

**Eric Fryson**

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**From:** Carl Smith [csmith@uswatercorp.net]  
**Sent:** Monday, July 02, 2012 2:45 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Vickie Penick; Carl Smith  
**Subject:** Response to Request in Docket No. 120148  
**Attachments:** Harbor Waterworks\_response to Docket 120148-WU\_6222012.pdf

Attached is the response to an information request from Patti Daniel, Public Utilities Supervisor dated June 22, 2012 with regards to Docket 120148-WU.

Carl Smith  
US Water Services Corporation  
4939 Cross Bayou Boulevard  
New Port Richey, FL 34652  
Toll Free: 866.753.8292  
Cell: 727.835.9522  
Fax: 727. 849.5467  
[www.uswatercorp.com](http://www.uswatercorp.com)

7/2/2012

04390 JUL-2 2012  
FPSC-COMMISSION CLERK

# HARBOR WATERWORKS, INC.

July 3, 2012

Ms. Ann Cole, Director  
Office of Commission Clerk  
**Florida Public Service Commission**  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

**Re: Docket No. 120148-WU, Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc. – Response to Letter Dated June 22, 2012 from Patti Daniel Public Utilities Supervisor**

Ms. Cole:

This letter is in response to the above mentioned inquiry (attached) by Patti Daniel, Public Utilities Supervisor. Items 2 and 5 are also attached. Below are the responses to items 1, 3, and 4 respectively:

**Item 1: Below is the percentage of ownership for each shareholder of Harbor Waterworks, Inc. (HWW, Buyer):**

❖ Gary A. Deremer	51%
❖ Cecil Delcher	33%
❖ Victoria Penick	8%
❖ Brad LaBella	8%

**Item 3: Irrigation Assets:**

- ❖ The Seller did install the irrigation distribution system for phases 6 and 7
- ❖ If the irrigation system for phase 6 and 7 is deemed or could be deemed as to be regulated by the FPSC, HWW will acquire as defined in the Asset Purchase Agreement. Specifically, as connections are made to the irrigation system, HWW would pay the Seller a portion attributed to the value as defined in the Agreement on a per ERC basis.
- ❖ There is no portion of the purchase price associated with the irrigation system.

# HARBOR WATERWORKS, INC.

**Item 4: Commitments, obligations, and representations:**

HWW is in full agreement with Section 367.071(1) Florida Statutes. Section 1.4 of the Asset Purchase Agreement is intended that HWW will not assume Seller's obligations with contractors, contracts, or other instruments (pre-existing liabilities and payables) as it relates to the private company obligations and not the FPSC due to this being an asset purchase. Further, there is no Schedule 1.4 as part of the Asset Purchase Agreement.

Respectfully,



S/Gary A. Deremer  
Harbor Waterworks, Inc.  
5320 Captains Court  
New Port Richey, FL 34652

C: File

COMMISSIONERS:  
RONALD A. BRISÉ, CHAIRMAN  
LISA POLAK EDGAR  
ART GRAHAM  
EDUARDO E. BALBIS  
JULIE I. BROWN

STATE OF FLORIDA



MARSHALL WILLIS, DIRECTOR  
DIVISION OF ECONOMIC REGULATION  
(850) 413-6900

## Public Service Commission

June 22, 2012

Mr. Gary Deremer  
President, Harbor Waterworks, Inc.  
5320 Captains Court  
New Port Richey, FL 34652

**Re: Docket No. 120148-WU, Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.**

Dear Mr. Deremer:

Staff has reviewed the above-referenced application and requests the following additional information which is needed for its review of the application.

