

ORIGINAL

ENVIROMENTAL PROTECTION SYSTEMS OF PINE ISLAND

3039 York Rd.
St. James City, Florida 33956

(813) 283-1144

January 27, 2003

Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

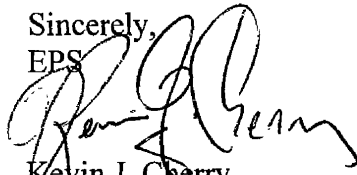
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Gentlemen:

EPS has reached an agreement with Lee County Utilities whereby our treatment facility will be taken off line and we will connect to the new Pine Island Regional Treatment System. Although EPS has just renewed its operating permit, the DEP has advised us that future renewals could be in jeopardy due to our plant's environmentally sensitive location. Furthermore, the advanced age of the facility requires that costly repairs and replacements will have to made to insure that service continues to meet regulatory requirements. After analyzing our options, EPS has concluded that connecting to the county facility is the most prudent and cost effective choice for its customers.

Consequently, we are filing the enclosed application for a staff assisted rate case in order to determine new charges that reflect the changes brought about by the interconnect agreement. More detailed information regarding the projected costs for completing the the interconnect will be forthcoming. Please find a copy of the agreement for your analysis. Note that under section 7 of the agreement, the county has the right to amend its charges, which it did in July of this year (Lee County Resolution No. 02-07-44). As a result, the capacity charges outlined in appendix A are incorrect. The new capacity charge should be \$1,388 instead of \$1,169 as we qualify for the reduced multi-family capacity charge. The financial terms of a 20 year amortization at 4.5% interest remain unchanged. Should you have any questions regarding the terms of the agreement, please contact John Jenkins of Rose, Sundstrom , & Bentley at (850)-877-6555. Marty Friedman, (407)-830-6331, will answer any concerns regarding this application and the rate case.

Sincerely,
EPS



Kevin J. Cherry
President

KJC/kc

enc.

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FPSC-COMMISSION CLERK

FLORIDA PUBLIC SERVICE COMMISSION

APPLICATION FOR A
STAFF ASSISTED RATE CASE

I. General Data

A. Name of utility Environmental Protection Systems of Pine Island

B. Address 3039 York Road

St. James City, Florida 33956-2303

1. Telephone Nos. (239-283-1144)

2. County Lee County Nearest city Cape Coral

3. General area served Cherry Estates and R.V. Park

C. Authority:

1. Water Certificate No. N/A Date received N/A

2. Sewer Certificate No. 54287-01-AR Date received 3/29/69

3. Date utility started operations: Water _____ Sewer 3/29/69

D. How system was acquired Started and built it.

If utility was purchased, give date N/A Amount Paid N/A

1. Name of Seller N/A

2. Was seller affiliated with present owners? N/A

3. Did you purchase: Stock N/A or assets only N/A

E. Type of legal entity: Corporation, Partnership or Sole

Proprietorship Corporation

F. Ownership & Officers:

<u>Name</u>	<u>Title</u>	<u>Percent Ownership</u>
<u>1. Kevin J. Cherry</u>	<u>President</u>	<u>40.86</u>
<u>2. Susan D. Hopper</u>	<u>Secretary</u>	<u>33.16</u>
<u>3. Richard G. Cherry</u>	<u>-</u>	<u>25.98</u>
<u>4. _____</u>	<u>_____</u>	<u>_____</u>

PSC/WAS 2 (Rev. 11/86)

G. List of Associated Companies and Addresses:

1. KRS Resort, INC

2. Cherry Builders, Inc

3. KRS Land Development, Inc

ALL HAVE SAME ADDRESS

H. Cherry Estates
If you have retained an attorney and/or a consultant to represent the utility for this application, furnish the name(s) and address(es):

G. List of Associated Companies and Addresses:

1. _____
2. _____
3. _____

H. If you have retained an attorney and/or a consultant to represent the utility for this application, furnish the name(s) and address(es):

Martin S. Friedman
Rose, Sundstrom and Bentley LLP
650 South North Lake Blvd. Suite 420
Altamonte Springs, FL 32201

II. Accounting Data

A. Outside Accountant

1. Name John J. Ustica
2. Firm John J. Ustica CPA
3. Address 9280-5 College Pkway. Ft. Myers, FL 33919
4. Telephone (239) 489-3933

