

HOPPING GREEN SAMS & SMITH
 PROFESSIONAL ASSOCIATION
 ATTORNEYS AND COUNSELORS

SCANNED

JAMES S. ALVES
 BRIAN H. BIBEAU
 KATHLEEN BLIZZARD
 ELIZABETH C. BOWMAN
 RICHARD S. BRIGHTMAN
 PETER C. CUNNINGHAM
 RALPH A. DeMEO
 THOMAS M. DeROSE
 WILLIAM H. GREEN
 WADE L. HOPPING
 FRANK E. MATTHEWS
 RICHARD D. MELSON
 DAVID L. POWELL
 WILLIAM D. PRESTON
 CAROLYN S. RAEPPLE
 DOUGLAS S. ROBERTS
 GARY P. SAMS
 ROBERT P. SMITH
 CHERYL G. STUART

123 SOUTH CALHOUN STREET
 POST OFFICE BOX 6526
 TALLAHASSEE, FLORIDA 32314
 (904) 222-7500
 FAX (904) 224-8551
 FAX (904) 425-3415

JAMES C. GOODLETT
 GARY K. HUNTER, JR.
 JONATHAN T. JOHNSON
 ROBERT A. MANNING
 ANGELA R. MORRISON
 GARY V. PERKO
 KAREN M. PETERSON
 MICHAEL P. PETROVICH
 LISA K. RUSHTON
 R. SCOTT RUTH
 JULIE R. STEINMEYER
 T. KENT WETHERELL, II
 OF COUNSEL
 CARLOS ALVAREZ
 W. ROBERT FOKES

July 9, 1996

ORIGINAL
 FILE COPY

BY HAND DELIVERY

Blanca Bayó
 Director, Records and Reporting
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, FL 32399

Re: Lake Utility Services, Inc. -- Docket No. 960444-WU
 Response to Deficiency Letter

Dear Ms. Bayó:

Enclosed for filing on behalf of Lake Utility Services, Inc. is the following information to respond to the deficiencies in the MFRs identified in Mr. Hill's letter of June 12, 1996:

1. A check for \$1,000 in payment of the additional filing fee identified in Paragraph 1 of the staff's letter.

2. Fifteen copies of a revised volume of accounting MFRs which incorporates the revised schedules identified in Paragraphs 2 and 3 of the staff's letter. *07221-96*

3. Two copies of a revised billing analysis which contains schedules that have been completed in accordance with Paragraph 4 of the staff's letter. *07220-96*
1-WAW

4. One copy of the monthly operating reports for Amber Hill for April 1995 through December 1995 and for Vistas for April 1995, as requested in Paragraph 5 of the staff's letter. *07219-96*
07218-96

5. Fifteen copies of a schedule containing the information requested in Paragraph 6 of the staff's letter. *07217-96*

Please call if you have any questions about the enclosures.

Very truly yours,

Richard D. Johnson

Check received with filing and forwarded to Fiscal for deposit. Fiscal to forward a copy of check to RAR with proof of deposit.

ACK _____
 AFA _____
 APP _____
 CAF _____
 CMU _____
 CTR _____
 EAG _____
 LEG 1
 LIN 5
 OPC _____
 RCH _____
 SEC 1
 NAS Wells
 DTH _____

RDM/mee
 Enclosures

RECEIVED & FILED
 EPSC-BUREAU OF RECORDS

Initials of person who forwarded check:
A. J.

DOCUMENT NUMBER-DATE
 07217 JUL -96
 EPSC-RECORDS/REPORTING

Lake Utility Services, Inc.

Response to Staff Deficiency Letter -- Paragraph 6
Additional Service Availability Charge Information
Test Year Ended 12/31/95

- (c) **The number of the Commission order, if any, which previously considered the charges or service availability policy for the system involved.**

Order No. 19962 issued September 8, 1988 in Docket No. 871080-WU

- (o) **A detailed statement by a registered professional engineer showing the cost, by Uniform system of Accounting account numbers, and capacity of the proposed plant expansion, and a timetable showing projected construction time.**

Not applicable. The utility is not planning any plant expansion at this time.

- (p) **A detailed statement by a registered professional engineer showing how the proposed construction will affect the capacity of the existing systems.**

Not applicable. The utility is not planning any plant expansion at this time.

