u>Charge</u>
3/4"	\$28.48
1"	71.17
1 1/2"	142.43
2"	227.85
3"	427.22
4"	712.01
6"	1,423.95
8"	2,278.32

Gallage Rate - \$3.70
(Per 1,000 gallons)

BILLING CHARGE - \$4.06 per account per month. No extra Billing Charge if customer is also a water customer.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. A past due balance shall be subject to a late payment fee of \$5 or 1% of the past due amount, whichever is greater. After five (5) working days written notice, which notice may be provided in a subsequent bill, service may be discontinued.

EFFECTIVE DATE - September 1, 2010

SINGLE FAMILY RESIDENTIAL, DUPLEX AND TRIPLEX RATE SCHEDULE

AVAILABILITY - Available to single family customers or their equivalent throughout the area served by the Company, including duplexes and triplexes, except for those instances where four or more residential units are contained in duplexes or triplexes behind a master meter.

LIMITATION - Subject to all of the Rules and Regulations of this Tariff.

WASTEWATER RATES -

Monthly Base Charge Per Unit Served

<u>Meter Size</u>	<u>Charge</u>
All	\$28.48

Gallonage Rate - \$3.70
(Per 1000 gallons capped at 16,000 gallons per month per unit served)

BILLING CHARGE - \$4.06 per account per month. No extra Billing Charge if customer is also a water customer.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. A past due balance shall be subject to a late payment fee of \$5 or 1% of the past due amount, whichever is greater. After five (5) working days written notice, which notice may be provided in a subsequent bill, service may be discontinued.

EFFECTIVE DATE - September 1, 2010

MULTI-FAMILY AND MIXED MASTER RATE SCHEDULE

AVAILABILITY - Available to multi-family and mixed master customers as herein defined or their equivalent throughout the area served by the Company, including those instances where four or more residential units are contained in duplexes or triplexes behind a master meter.

LIMITATION - Subject to all of the Rules and Regulations of this Tariff.

WASTEWATER RATES -

Monthly Base Charge Per Unit Served

<u>Meter Size</u>	<u>Charge</u>
All	\$22.78

Gallage Rate - \$3.70
(Per 1,000 gallons)

BILLING CHARGE - \$4.06 per account per month. No extra Billing Charge if customer is also a water customer.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. A past due balance shall be subject to a late payment fee of \$5 or 1% of the past due amount, whichever is greater. After five (5) working days written notice, which notice may be provided in a subsequent bill, service may be discontinued.

EFFECTIVE DATE - September 1, 2010

INSTITUTIONAL RATE SCHEDULE

AVAILABILITY - For service to all assisted living facilities and other applicable institutional customers.

LIMITATION - Subject to all of the Rules and Regulations of this Tariff.

WASTEWATER RATES -

Monthly Base Charge Per ERC

<u>Meter Size</u>	<u>Charge</u>
N/A	\$28.48

Gallage Rate - \$3.70
(Per 1,000 gallons)

BILLING CHARGE - \$4.06 per account per month. No extra Billing Charge if customer is also a water customer.

TERMS OF PAYMENT - Bills are due and payable when rendered and become delinquent if not paid within twenty (20) days. A past due balance shall be subject to a late payment fee of \$5 or 1% of the past due amount, whichever is greater. After five (5) working days written notice, which notice may be provided in a subsequent bill, service may be discontinued.

EFFECTIVE DATE - September 1, 2010

- 25.0 NORMAL RECONNECTION CHARGE - Removal or reconnection of service subsequent to a customer-request. Normal Reconnect/Disconnect Fees.
 \$40.00 Disconnect charge
 \$40.00 Reconnect charge
- 26.0 VIOLATION RECONNECTION CHARGE - Subsequent to disconnection of service for cause, including a delinquency in bill payments, service shall not be reinstated until reconnection charge plus all past-due balances are paid in full. \$50.00 during normal work hours; \$85.00 after hours and weekends.
- 27.0 REIMBURSEMENTS FOR EXTRA EXPENSES - The consumer shall reimburse the Company for extra expenses (such as for special trips, inspections, additional clerical expenses, etc.) incurred by the Company on account of consumer's violation of the Rules and Regulations. The customer will be advised of these expenses prior to Company rendering service.
- 28.0 MISCELLANEOUS SERVICE CHARGES - The Company charges the following miscellaneous service charges in accordance with the terms stated herein. If both water and wastewater services are provided, only a single charge is appropriate unless circumstances beyond the control of the Company requires multiple actions.

