

State of Florida



ORIGINAL

Public Service Commission

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

RECEIVED-FPSC

03 DEC 29 PM 3: 1

COMMISSION
CLERK

DATE: December 29, 2003
TO: Division of the Commission Clerk and Administrative Services
FROM: Division of Economic Regulation (Fletcher) *SBS*
RE: Docket No. 020408-SU - Application for Rate Increase in Seminole County by Alafaya Utilities, Inc.

Please file the attached facsimile from Martin S. Friedman, dated December 29, 2003, in the docket file for the above-referenced docket.

- AUS _____
- CAF _____
- CMP _____
- COM _____
- CTR _____
- ECR _____
- GCL _____
- OPC _____
- MMS _____
- SEC /
- OTH _____

DOCUMENT NUMBER-DATE

13507 DEC 29 8

FPSC-COMMISSION CLERK

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

FREDERICK L. ANSCHAUER, JR.
CHRIS H. BENTLEY, P.A.
ROBERT C. BRANNAN
DAVID F. CHESTER
F. MARSHALL DETTERDING
JOHN R. JENKINS, P.A.
STEVEN T. MINDLIN, P.A.
DAREN L. SHIPPY
WILLIAM E. SUNDSTROM, P.A.
DIANE D. TRIMOR, P.A.
JOHN L. WILKINSON
ROBERT M. C. RINE, OF COUNSEL
WAYNE L. SCHEFFELBEIN, OF COUNSEL

(850) 877-6555
FAX (850) 656-4029
www.rsballoorneys.com

CENTRAL FLORIDA OFFICE
600 S. NORTH LAKE BLVD., SUITE 160
ALTAMONTE SPRINGS, FLORIDA 32701
(407) 830-6331
FAX (407) 830-8522

REPLY TO ALTAMONTE SPRINGS

MARTIN S. FRIEDMAN, P.A.
VALERIE L. LORD, OF COUNSEL
(LICENSED IN TEXAS ONLY)

FACSIMILE COVER SHEET

TO: Bart Fletcher
Florida Public Service Commission

FROM: Martin S. Friedman, Esquire

DATE: December 29, 2003

FAX: (850) 413-7018

PHONE: (850) 413-7017

PAGES: 20

MATTER: 30057.46

COMMENTS:

Please notify us immediately if not received properly:
(407) 830-6331

The information contained in this transmission is attorney privileged and confidential. It is intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone collect and return the original message to us at the above address via the U. S. Postal Service. We will reimburse you for postage. Thank you.

LAW OFFICES
ROSE, SUNDSTROM & BENTLEY, LLP
 2548 BLAIRSTONE PINES DRIVE
 TALLAHASSEE, FLORIDA 32301

FREDERICK L. ASCHAUER, JR.
 CHRIS H. BENTLEY, P.A.
 ROBERT C. BRANNAN
 DAVID F. CHESTER
 F. MARSHALL DEFERDING
 JOHN R. JENKINS, P.A.
 STEVEN T. MINDLIN, P.A.
 DAREN L. SHIPPY
 WILLIAM E. SUNDSTROM, P.A.
 DIANE D. TREMPER, P.A.
 JOHN L. WHARTON
 ROBERT M. C. ROSE, *Of Counsel*
 WAYNE L. SCHEFFELBBIN, *Of Counsel*

(850) 877-6555
 FAX (850) 656-4029
 www.rsbattorneys.com

REPLY TO ALTAMONTE SPRINGS

CENTRAL FLORIDA OFFICE
 600 S. NORTH LAKE BLVD., SUITE 160
 ALTAMONTE SPRINGS, FLORIDA 32701
 (407) 830-6331
 FAX (407) 830-6522

MARTIN S. FRIEDMAN, P.A.
 VALERIE L. LORD, *Of Counsel*
 (LICENSED IN TEXAS ONLY)

December 29, 2003

VIA FACSIMILE

Mr. Bart Fletcher
 Division of Economic Regulation
 Florida Public Service Commission
 2540 Shumard Oak Boulevard
 Tallahassee, FL 32399

Re: Docket No. 020408-SU; Application of Alafaya Utilities, Inc., for Rate Increase
 in Seminole County, Florida
Our File No.: 30057.46

Dear Bart:

As I have previously advised you, Alafaya Utilities, Inc., has two major projects which are scheduled to be completed in 2004. In that regard, I have enclosed the following Contracts:

- ◆ Contract with USFilter for rehabilitation of the Alafaya West Plant at a cost of \$173,474. That project is scheduled to begin the first week of February, 2004.
- ◆ The Contract with CPH Engineers for the design of the digester replacement at a contract amount of \$36,500. These services have already commenced.
- ◆ Construction Contract with Florida Environmental Construction for replacement of the digesters at a cost of \$668,000. Construction is scheduled to commence immediately upon completion of the engineering.