- (q) **If the expansion or plant upgrading is being undertaken to comply with the mandates of local, state, or federal regulatory authorities, copies of the order(s), or correspondence directing expansion.**

Not applicable. The utility is not planning any plant expansion at this time.

- (r) **A schedule showing the projected growth rate for utilization of the existing plant and line capacity and future plant and line capacity.**

The utility expects to experience growth of about 100 customers per year, with the existing line capacity being reached at different times between 1997 and 2016, depending on the specific system involved.

- (t) **A schedule showing, by meter size, the cost of meters, connecting fittings, meter boxes or enclosures and also showing sufficient data on labor and any other applicable costs to allow the determination of an average cost for meter installation by type.**

See attached schedule entitled "Cost Justification for Meter Fee."

- (u) **A statement of the existing and proposed on-site and off-site main installation charges or policy.**

The existing main extension policy and charges are contained in the attached service availability tariff sheets.

Lake Utility Services, Inc.
 Cost Justification for Meter Fee
 Test Year Ended 12/31/95

	<u>5/8"</u> <u>Meter</u>	<u>1"</u> <u>Meter</u>	<u>1 1/2"</u> <u>Meter</u>	<u>2"</u> <u>Meter</u>
Meter	25.00	62.50	125.00	200.00
Box	16.00	40.00	80.00	128.00
Curb Stop	14.00	35.00	70.00	112.00
Inserts (2)	3.00	7.50	15.00	24.00
Tubing (20' @ \$.20/ft for 5/8" meter)	4.00	10.00	20.00	32.00
Corp Stop	25.00	62.50	125.00	200.00
Saddle	30.00	75.00	150.00	240.00
Total Parts	117.00	292.50	585.00	936.00
Labor (2 men for 3 hours @ \$25.00/hr)	150.00	150.00	150.00	150.00
Total Cost of Meter Fee	267.00	442.50	735.00	1,086.00
Requested meter fee	150.00	250.00	450.00	650.00

Note: Lake Utility Services, Inc. requested a meter fee consistent with that previously approved for its sister companies, Utilities, Inc. of Florida, and Lake Placid Utilities, Inc.

ORIGINAL SHEET NO. 31.00

**LAKE UTILITY SERVICES, INC.
WATER TARIFF****SERVICE AVAILABILITY POLICY**

Amber Hill, Clermont I - Four Winds, Clermont II,
Crescent West, Highland Point, Lake Ridge Club,
The Oranges, & The Vistas I & II

I. GENERAL PROVISIONS**1. Purpose**

The purpose of this Extension Policy is to establish a method which will be uniform and non-discriminatory amongst all consumers and prospective consumers of Service Company for apportioning between Service Company and property owners, builders and developers (hereinafter referred to as "Property Owners"), the investment in new water and sewer facilities of all kinds as may be necessary to provide new services to said Property Owners.

2. Availability

The provisions of this Extension Policy are available to all Property Owners within the certificated territory of service of Service Company (hereinafter referred to as "Service Area").

3. Written Application

Application for new services shall be made in writing on forms provided by Service Company, which application shall include such reasonable information as Service Company may require to enable it to respond in accordance with the provisions of this Extension Policy. Service Company will furnish each applicant a meaningful written response within 30 days for individual property owners and within 60 days for subdivision or industrial developers.

4. Contracts

Property Owners shall enter into an Extension Contract whenever the provisions of this Extension Policy shall require an investment by said Property Owners in new water and sewer facilities. The Extension Contract shall provide for prepayments or other suitable guarantees to insure that said Property Owners' share of investment in new water and sewer facilities will be funded when required during construction.

(Continued to Sheet No. 31.01)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.01

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.00)

5. Engineering Design

Service Company shall recognize the engineering design of new water and sewer facilities prepared by a registered professional engineer regularly engaged in the field of sanitary engineering. The engineering design of all new water and sewer facilities shall be in accordance with the standard specifications and detail sheets of Service Company and shall be subject to the final review and approval of Service Company. The engineering design of new water and sewer facilities shall be sized to provide for reasonable anticipated future growth and shall comply with the requirements of local, state and federal government wherever applicable. Service Company reserves the right to charge a fee commensurate with the cost to Service Company of reviewing engineering plans furnished by the engineers of subdivision or industrial developers, and in furnishing such information as may be required by said engineers.

