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ST. GEORGE ISLAND UTILITY COMPANY, LTD.

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
REGARDING THE APPLICATION FOR INCREASED RATES FOR
ST. GEORGE ISLAND UTILITY COMPANY, LTD.**

IN FRANKLIN COUNTY

DOCKET NO. ~~940100~~ WU

REBUTTAL TESTIMONY OF

GENE BROWN

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FPSC RECORDS/REPORTING

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4 **IN FRANKLIN COUNTY**
5 **DOCKET NO. 940109-WU**

6
7 **Q. Please state your name, profession and address.**

8 **A. My name is Gene D. Brown. I am an attorney and**
9 **president of Armada Bay Company, the manager of St.**
10 **George Island Utility Company, Ltd. My office is**
11 **located at 3848 Killearn Court, Tallahassee, FL 32308.**

12
13 **Q. Have you previously filed direct testimony in this**
14 **proceeding?**

15 **A. Yes, I have.**

16
17 **Q. What is the purpose of your rebuttal testimony?**

18 **A. To respond to the direct testimony of the OPC witness**
19 **Kim Dismukes and several of the witnesses produced by**
20 **the PSC staff.**

21
22 **Q. Would you please proceed with your response to the**
23 **testimony of OPC witness Dismukes?**

24 **A. Yes. My response will generally follow the issues in**
25 **the same order they appear in Ms. Dismukes testimony.**

1 Q. Ms. Dismukes seems concerned about the adjustments
2 which were made between the first case dismissed by
3 order of the Commission, and this case. What is the
4 basic reason that these adjustments were made?

5 A. Basically, the first case dismissed by the Commission
6 prompted me and the other utility employees to take a
7 hard look at the actual cost associated with the proper
8 operation and maintenance of the utility company.
9 However, I fail to see how the earlier case has any
10 relevance, since it was dismissed by order of the
11 Commission before any testimony was presented or before
12 any proceedings were conducted or at least concluded.

13

14 Q. Ms. Dismukes makes comparisons with various and sundry
15 other "Class B" utilities. Do you see any relevance to
16 those comparisons?

17 A. No. I do not see any relevance to what it may cost to
18 operate other utilities that are dissimilar to our
19 utility system.

20

21 Q. What is unique about the St. George Island water
22 system?

23 A. This is one occasion when I agree with Bob Crouch, the
24 PSC staff engineer who was previously assigned to this
25 case. Mr. Crouch has repeatedly stated that the St.

1 George Island water system is "an horrendous system" to
2 maintain and operate. Our well field is spread out on
3 the mainland, some 6 or 7 miles from the plant and
4 approximately 15 miles from many of our customers, who
5 are spread out along a 20 mile stretch of narrow sandy
6 beach and coastal barrier island. I have watched as
7 our wells start up and begin pumping solid black
8 sulphur water that we must transport to the plant,
9 treat, aerate and deliver to our customers with clear
10 drinking water purity. Many of these customers only
11 use their dwellings on a periodic basis, which allows
12 the hydrogen sulfide to build back up in the lines
13 requiring constant daily flushing. Also, many of our
14 customers have shallow wells, which exacerbates our
15 problems with the cross connection control program
16 which we must fully implement from start to finish.
17 Unlike most if not all of the systems cited by Ms.
18 Dismukes for comparison, we do not have a monopoly on
19 St. George Island. Indeed, one of our biggest problems
20 is the constant competition from shallow wells which
21 can be installed without a permit in a matter of a few
22 hours for approximately \$300 each. We are required
23 ready to serve these people with a safe and adequate
24 supply of potable water in case their well fails, as is
25 often the case, but we receive no revenue or assistance

1 whatsoever from all of these shallow wells which
2 operate side by side with septic tanks on small lots.
3 Because the island is approximately 1/4 mile wide on
4 average and is 20 miles long, we have to run many many
5 miles of distribution lines to t-roads and cul-de-sacs
6 which cannot be easily looped for improved service and
7 reliability as would be the case with a traditional
8 orthodox utility system serving a consolidated group of
9 customers, all tied to the system, and all producing
10 revenue. In other words, it is not fair or accurate to
11 compare the St. George Island water system with systems
12 that do have a monopoly where all dwellings and
13 businesses are tied into the system to achieve
14 economies of scale and operating efficiencies. We have
15 to deal with many of the problems caused by these
16 competing shallow wells, but we receive no operating
17 revenue whatsoever from these shallow well customers,
18 resulting in a higher cost per customer for those
19 dwellings and businesses which are on our system.
20 Offhand, I do not know of any PSC regulated water
21 system involving a barrier island 5 miles out in the
22 Gulf with competing water supply sources and with a
23 highly seasonal customer base. The importance of this
24 seasonal customer base cannot be overstated. We have
25 to design, construct, operate and maintain our system

1 for basically three weekends per year, i.e., Memorial
2 Day, July 4th and Labor Day. If we received revenue
3 based upon this design criteria, the system would be
4 much more economically feasible because our ongoing
5 operating revenue from the sale of water would be
6 approximately 2 to 3 times greater than it is based
7 upon our seasonal customer base. I do not believe that
8 the other companies cited by Ms. Dismukes have all of
9 these problems which result in a higher operating cost
10 per actual customer.

11

12 **Q. One of Ms. Dismukes primary problems seems to be with**
13 **the issue of management fees or management's**
14 **compensation. Would you briefly discuss this issue?**

15 **A.** During the 1987 test year, our general manager had a
16 total compensation package of approximately \$41,000,
17 approximately \$34,000 of which was approved and allowed
18 in the Commission's order. However, the order also
19 directed the utility company to employ a new manager
20 with utility or management experience. Based upon
21 recommendations from the Commission staff, the utility
22 hired an individual who had worked at the Commission
23 and who had also managed another regulated utility.
24 This manager required a salary of approximately
25 \$36,000, but also required a housing allowance and

1 other benefits including a pension plan, pushing his
2 total compensation into the \$45,000 range. When this
3 manager did not work out, the utility hired another
4 manager who required a base salary of \$36,000 per year
5 as well as other compensation which pushed the total
6 manager's compensation package into the 40's. However,
7 this manager was only willing to work 4 days per week
8 because of his other business commitments. This
9 manager left in the fall of 1991, because the utility
10 was unable to meet his salary demand of \$50,000 per
11 year. This was after the Department of Environmental
12 Protection had filed suit based upon the alleged
13 violation of a consent order negotiated by the
14 utility's management. At this time, the utility's
15 primary lender, Capital City First National Bank,
16 became quite concerned regarding the utility's
17 financial and regulatory prospects. The bank contacted
18 Ben Johnson and Associates and commissioned them to do
19 a comprehensive analysis regarding the utility company.
20 When this comprehensive analysis was completed and
21 submitted to the bank, Ben Johnson and Associates was
22 also asked to present a proposed management contract to
23 take over the management of the utility company. At a
24 meeting with the bank's representatives and myself, Mr.
25 Johnson presented a proposed agreement to manage the

1 utility company for \$6,000 per month, plus all
2 expenses. After considering this proposal, and after
3 discussing the matter with the representatives of
4 Capital City, I questioned whether Mr. Johnson would be
5 able to devote the necessary time and expertise to the
6 utility's management. I also doubted that he would be
7 able to come up with the necessary funds to solve all
8 of the problems facing the utility in the fall of 1991,
9 which he estimated to be in the \$350,000 to \$550,000
10 approximate range, plus the funding of all operating
11 deficits which were expected to run at least \$100,000
12 to \$200,000 per year on the basis of actual cash
13 losses. Because of these concerns and other matters
14 relating to ownership and control, I rejected Mr.
15 Johnson's proposal and proceeded with a management
16 contract between Armada Bay Company and the utility for
17 \$4,000 per month. At that time, I made a decision to
18 basically drop everything else that I was doing or had
19 planned to do, and to devote substantially all of my
20 time, energy and available financial resources to the
21 rehabilitation of the utility company. Since then, I
22 have been spending over 40 hours per week on utility
23 company business. This works out to be less than \$25
24 per hour, including office space, furniture, equipment,
25 etc. This should be compared with the \$50 per hour the

1 utility was required to pay Mary LaBatt, the PSC
2 designated and approved "co-manager" who had absolutely
3 no management experience and who did not provide her
4 own office or equipment, etc. My affiliates have made
5 net loans to the utility company of over \$250,000
6 during the period from January 1, 1992 through June 20,
7 1994. This figure represents the net cash invested by
8 the affiliates in the utility company to solve its
9 problems. In my opinion, the utility could not have
10 survived the last 2 1/2 years without this total
11 dedication in time, energy and especially money; and I
12 do not know who else would have made such an
13 investment.

14
15 **Q. Don't you spend a great deal of time with all the other**
16 **companies mentioned by Ms. Dismukes?**

17 **A.** No. Except for one or two periodic law clients, I
18 spend substantially all of my time managing and
19 representing St. George Island Utility Company, and I
20 have done so from late in 1991 until this time. I
21 expect to continue doing this until the utility
22 receives fair and adequate rate relief, and until the
23 utility can be placed on a sound financial footing, via
24 new long-term financing. After that, the utility will
25 still require professional management, either from me

1 or someone equally qualified to manage a fast growing
2 utility company on St. George Island.

3

4 **Q. How active are the other companies referred to by Ms.**
5 **Dismukes?**

6 A. Except for the law firm, they are all basically
7 inactive. They are companies that were built up during
8 the 70's and early 80's when I was actively involved in
9 the development of St. George Island and other
10 projects. I have had no such involvement for quite
11 some time, and substantially all of these companies
12 either have been or are being phased out, both with IRS
13 and the Florida Department of State's Office.

14

15 **Q. How active is your law practice?**

16 A. Except for one or two periodic clients, including one
17 old friend, I do not have a law practice. For various
18 reasons, I have elected to keep a sign on the door, but
19 I am really not "practicing law" because of the time
20 and effort required in managing the utility company. I
21 decided to make this commitment almost three years ago,
22 and I do not plan to return to the active practice of
23 law until and unless the remaining problems facing the
24 utility company are resolved, including this rate case,
25 the pending revocation proceeding, and the necessary

1 long-term refinancing of the utility's operations.
2 During 1992, I made very little from the practice of
3 law, except for the money paid to my law firm by the
4 utility company. During 1993 and the last half of
5 1994, I have made next to nothing practicing law or
6 doing anything other than managing St. George Island
7 Utility Company. This situation will continue as long
8 as I actively manage this company, which takes
9 substantially all of my time and energy.

10

11 **Q. Do you believe that the management fees and related**
12 **management compensation set forth in the MFR's are**
13 **reasonable and fair?**

14 **A.** Upon reflection, and being as objective as possible, I
15 believe that a general management fee or general
16 manager's salary should be \$42,000 per year, together
17 with a reasonable and necessary compensation package to
18 include a health insurance allowance, a transportation
19 allowance, a pension plan, and cellular phone service.
20 Of course, the manager will need a place to work,
21 including furniture, office equipment and at least one
22 telephone line, in addition to the telephone service
23 provided for the accounting and billing department of
24 the utility which has three full time employees and
25 one part time accountant.

1 Q. What lead you to this conclusion?

2 A. In making this analysis, I have tried to remove myself
3 from the equation. In other words, I have tried to
4 consider what it will take to attract and maintain a
5 qualified professional manager if and when I decide to
6 give up this job. Over the years, I have advertised
7 for and interviewed dozens of prospective utility
8 company managers, and I have hired at least three. At
9 all times, I was trying to find the best manager for
10 the money, but the total compensation package always
11 came down in the \$40,000 to \$50,000 range, even before
12 the complexities and greater number of customers which
13 were represented by the 1992 test year. In retrospect,
14 I believe that the management fee of \$6,000 per month
15 demanded by Ben Johnson in the fall of 1991 was fair
16 and reasonable based upon the problems which had to be
17 solved by the manager. And while the problems should
18 not be as great in the future, there will nevertheless
19 be a continuing need for full time competent
20 professional management to manage the fairly
21 complicated operations and responsibilities of a
22 private utility company serving a large barrier island
23 in a rapidly growing area of Florida. This Commission
24 has recognized deficient management in the past, and it
25 will take adequate compensation to continue competent

1 professional management in the future, even though the
2 previous problems facing the utility have been
3 substantially solved. I also reviewed and considered
4 the MFR benchmark analysis obtained from the PSC staff,
5 which is based upon an increase factor considering
6 combined growth and the CPI percentage of increase.
7 According to my analysis of this PSC staff benchmark,
8 the equivalent manager's salary in the test year 1992
9 would be between \$65,000 and \$70,000 plus other
10 benefits and expenses relating to the manager. And
11 while I do not believe it will actually take that much
12 to find a competent manager, it will take at least
13 \$42,000 per year plus the ordinary and reasonable
14 benefits and related expenses that I discussed earlier.

15

16 **Q. Ms. Dismukes argues that the management compensation**
17 **package should be reduced because the utility has**
18 **"consistently" been in violation of PSC and DEP rules**
19 **and regulations. Do you agree?**

20 **A. No. This is the same type of circular reasoning and**
21 **bootstrap arguments that the utility's management has**
22 **been fighting for years. Under prior management, the**
23 **utility admittedly had various problems, including some**
24 **violations. However, I thought, or hoped, that the**
25 **slate had been wiped clean in the fall of 1991 with the**

1 Commission approved settlement agreement which resulted
2 in a \$5,000 fine against the utility. To my knowledge,
3 this is the only fine ever assessed against this
4 utility in its over 15 years of PSC regulated
5 operations. This may not be an admirable record, but
6 one negotiated fine of \$5,000 over a span of more than
7 15 years does not justify punishing this utility for
8 all the years to come so that it will not have adequate
9 revenue to hire competent management to avoid the
10 problems of the past. Regarding the alleged DEP
11 violations, I would point out that the utility has had
12 one negotiated and agreed to fine of a few thousand
13 dollars in its over 15 years of regulation by the
14 Department of Environmental Protection and its
15 successors. Again, it does not seem appropriate to
16 penalize the utility in the future when the result will
17 be to make it extremely difficult if not impossible to
18 find or maintain a manager to avoid the problems of the
19 past.

20

21 **Q. Is the \$24,000 per year as set forth in the MFR's a**
22 **fair and reasonable amount for attorneys' fees?**

23 **A.** Again, upon reflection and trying to be as objective as
24 possible, I believe that \$24,000 was fair and
25 reasonable during the test year, and during 1993 and

1 early 1994. However, if I optimistically assume that
2 the utility will be able to obtain reasonable rates to
3 cover its day to day operations, which will help avoid
4 some of the crises faced by the utility during the past
5 several years, I believe that legal expenses should
6 level out. Even without the regulatory problems of the
7 past, however, this utility company will still need
8 professional legal advice and services. Attached as
9 Exhibit "A" to my testimony is an answer to one of the
10 PSC staff's questions regarding the obligations and
11 responsibilities of the utility's management. This
12 includes constant dealings with various regulatory
13 agencies, all of whom are administering detailed and
14 complicated rules and procedures. This includes the
15 Northwest Florida Water Management District, the Public
16 Service Commission, the Department of Environmental
17 Protection, and other agencies with ever changing rules
18 and regulations. Any manager is going to need advice
19 and representation from time to time regarding these
20 complicated rules and procedures as a type of
21 "preventative law" to avoid the regulatory problems of
22 the past. The utility also has to constantly deal with
23 other groups, such as the St. George Island Volunteer
24 Fire Department, the St. George Plantation Owners'
25 Association, the St. George Island Civic Club, the

1 Franklin County Commission, and other groups or
2 agencies who have an ongoing interest in dealing with
3 the utility company. This requires the drafting of
4 documents and agreements. The utility must constantly
5 negotiate and deal with its customers and potential
6 customers, including many different developers who need
7 service agreements, developer agreements and related
8 legal documents. These documents either have to be
9 drafted by the utility, or the utility must review
10 revised drafts submitted to it on an ongoing basis.
11 All of this takes time and legal expertise. In
12 managing this utility company, I have actually hired at
13 least six or eight outside lawyers and I have either
14 interviewed or negotiated with numerous other utility
15 company lawyers. Based upon my experience, the
16 prevailing hourly rates for utility lawyers in the
17 Tallahassee area is from \$135 to \$250 per hour. During
18 the 1992 test year, the utility company spent over
19 \$12,000 in outside lawyers, in addition to the fees
20 paid to my firm. On one occasion, we hired a utility
21 lawyer to attend one agenda conference and to provide
22 some basic research and advice regarding the utility's
23 pending problems with the PSC staff. The bill was
24 approximately \$10,000. On another occasion, I hired a
25 lawyer to make a five minute appearance at an agenda

1 conference, and his bill was almost \$3,000. When I was
2 trying to hire a lawyer to handle the PSC's attempt to
3 remove me as general manager and to fight the pending
4 revocation proceeding, the best estimate I received as
5 a total fee from start to finish was \$100,000. And
6 while this type of legal expense is not anticipated,
7 this company will require some reasonable level of
8 ongoing legal expenses even assuming the dismissal of
9 the pending revocation proceeding and the lack of any
10 additional show cause hearings or attempts to remove
11 management.

12

13 **Q. What do you think the minimum legal expense requirement**
14 **will be?**

15 **A.** I do not see how this utility company can operate on a
16 ongoing basis for anything less than \$1,000 per month
17 or \$12,000 per year. At an average hourly rate of
18 \$150, this will include approximately 6 to 7 hours per
19 month. Based upon my detailed time records, I have
20 been spending more than twice this amount on bona fide
21 legal matters for the past six months or so. If the
22 utility is to avoid the problems of the past, it must
23 have a reasonable and adequate amount of revenue for
24 legal advice and representation. A minimal amount of
25 \$1,000 per month, or \$12,000 per year, is still less

1 than half of the actual amounts paid by the utility
2 during the test year 1992. Of course, if the
3 Commission proceeds with ongoing attempts to remove
4 current management or to revoke the utility's operating
5 certificate, the utility's legal expenses will be
6 astronomical.

7

8 **Q. Ms. Dismukes argues that with proper management, the**
9 **utility will not have any violations and will therefore**
10 **not require legal representation. Do you agree?**

11 **A. The tone and tenor of Ms. Dismukes' testimony assumes**
12 **that the utility company is always wrong, that DEP, the**
13 **PSC staff, and all other developer customers and other**
14 **groups or agencies dealing with the utility are always**
15 **right. That is not necessarily true. For example, all**
16 **of the utility's engineers and management team believe**
17 **that DEP is "dead wrong" in its current position that**
18 **the utility is legally required to construct new**
19 **parallel 8" line from the well field some 5 or 6 miles**
20 **across the bridge to the plant. Using Ms. Dismukes'**
21 **approach, the utility could simply capitulate and build**
22 **the line at a cost of approximately \$800,000 to its**
23 **customers; or it could employ competent legal counsel**
24 **to negotiate or fight for a more reasonable and**
25 **economically feasible solution. There are numerous**

1 other examples, such as the utility's successful
2 defense of PSC staff's attempt to remove current
3 management and the related show cause proceedings which
4 were successfully defended. However, the point is
5 simply that complicated companies require legal advice
6 and representation, and it would not fair for this
7 Commission to tie the hands of the utility's management
8 by substantially disallowing all legal expenses based
9 upon Ms. Dismukes' continuing conclusion that the
10 utility is always wrong.

11

12 Q. Ms. Dismukes argues that the utility's test year
13 revenue should be increased to make it "consistent with
14 a 1993 test year," because the utility is asking for
15 certain adjustments that were not present during the
16 actual test year in 1992. Do you agree?

17 A. No. The requested adjustments have nothing whatsoever
18 to do with growth or increased demands on the system.
19 Instead, they are simply known and measurable changes
20 which properly reflect expenses that should have been
21 incurred during the 1992 test year in order for the
22 utility to meet its commitment to provide safe and
23 reliable service to all of its customers. Many of
24 these adjusted expenses have already been incurred, and
25 sound management dictates that the other expenses must

1 be incurred if the utility is to continue providing
2 safe and adequate water service.

3

4 **Q. Would you please discuss these adjustments, commencing**
5 **with the question of salary increases?**

6 A. First, let me point out that Ms. Dismukes' testimony
7 regarding the alleged rates of increase is misleading
8 and deceptive. For example, Hank Garrett was hired in
9 December of 1990 for a base salary of \$22,400, with
10 health insurance coverage of \$4,680 per year, and with
11 transportation reimbursement of \$10,400 per year, for a
12 total compensation package of \$37,480. After one or
13 more small incremental raises from the time Mr.
14 Garrett was hired in 1990, he ended up with a final
15 adjusted salary of \$32,500, with a \$3,600 annual health
16 allowance, and with \$5,200 as a total annual
17 transportation allowance, for a total compensation
18 package of \$41,300 at the end of 1993 with is still in
19 effect as of the date of this testimony. According to
20 my calculations, this results in an increase of
21 approximately 10% between 1990 and 1994 in Mr.
22 Garrett's total compensation, which is substantially
23 less than 5% per year. It certainly does not represent
24 a 39% annual increase, as argued by Ms. Dismukes. I
25 will not take the time to go through each and every

1 other utility company employee. Suffice it to say that
2 considerable thought and analysis has been devoted to
3 the question of employee compensation. The respective
4 compensation packages of the various employees have
5 been established at fair and reasonable levels that are
6 necessary to maintain the services and devotion of
7 these employees. It is important to maintain
8 continuity of operations in the utility business, and
9 we would have substantial turnover if our existing
10 employees who have proven themselves are not paid
11 adequately. The current compensation packages only
12 reflect a modest annual increase, when one considers
13 the original compensation paid to the respective
14 employees at the time they were hired rather than
15 simply taking their compensation immediately before and
16 immediately after the last adjustment. I have been
17 promising the utility company employees that they would
18 be adequately compensated from the time they were
19 hired, but they recognized that adequate compensation
20 would probably not be possible until and unless the
21 service related problems were first solved. Now that
22 all of the water service problems have been solved, and
23 all of the necessary physical improvements have been
24 made to the system, it is only fair and right that the
25 employees who made these improvements possible now be

1 adequately compensated as promised by management. I
2 have never knowingly paid any utility employee more
3 than he or she was worth. However, I cannot continue
4 to maintain the necessary employees to provide the
5 current level of service if the Commission forces me to
6 cut their salaries or employee benefits because this
7 will force all or most of them to leave.

8

9 **Q. Ms. Dismukes seems to think that the second field**
10 **assistant is seasonal and should not be allowed on a**
11 **twelve month basis. Do you agree?**

12 **A. No.** When I rehired Hank Garrett as our Class "C"
13 operator in the winter of 1990, it was possible for him
14 to spend some time working in the field on the system
15 along with the first field assistant. At that time,
16 however, I promised him as a condition of his
17 employment that it would not be necessary for him to
18 continue working seven days per week around the clock
19 if he would dedicate himself to solving the various
20 problems facing the company at that time. Since Mr.
21 Garrett was hired, the complexity of the operation has
22 changed considerably, and the testing, compliance and
23 record keeping duties now require most of his time.
24 When he was hired, his testing was done by Southern
25 Water Services, Inc. at a cost of almost \$1,000 per

1 month. In addition, the cross connection control
2 program, the ongoing system audit and mapping, and the
3 new required flushing schedules demand the services of
4 another full time employee on a year-round basis.
5 According to the Baskerville-Donovan engineering
6 analysis, a new forced air aerator will not necessarily
7 help the hydrogen sulphur problems on the island.
8 These problems are primarily caused by the build-up of
9 hydrogen sulfide in our many dead end lines which
10 remain unused for long periods of time between the
11 infrequent seasonal visits to the island by many of our
12 customers. Based on this engineering analysis, we have
13 initiated a new daily flushing program throughout the
14 system. This flushing program, along with the doubling
15 of the size of our existing aerator, has substantially
16 solved the hydrogen sulfide problems on the island. It
17 should be noted that this problem is even worse during
18 the fall and winter months because this is when the
19 system is used the least, causing the build-up of
20 hydrogen sulfide, requiring even more vigilance in the
21 daily flushing program. The fall and winter months are
22 also the time during which the employees have time to
23 analyze and conduct the ongoing system audit, to bring
24 the maps up to date, and to make the necessary
25 maintenance repairs that should be made during the

1 year. Regarding maintenance and repairs, it should
2 also be noted that the utility saves a great deal of
3 money for its rate payers by not contracting very many
4 repairs. Both of our field assistants have experience
5 in plumbing and carpentry, and one of the two field
6 assistants has extensive electrical knowledge and
7 experience. This allows the utility to save
8 considerable sums that would otherwise have to be spent
9 for outside repairs and maintenance. These savings
10 will not be possible, and the company will not be able
11 to meet its ongoing responsibilities, if the utility is
12 forced to discharge or only use one of its employees
13 part time.

14

15 **Q. Do you believe that the allocation of Ms. Chase's**
16 **salary of 2/3 to the utility and 1/3 to the law firm is**
17 **fair and equitable?**

18 **A.** Yes, I believe it is more than fair and equitable. As
19 I stated earlier, I only have one or two periodic law
20 clients and Ms. Chase spends almost no time helping me
21 take care of those clients. My main client basically
22 requires only consultation and advice by telephone. I
23 do not represent him in any litigation and there is
24 very little secretarial work connected with my law
25 practice. Ms. Chase spends at least 40 hours per week

1 working strictly on utility company matters. She is
2 the corresponding secretary and assistant to all of the
3 operations people on the island, as well as the
4 accounting and billing staff here in Tallahassee. In
5 other words, she writes and types substantially all of
6 their correspondence. She handles substantially all of
7 the utility's contacts and correspondence with its
8 customers, including developers and potential
9 customers. She has handled substantially all of the
10 special projects of the utility, such as customer
11 surveys, pension fund planning, insurance coverage
12 negotiations, etc. She also has total full time
13 responsibility for the ongoing and growing cross
14 connection control program. According to the DEP
15 testimony filed by the PSC staff, this alone requires
16 100% of the time of one person. According to Ms. Chase
17 and based upon my experience and knowledge in the
18 overall supervision of the utility including the cross
19 connection control program, I believe that this program
20 alone will take substantially all of Ms. Chase's time
21 as soon as it is fully implemented. As soon as this
22 rate case is concluded, Ms. Chase will devote the
23 necessary time to update the program so that all
24 required customers are brought under it as set forth in
25 our approved policy.

1 Q. Do you believe that an adjustment is necessary to
2 reflect the use of furniture and office equipment by
3 affiliates of the utility company?

4 A. No. Substantially all of the furniture and equipment
5 used by the utility company is owned by Armada Bay
6 Company. This is all covered by a written lease
7 agreement between Armada Bay and the utility, a copy of
8 which is attached as Exhibit "B." The utility company
9 not only gets the benefit of substantially all the
10 office equipment and furniture in the downstairs
11 portion of the utility company's office, they also get
12 the use and benefit of all of the office furniture and
13 equipment used by myself and Sandra Chase in the
14 upstairs portion of the office. This amounts to at
15 least 35 or 40 hours per week by me and at least that
16 much by Ms. Chase.

17

18 Q. Why do you need an adjustment for tank maintenance?

19 A. The utility recently installed a new elevated tank
20 constructed of sheet metal. The warranty on the
21 elevated tank has expired, and it is beginning to rust.
22 If is not properly maintained, it will rust through
23 allowing rust into our water. Also, the tank will
24 become unstable and unusable over a period of time. We
25 have always maintained our ground storage tank, but the

1 roof is almost 20 years old and needs to be repaired.
2 Also, the precast concrete siding is beginning to leak,
3 and needs to be sealed. Both of these tanks need to be
4 maintained on an annual basis as recommended by our
5 engineers. We have received two written bids for this
6 work, and we have decided to take the lower bid from
7 Eagle Tank Company, a copy of which is attached as
8 Exhibit "C." Mr. Tim McDaniel of Eagle Tank has
9 confirmed to the utility's management that there has
10 been no negligence in the past in maintaining either of
11 these tanks, and all of the bid relates to maintenance
12 work, including the roof which is a maintenance item.
13 I have not signed a contract with Eagle Tank Company
14 yet, because the PSC staff recently advised me that
15 three bids should be obtained. I am waiting for the
16 third bid. If it is lower, it will be accepted in lieu
17 of the Eagle Tank bid. This bid will be received prior
18 to the hearing, and I will be in a position to testify
19 about it at that time.

20

21 **Q. Is the adjustment for pipe cleaning necessary?**

22 **A. Yes.** Our engineers and the Florida Rural Water
23 Association have recommended that our pipes be cleaned
24 to cut down on turbidity, to assist in our leak
25 detection program, and to enhance the flow and pressure

1 capacity of the system. We especially need to clean
2 the main transmission line from the well field to the
3 plant. It is extremely important to maintain the 8"
4 diameter of this pipe, and to cut down on all flow
5 restrictions and turbidity problems. Attached as
6 Exhibit "D" is an updated estimate just to clean this
7 portion of the pipe, which badly needs to be done.
8 Based on recent statements of the PSC staff, I have
9 requested two additional bids on this work, which will
10 be provided prior to the hearing. I will be in a
11 position to testify regarding the bids at the hearing,
12 and we would very much like to be able to do this work,
13 beginning with the transmission line from the well
14 field to the plan. This is both a capacity and quality
15 of service matter, and we cannot fully and adequately
16 meet our responsibilities unless this work can be done.

17

18 **Q. Is an adjustment for insurance necessary?**

19 **A.** Yes. The utility company has always needed insurance,
20 and management cannot fully meet its responsibilities
21 unless adequate insurance is provided. Until recently,
22 the utility simply did not have and could not raise the
23 necessary funds to purchase adequate insurance while
24 making all of the necessary service improvements that
25 were required. Now that all the necessary improvements

1 have been made, and the quality of service is high, the
2 utility has purchased adequate insurance which is now
3 in effect as shown by Composite Exhibit "E" attached.
4 This insurance was purchased after full negotiation
5 with and the receipt of bids from at least three
6 insurance agents. This insurance is needed for a
7 number of reasons, including the fact that lack of
8 insurance could well result in a long term outage of
9 water service. For example, in 1985, the hurricane
10 destroyed the main transmission line from the mainland
11 to the island. Because the utility company had
12 adequate coverage, we were able to immediately repair
13 and replace the line at a tremendous cost to the
14 insurance company, not to the utility. Without this
15 insurance, water service to the entire island would
16 have been out for a considerable period of time. With
17 the insurance, we were able to have the system back on
18 line within one week by working night and day to repair
19 and replace the transmission line. This was several
20 weeks earlier than the electric company and the phone
21 company restored service, and it was over a year before
22 the state repaired the access bridge to the island.
23 This insurance is a reasonable and ordinary business
24 expenditure. The money has been spent, the insurance
25 is in effect, and the bills has been paid. The entire

1 first year's premium for casualty insurance and
2 liability insurance has been paid in full, and a major
3 portion of the workers' compensation has been paid.
4 The remainder will be paid as agreed with the insurance
5 company.