### Additional Information

1. **Ownership.** Please provide the percentage ownership for each of the shareholders of Harbor Waterworks, Inc. (HWW, Buyer).
2. **Aqua Utilities Florida, Inc. (AUF).** Pursuant to the Asset Purchase Agreement, the purchase is contingent upon Harbor Hills Utility, L.P. (Utility, Seller) showing the dissolution of any agreement between it and Aqua America, Inc. d/b/a Aqua Utilities Florida, Inc. (AUF) as well as AUF's confirmation of the dissolution of any agreements. Please provide proof of the dissolution of any agreement between the Seller and AUF, as required in the Asset Purchase Agreement.
3. **Irrigation Assets.** Pursuant to Paragraph 1.3 of the Asset Purchase Agreement, the purchase price of \$507,471 includes the assets attributable to the water and irrigation systems. The paragraph further describes the installation of an irrigation distribution system required by the St. Johns River Water Management District (SJRWMD) for phases 6 and 7 of the Harbor Hills development, with an estimated cost of \$181,790.90
  - o Did the Seller install the irrigation distribution system for Phases 6 and 7?
  - o Is the irrigation distribution system for phases 6 and 7 being acquired by HWW?
  - o If so, is a portion of the purchase price related to the irrigation distribution system for phases 6 and 7?

Mr. Gary Deremer  
Page 2  
June 22, 2012

4. **Commitments, obligations, and representations.** Pursuant to Section 367.071(1), Florida Statutes, (F.S.), the transferee of a certificate of authorization must fulfill the commitments, obligations, and representations of the utility. However, Section 1.4 of the Asset Purchase Agreement states that, "Except as set for [stet] on Schedule 1.4, Buyer shall not assume any obligations of the Seller, under any contract, agreement, commitment, lease, certificate, order, notice, permit or other instrument, whether oral, written, express or implied."
  - o Please explain the apparent discrepancy of these two statements.
  - o In addition, please provide a copy of Schedule 1.4 to the Asset Purchase Agreement.
5. **Consumption Use Permit.** Please file a copy of the Utility's current consumptive use permit with the SJRWMD, as referenced in the Asset Purchase Agreement.

If you have any questions regarding the above requested information, please contact technical staff, Patricia Brady, at (850) 413-6686, [pbrady@psc.state.fl.us](mailto:pbrady@psc.state.fl.us), or legal staff, Michael Lawson, Esq., at (850) 413-6076 or [mlawson@psc.state.fl.us](mailto:mlawson@psc.state.fl.us). Please file your response as soon as practicable, but no later than July 27, 2012. Your response should identify Docket Number 120148-WU and either be filed electronically at [filings@psc.state.fl.us](mailto:filings@psc.state.fl.us) or mailed directly to:

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

Sincerely,



Patti Daniel  
Public Utilities Supervisor  
Bureau of Certification, Economics, and Tariffs

PD:pb:lr

cc: Division of Economic Regulation (Brady, Rieger)  
Office of the General Counsel (Lawson)  
Office of Commission Clerk

*CCMAD*  
*RF*

**TERMINATION AND RELEASE AGREEMENT**

*February, 2012*  
*RF*

This Termination Agreement and Release (the "Agreement") is made this 7<sup>th</sup> day of ~~December, 2011~~ (the "Effective Date"), by and between Aqua Utilities Florida, Inc. ("Buyer"), a Florida corporation, and Harbor Hills Utilities, L.P. ("Seller"), a Florida limited partnership with a principal place of business at 6538 Lake Griffin Road, Lady Lake, Florida 32159.

**BACKGROUND**

A. Buyer and Seller entered into an Asset Purchase Agreement dated March 31, 2010 (the "Agreement").

B. Buyer and Seller now desire to terminate the Agreement on the Effective Date and release each other from all claims, defenses and counterclaims which could have been commenced between or among them, whether or not the parties to this Agreement have present knowledge of any such possible claims, and to otherwise resolve, release and discharge each other, except as otherwise set forth herein.

**AGREEMENT**

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, all rights and obligations between the parties arising from or related to the Agreement are terminated, as of the Effective Date (the "Termination Date").