Mr. Bart Fletcher
December 29, 2003
Page 2

Should you have any questions regarding the enclosed Contracts, please do not hesitate to contact David Orr at Alafaya Utilities, Inc., directly at 407/869-8588 ext. 227 or me.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/mp
Enclosures

cc: Mr. Steven M. Lubertozzi (w/enclosures)
Mr. David L. Orr (w/enclosures)



From the office of: Earl Griner

DAVIS PRODUCTS	TELEPHONE	229-227-8779
1828 METCALF AVE	FACSIMILE	229-228-0312
THOMASVILLE, GA 31792		

RECEIVED

MAY 29 2003

UTILITIES, INC.

5/28/03

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

Attn.: Gary Musselwhite
Ref.: Alafaya Rehab West Plant

Dear Gary,

Please find the attached revised proposal for the scope of work that is outlined for Utilities, Inc. of Florida, rehab proposal number 030040-A1.

If you should have any questions please feel free to give me a call at 1-800-841-1550.

Sincerely,
USFilter
Davis Products

Earl Griner

Earl Griner
Rehab/Retrofit Sales Representative

1.2
28.66
1.2 ~~AAA~~ daily flow
30.92 in January
4425



A COMPLETE LINE OF SEWAGE HANDLING AND TREATMENT EQUIPMENT

DAVIS PRODUCTS, a division of
UNITED STATES FILTER CORPORATION
P.O. BOX 1419 - 1828 METCALF AVE.
THOMASVILLE, GEORGIA 31792
PHONE: (229-226-5733)

EQUIPMENT PROPOSAL AND PURCHASE ORDER

TO:	Utilities Inc. of Florida 200 Weathersfield Avenue Altamonte Springs, Florida 32714	DATE:	05/28/2003
		PROPOSAL NUMBER:	030040-A1
Attn:	Gary Musschwhite	PROJECT NAME:	Alafaya Rehab West Plant
		ENGINEER:	USFilter

Davis Products, an organizational unit of United States Filter Corporation, a Delaware Corporation, (hereinafter called "Davis Products") is pleased to propose that you make an offer to buy by completing, signing, and sending to us the attached purchase order. Upon our written acceptance of the purchase order it will constitute a contract between us.

Submitted by: *Earl Griner*
USFilter Davis Products Representative

DATE: 05/28/2003
PROPOSAL NO: 030040-A1
PROJECT NAME: Alafaya Rehab West Plant
PAGE: 1 OF 2

USFilter Davis Products proposes to furnish labor, supervision, expandable materials, equipment and new materials to perform the scope of work listed below:

- I. Scope of Work on the existing East Plant at Alafaya WWTP. Plant has a 101' outerwall and a 51'6" clarifier inner wall.
 - A. Furnish and install new clarifier effluent weir trough assemblies. *ALUMINUM*
 - B. Replace six (6) existing walkway brackets that are rusted out.
 - C. Furnish and install cover plate over drive shaft assembly.
 - D. Furnish and install new skimmer arm assembly.
 - E. Furnish and install new sludge return pipe.
 - F. Furnish and install new sludge return box assembly.
 - G. Furnish and install toe plates on existing bridge assembly. *ALUMINUM*
 - H. Furnish and install new influent box assembly. *ALUMINUM*
 - I. Replace first six sections of existing influent trough and repair other sections as required.
 - J. Replace section of air header where it makes an Y near bridge. Operations does not want to Y into both ends of air header, they want it tied into one end of the air header like the East plant. They say they can control the air better this way.
 - K. Furnish and install new steps from bridge to peripheral walkway *ALUMINUM*
 - L. Replace 10' section of 15" trim channel on existing bulkhead
 - M. Replace plate on the west end of bridge assembly.
 - N. Replace 10' section of trim channel under bridge assembly on each end
 - O. Replace top 12" of the first baffle in CL2 zone.
 - P. Replace drive control box.
 - Q. Remove the existing steps from bridge down to effluent weir box.
 - R. Patch clarifier wall as required where the diffusers have worn holes in it.