Transfer Fee - \$35.00 per transfer of existing service.

Non-Payment Trip Charge - \$45.00- only applicable during normal work hours

Capacity Reservation Fee - a monthly charge equal to the base charge plus billing charge for the applicable class of service.

Plan Review and Inspection Fees - The greater of \$500.00 or 1.0% of Construction Cost

Warranty Expiration Televising (cleaning) - \$.55 per linear foot

Developer Agreement Administration Fees -
 not to exceed \$1,000.00 per Main Extension Manual

Labor & Equipment -
 \$65.00 per 1 man crew per hour
 85.00 per 2 man crew per hour

Sewer Tap Locate
 Other related and similar activities
 \$35.00 during normal work hours
 85.00 after hours and weekends

Estoppels Letter Fee
 Normal Delivery - \$15.00
 Rush Delivery - \$30.00
 No extra charge if customer is also a water customer.

Late Payment Fee

\$5 or 1% of past due amount, whichever is greater.

- 28.1 RECLAIMED WATER RATE - \$.34 per 1000 gallons except as otherwise set by contract.

SERVICE AVAILABILITY POLICY

- 29.0 PURPOSE - The Company has determined that it is necessary to set forth a policy for the availability of sewer capacity which will provide a non-discriminatory and equitable basis upon which to provide service to future customers and plan capital expenditures for facilities expansion.
- 30.0 APPLICABILITY - This policy is applicable throughout the service territory of the Company.
- 31.0 AGREEMENT FOR SERVICE - Service is available from Company only by entering into a Wastewater Service Agreement with the Company and, if the capacity request warrants, a Developer Agreement or both. A standard form Service Agreement or Developer Agreement is available at the Company's office. Such Agreements may be subject to modification by Company to suit the particular circumstances of service to the applicant. Upon execution of a Wastewater Service Agreement or Developer Agreement, accompanied by payment of the appropriate ANC Fees, Capacity Reservation Fees, Connection Fees and other charges as set forth herein, Company will reserve the number of connections paid for and will provide service to those units pursuant to its rules and regulations upon notification by Developer that service is required. A person who owns a lot or plot of land with houses, duplexes, or more and who has one or more sewer connections on this property cannot serve sewer to a buyer of any previously unserved portion of this property. He must report his sale to the Company. If there are two buyers each one buying half of a duplex, each must pay an ANC Fee, Deposit and Connection Fee.
- 32.0 NON-TRANSFERABILITY - A person who has paid an ANC Fee on one location, must pay another ANC Fee for sewer service at a new location. Plant capacity reserved through Developer's payment of ANC Fees cannot be assigned, transferred, leased, encumbered or disposed of in any manner unless, prior to connection, Developer has obtained the written consent of the Company and all applicable rates and charges are transferred or paid for the new lot. Following written notice, Company's consent to an assignment of capacity in connection with a bona fide sale of the property to which the plant capacity reservation relates will not be unreasonably withheld. In no instance shall Developer sell or assign plant capacity for a consideration which is more than the ANC Fee amount actually paid by Developer to reserve the capacity.
- 33.0 LETTERS OF AVAILABILITY - Company may issue Letters Of Availability of sewer service to Developers for use in obtaining zoning changes and development orders necessary for construction on their property. Such letters are not permit letters as referenced in section 4.0 of this Tariff and are not specific reservations of capacity for Developer and do not guarantee that capacity will be available for Developer's project at any later date. Such a reservation can only be made through execution of an agreement with the Company and payment of rates and charges as set forth herein. Such an agreement is required prior to issuing Permit Letters for the purpose of obtaining a concurrency letter or building permit.

- 34.0 **SERVICE AVAILABILITY PAYMENTS** - In consideration for the provision of sewer service by the Company, Developer shall be required to pay certain costs of making service available, including on-site sewage collection system contributed in cash or in kind; payments to defray in part, or in total, the cost of off-site lines and related facilities, ANC Fees, Connection Fees, and Capacity Reservation Fees. Default in the payment of the charges set forth herein shall result in a cancellation of reserved capacity and forfeiture of monies previously paid to Company.
- 35.0 **ANC FEES** - An Aid-To-New-Construction Fee (ANC Fee) shall be paid for each connection to the Company's system to defray all or a portion of the cost of providing service to the property. The ANC Fee shall be calculated based on an equivalent residential connection ("ERC") which is a factor used to convert a given average daily flow to the equivalent number of residential connections. For this purpose, the average daily flow of one ERC is 250 gallons per day ("gpd"). The number of ERC's contained in a given average daily flow is determined by dividing that average daily flow by 250 gpd.