2. As of the Termination Date, Seller, and all persons and entities claiming by, through or under them, release, acquit and forever discharge Buyer and all of its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Buyer Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Buyer Releasees arising out of or related to the offer, sale and operation of the assets that are the subject of the Agreement and the parties' rights or obligations under the Agreement. Seller represents and warrants that it has not assigned or otherwise transferred any claim or cause of action release by this Agreement.

3. As of the Termination Date, and except for the obligations set forth in this Agreement, Buyer, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Seller, and their employees, agents, servants, representatives, affiliates, successors and assigns (the "Seller Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which them, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Seller Releasees arising out of or related to the offer, sale and operation of the assets that are the subject of the Agreement and the parties' rights

or obligations under the Agreement. Buyer represents and warrants that it has not assigned or otherwise transferred any claim or cause of action released by this Agreement

4. Seller agrees to keep confidential, and not to disclose to any third party, other than their own employees, directors, officers, accountants and attorneys, any information relating to the parties' relationship, the Agreement, and the underlying matters between the parties, or the terms and provisions of this Agreement, including, but not limited to, the terms of this termination and the content and substance of any discussions between the parties or their respective representatives in that regard.

5. As of the Termination Date, the parties further covenant and agree that they will not instigate, bring, commence, institute, maintain or prosecute any action at law, proceeding in equity, administrative or other proceeding against the other, or their respective officers, employees, shareholders, directors, agents, attorneys, servants, representatives, affiliates, assigns, parents, subsidiaries, heirs and successors, either affirmatively or by way of cross-complaint, defense or counterclaim or by any other means, insofar as such action relates to the claims being released in this Agreement. This Covenant Not To Sue shall be effective whether or not the party knows of such claims, demands, liabilities actions or causes of action as of the date this Agreement was executed.

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. In the event that either party retains the services of legal counsel to enforce the terms of this Agreement, the prevailing party shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

10. This Agreement shall be construed under the laws of the State of Florida, which laws shall control in the event of any conflict of law.

11. Seller agrees that it has had a relationship with Buyer at its offices in Florida and that, with the exception of Buyer's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Buyer arising out of or relating to this Agreement shall be commenced and concluded in the ~~Lee~~ <sup>Lake</sup> County, Florida.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT, WHICH CONTAINS A RELEASE, AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, as of the day and year first indicated above.

ATTEST

AQUA UTILITIES FLORIDA, INC.

Mary J Day

BY: Paul A. Top  
President

ATTEST

BY: J.H.C.C., Inc., its  
General Partner

HARBOR HILLS UTILITIES, L.P.

William J. ...

BY: Michael ...  
Its: President





# St. Johns River Water Management District

Kirby B. Green III, Director • David W. Fiek, Assistant Executive Director

4049 Reid Street • P.O. Box 1429 • Palatka, FL 32178-1429 • (386) 329-4500  
On the Internet at [floridaswater.com](http://floridaswater.com).

June 24, 2010

Harbor Hills Utilities Ltd  
6538 Lake Griffin Rd  
Lady Lake, FL 32159

**SUBJECT:** Consumptive Use Permit Number 279  
Harbor Hills

Dear Sir/Madam:

Enclosed is your permit as authorized by the Executive Director of St. Johns River Water Management District on June 24, 2010.

Please be advised that the period of time within which a third party may request an administrative hearing on this permit may not have expired by the date of issuance. A potential petitioner has twenty-six (26) days from the date on which the actual notice is deposited in the mail, or twenty-one (21) days from publication of this notice when actual notice is not provided, within which to file a petition for an administrative hearing pursuant to Sections 120.569 and 120.57, Florida Statutes. Receipt of such a petition by the District may result in this permit becoming null and void.

Permit issuance does not relieve you from the responsibility of obtaining permits from any federal, state and/or local agencies asserting concurrent jurisdiction over this work.