DATE:05/28/2003
PROPOSAL NO: 030040-A1
PROJECT NAME: Alafaya Rehab West Plant
PAGE: 2 OF 2

- S. Furnish and install new walkway between East and West Plant. The existing air header will be modified for the installation of the new walkway. ^{ALUMINUM}
- T. Furnish and install new ^{ALUMINUM} handrails around the outside of the existing peripheral walkway.
- U. Furnish and install new light and light post assemblies.
- V. Furnish and install 2 new walkway supports on existing bridge assembly. ^{ALUMINUM}
- W. Brush blast the top 3' of the interior of the tank with the rusted areas being blasted to a near white and then coat with 6-8 mils of coal tar epoxy.

II. Price

- A. Price to perform the scope of work listed above = \$ 173,474.00
- B. Diffuser assemblies will be replaced as needed for the following prices
 - 3" galvanized diffuser drop pipe assembly = \$ 675.00 each
 - 304 stainless steel D2 diffuser. = \$ 90.00 each
 - 3" Ball Valve = \$ 120.00 each

Taxes are not included.

III. Terms and Conditions

- A. The attached terms and conditions are a part of this proposal.
- B. Customer to have tank drained and cleaned out when USFilter crew arrives on site.
- C. After tank is drained and inspected, any other items that may need to be done will be charged out on a Time and Materials basis.
- D. Estimated time for completion is 4-5 weeks. If required some of the work can be done while the tank is in operation.

US Filter

EQUIPMENT PURCHASE ORDER

DATE: DECEMBER 1, 2003
PURCHASE ORDER NO.: DL5-641-116-03-08

TO: **DAVIS PRODUCTS**, a division of
UNITED STATES FILTER CORPORATION
P.O. BOX 1419
THOMASVILLE, GA. 31792
(hereinafter called "Davis")

Please furnish the equipment hereinafter described, at the price(s) stated in the attached detail sheets and subject to the terms and conditions hereinafter stated.

This order is an offer to buy and upon written acceptance by Davis, and upon (a) written approval of, or upon (b) written waiver of approval of submittal data, shall constitute a contract between us.

This purchase order covers the equipment described in the attached detail sheets PROPOSAL 030040-AL.

I/We hereby agree and understand that the equipment hereinafter described, if the same is the subject of more than one detail sheet, shall be separately invoiced according to each price shown thereon.

This is supplementary to and not in lieu of the terms and conditions herein above and hereinafter stated.

TOTAL PRICE: \$ 173,474 + APPROVED ADDITIONS
I certify that State of FLORIDA
Sales Tax at the rate of _____ per cents
applicable to this purchase.
I Certify that No Sales Tax is applicable.
Tax Exemption certificate is attached.

F.O.B. Factory, freight allowed to job site.

Delivery Requested: SCHEDULED FOR WEEK OF FEBRUARY 2, 2004

TERMS: 10% due with order, 90% due and payable 30 days from date of each invoice. In event any amount becomes past due, buyer agrees to pay seller a service fee of 1 1/2% of the unpaid balance each month until paid, or the highest legal rate allowed by law whichever is lower, plus all costs of collection including reasonable attorney's fees not to exceed 15% of the account to arrears. Failure to pay in accordance with terms voids all warranties and no service or start-up will be authorized until account is paid in full including service fee and collection costs.

Purchaser: ALABAMA UTILITIES, INC.
200 WILKINSON AVENUE
MT ALMONTE SPRINGS, FL 32114

By: DAVID L. OCK, PE
(Herein called the "Purchaser")

Accepted this 1st day of DECEMBER 15 2003

Seller: Davis Products, a division of
United States Filter Corporation

By: _____



CUSTOM CARE WARRANTY

SERIAL NUMBER _____

USFilter's Davis Products ("USF") warrants that all components of the equipment manufactured by USF are free from defects in material and workmanship. If the equipment is erected by USF at the jobsite, USF warrants that such erection is free from defects in material and workmanship. These warranties shall be valid for a period of one year from date of acceptance of the equipment, or eighteen months from date of shipment of the equipment, or from date erection work is substantially complete, or if stored by USF, for a period not to exceed eighteen months after invoice date, whichever occurs first. These warranties shall be valid only if the equipment is properly serviced and operated under normal conditions and in accordance with the written instructions of USF. IT IS EXPRESSLY AGREED THAT THE FOLLOWING IS BUYER'S EXCLUSIVE REMEDY FOR BREACH OF THESE WARRANTIES: THE SOLE OBLIGATION OF USF, UNDER THESE WARRANTIES IS LIMITED TO THE REPAIR OR AT ITS OPTION, REPLACEMENT OF ANY COMPONENT PART MANUFACTURED BY USF WHICH PROVES, UPON EXAMINATION BY A REPRESENTATIVE OF USF, TO HAVE BEEN DEFECTIVE ORIGINALLY. DEFECTIVE PARTS MUST BE RETURNED BY THE PURCHASER OR OWNER TO USF. IN THE EVENT OF A BREACH OF ERECTION WARRANTY, THE SOLE OBLIGATION OF USF IS LIMITED TO THE REPAIR OF SUCH DEFECTIVE MATERIAL OR WORKMANSHIP.