B. Individual to contact on accounting matters:

1. Name John J. Ustica Susan D. Hopper
2. Telephone (239) 489-3933

C. Location of books and records 3039 York Road St. James City, FL 33956

D. Have you filed an Annual Report with the Commission? yes, filed 3/29/02

Date Last Filed 2001 Annual Report

E. Has your latest semiannual regulatory assessment fee payment been made (January 30 or July 30 whichever is applicable)? we pay annual, 2001 fee was paid

F. Basic Rate Base Data (Most recent two years)

1. Water	20__	N/A	20__
Cost of Plant In Service:	\$ _____		\$ _____
Less Accumulated Depreciation:	_____		_____
Less Contributed Plant:	_____		_____
Net Owner's Investment:	\$ <u>N/A</u>		\$ <u>N/A</u>

2. Wastewater	20_00	20_01
Cost of Plant In Service:	\$ 309442	\$ 309442
Less Accumulated Depreciation:	<u>165080</u>	<u>173203</u>
Less Contributed Plant:	<u>60053</u>	<u>56699</u>
New Owner's Investment:	\$ <u>84309</u>	\$ <u>79540</u>

G. Basic Income Statement (Most recent two years):

1. Water	20__	20__
Revenues (By Class):		
a. _____	\$ N/A	\$ N/A
b. _____	_____	_____
c. _____	_____	_____
Total Operating Revenues:	\$ _____	\$ _____
Less Expenses:		
a. Salaries & Wages - Employees	N/A	N/A
b. Salaries & Wages - Officers, Directors, & Majority Stockholders	_____	_____
c. Employee Pensions & Benefits	_____	_____
d. Purchased Water	_____	_____
e. Purchased Power	_____	_____
f. Fuel for Power Production	_____	_____
g. Chemicals	_____	_____
h. Materials & Supplies	_____	_____
i. Contractual Services	_____	_____
j. Rents	_____	_____
k. Transportation Expenses	_____	_____
l. Insurance Expense	_____	_____
m. Regulatory Commission Expense	_____	_____
n. Bad Debt Expense	_____	_____
o. Miscellaneous Expense	_____	_____
p. Depreciation Expense	_____	_____
q. Property Taxes	_____	_____
r. Other Taxes	_____	_____
s. Income Taxes	_____	_____
Operating Income (Loss)	\$ _____	\$ _____

2.	Wastewater	20_00	2001
	Revenues (By Class):		
	a. Residential	63665	66453
	b.		
	c.		
	Total Operating Revenues:	\$ 63665	\$ 66453
	Less Expenses:		
	a. Salaries & Wages - Employees	\$	\$ 9030
	b. Salaries & Wages - Officers, Directors, & Majority Stockholders		11825
	c. Employee Pensions & Benefits		
	d. Purchased Wastewater Treatment		
	e. Sludge Removal Expense	2465	3470
	f. Purchased Power	6465	7131
	g. Fuel for Power Production		
	h. Chemicals	3931	4142
	i. Materials & Supplies	4679	
	j. Contractual Services	23965	19134
	k. Rents	10000	10000
	l. Transportation Expenses		
	m. Insurance Expense	730	1669
	n. Regulatory Commission Expense	2873	2990
	o. Bad Debt Expense		
	p. Miscellaneous Expense	579	7623
	q. Depreciation Expense	8123	8123
	r. Property Taxes		
	s. Other Taxes	150	150
	t. Income Taxes CIAC	(3354)	(3354)
	Operating Income (Loss)	\$ 3059	\$ 15480

H. Outstanding Debt:

	<u>Creditor</u>	<u>Date Borrowed</u>	<u>Balance Due</u>	<u>Interest Rate</u>	<u>Expiration Date</u>
1.	<u>ALL RELATED PARTIES AT THIS TIME</u>				
2.					
3.					
4.					

I. Indicate Type of Tax Return Filed:

- Form 1120 - Corporation
- ± Form 1120S - Subchapter S Corporation
- Form 1065 - Partnership
- Form 1040 - Schedule C - Individual (Proprietorship)

III. Engineering Data

A. Outside Engineering Consultant:

1. Name Jim Elliott
2. Firm Source, Inc.
3. Address 1334 Lafayette St. Cape Coral, FL 33904
4. Telephone (239) 549-2345

B. Individual to contact on engineering matters:

1. Name Kevin Cherry
2. Telephone (239) 283-1144

C. Is the utility under citation by the Department of Environmental Protection (DEP) or county health department? If yes, explain.