The enclosed permit is a legal document and should be kept with your other important records. Please read the permit and conditions carefully since the referenced conditions may require submittal of additional information. All information submitted as compliance with permit conditions must be submitted to the nearest District Service Center and should include the above referenced permit number.

Sincerely,

Handwritten signature of Robert Presley in cursive.

Robert Presley, Director  
Division of Regulatory Information Management

Enclosures: Permit, Conditions for Issuance, Compliance Forms, Map, Well Tags

cc: District Permit File

**Agent:** SMW GeoSciences Inc  
Sarah M Whitaker PG  
1411 Edgewater Dr Ste 103  
Orlando, FL 32804

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#### GOVERNING BOARD

W. Leonard Wood, CHAIRMAN FERNANDINA BEACH	Hersey "Merky" Huffman, SECRETARY ENTERPRISE	Hans G. Tanzler III, TREASURER JACKSONVILLE	Douglas C. Boumique VERO BEACH	
Michael Ertel OVIEDO	Maryam H. Ghyabi ORMOND BEACH	Richard G. Hamann GAINESVILLE	Arlen N. Jumper FORT MCCOY	John A. Mikos ORLANDO

PERMIT NO. 279  
PROJECT NAME: Harbor Hills

DATE ISSUED: June 24, 2010

**A PERMIT AUTHORIZING:**

The District authorizes, as limited by the attached conditions, the use of 253.51 million gallons per year of ground water from the Floridan aquifer and 43.93 million gallons per year of surface water from Lake Griffin for household, commercial/industrial, urban landscape irrigation, water utility, and essential (fire protection) types of use to supply a projected population of 1,523 in 2013.

**LOCATION:**

Site: Harbor Hills  
Lake County

Section(s):	1, 12, 13, 24 6, 7, 8, 18	Township(s):	18S 18S	Range(s):	24E 25E
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**ISSUED TO:**

Harbor Hills Utilities Ltd  
6538 Lake Griffin Rd  
Lady Lake, FL 32159

Permittee agrees to hold and save the St. Johns River Water Management District and its successors harmless from any and all damages, claims, or liabilities which may arise from permit issuance. Said application, including all maps and specifications attached thereto, is by reference made a part hereof.

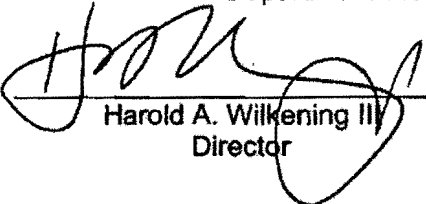
This permit does not convey to permittee any property rights nor any rights or privileges other than those specified herein, nor relieve the permittee from complying with any law, regulation or requirement affecting the rights of other bodies or agencies. All structures and works installed by permittee hereunder shall remain the property of the permittee.

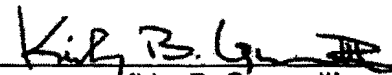
This permit may be revoked, modified or transferred at any time pursuant to the appropriate provisions of Chapter 373, Florida Statutes and 40C-1, Florida Administrative Code.

**PERMIT IS CONDITIONED UPON:**

See conditions on attached "Exhibit A", dated June 24, 2010

**AUTHORIZED BY:** St. Johns River Water Management District  
Department of Resource Management

By:   
Harold A. Wilkering III  
Director

By:   
Kirby B. Green, III  
Executive Director

**"EXHIBIT A"**  
**CONDITIONS FOR ISSUANCE OF PERMIT NUMBER 279**  
**HARBOR HILLS UTILITIES LTD**  
**DATED JUNE 24, 2010**