6

7 **Q. Is the pension plan necessary?**

8 **A.** Yes. I have personally promised the utility company
9 employees over the past several years that the utility
10 would establish a pension plan for their benefit if
11 they would stay with the company and help solve all of
12 its problems. These dedicated employees are the reason
13 that the problems have been solved, so that safe and
14 adequate water service is now provided to the customers
15 on St. George Island. Hank Garrett left a secure job
16 with the City of Apalachicola which had a good pension
17 plan because I promised him that this utility company
18 would also provide normal, ordinary benefits, including
19 a pension plan, if he would devote himself to bring
20 this service up to a high level. I am not a part of
21 the plan, but it would be unfair and unreasonable for
22 the Commission to disallow our plan which is for the
23 sole benefit of the dedicated employees who stay with
24 the company. In any business, and especially the
25 utility business, it is extremely important to maintain

1 continuity of employment. We now have an outstanding
2 group of employees who have stayed with the system
3 through a very rough period, and their dedication and
4 continued employment is vital to the success of this
5 utility company. Our plan was established as of
6 January 1, 1994, to be funded semi-annually. The first
7 semi-annual payment of \$3,293.70 has been paid to IDS
8 Financial Service, which is the independent Merrill-
9 Lynch subsidiary that is responsible for administering
10 the funds in a safe manner. I cannot properly manage
11 this company unless I have the ability to provide
12 adequate compensation to its employees, including
13 benefits such as the pension plan to maintain their
14 dedication and continued employment. Attached as
15 Exhibit "F" is the documentation regarding the pension
16 plan.

17

18 **Q. Is the hydrological study necessary?**

19 **A.** Yes. The North Florida Water Management District has
20 required this study as a condition precedent to the
21 utility's continued withdrawal of water from the
22 Eastpoint area. The management district recently
23 granted a temporary permit allowing us to exceed the
24 withdrawal rate as set by the permit previously in
25 effect. However, they have required that a final

1 hydrological report be submitted to them on or before
2 July 12, 1994. The original estimate as to the cost of
3 this study set forth in the MFR's was \$45,000.
4 However, I was able to obtain the complete study for
5 \$12,000. All of this \$12,000 has been paid by the
6 utility, as shown by the documentation attached as
7 Exhibit "G," and the study will be presented to the
8 district on or before next Tuesday, July 12, 1994.
9 This permit was necessary to continue serving the
10 number of customers we had in 1992. If we are
11 successful in having the permit modified for increased
12 withdrawal capacity, it will take us through 1995 based
13 on our current rate of growth. We will need another
14 permit modification in early 1996. Accordingly, I
15 believe that the \$12,000 should be amortized over two
16 years, or \$6,000 per year. All of our other estimates
17 for this work were much higher, and the \$12,000 cost is
18 reasonable. Indeed, it was a bargain based upon the
19 other estimates.

20

21 **Q. Why is another engineering analysis necessary?**

22 **A.** In 1992, the utility company filed a comprehensive
23 analysis with both DEP and the PSC. After initially
24 advising us that the report was complete and thorough,
25 DEP recently advised us that the report is fatally

1 flawed because it concluded that the supply of water to
2 the island would not be a problem for the next ten
3 years. Based upon the original Baskerville-Donovan
4 report, the utility had planned a series of
5 improvements as set forth in the ten year build-out
6 schedule of the report, but these improvements did not
7 include any improvements to the supply system from the
8 mainland, except for the third well, which has been
9 completed and is now on line. However, DEP recently
10 advised the utility in writing that the utility will be
11 out of capacity almost immediately unless the utility
12 constructs a new parallel supply line from the well
13 field to the island. The cost of such a line will be
14 approximately \$800,000. Also, the PSC staff has raised
15 an issue as to the capacity of the system. Based upon
16 all of these and other factors, I decided that it would
17 be wise and prudent to obtain an updated engineering
18 analysis to guide the utility's actions, both for the
19 short and long term. I cannot simply rely upon the
20 Baskerville-Donovan report, which is totally at odds
21 with the DEP position. These two positions are
22 diametrically opposed to each other, and I have to
23 decide which way to go. If I proceed to spend utility
24 company money based upon the Baskerville-Donovan
25 report, this could be considered an imprudent expense

1 in the future in light of the firm written position of
2 DEP, and the current questions being raised by the PSC
3 staff. I have obtained a firm price for this work of
4 \$12,000, and I have commissioned this work to be done
5 immediately. We are trying to have at least a
6 preliminary report ready prior to the hearing, so that
7 I can report the preliminary conclusions to the
8 Commission and its staff in response to the issue which
9 they have raised regarding capacity. This is a serious
10 question, which must be handled immediately, and as a
11 manager I had no reasonable choice but to proceed with
12 an updated engineering analysis. I did this after
13 obtaining bids from three engineering firms. I took
14 the lowest and best bid, and it is reasonable that this
15 expense be included in this rate case. Another
16 engineering analysis probably will not have to be done
17 for the next two or three years, so the expense should
18 be amortized over a reasonable period of time.

19

20 **Q. Public Counsel has argued that the revised aerator**
21 **analysis is not reasonable or proper. Do you agree?**

22 **A. No. The original aerator analysis was complete and**
23 **thorough. It was done by a competent, highly respected**
24 **engineering firm for a reasonable price. For some**
25 **reason, DEP wants additional and highly esoteric**

1 chemical analysis done. Such chemical analysis is
2 beyond the capacity of our testing lab, which is only
3 able to test for hydrogen sulfide content within
4 certain parameters. In fact, I know of no rule that
5 even requires the utility to test for hydrogen sulfide.
6 We have contracted for Baskerville-Donovan to revise
7 its aerator report, and they have agreed to do so for a
8 reasonable price. This final revised report will be
9 ready prior to the hearing, and can be presented at
10 that time if requested. As a manager, I have no way to
11 guarantee that all of our engineering analyses will be
12 accepted by any agency or agencies, including DEP. I
13 acted reasonably in hiring Baskerville-Donovan to do
14 the original report, and I have acted reasonably in
15 requesting Baskerville-Donovan to do a revised report
16 based upon the correspondence from DEP. The cost of
17 both of these reports should be allowed as a proper
18 expense.

19

20 **Q. Why do you need a fire protection study?**

21 A. During the past several years, the issue of fire
22 protection on St. George Island has been highly
23 controversial. The DEP and PSC staffs have held
24 meetings with the island representatives as well as the
25 state fire marshall's office regarding this issue. The

1 utility company constantly receives questions and
2 complaints regarding the level of fire protection on
3 St. George Island. There is a great deal of heat but
4 very little light regarding this subject. Thus far,
5 this utility company has been excluded from the debate,
6 although we are the only ones who can really deal with
7 the problem. In 1992, the state agencies and all of
8 the island representatives held a comprehensive 2-3
9 hour meeting to discuss and analyze this issue.
10 However, I was asked not to attend so I did not. The
11 utility company wants to deal with this issue on a
12 professional, objective basis. This issue should not
13 be used to simply criticize the utility company and to
14 prevent growth on St. George Island. The utility
15 system was never designed as a fire protection system,
16 it was designed as a potable water system capable of
17 providing a safe and adequate water supply. The
18 utility company is, however, ready, willing and able to
19 provide adequate fire protection via its water system
20 within a reasonable time. In order to do this, the
21 utility's engineers must first analyze the current
22 system, determine what level of fire protection is
23 reasonable and necessary on the island, determine the
24 most efficient and cost effective method of providing
25 such protection, and determine whether there is a

1 consensus among the rate payers and the agencies,
2 including the PSC, to provide the utility with a means
3 of recovering its investment in the necessary fire
4 protection improvements. In other words, we cannot
5 adequately deal with this question in the dark, and it
6 makes no sense to me to simply start spending money for
7 improvements that may or may not really be reasonable
8 or prudent in terms of fire protection capacity. Our
9 original bid for doing such a study was \$30,000. Since
10 then, we have received two other bids for the study,
11 the lowest one being \$12,000 as shown by Exhibit "H,"
12 which also includes the engineering analysis bid. If
13 the Commission agrees that this is a reasonable and
14 prudent expense, we will immediately proceed with the
15 study. If not, the study will not be done and we will
16 continue to deal with the fire protection issue to the
17 best of our ability without a study.

18
19 **Q. Public Counsel has questioned the need for the**
20 **utility's payment of the corporate filing fees**
21 **connected with Leisure Properties, Ltd. Would you**
22 **address this issue?**

23 **A. Yes. The only reason that Leisure Properties has**
24 **continued in existence is because it has to continue**
25 **servicing as a general partner of the utility company,**

1 which is a Florida limited partnership. Public Counsel
2 has implicitly criticized this business format;
3 however, it should be pointed out that this saves the
4 rate payers a great deal of money because this type of
5 partnership is not required to pay corporate income
6 tax, as would be the case with an orthodox C
7 corporation. This distinction is especially important
8 in our case, because under the IRS reporting
9 requirements, all CIAC is included as taxable income,
10 which would soon result in tens of thousands of dollars
11 each year in corporate taxes that would have to be
12 included as expenses to be paid by the rate payers,
13 even before there is any income shown on the books
14 based upon PSC approved accounting, which does not
15 include CIAC as part of operating revenue. This small
16 expense is reasonable and should be allowed.

17

18 **Q. Why should the utility company pay 1/2 of the cost of**
19 **your cellular phone?**

20 **A. I constantly use my cellular phone for utility company**
21 **business. There have been numerous occasions when Hank**
22 **Garrett was able to reach me on my cellular phone**
23 **regarding emergencies that could have resulted in**
24 **complete water outages if I had not been able to**
25 **respond. On one occasion I was in the middle of Lake**

1 Miccosukee fishing. On two other occasions I was out
2 hunting early in the morning during the weekend. I
3 normally talk to Hank and the other utility company
4 employees on my mobile phone several times a day. I
5 spend at least 35-40 hours per week working on utility
6 company business, and I am on call 24 hours per day 7
7 days per week, 365 days per year. At least 80% of the
8 use of my cellular phone is water company related,
9 although the water company only pays 50% of the cost.
10 I constantly use my home telephone for long distance
11 calls to Hank and for calls to other utility company
12 employees, although none of this expense is charged.
13 Sandra Chase uses her separate mobile phone for utility
14 company business practically every day, although none
15 of this is charged to the utility company. Under all
16 of these circumstances, it is reasonable for the
17 utility company to pay the small cost represented by
18 50% of my cellular phone. The utility company
19 employees and I have made a commitment that we will
20 never again be without water on St. George Island
21 because of any lack of operating efficiency on the
22 utility's part. In today's high tech world, cellular
23 phones are part of efficient business operations,
24 especially for a utility company which must deal with
25 emergencies and other crises which relate to the

1 continued maintenance of water service. My phone was
2 obtained in the name of Sandra Chase, because she
3 already had her phone and an account with the phone
4 company which eliminated the requirement for a deposit
5 from the utility company. This saved the utility
6 company money, and was reasonable under the
7 circumstances.

8

9 **Q. Do you believe that the utility's expenses for**
10 **electricity and chemicals should be reduced because you**
11 **have become so efficient in your leak detection**
12 **program?**

13 **A. No.** Although we have been working extremely hard on
14 our leak detection program to reduce our water losses,
15 our actual loss for 1993 was 12.3%, as shown by our
16 current revised calculations. The standard rule of
17 thumb is 10%, although the last rate case allowed 15%
18 because of the extraordinary circumstances existing on
19 St. George Island. We have been extremely diligent in
20 the ongoing leak detection program, and we are
21 determined to hold this figure down, but we should not
22 be penalized or punished for doing a good job one month
23 out of the year as argued by Public Counsel's witness.
24 Also, it should be noted that the Rural Water report
25 which related to only one month was not calculated on

1 the same basis that DEP and PSC normally calculate this
2 figure. For example, the Rural Water Association makes
3 adjustments for the assumed inaccuracy of a certain
4 number of meters and other factors which distort the
5 overall figures. In my opinion, the utility will
6 continue to be able to hold its unaccounted for water
7 around 15% or less. It was approximately 15% in 1992,
8 a little over 12% in 1993, and will probably continue
9 in that range in the future. We now have a better
10 handle on the water that is flushed by our staff, and
11 the water that is used by the volunteer fire department
12 in the fire fighting efforts. We will continue to do
13 the best we can in this regard, but it does not make
14 sense to build in a disincentive by penalizing the
15 utility company for doing a good job as suggested by
16 Ms. Dismukes.

17

18 **Q. Should the repair cost on the generator be thrown out?**

19 **A.** No. It is my understanding that these costs were
20 normal maintenance items, including damage from
21 lightning strikes. We will continue to have
22 maintenance expenses of this nature, whether we have a
23 new generator or an old generator. In fact, the
24 generator repair costs may well increase because we now
25 have two generators instead of one, which is all we had

1 during the 1992 test year.

2

3 **Q. Public Counsel has raised a question regarding the**
4 **payment of any rate case expense to you as an attorney,**
5 **indicating that you should not receive the \$20,000**
6 **estimated in the MFR's for a "rate case attorney." Do**
7 **you have any comment?**

8 **A. Yes. The reference to a "rate case attorney" in the**
9 **MFR's was never intended to refer to me or my firm. It**
10 **was always my intent to hire independent counsel as**
11 **soon as the utility could afford such services, but**
12 **well prior to the hearing in any event. We have**
13 **selected Steve Pfeiffer, whose total fee will probably**
14 **at least \$30,000. I have spent a great deal of time**
15 **directly working on the rate case. However, none of**
16 **this time is being charged to this case or to the rate**
17 **payers.**

18

19 **Q. Why does the utility company need to spend \$500 per**
20 **year for ongoing engineering services?**

21 **A. The utility company has to constantly, on a day to day**
22 **basis, make engineering decisions. This requires**
23 **continuous consultation with an advice from one or more**
24 **engineers. During the test year of 1992, the utility**
25 **company spent approximately \$100,000 for engineering**

1 services. During 1993, the utility company spent
2 almost \$50,000 for engineering services. During the
3 first six months of 1994, we have incurred
4 approximately \$50,000 for engineering expenses. In
5 other words, our actual expenditures during the past
6 two or three years have been in the \$75,000 to \$100,000
7 range. This has enabled me and Hank Garrett to have
8 ample advice from engineers. Even though these large
9 engineering expenditures are not expected to continue
10 at the same level in the future, we definitely need
11 access to an engineer on an ongoing basis. Engineering
12 fees are expensive, but I constantly have to meet with
13 various agencies and groups, such as DEP, as well as
14 various owners and developers, many of whom are
15 represented by their own engineers. This means that we
16 need to have either in-house engineering advice and
17 consultation, or we need an outside consulting engineer
18 regarding various engineering and capacity issues. The
19 services of Wayne Coloney have been invaluable to the
20 utility company, because I constantly rely upon him to
21 review engineering matters and to advise me as to what
22 the utility should do. It is unfair and unreasonable
23 to expect the utility's company's management to
24 properly do its job and make sound
25 engineering/financial/capacity/service decisions

1 without adequate engineering advice, especially when
2 almost all of the people we deal with have their own
3 independent engineers. There will always be a need for
4 engineering services in running a complex utility
5 system such as this. Based on my 25 years of
6 management experience, I determined that a basic,
7 minimal retainer agreement is the best and most cost
8 efficient way to obtain these services. I have seen
9 nothing in any of the testimony to indicate that Wayne
10 Coloney is not an outstanding engineer, or that he is
11 not worth what we are paying him. I have also not seen
12 anything to indicate that the utility could have
13 obtained the necessary services for less than \$500 per
14 month during the test year, or that we will be able to
15 obtain the needed engineering services in the future
16 for less than \$500 per month. Accordingly, I believe
17 that \$500 per month, or \$6,000 per year, is reasonable,
18 prudent, and that it should be allowed as an ongoing
19 expense.

20

21 **Q. Do you agree that the utility's rate base should be**
22 **decreased because of the "newly discovered appraisal"**
23 **by William Bishop?**

24 **A. No I do not. The old William Bishop was completed well**
25 **before the St. George Island water system was purchased**

1 by the utility company on December 31, 1979. No
2 consideration has been given to additions to the system
3 between the date of Mr. Bishop's appraisal and the date
4 the system was sold. As explained in some detail
5 during our last rate case hearing, the Leisure
6 Properties' books and records were incomplete because
7 they do not contain all the real cost of the system.
8 That is why we did not try to rely upon the Leisure
9 Properties' books during the last rate case. Public
10 Counsel is now trying to take an old appraisal of only
11 part of the system that actually existed at 12/31/79,
12 and wants to combine that figure with an incomplete,
13 out-of-context figure from an affidavit filed in the
14 last case regarding part of the additions to the system
15 between January 1, 1980 and the end of the 1987 test
16 year. Not only is this "mixing apples and oranges," it
17 also leaves out a large block of time during which the
18 utility company was undergoing tremendous expansion and
19 growth in the late 70's on St. George Island. I have
20 reviewed both the William Bishop 1978 appraisal and the
21 Wayne Coloney appraisal some ten years later as
22 presented to the Commission in the last rate case.
23 These two appraisals do not seem to be inconsistent,
24 but an old undocumented, hearsay appraisal almost ten
25 years before the actual valuation date is totally

1 irrelevant and should not be considered by the
2 Commission. Since the old William Bishop appraisal,
3 there have been at least one or more complete
4 appraisals of the water system after the date of sale
5 at much higher values. It would be just as reasonable
6 (or unreasonable) for the Commission to take the higher
7 values in one of these subsequent appraisals and add it
8 to the figures from Barbara Withers' affidavit as it is
9 to take a lower appraisal substantially before the date
10 of sale to be added to the figures from Barbara
11 Withers' affidavit. However, any such later and higher
12 appraisal should also not be considered, just as the
13 lower appraisal completed a substantial time prior to
14 the date of sale should not be considered. This entire
15 matter was fully litigated during the 1989 rate case,
16 and it should not be relitigated as part of this
17 proceeding.

18 **Q.** It has been suggested that the utility company's CIAC
19 should be increased by imputing 30 lots that were added
20 to the utility's CIAC list after the last rate case.
21 Do you agree?

22 **A.** No. Our CIAC list through 12/31/92 is accurate and
23 complete. It shows each and every connection and
24 contribution by account number, name, service address
25 and the precise dollar amount received as CIAC. We

1 have requested the staff auditor to review any or all
2 of our customer records to see if there is any
3 inaccuracy or inconsistency. However, despite the
4 expenditure of over 32 weeks in auditing our books, the
5 staff auditor has declined our repeated suggestion that
6 the actual customer files be examined. Instead, a
7 demand has been made that we identify 30 specific
8 accounts that were added after the date of a prior
9 audit of our books at a time that the utility company
10 was undertaking an intensive internal accounting and
11 physical audit of every lot and possible physical
12 connection on St. George Island to discover every
13 existing connection to the system. In the course of
14 this audit, we found a large number of illegal
15 connections which were then imputed as CIAC. On
16 several occasions, we have had customers come into the
17 office with letters from a former manager of the
18 utility company giving a "free connection." All of
19 these connections have been added to our CIAC list, and
20 the full CIAC in effect at the time of the letter has
21 been imputed and added to our CIAC list. In other
22 words, our CIAC list as of this time is totally
23 accurate and complete. It is supported by the
24 necessary documentation for each account, and I frankly
25 do not see the logic or reason for imputing CIAC at

1 \$2,020 for each of thirty \$500 contributions on our
2 CIAC list based upon a less accurate and less complete
3 list from the case five years ago. We have added or
4 imputed approximately 50-60 connections based upon our
5 own internal and physical island audit, all of which
6 are properly reflected on our CIAC list as of December
7 31, 1992. It is impossible to know precisely which 30
8 of these should be selected to satisfy the PSC staff
9 auditor. Nevertheless, I have selected 30 that are in
10 addition to the 256 identified on the prior audit
11 report. These are attached as an addition to the
12 12/31/92 CIAC list attached as Exhibit "I."

13

14 **Q. Would you respond to the allegation that you are a poor**
15 **manager because the third well was not brought on line**
16 **in time?**

17 **A. Yes. When the utility was originally directed to have**
18 **the third well on line by a certain date, it was**
19 **designed as a 250 gpm well. However, after analyzing**
20 **the situation with my operations manager, Hank Garrett,**
21 **we determined that it would be much wiser to construct**
22 **a much better well with a capacity of 500 gpm. We**
23 **wanted to have complete redundancy and a backup for**
24 **wells 1 and 2, which operate together at a capacity of**

1 500 gpm. This decision required permit modifications,
2 including a modification of our water management
3 district consumptive use permit, which took
4 considerable time. Because of this design change and
5 the resulting permitting delays, construction of the
6 third well was not completed until approximately one
7 month after the March 1, 1993 date originally agreed
8 upon by the Commission and the utility. Approximately
9 at that time, the Commission and the utility entered
10 into an arrangement under which a Commission designated
11 co-manager was assigned to manage and control all
12 decisions of the utility company. This Commission
13 designated co-manager then refused to honor a prior
14 commitment I had made to assure immediate payment to
15 the well contractor from a \$75,000 cash escrow account
16 which I had established earlier. This refusal cost us
17 several additional months of delay in actually placing
18 the well into service, which required final testing and
19 completion of certain sophisticated electrical
20 controls, etc. All of these delays are documented by
21 the correspondence attached as Composite Exhibit "J."
22 After this problem was resolved by termination of the
23 co-management agreement, the well was completed with
24 all mechanical equipment in place on or before August
25 12, 1993, as shown by the letter to Ms. Katherine

1 Bedell which is included as part of Composite Exhibit
2 "J." As I recall, Mr. Bob Crouch and Mr. Marshall
3 Willis were both present at the DEP inspection of the
4 well on August 18, 1993, at which time all parties
5 seemed to agree that the well was complete. It would
6 have been a mistake to complete construction of a 250
7 gpm well, even if it could have been completely
8 finished by March 1, 1993. With a 500 gpm well, we now
9 have complete redundancy between two independent well
10 systems, each of which can produce at least 500 gpm.
11 Indeed, during the last Memorial Day weekend, we had to
12 switch over to well no. 3 to keep up with demand on the
13 island because it is capable of pumping 600 gpm which
14 enabled us to provide service without calling on any of
15 our storage on the island. I still do not understand
16 why I was not allowed to fulfil my commitment to the
17 well contractor regarding timely payment from my escrow
18 account. However, I do not believe my insistence that
19 this contractor be guaranteed payment constitutes any
20 type of "bad management" or that the utility should
21 suffer any type of penalty in this regard.

22

23 **Q. Do you believe your management fee should be reduced**
24 **because the third well was not on line and in service**
25 **as of March 1, 1993?**

1 A. No. If this was a problem, it should have been handled
2 as part of the prior docket concerning the third well,
3 which has now been closed. Someday, I hope we can
4 begin to look forward in managing this utility company
5 which should not continue to be punished because of
6 alleged, but unproven, past transgressions.

7

8 **Q. Why does the utility need \$500 per month for an outside**
9 **CPA such as Barbara Withers?**

10 A. During the 1992 test year, the utility company spent
11 over \$31,000 for accounting fees. We spent
12 approximately \$26,000 for accounting in 1993, and we
13 will spend much more than that for accounting in 1994.
14 Despite these expenditures, we still face allegations
15 that our books and records are not in accord with
16 Commission rules and procedures. I am personally
17 determined to see that our accounting books, records
18 and procedures are brought into line with the high
19 degree of sophistication demanded by the PSC staff. To
20 this end, the utility hired Ms. Joanie Hanney
21 approximately one month ago at a salary of \$40,000 per
22 year, plus all benefits enjoyed by the other utility
23 employees, including health insurance, pension plan,
24 etc. Ms. Hanney is a very experienced and competent
25 accountant, and there is no question that she can do

1 the job demanded by the Commission staff. This will
2 enable us to phase out our in-house consulting
3 accountant who was referred to in the PSC audit as
4 "inexperienced." I regret having to make this
5 decision, but the utility must have the degree of
6 accounting sophistication that is required by the
7 Commission and its audit staff. This may also enable
8 me to cut back on the time spent by Barbara Withers as
9 the outside consulting CPA for the system. However, in
10 any event, the total ongoing accounting cost to the
11 utility will be approximately double the adjusted total
12 requested in this rate case, which is \$22,640 per year,
13 including \$500 per month to Barbara Withers. During
14 the test year and during all of the years before and
15 after the test year, this utility has relied heavily
16 upon the services of Barbara Withers. I was present at
17 her deposition, and she never said or indicated that
18 she had failed to bill the utility company because of
19 any old bill as stated by Ms. Dismukes. However, Ms.
20 Withers did testify that she and the utility company
21 were operating under a prior retainer agreement
22 executed several years earlier which was still in
23 effect. Ms. Withers and the utility agreed on a fee of
24 \$500 per month for all of her consultation, advice and
25 other accounting services, and there was no requirement

1 that this amount be billed separately at the end of
2 each month. It was accrued as an ongoing expense on
3 the basis of the retainer agreement. My understanding
4 of Ms. Withers' testimony during her deposition was
5 that she did not send a bill at the end of each month
6 because she knew the utility company did not then have
7 the money to pay the bill, as indicated by the fact
8 that she still had not been paid for some old
9 statements rendered to the utility company. Barbara
10 Withers has been working for this utility since she
11 filed the original application for a PSC certificate in
12 the late 70's. She continues to constantly assist the
13 utility company, and I have no doubt that she spends an
14 average of 5 hours per month or 60 hours per year on
15 utility company matters. In any event, our actual
16 accounting expenses are now more than double the
17 expenses requested in this rate case, and it would be
18 unreasonable to cut the allowed expenses below the
19 figure of \$22,640 per year as the total requested in
20 this rate case.

21

22 **Q. Has the utility actually incurred an expense for the**
23 **revised system map and the revised aerator analysis?**

24 **A. Yes. This expense has been incurred and the**
25 **documentation has been provided to the PSC audit staff.**

1 The revised map and aerator analysis will be completed
2 during this month, as confirmed by the testimony of Ted
3 Bidby, of Baskerville-Donovan.

4

5 **Q. Does Armada Bay Company manage anything other than the**
6 **utility company?**

7 A. No.

8

9 **Q. Are any of your other affiliates active?**

10 A. No, except for the law firm, which is inactive for all
11 intents and purposes.

12

13 **Q. Do you agree that part of the utility company's overall**
14 **costs should be allocated to the other affiliates as**
15 **suggested by Ms. Dismukes?**

16 A. No. The affiliates do not use any of the utility's
17 assets or personnel except as set forth in the written
18 lease and operating agreement attached as Exhibit "B."
19 This arrangement is more than fair to the utility
20 company, and it should not be disturbed. The office
21 furniture referred to by Ms. Dismukes in her testimony
22 is located on St. George Island or in storage. As
23 shown by the attached lease and operating agreement,
24 none of this furniture is in the Tallahassee office.

25

1 Q. Do you agree that the expense for testing services
2 should be disallowed because you only received one
3 quote as alleged by Ms. Dismukes?

4 A. No. There are only two testing labs in this entire
5 geographic area, and we have received quotes from and,
6 indeed, have used both labs. We need authority to use
7 Savannah Labs because they are more competent and
8 efficient, as shown by the loss of our samples by the
9 other lab, and by the off-the-record admonitions given
10 to us by the DEP personnel. However, I do agree with
11 Ms. Dismukes that the \$23,909 figure for Savannah Labs
12 should be decreased by \$1,870.

13

14 Q. Why do you believe that you and the other employees
15 should be entitled to a transportation allowance?

16 A. In my 25 years of managing companies, I have exhausted
17 every possibility regarding transportation expenses.
18 At one time, we had several vehicles owned by the
19 utility company. This was a nightmare, and it resulted
20 in extremely high and uncontrollable transportation
21 expenses. I have also required employees to keep
22 travel logs in the past, but this became a bookkeeping
23 nightmare which required many hours of additional
24 employee time to monitor, police and account for the
25 mileage claimed by various employees. Based upon all

1 of this experience, and based upon my personal
2 knowledge that I, Sandra Chase and Ann Hills use our
3 respective vehicles on a day-to-day basis, I decided to
4 pay a straight allowance to each employee in an amount
5 that I believe is reasonable and can be supported by
6 any objective analysis of the travel that all of us are
7 required to perform as shown by our sworn testimony.
8 Someone recently stated that this arrangement was a
9 violation of the IRS rules, but I do not believe this
10 to be true. So long as the utility company is making a
11 bona fide arms length payment to an employee, this is
12 acceptable and deductible utility company expense. The
13 individual employee may have a problem in not keeping a
14 log because the amount received may be considered as
15 salary or income, rather than a reimbursable expense.
16 However, I cannot be responsible for the tax problems
17 of every employee. My responsibility is to manage the
18 utility company in a cost effective manner, and our
19 travel allowance is cost effective and reasonable. All
20 three of us in the Tallahassee office are required to
21 have a vehicle every day to perform our job, and it is
22 not reasonable for the Commission to totally disallow
23 this expense based upon the individual employee's lack
24 of a travel log. I go to the island approximately once
25 per week, and I constantly make trips throughout the

1 day to various agencies, such as DEP, PSC, Water
2 Management District and others, as well as to our
3 various consultants, including Barbara Withers, Wayne
4 Coloney, Ted Bidy, Les Thomas, Jim Stidham, bankers,
5 and others that are involved in utility company matters
6 on a day-to-day basis. Anyone who is familiar with our
7 Tallahassee operation knows that all three of us have
8 to use our vehicles every day on a continuing basis,
9 and it is not fair or reasonable to disallow this as a
10 valid, ongoing expense.

11

12 **Q. Do you agree with Ms. Dismukes' assertion that your**
13 **rate case expense recovery should be limited to the**
14 **estimates set forth in your original MFR's, including**
15 **the \$25,000 figure for Frank Seidman?**

16 **A. No. Before I hired Mr. Seidman, I interviewed other**
17 **potential consultants. However, I never found one that**
18 **would agree to take this case on a fixed fee. If a**
19 **consultant had agreed to a fixed fee of \$25,000 in this**
20 **case, I would have questioned whether he or she was**
21 **intelligent enough to handle this case in the first**
22 **place. There is no way that any responsible**
23 **professional would or should agree to fix a fee based**
24 **upon time which is so dependent upon action of others,**
25 **including Public Counsel. When I earlier hired Ms.**

1 Dismukes and her firm, Ben Johnson & Associates to
2 begin working up a rate case on behalf of this utility,
3 neither Ms. Dismukes nor her partner, Ben Johnson, ever
4 indicated that they would consider representing this
5 utility company as a consultant in a rate case before
6 the Florida Public Service Commission for a fixed fee.
7 Indeed, as shown by the comprehensive analysis prepared
8 by Ms. Dismukes and Ben Johnson for Capital City First
9 National Bank, the fees estimated for this particular
10 case were estimated to be in the \$150,000 to \$200,000
11 range, although the report filed by Ben Johnson &
12 Associates, with Ms. Dismukes' assistance, stated that
13 the actual fees could be substantially greater.