ANC FEE SCHEDULE
(Effective September 1, 2007)

- (a) Single Family Residential, Duplex and Triplex:

Meter Size

All \$3,925.00 per unit served

- (b) Multi-family and Mixed-Master: \$3,140.00 per unit served

- (c) Assisted Living Facility: \$3,925.00 per ERC.

The ANC Fee is calculated based on the estimated water capacity at a rate of 100 gpd/bed plus 5 gpd/meal served (resident or staff) divided by 250 gpd to determine the number of ERC's. The number of ERC's is then multiplied by the ANC Fee then in effect.

- (d) General Service:

Meter Size	ERC Equivalent	ANC Fee per ERC
3/4"	1	\$ 3,925.00
1"	2.5	9,812.50
1-1/2"	5	19,625.00
2"	8	31,400.00
3"	16	62,800.00
4"	25	98,125.00
6"	50	196,250.00
8"	80	314,000.00

Company reserves the right to increase ANC Fees as it deems necessary in the best interests of the Company, subject to approval of the City Council. All connections made to the Company's system subsequent to the effective date of the ANC Fee increase shall be subject to the higher charge, notwithstanding a prior Letter of Availability, Developer Agreement, or the prepayment of ANC Fees at the previous level.

ANC Fees are refundable only in the following cases:

- (1) Governmental agency reduces the number of units, or denies a building permit
- (2) Water meter has not been installed at time of customer's request for refund

36.0 CONNECTION/METER INSTALLATION FEE - Upon execution of a Wastewater Service Agreement or Developer Agreement, Company may require Developer to pay for costs associated with the tap-in or connection of the Consumer Installation to the collection or transmission system of the Company according to the following schedule:

Customer Connection (tap-in) Charge - Actual Cost

37.0 CAPACITY RESERVATION FEES - Upon execution of a Wastewater Service Agreement or Developer Agreement reserving capacity in the system, Developer or customer shall pay a monthly Capacity Reservation Fee for each unit of capacity reserved equal to the base facility charge per unit then in effect. As active connections are made, the Capacity Reservation Fee obligation shall be proportionately reduced. Failure to make payments as due shall result in a cancellation of the capacity reservation and a forfeiture of all charges previously paid including ANC Fees. Company shall provide 15 days written notice prior to cancellation in order to remedy delinquent payments. Depending on the amount of capacity reserved, Company may require annual prepayments of Capacity Reservation Fees to secure payment. In that event, Developer shall be given credit for the prepayment of capacity reservation fees for that portion of the year during which a customer has connected to the system and begun paying a base facility charge for service. Such credit shall be made at the time of the next year's capacity reservation fee prepayment.

38.0 CONTRIBUTION OF LINES - Developer may be required to construct and contribute to the Company on-site facilities, particularly sewer collection lines, and off-site facilities including transmission mains to connect Company's transmission system in order to provide service to Developer's property. Contribution of such lines is independent of the payment of any charges hereunder. Construction of such lines shall meet the minimum specifications of the Company.

39.0 OBLIGATIONS OF DEVELOPER - All contributors and developers shall furnish to the Company accurate information regarding matters of engineering, construction of buildings, dwellings and proposed densities. Developer shall advise Company of changes in density factors or consumption requirements during construction of the

project, and Developer shall be liable for adjustment in ANC Fees and charges paid or payable.

40.0 MISCELLANEOUS CONSTRUCTION PROVISIONS - Any contractor or similar person doing work for the Company must first show a certificate of insurance acceptable to the Company. In case of a service size change being requested by a Consumer regardless of pre-installation, or after installation, the Company will charge based on actual cost involved. The cost of a change or relocation of a service will be based on actual cost.

41.0 SERVICE TO EXISTING SUBDIVISIONS - In the event Company determines to provide service to an existing subdivision served by individual septic systems or package plants in an area other than one which the Company has designated as a Gravity Expansion Area, Company shall determine availability of capacity for that subdivision. The representatives of the subdivision shall provide all information reasonably necessary for Company to make such determination. In the event service is available, the subdivision residents (or someone other than Company) shall be responsible for construction, or the cost of construction, of all on-site and off-site facilities including, but not limited to, lift stations necessary to serve the subdivision. Provision of service by the Company shall further be conditioned upon payment of all applicable rates and charges as set forth herein. Company, in its sole discretion, shall determine whether to accept a subdivision's existing collection system, which may be subject to upgrade at the sole discretion of the Company, or render service pursuant to a master meter or both in the case of a subdivision system owned and maintained by a homeowners association, developer, or other such similar unit.