1. District authorized staff, upon proper identification, will have permission to enter, inspect, and observe permitted and related facilities in order to determine compliance with the approved plans, specifications, and conditions of this permit.
2. Nothing in this permit should be construed to limit the authority of the St. Johns River Water Management District to declare a water shortage and issue orders pursuant to Section 373.175, Florida Statutes, or to formulate a plan for implementation during periods of water shortage, pursuant to Section 373.246, Florida Statutes. In the event a water shortage is declared by the District Governing Board, the permittee must adhere to the water shortage restrictions as specified by the District, even though the specified water shortage restrictions may be inconsistent with the terms and conditions of this permit.
3. Prior to the construction, modification, or abandonment of a well, the permittee must obtain a Water Well Construction Permit from the St. Johns River Water Management District, or the appropriate local government pursuant to Chapter 40C-3, Florida Administrative Code. Construction, modification, or abandonment of a well will require modification of the consumptive use permit when such construction, modification, or abandonment is other than that specified and described on the consumptive use permit application form.
4. Leaking or inoperative well casings, valves, or controls must be repaired or replaced as required to eliminate the leak or make the system fully operational.
5. The District must be notified, in writing, within 30 days of any sale, conveyance, or other transfer of a well or facility from which the permitted consumptive use is made or within 30 days of any transfer of ownership or control of the real property at which the permitted consumptive use is located. All transfers of ownership or transfers of permits are subject to the provisions of section 40C-1.612.
6. A District issued identification tag shall be prominently displayed at each withdrawal site by permanently affixing such tag to the pump, headgate, valve, or other withdrawal facility as provided by Section 40C-2.401, Florida Administrative Code. Permittee shall notify the District in the event that a replacement tag is needed.
7. The permittee's use of water as authorized by this permit shall not cause an interference with an existing legal use of water as defined in District rules. If interference occurs, the District may revoke the permit in whole or in part to abate the adverse impact unless otherwise mitigated by the permittee. In those cases where other permit holders are identified by the District as also contributing to the interference, the permittee may choose to mitigate in a cooperative effort with these other permittees. The permittee shall submit a mitigation plan to the District, and obtain District approval, prior to implementing any mitigation.
8. All submittals made to demonstrate compliance with this permit must include the CUP number 279 plainly labeled on the submittal.
9. This permit shall expire 3-years from the date of issuance.
10. The lowest acceptable quality water source, including reclaimed water, storm water and surface water, must be used for each consumptive use supplied by the Permittee when

available, except when the Permittee demonstrates that the use of the lower quality water source is not economically, environmentally, or technologically feasible.

11. The permittee's consumptive use shall not adversely impact wetlands, lakes, rivers, and spring flows or cause or contribute to a violation of minimum flows and levels adopted in Chapter 40C-8, F.A.C., except as authorized by an SJRWMD-approved minimum flow or level (MFL) recovery strategy. If unanticipated significant adverse impacts occur, the SJRWMD shall revoke the permit in whole or in part to curtail or abate the adverse impacts, unless the impacts are mitigated by the permittee pursuant to a District-approved plan.
12. Well No. 1, GRS Station No. 9000 and Well No. 2, GRS Station No. 9001, must each be monitored with an in-line, totalizing flowmeter. Each meter must maintain 95% accuracy, be verifiable and be installed according to the manufacturer's specifications.
13. Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) shall be installed and made operational no later than six months following the sale of 50 homes in phase 6A. The permittee shall submit an annual report documenting the number of homes sold in each year no later than January 31 of the following year.
14. Upon the surface water pumps becoming operational, surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) pumps shall provide surface water as the sole source of irrigation of residential areas and common areas in Phases 6 and 7 of Harbor Hills, where Phases 6 and 7 of Harbor Hills are as shown on Figure 2 of the materials submitted to the District on December 20, 2007.
15. Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) shall operate in series and be monitored with an in-line, totalizing flowmeter prior to use. Each meter must maintain 95% accuracy, be verifiable and be installed according to the manufacturer's specifications.
16. Total withdrawals of water from the withdrawal points authorized by this permit Well No. 1 (GRS Station No. 9000), and Well No. 2 (GRS Station No. 9001) and Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742)) must be recorded continuously, totaled monthly, and reported to the District, using Form EN-50, at least every six months from the initiation of withdrawal. The reporting dates each year will be as follows for the duration of the permit:

<u>Reporting Period</u>	<u>Report Due Date</u>
January-June	July 31
July - December	January 31

17. The permittee shall document proper installation of flow meters by submitting a copy of the manufacturer's specifications and photographs of the installed flow meters, or by a site visit by District staff, within 30 days of meter installation.
18. The permittee must maintain all flow meters. In case of failure or breakdown of any meter, the District must be notified in writing within 5 days of discovery. A defective meter must be repaired or replaced within 30 days of discovery.
19. The permittee must have all flowmeters checked for accuracy at least once every 3 years within 30 days of the anniversary date of permit issuance, and recalibrated if the difference between the actual flow and the meter reading is greater than 5%. District Form No. EN-51 must be submitted to the District within 10 days of the inspection/calibration.

20. Maximum annual groundwater withdrawals (combined total) from Well No. 1 (GRS Station No. 9000) and Well No. 2 (GRS Station No. 9001) for household, urban landscape irrigation, commercial/industrial, and water utility types of use must not exceed 258.68 million gallons (0.709 million gallons per day).
21. Maximum annual surface water withdrawals (combined total) from Surface water pumps P5 (GRS Id. No. 242740), P6 (GRS Id. No. 242741), and P7 (GRS Id. No. 242742) for household, urban landscape irrigation, commercial/industrial, and water utility types of use must not exceed as follows:
  - 12.29 million gallons (0.034 million gallons per day, average) in 2011,
  - 12.50 million gallons (0.034 million gallons per day, average) in 2012, and
  - 43.93 million gallons (0.120 million gallons per day, average) in 2013.
22. Maximum daily groundwater withdrawals from the Floridan aquifer for fire protection from Well No. 1 (GRS Station No. 9000) and Well No. 2 (GRS Station No. 9001) shall not exceed 3.46 million gallons as a combined daily total. The permittee shall maintain a separate accounting of all water used for fire protection. The permittee shall submit documentation of water used for fire protection to the District within 30 days of each occurrence on which water is withdrawn for fire protection (essential) type use.
23. The permittee shall ensure that all development agreements entered into for Phases 5, 6, and 7 limit all landscaping, residential, commercial and common areas, to irrigated turf grass not more than 40% of the pervious area of each parcel and sixty percent (60%) or more of the pervious area of each parcel shall be planted in beds with micro-irrigation or with landscaping that requires no irrigation and that plant selection shall be limited to the "plant List" submitted to the District on August 14, 2008. Phases 5, 6, and 7 of Harbor Hills are as shown on Figure 2 of the materials submitted to the District on December 20, 2007.
24. The permittee shall install dual distribution lines to provide separate water lines for potable water and surface water (or reclaimed water, if available) in Phases 6 and 7 of Harbor Hills, where Phases 6 and 7 of Harbor Hills are as shown on Figure 2 of the materials submitted to the District on December 20, 2007.
25. The permittee shall propose and implement a water conservation rate structure as follows:
  - (a) The permittee shall propose a water conservation rate structure for the District's review and conceptual approval no later than March 31, 2011. A water conservation rate structure shall be designed to encourage the utility's water customers to reduce discretionary use by providing financial incentives to the customers to conserve water. The water conservation rate structure shall be based on the additional costs of water conservation incurred by the permittee as required by the District under this permit. The permittee's proposal must contain a water rate study that includes billing/financial analysis, customer demographics, cost of implementation, the appropriateness of the permittee's particular circumstances, and other relevant factors. Upon request, the District will assist the applicant by providing available demographic data, computer models, and literature.
  - (b) Within 30 days of the District's approval of the permittee's proposed water conservation rate structure, the permittee shall present that same proposed water conservation rate structure to the Florida Public Service Commission for approval under a formal rate making procedure such as a limited proceeding for rate restructuring or a formal rate case.