6. Construction

The construction of all new water and sewer facilities shall be performed by Service Company or an independent contractor employed by Service Company. Service Company may require that the property upon which new water and sewer facilities are to be installed shall be brought to finished grade, and may further require that all drainage facilities and similar construction which might interfere with the new water and sewer facilities shall be completed prior to the commencement of construction of said new facilities. Service Company may grant exceptions to permit contractors employed by industrial or subdivision developers to perform the construction of new water and sewer facilities. When granting such an exception, inspection fees as otherwise set forth under Item 7, Section III hereof shall apply, together with the provisions of Item 9, Section III.

7. Ownership

All new water and sewer facilities connected to the existing facilities of Service Company shall become the property of Service Company, and it shall be the

(Continued to Sheet No. 31.02)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.02

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.01)

responsibility of Service Company to operate and maintain said new facilities in keeping with their intended engineering design.

8. Economic Feasibility

Service Company's share of investment in new water and sewer facilities shall allow a fair and equitable return on capital so employed. Subdivision or industrial developers may be required to advance funds to Service Company equal to Service Company's share of the investment in new water and sewer facilities, subject to Service Company returning a pro-rata share of said advance upon the rendering of service, or in accordance with the provisions of Item 5, Section III hereof.

9. Prohibited Wastes

Service Company shall not be required by this Extension Policy to accept and treat wastewaters other than domestic sewage wastes. As a condition to Service Company providing sewage collection services to any property, each such Property Owner agrees not to discharge wastewater into the facilities of Service Company other than domestic sewage wastes. Service Company will accept and treat wastes other than domestic sewage wastes only by separate agreement, where upon such separate agreement shall be presented to and approved by the Florida Public Service Commission as an individual application.

10. Exception for Prior Recorded Agreements

The provisions of this Extension Policy shall not apply to properties upon which there has previously been recorded in county public records a contractual agreement covering the providing of water or sewer service to the said properties.

11. Public and Private Easements

All new water transmission mains and distribution lines and all new sewer

(Continued to Sheet No. 31.03)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.03

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.02)

collecting lines and force mains shall be located in public dedicated utility easements or rights-of-way and, where necessary, Service Company shall have obtained applicable state and local permits which may be a pre-requisite to placing such facilities in the public ways. Where new water and sewer facilities are to be installed to provide new services to properties, Service Company may require said Property Owners to grant private easements within their properties at no cost to Service Company. Service Company reserves the right as hereinafter defined under Item 13. Such easements shall be in recordable form satisfactory to counsel for Service Company.

12. Plant Sites

Service Company may require Property Owners to convey in fee to Service Company adequately sized parcels of land to accommodate sewage pumping stations and water storage and repumping facilities as may be necessary in the opinion of Service Company's engineers to render adequate service to all properties within the Service Area.

13. Point of Delivery-of-Service

The Point of Delivery of Service (hereinafter called "Point of Delivery") shall normally be a point at the center of the front of the building to be served.

14. Connection Charge Adjustment Formula

Connection charges as set forth herein may be automatically escalated based upon increases in utility construction costs as evidenced by the quarterly construction index published in Engineering News Record magazine entitled "20 Cities Construction Index." Service Company shall automatically adjust the connection charges set forth herein semi-annually, with the first such adjustment to be not earlier than December 31, 1973. Each automatic escalation shall be computed using the percentage difference between said construction cost index for the base period ended December 31, 1972, and the available index for the most recent period prior to the effective date of escalation, when

(Continued to Sheet No. 31.04)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.04

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.03)

authorized by the Public Service Commission.

15. Meter Installation Fees

In addition to the other fees and charges provided pursuant to this Extension Policy, Service Company shall charge a Meter Installation Fee in accordance with the schedule provided, as defined under "Service Availability Schedule of Fees & Charges" section.

Water meters shall be installed upon the request of Property Owners, provided, however, that all fees and charges which are then payable pursuant to the Extension Policy have also been paid, and upon payment of the applicable security deposit as defined under "Schedule of Customer Deposits" section.

16. Extensions Outside Certificated Area of Service

Property Owners whose property is entirely or partially located outside of Service Company's Service Area may apply to Service Company for service; however, Service Company shall not be obligated to provide service outside of its Service Area. Service Company may elect to apply to the Florida Public Service Commission for an extension of its Service Area provided that the said Property Owners shall first have entered into an Extension Agreement with Service Company, which Extension Agreement shall not become effective unless and until it has been approved by the Florida Public Service Commission Control Board and the necessary extension of the Service Area has been granted as otherwise provided by law. Should Service Company elect to enter into an Extension Agreement to provide service outside of its Service Area, Service Company may require additional contributions-in-aid-of-construction should the same be reasonably required in order to maintain a non-discriminatory level of economic feasibility.