no

D. List any known service deficiencies and steps taken to remedy problems.

none

E. Name of plant operator (s) and DEP operator certificate number (s) held.

ww waste water B-4102

F. Is the utility serving customers outside of its certificated area? no

If yes, explain N/A

G. Wastewater:

1. Gallons per day capacity of treatment facilities existing 95,000
under construction N/A proposed N/A

2. Type and make of present treatment facilities Contact Stabilization
Defiance

3. Approximate average daily flow of treatment plant effluent 37063

4. Approximate length of wastewater mains:

Size (diameter) 10 inches - 8 in.
Linear feet 1640 13904

5. Number of manholes 31

6. Number of liftstations 2

7. How do you measure treatment plant effluent? elapsed time meter

8. Is the treatment plant effluent chlorinated? yes If yes, what is the normal dosage rate? 12.5 % chlorine- 6.73 gals. per day
9. Tap in fees - Wastewater \$ _____
10. Service availability fees - Wastewater \$ _____
11. Note DEP Treatment Plant Certificate Number and date of expiration: Number FLA 014677
Expiration Date _____
12. Total gallons treated during most recent twelve months 13,528,000
13. Wastewater treatment purchased during most recent twelve months 0

H. Water

1. Gallons per day capacity of treatment facilities existing _____ under construction _____ proposed _____
2. Type of treatment _____
3. Approximate average daily flow of treated water _____
4. Source of water supply _____
5. Types of chemicals used and their normal dosage rates _____
6. Number of wells in service _____ Total capacity in gallons per minute (gpm) _____

Diameter/Depth	____/____	____/____	____/____
Motor horsepower	_____	_____	_____
Pump capacity (gpm)	_____	_____	_____
7. Reservoirs and/or hydropneumatic tanks:

Description	_____	_____	_____
Capacity	_____	_____	_____
8. High service pumping:

Motor horsepower	_____	_____	_____
Pump capacity (gpm)	_____	_____	_____
9. How do you measure treatment plant production? _____
10. Approximate feet of water mains:

Size (diameter)	_____	_____	_____
Linear feet	_____	_____	_____
11. Note any fire flow requirements and imposing government agency

12. Number of fire hydrants in service _____

- 13. Do you have a meter change out program? _____
- 14. Meter installation or tap in fees - Water \$ _____
- 15. Service availability fees - Water \$ _____
- 16. Has the existing treatment facility been approved by DEP? _____
- 17. Total gallons pumped during most recent twelve months _____
- 18. Total gallons sold during most recent twelve months _____
- 19. Gallons unaccounted for during most recent twelve months _____
- 20. Gallons purchased during most recent twelve months _____

IV. Rate Data

A. Individual to contact on tariff matters:

- 1. Name Martin S. Friedman
- 2. Telephone Number (407) 830-6331

B. Schedule of present rates (Attach additional sheets if more space is needed):

1. Water:

- a. Residential Water N/A
- b. General Service _____
- c. Special Contract _____
- d. Other _____

2. Wastewater:

- a. Residential Wastewater Flat rate 12.79 per month billed semi
- b. General Service _____
- c. Special Contract _____
- d. Other _____

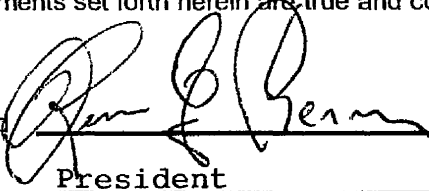
C. Number of Customers (Most recent two years):

- | | | |
|---------------------|------------|-------|
| 1. Water Metered | 20__ | 20__ |
| a. Residential | <u>N/A</u> | _____ |
| b. General Service | _____ | _____ |
| c. Special Contract | _____ | _____ |
| d. Other - Specify | _____ | _____ |
| 2. Water Unmetered | 20__ | 20__ |
| a. Residential | <u>N/A</u> | _____ |
| b. General Service | _____ | _____ |
| c. Special Contract | _____ | _____ |
| d. Other - Specify | _____ | _____ |

3. Wastewater	20 <u>00</u>	20 <u>01</u>
a. Residential	<u>431</u>	<u>441</u>
b. General Service	_____	_____
c. Special Contract	_____	_____
d. Other - Specify	_____	_____

V. Affirmation

I, Kevin J. Cherry the undersigned owner, officer, or partner of the above named public utility, doing business in the State of Florida and subject to the control and jurisdiction of the Florida Public Service Commission, certify that the statements set forth herein are true and correct to the best of my information, knowledge and belief.

Signed  _____
 Title President

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.