Should the cost of such future wastewater service expansion programs vary significantly from the general charges contained herein, the Company may institute an additional or lesser charge to affected customers, based upon the Company's actual costs, and may allow the amortization of charges and costs over a reasonable time period, if warranted.

42.0 SPECIAL SERVICE CHARGE TO IMPERIAL HARBOR SUBDIVISION - As a result of the abandonment of Harbor Utilities Company, Inc., the Company provides wastewater service to the Imperial Harbor Subdivision. In order to provide such service, the lines, lift stations and appurtenant facilities within Imperial Harbor required substantial upgrading. In addition to the other rates and charges contained in this Tariff, the customers within Imperial Harbor are required to pay a Special Service Charge which is intended to defray the cost of necessary improvements in order to render service to such customers, and which provide a special benefit to those customers. Such customers may pay the Special Services Charge in a lump sum, or amortize the cost over 25 years which charges are set forth below.

Special Service Charge: \$ 1,095.67 per unit
or
Monthly Amortization: \$ 7.74 per unit

Any customer electing to pay the amortized monthly charge may request from the Company the outstanding balance due on such Special Service Charge and pay off the charge in full at any time. Customers electing to pay the monthly amortized charge shall be subject to the terms of payment for monthly rates as set forth herein, including being subject to disconnection of service for nonpayment.

- 42.1 SPECIAL SERVICE CHARGE TO FORMER HACIENDA CUSTOMERS - As a result of the abandonment of Hacienda Treatment Plant, Inc. ("Hacienda"), the Company provides wastewater service to former Hacienda customers. In order to provide such service, the former Hacienda customers needed to be interconnected with the Company's wastewater facilities. In addition to the other rates and charges contained in this Tariff, the customers formerly served by Hacienda, as well as future customers who would have been served by Hacienda, are required to pay a Special Service Charge that is intended to defray the cost of necessary interconnection in order to render service to such customers, and which provides a special benefit to those customers. Such customers may pay the Special Service Charge in a lump sum, or amortize the cost over 20 years as set forth below:

Special Service Charge: \$ 795.00 per ERC
or
Monthly Amortization: \$ 5.68 per ERC

Any customer electing to pay the amortized monthly charge may request from the Company the outstanding balance due on such Special Service Charge and pay off the charge in full at any time. Customers electing to pay the monthly amortized charge shall be subject to the terms of payment for monthly rates as set forth herein, including being subject to disconnection of service for nonpayment.

- 42.2 SPECIAL SERVICE TO SPRING CREEK VILLAGE SUBDIVISION - In addition to the other rates and charges contained in this Tariff, the customers within Spring Creek Village are required to pay a Special Service Charge which is intended to defray the cost of necessary improvements in order to render service to such customers, and which provide a special benefit to those customers. Such customers may pay the Special Service Charge in a lump sum, or amortize the cost over 30 years which charges are set forth below:

Special Service Charge: \$7,210
or
Monthly Amortization: \$43.23 per unit

Any customer electing to pay the amortized monthly charge may request from the Company the outstanding balance due on such Special Service Charge and pay off the charge in full at any time. Customers electing to pay the monthly amortized charge shall be subject to the terms of payment for monthly rates as set forth herein, including being subject to disconnection or service for nonpayment.

42.3 SPECIAL SERVICE CHARGE TO BONITA SPRINGS GOLF AND COUNTRY CLUB – In addition to the other rates and charges contained in this Tariff, customers formerly served by, or in the former service area of, Bonita Springs Golf and Country Club are required to pay a Special Service Charge which is intended to defray the cost of necessary improvements in order to render service to such customers, and which provide a special benefit to those customers. Customers may pay the Special Service Charge in a lump sum, or amortize the cost over 25 years at an interest rate of 6.0%. Interest shall begin to accrue one year after implementation of the charge. The charges are set forth below:

	<u>Single Family Unit</u>	<u>Multi-Family Unit</u>
One Time Payment:	\$3,365	\$2,692
or		
Monthly Amortization:	\$21.68	\$17.34

Any customer electing to pay the amortized monthly charge may request from the Company the outstanding balance due on such Special Service Charge and pay off the charge in full at any time. Customers electing to pay the monthly amortized charge shall be subject to the terms of payment for monthly rates as set forth herein, including being subject to disconnection of service for nonpayment. In the event a customer elects to amortize the special service charge, the customer shall allow the Company to place a lien on the property to secure repayment.