14

15 **Q. Did the utility company receive a \$65,000 contribution**
16 **from the St. George Island Homeowners' Association in**
17 **1992 as alleged by Ms. Dismukes?**

18 **A. No. Some of my other affiliates and I settled a major**
19 **lawsuit with the homeowners' association by a**
20 **conveyance of substantial real property and the**
21 **relinquishment of a claim for damages relating to**
22 **matters totally unrelated to the utility company. The**
23 **utility company was not a party to either the**
24 **litigation or to the agreement. When the agreement**
25 **between the association and the other affiliates was**

1 being drafted the night before it was to be approved by
2 the association's membership, I suggested the inclusion
3 of a clause stating that the affiliates would loan or
4 advance \$65,000 of the money received from the
5 association to the utility company so that the utility
6 company would have the necessary funds to make certain
7 improvements to the water system. There was never any
8 intent by anyone that this would be any type of
9 contribution from the association to the utility
10 company. Instead, it was a cash payment for the
11 conveyance of land and other valuable considerations
12 directly to the non-utility affiliates. When the money
13 was received by the affiliates, it was then loaned or
14 "advanced to the St. George Island Utility Company" as
15 specified in the agreement. I carefully used the word
16 "advanced" rather than "contribution," because they
17 have a distinctly different meaning, both in law and
18 accounting. These funds have always been viewed and
19 booked as a loan to be repaid by the utility company.
20 That is the way this transaction has been consistently
21 handled for all purposes, including IRS tax reporting
22 purposes. It would be unreasonable and punitive to
23 arbitrarily treat this \$65,000 as a "contribution"
24 without any proof or any indication that this was ever
25 the intent of the parties to the transaction.

1 Q. Do you believe connection fees should be escrowed?

2 A. No. that would cause tremendous problems and would make
3 it practically impossible to properly manage the
4 utility, as shown by the past experience with similar
5 escrow accounts.

6

7 Q. What is your overall impression of Ms. Dismukes'
8 testimony?

9 A. It appears that she has gone to great lengths to
10 manipulate the numbers in every possible way toward a
11 predetermined goal of reducing the utility's income
12 stream without regard to the ongoing impact on utility
13 operations. In my opinion, this is not necessarily in
14 the best interest of the utility's customer represented
15 by Public Counsel, since the utility must have adequate
16 revenue to continue the high level of service which it
17 has achieved. For example, she has "played with the
18 numbers" to make it appear that the operator on the
19 island received a 39% annual raise, when his actual
20 annual increase in compensation was only 2-3%. This
21 was not her attitude when she was taking the utility
22 company's money as a rate case consultant for this
23 utility before the same Public Service Commission. By
24 the same token, she has now concluded that Armada Bay's
25 management contract is excessive and should be reduced

1 to \$2,000 per month. This was obviously not her
2 opinion on the eve of the test year in November of 1992
3 when she and her co-owner/partner, Ben Johnson, made a
4 written proposal to this utility and Capital City First
5 National Bank to manage this same utility company
6 during the same upcoming period of time for a fee of
7 \$6,000 per month, plus all other expenses. In other
8 words, this management job was worth \$6,000 per month
9 when Ms. Dismukes was in the "real world" to receive
10 the money, but it is now only worth \$2,000 per month
11 on a theoretical basis when she needs to achieve a
12 predetermined goal of reducing rates without regard to
13 utility company service obligations. We must have
14 adequate revenue if those obligations are to be
15 adequately met.

16

17 **Q. Does that conclude your testimony?**

18 **A. Yes, it does.**

19

20

21

22

23

24

25

COMMISSION STAFF'S FIRST SET OF INTERROGATORIES
TO ST. GEORGE ISLAND UTILITY COMPANY, LTD.
DOCKET NO. 940109-WU
PAGE 18

16. Explain in detail the type of management services Mr. Brown provides for the utility and why his services are necessary?

ANSWER: Mr. Brown is in charge of all utility operations, including but not limited to the following:

1. Day to day management and supervision of all utility employees, including hands-on assistance for each employee in performing his or her duties.
2. Compliance with all applicable statutes, rules, regulations and other requirements imposed by all federal, state and local agencies including, but not limited to, the PSC, DEP, NFWMD, Franklin County, HRS, including correspondence and communication with all of the above-referenced governmental agencies, as well as with non-governmental people involved with utility operations, including but not limited to, the Florida Rural Water Association, St. George Island Civic Club, Plantation Owners' Association, St. George Island Water & Sewer District, St. George Island Volunteer Fire Department, Eastpoint Water & Sewer District, and other customer and consumer groups.
3. Day to day dealing with customers, potential customers, and developers, including the negotiation, approval, and implementation of all developer agreements and related contracts.
4. The short and long-term planning and financing of all utility construction and expansion programs, including the financing and oversight of all such programs, as set forth in the utility's ongoing utility analysis and growth management program.
5. Construction oversight, management and hands-on assistance to utility employees regarding all construction programs, and negotiation and management of all contracts with outside contractors performing work for the utility, including all day to day small construction projects as well as large construction projects such as the third well, the permitted plant improvements and other major projects.
6. All day to day dealing and contacts with all of the utility's consultants, including lawyers, accountants, engineers and other technical experts who assist the utility in carrying out its functions.
7. All day to day dealing and contacts including any negotiations, correspondence and communication with utility companies serving St. George Island including St. Joe Telephone, Florida Power, cable service.
8. The overall management and implementation of all special programs, including but not limited to the following: (a) systemwide onsite physical audit of each potential service location on St. George Island, including constant updating of audit; (b) ongoing leak detection program; (c) ongoing meter testing and replacement program; (d) ongoing cross connection control program; (e) aerator

16. Continuation

relating to capacity expansion; (h) ERC study and ongoing engineering analysis update; (i) the constant updating of the systemwide analysis and mapping detail; (j) the year to year pipe cleaning or "pigging" program; (k) ongoing tank cleaning, painting and maintenance program; and (l) constant analysis and implementation of other special programs that must be implemented and supervised to properly manage a utility company.

9. Short and long-term cash flow management to assure continuing utility operations despite losses of approximately \$300,000 per year, including the personal endorsement of any and all utility financial obligations.
10. Long-range utility planning, including analysis of corporate reorganization, bond refinancing, etc., and dealings with utility partners.
11. Full time (24 hr. per day - 7 days per week) availability to respond to emergencies and to respond to employee questions and concerns.

LEASE OF REAL AND PERSONAL PROPERTY
AND OPERATING AGREEMENT

This lease is made and executed in duplicate by and between ARMADA BAY COMPANY, a Florida corporation, the Lessor and ST. GEORGE ISLAND UTILITY COMPANY, LTD., a Florida limited partnership, the Lessee.

1. DESCRIPTION OF PREMISES

Lessor leases to lessee, and lessee hires from lessor, as herein provided, the premises located at 3848 Killearn Court, Tallahassee, FL 32308, consisting of approximately 750 square feet and more particularly as follows: the entire bottom floor of the premises located at the above-stated address; together with all of the personal property described in Exhibit "A" attached hereto.

2. TERM

The term of this lease is one year, beginning January 1, 1994.

3. RENT

The rent under this lease is Nine Thousand Dollars (\$9,000.00). Lessee agrees to pay lessor such amount in installments of Seven Hundred Fifty Dollars (\$750.00) each, payable on the 1st day of January 1, 1994, and continuing on the 1st day of each month thereafter until and unless this lease is terminated. If said rent is not paid by the 10th day of any month, this lease shall automatically terminate and the lessee shall immediately vacate the premises.

4. OPTION TO RENEW

The lessee shall have the right to renew the lease for a period of four (4) consecutive one (1) year periods provided the lease is not in default at the time of renewal. If lessee elects to renew the lease, the rent will be increased two and one-half percent (2.5%) per year. Lessee shall give thirty (30) days written notice of its intent to renew the lease.

5. USE OF PREMISES, GENERALLY

The premises are leased to be used as a utility company office.

6. NO USE THAT INCREASES INSURANCE RISK

Lessee shall not use the premises in any manner, even in the use for the purposes for which the premises are leased, that will increase risks covered by insurance on the building where the premises are located, so as to increase the rate of insurance on the premises, or to cause cancellation of any insurance policy

covering the building. Lessee further agrees not to keep on the premises, permit to be kept, used, or sold thereon, anything prohibited by the policy of fire insurance covering the premises. Lessee shall comply, at his own expense, with all requirements of insurers necessary to keep in force the fire and public liability insurance covering the premises and building.

7. NO WASTE, NUISANCE, OR UNLAWFUL USE

Lessee shall not commit, or allow to be committed, any waste on the premises, create or allow any nuisance to exist on the premises, or use or allow the premises to be used for any unlawful purpose.

8. PAYMENT OF UTILITIES

Lessee shall pay for all utilities furnished the premises for the term of this lease, including electricity, water and telephone service. The parties recognize and agree that the electricity and water utility expense for the premises is billed together with the electricity and water expense for the upstairs premises owned by Lessee. Accordingly, the parties agree to allocate all such electricity and water expenses on a 50/50 basis. The parties also recognize and agree that the telephone service is interconnected with three lines, 668-6103, 668-6104 and 668-0440. Lessee shall pay all expenses connected with 668-0440, and Lessor shall pay all expenses connected with 668-6103 and 668-6104. As part of the consideration for this lease, Lessee shall be given the free and unrestricted use of 668-6103 and 668-6104 without any further payment for such use by Lessee.

9. REPAIRS AND MAINTENANCE

Lessee, at lessee's expense, shall maintain and keep the premises, including, without limitation, windows, doors, adjacent sidewalks, and interior walls, in good repair. Lessor shall maintain the roof, exterior walls, plumbing and heating and cooling system.

10. DELIVERY, ACCEPTANCE, AND SURRENDER OF PREMISES

Lessor represents that the premises are in fit condition for use a utility company office. Lessee agrees to accept the premises on possession as they are. Lessee shall surrender the premises to lessor at the end of the lease term in the same condition as when Lessee took possession, allowing for reasonable use and wear, and damage by acts of God, including fire and storms. Lessee shall remove all business signs or symbols placed on the premises by Lessee before redelivery of the premises to lessor, and to restore the portion o the premises on which they were replaced in the same condition as before their placement.

11. LESSEE TO CARRY LIABILITY INSURANCE

Lessee shall procure and maintain in force during the terms of this lease and any extension thereof, at his expense, public liability insurance in companies and through brokers approved by lessor, adequate to protect against liability for damage claims through public use of or arising out of accidents occurring in or around the leased premises, in a minimum amount of \$100,000 for each person injured, \$100,000 for any one accident, and \$100,000 for property damage. Such insurance policies shall provide coverage for lessor's contingent liability on such claims or losses. The policies shall be delivered to lessor for keeping. Lessee agrees to obtain a written obligation from the insurers to notify lessor in writing at least thirty (30) days prior to cancellation or refusal to renew any such policies. Lessee agrees that if such insurance policies are not kept in force during the entire term of this lease and any extension thereof, lessor may procure the necessary insurance and pay the premium therefor, and that such premium shall be repaid to lessor as an additional rent installment for the month following the date on which such premiums are paid.

12. LESSEE'S ASSIGNMENT, SUBLEASE, OR LICENSE FOR OCCUPATION BY OTHER PERSONS

Lessee agrees not to assign or sublease the leased premises, in any part thereof, or any right or privilege connected therewith, or to allow any other person, except lessee's agents and employees, to occupy the premises or any part thereof, without first obtaining lessor's written consent. Lessor expressly covenants that such consent shall not be unreasonably or arbitrarily refused. One consent by lessor shall not be a consent to a subsequent assignment, sublease, or occupation by other persons. Lessee's unauthorized assignment, sublease, or license to occupy shall be void, and shall terminate the lease at lessor's option. Lessee's interest in this lease is not assignable by operation of law, nor is any assignment of his interest herein, without lessor's written consent.

13. LEASE BREACHED BY LESSEE'S RECEIVERSHIP ASSIGNMENT FOR BENEFIT OF CREDITORS, INSOLVENCY, OR BANKRUPTCY

Appointment of a receiver to take possession of lessee's assets (except a receiver appointed at lessor's request as herein provided), lessee's general assignment for benefit of creditors, or lessee's insolvency or taking or suffering action under the Bankruptcy Act is a breach of his lease.

14. LESSOR'S REMEDIES ON LESSEE'S BREACH

If lessee breaches this lease, lessor shall have the following remedies in addition to his other rights and remedies in such event:

a. Reentry. Lessor may reenter the premises immediately, and remove all lessee's personnel and property therefrom. Lessor may store the property in a public warehouse or at another place of his choosing at lessee's expense or to lessee's account.

b. Termination. After reentry, lessor may terminate by giving five (5) days' written notice of such termination to lessee. Reentry only, without notice of termination, will not terminate the lease.

c. Reletting Premises. After reentering, lessor may relet the premises or any part thereof, for any term.

15. LESSEE TO PAY LESSOR'S ATTORNEYS' FEES

If lessor files an action to enforce any covenant of this lease, or for breach of any covenant herein, lessee agrees to pay lessor reasonable attorneys' fees for the services of lessor's attorney in the action, such fees to be fixed by the court.

16. MANNER OF GIVING NOTICE

Notice given pursuant to the provisions of this lease, or necessary to carry out its provisions, shall be in writing, and delivered personally to the person to whom the notice is to be given, or mailed postage prepaid, addressed to such person. Lessor's address for this purpose shall be 3848 Killearn Court, Tallahassee, FL 32308, or such other address as Lessor may designate to lessee in writing. Notices to lessee may be addressed to lessee at the premises leased.

17. EFFECT OF LESSOR'S WAIVER

Lessor's waiver of breach of one covenant or condition of this lease is not a waiver of breach of others, or of subsequent breach of the one waived.

18. LEASE APPLICABLE TO SUCCESSORS

This lease and the covenants and conditions hereof apply to and are binding on the heirs, successors, legal representatives, and assigns of the parties.

19. TIME OF ESSENCE

Time is of the essence of this lease.

20. ADDITIONAL USE OF REAL AND PERSONAL PROPERTY

In addition to the exclusive lease and use of all of the premises and personal property identified in paragraph 1 above, lessee shall also have the non-exclusive use of all of the office space located directly above the subject premises, consisting of approximately 750 square feet, together with the non-exclusive use of all of the personal property identified in Exhibit "B"

attached hereto. It is the intent and purpose of this provision that lessee shall be entitled to the use and benefit of such real and personal property at all times and for all purposes connected with lessee's business of operating a water utility company.

21. ADDITIONAL OPERATING PROVISIONS

As part of the consideration for this lease agreement, lessee shall provide lessor and its affiliates use of lessee's fax machine and copy machine located on the premises. Also, lessee's employees shall provide coverage to answer lessor's/affiliate's telephone calls when lessor's employees are out of the office. Any other incidental services provided to lessor and its affiliates by lessee's employees, such as making coffee or copies, taking faxes off the fax machine, and directing visitors to lessor's upstairs premises, shall be covered by the considerations provided under this lease, and lessee shall not be entitled to any further compensation therefor.

IN WITNESS WHEREOF, the parties have executed this Lease of Real and Personal Property and Operating Agreement as of the 1st day of January, 1994.

Witnesses:

Sandra M. Chase
Name of Witness: Sandra Chase

Joanie Hanney
Name of Witness: Joanie Hanney

ARMADA BAY COMPANY, a Florida corporation

By: Gene D. Brown
Gene D. Brown, as its President

ST. GEORGE ISLAND UTILITY COMPANY, LTD., a Florida limited partnership

By: LEISURE PROPERTIES, LTD.
a Fla. limited partnership
GENERAL PARTNER

By: Gene D. Brown
ST. GEORGE'S PLANTATION
a Florida corporation
Gene D. Brown, as its Pres.

Sandra M. Chase
Name of Witness: Sandra Chase

Joanie Hanney
Name of Witness: Joanie Hanney

By: Gene D. Brown
LEISURE DEVELOPMENT, INC.
a Florida corporation
Gene D. Brown, as its Pres.

FURNITURE & EQUIPMENT
JULY 6, 1994

FILE: F&E

SCHEDULE A - DOWNSTAIRS

GENERAL WORK & RECEPTION AREA -

OAK END TABLE
BLUE MAX MONITOR
BLUE MAX COMPUTER
BRASS TWIN TABLE LAMP
6' SHELF OAK BOOKCASE
SWIVEL STENO CHAIR-BEIGE
3 BROWN VINYL SIDE CHAIRS (ROUNDED)
IBM CORRECTING SELECTRIC II TYPEWRITER
1979 STANLEY PROCTOR PRINT #172/550
BEIGE CERAMIC TABLE LAMP
TEXAS INSTRUMENT #5130II CALCULATOR
2 BROWN VINYL SIDE CHAIRS (SQUARED)
SALLIE MIDDLETON PRINT #486
3 SHELF LAMINATE BOOKCASE
BLUE SWIVEL EXECUTIVE CHAIR
2 WALNUT SECRETARIAL DESKS WITH TYPING RETURN
WALNUT EXECUTIVE CREDENZA
CANON MP21D CALCULATOR
PITNEY BOWES TOUCHMATIC POSTAGE METER
2 THALIA LINCOLN PRINTS DATED 1973 & 1974

LEFT OFFICE -

5 TAN COMMODORE 4-DRAWER LEGAL FILE CABINETS
PELOUZE MODEL Y-5 POSTAGE SCALE
SWINGLINE MODEL 113 STRONGARM STAPLER
PREMIER 14" PAPER CUTTER
GE MICROWAVE S#HZ956733S
GE MINI-REFRIGERATOR
BUNN POUR-OMATIC COFFEE MAKER
GLASS COVERED OAK END TABLE
DATASORTER DS-180 PRINTER

RIGHT OFFICE -

SALLIE MIDDLETON PRINT #242/1980
CHARLES FRACE PRINT #688/2000
HON 4-DRAWER LEGAL FILE CABINET
PANASONIC KY-P1695 PRINTER
SUPERCOM SV1486 MONITOR
SCHWAB SAFE 6 CU FT
WALNUT EXECUTIVE CONFERENCE DESK
SALLIE MIDDLETON PRINT #959

FURNITURE & EQUIPMENT
JULY 6, 1994

FILE: F&E

SCHEDULE B - UPSTAIRS

STAIRWAY -

3 THOMAS MANGELSON PRINTS (DUCKS)
SALLIE MIDDLETON PRINT #276/750

WORK/RECEPTION AREA -

2 HON 3 SHELF LATERAL FILES
WALNUT EXECUTIVE CREDENZA
WALNUT SECRETARIAL DESK WITH TYPING RETURN
6' FIGUS PLANT
IBM CORRECTING SELECTRIC II TYPEWRITER
LANIER DICTATING EQUIPMENT
PANASONIC KX-P4410 LASER PRINTER
EXECUTIVE SWIVEL SECRETARIAL CHAIR
2 SALLIE MIDDLETON PRINTS #1982 & #486
2 SALLIE MIDDLETON PRINTS #565/981 & #382/985
2 HIGH-BACK LEATHER GUEST CHAIRS
DECORATIVE TRUNK TABLE
2 ERDENBORG PRINTS
6 ERDENBORG PRINTS
SALLIE MIDDLETON PRINT #537

EXECUTIVE OFFICE -

STANLEY PROCTOR PRINT #181/550
MAYNARD REECE PRINT #673/950
JACK DELONEY PRINT #163/950
2 IRISH SETTR PRINTS N.Y.C.S.
BRASS FLOOR LAMP
2 LEATHR PLUMP CUSHION GUEST CHAIRS WITH ONE OTTOMAN
GLASS/WALNUT SIDE TABLE
6 LEATHER CONFERENCE CHAIRS
12' WALNUT CONFERENCE TABLE
SALLIE MIDDLETON PRINT #486
2 DONALD HORTON PRINTS #42/75 & #23/150
WALNUT EXECUTIVE CREDENZA
WALNUT EXECUTIVE CONFERENCE DESK
LEATHER EXECUTIVE SWIVAL CHAIR
PERSION RUG 20' X 24'
2 6' BOOKCASES-OAK
3 4-DRAWER LEGAL FILE CABINETS
GE 24" TELEVISION
GOLDSTAR #GVP-B125 VHS



**EAGLE
TANK
TECHNOLOGY CORP.**

P.O. BOX 26280
JACKSONVILLE, FL 32226-6280
904-757-0528 OFFICE
904-757-6656 FAX

January 7, 1994

St. George Island Utilities
3848 Kalorin Court
Tallahassee FL 32308

Attn: Gene Brown

Dear Sirs,

Thank you again for the opportunity to present you with our proposal for Maintenance of your St. George Island 150,000 gallon elevated water tank, and the 300,000 gallon ground storage tank.

As we discussed before, we have to return these tanks to a certain order to place them on our maintenance program. Cost for Elevated 150,000 Gallon, Exterior: \$16,326.00, Interior Dry: \$3,227.00, Interior Wet: \$4,800.00, Total: \$24,353.00. Maintenance cost is \$9,400.00 per year. This would move Maintenance cost to \$13,448.00 a year, and covers all aspects of tank maintenance.

Cost of 300,000 Gallon Ground Storage Tank complete rehabilitation would be Interior \$17,147.00, Exterior \$4,755.00, Roof \$5,704.00, Total being \$27,605.00. Maintenance cost is \$4,400.00 a year. This would move maintenance cost to \$7,045.00 per year.

This would be a six year contract to break payments up in this manner. Total per year is \$20,493.00.

Our contract covers all aspects of maintenance program.

Eagle Tank specializes in this type of work and if award this project, will perform it to the best of our ability.

Sincerely,

A handwritten signature in black ink that reads "Tim McDaniel". The signature is written in a cursive style.

Tim McDaniel

EXHIBIT "C"



**EAGLE
TANK
TECHNOLOGY CORP.**

P.O. BOX 26280
JACKSONVILLE, FL 32226-0280
904-757-0528 OFFICE
904-757-0056 FAX

June 24, 1994

St. George Island Utilities
3848 Kalorin Court
Tallahassee FL 32308

Attn: Gene Brown

Dear Sir,

I am following up on our proposal from January 7, 1994 with a few comments about maintenance.

The condition of your tank is not uncommon for that particular structure. This is a preformed wall section, stood up and put together. The seams are the only possibility for leaks and as you can see now, they are beginning to show in many areas.

AWWA suggests washout and inspections every five (5) years. With our program this is done every two (2) years on that tank and every year on the elevated.

The actual cost of the roof is not in the maintenance cost of \$7,045.00 a year on the concrete tank and would be additional if this concrete tank is to be the only contract. The proposal is set up for both elevated and concrete tanks and is spread out for normal maintenance over six (6) years, as we discussed and as stated earlier this is a program set up for maintenance over the years and is the most cost efficient method for caring for these tanks.

If I am to break these tanks apart and do the 300,000 gallon ground tank only it would move the cost to \$12,749.00 for the first year then \$8,454.00 for years two (2) through six (6), or \$9,170.00 a year, one (1) through six (6).

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Tim McDaniel".

Tim McDaniel

TM/sjb

PROFESSIONAL PIPING SERVICES, INC.

The Piping System Cleaning Specialists
Certified Underground Utility Contractor
License No. CU-CO55717

June 27, 1994

Mr. Gene Brown
St. George Island Utility Company
3836 Killearn Court
Tallahassee, FL 32308

QUOTATION #0694-661

Dear Mr. Brown,

Professional Piping Services, Inc., is pleased to submit for your consideration and approval the following proposal.

To clean 31,152 plus or minus linear feet of PVC piping from the Mainland pumping station number two to the St. George Island treatment plant, 5.9 plus or minus miles.

For this cleaning, Professional Piping Services' fee will be \$15,888.00, equating to \$0.51/ft. For the provision of the necessary piping modifications to the system for entering and exiting purposes add \$5,295.00 to the cleaning price quoted. For the cleaning and piping modifications required Professional Piping Services, Inc., total price will be \$21,183.00, equating to \$0.66/ft.

NOTE: This proposal does not include the costs of any excavations nor their restoration. We think that two excavations will be required. These costs do not include the provision nor installation of air vents on this system which should be strongly considered and which we can provide and install.

Proposed starting date fourteen days after receipt of the purchase order or the contract and subject to mutual scheduling agreement.

The method of cleaning proposed for use in this project is the progressive poly pig procedure.

Disinfection as per A.W.W.A. Specification #601 is available for an additional fee, if done as part of the cleaning procedure.

— EXHIBIT "D" —

Mr. Gene Brown
Quote #0694-661
June 27, 1994
Page Two

For this fee, Professional Piping Services, Inc., will provide, with the exception of those items noted elsewhere in the proposal, all supervision, labor, tools, material and equipment necessary for the proper cleaning and flushing of the water mains including;

1. Proper, knowledgeable and experienced supervision of the entire cleaning project.
2. Furnish on site and project in progress training to St. George Island Utility Company personnel to provide for possible future remedial cleaning or to implement a proper flushing program.
4. Professional Piping Services, Inc., personnel are trained and accredited to be in compliance with OSHA 29, CFR 1910.120, Health and Safety Training.

TOOLING AND EQUIPMENT

5. Professional Piping Services' poly pigging apparatus, to be installed and removed upon completion of the project.
6. Have on site and available for immediate use an electronic poly pig detector device which can be used for locating or pinpointing specific inline areas of the system which may be required as the system is cleaned.
7. If the use of this device is required or proves to be necessary as determined in the field with the consensus of the facility, then its actual use will be charged for at the rate of \$350.00 per day or part thereof.
8. Any labor provided by Professional Piping Services, Inc., in conjunction with the use of this device will be charged at the rate of \$150.00 per hour or part thereof.

SCHEDULE

9. Maintain an eight (8) hour daylight work schedule.
10. Anticipated time for the work to be performed 8:00 am to 4:00 pm.
11. Reasonable modification to this schedule are acceptable upon mutual agreement between Professional Piping Services, Inc., and St. George Island Utility Company at no additional costs.

Mr. Gene Brown
Quote #0694-661
June 27, 1994
Page Three

STANDARDS

12. Radio communications, necessary and required.
13. Job site transportation.
14. Auxiliary centrifugal pumps for cleaning.
15. Also available, if required, at additional cost, sanitizing and disinfection of the system upon completion of the cleaning of the system or portions of it as per the A.W.W.A. Specification #651.

REPORTS/SURVEYS

16. Provide a report upon completion of the cleaning program to outline and detail information acquired during the cleaning process about the system or confirm existing information.
17. Perform flow test prior to and upon completion of this cleaning operation to provide comparable data for assessment.
18. Provide adequate insurance coverage which includes;
 - a) Comprehensive General Liability (\$1,000,000 each occurrence.)
 - b) Worker's Compensation Insurance.
 - c) Automobile Liability Insurance (\$500,000 each occurrence.)
 - d) Completed Operations (\$500,000 each occurrence with a \$500,000 aggregate)

Mr. Gene Brown
Quote #0694-661
June 27, 1994
Page Four

St. George Island Utility Company will be required to provide without cost or delay to Professional Piping Services, Inc., the following;

1. Cleaning and flushing media (water) at no expense to Professional Piping Services, Inc., within reasonable distance of where it is to be used.

ACCESSIBILITY

2. Accessibility to the pipeline at the points designated by Professional Piping Services, Inc., (and facility, during the pre-project survey) if necessary or required. This would include excavations, restoration of excavations, and piping or fittings required for access to the piping. Please see item number twelve.

EXCAVATIONS

3. All labor, materials and equipment for excavations required to provide access one (1) foot below the pipe and restoration of the area after completed operations.
4. Sheeting and bracing and maintenance of all excavations to prevent accidents, cave ins, or breaking of the ground outside of the excavation area.

VALVING

5. Accurate plot and/or system diagram, detailing all valves and appurtenances. The valve would be required to be operated in a full open and a full closed position prior to Professional Piping Services' mobilization.

LABOR

6. Sufficient labor and supervision, necessary or required, to assist Professional Piping Services, Inc., for the duration of the cleaning operation with valve operations and operation of the system.

STANDARDS

7. All permits required for the proper conduct of the work, including legal permission to enter or cross private property where necessary to secure access to the work.

Mr. Gene Brown
Quote #0694-661
June 27, 1994
Page Five

8. Notification of work schedule to all water customers affected.
9. Accurate plot and/or system diagram.
10. Barricades, lights and other items that may be required to conform to existing safety and traffic regulations.
11. Proper disposal of the discharged effluent/material and control of the discharged water from this cleaning operation.
12. Professional Piping Services, Inc., anticipates the need for the following to be provided by the St. George Island Utility Company.
 - a) Supply and install one eighty inch ninety degree elbow on the eight inch valve used for draining the system at pumping station number two.
 - b) At the treatment plant, select a site at or near the treatment plant where the cleaning of this system shall terminate. The site selected shall allow for a discharge port, an eight inch tee or comparable fitting to be installed or an existing fitting, blow-off etc., to be utilized. This exiting port shall provide for the discharge of the cleaning flow out of the excavation if one is required and as importantly, allow for the visual inspection of this flow. The other factor to be considered is that the area to which the discharging flow is to be directed to or following normal drainage channels will drain to, can accommodate the total volume of water to be used, approximately 300,000 to 500,000 gallons over a thirty plus or minus hour period. In addition, some consideration should be given to the dissipation of the effluent, silt, mud, sand and hydrogen sulphide which will be removed. Though not anticipated or known to be environmentally hazardous, the total volume of solids removed could be as much as forty cubic yards, (based upon an assumed one fourth inch buildup on the interior pipe wall). All of this material will be removed in suspension, incorporated into the flow and should readily be handled by normal discharge procedures.

GENERAL TERMS AND CONDITIONS

1. PRICE AND PAYMENTS:

- A. Price is based on quantity of pipe not less than that shown in this proposal.
 - B. Measurement will be by the linear foot along the axis of the pipe.
 - C. All stated prices and terms will remain in effect for thirty (30) days from the date of this proposal.
 - D. Full payment is due, and payable at our office in Lutz, Florida net ten (10) days, from the date of invoicing. Overdue accounts are subject to an interest charge of 1.5% per month.
 - E. Invoice will include all applicable taxes. If you are Sales Tax exempt, the State of Florida requires that you submit to us a certificate showing your business name, location address, reason for exemption, tax number, and signature of authorized agent. This exemption certificate must be submitted with your purchase order or at the time of contract.
2. Professional Piping Services would prefer to find this system in good working order as detailed and outlined. However if delay occurs due to the system being inoperable, such as but not limited to, inoperable or "lost" valving, failure of the integrity of the system or other system related problems, then this will constitute a negotiable extra.
 3. Professional Piping Services is not responsible for any breaks, cracks or damages forthcoming from those breaks or during the cleaning operations and that are not direct result of the cleaning operation.
 4. Professional Piping Services is not responsible for any changes, claims or demands due to any alleged neglect or default on our part unless written notice thereof shall have been delivered to us within ten (10) days after the alleged occurrence of said neglect or default. We shall not be responsible for any charges for work performed or materials furnished unless ordered in writing and receipt thereof acknowledged by our authorized representative.

We hope that this proposal meets with your approval. If you have any questions, please feel free to contact me.

Cordially,

PROFESSIONAL PIPING SERVICES, INC.


Roger M Cimbor
General Manager

St. GEORGE ISLAND UTILITY Co., Ltd.