(c) The permittee shall satisfy and correct any and all deficiencies in its filing identified by the Florida Public Service Commission within 3 months of the date of the utility's first deficiency letter (if any).

(d) The permittee shall provide the District, on the 15<sup>th</sup> of each month, monthly updates on the status of the rate case.

(e) Within 90 days after the date of approval of the rate structure from the Florida Public Service Commission, the permittee shall implement the approved water conservation rate structure.

26. Beginning the next full billing cycle after permit issuance, the Permittee shall perform a review of water usage concurrent with billing cycles, for all residential accounts served under this permit to identify the highest water use accounts (top 10%). The Permittee shall contact each residential account identified within ten (10) days following the end of the billing cycle. The Permittee shall inform the customer via US Mail of its high water usage, the District rules for irrigation, the penalties under the Lake County ordinance, and offer a free indoor and outdoor water audit. The Permittee shall submit an annual report of its actions to comply with this permit condition to the District by January 31<sup>st</sup> for each preceding calendar year. The annual report shall provide a summary for each billing cycle of the water usage of those accounts identified in the top 10%, with copies of correspondence provided to the affected accounts.
27. The bi-monthly invoices generated for each account shall provide a summary of the prior year's water use for the same time period for each account.
28. The permittee shall ensure that each new home constructed with an automatic irrigation system within the permittee's service area is equipped with a functioning rain sensor and is in compliance with the requirements of section 373.62, F.S.
29. The permittee shall perform an audit of the amount of water used in the utility production and treatment facilities, transmission lines and distribution system for calendar year 2012, and report the results of the audit to the District for review and approval using District Water Audit Form No. 40C-22-0590-3 by March 31, 2013.
30. The permittee shall include conservation information mailings with utility bills on a quarterly basis.
31. If, in any year, the actual volume of water withdrawn by the permittee equals 95 percent or more of any of the amounts of water allocated for use by this permit, then the permittee shall submit a report to the District that explains why the withdrawal of water by the permittee equals 95 percent or more of the amounts allocated in this permit. The report shall evaluate the effect of the following on the volume of water withdrawn by the permittee:
  - o a. Climatic shortfalls (drought);
  - o b. Greater than anticipated growth in the permittee's service area;
  - o c. Inefficient usage within the service area
  - o d. Other factors that account for the withdrawal volume equaling 95 percent or more of the allocation.

The report must include a breakdown of the population currently being served by the permittee, an updated projection of anticipated population that will be served for the following year, an evaluation as to whether the permittee anticipates whether it will be able to meet the water needs of the revised projected population without violating the

allocations set forth in this permit, and a corrective action plan setting actions that the permittee intends to take if the evaluation indicates that allocations will be exceeded during the following year. The report must be submitted to the District by February 15 of the year following the year during which the permittee experienced withdrawals of water that equals 95 percent or more of the amount of water allocated for use by this permit.

32. The permittee must submit tabulated water usage data for the previous calendar year by March 31<sup>st</sup> of each year. This data must be submitted in an electronic format through the District's e-permitting site at [www.sirwmd.com](http://www.sirwmd.com) or an excel spreadsheet that can be obtained from the District.

The following information must be submitted for each calendar year:

Residential Population, Number of Residential Dwelling Units, Uniform Residential Per Capita Water Use (gpcpd), Household Average Day (mgd), Commercial/Industrial Average Day (mgd), Irrigation Average Day (mgd), Water Utility (mgd), Unaccounted for Water (mgd), Water Treatment Reject Water (mgd) (if applicable), Total Water Use Average Day (mgd), Total Water Use Maximum day (mgd), and Total Annual Water Use (mgd).

Definitions of these items can be found in the District's Applicant's Handbook: Consumptive Uses of Water March 8, 2009, Permit Application for Consumptive Uses of Water. Total annual water use must be consistent with the data submitted to the District using Forms EN-50.