17. Copies of Extension Policy Available

(Continued to Sheet No. 31.05)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.05

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.04)

Copies of this Extension Policy shall be available at the Seminole County offices of Service Company for distribution upon request. Request may be made in person or by mail at the following address:

Utilities, Inc. of Florida
200 Weathersfield Avenue
Altamonte Springs, Florida 32714

18. Engineering Information Available

Service Company shall maintain "as built" information describing its existing water and sewer facilities for the purpose of providing reasonable information to Property Owners. Said "as built" information shall be maintained at Service Company's Seminole County office listed in Item 17 hereinabove.

19. Connection Fee Adjustment for Changes in Treatment Requirements

In event that the regulatory agencies responsible for regulating quality of treatment shall prescribe standards of treatment beyond those presently required. Service Company may make such reasonable adjustments to the Connection Fee Charges as may be required under the circumstances.

II. SERVICE TO INDIVIDUAL RESIDENTIAL PROPERTY OWNERS**1. Plant Capacity Charges**

Where water distribution and/or sewer collection mains of Service Company abut an individual residential lot, Service Company shall provide facilities for delivery of service to the Point of Delivery, including but not limited to house services, risers, and wyes, but not including water meters, upon payment to Service Company of the applicable plant capacity charges as defined under "Service Availability Schedule of Fees and Charges" section.

The applicable plant capacity charges as defined under "Service Availability

(Continued to Sheet No. 31.06)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.06

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.05)

Schedule of Fees and Charges" section shall be subject to the connection charge adjustment provision provided under Item 14 of the General Provisions hereof.

2. Service Lateral Extensions

Where water distribution and/or sewer collection mains of Service Company are located perpendicular to but more than fifteen (15) feet from the Point of Delivery, the Property Owner shall in addition to the above described plant capacity charges pay to Service Company the full cost associated with constructing individual service laterals from the closest mains of Service Company to the Point of Delivery.

3. Main Extensions

Where the water distribution and/or sewer collection mains of Service Company are not located perpendicular to the Point of Delivery, the Property Owner requesting service shall pay to Service Company the full cost associated with constructing an extension of the said main or mains to a point perpendicular to the Point of Delivery.

4. Alternative Method of Computing Main Extension Charges

As an alternative to the provisions of Item 1 through 3, Section II hereinabove, upon written request from Property Owner, Service Company shall prepare without charge a preliminary sketch and total cost estimate, excluding the cost of providing meters, covering the facilities necessary to bring water and/or sewer service to the Point of Delivery. Such cost estimate shall include the cost of Service Company's portion of the service piping and a pro-rata share of the cost of applicable treatment plant capacity necessary to render service, but shall not include any allocation of the cost of transmission, distribution and collection mains between the central facilities of Service Company and the mains located in closest proximity to the Property Owner. Service Company shall deduct from this estimate an amount equal to the estimated annual revenues which Service Company could expect to derive from providing service to the Property Owner

(Continued to Sheet No. 31.07)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.07

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.06)

multiplied by a factor of two times, and the resulting difference shall be the full amount said Property Owner shall be required to pay to Service Company for providing facilities to the Point of Delivery.

5. Main Extensions Passing Intervening Unserved Property

Where a Property Owner has paid for water distribution and/or sewer collection mains of Service Company to be extended parallel to properties to which either water or sewer service has not been provided, (hereinafter called "Intervening Property"), said Property Owner shall be entitled to Rebates if either water or sewer service is provided to any portion of the Intervening Property for a period of five years from the date service is first provided to said Property Owner.

6. Collection and Payment of Rebates

Where a Property Owner of any portion of the Intervening Property shall request water and/or sewer service, said Property Owner shall be charged a pro-rata share of the original cost of the main extension in accordance with the following formula:

$$\text{Rebate} + \frac{\text{Front Footage of Intervening Property} \times \text{Where Service Requested}}{\text{Total Footage of Main Extension}} \text{ Divided by } 1/2 \times \text{Total Full Cost of Main Extension}$$

In the event that properties on the opposite side of a dedicated public way will not be served from the main extension, or if the full width of the said dedicated public way is more than seventy-five (75) feet, then the following formula shall apply:

$$\text{Rebate} - \frac{\text{Front Footage of Intervening Property Requesting Service}}{\text{Total Footage of Main Extension}} \times \text{Total Full Cost of Main Extension}$$

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Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.08

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.07)

Said Rebate shall be paid over to the Property Owner entitled to the Rebate within thirty (30) days of collection.