PH 904-668-0440
3846 KILLEARN COURT
TALLAHASSEE, FL 32308

63-68/631
BRANCH 003

2300

6/27

1994

PAY TO THE ORDER OF

Plastridge Agency

Eight thousand eight hundred and 98/100

\$ 8,089⁹⁸/₁₀₀

DOLLARS



FIRST NATIONAL BANK

CAPITAL CITY GROUP
P.O. BOX 12903
TALLAHASSEE, FLORIDA 32317

OR Parkway Policy + w/c Dm. Pmt.

[Signature]

⑈002300⑈

\$ 12,702.58

THE PLASTRIDGE AGENCY, INC.

Thomas E. Lynch, C.P.C.U.
 Michael Bottcher, C.P.C.U.
 David S. Stone
 Scott Tobias, A.A.I.
 G. Robert Haggerty, Jr.
 Ron D'Addio, A.A.I.
 Alan S. Chesler
 Harold C. Morrison
 Helen Riedling



2100 N. Dixie Highway
 Boca Raton, Florida 33431
 Boca (407) 395-1435
 Broward (305) 426-2238
 Fax (407) 395-4755

Stephen P. Lewis, RHU, REBC
 Life, Health, Financial
 Services Department

July 7, 1994

St. George Island Utility Co.
 3848 Killearn Court
 Tallahassee, FL 32308-3428

Re: Change in Binder Conditions

Dear Mr. Brown:

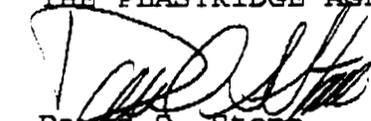
Based on a review of the photographs of your facility as furnished to the Underwriter, we have been advised that the carrier will not be in a position at this time to include coverage on two of the properties located at that site.

Coverage has been bound on all properties on the application with the exception of the corrugated metal shed and the radio transmitting tower. Mr. Hal Morrison of our agency will be doing an inspection of this property later this evening and has made arrangements to meet with the Plant Supervisor to review this situation.

However, please note at this time, the policy has been bound excluding coverage on the corrugated metal shed and the radio tower. If you have any additional questions, please feel free to speak with Mr. Morrison this evening.

Sincerely yours,

THE PLASTRIDGE AGENCY, INC.



David S. Stone
 Office Manager

DSS/mek



INSURANCE AGENTS and CONSULTANTS SINCE 1919

Main Office: Delray Beach Office: 820 N. Federal Highway, Delray Beach, Florida 33483 • (407) 276-5221
 Coral Springs Office: 9660 West Sample Road, Suite 108, Coral Springs, Florida 33065 • (905) 750-8800

THE PLASTRIDGE AGENCY, INC.

David S. Stone
Scott Tobias, A.A.I.
John J. Stone
Thomas E. Lynch, C.P.C.U.
Michael Bottcher, C.P.C.U.
G. Robert Haggerty, Jr.



2100 N. Dixie Highway
Boca Raton, Florida 33431
Boca (407) 395-1435
Broward (305) 426-2238
Fax (407) 395-4755

Stephen P. Lewis, RHU, REBC
Life, Health, Financial
Services Department

FAX FORM

TO: Mr. G. Brown
ATTN: St. Georges Island Utility Co, Ltd.
FAX #: 1-904-668-0441
FROM: Hal Morrison
DATE: June 23, 1994
RE: Insurance, Package and W.C.

* * * * *

Dear Mr. Brown:

Confirming my telephone conversation with Frank of M and R
please find the following:

1) Invoice for the annual premium for the Reliance Package
(Property and Liability.)

2) Invoice for the first months premium for the Workers Comp

I will Fax W.C. application to you for your signature and completion.

In order to bind the Package I must have the check and the pictures
that Frank spoke to you about. Should you have any questions,
please call. Our 800 # is 1-800473-6603.

Thank you very much and I look forward to working with you.

Hal Morrison

NUMBER OF PAGES
INCLUDING COVER SHEET: 3



INSURANCE AGENTS and CONSULTANTS SINCE 1919

Main Office: Delray Beach Office: 820 N. Federal Highway, Delray Beach, Florida 33483 • (407) 276-5221
Coral Springs Office: 9660 West Sample Road, Suite 103, Coral Springs, Florida 33065 • (305) 752-5230

THE PLASTRIDGE AGENCY, INC.

Thomas E. Lynch, C.P.C.U.
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Broward (305) 426-2238
Fax (407) 395-4755

Stephen P. Lewis, RHU, REBC
Life, Health, Financial
Services Department

Hal Morrison

Mr. G. Brown
St. George Island Utility Co., LT.D
3848 Killearn Court
Tallahassee, Florida 32808

June 23, 1994
Re: Workers Compensation Application

Dear Mr. Brown:

Confirming our telephone conversation of this date please find enclosed the Workers Comp application for your completion and signature.

Please return this application with both checks and the pictures so that we may get your coverage bound as soon as possible.

Again, thanking you for your patronage of the agency,

[Handwritten signature]
Sincerely,

Harold C Morrison



INSURANCE AGENTS and CONSULTANTS SINCE 1919

Main Office: Delray Beach Office: 820 N. Federal Highway, Delray Beach, Florida 33483 • (407) 276-5221
Coral Springs Office: 9660 West Sample Road, Suite 103, Coral Springs, Florida 33065 (305) 752-8230

WORKERS' COMPENSATION APPLICATION

Agency Name / Number Plastridge Agency Inc.	Underwriter Hal Morrison	Policy Number
Agency Address 2100 North Dixie Highway Boca Raton, Florida 33431	Producer Name Hal Morrison	
Applicant's Name and Physical Address St. George Island Utility Co., Ltd. Tallahassee, Fland St. George Island.	Applicant's Mailing Address 3848 Killebrew Court Tallahassee, FL32308	
	Chapter Affiliation	
General Employer I.D. No.: 59-1950858	NCCI I.D. No.:	
	Other Rating I.D. No.:	
	Years in Business: SIC Code:	
<input checked="" type="checkbox"/> Individual		<input checked="" type="checkbox"/> Corporation
<input checked="" type="checkbox"/> Partnership Limited Partnership		<input type="checkbox"/> Subchapter "S" Corp.
<input type="checkbox"/> Other:		

STATUS OF SUBMISSION	BILLING / AUDIT INFORMATION
Issue Policy: <input checked="" type="checkbox"/> Company complied with fictitious name statute? <input type="checkbox"/> No County of Registration: <input type="checkbox"/>	Billing/Audit Information <input type="checkbox"/> Annual <input checked="" type="checkbox"/> Monthly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Self-Audit <input type="checkbox"/> Quarterly % Down
	Audit Records <input type="checkbox"/> At Expiration <input type="checkbox"/> Monthly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Other:

CHECK HERE IF LIST OF ADDITIONAL LOCATIONS IS ATTACHED

If applicant is employee leasing company, the clients company name should be included with the address.

Leasing Company	Street	City	County	Zip Code
es <input checked="" type="checkbox"/> No	Gulf Beach Drive	St. George Isl.	Franklin	32328
es <input checked="" type="checkbox"/> No	Well sites in	Eastpoint,	Franklin County,	FL (3 sites)
es <input type="checkbox"/> No				

POLICY INFORMATION			
Business Insurer	None	Previous Policy No.	None
Policy Effective Date	Expiration Date	Normal Anniversary Rating Date	Preferred Payment Plan:
6/25/94	6/25/95		Monthly
Depend Plan: Sliding Scale <input type="checkbox"/> Retention <input type="checkbox"/> Deluxe Retention <input type="checkbox"/>	Employer's Liability: Each Accident 100,000 Disease - Policy Limit 500,000 Disease - Each Employee 100,000		

Personal Company Information	Deductible	Coinsurance Limit
------------------------------	------------	-------------------

CHECK HERE IF LIST OF ADDITIONAL CLASS CODES IS ATTACHED

Class Code	Categories, Duties, Classifications	No. of Employees	Actual Remuneration Past 12 Mo's.	Estimated Remuneration Next Pol. Per.	Rate	Estimated Annual Premium
8810	Clerical	4	84,280	84,280	.71	60.00
7520	Waterworks Operation	3	68,140	68,140	7.64	5206.00

Specify Additional Endorsements:	Total	\$ 5266.--
	Experience Modification	\$
	Standard Premium	\$ 5266.--
	Premium Discount	\$
	Expense Constant	\$ 140.
	Total Estimated Annual Premium	\$ 5,306

EXCLUDED CHECK HERE IF A LIST OF ADDITIONAL OFFICERS IS ATTACHED

Name	Date of Birth	Title/Relationship	Ownership %	Duties	Inc/Exc	Class Code	Remuneration
Exclude all general and limited partners.							

Note: This section is for informational purposes only. All inclusions/exclusions must be filed with the Division of Workers' Compensation on the proper forms in order to be valid.

LOSS CARRIER INFORMATION / LOSS HISTORY

Provide information for the past 5 years and use Remarks Section for loss details.

Year	Carrier / Policy Number	Annual Premium	Mod.	# Claims	Paid Loss	Reserves
	None					

GENERAL DESCRIPTION OF OPERATIONS

Provide comments and descriptions of business operations and products: Manufacturing - raw materials, processes, product, equipment. Contracting - type of work, sub-contractors. Mercantile - merchandise, customers, deliveries, service. Service - type, location. Farm - acreage, animals, machinery, sub-contracts

Operating Water Utility

EMPLOYEES CHECK HERE IF A LIST OF ADDITIONAL EMPLOYEE NAMES IS ATTACHED

Name	Social Sec. No.	Name	Social Sec. No.
Harvin Garrett	412-08-8634	Accountant	
Andra Chase	263-96-8527	Kenneth Shiver	265-97-240
Lona Ramone	592-28-4167	Charles Creamer	593-07-95
Ann Hills	314-62-6451		

GENERAL INFORMATION

- Please explain all yes responses in Remarks Section
- | | | | | | |
|--|---|--|---|------------------------------|--|
| Does applicant own, operate or lease aircraft/watercraft over 26 feet long? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 12. Any group transportation provided? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Do operations involve storing, treating, discharging, applying disposing or transporting of hazardous material? (e.g. landfills, asbestos, wastes, fuel tanks) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 13. Does applicant furnish housing on premises? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Any work performed underground or above 15 feet? (limited) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | 14. Any employees under 16 or over 50 years of age? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Any work performed on barges, vessels, docks or bridge over water? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 15. Any employees over 60 years of age? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Is applicant engaged in any other type of business? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 16. Any part time or seasonal employees? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Are sub-contractors used? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 17. Is there any volunteer or donated labor? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Any work sublet without certificates of insurance? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 18. Any employees with physical handicaps? (Are records documented?) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Is a formal safety program in operation? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 19. Do employees travel out of state or country? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Are there set work hours? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | 20. Are athletic teams sponsored? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Does any employee serve as night watchman? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 21. Are pre-employment physicals required? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| Are any employees allowed to work unsupervised? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | 22. Any prior coverage declined, cancelled, non-renewed in the last three years? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| | | | 23. Are personnel records documented for pre-existing injuries/handicaps/diseases for subsequent injury trust fund recovery purposes? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
- What are your estimated annual revenues? _____

Inspection (Contact / Phone No.):
Mr. Gene Brown 1904 668-6103

Accounting Records (Contact / Phone No.):
Mr. Gene B rown 1-904- 6686104

Remarks:



I/We St. George Island Utility Company, Ltd.

hereby formally apply for continuing membership for Workers' Compensation self-insurance coverage in the above named fund, to be effective 12:01 a.m. 6/25, 19 94, and if accepted by its duly authorized representative, do hereby constitute and appoint the Board of Trustees of the Florida Agri-Business & Industries Self Insurers Fund to act as Administrator(s) of the fund as our agent(s)-in-fact, in all matters relating to the Workers' Compensation Law and/or Employers' Liability Coverage. I/We further understand and agree as follows:

1. To accept and be bound by the provisions of the Florida Workers' Compensation Law;
2. That, by this reference, the terms and provisions of the Indemnity Agreement and/or amendments thereto, filed or which may hereafter be filed, with the Division of Workers' Compensation are hereby adopted, approved, ratified and confirmed by us; further, I agree to assume all the obligations set forth therein, including but not limited to our joint and several liabilities for payment of any lawful awards against any member of the fund; and in the event I fail to pay any premium or lawful assessment within thirty (30) days of the date the same shall become due, I will pay all costs of the collection thereof, including reasonable attorneys fees. This is a fully assessable policy. If the fund is unable to pay its obligations, policyholders must contribute on a pro rata earned premium basis the money necessary to meet any unfilled obligations.
3. To abide by the rules and regulations of the Trustees of the fund and to conform to the terms of the agreements they may enter into with any authorized service company as long as we remain a member of the fund;
4. That, in the event of any changes in corporate or business structure or in legal entity or if any locations are to be added to or deleted from this coverage, I agree to notify Crims immediately; I understand that failure to provide such notice within thirty (30) days of a change may result in the assessment of a civil penalty not to exceed \$100 for each failure;
5. That should I desire to cancel my coverage, I will give written notice at least thirty (30) days prior to cancellation, and that the fund will give written notice at least thirty (30) days prior to cancellation should they desire to cancel my coverage;
6. That coverage under this membership shall be for Florida operations only;
7. That I must update this application monthly to reflect any change in the required application information; (The Self-Insurers Fund Member Application Monthly Change Sheet will be used for this purpose.)
8. That if I file an application or application update containing false, misleading or incomplete information with the purpose of avoiding or reducing the amount of premiums for Workers' Compensation coverage, it is a felony of the third degree;
9. That I shall submit to the fund, a copy of the quarterly earnings report, and self-audits supported by the quarterly earnings reports, as required by Chapter 443, Florida Statutes, at the end of each quarter. If I omit the name of an employee from this quarterly earnings report, Florida Statute states that I will remain liable for and will reimburse the fund for any Workers' Compensation benefits paid to the omitted employee;
10. That I will make available all records necessary for the payroll verification audit and permit the auditor to make a physical inspection of my operations. Failure to do this shall result in a \$500 payment to the fund to defray the cost of the audit;
11. That if I intentionally understate payroll or misrepresent employee duties so far as to avoid proper classification for premium calculations, I shall pay the fund, in addition to any premium due resulting from an audit, a 12 percent penalty on the amount underpaid.
12. In the event any premium or lawful assessment is not paid and collection process becomes required by the Fund, to pay the cost of collection thereof including a reasonable attorney fee plus 12% interest on the unpaid amounts. In the event litigation becomes necessary in regard to collection or in regard to any other dispute that may arise as a result of this Agreement, the parties stipulate that Orange County, Florida will be the proper venue for legal action. The parties stipulate that if supplemental proceedings are required subsequent to judgement, the president and secretary of a corporate member, or all partners of a partnership member, or the individual in the event of an individual member, shall submit to the supplemental proceedings in Orange County, Florida.
13. To maintain continuing membership in the sponsoring Organization, it being expressly understood and agreed that participation in the Fund is dependent upon such membership. Execution of the Agreement constitutes Application for membership and applicant agrees to abide by the Constitution, and Amendments, Bylaws and Code of Ethics of said Organization.

I hereby swear that the information contained in this application is accurate and I acknowledge that I have read the above statements.

Gene D. Brown, President 6/28/94
Signature of Corporate Officer, Owner, Partner Date

Producers Signature Date

Gene D. Brown, President of corporate
General Partners of St. George Island Utility
Title Company, Ltd., a Florida limited partnership

DO NOT COMPLETE SHADED AREA OFFICE USE ONLY

is a member of the sponsoring association and is hereby approved for membership in this fund, and coverage is effective this _____ day of _____, 19____.

Signed this _____ day of _____, 19____.

By _____
Trustee / Administrator / Authorized Representative

The Plastridge Agency, Inc.
2100 N. Dixie Hwy.
Boca Raton FL 33431
407-395-1435

INVOICE			Page 1
ACCOUNT NO STGEO-2	OF CG	DATE 06/22/94	
Commercial Package			
POLICY # TBD	EFFECTIVE 06/25/94	EXPIRATION 06/25/95	
Reliance Insurance Company			

St. George Island Utility Co.
3848 Killlearn Court
Tallahassee FL 32308-3428

Inv #	Due	Yr	Type	Policy #	Description	Amount	
98187	06/25/94	MEM	PCPG	TBD	Package Policy 6/25/94	Hal Morrison	\$ 7396.58
Invoice Balance:							\$ 7396.58

The Plastridge Agency, Inc.
 2100 N. Dixie Hwy.
 Boca Raton FL 33431
 407-395-1435

INVOICE		
ACCOUNT NO:	OF:	DATE:
STGEO-2	CG	06/22/94
Worker's Compensation		
PROJECT:	START DATE:	END DATE:
TBD	06/25/94	06/25/95
COMPANY:		
Fla Agri-Bus & Industries SIF		

St. George Island Utility Co.
 3848 Killlearn Court
 Tallahassee FL 32308-3428

Inv. #	Date	Item	Type	Policy #	Description	Producer	Amount
98293	06/25/94	MEM	WC-S	TBD	Work Comp. Downpayment	Hal Morrison	\$ 693.40
Invoice Balance:							\$ 693.40

St. GEORGE ISLAND UTILITY CO., LTD.

PH 904-888-0440
3848 KILLEARN COURT
TALLAHASSEE, FL 32308

63-68/831
BRANCH 003

2320

6/29 19 94

PAY
TO THE
ORDER OF

IDS FINANCIAL SERVICES, INC.-----

\$ 3,293.70

Three Thousand, Two Hundred Ninety Three 70/100-----DOLLARS



FIRST NATIONAL BANK
CAPITAL CITY GROUP
P.O. BOX 12903
TALLAHASSEE, FLORIDA 32317

[Handwritten Signature]

FOR Pension Plan 1/1/94 - 6/30/94

⑈ 00 23 20 ⑈ >

Section A

Participant Profile Information (IDS Custodial Plan or Gov. Deferred Comp.) (Please have client verify information)

- For existing IDS client, check (✓) box and attach updated Client Review Document (CRD) for each client making purchase(s) on this application. Note any changes to the client profile in red on the CRD.
- For a New IDS client (no IDS accounts), check (✓) box and complete all information below.

<input type="checkbox"/> M <input type="checkbox"/> F <input type="checkbox"/> M <input type="checkbox"/> F		First client's name (first) (middle) (last) St George Island Utility Co., LTD.	Social Security No. 59-1950-858	
Home address (street) (city) (state) (zip) 3848 Killearn Ct. Tallahassee FL 32308				
Birth date / /	Mailing address (if different from above) (City) (State) (Zip)			
Citizenship <input type="checkbox"/> U.S. <input type="checkbox"/> Other Legal Resident of U.S. <input type="checkbox"/> Yes <input type="checkbox"/> No		Sex <input type="checkbox"/> M <input type="checkbox"/> F	Client No.	Group No.

Section B

Business or Organizational Information

- If business or organization is an existing IDS client, check (✓) box and attach updated CRD. Note any changes to the CRD on this application.
- If business or organization is a New IDS client (no IDS accounts), check (✓) box and complete the information in this section. Please have client verify information before submitting to home office.

Business name Same as above		Business taxpayer ID no. 59-1950858		
Business address (street) (city) (state) (zip) Same				
Business phone no. (904) 668 0440	Date business began 1 179	Business fiscal year-end (month, day) 12 31	No. of employees 7	
Client No.	Group No.	Client No.	Group No.	Client No.

Section C

Trustee Profile Information (Trustee Plan Only) (Please have client verify information)

- For existing IDS client, check (✓) box and attach updated Client Review Document (CRD) for each client making purchase(s) on this application. Note any changes to the client profile in red on the CRD.
- For a New IDS client (no IDS accounts), check (✓) box and complete all information below.

<input type="checkbox"/> M <input type="checkbox"/> F <input type="checkbox"/> M <input type="checkbox"/> F		Second client's name (first) (middle) (last)	Social Security No.	
Home address (street) (city) (state) (zip)				
Birth date / /	Mailing address (if different from above) (City) (State) (Zip)			
Citizenship <input type="checkbox"/> U.S. <input type="checkbox"/> Other Legal Resident of U.S. <input type="checkbox"/> Yes <input type="checkbox"/> No		Sex <input type="checkbox"/> M <input type="checkbox"/> F	Client No.	Group No.

Section D

Ownership, Qualified Plans (Not including IRAs - Use IRA applications for IRA purchases)

Employer identification number to be used for ownership: being applied for

Employer name (on IRS records) associated with above tax number: _____

Plan Business Other

Form of Ownership (Complete Part A, B, or C as appropriate for all tax-qualified plans)

Custodian (complete part 1 below if IDS is custodian OR part 2 below if other custodian)

IDS Bank & Trust (Custodial plan documents are required on new plans if IDS is custodian)

A. Custodian of the _____ (employee)

For _____ (employee)

Other Custodian _____ (custodian)

A. Custodian of the _____ (employee)

For _____ (employee)

Group No. _____
Plan No. _____
Client No. _____
Cert. No. _____
Participant ID No. _____

Custodian's address if other than IDS Bank & Trust (street, city, state, zip)

Check type of plan below

Profit Sharing Plan (06) Target Benefit (04)
 Money Purchase (08) Other (10)

Plan Fiscal Year-end: Mo. 12 Day 31
Plan Adoption Date: Mo. 1 Day 1 Yr 94
Plan Starting Date: Mo. 1 Day 1 Yr 94

Universal Personal Financial Services Corp

Plan administrative assistance by IDS: financial services? Yes No

IDS will complete administrative assistance for participant total AUI: _____

Name of trustee:
1. Gene Brown
2. _____
3. _____

Plan Client No. _____
Group No. _____
Cert. No. _____
Trustee No. _____

Trustee of the St. George Island Utility Co., Ltd.

Money Purchase Plan

Business employer identification number to be used on account: being applied for

Check type of plan: Profit Sharing Plan (06) Money Purchase (08) Target Benefit (04)
 Defined Benefit Pension (02) Other (10)

Address (street, city, state, zip) where consolidated statements are to be sent: Copy to Universal Personal?
3848 Killearn Ct. Tallahassee, FL 32308

Plan Fiscal Year-end: Mo. 12 Day 31
Plan Adoption Date: Mo. 1 Day 1 Yr 94
Plan Starting Date: Mo. 1 Day 1 Yr 94

Other Qualified Plans

403(b) (07) ISCA
IDS Bank & Trust as custodian for _____ (client name)

Custodial Agreement form 73110 and Payroll Deduction form 73188 are required with each application.

Type of employer: Public Schools and Universities 501(c)(3) Non-profit

457/Deferred Compensation (IDS does not provide GASB reporting on investment products)

Name of participant: _____ Name of plan: _____

Type of employer: State or political subdivision Non-profit

Ownership explanation and additional data: _____

Section F

IDS Certificates

Administrator: []

Installment Certificate: Issue Certificate Yes No

Amount submitted: \$ [] Monthly payment: \$ [] Face amount (Monthly x 120): \$ []

Product code: [] Account no: [] Purchase date: []

Billing (05) EA (05)

Employee/Planner Installment: (Complete purchase plan agreement on page 1)

Amount submitted: \$ [] Monthly payment: \$ [] Face amount (Monthly x 120): \$ []

Product code: [] Account no: [] Purchase date: []

Billing (05) EA (05)

Cash Payment of Interest: (Limit: Cash Reserve, Variable Term and Stock Fund) Issue Certificate Yes No

Product	Amount submitted	Units Desired (Grid)	Product Code	Account no	Purchase date
<input type="checkbox"/> Single Term	\$ []		[]	[]	[]
<input type="checkbox"/> Variable Term	\$ []	Months: 6, 12, 18, 24, 30, 36	[]	[]	[]
<input type="checkbox"/> Cash Reserve	\$ []		[]	[]	[]
<input type="checkbox"/> Future Value	\$ []	Years: 4, 5, 6, 7, 8, 9, 10	[]	[]	[]
<input type="checkbox"/> Employee/Planner Variable Term	\$ []	Months: 6, 12, 18, 24, 30, 36	[]	[]	[]
<input type="checkbox"/> Employee/Planner Future Value	\$ []	Years: 4, 5, 6, 7, 8, 9, 10	[]	[]	[]
<input type="checkbox"/> Stock Market Full Participation	\$ []	Term: []	[]	[]	[]
<input type="checkbox"/> Stock Market Partial Participation	\$ []	Term: []	[]	[]	[]
	\$ []				
	\$ []				

Section G

Limited Partnerships

Each partner must complete a separate partnership agreement and attach it to this application.

Net Worth of each limited partner: \$ []

Estimated Current Year Income from all sources (including partnership income): \$ []

Investor's annual gross income: \$ [] Partnership income: \$ [] Net Worth: \$ []

Partnership and Dates	Units	Cost Per Unit	Total Investment	Product Code	Account No	Purchase Date
			\$ []			[]
			\$ []			[]
			\$ []			[]

General contribution (to): IDS Account no: [] Other/Investor (to partnership) Other/Investor (to partnership) Other/Investor (to partnership)

I hereby declare under penalty of perjury that the information provided in this application is true and correct to the best of my knowledge and belief, and that I have not provided any false or misleading information to the Administrator.

Partner Signature: [] ID No: []

Section H

Reasons for Surrender or Redemption

Reference to: Product Name: Account Number: Purchase Date:

I am withdrawing (check one) surrendering \$ redeeming \$ in principal for the reasons listed below.

If the reason to change from one product to another is an important one, you may want to understand the reasons, consequences and risks described below. Please indicate your understanding by checking a box in the appropriate space on the accompanying application.

My (Our) reasons for requesting this action to purchase _____ are _____

The liquidation of the existing product may be taxable and each state has its own rules regarding the gain or loss which you will realize. Consult your tax advisor for more information.

Characteristics of Your Current Product (Check all that apply)

What It Funds

- It is used to purchase real estate, automobiles, boats, etc.
- It is used to purchase life insurance, annuities, etc.
- It is used to purchase other investments, such as stocks, bonds, etc.

IRS Certification

- I am certifying that the product is not a qualified plan, IRA, or other tax-qualified account.
- I am certifying that the product is not a qualified pension or profit-sharing plan.
- I am certifying that the product is not a qualified annuity plan.
- I am certifying that the product is not a qualified employee benefit plan.

Annuitant

- You are the annuitant and you are not a dependent of the annuitant.
- You are the annuitant and you are a dependent of the annuitant.
- You are not the annuitant and you are not a dependent of the annuitant.
- You are not the annuitant and you are a dependent of the annuitant.

Life Insurance

- You are the policy owner and you are not a dependent of the policy owner.
- You are the policy owner and you are a dependent of the policy owner.
- You are not the policy owner and you are not a dependent of the policy owner.
- You are not the policy owner and you are a dependent of the policy owner.

Life Insurance Service

- I am certifying that the product is not a life insurance policy.
- I am certifying that the product is a life insurance policy.

I have have not agreed to the following:

I agree to the following:

I agree to the following:

Section K

Wire Information (Mutual Funds and Certificates)

The client requests wire arrangement to be set up on his/her account. Some ownerships cannot be redeemed by telephone. (See Planner's Guide for Mutual Funds) A voided or canceled check with the client's number printed on it must be stapled below in Section L, Part 4. III.

Section L

Authorization for Special Handling of Interest, Dividends or Systematic Payout Plan

Part 1

Fund or Certificate Name	Account Number
--------------------------	----------------

Part 2 — Payout Option (Minimum \$50 Except for IDS Products)

When? I request to receive the first pay-out on _____ (month/day/year)

How often? Monthly Every Other Month Quarterly Semi-Annual Annual Other _____

How much? (check one)

Redeem \$ _____ for each payout

Redeem _____ of my (our) shares (two to three in each redemption)

Redeem _____ % (any percentage from 1% to 25% in 1% increments)

Redeem in American dollars to my account _____ State

Redeem in American dollars to liquidate my account in _____ my life expectancy _____ your life expectancy _____

Part 3 — Dividend or Interest Option (Check if Applicable)

I have requested the cash or split dividend election on page 6 of interest election or page 6 of the application for bond and delivered as indicated in part 2 below.

Part 4 — Delivery of Proceeds Option (Part IV)

i) Send check to IDS - Mailing Account Number _____

ii) Send check to client (by mail account address)

iii) **BANK INFORMATION — For a courtesy attach voided or canceled check here.** Bank Account type Checking Savings

if savings account or non-bank account or a credit union, complete all information below.

Bank Routing Transit Number 9 digits _____

Bank Account Number _____

Bank Name _____

Street _____

City _____ State _____ Zip Code _____

IV — Send Check to Special Payee Name and Address

Name _____

Street (complete mailing) _____

City _____ State _____ Zip Code _____

Indemnification Agreement

I, the undersigned, do hereby indemnify and hold you harmless from any loss you may incur because of a payment by you or any charge by IDS to its own account for any amount received by you in the regular course of business for payments or drawing out of my account by you or any such charge provided that such amount is not payable to you upon presentation.

I, the undersigned, on my own expense, any action which might be brought by any depositor or any other person because of your actions taken pursuant to such request, or in any manner arising by reason of your participation in connection with such request.

I, the undersigned, do hereby certify that this indemnification agreement was authorized in a resolution adopted by the Board of Directors of IDS American Services Inc. on August 15, 1955, and that this resolution continues in full force and effect.

I, the undersigned, do hereby certify that this indemnification agreement was authorized by a resolution by the Board of Directors of IDS and C, New York on August 27, 1955.

[Signature]
Secretary

[Signature]
IDS Financial Services Inc.
P.O. Box 134

Section M

Explanation of Investment

Please read the prospectus carefully. It contains details of the investment.
If you are using the services of a Personal Financial Planner, it is required to review your investment with you. By signing this application and checking each statement that pertains to your investment, you acknowledge the following:

- Adequate information. You have received the current prospectus for the investment applied for.
- Investment objectives. You understand the investment objectives and risks of the investment(s) for which you are applying. *Under no circumstances shall such objective or risk be achieved if your specific objectives must be indicated.*

Investment Objectives:

- Aggressive Growth
- Growth with Income
- High Yield Income
- Conservative
- Income
- Preservation of Principal
- Income

- Other. You understand you cannot rely on any salesperson's recommendation of other investments and that the salesperson's recommendation is not intended to be a recommendation of the prospectus for this investment. You have read the prospectus and understand the risks of the investment.

- Value of fund. You understand that the value of your investment may go up or down and that when you redeem your shares you may receive more or less than the purchase price.

- Allocation. You understand that the allocation of assets and the allocation of your investment may vary from the allocation of the fund's assets.

- Risk. You understand that you are investing your money in a fund that is subject to the risks of the investment and that the value of your investment may go up or down.

Since you are investing your money in a fund that is subject to the risks of the investment and that the value of your investment may go up or down, you should understand that the value of your investment may go up or down.

The prospectus will describe the fund's investment objectives, risks, charges, expenses, and other important information. You should read the prospectus carefully.

DS Financial Services is a distributor of mutual funds. It is not a broker-dealer and does not have a sales or distribution function. It is not a selling agent for any investment, except for the mutual funds described in the prospectus.