**WASTEWATER TREATMENT SERVICE AGREEMENT
BETWEEN LEE COUNTY AND
ENVIRONMENTAL PROTECTION SYSTEMS OF PINE ISLAND, INC.**

THIS AGREEMENT is made and entered into this ___ day of _____, 2002, by and between **LEE COUNTY**, a political subdivision and charter county of the State of Florida, by and through the Lee County Board of County Commissioners ("COUNTY"), and **ENVIRONMENTAL PROTECTION SYSTEMS OF PINE ISLAND, INC.**, a Florida corporation ("EPS").

WITNESSETH:

WHEREAS, LEE COUNTY has constructed a central wastewater treatment and disposal system serving residential and commercial customers on Pine Island and Matlacha, Florida (the "Regional System") and wishes to sell wastewater service to EPS; and,

WHEREAS, EPS owns and operates a certain wastewater collection, treatment and disposal system providing service exclusively to Cherry Estates manufactured home subdivision and RV Park, an area commonly known as "Cherry Estates", located on Pine Island, Florida pursuant to PSC Certificate No. ____ ("Service Area"); and,

WHEREAS, EPS has determined that its wastewater treatment and disposal facilities are nearing the end of their useful life and will require costly future upgrades and improvements in order to comply with increasingly stringent requirements of both State and Federal regulatory agencies, so as to continue to provide adequate service to its existing and future customers; and,

WHEREAS, EPS has undertaken a detailed investigation into treatment and disposal alternatives and determined that the most prudent and cost-effective method of continuing to provide quality wastewater service at the lowest cost to its customers is to obtain wastewater treatment and disposal services from Lee County Utilities; and,

WHEREAS, as a condition of service, the COUNTY is requiring EPS pay for its connection to the Regional System, the cost of which is less than the cost to rehabilitate and expand the EPS treatment and disposal facilities; and,

WHEREAS, EPS and the COUNTY now desire to enter into this Wastewater Treatment Service Agreement to set forth the terms and conditions for the purchase and sale of wastewater treatment and disposal service between the Parties.

NOW THEREFORE, in consideration of the above, and the mutual covenants, conditions and obligations herein contained, the Parties agree as follows:

1. The foregoing recitations are hereby declared to be true and correct, and are incorporated herein as if set out further at length.

2. The COUNTY shall provide to EPS, and EPS shall accept, pursuant to the terms and conditions set forth herein, wastewater treatment and disposal service in accordance with and conforming to all of the standards as set forth by the Florida Department of Environmental Protection, the Department of Health, and/or County Health Department and any other governmental body or successor agency having regulatory jurisdiction over such matters, and as may be modified by those agencies from time to time.

3. The COUNTY shall operate the Regional System at its sole expense and in accordance with all regulatory requirements, which shall include, at a minimum: (A) a wastewater treatment plant meeting advanced secondary treatment standards with a high level disinfection capable of producing public access irrigation quality effluent with required effluent disposal and wet weather/nonapplication day storage requirements permitted for 247,000 gallons per day ("gpd") capacity in its initial phase (the "Current Plant"); and, (B) transmission main of sufficient service diameter from the Regional System treatment plant site at Masters Landing, south along Stringfellow Road and west on York Road to a point ("Point of Delivery") immediately in front of the existing EPS Wastewater Treatment Plant ("County main").

4. EPS will construct, own and operate a pump station at its facility in order to convey its influent into the COUNTY'S system at the Point of Delivery. The COUNTY shall be responsible for all maintenance and repairs for all facilities on the COUNTY side of the Point of Delivery. EPS shall be responsible for all facilities on its side of the Point of Delivery. Neither party shall assume nor be obligated to assume any financial responsibility for the operation and maintenance of the sewer facilities on the other party's side of the Point of Delivery.

5. The COUNTY hereby commits to provide service from the Current Plant to the remainder of the EPS service area. EPS has estimated the number of future connections within its service area in Exhibit "A," attached hereto and incorporated herein by reference. However, until such time as the COUNTY expands or rerates the Current Plant, the units identified in Exhibit "A" may continue to be added to the EPS system only until the EPS flows sent to the Current Plant reach 95,000 gpd on an average daily flow during the peak month basis. All units connected to the EPS system at the time all Approvals are obtained such units shall qualify for amortization of the connection charge due the County as set forth in Exhibit "A." As to the remaining units for which EPS wishes to reserve capacity, the Company shall pay one half of the capacity charges for such units as set forth in Exhibit "A." The balance of the capacity charge for each unit shall be paid at the time of

connection. EPS agrees, to the extent it has not already done so in this Agreement, to discontinue the use of, and permanently decommission its wastewater treatment plant within 120 days of the later to occur of: (i) notice from the County that capacity is available in the Regional System to connect all existing and future customers within the EPS Service Area to the Regional System, or; (ii) the receipt of all Approvals, as outlined in section 10, herein. County shall provide such capacity subject to compliance with all County resolutions then in effect regarding rates and charges for utility service and in a manner consistent with connection charge payments as set forth in Exhibit "A."