7. Payment of Rebate in Event of Change in Ownership

Where the ownership of a residence has changed whose Property Owner is entitled to a Rebate, the Property Owner to whom the Rebate shall be paid shall be the owner of the residence as of the close of the date of collection of the Rebate.

8. Provisions of Extension Contracts

Individual residential Property Owners may be required to enter into a standard form of Extension Contract applicable only to residential property owners and setting forth such reasonable provisions governing the respective responsibilities of Property Owner and Service Company. Said Extension Contracts shall not contain any matter not set forth in this Extension Policy. Extension Contracts shall be in recordable form and shall be recorded in the public records as soon as practicable upon execution.

9. Inspection of Plumber's Hook-Up

It shall be the responsibility of the Property Owner or its plumbing contractor to connect Property Owner's plumbing installation with the sewage collection facilities of Service Company. This connection is generally made at Point of Delivery as defined elsewhere in this Extension Policy. Service Company reserves the right to inspect all such connections to the Service Company's rules governing such connections and that the connection, as made, is free from infiltration. Service Company will provide such inspection service for Property Owner without cost. Any plumber's connection covered over without the benefit of inspection will result in Property Owner being required to reopen the connection for subsequent inspection.

(Continued to Sheet No. 31.09)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.09

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.08)

III. SERVICE TO INDUSTRIAL AND SUBDIVISION DEVELOPERS

1. Plant Capacity Charges

Service Company may collect the applicable plant capacity charges from industrial and subdivision developers (hereinafter called "Developer") as defined under "Service Availability Schedule of Fees and Charges" section.

The term Equivalent Residential Connection shall mean the gallonage flow on an average daily basis which registered professional engineers regularly engaged in the field of sanitary engineering shall recognize as required to serve a typical residential home. For the purpose of ease of interpretation, the following shall normally be used:

Equivalent Residential Connection

Residential Home	350 gallons/day
Apartment or similar multi-family dwelling	250 gallons/day

The estimated total water consumption of the proposed commercial or residential project shall be divided by the appropriate number of gallons per day to arrive at the number of Equivalent Residential Connections. Such number, once defined, shall be multiplied by the plant capacity charge then in effect for an Equivalent Residential Connection as set forth above. Should a given project involve business, industrial or educational use, or contemplate residential homes or apartments of unusual size, or other land use such as mobile home parks, or any other property use, engineers for Service Company shall estimate the number of Equivalent Residential Connections applicable to said development program. Should it be necessary for Service Company to expand its treatment plants to provide the requested service, said plant capacity charges shall be payable to Service Company in advance of Developer's requirement for service, but in any event, not earlier than six (6) months in advance of the date of said requirement.

(Continued to Sheet No. 31.10)

**Patrick J. O'Brien
Vice President, Finance**

ORIGINAL SHEET NO. 31.10

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.09)

2. On-Site Facilities

Each Developer shall be responsible for design and cost of new water and/or sewer facilities to be located within the boundaries of Developer's property. Should Service Company require the installation of oversized lines or facilities to be located on Developer's property and designed to provide service for other properties, Service Company and Developer shall enter into a refunding agreement as set forth hereafter in this Extension Policy.

3. Off-Site Facilities

The location, size or proposed density of Developer's property may require the extension of "Off-Site" water distribution and sewage collection facilities. For the purpose of this Extension Policy, the term "Off-Site" shall be defined as those main water transmission lines, sewage collection lines, sewage force mains and/or pumping stations necessary to connect Developer's property with facilities of Service Company adequate in size to transmit to Developer's property, an adequate quantity of water under adequate pressure and/or transmit sewage collected on Developer's property to the treatment plant or disposal site of Service Company.

It is Service Company's policy to apportion the cost of main transmission and collection lines and pumping stations pro-rata against the properties receiving service from such main transmission lines located "off-site" as to Developer's property. Since each Developer draws from the hydraulic capacity of such lines, Service Company will require that Developer pay his property's hydraulic share of the cost of the "off-site" main transmission and collection facilities through which service is rendered to Developer's property. This portion of Service Company's Extension Policy is referred to as Developer's "Hydraulic share of off-site facilities".