All other mutual funds are sold through other distributors and are not described in this prospectus.

- Consideration. You understand that you are investing your money in a fund that is subject to the risks of the investment and that the value of your investment may go up or down.

Important Note: DS Financial Services is not a bank, and the securities offered by it, such as debt securities, are not insured or guaranteed by any bank, nor are they insured by the FDIC.

Additional information. If you have any questions, you should contact your financial advisor or the issuer of the fund. You should also contact your financial advisor if you have any questions about the fund's investment objectives, risks, charges, expenses, and other important information.

Additional information. If you have any questions, you should contact your financial advisor or the issuer of the fund. You should also contact your financial advisor if you have any questions about the fund's investment objectives, risks, charges, expenses, and other important information.

- Check here if the DS fund notified you that you are required to withhold because of a failure to report all income.
- Check here if you are a tax-exempt payee.

Section N

Declaration and Signature

You certify, under the penalties of perjury, as required by Form 1099, of the Internal Revenue Service, and the names, addresses, Social Security (taxpayer ID) numbers and backup withholding information provided in this application are true, correct and complete.

Invested plans: Custodial plans:

Gene D. Brown
Gene D. Brown, Trustee

Participant's Signature

Signature

Signature

City: Jallahasse State: FL Zip: 33401

Participant's Name: James J. Nash No. 56032-7 DOB: 27 Phone No. (904) 6682436

Company Name: DS Financial Services No. --- B/D: ---

Investment Objective (if applicable): --- (If none, check box)

Investment Objective (if applicable): --- (If none, check box)

Section O

Individual Purchase Plan Agreement

The following individuals are eligible to purchase Fund shares without paying a sales charge:
a) Financial planners, division managers, employees and directors of the IDS Companies.

- b) Employees and directors of the IDS MUTUAL FUND GROUP
- c) Spouses and children (under the age of 21) of the above participants, to the extent that purchases are authorized by the director/employee or financial planner.
- d) Retired financial planners and retired employees of the IDS Companies.
- e) Retired employees of the IDS MUTUAL FUND GROUP.

Eligible persons may participate and purchase fund shares of the IDS MUTUAL FUND GROUP without paying a sales charge. Purchases may be made through an ongoing payroll/commission deduction with a minimum purchase of \$25 for each fund account. For those who do not purchase through payroll/commission deductions, the lump sum purchase amount must meet the appropriate minimum and subsequent add-on investment requirements. Please refer to the Fund Purchase Plans brochure for more information.

I declare my understanding that I qualify to participate under the eligibility rules described above and I agree not to result in any units being purchased except by redemption to the Fund.

IDS Certificate Company Purchase Plan Agreement

The following individuals are eligible to purchase IDSC certificates designed for employee/financial planners:
a) Financial planners, division managers, directors and employees of IDS Financial Corporation, IDS Financial Services, Inc. or IDS Certificate Company.

- b) Spouse, children of any age and parents of employee/planner and spouse, to the extent that purchases are authorized by the director/financial planner.
- c) Retired financial planners and retired employees of IDS.

Eligible persons may participate and purchase IDSC certificates through the IDSC Purchase Plan Agreement. Purchases may be made for installment certificates through an ongoing payroll/commission deduction. For those who do not purchase through payroll/commission deductions, the lump sum purchase amount must meet the appropriate certificate order minimum and subsequent requirements. Please refer to the appropriate prospectus for more information.

I declare my understanding that I qualify to participate under the eligibility rules described above and I agree not to result in any certificate purchased except by surrender to IDS Certificate Company.

Please print:

Employer or Affiliation: _____ Unit or DC: _____

Employee, Director or Planner Name: _____

If owner is other than the life above, complete items A and B below:

A) Full Name of Owner of Account: _____

B) Relationship of Owner to Employee, Director or Planner: _____

Date of Birth (if child): _____

Date Signature of Account Owner, Trustee or Custodian (under the Uniform Gift to Minor's Act)

I direct that payments for this account be accepted under the conditions of the IDS Fund or Certificate Purchase Plan.

Date Signature of Employee, Director or Planner

If purchases are to be made through payroll/commission deduction, also complete a separate request for Payroll/Commission Deduction Form.

Purchase Plan Agreement Request For Payroll Unit 149 or Commission Deduction Unit 42

Please Print:

Unit/D.O. Number	Employee No.	Employee/Planner Name
	Planner No.	

Account Number	Fund Name or Type	Pay Period Frequency (Check one)	Amount of Deduction Pay Period
Front Base Ck	Certificate Name	1st 2nd Every	

(Employer or New Business) _____

Authorize the Company to make the above payroll or commission deduction.

Date Signature

Instructions for Completing Application

Section A

For existing participant client, check box on page 2 and attach a client review document(s) (CRD). Note all changes in red on the CRD. For new participant, check the box and complete the profile information. Be sure to include participant's TIN. For employer billing, payroll deduction, please attach Form W3188 to the front of this application.

Section B

Complete business or organization information if new client. If the business is an existing owner of an account, attach a CRD and note any changes in red.

Section C - Trusteed Plan

Complete this section with information on first named trustee.

Section D - Ownership

Employer taxpayer identification number (TIN) to be used on account(s) being established with this application. Enter the name as shown on the records that is associated with the TIN.

Only one ownership type is permitted per application. Complete part A or C for the ownership being established with this application.

Section E - IDS MUTUAL FUND GROUP

Please check the box for the fund(s) being purchased with this application. Enter the amount of the initial investment in each fund.

Dividends will be reinvested in additional shares of the fund, unless noted otherwise. Check appropriate box for each fund purchase where cash or split dividends are requested.

Section F - IDS Securities

Please check the box for the type of certificate being purchased from IDS Securities Company.

Check either the "no" or "yes" box to indicate whether or not the client wishes a physical certificate issued.

For installment certificates, check the box to indicate if coupons are to be issued or if the account is to be on bank authorization; if payments are to be made by BA to either an installment or a cash reserve certificate account, complete the Bank Authorization section on page 7.

Indicate by checking the box if cash payment of interest is requested on a Cash Reserve, or Variable Term, or Stock Market Certificate.

Circle the time desired if applying for a Variable Term or Future Value Certificate.

If employee or planner is purchasing the certificate, complete Section G on page 9.

Section G - Limited Partnerships

When purchasing a Limited Partnership, complete Section F and either complete this application or completed separate subscription agreement.

The client's annual gross income, taxable income, and net worth (including home, home furnishings and automobiles) must be disclosed in this section. Even if the client purchases a limited partnership without participating in the investment decision, enter the plan check number. The plan must sign this section when a limited partnership is being purchased.

The planner must sign this section when a limited partnership is being purchased.

Section H - Request to Surrender or Redeem

Complete this section if the client is being processed for the voluntary or non-voluntary redemption of an IDS Mutual Fund, IDS Certificate, IDS Security, or IDS Bond. Do not check this box to make this investment.

The client should complete the applicable section(s) concerning this product being surrendered or redeemed, indicating his/her understanding. Your division's resident manager should review this transaction and indicate his/her satisfaction by signing in the space provided.

Section I - Drafts

Drafts are issued for certain IDS Cash Management Fund accounts. Drafts are not available for custodial accounts but are issued for Trusteed Plan Accounts.

Section J - Bank Authorization

Complete this section if your client wishes to make regular deductions from his/her bank account to make payments or add to the fund or certificate account(s) being purchased with this application.

Section K - Wire Information

Check the box if the client(s) requests a wire arrangement to be set up on his/her mutual fund or certificate account(s). Staple a voided or canceled check to this page in the space provided.

Section L - Authorization for Special Handling of Interest, Dividends or Systematic Payout Plans

Use this section to request special handling of cash or split dividends, cash interest or to set up a systematic payout plan for the fund being purchased on page 3 and/or the certificates being purchased on page 5.

Complete parts to indicate when the client wishes to begin the systematic payout, how often the client wishes the payout processed and how much each payout should be. (Complete only one option under "how much.")

Part three should be checked (and Part four completed) if the client has requested cash or split dividends or interest and is requesting they be sent other than the record address.

Part four must be completed if the client is requesting a systematic payout or special handling of cash dividend or interest. If the payout proceeds or dividends are to go to a bank account, staple a voided or canceled check in space provided.

Section M - Explanation of Investment

Review the investment with the client(s) and check each statement that applies to the investment(s) being purchased.

Section N - Declaration and Signatures

The client(s) must sign the application acknowledging understanding of the items checked on the explanation of investment and that the social security number(s) or taxpayer identification number and back-up withholding information is correct.

The planner must sign as a witness of the client(s) signature(s). If there is a co-planner on the sale, complete the appropriate information.

If you have any questions regarding the completion of this application, please call the Institutional Service Team. They will be happy to assist.

Qualified Employee Data Worksheet

Retirement Plan

This worksheet is used to gather information regarding the owner(s) and any employees of a business.

Money Purchase Pension Plan for
St. George Island Utility Company, Ltd.

PLAN NAME

DATE 6/28/94

WORKSHEET COMPLETED BY

Sandra M. Chase

NAME Marvin H. Garrett

SSN. _____

ADDRESS P. O. Box 649

DATE OF BIRTH 8/13/64

MARITAL STATUS M

Eastpoint, FL 32328

DATE OF HIRE 12/10/90

% OF BUSINESS OWNERSHIP -0-

NAME Sandra M. Chase

SSN. _____

ADDRESS 8014 Bernard Rd.

DATE OF BIRTH 5/20/51

MARITAL STATUS M

Talla., FL 32301

DATE OF HIRE 1/25/81

% OF BUSINESS OWNERSHIP -0-

NAME Ann Hills

SSN. _____

ADDRESS 2030 Longview Drive

DATE OF BIRTH 6/8/55

MARITAL STATUS S

Talla., FL 32303

DATE OF HIRE 4/28/91

% OF BUSINESS OWNERSHIP -0-

NAME Fiona Ramion

SSN. _____

ADDRESS 1190 High Road

DATE OF BIRTH 9/21/68

MARITAL STATUS M

Talla., FL 32304

DATE OF HIRE 11/1/93

% OF BUSINESS OWNERSHIP -0-

NAME Kenneth Shiver

SSN. _____

ADDRESS P. O. Box 396

DATE OF BIRTH 9/20/64

MARITAL STATUS M

Eastpoint, FL 32328

DATE OF HIRE 3/18/91

% OF BUSINESS OWNERSHIP -0-

NAME George Creamer

SSN. _____

ADDRESS P. O. Box 483

DATE OF BIRTH 12/4/64

MARITAL STATUS S

Eastpoint, FL 32328

DATE OF HIRE 4/1/94

% OF BUSINESS OWNERSHIP -0-

NAME Joanie Hanney

SSN. _____

ADDRESS 501 Blairstone Road

DATE OF BIRTH 1/11/47

MARITAL STATUS S

Apt. 3823
Talla., FL 32301

DATE OF HIRE 6/7/94

% OF BUSINESS OWNERSHIP -0-

Name Larry Hatfield

SSN _____

Address P. O. Box 140, Island Dr.

Date of Birth _____

Marital Status s

(8/92) Eastpoint, FL 32328

Date of Hire 12/13/93 % of Business Ownership _____

©1993 Universal Pensions, Inc., Brainerd, MN 56401

St. George Island Utility Co., Ltd.

3848 Killearn Court

Tallahassee, Florida 32308

(904) 668-0440 • (904) 927-2648

St. George Island Utility Company, Ltd.

Employee	Date of Employment	Annual Salary	Salary 1/1/94-6/30/94	5*
Marvin H. Garrett	12/10/90	\$32,500	\$ 15,625	\$781.25
Kenneth Shiver	3/18/91	\$19,000	\$ 9,134	\$456.70
Larry Hatfield	12/13/93	\$16,640	\$ 384	\$19.20
George Creamer	4/1/94	\$16,640	\$ 3,708	\$185.40
Joanie Hanney	6/7/94	\$40,000	\$ 3,630	\$181.50
Sandra M. Chase	1/25/81	\$36,000	\$ 17,308	\$865.40
Fiona Ramion	11/1/93	\$12,480	\$ 5,989	\$299.45
Ann Hills	4/28/91	\$20,000	\$10,096	\$504.80
Total				\$3,293.70

Qualified Standardized Money Purchase Pension Plan

Retirement Plan ADOPTION AGREEMENT

SECTION 1. EMPLOYER INFORMATION

Name of Employer St. George Island Utility Company, Ltd.

Address 3848 Killearn Court

City Tallahassee State FL Zip 32308

Telephone (904) 668-0440 Federal Tax Identification Number 59-1950858

Income Tax Year End December 31 Plan Year End December 31

Type of Business (Check only one) Sole Proprietorship Partnership Corporation Other (Specify) Limited Partner:

Nature of Business (Describe) water utility

Plan Sequence No. 001 (Enter 001 if this is the first qualified plan the Employer has ever maintained. enter 002 if it is the second, etc.)

SECTION 2. EFFECTIVE DATES Check and complete Option A or B

Option A: [X] This is the initial adoption of a money purchase pension plan by the Employer. The Effective Date of this Plan is January 1, 1994. NOTE: The effective date is usually the first day of the Plan Year in which this Adoption Agreement is signed.

Option B: [] This is an amendment and restatement of an existing money purchase pension plan (a Prior Plan). The Prior Plan was initially effective on 19. The Effective Date of this amendment and restatement is 19. NOTE: The effective date is usually the first day of the Plan Year in which this Adoption Agreement is signed.

SECTION 3. ELIGIBILITY REQUIREMENTS Complete Parts A, B, C and D

Part A. Years of Eligibility Service Requirement: An Employee will be eligible to become a Participant in the Plan after completing 0 (enter 0, 1 or 2) Years of Eligibility Service. NOTE: If more than 1 year is selected, the immediate 100% vesting schedule of Section 5, Option C will automatically apply. If left blank, the Years of Eligibility Service required will be deemed to be 0.

Part B. Age Requirement: An Employee will be eligible to become a Participant in the Plan after attaining age (no more than 21). NOTE: If left blank, it will be deemed there is no age requirement for eligibility.

Part C. Class of Employees Eligible to Participate: All Employees shall be eligible to become a Participant in the Plan, except those checked below: [X] Those Employees included in a unit of Employees covered by the terms of a collective bargaining agreement between Employee representatives (the term "Employee representatives" does not include any organization more than half of whose members are Employees who are owners, officers or executives of the Employer) and the Employer under which retirement benefits were the subject of good faith bargaining unless the agreement provides that such Employees are to be included in the Plan. [X] Those Employees who are non-resident aliens pursuant to Section 410(b)(3)(C) of the Code and who received no earned income from the Employer which constitutes income from sources within the United States.

Part D. Entry Dates The Entry Dates for participation shall be (choose only one Option): Option 1: [X] The first day of the Plan Year and the first day of the seventh month of the Plan Year. Option 2: [] Other (Specify) NOTE: If Option 2 is selected, the Entry Dates specified must be more frequent than those described in Option 1.

Standardized Money Purchase Pension Plan

EMPLOYER AGREEMENT

SECTION 4. EMPLOYER CONTRIBUTION AND ALLOCATION FORMULA

Option 1: Nonintegrated Formula: For each Plan Year the Employer will contribute for each qualifying Participant an amount equal to 5 % (not to exceed 25%) of the qualifying Participant's Compensation for the Plan Year.

Option 2: Integrated Formula: For each Plan Year, the Employer will contribute for each qualifying Participant an amount equal to the sum of the amounts determined in Step 1 and Step 2:

Step 1. An amount equal to _____ % (the base contribution percentage, not less than 3%) of the Participant's Compensation for the Plan year up to the integration level, plus

Step 2. An amount equal to _____ % (not less than 3% and not to exceed the base contribution percentage by more than the lesser of: (1) the base contribution percentage, or (2) the money purchase maximum disparity rate as described in Section 3.01(B)(3) of the Plan) of such Participant's Compensation for the Plan Year in excess of the integration level.

The integration level shall be (Choose one):

Option 1: The Taxable Wage Base

Option 2: \$ _____ (a dollar amount less than the Taxable Wage Base)

Option 3: _____ % of the Taxable Wage Base

NOTE: If no box is checked, the integration level shall be the Taxable Wage Base.

SECTION 5. VESTING

A Participant shall become Vested in his or her Individual Account attributable to Employer Contributions and Forfeitures as follows (Choose One):

YEARS OF VESTING SERVICE	VESTED PERCENTAGE				Option D <input type="checkbox"/> (Complete if Chosen.)
	Option A <input type="checkbox"/>	Option B <input checked="" type="checkbox"/>	Option C <input type="checkbox"/>		
1	0%	0%	100%	<input type="checkbox"/> %	
2	0%	20%	100%	<input type="checkbox"/> % (not less than 20%)	
3	100%	40%	100%	<input type="checkbox"/> % (not less than 40%)	
4	100%	60%	100%	<input type="checkbox"/> % (not less than 60%)	
5	100%	80%	100%	<input type="checkbox"/> % (not less than 80%)	
6	100%	100%	100%	<input type="checkbox"/> % (not less than 100%)	

NOTE: If left blank, Option C, 100% vesting, will be deemed to be selected.

SECTION 6. NORMAL RETIREMENT AGE

The Normal Retirement Age under the Plan is age 60 (not to exceed 65).

NOTE: If left blank, the Normal Retirement Age will be deemed to be age 59-1/2.

SECTION 7. HOURS REQUIRED Complete Parts A and B and Part C, if applicable

Part A. _____ Hours of Service (no more than 1,000) shall be required to constitute a Year of Vesting Service or a Year of Eligibility Service.

Part B. _____ Hours of Service (no more than 500 but less than the number specified in Section 7, Part A) must be exceeded to avoid a Break in Vesting Service or a Break in Eligibility Service.

Part C. For purposes of determining Years of Eligibility Service and Years of Vesting Service, Employees shall be given credit for Hours of Service with the following predecessor employer(s) (Complete if applicable): _____

SECTION 8. OTHER OPTIONS Answer "Yes" or "No" to each of the following questions by checking the appropriate box. If a box is not checked for a question, the answer will be deemed to be "No."

A. Loans: Will loans to Participants pursuant to Section 6.08 of the Plan be permitted? Yes No

B. Participant Direction of Investments: Will Participants be permitted to direct the investment of their Individual Accounts pursuant to Section 5.14 of the Plan? Yes No

Standardized Money Purchase Pension Plan

Page 3 of 4

ADOPTION AGREEMENT

SECTION 9: JOINT AND SURVIVOR ANNUITY

The survivor annuity portion of the Joint and Survivor Annuity shall be a percentage equal to 50% (at least 30% but no more than 100%) of the amount paid to the Participant prior to his or her death.

SECTION 10. ADDITIONAL PLANS

An Employer who has ever maintained or who later adopts any plan (including a welfare benefit fund, as defined in Section 419(e) of the Code, which provides post-retirement medical benefits allocated to separate accounts for key employees as defined in Section 419A(d)(3) of the Code or an individual medical account, as defined in Section 419(l)(2) of the Code) in addition to this Plan (other than a paired standardized regional prototype plan) may not rely on the notification letter issued by the National or District Office of the Internal Revenue Service as evidence that this Plan is qualified under Section 401 of the Code. If the Employer who adopts or maintains multiple plans or who may not rely on this notification letter pursuant to the preceding sentence wishes to obtain reliance that the Employer's plan(s) are qualified, application for a determination letter should be made to the appropriate Key District Director of Internal Revenue.

This Adoption Agreement may be used only in conjunction with Basic Plan Document No. 01.

SECTION 11: EMPLOYER SIGNATURE Important: Please read before signing

I am an authorized representative of the Employer named above and I state the following:

- 1. I acknowledge that I have relied upon my own advisors regarding the completion of this Adoption Agreement and the legal and tax implications of adopting this Plan.
- 2. I understand that my failure to properly complete this Adoption Agreement may result in disqualification of the Plan.
- 3. I understand that the Regional Prototype Sponsor will inform me of any amendments made to the Plan and will notify me should it discontinue or abandon the Plan.
- 4. I have received a copy of this Adoption Agreement and the corresponding Basic Plan Document.

Signature for Employer _____ Date Signed _____

(Type Name) Gene Brown

SECTION 12. TRUSTEE OR CUSTODIAN Check and complete only one option

Option A: Individual Trustee(s)

Signature [Signature] Signature _____

(Type Name) Gene Brown (Type Name) _____

Option B: Financial Organization as Trustee or Custodian

Check One: Custodian, Trustee without full trust powers, or Trustee with full trust powers

NOTE: Custodian will be deemed selected if no box is checked.

Financial Organization _____

Signature _____

(Type Name) _____

SECTION 13. REGIONAL PROTOTYPE SPONSOR

Name of Regional Prototype Sponsor Universal Pensions, Inc.

Address P.O. Box 979, Brainerd, MN 56401

Telephone Number (218) 829-4781

0003

May 11 1994

63-782
631

PAY TO THE ORDER OF Jim Stidman + Associates, Inc.

\$ 7000.00

Sewer Howard Ave 10/100

DOLLARS

Gulf State Bank
St. George Island, FL 32328

FOR _____


Glenn T. Spahr

Hydrological Report

4,000 to Jim Stidman

5,000 to Les Thomas

\$12,000 total cost

PROJECT PROPOSAL

Client: Mr. Gene Brown
St. George Island Utility Company, Ltd.
3848 Killlearn Court
Tallahassee, Florida 32308

Contact Person: Consulting Engineers

Job Site: Hydrogeologic modelling of Floridan Aquifer, St. George Island/East Point Area

Proposal Date: April 28, 1994

Job Description: Work under this proposal includes the computer modelling of anticipated impacts to the Upper Floridan Aquifer and nearby users due to proposed pumpage of this aquifer. Work will be performed to satisfy requests on Page 4 of the April 14, 1994 Consumptive Use Application response letter from the Northwest Florida Water Management District.

Limitations and Supporting Data Required for this Study:

- 1) Jim Stidham & Associates, Inc. (JSA) will need to be provided the average daily flow requirement (ADR) and maximum daily flow requirement (MDR) for the St. George Island Utility Company, Ltd. (SGIUL) system.

Modelling of the aquifer is dependent on the pumping rates of the SGIUL wells. Supplying the correct ADR and MDR amounts are critical, since if these values change, modelling will have to be redone with the corrected amounts at additional costs to the client.

- 2) Copies of the following data are requested from each supply well or other wells in this area which you have data:

well construction data	geophysical logs
water quality data	pump testing data
well locations	

Tasks under this proposal includes:

- a. The anticipated impacts to the Upper Floridan Aquifer. The impacts to be evaluated shall include: (1) water level drawdowns that result from present and proposed pumpage; (2) change in groundwater velocities that results from present and proposed pumpage; (3) the potential for lateral saltwater intrusion within the Upper Floridan Aquifer; and (4) the potential for saltwater upconing within the production zone of the aquifer utilized by SGIUCL.



JIM STIDHAM & ASSOCIATES, INC.

P.O. BOX 13861 TALLAHASSEE, FLORIDA 32317 TELEPHONE: 904/222-3975

Mr. Gene Brown
April 28, 1994
Page Two

All analyses shall be undertaken at a range of pumpage that encompass the present and requested ADR and MDR amounts. These analyses should evaluate, at a minimum, those areas where the Upper Floridan Aquifer is known to contain saline water (e.g., out to St. George Island).

For items 1 and 2 in the above paragraph, the District would find the use of a two-dimensional areal analysis acceptable, either numerical or analytical. Also, for the items listed above, the time frame used in the model should realistically reflect the current and proposed pumping of the Utility (i.e. ADR for 365 days; ADR for 1,095 days; MDR for 3 days; MDR for 30 days, etc.).

- b. The anticipated impacts to nearby users. The evaluation of impacts to nearby permitted users shall include: the identification of all nearby wells (public and private) and their respective well characteristics (i.e., total depths, cased depths, depth of pump intakes, etc); the anticipated increase in potential drawdowns in the nearby wells at the requested withdrawal amounts; and the steps that will be implemented to mitigate the potential impacts to nearby users within a minimum radius of one-half mile.

When providing the District with the above supporting documentation, please include: (1) a description of the technique(s) used to undertake the analysis (i.e., analytical or numerical); and (2) a list of major hydrogeologic assumptions (i.e. aquifer transmissivities, aquifer storage, aquifer thickness, well discharges, etc). The analysis should also incorporate other nearby permitted users (i.e., Eastpoint Water and Sewer District) at their current and permitted withdrawals (average and maximum daily rates) in order to obtain a comprehensive overview of potential impacts.

Cost Proposal:

An estimated cost of work has been developed based on performing the above referenced tasks. This cost is \$7,000, to be paid in advance.

Additional work which may be requested, such as meetings with the Northwest Florida Water Management District personnel, changes to the model based on altered groundwater use data, etc. will be billed to the client in accordance with the attached Schedule of Professional Fees in addition to this estimated cost of work. Additional work will not be undertaken until the scope of services and cost are approved, in writing, by the Client.

Mr. Gene Brown
April 28, 1994
Page Three

Based on the stated tasks, work should be completed within three weeks of payment of the estimated cost. Any additional work required will be approved and an estimated cost approved and paid by the client prior to initiating work.

In the event the parties breaches any of the terms of this agreement whereby the part not in default employs attorneys to protect or enforce its rights hereunder and prevails, then the defaulting party agrees to pay the other party reasonable attorney's fees so incurred by such party.

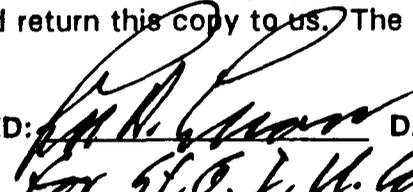
Respectfully Submitted,
JIM STIDHAM & ASSOCIATES, INC.


William G. Rollins, P.G.
Vice President

If you agree with the above proposal, please sign one copy of this letter in the space provided below and return this copy to us. The second copy is for your file.

APPROVED:

DATE:


For S.O. I. U. Co. Ltd.

May 12, 1994

PROFESSIONAL FEES, 1994

JIM STIDHAM & ASSOCIATES, INC.

	Rates Per Hour
PROFESSIONAL ENGINEER.....	\$75.00
PROFESSIONAL GEOLOGIST.....	\$65.00
STAFF ENGINEER.....	\$45.00
ENGINEER INTERN.....	\$35.00
STAFF GEOLOGIST.....	\$45.00
GEOLOGIST INTERN.....	\$35.00
PROJECT MANAGER.....	\$35.00
OVA OPERATOR.....	\$35.00
DRAFTER.....	\$35.00
FIELD TECHNICIAN.....	\$25.00
SECRETARIAL.....	\$25.00

FIELD SUPPLIES

OVA RENTAL.....	\$100.00/DAY
MILEAGE	
CAR.....	\$0.35/MILE
VAN AND OFF-ROAD VEHICLE.....	\$0.40/MILE

Reproduction of reports is billed at \$0.15 cents per page and \$2.00 per copy for binding and cover. Blueprints will be supplied at a cost of \$3.00 per copy. Facsimile will be billed at \$0.25 per page.

Subcontracted services will be invoiced at cost plus 10%.

Terms: Net 30 days, 1.5% per month finance charge on all past due balances.



JIM STIDHAM & ASSOCIATES, INC.

Jan. 1994

P.O. BOX 13861 TALLAHASSEE, FLORIDA 32317 TELEPHONE: 904/222-3975

?_{y9919;-{j};\

LES THOMAS CONSULTING ENGINEERS

4049 McLeod Dr.
Tallahassee, Florida 32303

Mr. Gene Brown
St. George Island Utilities Company, Ltd.
3848 Killbarn Court
Tallahassee, Fl. 32308

June 30, 1994

RE: Water System Improvements
St. George Island Utilities

Dear Mr. Brown,

In accordance with your request, we propose herein to provide the necessary Professional Engineering Services to assist your company in completing the Northwest Florida Water Management consumptive use permit.

The NFWFMD has requested additional information. We suggest that SGIU complete Items 1, 2, 3 (with LMT assistance), 4 (with LMT assistance), 5, 6 (with LMT assistance), 7 SGI & LMT, 8 Stidham with assistance from LMT), 9, 10, 11, 12, 13, 14. Please review their comments for concurrence.

We estimate that no more than 40 hours @ \$75.00/hr. for a total of \$3,000.00 is needed to complete this task and review with the district. You have paid us \$5,000.00 in advance of which approximately \$3,000.00 remains. Therefore, no additional money will be needed.

If you have any questions, please feel free to call.

Sincerely,



Les M. Thomas, P.E.
President

LES THOMAS CONSULTING ENGINEERS

4049 McLeod Dr.
Tallahassee, Florida 32303

Mr. Gene Brown
St. George Island Utilities Company, Ltd.
3848 Killearn Court
Tallahassee, Fl. 32308

June 30, 1994

RE: Water System Improvements
St. George Island Utilities

Dear Mr. Brown,

In accordance with your request, we propose herein to provide the necessary Professional Engineering Services to prepare a fire protection analysis for the Utilities service area which will present:

A. The various levels of fire protection service one could provide; an estimation of benefits of the different levels of service including potential insurance savings; a summary of the fire protection service at other developed islands - Santa Rosa, Okaloosa and Marco; and a recommendation of service level to be provided by the Utility in each of its distinct user service areas.

B. We will identify the systems current level of fire protection service at each of the different development areas - i.e. commercial, residential, multifamily and recreational areas. This will present/identify the areas with appropriate service and those where improvements are needed, if any, (based on recommendations of A above).

C. We will prepare a program to upgrade the system and an estimate of cost to achieve the level of service recommended through the year 2020.

We propose to perform this work on an hourly rate basis of \$75.00/hour with a not-to-exceed of \$ 12,000.00.

We look forward to working with you and your staff. If you have any questions, please feel free to call.

Sincerely,



Les M. Thomas, P.E.
President

EXHIBIT "H"

LES THOMAS CONSULTING ENGINEERS

4049 McLeod Dr.
Tallahassee, Florida 32303

Mr. Gene Brown
St. George Island Utilities Company, Ltd.
3848 Killearn Court
Tallahassee, Fl. 32308

June 30, 1994

RE: Water System Improvements
St. George Island Utilities

Dear Mr. Brown,

In accordance with your request, we propose herein to provide the necessary Professional Engineering Services to prepare a current water system status and to prepare recommendations to meet service demands through the year 2020 as follows:

We shall prepare a water system capacity analysis which identifies the capacity of the system in respect to each of the DEP and NFWMD requirements - Annual Average Daily Demand, Maximum Monthly Demand, Peak Hourly Demand. The report will contain recommendations of improvements necessary to meet the Islands present and growth demands for the following time periods:

- A) Immediate and through 8/1/95.
- B) 1/1/2000
- C) 1/1/2010
- D) 1/1/2020

We propose to perform this work on an hourly rate basis of \$75.00/hour with a not-to-exceed of \$ 12,000.00.

If you have any questions, please feel free to call.