6. For a period of five (5) years from receipt of Approvals, as herein defined (see section 10), the COUNTY grants EPS a right of first refusal to capacity in the Regional System at such time as the Current Plant is expanded or rerated. The right of first refusal shall provide capacity for units identified in Exhibit "A" which cannot be served out of the 95,000 gpd reserved to EPS hereunder. The Parties acknowledge and agree that the units estimated in Exhibit "A" may be adjusted as the actual number of units permitted and constructed is determined, and EPS shall be entitled to either a refund or a credit for such prepaid capacity, following proper written notice by EPS to the COUNTY.

7. The COUNTY shall charge EPS, and EPS shall pay for wastewater service in accordance with standard COUNTY rates for wholesale service customers per Lee County Resolution No. 02-07-44, as it may be amended or restructured from time to time (attached as Exhibit "B"), based on the total flow from the customers actually connected to, and receiving service from, EPS during the month for which the COUNTY is billing EPS, pursuant to the provisions in section 8 hereof.

8. The COUNTY treatment and disposal charges to EPS may be amended from time to time by the COUNTY, provided that they shall always be identical to those rates charged to other COUNTY customers within the same class of service including, but not limited to, wholesale service regulated utilities. The COUNTY shall provide EPS with not less than a one hundred eighty (180) day written notice of any rate or charge increase in order to provide EPS with an opportunity to obtain regulatory approval to adjust its rates accordingly. The COUNTY shall bill for such service monthly, and EPS shall be responsible for billing its retail customers. EPS shall annually provide to the COUNTY, the number of customer accounts it serves each month, with a complete list of its customer accounts, to include consumption for each customer. Wastewater usage shall be based on the water usage from Greater Pine Island Water Association meter readings for water service. To the extent customers within Cherry Estates utilize irrigation meters or other devices to measure water not sent to the COUNTY wastewater system, such information shall be utilized to offset the bill from the COUNTY to EPS. All reductions to individual accounts will be the sole responsibility of EPS. The COUNTY shall have the right to inspect and calibrate any such customer installed meters as necessary, in order for EPS to qualify for any offset.

9. The COUNTY represents to EPS that it has the ability to provide EPS with safe, efficient, and sufficient sanitary wastewater treatment and disposal capacity in accordance with the current operating permit. In the event of a planned interruption of service by the COUNTY for periodic maintenance or other reasons, the COUNTY shall provide EPS reasonable advance notice to allow for a coordination of efforts to insure that such interruption will have a minimum adverse effect on EPS customers. In the event of an unscheduled interruption of service for any reason, the COUNTY agrees to use its best efforts to resume service as quickly and efficiently as possible. In the event such unscheduled interruption is expected to continue for a prolonged period of time, notwithstanding anything else herein to the contrary, EPS shall have the right, but not the obligation, to take such steps as it deems necessary, and in the best interests of its customers, to provide or secure alternative wastewater service.

10. The obligations of the Parties are conditioned upon the following: (i) approval of this Agreement by the Lee County Board of County Commissioners and the Florida Public Service Commission ("PSC"), to include PSC approval of EPS rates at a level that allows payment to the COUNTY of its rates and charges hereunder; (ii) the receipt of all necessary permitting approvals from the Florida Department of Environmental Protection and other applicable regulatory agencies, which each Party shall use all reasonable efforts to secure in a timely manner (the "Approvals" herein). If any legal action is taken against EPS or any affiliated company or individual with regard to this Agreement or the provision of service by the COUNTY including, but not limited to the payment of connection fees hereunder, then, unless EPS or its affiliates prevail in any such litigation, EPS may, at its option, terminate this Agreement with no less than 180 days notice to the County. EPS shall diligently file for PSC approvals following execution of this Agreement.

11. Upon completion of the COUNTY Main, the COUNTY shall provide written notice to EPS that service is available, and EPS shall begin to send wastewater to the Regional System within one hundred twenty (120) days following the later to occur of (i) receipt of such notice, or (ii) receipt of all Approvals, (see section 10 above). In any event, this Agreement shall not take effective prior to October 1, 2002.