42.4 SPECIAL SERVICE CHARGE TO THE FOUNTAIN LAKES AND MARSH LANDING COMMUNITIES – In addition to the other rates and charges contained in this Tariff, wastewater customers in the Fountain Lakes and Marsh Landing communities are required to pay a Special Service Charge which is intended to defray the cost of system acquisition and necessary improvements in order to render service to such customers, and which provide a special benefit to those customers. Customers may pay the Special Service Charge in a lump sum, or may pay over time based on a 25 year amortization, with an interest rate of 6.0% per annum. The charges are set forth below:

	<u>Single Family Unit</u>	<u>Multi-Family Unit</u>
One Time Payment:	\$3,442	\$2,754
or		
Monthly Amortization:	\$22.18	\$17.74

Any customer electing to pay the amortized monthly charge may request from the Company the outstanding balance due on such Special Service Charge and pay off the charge in full at any time. Customers electing to pay the monthly amortized charge shall be subject to the terms of payment for monthly rates as set forth herein, including being subject to disconnection of service for nonpayment. In the event a customer elects to amortize the Special Service Charge, the customer shall allow the Company to place a lien on the property to secure repayment.

- 43.0 **SERVICE TO GRAVITY EXPANSION AREAS** - The Company has undertaken a program of constructing local collection and transmission systems to replace septic tanks serving existing residential areas in a program designated as the Gravity Expansion Program. The territory included in the Gravity Expansion Program is on file with the Company. Customers within the Gravity Expansion area may be required to connect to the system when service becomes available following required notice by the Company. In addition to the other rates and charges contained in this Tariff, customers within the Gravity Expansion area are required to pay a charge which is intended to defray the cost of necessary improvements in order to render service to such customers, and which provide a special benefit to those customers. Such customers may pay the Gravity Expansion charge in a lump sum, or amortize the cost up to 30 years which charges are set forth below. In the event a customer elects to amortize the Gravity Expansion charge, the customer shall allow the Company to place a lien on the property to secure repayment.

Gravity Expansion Residential Charge: \$1,717.00 per unit

plus

Gravity Expansion customers are also responsible for payment of the appropriate ANC Fee for their unit which may also be amortized up to 30 years.

- 44.0 **QUALITY OF WASTEWATER** - No substance other than domestic wastewater will be placed into the sewage system and delivered to the lines of the Company. Should any non-domestic wastes, grease or oils, including, but not limited to, floor wax, paint, chlorides, or salt water be delivered to the lines, the customer will be responsible for payment of the cost and expense required in correcting or repairing any resulting damage to the system or property of third parties. Developer, or subsequent owners or occupants of the Property, may introduce non-domestic wastes from commercial establishments on the Property only upon prior written approval from Service Company based on Service Company's determination that such non-domestic waste will not harm Utility Facilities. Developer further agrees that no waste waters, fluids, or any substances and materials which contain any hazardous, flammable, toxic and/or industrial constituents, in whole or in part, regardless of the concentrations of said constituents, shall be discharged into Service Company's sanitary sewer collection/transmission system. Service Company shall have the right to sample the Developer's sewage to verify Developer's compliance with this paragraph.

In addition to the preceding paragraphs, and not by way of limitation, in the event Company determines that the property to be served poses a threat of introducing chlorides, salt water, or similar constituents into the collection or transmission system at levels determined by the Company to be harmful to the sewer system, including, but not limited to, the system's ability to provide effluent meeting reuse standards, and its acceptability as an irrigation supply source for vegetation, the Company has the right to decline or discontinue service, or charge a higher rate due to increased treatment costs if applicable, to such property or customer and to require such pretreatment or other measures as are necessary to protect the integrity of Company's system and the ability to serve its members.

- 45.0 REFUNDABLE ADVANCES - Company may require, in addition to the s set forth herein, a refundable advance by a Developer to temporarily defray the cost of off-site extension of sewer mains, pumping stations and other facilities necessary to connect the Developer's property with the then proper point of interconnection with the Company's existing sewer facilities, in excess of the size needed to provide service to the subject property. Costs paid by the Developer over and above the Developer's hydraulic share of the off-site facilities, may be refunded to the Developer in accordance with the terms and conditions of a Refundable Advance Agreement with Company. Company shall not be required to refund to Developer any fees or charges collected from consumers as a result of his contribution toward the cost of constructing the off-site facilities.