Sincerely,



Les M. Thomas, P.E.
President

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cost #	Name	Service Address	
	Andrew Jackson	Developer Agree (72)	15100.00
	Schultz	Developer Agree (14)	28200.00
0001	ST GEORGE PLANTATION	North Entrance	500.00
0002	ST GEORGE PLANTATION	South Entrance	500.00
0003	ST GEORGE PLANTATION	Guard House	500.00
0004	Dunkin	1 Osprey	500.00
0005	Scherman	3 Osprey	500.00
0006	Rosehill	4 Osprey	500.00
0007	Rosehill	5 Osprey	500.00
0008	Brower	6 Osprey	500.00
0009	Titshaw	11 Osprey	2020.00
0010	Apalachicola State Bk	14 Osprey,	500.00
0011	Rosenhill	20 Osprey,	500.00
0012	Day	28 Sea Dune	1000.00
0013	Duford	118 Sea Dune	500.00
0014	Amato	21A Sea Dune	500.00
0015	Proctor	15A Sea Dune	500.00
0016	Vance	16A Sea Dune	500.00
0017	Collins Realty	15A Sea Dune	500.00
0018	Drifton	15A Sea Dune	500.00
0019	Tiffin	15A Sea Dune	500.00
0020	Harne	20 Sea Dune	500.00
0021	W. J.	20 Sea Dune	500.00
0022	Zobara	27 Sea Dune	500.00
0023	W. J.	27 Sea Dune	500.00
0024	Burberfield	28 Sea Dune	500.00
0025	Boo	28 Sea Dune	500.00
0026	Roberts	28 Sea Dune	500.00
0027	W. J.	28 Sea Dune	500.00
0028	O'Donnell	28 Sea Dune	500.00
0029	W. J.	28 Sea Dune	500.00
0030	Wilmington	28 Sea Dune	500.00
0031	Boys	28 Sea Dune	500.00
0032	Villett/Wright	28 Sea Dune	500.00
0033	Seismic	28 Sea Dune	500.00
0034	W. J.	28 Sea Dune	500.00
0035	Collins	28 Sea Dune	500.00
0036	Salburg	10 Bay Palm	500.00
0037	Bayley	7 Bay Palm	500.00
0038	Crawford	6 Bay Palm	3020.00
0039	Noone	2 Sea Palm	500.00
0040	Leclovic	2 Sea Palm	500.00
0041	Knowles	1E Sea Palm	500.00
0042	Manon	17 Sea Palm	2020.00
0043	Clark	20 Sea Palm	500.00
0044	Howe	17 Sea Palm	500.00
0045	Noel	20 Sea Palm	500.00
0046	Stack	30 Sea Palm	500.00
0047	Dewe	70 Sea Palm	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Dist #	Name	Service Address	
0043	Bunzatt	40 Sea Palm	500.00
0044	Field	44 Sea Palm	2020.00
0050	Suncoast Realty	48 Sea Palm	500.00
0051	Short	64 Sea Palm	500.00
0052	Wells	54 Sea Palm	500.00
0053	Solano	56 Sea Palm	500.00
0054	Adams	58 Sea Palm	500.00
0055	Drye	60 Sea Palm	500.00
0056	Geral	20 Day Palm	500.00
0057	Williams	19 Day Palm	500.00
0058	St George Plantation	Pelican Point Tennis	500.00
0059	Armistead	14 Pelican Point	500.00
0060	Tidal Investment	17 Pelican P	2020.00
0061	Wilson Prop.	Nick's Hole	2020.00
0062	Whitaker	216 S & K N1	2742.00
0063	Allie	Lot 6 Nick's	2020.00
0064	Dale	13 Sandpaper	500.00
0065	Folsom's	5 Pebble Is	2020.00
0066	Reed	7 Pebble	500.00
0067	Savie	7 Pebble Island	500.00
0068	Eddine	11 Pebble Island	500.00
0069	Tepper	12 Pebble Island	500.00
0070	Doyle	21 Sandpaper	500.00
0071	Funk	21 Sandpaper	500.00
0072	T. Van	12 Sandpaper	500.00
0073	Ray	20 Sandpaper	500.00
0074	Stubs	14 Sandpaper	500.00
0075	Stoney	51 Pebble Island	500.00
0076	Stewart	11 Pebble Is	500.00
0077	Taylor, Bill	22 Pebble Is	2020.00
0078	Wagner	12 Pebble Island	500.00
0079	Reichleiner	14 Pebble Island	2020.00
0080	Nalley	1 Windjammer	500.00
0081	Lengua	7 Windjammer	500.00
0082	Illiano	14 Windjammer	500.00
0083	Opulvar	7 Pebble Is	500.00
0084	Henkel	22 Pebble Is	500.00
0085	Roddenberry	60 Pebble	2020.00
0086	Morgan	67 Pebble Is	2020.00
0087	Miller	71 Pebble Is	500.00
0088	T. Curman	4 Turbia Beach	500.00
0089	Morgan	5 Turbia Beach	500.00
0090	Camlex	5 Turbia Beach	500.00
0091	Chingachili	5 Turbia Beach	500.00
0092	Esberay	10 Turbia Is	2020.00
0093	Henderson	25 Windjammer	500.00
0094	Swan	17 Windjammer	500.00
0095	Loewinger	19 Turbia Is	500.00
0096	Thiagarajan	61 Turbia Beach	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0097	Morris	42 Turtle Be	2020.00
0098	Soloman	35 Turtle Be	500.00
0099	Holmes	37 Turtle Be	1120.00
0100	Gilley	38 Turtle	500.00
0101	Midsommernight Dream	39 Turtle Beach	500.00
0102	CLRICK	40 Windjamme	500.00
0103	Webb	38 Windjammer	500.00
0104	Deland	38 Turtle Be	2020.00
0105	Hale	35 Windjamme	500.00
0106	Dorn	57 Turtle Be	500.00
0107	Bardhi	47 Turtle Beach	500.00
0108	St. George Plantation	48 Turtle Beach/Beach	500.00
0109	Pelican Pt Homeowners	48 Turtle Clubhouse/T	720.00
0110	Buford	49 Turtle Be	500.00
0111	Gleaton	50 Turtle Be	2020.00
0112	Taylor	51 Turtle Be	500.00
0113	Cleebinger	50 Turtle Beach	500.00
0114	Hales Co.	4 Bay View	500.00
0115	Bloodworth	5 Bay View Village	500.00
0116	Rosehill	65 Plantatio	500.00
0117	Trubelich	65 Plantation Beach	500.00
0118	Lewis	62 Plantation Beach	500.00
0119	Kadin	61 Plantation Beach	500.00
0120	Gilley	61 Plantation Beach	500.00
0121	First	61 Plantation	1120.00
0122	Wight	4 Plantation Beach	500.00
0123	Turnell	61 Plantation	2020.00
0124	Bornes	5 Plantation Beach	500.00
0125	Turnell	5 Plantation Beach	1120.00
0126	Sm.	27 Plantation	1020.00
0127	Day	27 Plantation	500.00
0128	McDonnell	28 Plantation Beach	500.00
0129	Fontaine	27 Plantation Beach	500.00
0130	Rosehill	22 Planta	500.00
0131	Kadin	27 Plantation	500.00
0132	Cook	28 Plantation Beach	500.00
0133	Sullivan	22 Plantatio	500.00
0134	Murphy	24 Plantation Beach	500.00
0135	Tucker	17 Plantatio	500.00
0136	Tucker	16 Plantatio	500.00
0137	Monod	16 Plantation Beach	500.00
0138	Wilkinson	16 Plantatio	500.00
0139	Wilson	16 Plantatio	500.00
0140	Wilkinson	17 Plantatio	500.00
0141	Rosehill	22 Plantatio	500.00
0142	Bell	04 Plantatio	500.00
0143	D'Alaio	25 Plantatio	500.00
0144	Anderson	25 Bay View	500.00
0145	Lynes	14 Bay View	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0141	Ackerly	23 Bay View	500.00
0147	Thaxton	21 Bay View	500.00
0148	Runter	19 Bay View	2000.00
0149	Tunnell	4 Indian Bay	2000.00
0150	Marshall	8 Indian Bay	500.00
0151	Roffey	02 Treasure Beach	500.00
0152	Sommer	03 Treasure	500.00
0153	Wilkinson	1 Treasure B	500.00
0157	Balfour III	4 Treasure Beach	500.00
0155	Sullivan	5 Treasure Beach	500.00
0156	Fitzgerald	3 Treasure Beach	500.00
0157	Narwood	2 Treasure E	500.00
0161	Kessler	17 Indian Ba	2000.00
0159	Meyer	18 Indian Bay	500.00
0157	Smith	19 Indian Bay	500.00
0162	Rosehill	40 Treasure	500.00
0161	Beach Builders	01 Treasure	2000.00
0164	Demery	25 Treasure	2000.00
0165	Wilkinson	22 Treasure	500.00
0166	Parish	12 Treasure	2000.00
0167	Moore	11 Treasure	500.00
0168	Heller	14 Treasure	500.00
0169	Devie	13 Treasure	500.00
0170	Harris	17 Treasure Pt.	500.00
0171	Kovaleki	15 Treasure Beach	500.00
0172	MacDill	20 Indian Bay	500.00
0173	Swickland	3 Indian Bay	500.00
0174	EYE	15 Treasure Pt.	500.00
0175	Greer	14 Treasure	500.00
0176	Blanchard	22 Treasure	500.00
0177	O'Brien	23 Treasure	500.00
0178	Pfaender	1 Pelican	2000.00
0179	Wilkinson	22 Pelican	500.00
0180	Hawkins	11 Pelican	500.00
0181	Hanas	1 Pelican Pt.	500.00
0182	Moore	2 Pelican Pt.	500.00
0183	Burman	23 Pelican	500.00
0184	O'Donnell	10/1/2	2000.00
0185	Rosehill	2 Bay Cove	500.00
0186	Kent	4 Bay Cove	500.00
0187	Persons	7 Bay Cove	500.00
0188	Krueger	6 Bay Cove	500.00
0189	Blackburn	20 Pelican	500.00
0190	Burgess	40 Pelican	500.00
0191	Johnson	50 Pelican	500.00
0192	Wilkinson	40 Pelican	500.00
0193	Delanger	20 Pelican	500.00
0194	Howington	10 Pelican	500.00
0195	Burman	14 Pelican B	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0196	Thames	15 Pelican	500.00
0197	Templin	16 Pelican	500.00
0198	Normel	20 Pelican Beach	500.00
0199	Hughes	22 Pelican	500.00
0200	Gutlaw	25 Bay Cove	500.00
0201	Strongoski	19 Bay Cove	500.00
0201	Belanger	29 Dolphin	500.00
0202	Figueroa	41 Dolphin	500.00
0204	Layfield	40 Dolphin	500.00
0207	Swab	09 Dolphin	500.00
0208	Eggers	6 Dolphin Be	500.00
0217	McMillan	29 Dolphin	500.00
0228	Ludwig	30 Dolphin	500.00
0229	Berlinguer	01 Dolphin	500.00
0230	Knight	7 Dolphin Beach	500.00
0231	Lubbers	8 Dolphin	500.00
0237	Moore	45 Dolphin E	500.00
0238	Sumner	25 Dolphin	500.00
0239	Woodsum	27 Dolphin	500.00
0240	Warren	01 Bay Cove	500.00
0246	Barnet	18 Dolphin	500.00
0247	Valentine	10 Dolphin	500.00
0248	Deveryking	20 Dolphin	1000.00
0249	Halle	10 Dolphin	500.00
0251	Jewelllyn	17 Dolphin	500.00
0251	Simmons	22 Dolphin E	500.00
0252	Sanchez	15 Dolphin	500.00
0253	Elve	20 Bay Cove	500.00
0254	Flowers	17 Bay Cove	500.00
0255	Townsend	21 Bay Cove	1000.00
0256	Cubey	14 Bay Cove	500.00
0257	Moore	75 Bay Cove	500.00
0258	Thompson	47 Bay Cove	500.00
0259	Quibbough	11 Bay Cove	500.00
0260	Tanner	14 Bay Cove	500.00
0261	Cullins	17 Bay Cove	500.00
0262	Sanders	47 Bay Cove	500.00
0263	Poggi	17 Bay Cove	500.00
0264	Rollins	27 Bay Cove	500.00
0265	Randolph	18 Bay Cove	2000.00
0266	Frederick	19 Bay Cove	500.00
0267	Karbooske-Berg	20 Bay Cove	500.00
0268	Lawton	22 Bay Cove	500.00
0269	Wage	25 Bay Cove	500.00
0270	Davis	24 Bay Cove	500.00
0271	Walker	19 Bay Cove	500.00
0272	Franketti	9 Bay Cove	500.00
0273	Abbey	18 Bay Cove	500.00
0274	Newcomb	14 Bay Cove	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

CUIC #	Name	Service Address	
0245	Edmiston	7/87/5	500.00
0246	Hammock	30/86/5	500.00
0247	Troy	32/86/5	500.00
0248	Banks	1/87/5	500.00
0249	Hammock	30/86/5	500.00
0250	Wray	2/81/5	500.00
0251	Andrews	2/86/5	500.00
0252	Grubb	3/86/5	500.00
0253	Depich	21/85/5	500.00
0254	Mitchell	4/85/5	500.00
0255	Poncius	14/85/5	500.00
0256	Bachner	1/82/5	500.00
0257	Reinal	10/85/5	500.00
0258	Kirks	27/75/5	500.00
0259	Herzich	10/78/5	500.00
0260	Benda	3/82/5	500.00
0261	Primary Care, Inc.	2/81/5	500.00
0262	Orum	2/81/5	500.00
0263	Travis	3/78/5	500.00
0264	Barrett	1/75/5	500.00
0265	Trague	2/78/5	2000.00
0266	Daly, Joe	4/72/5	500.00
0267	Wright, W.	5/75/5	500.00
0268	Bridgers	5/75/5	500.00
0269	Belmer	4/77/5	500.00
0270	Hood	9/72/5	500.00
0271	Marshall, W.	12/70/5	500.00
0272	Landrum	10/75/5	500.00
0273	Landrum	10/75/5	500.00
0274	Conder	10/75/5	500.00
0275	Diane	12/72/5	500.00
0276	Carter	11/72/5	500.00
0277	Walker	11/72/5	500.00
0278	Hughanbell	10/72/5	500.00
0279	Adams	10/72/5	500.00
0280	Greene	10/72/5	500.00
0281	Galiant	10/70/5	500.00
0282	Law	5/75/5	500.00
0283	McCall	10/72/5	500.00
0284	Law	12/75/5	500.00
0285	Reel	11/75/5	500.00
0286	Humphrey	26/75/5	500.00
0287	Survant	26/75/5	500.00
0288	Monier	11/71/5	500.00
0289	Crosier	26/75/5	500.00
0290	Faulkner	2/71/5	500.00
0291	Teeder	2/72/5	500.00
0292	Shellock	5/71/5	500.00
0293	Alan	5/71/5	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0294	Boyette & Jones	7/71/5	500.00
0295	Foster	8/73/5	500.00
0296	Taylor	9/71/5	500.00
0297	Funderburke	1/72/5	500.00
0298	Bennett	10/71/5	500.00
0299	Marxley	11/71/5	500.00
0300	Colvin	2/72/5	500.00
0301	Lindhan	12/71/5	500.00
0302	Whiddon	13/71/5	500.00
0303	Evans	14/71/5	500.00
0304	Schultz	15/71/5	500.00
0305	Jones	16/71/5	500.00
0306	Howell	17/71/5	500.00
0307	Spratt	18/71/5	500.00
0308	Wallace	1/72/5	500.00
0309	Dodds	21/71/5	500.00
0310	Roadblock	3/72/5	500.00
0311	Stout	11/73/5	500.00
0312	Kerback	3/74/5	500.00
0313	Ammons	24/55/5	500.00
0314	Rob	24/55/5	500.00
0315	Nearly	1/75/5	500.00
0316	Harbo	25/55/5	500.00
0317	Possy	22/55/5	500.00
0318	Abdward	2/75/5	500.00
0319	Bensfield	20/55/5	500.00
0320	Killer	10/60/5	500.00
0321	Brown	7/73/5	500.00
0322	Johnson	10/68/5	500.00
0323	Thomas	8/68/5	500.00
0324	Winkley	5/73/5	500.00
0325	Holmes	3/73/5	500.00
0326	Whitney	4/55/5	500.00
0327	Hannell	4/57/5	500.00
0328	Reese	1/55/5	500.00
0329	Grose	3/55/5	500.00
0330	Smith	3/57/5	500.00
0331	Warcken	2/57/5	500.00
0332	Plymel	2/55/5	500.00
0333	Healy	1/55/5	500.00
0334	Piotrowski	1/55/5	500.00
0335	Hurst	3/55/5	500.00
0336	Ward	3/55/5	500.00
0337	Thompson	3/55/5	500.00
0338	Lovett	10/55/5	500.00
0339	Wallace	7/5/20	500.00
0340	Gandee	2/52/5	500.00
0341	Bono	3/54/5	500.00
0342	Steele	1/52/5	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1961

Case #	Name	Service Address	
0038	Porter	5/63/5	500.00
0040	Hookins	6/64/5	2000.00
0045	Kilpatrick	5/64/5	500.00
0046	Wray	5/63/5	500.00
0047	Fletcher	4/64/5	500.00
0048	Crozier	3/64/5	500.00
0049	Johnson	3/63/5	500.00
0051	Stallings	2/63/5	500.00
0051	Gunn	1/64/5	500.00
0052	Stephenson	7/62/5	500.00
0053	Dunnam	3/62/5	500.00
0054	Stephenson	6/23/1W	500.00
0055	Fairchild	10/62/5	500.00
0056	Collier	11/23/1W	500.00
0057	Pink	4/23/1W	2000.00
0058	Spohrer	3/23/1W	500.00
0059	Blank	15/61/5	500.00
0060	Long	12/60/5	2000.00
0062	Carroll	14/61/5	500.00
0063	Narren	13/61/5	500.00
0064	Hanbaugh	3/62/5	500.00
0065	Foley	3/60/5	500.00
0066	McMillan	11/61/5	500.00
0067	Avant	2/61/5	500.00
0068	Webb	7/61/5	500.00
0069	Evon	2/61/5	500.00
0070	Analey	2/60/5	500.00
0071	Lustig	1/61/5	500.00
0072	Anderson	11/61/5	500.00
0073	Evon	2/61/5	500.00
0074	Reynolds	11/61/5	500.00
0075	Malcolm	11/61/5	500.00
0076	Lawrence Edwards	11/60/5	500.00
0077	Nelson	2/61/5	500.00
0078	Ward	11/61/5	500.00
0079	Bulluck	12/61/5	500.00
0080	Swable	3/63/5	500.00
0081	Chaney	23/60/5	500.00
0082	Lambum	22/60/5	500.00
0083	Croy	12/62/5	500.00
0084	Millender	5/62/5	500.00
0085	Lee	12/62/5	500.00
0086	Floyd	12/60/5	500.00
0087	Luttrell	10/62/1W	500.00
0088	Bohler	14/67/2	500.00
0089	Boiland	13/67/5	500.00
0090	David Field	13/63/5	500.00
0091	McLoney	17/62/5	500.00
0092	Vonder	10/63/5	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Sta. #	Name	Service Address	
0393	Brady	9/57/5	500.00
0394	Fitts	7/57/5	500.00
0395	Barie	20/58/5	500.00
0396	Kadel	6/57/5	500.00
0397	Kadel	5/57/5	500.00
0398	Duffes	4/57/5	500.00
0399	Clark	3/57/5	500.00
0400	Ellice	23/58/5	500.00
0401	Milam	5/55/5	500.00
0402	Spencer	4/55/5	500.00
0403	Flowers	9/55/5	500.00
0404	Pitts	5/56/5	500.00
0405	Hankins	4/55/5	500.00
0406	Anderson	1/54/5	500.00
0407	Bales	2/54/5	500.00
0408	Walde	5/54/5	500.00
0409	Robinson	10/53/5	500.00
0410	Abbott	6/54/5	500.00
0411	Witt	1/52/5	500.00
0412	Bennett	3/52/5	500.00
0413	Hunt	10/51/5	500.00
0414	Wittell	12/54/5	500.00
0415	Taylor	1/51/5	500.00
0416	Phillips	1/51/5	500.00
0417	Randolph	2/51/5	500.00
0418	Travis	3/52/5	500.00
0419	Baragona	7/51/5	500.00
0420	McWhitt	5/52/5	500.00
0421	Bonnie	4/52/5	500.00
0422	Benning	2/52/5	500.00
0423	Wampney	1/52/5	500.00
0424	Triviana	12/15/1W	500.00
0425	Miller	12/15/1W	500.00
0426	James	27/15/1W	500.00
0427	Boyd	1/15/1W	500.00
0428	Spill	Old Highway 27/15/1W	500.00
0429	Byrd	7/51/5	500.00
0430	Chalecke	1/15/1W	500.00
0431	Clark	10/14/1W	500.00
0432	Light	8/15/1W	500.00
0433	Amato	2/15/1W	500.00
0434	Wilson	20/15/1W	500.00
0435	Suncoast Realty	10/15/1W	500.00
0436	Belodee	15/15/1W	500.00
0437	Lester	13/15/1W	500.00
0438	Capuette	17/15/1W	500.00
0439	Prince	17/15/1W	500.00
0440	Bavigan	17/15/1W	500.00
0441	Wills	17/15/1W	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1982

Club #	Name	Service Address	
0442	Jernigan	15/22/1W	500.00
0443	Drye	14/21/1W	500.00
0444	Hooks	13/22/1W	500.00
0445	Nano	6/24/1W	500.00
0446	Clark	11/21/1W	500.00
0447	Wingler	1/24/1W	500.00
0448	Bryan	15/24/1W	500.00
0449	Rainwater	10/75/5	500.00
0450	Felt	9/75/5	500.00
0451	Richardson	21/74/5	500.00
0452	Arenas	6/75/5	500.00
0453	Moorefield	11/30/5	500.00
0454	Spohler	13/75/5	500.00
0455	Powell	20/79/5	500.00
0456	Rockdale Sand & Stone	5/30/5	500.00
0457	Harrison	22/79/5	500.00
0458	Law	4/50/5	500.00
0459	W. Law	25/79/5	500.00
0460	McNelson	10/50/5	500.00
0461	Ellis	5/50/5	500.00
0462	Flores	15/30/5	500.00
0463	Thompson	6/50/5	500.00
0464	Whitton	2/50/5	500.00
0465	Pieta	15/21/1W	500.00
0466	Polina	20-25/1W	500.00
0467	Harry A's Travel & Pack-Service		500.00
0468	Karl Convergence	10/1/1W	500.00
0469	Seaboard Realty	15-20/1W	500.00
0470	Appl. Serv. Equip. Maint. Serv.		573.50
0471	Sunshine Food Stores	11/21/1W	500.00
0472	Donald Yalmon	11-21/1W	500.00
0473	Gulf State Bank	1-5/5/1W	500.00
0474	Islands. Bus. Serv.	12/1/1W	500.00
0475	Ophner	11-12/5/1W	500.00
0476	Valley of the George	7-7/5/1W	1,300.00
0477	Island Utilities	10-11/5/1W	500.00
0478	Annistead	7/5/1W	500.00
0479	Buccaneer Inn II	15-20/1W	101,000.00
0480	Rucker	11-21/10/1W	500.00
0481	Chamie	10-11/10/1W	200.00
0482	Island Taxi	1/5/1W	500.00
0483	Anchor Realty & Mgt.	12-10/1W	500.00
0484	Gulf Coast Realty of	10-11/5/1W	500.00
0485	Suba's Beach Club	4-5/5/1W	500.00
0486	Gulf Coast Realty	5-5/5/1W	500.00
0487	Frederick	25-20/5/1W	2000.00
0488	First United Methodist	11-11/5/1W	500.00
0489	Island Emporium	11-10/5/1W	500.00
0490	Wray	11/5/1W	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Acc. #	Name	Service Address	
0191	Collins	17/2/1E	500.00
0192	St. Joseph Telephone	017-18/5/1E	500.00
0193	Sun Heat & Air Condit	125/1/1E	500.00
0194	Drake	24-25/1/1E	500.00
0195	St. George Inn	15-24/5/1E	500.00
0196	Oyster Cove	14-17/3/1E	500.00
0197	SSI Volunteer Fire Dep	0/14/1E	500.00
0480	McBair	20/16/1E	500.00
0499	First Baptist Church	17/29/4	500.00
0500	Meridon	1/22/1E	500.00
0501	First Baptist Church	29/4	500.00
0511	Napier	10/20/1E	500.00
0520	Rucker	10/21/1E	500.00
0524	Hoffman	0/22/1E	500.00
0525	Karden	2/36/4	500.00
0526	Bodzilony	0/35/4	500.00
0527	Ferguson	5/35/4	500.00
0531	Fewe	5/20/4	500.00
0532	Trulliy	25/25/4	500.00
0533	Thomas	25/25/4	500.00
0541	Shepherd	4/39/4	500.00
0542	Kienzie	10/27/4	500.00
0547	Yandies	7/20/4	500.00
0548	Quinn	1/10/4	500.00
0549	Wingate	22/42/4	500.00
0550	Lewis	7/10/4	500.00
0551	Cobb	5/4/4	500.00
0552	Phillips	1/10/4	500.00
0553	Wester	1/10/4	500.00
0554	Howell	0/10/4	500.00
0555	Bock	1/10/4	500.00
0556	Floyd	11/15/4	500.00
0557	Lady	10/15/4	500.00
0558	Thompson	11/10/4	500.00
0559	Newcomb	17/10/4	500.00
0560	Watts	11/10/4	500.00
0561	Burns	10/10	500.00
0562	Mainton	0/10/4	500.00
0563	McEachern	5/15/4	500.00
0564	Byrd	20/15/4	500.00
0565	Woolaver	1/10/4	500.00
0566	Lipscomb	5/10/4	500.00
0567	Fiorantino	11/10/4	500.00
0568	Cooper	1/10/4	500.00
0569	Newcomb	10 C, Ste. 24,	500.00
0570	Buccanary Inn I	15-20/10/1W	2700.00
0571	Gress	1/10/1W	500.00
0572	Hester	2/11/1W	500.00
0573	Frankins	4/11/1W	500.00

St. George Island Utility Company
 CIAD Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0540	Howard	5/11/1W	500.00
0541	Collins	1/17/1W	500.00
0542	Kirkland	1/18/1W	500.00
0543	Adkins	2/18/1W	500.00
0544	Lawson	3/18/1W	500.00
0545	Jones	4/17/1W	500.00
0546	McGee	5/17/1W	500.00
0547	Barnett	6/17/1W	500.00
0548	Snyder	10/8/1W	500.00
0549	Teague	10/18/1W	500.00
0550	Glaze	3/19/1W	500.00
0551	Riddle	4/19/1W	500.00
0552	Kilpatrick	6/19/1W	500.00
0553	Middleton	7-19-1W	500.00
0554	Duffes	9/19/1W	500.00
0555	Cummings	8/20/1W	2020.00
0556	Erickson	9/20/1W	500.00
0557	Milina	9/19/1W	500.00
0558	Bieber	10/20/1W	500.00
0559	Salvo	2/25/1W	500.00
0560	Bank/Church	2/25/1W	500.00
0561	Johanson	2/25/1W	500.00
0562	Carson	4/25/1W	500.00
0563	Barlow	5/25/1W	500.00
0564	May	7/25/1W	500.00
0565	Ort	7/25/1W	500.00
0566	Bill/Joan	1/2/78	500.00
0567	Ball	2/2/78	500.00
0568	Ball	2/2/78	500.00
0569	Flannery	10/2/78	500.00
0570	Wiley	1/2/78	500.00
0571	Chavez	4/2/78	500.00
0572	Suber	10/2/78	500.00
0573	Yard	10/2/78	500.00
0574	Yard	1/2/78	500.00
0575	Ball	10/2/78	500.00
0576	Thomas	10/2/78	500.00
0577	Halma	10/2/78	500.00
0578	Hack	4/2/78	500.00
0579	Walt	16/2/78	500.00
0580	Russo	15/2/78	500.00
0581	Hannon	7/2/78	500.00
0582	Smith	8/2/78	500.00
0583	Hodge	9/2/78	500.00
0584	Rollstad	14/2/78	500.00
0585	Clark	1/2/78	500.00
0586	Newton	3/2/78	500.00
0587	Ball III	5/2/78	500.00
0588	Strubley	7/2/78	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0585	Marshall	5/D/C	500.00
0590	Edwards	22/I/B	500.00
0591	Sherlock	2/D/B	500.00
0592	Gallant	21/I/B	500.00
0593	Howard	3/D/B	500.00
0594	Ladd	3/D/B	500.00
0595	Bostick	6/D/B	500.00
0596	Buber	15/I/B	2000.00
0597	Breene	7/D/B	500.00
0597	Mixson	7/D/B	500.00
0598	Aldridge	10/D/B	500.00
0599	Rach	12/I/B	2000.00
0600	Simmons	17/B	500.00
0601	Braun	22/J/B	500.00
0602	Webb	20/J/B	500.00
0603	Smith III	2/E/B	500.00
0604	Turner	6/E/C	500.00
0605	Isenberg	4/E/C	500.00
0607	Jeppson	1/E/C	2000.00
0608	Benar	3/E/C	500.00
0609	Sherr	18/I/B	500.00
0610	Revel	6/E/B	500.00
0611	Waken	9/E/B	500.00
0612	Burton	10/E/B	500.00
0613	Wardfield	12/J/B	500.00
0614	Fisher	9/I/C	500.00
0615	Belmont	1/E/C	500.00
0616	Garson	7/E/C	500.00
0617	Wright/DeWitt/Mackenzie	1/E/C	500.00
0618	Huber	6/E/C	500.00
0619	Twomey/Smith/Realty	4/E/C	500.00
0620	Thomas/Stone	1/E/C	500.00
0621	Dollard	10/W/B	500.00
0622	David	10/W/B	500.00
0623	Shelton	1/E/C	500.00
0624	McGowan	7/E/C	500.00
0625	Tyost	10/E	500.00
0626	STRICKLAND	1/E/C	500.00
0627	MCKEMIE	11/W/B	500.00
0628	MIRABELLA	11/W/B	500.00
0629	BOUY	0/M/B	500.00
0630	HARTSFIELD	0/M/B	500.00
0631	O'Hara	7/W/B	500.00
0632	Martin	6/W/B	500.00
0633	BELCHER	0/M/B	500.00
0634	Hoffman	4/M/B	500.00
0635	Shelby	2/W/B	500.00
0636	MCCOMB	6/W/B	500.00
0637	DAVIS	3/M/B	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Quan	Name	Service Address	
0630	Marke	1/M/3	500.00
0639	Stark	8/3/3	500.00
0640	Narris	9/L/3	500.00
0641	BILL/CO COLLINS REAL	7/8/3	500.00
0642	MURPHY	6/8/3	500.00
0643	MIHALICH	2/8/3	500.00
0644	Cheese	1/6/3	500.00
0645	Cadwalader	10/K/3	500.00
0646	WILBUR	11/F/3	500.00
0647	Fickler	22/3/3	500.00
0648	Waters	7/K/3	500.00
0649	CHAZY INC./SUNCOAST	5/K/3	500.00
0650	Bullard	5/F/3	500.00
0651	Hacks	8/L/3	500.00
0652	BIRON	1/F/3	500.00
0653	Kizylian	5/24/1W	500.00
0654	Fickell	6/21/1W	500.00
0655	Briggs	5/21/1W	500.00
0656	Johnson	2/21/1W	500.00
0657	Allen	11/1/1W	500.00
0658	KIRBY/BENNETT	1/20/1W	500.00
0659	Arnold	5/10/1W	500.00
0660	VOELK/ANDERSON REALTY	5/10/1W	500.00
0661	BUTNER	5/10/1W	500.00
0662	Doughridge	5/10/1W	500.00
0663	Brattler	2/10/1W	500.00
0664	BIBBICH	2/10/1W	500.00
0665	PONDIT	2/10/1W	500.00
0666	Cash	2/10/1W	500.00
0667	DeLyne	2/10/1W	500.00
0668	United National Bank	2/10/1W	500.00
0669	TRIN STELLING/COAST	5/10/1W	500.00
0670	D'NEAL	10/10/1E	500.00
0671	Egan	10/10/1E	500.00
0672	BRACHMAN	10/10/1E	500.00
0673	WALKER	5/21/1E	500.00
0674	FLOYD	5/21/1E	500.00
0675	MIDDLEBROOKS	5/21/1E	500.00
0676	WOOLEVER	5/21/1E	500.00
0677	WUJCEIC, SWOK	5/21/1E	500.00
0678	Underwood	5/21/1E	500.00
0679	STANLEY	1/1/1E	500.00
0680	Fish	2/3/1E	500.00
0681	CASH	5/F/1E	500.00
0682	WHITMAN	4/F/1E	500.00
0683	GUNNER	6/F/1E	500.00
0684	LACKEY	5/K/1E	500.00
0685	VITALI/RALICE COLLIN	7/F/1E	500.00
0686	PAGITOR	5/F/1E	500.00