As a part of providing such remedy, USF will provide labor as required to replace, repair or modify at USF's option, the following major components: Basic steel structures, primary pumps and major piping and valve assemblies. Except for labor provided under the preceding sentence, the cost of all labor and any other expenses resulting in replacement of defective parts and from installation of parts furnished under this warranty shall not be covered by the warranty.

USF IS not responsible for any incidental consequential, or other damages whatsoever. In no event will USF'S LIABILITY to purchaser exceed the price of the defective equipment or the contract price of the erection work. It is agreed and understood that the price stated for the equipment herein described is a consideration in limiting USF's liability. It is specifically agreed that the exclusion of damages is not linked to the validity of the limitation of remedies herein and that they are separate and distinct. The foregoing warranties shall be in lieu of all other warranties whatsoever, express, implied or statutory, including without limitation, the implied warranties of merchantability and fitness for a particular purpose.

These warranties are conditional, and do not apply in any of the following instances:

- 1) To items that must be replaced because of normal wear, such as (without limitation) pump seals, packing, belts, light bulbs and grease; or
- 2) To items that have been subject to misuse, neglect or lack of maintenance; or
- 3) To products that have been repaired or altered outside of USF's factory without written notice to, or written authorization from USF; or
- 4) To products which are not started up by USF representatives within sixty (60) days after delivery to the job site, unless special instructions are requested from USF in writing before the above sixty (60) days have expired; or
- 5) To items that have been damaged or adversely affected by neglect or lack of care and protection of the equipment by the purchaser prior to start-up; or
- 6) To items that have been damaged, or are missing, after delivery to the job site.

STANDARD TERMS OF SALE

1. Applicable Terms. These terms govern the purchase and sale of the equipment and related services, if any (collectively, "Equipment"), referred to in Seller's purchase order, quotation, proposal or acknowledgment, as the case may be ("Seller's Documentation"). Whether these terms are included in an offer or an acceptance by Seller, such offer or acceptance is conditioned on Buyer's assent to these terms. Seller rejects all additional or different terms in any of Buyer's forms or documents.

2. Payment. Buyer shall pay Seller the full purchase price as set forth in Seller's Documentation. Unless Seller's Documentation provides otherwise, freight, storage, insurance and all taxes, duties or other governmental charges relating to the Equipment shall be paid by Buyer. If Seller is required to pay any such charges, Buyer shall immediately reimburse Seller. All payments are due within 30 days after receipt of invoice. Buyer shall be charged the lower of 1 1/2% interest per month or the maximum legal rate on all amounts not received by the due date and shall pay all of Seller's reasonable costs (including attorneys' fees) of collecting amounts due but unpaid. All orders are subject to credit approval.

3. Delivery. Delivery of the Equipment shall be in material compliance with the schedule in Seller's Documentation. Unless Seller's Documentation provides otherwise, Delivery terms are F.O.B. Seller's facility.

4. Ownership of Materials. All devices, designs (including drawings, plans and specifications), estimates, prices, notes, electronic data and other documents or information prepared or disclosed by Seller, and all related intellectual property rights, shall remain Seller's property. Seller grants Buyer a non-exclusive, non-transferable license to use any such material solely for Buyer's use of the Equipment. Buyer shall not disclose any such material to third parties without Seller's prior written consent.

5. Changes. Seller shall not implement any changes in the scope of work described in Seller's Documentation unless Buyer and Seller agree in writing to the details of the change and any resulting price, schedule or other contractual modifications. This includes any changes necessitated by a change in applicable law occurring after the effective date of any contract including these terms.