12. Subject to the provisions of Section 8 hereof, this Service Agreement shall remain in full force and effect for a period of fifty (50) years from the date first written above unless it is otherwise terminated as provided for herein. The Agreement will be renewed for a second fifty (50) year term unless a written "Notice of Intent Not To Renew" is given by EPS to the COUNTY not less than twenty-four (24) months prior to the initial expiration date. If the "Notice of Intent Not To Renew" is not given by EPS to the COUNTY within the time-frame as set out above, this Agreement shall be automatically renewed for the second fifty (50) year term without any further approvals required

13. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the COUNTY and EPS. This Agreement may only be amended by a mutual agreement of the Parties hereto, which amendment shall be reduced to writing and

executed with the same formalities as the execution of this Agreement.

14. Acts of God such as storms, hurricanes, earthquakes, strikes, lockouts or other industrial disturbances, acts of public enemy, war, riots, delays by carriers, inability to obtain materials or rights-of-way, acts of public authority, regulatory agencies, courts, or the like not within the control of the Parties, and which by the exercise of due diligence a Party is unable to overcome, and which prevents the performance of all or any specific part of this Agreement, shall excuse performance of said part of this Agreement until such Force Majeure is abated or overcome. If an emergency is declared by the COUNTY as the result of a hurricane, tropical storm or other natural disaster that results in interruption in wastewater service such that the EPS customers are unable to receive wastewater service from the COUNTY in the manner received prior to the natural disaster, the Parties agree that the obligation of EPS to pay the amortized connection fee payments and monthly service payments shall be tolled until such emergency is rescinded and wastewater service is restored to EPS customers.

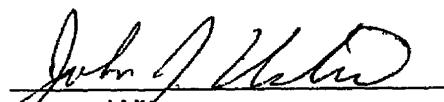
15. In the event some act or omission on the part of the COUNTY or EPS, in the operation of their respective wastewater systems results in a claim against the other Party for any claim of any nature whatsoever, including without limitation, personal injury, property damage, or violation of any Department of Environmental Protection or other regulatory requirement through no fault of the Party against which the claim or violation is made, the Party responsible for such act or omission shall indemnify and hold harmless the other party for any claims, damages, attorneys fees and costs (including, but not limited to, regulatory penalties or fines) which result from such act or omission.

16. This Agreement shall be construed and enforced in accordance with the laws and administrative rules of the State of Florida.

IN WITNESS WHEREOF, the Parties have executed this Agreement by their proper officials, duly authorized to do so the date first written.

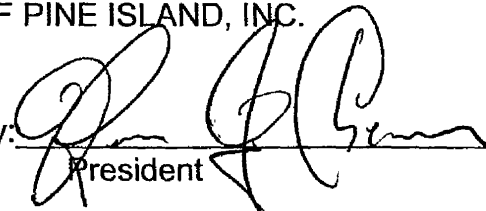


Witness



Witness

ENVIRONMENTAL PROTECTION SYSTEM
OF PINE ISLAND, INC.

By: 

President

ATTEST: CHARLIE GREEN
CLERK OF COURTS

BOARD OF COUNTY COMMISSIONERS
OF LEE COUNTY, FLORIDA

By: _____
Deputy Clerk

By: _____
Chairman

APPROVED AS TO FORM:

By: _____
Office of the County Attorney

Exhibit "A"

Capacity Reservation and Payment Schedule

1. For all home sites occupied at the time the COUNTY begins service to EPS, EPS shall pay capacity charges of \$1,169, per lot, amortized over 20 years at 4.5% per annum.

2. For the 65 developed RV lots, EPS shall pay capacity charges of \$585, per lot, amortized over 20 years at 4.5% per annum.

3. For the following estimated number of multifamily units, EPS shall pay the capacity charge of \$1,169 per lot as set forth below, which represents half of the charges due for these lots, with the balance due at the time of connection to the EPS system:

A. 47 vacant, developed home sites owned by individuals	\$27,471.50
B. 7 vacant developed lots owned Cherry Estates	\$ 4,091.50
C. 45 undeveloped lots on Island VIII	\$26,302.50
D. 61 undeveloped lots on Island IX	<u>\$35,654.50</u>
Total	\$93,520.00

4. For the 66 undeveloped RV lots, EPS shall pay the capacity charges of \$19,305, based on \$585 per lot, which represents half of the charges due for these lots, with the balance due at the time of connection to the EPS system.