At the time the engineer of record certifies the off-site facilities as complete, he will also be requested to provide a determination of the hydraulic capacity of the facilities and the number of connections it is capable of serving based upon the Company's current determination of an equivalent residential connection. On that basis, Company will establish a refundable advance charge per equivalent residential connection and Company will agree to collect and refund same to Developer upon payment of such charges by subsequent customers obtaining service through the off-site facilities. Unless otherwise agreed to by Company, no refundable advance treatment will be available to Developer constructing lines and appurtenant facilities less than six (6) inches in diameter. Company may limit the life of the Refundable Advance Agreement to a term of not more than seven (7) years, after which time a portion of the refund not made to the Developer will be retained by the Company. In no event shall a Developer recover an amount greater than the difference between the capitalized cost of such improvements and the Developer's own hydraulic share of such improvement. The Service Company will not include any interest upon the refund of the Developer's advance.

- 46.0 WASTEWATER REUSE - The Company owns, operates and maintains wastewater treatment facilities, pursuant to operating permits from the Florida Department of Environmental Regulation, which produce treated effluent of a quality suitable for the irrigation of grasses, woodlands and certain vegetation. The Company may make treated effluent available to consumers within the service area of the Company that own large tracts of green areas requiring landscape irrigation ("Users"), based on the Board of Directors determination of the best interests of the Company and its members. Determination of the quantity, price, terms and conditions of the provision of effluent to Users shall be at the sole discretion of the Company, and may be set forth in an Effluent Reuse Agreement entered into by the Company and the User.

User shall be responsible for the design, construction and installation, at User's sole cost and expense subject to the approval and inspection by the Company, of on-site and off-site utility lines and facilities needed to initially create or thereafter connect into the Company's effluent disposal system. User shall convey ownership to Company of all lines and facilities from authorized treatment facilities to the point of delivery of effluent to User by bill of sale in a form satisfactory to the Company; it being understood that lines and facilities must be sized and constructed to the

satisfaction of Company in accordance with the guidelines and specifications of the Company, subject to refundable advance treatment for oversized facilities. Acceptance of said lines and facilities shall be within the sole discretion of the Company.

User shall be responsible for obtaining information and preparing all necessary environmental planning, hydrogeologic monitoring studies and reports reasonably necessary for the permitting, preparation and continued utilization of User's property as a site for effluent reuse. User shall further be required to provide wet weather storage (non-application day) for not less than five (5) days effluent allocation. Wet weather storage capacity is subject to evaluation on a case by case basis and may be increased due to, among other things, changes in regulatory requirements.

User shall be responsible for any and all costs relative to the maintenance of any water management tract constructed upon User's land and User shall be responsible, at its sole cost and expense, for the construction and maintenance of any effluent spray irrigation device or other system which draws from the water management tract. User shall incur the cost of securing licenses and permits from applicable governmental agencies relative to the reuse of the Company's treated effluent upon User's property, including any costs incurred by Company to secure same.

As a prerequisite to the Company's acceptance of effluent discharge and delivery lines, facilities and appurtenances thereof, User shall grant Company, its successors and assigns, all easements and rights of ingress and egress, necessary for the discharge and delivery of effluent upon User's property, including, but not limited to, easements covering lines and facilities. The easements shall allow the Company to own effluent discharge lines and other facilities required for the effluent delivery.

- 47.0 ALLOCATION OF CAPACITY - It is the policy of the Florida Department of Environmental Protection ("DEP") to reduce the capacity available in Company's water and sewer systems upon issuance of a DEP Collection and/or Distribution System Permit (or its equivalent) to construct an on-site system which will receive treatment capacity from Company. DEP reduces Company's uncommitted capacity by the total number of ERC's which can be served by the on-site system approved in the Permit ("Permit Capacity"). This DEP policy prevents Company from committing the Permit Capacity to other developers and customers, regardless of an immediate need and willingness to pay for such capacity.

In an effort to fairly allocate plant capacity, it is Service Company's policy to require Developer to enter into a Developer Agreement concurrent with Company signing off on Developer's Permit Application, and to require payment of all charges related to the Permit Capacity committed to Developer at that time. This requirement is intended to avoid a situation in which developers who have not paid service availability charges tie up capacity to the exclusion of customers with an immediate need and ability to pay.