St. George Island Utility Company
 CIAD Listing
 For the Period Ending December 31, 1992

Inst #	Name	Service Address	
0687	LEAVINS	10/I/2	500.00
0688	PRINCE	1/B/2	500.00
0689	CRUMLEY	2/L/2	500.00
0690	HOLMEN-MOHR	5/L/2	500.00
0691	Buernsey	9/L/2	500.00
0692	Brooks	11/B/2	500.00
0693	Herridon	5/H/2	500.00
0694	Schnitzler	5/H/2	500.00
0695	Williams	8/M/2	500.00
0696	Wester	3/I/2	500.00
0697	Kemp	10/M/2	500.00
0698	Mallof	1/I/2	500.00
0699	Reddick	2/I/2	500.00
0700	Quick	8/I/2	500.00
0701	Marsh	5/I/2	500.00
0702	Gates	6/N/2	500.00
0703	Neval	11/N/2	500.00
0704	Brannon	1/B/1	500.00
0705	Bray	5/I/2	500.00
0706	Chuler	1/I/2	500.00
0707	Gervase	2/I/2	500.00
0708	Cardner	1/I/2	500.00
0709	Walters	2/I/2	500.00
0710	Carroll	5/I/2	500.00
0711	Keane	2/I/2	500.00
0712	Halzheiser	5/I/2	500.00
0713	New Stanton	5/I/2	500.00
0714	Nichols	1/I/2	500.00
0715	Wagner	12/I/2	500.00
0716	DeBruin	10/I/2	500.00
0717	Boyd	12/I/2	500.00
0718	Webb	5/I/2	500.00
0719	Arthur Realty	12/I/2	500.00
0720	Dubay	5/I/2	500.00
0721	Walt	5/I/2	500.00
0722	Slamler	15/I/2	500.00
0723	Hinson	21/I/2	500.00
0724	Lambert	21/I/2	500.00
0725	Hallman	11/I/2	500.00
0726	Crozier	11/I/2	500.00
0727	Kirksey	10/I/2	500.00
0728	Horton	2/I/2	500.00
0729	Johnson	14/I/2	500.00
0730	Columbia Colonias	8/I/2	500.00
0731	Phillips	2/I/2	500.00
0732	Harbin	5/I/2	500.00
0733	Butler	2/I/2	500.00
0734	McGowan	22/I/2	500.00
0735	Dubay	10/N/2	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0766	Lively	10/O/2	500.00
0767	Glass	14/H/2	500.00
0768	Haberkmn III	15/H/2	500.00
0769	Robuck	6/O/2	500.00
0770	Robuck	15/H/2	500.00
0771	Frederick	6/L/3	2000.00
0772	Choppin	17/H/2	500.00
0773	Kadsen	5/O/2	500.00
0774	Jeffords	2/O/2	500.00
0775	Little	21/L/1	500.00
0776	Helms	22/H/2	500.00
0777	Dickburn	1/O/1	500.00
0778	Russell	13/B/2	500.00
0779	Dileck	8/B/2	500.00
0780	White	15/S/2	500.00
0781	Roukoala	8/B/2	500.00
0782	DeBruyne	16/S/2	500.00
0783	Roukoala	8/B/2	500.00
0784	Neilander/Whitlock	1/E/1	500.00
0785	DeBary	10/O/2	500.00
0786	Flynn	3/O/1	500.00
0787	Chapin	11/O/2	500.00
0788	Regisvar	1/E/1	500.00
0789	McLain	1/O/1	500.00
0790	Gefferd/Quinn	11/O/2	500.00
0791	Blair	8/O/1	500.00
0792	Burke	1/O/1	500.00
0793	Owen	1/O/1	500.00
0794	Pratt	11/O/2	500.00
0795	Swanson	11/O/2	500.00
0796	Swanson	11/O/2	500.00
0797	Lincoln	11/O/2	500.00
0798	Dunne	11/O/2	500.00
0799	Swanson	11/O/2	500.00
0771	Anderson	11/O/2	500.00
0771	Reverie	11/O/2	500.00
0771	Neisler	11/O/2	500.00
0772	Canning	5/20/1E	500.00
0774	Hoch	5/20/1E	500.00
0775	Lines	6/10/1E	500.00
0776	Aukinson	6/10/1E	500.00
0777	McClan	6/10/1E	500.00
0778	Saxon	6/10/1E	500.00
0779	Ruhl	4/10/1E	500.00
0781	Desheger	6/10/1E	500.00
0781	Allie	4/20/1E	500.00
0782	Eagle	1/10/1E	500.00
0783	Sm. Beach House	3/17/1E	500.00
0784	Carson	6/10/1E	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Acct #	Name	Service Address	
0793	Osborn	7/18/1E	500.00
0796	Tyrone	6/18/1E	500.00
0797	Ruhl	5/18/1E	2000.00
0798	Harrell	1/18/1E	500.00
0799	Kirvin	5/11/1E	500.00
0790	Hall	2/21/1E	500.00
0791	Light	1/12/1E	500.00
0792	Ellerbe	7/1/2	500.00
0793	Noel	15/10/1E	500.00
0794	Noel	10/10/1E	500.00
0795	Palcher	1/Tract 3	1121.00
0796	Legg	2/Tract 3	2000.00
0797	Smith	3/Tract 3	2000.00
0798	Smith	4/Tract 3	2000.00
0799	Rohr	4/Tract 3	500.00
0800	Lewis	5/Tract 3	500.00
0801	Stowly	4/Tract 3E	100.00
0802	Swartz	3/Tract 7	500.00
0803	Childs Properties/Diana Dunes	St. George	100.00
0804	Barnett	1 Dunes St. George	500.00
0805	Nassey	Tract 1	500.00
0806	Wpearl	6/Tract 1	500.00
0807	Wheat	5/Tract 1	500.00
0808	Wiley	1/Tract 1	500.00
0809	Bobnel	1/Tract 9	500.00
0810	Harwell	Tract 1	500.00
0811	Palger	Tract 10	500.00
0812	Brown	10/Tract 11	500.00
0813	Allen and	10/Tract 11	500.00
0814	Dege	Tract 11	500.00
0815	Wyer	10/Tract 11	500.00
0816	Mitchell	10/Tract 11	500.00
0817	Mikenas	10/Tract 11	500.00
0818	Wagon	10/Tract 11	500.00
0819	Kelso	Dunes St. George	500.00
0820	Downey	Dunes St. George	500.00
0821	Sanborn Realty	10/Tract 11	500.00
0822	Hargis	10/Tract 11	500.00
0823	Scheer	Tract 12	500.00
0824	Reed	17/Tract 4B	2000.00
0825	Vest	20/Tract 4B	500.00
0826	Gilbert	30/Tract 4B	2000.00
0827	Hester	30/Tract 11	500.00
0828	Collins	3 East Day Estates	500.00
0829	Netzner	3/Tract 4B	500.00
0830	East Bay Estates	East Bay Estates Pool	500.00
0831	Davison	3 East Day Estates	500.00
0832	Robarge	3 East Day Estates	500.00
0833	Trudley	1 Gulf Pk. Estate	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0834	Hodge	3/Tract 17	500.00
0835	Hodge	4 Gulf Pearl Establ	500.00
0836	Hodge	5/Tract 17	500.00
0837	Neagh	6/Tract 50	2000.00
0838	Samuel	1/Tract 18	500.00
0839	Touchton	2/Tract 51	500.00
0840	Cook	4/Tract 51	500.00
0841	Reilly	Tract 20	500.00
0842	Crowder	Tract 19	500.00
0843	Maxwell	1/Tract 21	2000.00
0844	Kilpatrick	2/Tract 22	500.00
0845	Allen	Tract 22	500.00
0846	Van York	2 Shell Harbour	500.00
0847	Berra	Tract 28	500.00
0848	Bell	1/Tract 24	2000.00
0849	McPherson	4 Shell Harbour	500.00
0850	McMillan	5/Tract 23	500.00
0851	Seppala	1/Tract 27	2000.00
0852	Stee	3 Shell Harb	500.00
0853	Powell	10 Shell Harbour	500.00
0854	Lambson	5/Tract 27	500.00
0855	Stee	3 Shell Harbour	500.00
0856	Thompson	13 Shell Harbour	500.00
0857	Rams	17 Shell Harbour	500.00
0858	Wall	20 Shell Harbour	500.00
0859	Robers	11 Shell Har	500.00
0860	Holzhausen	28 Shell Harbour	500.00
0861	Thompson, C. E., Jr.	Dewey, Fla.	500.00
0862	State of Florida	Dewey, Fla.	500.00
0863	Stee	3 Shell Harbour	500.00
0864	Stee	3 Shell Harbour	500.00
0865	Stee	3 Shell Harbour	500.00
0866	Stee	3 Shell Harbour	500.00
0867	Stee	3 Shell Harbour	500.00
0868	Stee	3 Shell Harbour	500.00
0869	Stee	3 Shell Harbour	500.00
0870	Stee	3 Shell Harbour	500.00
0871	Stee	3 Shell Harbour	500.00
0872	Rake1	3-4 000 Ocean Mile	500.00
0873	Rake1	3-5 000 Ocean Mile	500.00
0874	Rake1	3-6 000 Ocean Mile	500.00
0875	Arnold	3-7 000 Ocean Mile	500.00
0876	Vigam	3-8 000 Ocean Mile	500.00
0877	SEC Investments	3-9 000 Ocean Mile	500.00
0878	Green	3-10 000 Ocean Mile	500.00
0879	Gulf Coast Realty	F-3 000 Ocean Mile	500.00
0880	Doane	F-4 000 Ocean Mile	500.00
0881	Doane	A-1 000 Ocean Mile	500.00
0882	Doane	A-2 000 Ocean Mile	500.00

St. George Island Utility Company
 CCAC Listing
 For the Period Ending December 31, 1992

Cust #	Name	Service Address	
0883	Walcott	A-2 300 Ocean Mile	500.00
0884	Dummings	A-4 300 Ocean Mile	500.00
0885	New Account	A-5 300 Ocean Mile	500.00
0886	Horne	A-8 300 Ocean Mile	500.00
0887	Dickerson	E-1 300 Ocean Mile	500.00
0888	Felthouse	E-2 300 Ocean Mile	500.00
0889	Hewler	E-3 300 Ocean Mile	500.00
0890	Kied	E-4 300 Ocean Mile	500.00
0891	Wilson	E-5 300 Ocean Mile	500.00
0892	Boyd	E-6 300 Ocean Mile	500.00
0893	Schneider	D-1 300 Ocean Mile	500.00
0894	Kinnick	D-2 300 Ocean Mile	500.00
0895	Sager	D-3 300 Ocean Mile	500.00
0896	Stanley	D-4 300 Ocean Mile	500.00
0897	Schieren	D-5 300 Ocean Mile	500.00
0898	Elliott	D-6 300 Ocean Mile	500.00
0899	Skolnick	E-3 300 Ocean Mile	500.00
0900	Shall	E-5 300 Ocean Mile	500.00
0901	Taranto	E-4 300 Ocean Mile	500.00
0902	Olson	E-6 300 Ocean Mile	500.00
0903	Salena Land Company	E-1 300 Ocean Mile	500.00
0904	Easton	E-1 300 Ocean Mile	500.00
0905	Harnden	E-1 300 Ocean Mile	500.00
0906	Townhomes of St. George	E-1 300 Ocean Mile	500.00
0907	Barringer	E-1 300 Ocean Mile	500.00
0908	Flintail	E-2 300 Ocean Mile	500.00
0909	Hill	E-1 300 Ocean Mile	500.00
0910	Fleeman	E-5 300 Ocean Mile	500.00
0911	Nadel	E-1 300 Ocean Mile	500.00
0912	Landry	E-1 300 Ocean Mile	500.00
0913	Orlitz	E-1 300 Ocean Mile	500.00
0914	Cooper	E-1 300 Ocean Mile	500.00
0915	Kozich	Phase II Townhomes	500.00
0916	Townhomes of St. George	E-1 300 Ocean Mile	500.00
0917	Borden	I-2 300 Ocean Mile	500.00
0918	Borden	I-3 300 Ocean Mile	500.00
0919	Borden	I-4 300 Ocean Mile	500.00
0920	Borden	I-5 300 Ocean Mile	500.00
0921	Borden	I-6 300 Ocean Mile	500.00
0922	Borden	I-7 300 Ocean Mile	500.00
0923	Borden	I-8 300 Ocean Mile	500.00
0924	Borden	I-9 300 Ocean Mile	500.00
0925	Borden	J-1E 300 Ocean Mile	500.00
0926	Borden	J-1E 300 Ocean Mile	500.00
0927	Borden	J-1E 300 Ocean Mile	500.00
0928	Borden	J-1E 300 Ocean Mile	500.00
0929	Borden	J-1E 300 Ocean Mile	500.00
0930	Borden	J-2 300 Ocean Mile	500.00
0931	Borden	J-3 300 Ocean Mile	500.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1982

Cont #	Name	Service Address	
0932	Gordon	J-5 300 Ocean Mile	500.00
0933	Gordon	J-5 300 Ocean Mile	500.00
0934	Gordon	J-4 300 Ocean Mile	500.00
0935	Gordon	J-3 300 Ocean Mile	500.00
0936	Gordon	J-2 300 Ocean Mile	500.00
0937	Gordon	J-1 300 Ocean Mile	500.00
0938	Gordon	K-1 300 Ocean Mile	500.00
0939	Gordon	K-2 300 Ocean Mile	500.00
0940	Gordon	K-3 300 Ocean Mile	500.00
0941	Gordon	K-4 300 Ocean Mile	500.00
0942	Gordon	K-5 300 Ocean Mile	500.00
0943	Gordon	K-6 300 Ocean Mile	500.00
0944	Gordon	K-7 300 Ocean Mile	500.00
0945	Gordon	K-8 300 Ocean Mile	500.00
0946	Gordon	K-9 300 Ocean Mile	500.00
0947	Gordon	K-10 300 Ocean Mile	500.00
0948	Gordon	K-11 300 Ocean Mile	500.00
0949	Gordon	K-12 300 Ocean Mile	500.00
0950	Gordon	K-13 300 Ocean Mile	500.00
0951	Gordon	L-1 300 Ocean Mile	500.00
0952	Gordon	L-2 300 Ocean Mile	500.00
0953	Gordon	L-3 300 Ocean Mile	500.00
0954	Gordon	L-4 300 Ocean Mile	500.00
0955	Gordon	L-5 300 Ocean Mile	500.00
0956	Gordon	L-6 300 Ocean Mile	500.00
0957	Gordon	L-7 300 Ocean Mile	500.00
0958	Gordon	L-8 300 Ocean Mile	500.00
0959	Gordon	L-9 300 Ocean Mile	500.00
0960	Gordon	L-10 300 Ocean Mile	500.00
0961	Gordon	L-11 300 Ocean Mile	500.00
0962	Gordon	L-12 300 Ocean Mile	500.00
0963	Mitchell	20/12/12 Ocean Mile	2000.00
0964	Armistead	20/12/12	2000.00
0965	Wyatt	15/12/12	2000.00
0966	Arnold	20/12/12	2000.00
0967	Sullivan	20/12/12	2000.00
0968	Sibley	18 Delphin	500.00
0969	Falk	30/12	500.00
0970	Hoffman	12 Sea Pines	2020.00
0971	Edenfield	7/12/12	2020.00
0972	Hartman	2/Tract 25	2020.00
0973	McBee	5/12/12	2020.00
0974	Armistead	7/10/12	500.00
0975	Suber	2 Sea Pines	2020.00
0976	Knight	1/Tract 27	2020.00
0977	Frederick	15/12/12	2020.00
0978	Merndon	5/22/12	2020.00
0980	Jeppson	Lot 6 Nick's	2020.00
0981	Broadbent	65 Plantatio	2020.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1991

Class #	Name	Service Address	
0982	Noel	2/Tract 5	200.00
0983	Faircloth	25 Sea Palm	2020.00
0984	Chapman	1/10/1E	2020.00
0985	Williams	6/Tract 48	2020.00
0986	Beach Builders	9 Dolphin	2020.00
0987	Rodrigue	11 Sea Palm	2020.00
0988	Henker	5/Tract 42	2020.00
0989	Johnson	4/Tract 28	2451.00
0990	Frederick	1/17/1E	2020.00
0991	Beach Builders	30 Treasure	2020.00
0992	Findley	7 Treasure	2020.00
0993	Myers	3/Tract 11	2020.00
0994	Sparks	7/65/E	2020.00
0995	Armistead	3/10/1E	300.00
0996	Armistead	4/10/1E	300.00
0997	Armistead	5/10/1E	300.00
0998	Armistead	6/10/1E	300.00
0999	Thompson	4/24/1W	1437.00
1000	Myers	31 Sea Pine	2020.00
1001	Smith	17/65/E	2020.00
1002	Knowles	2 Treasure	2020.00
1003	Burman	22 Sea Palm	2020.00
1004	Heller	3 Treasure Se	2020.00
1005	Ward	27/21/2E	2151.00
1006	Radwasky	12 Fly Drive	2150.00
1007	Wilson	5/10/1E	2020.00
1008	Wilson	10/0/3E	2020.00
1009	Wilson	11/10/1E	2121.00
1010	Wilson	3/10/1W	2020.00
1011	Wilson	7/10/1E	2121.00
1012	Wilson	8/10/1E	2121.00
1013	Wilson	9/10/1E	2121.00
1014	Wilson	10/10/1E	2121.00
1015	Wilson	11/10/1E	2121.00
1016	Wilson	12/10/1E	2121.00
1017	Wilson	7/10/1E	2121.00
1018	Thompson	22 Treasure Se	2020.00
1019	Phoenix-Harbor	22 Treasure Se	2020.00
1020	Armistead	2/10/1E	2020.00
1021	Armistead	3/10/1E	2020.00
1022	Armistead	4/10/1E	2020.00
1023	Armistead	10/10/1E	2020.00
1024	Armistead	11/10/1E	2020.00
1025	Armistead	12/10/1E	2020.00
1026	Armistead	13/10/1E	2020.00
1027	Armistead	14/10/1E	2020.00
1028	Cullen	61 Sea Palm	2020.00
1029	Cullen	12 Nick's Ave	2020.00
1030	Cullen	13 Sea Dune	2020.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1992

Sub #	Name	Service Address	
1031	Watkins	10/Tract 38-	2020.00
1032	Gheddan	2-3/Tract 24	2020.00
1033	Gandlin	8 Bay Pine	2020.00
1034	Guber	55 Turtle	2020.00
1035	Noel	21 Treasure	2020.00
1036	Morris	4 Pelican Be	2020.00
1037	Karickhoff	39 Sea Palm	2020.00
1038	Parish	14 Sea Palm	2020.00
1039	Carter	22/H/3	2020.00
1040	Donahue	7/C/2	2020.00
1041	Reddige	13 Sea Palm	2171.00
1042	Ellie	70 Plantatio	2020.00
1043	Frederick	1/Tract 11	2020.00
1044	Griffen	27 Shell Har	2020.00
1045	Trapane	4/53/5	2043.00
1046	Van York	14 Shell Har	2020.00
1047	Coastal Dev. Consl.	Bluff's Cove	2020.00
1048	Trimarco	1/71/5	2020.00
1049	Coastal Dev. Consl.	214/01.100	2176.75
1050	Dowell	6/8/15	2020.00
1051	Rosa	10 Sea Palm	2020.00
1052	Frederick	2/7/01/07	2021.00
1053	Sunny Day Dev.	21/01/01	2121.00
1054	Sunny Day Dev.	21/01/01	2121.00
1055	Sunny Day Dev.	21/01/01	2121.00
1056	Sunny Day Dev.	21/01/01	2121.00
1057	Sunny Day Dev.	21/01/01	2121.00
1058	Miley	55 W. Bayham	2020.00
1059	Beach Builders	21/01/01	2121.00
1060	Coastal Dev.	21/01/01	2121.00
1061	Coastal Dev.	21/01/01	2121.00
1062	Coastal Dev.	21/01/01	2121.00
1063	Coastal Dev.	21/01/01	2121.00
1064	Coastal Dev.	21/01/01	2121.00
1065	Coastal Dev.	21/01/01	2121.00
1066	Coastal Dev.	21/01/01	2121.00
1067	Coastal Dev.	21/01/01	2121.00
1068	Coastal Dev.	21/01/01	2121.00
1069	Coastal Dev.	21/01/01	2121.00
1070	Coastal Dev.	21/01/01	2121.00
1071	Coastal Dev.	21/01/01	2121.00
1072	Coastal Dev.	21/01/01	2121.00
1073	Coastal Dev.	21/01/01	2121.00
1074	Coastal Dev.	21/01/01	2121.00
1075	Coastal Dev.	21/01/01	2121.00
1076	Coastal Dev.	21/01/01	2121.00
1077	Coastal Dev.	21/01/01	2121.00
1078	Coastal Dev.	21/01/01	2121.00
1079	Coastal Dev.	21/01/01	2121.00
1080	Coastal Dev.	21/01/01	2121.00
1081	Coastal Dev.	21/01/01	2121.00
1082	Coastal Dev.	21/01/01	2121.00
1083	Coastal Dev.	21/01/01	2121.00
1084	Coastal Dev.	21/01/01	2121.00
1085	Coastal Dev.	21/01/01	2121.00
1086	Coastal Dev.	21/01/01	2121.00
1087	Face Enterprises	27/Tract 10	2020.00
1088	Jeppson	40 Sea Palm	2021.00
1089	Jeppson	10 Plantatio	2020.00
1090	Jeppson	22 Sea Palm	2120.00
1091	Jeppson	51 Sea Palm	2020.00
1092	Morgan	23 Turtle Be	2020.00
1093	Frederick	20/0/1W	2020.00
1094	McConaughy	11 Pelican	2020.00
1095	Beach Builders	12 Sea Pine	2020.00
1096	Bean	3/Tract 12	2120.00

St. George Island Utility Company
 CIAC Listing
 For the Period Ending December 31, 1982

Cust #	Name	Service Address	
1087	Hartley	17 Sea Palm	2020.00
1088	Jeppson	53 Sea Palm	2020.00
1089	Suber	21 Plantatio	2020.00
1100	Cash	1 Pebble Bea	2020.00
1101	Cash	2 Pebble Bea	2020.00
1102	Cash	19 Pebble Be	2020.00
1103	Cash	30 Pebble Be	2020.00
1104	Cash	45 Pebble Be	2020.00
1105	Turman	40 Pebble Be	2020.00
1106	Smith	39 Pebble Be	2020.00
1107	Gleaton	37 Pebble Be	2020.00
1108	Galyer	06 Pebble Be	2020.00
1109	Gleaton	35 Pebble Be	2020.00
1110	Weldon	37 Pebble Be	2020.00
1111	Reed	20 Pebble Be	2020.00
1112	Bone	20 Pebble Be	2020.00
1113	Sandlin	24 Pebble Be	2020.00
1114	Doyle/Winter	32 Pebble Be	2020.00
1115	Doyle/Winter	31 Pebble Be	2020.00
91111144	Wiles	17 Seaside	500.00
91111145	Smith	57 Trade 4E	500.00
91111145	Palma	2 Crystal Bay	500.00
91111146	Lyles	2 Harbor Bay	500.00
91111148	Lynn	17 Seaside	500.00
91111149	Lin	17 Seaside	500.00
91111150	Shel	17 Seaside	500.00
91111151	Deedlin	17 Seaside	500.00
91111152	Flumer	17 Seaside	500.00
91111153	Pratt, Hampton	17 Seaside	500.00
91111153	Pratt, Hampton	17 Seaside	500.00
91111154	Adcock	14 Inlet In	500.00
91111124	Gainey	00 Delphin	500.00
91111125	Troutman	24 Bay Cove	500.00
91111143	Troyan	1 Bay Cove	500.00
91111132	Knight	26 Pelican	500.00
91111133	Kort	10 Pelican	500.00
91111136	Manger	05 Treasure	500.00
91111151	Stanyard	40 Treasure	500.00
			1101000.00

St. George Island Utility Company CIAO List
 30 Imputed from Customer List

Cust #	Date	Name	Service Address	Amt. Paid
0906	88-12-07	1 Townhomes of St. George	H-1 300 Ocean Mile	500
0907	88-12-07	1 Barringer	H-2 300 Ocean Mile	500
0908	88-12-07	1 Piscitelli	H-3 300 Ocean Mile	500
0909	88-12-07	1 Hill	H-4 300 Ocean Mile	500
0910	88-12-07	1 Fleitman	H-5 300 Ocean Mile	500
0911	88-12-07	1 Piacel	H-6 300 Ocean Mile	500
0912	88-12-07	1 Linenan	H-7 300 Ocean Mile	500
0913	88-12-07	1 Collins	H-8 300 Ocean Mile	500
0914	88-12-07	1 Cooper	H-9 300 Ocean Mile	500
0915	88-12-07	1 Keaton	Phase II Pool Meter	500
0928	88-12-07	1 Gordon	J-10 300 Ocean Mile	500
0929	88-12-07	1 Gordon	J-9 300 Ocean Mile	500
0930	88-12-07	1 Gordon	J-8 300 Ocean Mile	500
0931	88-12-07	1 Gordon	J-7 300 Ocean Mile	500
0932	88-12-07	1 Gordon	J-6 300 Ocean Mile	500
0933	88-12-07	1 Gordon	J-5 300 Ocean Mile	500
0934	88-12-07	1 Gordon	J-4 300 Ocean Mile	500
0935	88-12-07	1 Gordon	J-3 300 Ocean Mile	500
0936	88-12-07	1 Gordon	J-2 300 Ocean Mile	500
0937	88-12-07	1 Gordon	J-1 300 Ocean Mile	500
0938	88-12-07	1 Gordon	K-1 300 Ocean Mile	500
0939	88-12-07	1 Gordon	K-2 300 Ocean Mile	500
0940	88-12-07	1 Gordon	K-3 300 Ocean Mile	500
0941	88-12-07	1 Gordon	K-4 300 Ocean Mile	500
0942	88-12-07	1 Gordon	K-5 300 Ocean Mile	500
0943	88-12-07	1 Gordon	K-6 300 Ocean Mile	500
0944	88-12-07	1 Gordon	K-7 300 Ocean Mile	500
0945	88-12-07	1 Gordon	K-8 300 Ocean Mile	500
0946	88-12-07	1 Gordon	K-9 300 Ocean Mile	500
0947	88-12-07	1 Gordon	K-10 300 Ocean Mile	500

.....
 30



August 12, 1993

Ms. Catherine Bedell
Senior Attorney, Division of Legal Services
FLORIDA PUBLIC SERVICE COMMISSION
101 E. Gaines Street
Tallahassee, FL 32399

Re: **ST. GEORGE ISLAND UTILITY CO., LTD.**
WELL NO. 3
OUR PROJECT NO. 12801.01

Dear Ms. Bedell:

At the request of St. George Island Utility Co., Ltd., this letter is to advise you of the status of the above-referenced project.

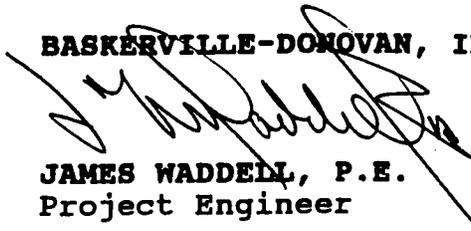
1. The Well is complete with all mechanical equipment in place. Final connection of in place electrical pump controls and adjustments must be delayed to insure that existing wells 1 and 2 function normally until Well No. 3 is placed into service. The third well will currently function under manual control.
2. Well No. 3 may not be placed into service until a letter of release is issued by the Department of Environmental Protection (FDEP). The request for Letter of Release was delivered to the FDEP District and Tallahassee Branch Office on August 11, 1993.
3. It is our understanding that FDEP will conduct its inspection of Well No. 3 on August 18, 1993. The Letter of Release would then be issued several days later. It is our understanding that the schedule for inspection is due to agency action previously scheduled for other projects and a Department interest in PSC proceedings involving St. George Island Utility Co., Ltd. slated for August 17, 1993.
4. Upon placing the well into service, we will conduct final equipment testing adjustments and a project closeout inspection.

— EXHIBIT "J" —

Catherine Bedell
August 12, 1993
Page 2

If you have any questions regarding this information, please do not
hesitate to call.

Sincerely,


BASKERVILLE-DONOVAN, INC.

JAMES WADDELL, P.E.
Project Engineer

JW:kl

cc: Gene Brown, SGIUCo.,Ltd.

St. George Island Utility Co., Ltd.

3848 Killlearn Court
Tallahassee, Florida 32308
(904) 668-0440 • (904) 927-2648

August 2, 1993
HAND DELIVERY

Ms. Catherine Bedell
Senior Attorney
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

Re: Docket NO. 871177-WU-Application of St. George Island Utility Company, Ltd. for increased rates and service availability charges for water service in Franklin County

Dear Ms. Bedell:

Thank you for your letter of July 21, 1993, regarding the need for a status report concerning the third well.