It is further declared and established that Service Company will compute such hydraulic share of off-site facilities based upon two major factors which will

(Continued to Sheet No. 31.11)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.11

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.10)

contribute to the engineering determination: (a) the quantum area of Developer's land and (b) the density and estimated consumption to be generated from the property as it is proposed to be developed.

Service Company further declares that the charge for Developer's hydraulic share of off-site facilities will be applicable to Developer's property whether or not the main transmission lines and/or pumping stations have been previously constructed. It is the intent of this section to apportion the cost of main transmission lines and pumping stations on a fair share basis irrespective of whether such transmission lines and pumping stations have been previously constructed or are proposed to be constructed.

Developer's may be required to advance all of the cost of the main transmission lines and pumping stations in order to provide a physical interconnection of Developer's property with the facilities of Service Company at their then present terminus. Such eventualities are covered by provisions in this Extension Policy under the heading of "Refundable Advances".

4. Alternative Method of Computing Main Extension Charges

As an alternative to the provisions of Items 1 through 3, Section III hereinabove, upon written request from a Developer, Service Company shall prepare a preliminary plan and total cost estimate, excluding the cost of meters, covering all facilities necessary to provide water and sewer service to the Property Owner requesting service. Such cost estimate shall include the cost of Service Company's portion of the service piping, all necessary On-Site facilities, as well as a pro-rata share of the cost of applicable treatment plant capacity necessary to provide service. Service Company shall deduct from this estimate an amount equal to the estimated annual revenues to be derived from the Developer's proposed project multiplied by a factor of two times, and the resulting difference shall be the amount the Developer shall be required to pay to Service Company for the services requested. Said amount, or portions thereof shall be payable in advance of Developer's requirement for service, but in any event not earlier than the date when construction of the necessary facilities

(Continued to Sheet No. 31.12)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.12

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.11)

must be commenced. Any applicant requesting that charges for a main extension be computed using this method shall be required to deposit with Service Company an amount equal to the estimated cost of preparation of such material. In the event an Extension Contract is executed with the Developer within ninety (90) days after Service Company furnishes the cost estimate, the deposit shall become a part of the refundable advance, and shall be refunded in accordance with the terms of the Extension Contract. If such contract is not so executed, the deposit to cover the cost of preparing cost estimates shall be forfeited by the applicant for the main extension.

5. Refundable Advances

Service Company may require a refundable advance by developer to further temporarily defray the cost of any "Off-Site" extension of water and/or sewer mains and pumping stations necessary to connect the Developer's property with the then terminus of Service Company's water and sewer facilities. As set forth elsewhere in this Extension Policy, developer shall always be responsible for his "hydraulic share" of the cost of Off-Site facilities. However, this Extension Policy recognizes instances in which a developer may be required to advance the hydraulic share applicable to other undeveloped property in order that "off Site facilities may be constructed to serve developer's property and at the same time be sized in accordance with Service Company's master plan. All amounts expended by developer, over and above developer's hydraulic share for "Off-Site" facilities shall be refunded to developer in accordance with the terms and conditions of a refunding agreement which Service Company will execute with Developer. The refund agreement shall provide for a plan of refund based upon the connection of other properties, to the extent of their hydraulic share, which properties will be served by the "Off-Site" facilities installed by Developer.

Notwithstanding the provisions of this section, Service Company may limit the life of such refund agreement to a term of not less than seven (7) years, after which time any portion of the refund not made to Developer by the terms and conditions of the refund agreement will have lapsed and thereafter, such refund agreement will be cancelled. In no event shall Developer recover an amount

(Continued to Sheet No. 31.13)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.13

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.12)

greater than the difference between the capitalized cost of such "Off-Site" improvements and developers own hydraulic share of such improvements. Service Company shall not include any interest upon the refund of Developer's advance.

6. Provisions of Extension Contracts

Developer may be required to execute an Extension Contract setting forth such reasonable provisions governing the respective responsibilities of the Developer and Service Company concerning the installation of new water and sewer facilities. Such Extension Contracts may include provisions concerning the manner and method of payment of contributions-in-aid-of-construction, refund agreements, matters of exclusive service rights by Service Company, time commitments for Property Owners to take and use water and sewer services from the facilities to be provided and other matters normally associated and contained within such agreements. Nothing contained in such Extension Contracts shall be in conflict with this Extension Policy nor with the rules and regulations of the Seminole County Utility Control Board. Service Company may require that the Developer, in addition to the other fees and charges provided pursuant to this Extension Policy, bear the cost of the preparation of Extension Contracts by independent counsel or persons qualified to draft and prepare such agreements. Said charges shall not exceed the amount normally contemplated for such services. Extension Contracts shall be in recordable form and shall be recorded in the public records as soon as practicable upon execution.

7. Inspection Fees

Service Company reserves the right to inspect the installation of all water distribution or sewage collection facilities installed by Developer or Developer's contractors, which facilities are proposed to be transferred to Service Company for ownership, operation and control. Such inspection is designed to assure Service Company that water and sewer lines and/or lift stations are installed in accordance with approved designs and are further consistent with the criteria and specifications governing the kind and quality of such installation. Service

(Continued to Sheet No. 31.14)

Patrick J. O'Brien
Vice President, Finance

ORIGINAL SHEET NO. 31.14

**LAKE UTILITY SERVICES, INC.
WATER TARIFF**

(Continued from Sheet No. 31.13)

Company further reserves the right to be present at tests of component parts of water distribution or sewage collection systems for the purpose of determining that the system, as constructed, conforms to Service Company's criteria for exfiltration, infiltration, pressure testing, line and grade. Such test will be performed by Developer or Developer's contractor, but only under the direct supervision of Service Company's engineer or authorized inspector. Service Company reserves the right to charge an Inspection Fee not to exceed 2% of the cost, either actual or estimated, of the subject water and sewer facilities as installed by Developer. The cost for inspection services as set forth herein is and shall continue to be designed to defray the actual cost of conducting such inspections and testing.

8. Inspections of Plumber's Hook-Up

It shall be the responsibility of Developer or its plumbing contractor to connect Developer's plumbing installation with the sewage collection facilities of Service Company. This connection is generally made at Point of Delivery as defined elsewhere in this Extension Policy. Service Company reserves the right to inspect all such connections to be assured that the same are properly made in accordance with the Service Company's rules governing such connections and that the connection, as made, is free from infiltration. Service Company will provide such inspection service for Developer without cost. Developer shall be required to notify Service Company of any proposed inter-connection with the facilities of Service Company and connection may be made without the presence of Service Company's inspector. However, such connection shall remain open until inspected by Service Company and until notice of the approval of such connection is furnished to Developer in accordance with the practices and procedures of Service Company. Any plumber's connection covered over without the benefit of inspection will result in Developer being required to reopen the connection for subsequent inspection.

9. Transfer of Facilities Constructed by Developer

Each Developer who has constructed portions of the water distribution and

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Vice President, Finance

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sewage collection system on Developer's own property prior to the interconnection with Service Company's existing facilities, shall convey such constructed facilities to Service Company by Bill of Sale in form satisfactory to Service Company, together with such evidence as may be required by Service Company that the water and sewer facilities proposed to be transferred to Service Company are free of all liens and encumbrances.

Any facilities in the category of "consumer's lines" or "plumbers lines" located on the discharge side of the water meter or on the consumer's side of the point of delivery of service shall not be transferred to Service Company and shall remain the property of Developer, a subsequent owner-occupant or their successors and assigns. Such "consumer's lines" or "plumbers lines" shall remain the maintenance responsibility of Developer or subsequent consumers.

Service Company shall not be required to accept title to any component part of the water distribution or sewage collection system as constructed by Developer until Service Company's engineer has approved the construction of said lines, accepted the tests to determine that such construction is in accordance with the criteria established by Service Company and thereby has evidenced its acceptance of such lines for Service Company's ownership, operation and maintenance.

Developer shall maintain accurate cost records establishing the construction costs of all utility facilities constructed by Developer and proposed to be transferred to Service Company. Such cost information shall be furnished to Service Company concurrently with the Bill of Sale and such cost information shall be prerequisite for the acceptance by Service Company of the facilities constructed by Developer.

Service Company reserves the right to refuse connection and to deny the commencement of service to any consumer seeking to be connected to portions of the water distribution and sewage collection system installed by Developer until such time as the provisions of this paragraph have been fully met by Developer or Developer's successors or assigns.

Patrick J. O'Brien
Vice President, Finance