To summarize, this well was completed last spring, and will be placed in service within the next couple of weeks. Our engineers, Baskerville-Donovan, Inc., are processing the final draw requests this week. This includes the next-to-last draw request, no. 3, submitted in March, as well as the final draw request, no. 4, submitted in April. These draw requests show that the well was substantially completed in March, and was finally completed in April. However, as you know, we ran into some problems with George Mahr and the commission staff, that resulted in our engineers pulling off the job, and that prevented us from being able to pay our contractor, Rowe Drilling, Inc., from the \$75,000 that had been escrowed for the third well.

Attached are copies of some correspondence that related to the problems experienced by the utility in obtaining release of the escrowed funds to pay for the third well. These letters are fairly detailed and self-explanatory. Accordingly, I will not reiterate all the points made by such letters. However, I would like to briefly recount my activities regarding this matter.

When the Commission ordered the utility to complete the third well by March, it was clear that the utility did not have the necessary funds to complete this work and that the funds would have to be borrowed. The total cost of the well was approximately \$180,000, and the utility needed an additional \$75,000 to complete the well by March as ordered. We were

Ms. Catherine Bedell
August 2, 1993

2

delayed approximately one month by the refusal of the Northwest Florida Water Management District to give us a construction permit, which should have been routine. This contributed to the delay of approximately one month in completing the well.

Before I entered into this loan agreement, I personally called you to discuss the matter. I explained that it made sense to me to do the work immediately with the anticipated escrow funds being used to pay for the well, rather than escrowing the funds and then paying for the well at some later date, probably this fall. I called you primarily because we were discussing settlement in the revocation docket which would involve an escrow arrangement, and I wanted to get some feed back regarding this plan, even though there was no legal requirement at the time to obtain commission approval for a construction loan. You indicated that you saw no problem with this arrangement, although we both understood that my phone call would not constitute any type of commission or staff approval for this arrangement.

After I entered into the George Mahr loan agreement, I personally met with the PSC staff along with my attorney, Ben Girtman, to discuss the need for a modification of our settlement agreement to provide that \$75,000 of the escrowed CIAC funds would be paid "off the top" as a priority to assure that the well contractor was paid before anyone else. After this was fully explained to the PSC staff, they agreed that this was reasonable and suggested that I draw up a modification of our stipulation to provide that the \$75,000 would be definitely paid first as a priority item. I prepared this modification of our stipulation and submitted it for approval.

Around this time, George Mahr decided that he wanted to cause me some problems, and he and his attorneys insisted upon a meeting with all of the parties to air his concerns. We all met on May 3 at the Fletcher Building, at which time I provided documentation that the CIAC escrow account had been properly funded. After some discussion, Mr. Mahr agreed that he would authorize release of the \$75,000 to Mr. Rowe for payment of the third well, upon certification by our engineers, Baskerville-Donovan, Inc. Mr. Mahr also agreed that he would provide a letter as required by the Ken Gordon PSC approved developer agreement so that the \$25,000 which had been paid to the utility could be immediately paid to Baskerville-Donovan. Near the end of this meeting, however, one or more members of the PSC staff emphatically told Mr. Mahr that they, and not the utility, would decide if and when the escrowed funds would be released to Mr. Mahr. As a result of this position taken by the PSC staff, Mr. Mahr then reversed his position stating that the \$75,000 could not be released to Rowe Drilling because Mr. Mahr could not be

Ms. Catherine Bedell
August 2, 1993

3

sure that the first \$75,000 from the CIAC escrow account would, in fact, be paid to him. Based upon the PSC staff's position that they would control the flow of escrow funds notwithstanding Mr. Mahr's prior claim against such funds, Mr. Mahr also refused to allow the utility to pay the \$25,000 previously received from Ken Gordon to the utility's engineers, Baskerville-Donovan, Inc. Based upon this inability of the utility to pay its prior obligation to its engineers, Baskerville-Donovan then refused to process either draw request nos. 3 or 4. All of this bureaucratic gridlock put the utility in an untenable position, making it impossible for the utility to obtain final certification or payment of the third well so that it could be placed in service as planned.

In an effort to break this logjam, the utility negotiated a new developer agreement with Ken Gordon for the payment of additional funds for completion of the third well. This agreement was presented to the commission for approval on July 2. If it is not disapproved by the end of today, I will proceed to implement it. In addition, I have worked out a new contractual arrangement with Baskerville-Donovan, Inc., under which they will immediately process the final draws and to certify the well for service at the earliest possible date. They have "guaranteed" me that this will be prior to August 17, 1993.

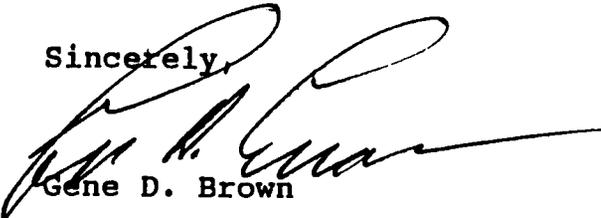
Accordingly, under the circumstances, I fail to see why it is necessary to again put this utility through the expense and harassment of a show cause proceeding when we have been working diligently in a good faith effort to complete the third well and place it in service. As you know, show cause proceedings are appropriate when there has been a willful failure or refusal to comply with a commission order, statute or rule governing utility operations. In this case, the utility has done everything within its power to place this well in service. This includes, but is not limited to, the contribution of almost \$300,000 by me and my affiliates last year. Even after accounting for the funds paid back to me for legal services and all of the other work I have done for the utility, it cost me almost \$200,000 last year for the privilege of serving our customers on St. George Island. It appears that I may be required to personally invest even more funds this year to assure that our customers on St. George Island receive safe and reliable water service. A show cause proceeding does nothing but frustrate and hinder this effort. It will simply require the utility to once again spend unnecessary time, money and energy defending itself against the commission staff, when those resources should be directed toward service of our customers on St. George Island.

Ms. Catherine Bedell
August 2, 1993

4

Accordingly, I hope the commission staff will reconsider its plan to initiate another show cause proceeding against this utility.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene D. Brown", written over the typed name.

Gene D. Brown

GDB:smc

St. George Island Utility Co., Ltd.

3848 Killearn Court
Tallahassee, Florida 32308
(904) 668-0440 • (904) 927-2648

May 17, 1993

Ms. Suzanne Summerlin
Bureau Chief
Bureau of Water and Wastewater
Florida Public Service Commission
101 East Gaines Street
Tallahassee, FL 32399-0850

Re: Revocation by Florida Public Service Commission of
Certificate No. 302-W issued to St. George Island
Utility Company, Ltd. in Franklin County

Dear Ms. Summerlin:

Pursuant to your request, I am providing the following
information:

1. Enclosed as Composite Exhibit "1" are copies of all the
escrow agreements that this utility has entered into since the
inception of Docket No. 871177-WU. These are numbered one through
seven, to correspond with the attached list showing the name of the
financial institution, the account number, and the current status
of each escrow account.

2. My understanding as to the date and reason that each of
the escrow accounts was established is as follows:

Escrow Account No. 1. This account was established March
21, 1989, as required by Commission Order No. 20401, dated December
5, 1988, as modified by Commission Order No. 20687, issued February
1, 1989. The purpose of the escrow was to require the utility to
escrow the interim rates approved pursuant to the pending rate
case.

Escrow Account No. 2. This account was established
pursuant to Commission Order in the utility's rate case docket
number 871177-WU. It appears that there was no written escrow
agreement for this account. Neither Apalachicola State Bank nor
the utility has a copy in their files. This account was simply
established and administered pursuant to the Commission's order
without a formal escrow agreement. The purpose of this account was
to require the utility to escrow all of its connection fees to be
applied toward the cost of constructing a new elevated water tank
on St. George Island.

Ms. Suzanne Summerlin
May 17, 1993

-2-

Escrow Account No. 3. This account was established March 15, 1990. The purpose of the account was to provide secure funds to complete construction of the elevated storage tank on St. George Island as required by Commission Order 21122.

Escrow Account No. 4. This account was established June 26, 1990. The purpose of the account was to provide \$75,000 of the funds needed for construction of a new third well on the mainland.

Escrow Account No. 5. This account was established in April of 1990. The basic purpose of the account was to secure the necessary funds for the utility to make its first mortgage payment to Capital City First National Bank. I do not believe there was a written escrow agreement. This was a verbal agreement between the bank management and me to establish an escrow to assure that the debt service on the bank's first mortgage would be paid in a timely manner.

Escrow Account No. 6. This account was established pursuant to an agreement dated January 8, 1992. The purpose of the account was to separate and secure the funds necessary to fund a consulting contract with Reema Business Services, Inc., a Florida corporation, that agreed to perform certain services for the utility, including accounting and preparation of the "MFR's" for a rate case to be filed with the Commission.

Escrow Account No. 7. This account was established February 2, 1993, pursuant to an escrow agreement dated January 29, 1993, but actually signed by the parties on the afternoon of February 1, 1993. There were actually two separate escrow accounts established on February 2, 1993, account nos. 0218161801 and 0218162601 respectively. The purpose of this escrow arrangement was to secure advanced funds for completion of the third well on the mainland, so that the utility would not have to wait until sufficient connection fees were collected during the spring and summer of this year to complete the third well. For purposes of this report, these two separate escrow accounts are collectively referred to as Escrow No. 7.

3. Enclosed as Composite Exhibit "2" are copies of schedules on each of the seven escrow accounts, indicating the date and amount of each deposit, the date and amount of each disbursement, and the current balance.

4. The utility currently has two developer agreements that were approved by the Commission: Agreement dated March 15, 1990 between the utility and Andrew Jackson Savings Bank; and Agreement dated July 31, 1990 between the utility and Wilder Properties, Inc.

Ms. Suzanne Summerlin
May 17, 1993

-3-

The utility also has one developer agreement that was rejected by the Commission: Agreement dated December 31, 1991, between the utility and Covington Properties, Inc., a copy of which is enclosed as Exhibit "3."

5. Attached as Exhibit "4" is a list of the utility's current debts relating to improvements including date entered into, name of creditor (not debtor), amount of debt, interest rate of debt, maturity date and monthly payment, if any. Of course, there are substantial other secured debts as itemized in the utility's annual report and monthly accounting as filed with the Commission. All of this secured debt falls into one of two categories: (1) purchase money mortgage debt when the utility was purchased from its former owner approximately 14 years ago; and (2) subsequent debts incurred for the capital improvement of and expansion to the utility system. For purposes of this response, I assume that your question deals with the utility's current debts for utility improvements, and not all of the original secured debt as detailed in our prior accounting filed with the Commission. If you have further questions regarding the utility's secured debts, please let me know and I will try to accommodate you.

Since we are trying to "clear up apparent misunderstandings" I would like to know what authority, if any, the PSC staff has to tell the utility's lenders and contractors that the PSC staff, and not the utility, will decide if and when such lenders and contractors will be paid. At our meeting on May 3, you strongly admonished George Mahr that the staff would determine whether and when he would be paid. Because of this, George Mahr still refuses to release the funds necessary to complete the third well, despite the fact that Mary LaBatt and I have both signed and sent a letter to George Mahr promising (copy attached) that he will be given a priority with regard to the first \$75,000 of connection fees. Ms. LaBatt and I determined that it was reasonable and logical to allocate the first \$75,000 of CIAC for George Mahr who funded completion of the third well, in return for Mr. Mahr's agreement to release the Ken Gordon funds so that the engineers could be paid, and so that we could proceed with the altitude valve and other plant improvements. However, Mr. Mahr rejected our proposal based upon your repeated statements to him during our meeting that the staff, and not the utility, would determine whether and when he would receive a repayment of his \$75,000. This would seem to be the type of decision that should have been made by the prehearing officer under our stipulation, rather than the staff rejecting this proposal out of hand and requiring that this matter be placed on the agenda for a formal vote of the full Commission.

As a result of the staff's refusal to let us work this matter

Ms. Suzanne Summerlin
May 17, 1993

-4-

out between the parties, we have had to refund Mr. Gordon's \$25,000, which has resulted in \$60,000 of mechanic's liens being filed against the utility by Baskerville-Donovan. This also negates the Ken Gordon developer agreement, which was the only source of revenue the utility company had for completing the altitude valve and other necessary plant improvements that were recently permitted by DER. This has also prevented us from being able to place the third well in service, which is basically complete, but which cannot be tied into our system until final tests are completed, and until the work is certified by Baskerville-Donovan.

The utility needs a better understanding as to what decisions can be made by Mary LaBatt and me, and what decisions have to be made by the Commission staff. As you know, both my contractor, Lamar Rowe, and my bank's attorney, Jeff Wahlen, were present at the May 3 meeting during which you announced to everyone that the Commission staff, and not the utility, would make the ultimate decisions regarding whether and when the utility's creditors would be paid, including specifically Capital City, which holds a first mortgage on all of the utility's assets. Following this meeting, my banker from Capital City called me expressing great concern as to whether his first mortgage payments would be allowed. Also, my contractor, Lamar Rowe, has indicated that he does not want to deal with this any more since he would have no way of knowing whether we could pay him even if we had money in the bank. Previously, Mr. Rowe was reviewing the construction drawings on the altitude valve and elevated tank, and we expected that he would complete this work under the Ken Gordon developer agreement.

At this point, the utility has to immediately find a new engineer and a new contractor to proceed with the improvements that are on the drawing board, including the altitude valve and high speed pumps at the plant. If the staff will not allow us to pay these people, it will be extremely difficult, if not impossible, for the utility to continue operations, that require day to day dealing with the utility's contractors and lenders. We must have some certainty as to which debts can be paid, and which debts the Commission staff will not allow us to pay. At this point, all of our funds for both the third well and other essential plant improvements are frozen because no one knows what the utility will or will not be allowed to pay. The pending modification of stipulation may help to some degree, but it does not deal with the fundamental problem of who is to make the ultimate decisions regarding payments to the utility's lenders, contractors and other creditors.

Please try to focus on this important matter as soon as

Ms. Suzanne Summerlin
May 17, 1993

-5-

possible, and give the utility some guidance in writing as to the debts you will allow us to pay, and the debts that you will not allow us to pay. I also need to know whether we have to have all contracts or loan agreements approved by the Commission and/or the staff prior to entering into any contract or loan agreement. I need this information immediately, before I commit to a new engineer and contractor for the improvements that still need to be made to the system. The utility also needs specific guidance as to which of our debts you will allow us to pay, and which debts we will not be allowed to pay. We cannot continue to operate under this cloud of uncertainty, and I need to determine what course of action the utility must follow. If our only choice is bankruptcy, I would like to make that decision sooner rather than later.

Please let me hear from you as soon as possible.

Sincerely,

A handwritten signature in black ink, appearing to read "Gene D. Brown", with a long horizontal flourish extending to the right.

Gene D. Brown

GDB:smc
Enclosures

Law Office of
GENE D. BROWN

3848 KILLEARN COURT
TALLAHASSEE, FLORIDA 32308

TELEPHONE (904) 888-8103
TELECOPIER (904) 888-0441

June 14, 1993
HAND DELIVERY

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

Re: St. George Island Utility Company, Ltd./George Maht
Agreement

Dear Troy:

As a solution to the "George Maht" problem, I propose:

1. That the utility immediately establish a new CIAC escrow account requiring Steve Tribble's approval for any withdrawal;
2. That all CIAC funds collected subsequent to the agenda conference last Tuesday be deposited into this new account; and
3. That all such funds deposited into the new account be immediately transferred to the utility/Sailfish Enterprises, Inc. (hereinafter "Sailfish") escrow account at Capital City First National Bank (Account No. 0218162601) until the \$75,000 loan from Sailfish is paid in full.

This procedure will satisfy the legal requirements of the utility's existing agreements with Sailfish, while complying with the modified stipulation which has been approved by the Commission.

Of course, this plan presupposes two things: (1) that the establishment of a new escrow account with Steve Tribble's signature is in compliance with the Commission's order approving the utility's proposed modification of its existing stipulation; and (2) that the Commission staff will authorize Steve Tribble to immediately transfer the CIAC funds to the utility/Sailfish escrow account at Capital City until the \$75,000 loan from Sailfish is paid in full.

I would like for you to immediately review this proposed solution with the other staff members who are involved in this matter, and let me know prior to the expiration of my five day

Mr. Troy Rendell
June 14, 1993

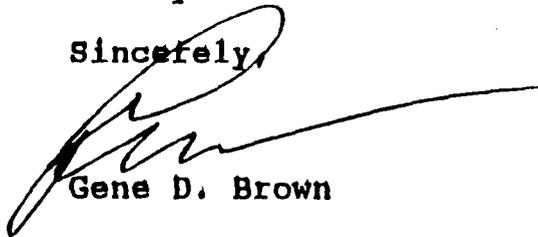
-2-

period under the Commission's recent order if you foresee any problem with this solution.

If this plan is acceptable, I plan to immediately direct Capital City to pay the pending third draw to Rowe, so that we can proceed to place the third well in service. If Capital City refuses to make this disbursement, Rowe's attorney plans to immediately file suit to obtain a court order directing Capital City to pay Rowe from the \$75,000 escrow established by the utility and Sailfish. If such a suit by Rowe is required, it will be necessary that someone from the Commission staff testify that the above-referenced procedure is acceptable to the Commission, and that the Commission staff sees no problem with immediately transferring all CIAC funds to the utility/Sailfish escrow account until the \$75,000 loan is paid in full. With this testimony from the Commission staff, and with the active assistance of the utility and Mr. Rowe's attorney, there is no doubt in my mind that the Circuit Court will direct that the funds be paid over to Rowe so that the third well can be placed in service at an early date.

I am hand delivering copies of this letter to you and other staff members this morning so that we can discuss this matter in detail, and so that an immediate decision can be made regarding the proper procedure for the utility to follow in this matter.

Sincerely,



Gene D. Brown

GDB:smc

George Island Utility Co.,

3848 Killearn Court

Tallahassee, Florida 32308

(904) 668-0440 • (904) 927-2648

June 21, 1993

HAND DELIVERY JUNE 22, 1993

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

Re: Revocation by Florida Public Service Commission of
Certificate No. 302-W issued to St. George Island
Utility Company, Ltd. in Franklin County

Dear Troy:

As you know, today is the utility's deadline for complying with the Commission's order that Steve Tribble's name be added to the CIAC escrow account. However, for the reasons set forth below, this is impossible, and the utility will not be able to comply with this part of the Commission's order.

The escrow account referred to in the Commission's Order No. 93-0890-FOF-WU is the Capital City First National Bank escrow account no. 0218162601, which requires my signature for the utility and George Mahr's signature for Sailfish Enterprises, Inc. Because the Commission staff has steadfastly refused to give George Mahr any assurance that he will receive the first \$75,000 from the escrow account, Mr. Mahr and his attorneys continue to object to the addition of Steve Tribble to the CIAC escrow account. Capital City and its attorneys have specifically denied the utility's request that Mr. Tribble's name be added to the CIAC escrow account over the objection of George Mahr. Accordingly, as I tried to explain to the Commission at the June 8, 1993 agenda conference, it is impossible for the utility to comply with the Commission's order that Steve Tribble's name be added to the CIAC escrow account at Capital City First National Bank.

In an effort to resolve this dilemma, I met with you and the other concerned staff members last Monday to explain my alternate proposal that a new CIAC escrow account be established with Steve Tribble's signature, and that all CIAC funds be immediately transferred to and through this new CIAC account to the existing Sailfish/utility account until the \$75,000 loan from Sailfish is paid in full. While you and the other staff members acknowledged that you would not raise an objection to the establishment of a new CIAC escrow account in lieu of the account referred to in the Commission's order, you and the other staff members also made it

Mr. Troy Rendell
June 21, 1993

2

clear that you would not consent to the mandatory payment of the first \$75,000 from this account to Sailfish for the repayment of the third well loan. With all due respect to you and the other members of the staff, I believe that this position is unreasonable, impractical, and that it will cause irreparable damage to this utility and its customers. Indeed, this staff position is itself a violation of the modified stipulation that provides, inter alia, as follows:

The CIAC funds deposited into said escrow account shall be distributed in the following order:

(1) \$75,000 to Sailfish Enterprises, Inc.
for repayment of the third well loan (emphasis
added.)

This is a mandatory requirement, and does not allow staff discretion to divert such funds for other purposes prior to repayment of the Sailfish loan.

In addition to the technical, legal reasons set forth above, there are other pressing, practical reasons that the utility must respectfully decline to comply with the Commission's order as interpreted by the staff. When I submitted the original stipulation for approval, I thought improvements to the system would be handled as follows: that we would escrow all CIAC for the improvements; that the co-manager and I would decide which improvements should be made; that we would contract to put in the improvements; and that the co-manager and I would then authorize payment for the improvements when we were satisfied that they were properly completed. I thought the addition of Steve Tribble's name to the escrow account was simply an administrative or ministerial function, and that he would sign off upon the direction of the Commission's designated co-manager, Ms. Mary LaBatt. I incorrectly assumed that the Commission selected her, as a qualified engineer, so that she could provide the necessary expertise to the Commission and Commission staff regarding the propriety and completeness of the agreed improvements to the utility.

I did not realize that the Steve Tribble signature constituted another substantive decision requiring a subsequent, after-the-fact decision by the PSC staff as to whether payment should be made to a particular contractor for improvements authorized and contracted for by Mary LaBatt and me as co-managers under the approved stipulation. It was a great shock to me, as I am sure it was to George Mahr and Lamar Rowe, when the PSC staff announced at our meeting on May 3 that they, not Mary LaBatt and me, would decide if and when lenders and contractors

Mr. Troy Rendell
June 21, 1993

3

would be paid for improvements to the St. George Island water system.

Following the May 3 meeting, Mary LaBatt and I tried to devise some way to resolve this problem for the benefit of all parties, so that the third well could be placed in service, and so that the Ken Gordon funds could be retained and used for other improvements to the water system. George Mahr and his attorneys agreed to waive their claim against the \$98,807.95 being paid by Ken Gordon, and to authorize disbursements to Rowe Drilling upon engineering approval, provided that the PSC staff would acknowledge the Sailfish debt and support the utility's guarantee that such debt would definitely be paid as a priority item with the first \$75,000 received from CIAC payments other than those paid by Ken Gordon. Pursuant to this offer of settlement from George Mahr, Mary LaBatt and I submitted a letter to Mr. Mahr promising that he would be repaid from the first \$75,000 in CIAC funds, in return for a letter from Mr. Mahr releasing Sailfish's lien against the Ken Gordon funds as provided in paragraph V of the PSC approved developer agreement. A copy of this letter was previously provided to the PSC staff, and another copy is enclosed with this letter.

Unfortunately, and for reasons that I still do not understand, the PSC staff refused to support the decision made by Mary LaBatt and me as co-managers, which would have allowed us to place the third well in service and to proceed immediately with completion of the other planned improvements. Instead, the staff continued to maintain its position that there was no way to determine in advance, with any degree of certainty, when or even if the Sailfish loan would be repaid from the incoming CIAC funds.

Because of this inflexible staff position, George Mahr refused to release his hold on the funds necessary to place the third well in service, and the contractor dismantled parts of the well so that it cannot be placed in service even though construction of the well is complete. As a further result of the staff's refusal to support the decision made by Mary LaBatt and me, the utility was forced to refund the \$25,000 previously paid by Ken Gordon, and to cancel the approved developer agreement with Ken Gordon. That agreement would have produced a total of \$98,807.95 for improvements to the utility system on St. George Island. If the staff had been willing to support Mary LaBatt and me in our decision to guarantee the Sailfish payment, the third well would now be in operation, the altitude valve and other plant improvements would be nearing completion, and our engineers would be working on the other matters that need to be resolved to satisfy DER and the Circuit Court. Instead, the utility is now

Mr. Troy Rendell
June 21, 1993

4

facing a crisis that can only to be resolved with immediate action, not additional uncertainty.

As you know, the initial \$25,000 received from Ken Gordon was to have been paid to Baskerville-Donovan for their work on the third well and other DER mandated improvements. Instead of proceeding to certify the well and to complete the remaining engineering work on the other improvements the utility needs to make, Baskerville-Donovan has ceased all work for the utility and has placed a lien in excess of \$60,000 against the utility's assets. A member of the DER staff recently told Mary LaBatt that DER will not accept certification of the third well from any engineer other than Baskerville-Donovan.

Without the services of Baskerville-Donovan or some new engineers who will also have to be guaranteed payment, we cannot proceed with the altitude valve, high speed pump and other planned plant improvements. And, without these improvements, we cannot provide service to at least four new subdivisions on the Island that have received final development approval, but that cannot be tied into the water system until and unless the above-referenced improvements are completed to DER's satisfaction.

One of these subdivisions was developed by Ken Gordon, who paid \$25,000 to the utility that had to be refunded, and who committed to pay the balance of \$98,807.95 for the improvements. In recent discussions with Mr. Gordon, he has reaffirmed his unwillingness to redeposit the \$25,000 or to pay the balance of the \$98,807.95 under the developer agreement unless he can be assured that the funds will actually be used as set forth in the developer agreement, i.e., for plant improvements necessary to obtain service to his subdivision. Such a guarantee cannot be made while George Mahr continues to assert a legal claim to the CIAC funds from Ken Gordon.

This claim by George Mahr against the Ken Gordon proceeds will undoubtedly be made via a cross-claim to be filed by George Mahr and Sailfish against the utility and me in the circuit court action filed last week by Rowe Drilling Company, which demands payment of the \$75,000 in escrow at Capital City to Rowe Drilling. As I explained to you and the other staff members during our meeting last Monday, the utility's position in that litigation has to be that we are ready, willing and able to continue funding the Sailfish/utility escrow account at Capital City pursuant to the loan agreement and escrow arrangement between Sailfish and the utility company. If I now agree to place all of the funds into a new, unrelated escrow account without any commitment to pay those funds over to George Mahr as outlined in my June 14, 1993 letter, we will probably be

Mr. Troy Rendell
June 21, 1993

5

unsuccessful in the recently filed lawsuit. In that event, the utility will have no way to secure other funds to pay Rowe Drilling and Baskerville-Donovan so that the third well can be placed in service.

Also, we will not be able to contract with other engineers and contractors with whom we must deal in order to complete other improvements to the water system. The staff's position that we cannot commit the CIAC funds in advance makes it impossible, from a practical, real-world standpoint, for the utility to proceed to make the necessary improvements to the utility system. It is not sufficient for us to tell a contractor that his payment is a "priority" when we also have to tell him that some unidentified PSC staff member, or members, will decide at a later date whether he should be paid for his work, or whether the available funds have to be used for some subsequently identified and higher "priority." I am sure that you and the other staff members must have a good reason in your minds for maintaining your position, so that you have the option of directing the CIAC funds as you please up to the time that Steve Tribble's signature is actually requested. However, from a business operating point of view, this makes it impossible for the utility to meet its commitments, which include placing the third well in service and the immediate construction of other improvements to the system.

If we violate the George Mahr loan agreement as directed by the staff, a series of events will be triggered that will make it impossible for the utility to comply with prior orders of both the Commission and DER. We will have no way to place the third well in service; as mandated by both DER and the Franklin County Circuit Court. We will have no way to pay Baskerville-Donovan for certification of the third well, or for the engineering of the other DER mandated improvements, since we cannot use the \$25,000 from Ken Gordon. We will have no way to legally accept the balance of the \$98,807.95 from Ken Gordon which is necessary for completion of the other improvements. Accordingly, the utility must maintain its options and flexibility to deal with and solve these problems.

I understand the gravity of this decision, and I do not look forward to a revocation proceeding that will necessarily have to be fought in forums other than the Florida Public Service Commission, and which will involve actions against individuals other than myself. On a personal level, I regret that we have been unable to resolve this matter through discussions between the utility personnel and the new PSC staff members who were assigned to this matter earlier this year. I believe that you, John Williams and Jo Ann Chase have all acted in good faith in a sincere effort to resolve the problems confronting this utility.

Mr. Troy Rendell
June 21, 1993

6

Mary LaBatt has also done her best to resolve these problems. However, I have to consider the overall goals of the utility and the needs of its customers. These goals and needs cannot be met if I violate the terms of the loan agreement with George Mahr, who provided the funds to complete the third well as ordered by the Commission. The utility started escrowing its CIAC funds for this third well almost six weeks before it was ordered to do so, because this was the only way the well could have been completed in a timely manner. It seems somewhat ironic and incongruous that the PSC staff is now making it impossible for the utility to pay for the well that the Commission ordered the utility to construct and place in operation.

In summary, I would like the staff to reconsider its position as expressed to me during our meeting last Monday, rather than proceeding with the revocation of our certificate. This revocation proceeding will only result in a long, expensive legal battle that will not result in any improvement of water service on St. George Island. We are providing safe and reliable water service to the Island, and we will continue to do so.

Please let me know if you and the staff believe there is any way to resolve this matter without proceeding through a revocation proceeding. If so, I will be happy to meet with you at any time.

Sincerely,



Gene D. Brown

GDB:smc

cc: Charles Hill
Cathy Bedell
Mary LaBatt

George Island Utility Co.,
3848 Killearn Court
Tallahassee, Florida 32308
(904) 668-0440 • (904) 927-2648

May 5, 1993
HAND DELIVERY

Mr. George Mahr
Suite 626
5420 LBJ Freeway
Dallas, TX 75240

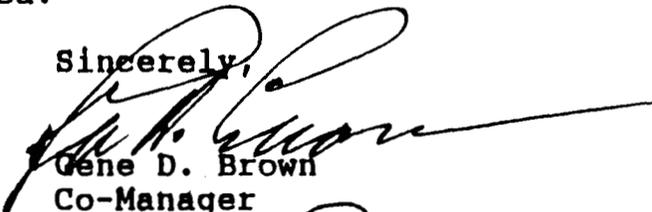
Dear Mr. Mahr:

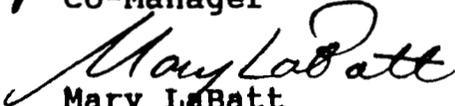
As co-managers of St. George Island Utility Company, we hereby confirm that all connection fees or CIAC collected by this utility from and after this date will be immediately deposited into escrow account no. 02181626011 established at Capital City First National Bank pursuant to the agreement between you and the utility dated January 29, 1993. Our intent is to assure you that the \$75,000 loan from you to the utility company will be repaid in a timely manner pursuant to the loan agreement between the utility company and Sailfish Enterprises, Inc.

In consideration of this agreement, you have specifically waived any claim that you or Sailfish Enterprises, Inc. may have on the proceeds of the Ken Gordon developer agreement dated February 25, 1993, as approved by the Florida Public Service Commission. As soon as you have signed the enclosed copy of this letter confirming this waiver, we will place the \$25,000 recently received from Mr. Gordon into a separate escrow account requiring the name of Steve Tribble pursuant to the stipulation entered into between the utility and the Commission. After your \$75,000 loan has been repaid, we plan to place all further connection fees or CIAC into the "Ken Gordon" escrow account which will be established with Steve Tribble's signature.

If this is acceptable, please sign the enclosed copy of this letter so that we may proceed.

Sincerely,


Gene D. Brown
Co-Manager


Mary LaBatt
Co-Manager

AGREED:
Sailfish Enterprises, Inc.

By: _____
George Mahr as its Pres.