6. Warranty. Subject to the following sentence, Seller warrants to Buyer that the Equipment shall materially conform to the description in Seller's Documentation and shall be free from defects in material and workmanship. The foregoing warranty shall not apply to any Equipment that is specified or otherwise demanded by Buyer and is not manufactured or selected by Seller, as to which (i) Seller hereby assigns to Buyer, to the extent assignable, any warranties made to Seller and (ii) Seller shall have no other liability to Buyer under warranty, tort or any other legal theory. If Buyer gives Seller prompt written notice of breach of this warranty within 18 months from delivery or 1 year from acceptance, whichever occurs first (the "Warranty Period"), Seller shall, at its sole option and as Buyer's sole remedy, repair or replace the subject parts or refund the purchase price therefor. If Seller determines that any claimed breach is not, in fact, covered by this warranty, Buyer shall pay Seller its then customary charges for any repair or replacement made by Seller. Seller's warranty is conditioned on Buyer's (a) operating and maintaining the Equipment in accordance with Seller's instructions, (b) not making any unauthorized repairs or alterations, and (c) not being in default of any payment obligation to Seller. Seller's warranty does not cover damage caused by chemical action or abrasive material, misuse or improper installation (unless installed by Seller). **THE WARRANTIES SET FORTH IN THIS SECTION ARE SELLER'S SOLE AND EXCLUSIVE WARRANTIES AND ARE SUBJECT TO SECTION 10 BELOW. SELLER MAKES NO OTHER WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE.**

7. Indemnity. Seller shall indemnify, defend and hold Buyer harmless from any claim, cause of action or liability incurred by Buyer as a result of third party claims for personal injury, death or damage to tangible property, to the extent caused by Seller's negligence. Seller shall have the sole authority to direct the defense of and settle any indemnified claim. Seller's indemnification is conditioned on Buyer (a) promptly, within the Warranty Period, notifying Seller of any claim, and (b) providing reasonable cooperation in the defense of any claim.

8. Force Majeure. Neither Seller nor Buyer shall have any liability for any breach (except for breach of payment obligations) caused by extreme weather or other act of God, strike or other labor shortage or disturbance, fire, accident, war or civil disturbance, delay of carriers, failure of normal sources of supply, act of government or any other cause beyond such party's reasonable control.

9. Cancellation. If Buyer cancels or suspends its order for any reason other than Seller's breach, Buyer shall promptly pay Seller for work performed prior to cancellation or suspension and any other direct costs incurred by Seller as a result of such cancellation or suspension.

10. LIMITATION OF LIABILITY. NOTWITHSTANDING ANYTHING ELSE TO THE CONTRARY, SELLER SHALL NOT BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, PUNITIVE OR OTHER INDIRECT DAMAGES, AND SELLER'S TOTAL LIABILITY ARISING AT ANY TIME FROM THE SALE OR USE OF THE EQUIPMENT SHALL NOT EXCEED THE PURCHASE PRICE PAID FOR THE EQUIPMENT. THESE LIMITATIONS APPLY WHETHER THE LIABILITY IS BASED ON CONTRACT, TORT, STRICT LIABILITY OR ANY OTHER THEORY.

11. Miscellaneous. If these terms are issued in connection with a government contract, they shall be deemed to include those federal acquisition regulations that are required by law to be included. These terms, together with any quotation, purchase order or acknowledgement issued or signed by the Seller, comprise the complete and exclusive statement of the agreement between the parties (the "Agreement") and supersede any terms contained in Buyer's documents, unless separately signed by Seller. No part of the Agreement may be changed or cancelled except by a written document signed by Seller and Buyer. No course of dealing or performance, usage of trade or failure to enforce any term shall be used to modify the Agreement. If any of these terms is unenforceable, such term shall be limited only to the extent necessary to make it enforceable, and all other terms shall remain in full force and effect. Buyer may not assign or permit any other transfer of the Agreement without Seller's prior written consent. The Agreement shall be governed by the laws of the State of Delaware without regard to its conflict of laws provisions.

USFILTER DAVIS PRODUCTS
GENERAL TERMS AND CONDITIONS
FOR
ERECTION WORK

1. Equipment location and staking, including plant orientation, influent and effluent location, is the responsibility of the Purchaser and/or his engineer.
2. The elevation of equipment above or below grade must be determined by the Purchaser and/or his engineer and entered upon the approved drawings. Purchaser is responsible for establishing benchmark at site for USFilter Davis Products erection crew.
2. Purchaser agrees to provide a clear level work area at least 35 feet wide around the periphery of the erection site. Prior to starting erection any obstructions in the work area, such as excavations, overhead lines, fences, trees, shrubbery, etc., shall be removed by and at the expense of the Purchaser. The Purchaser shall keep the site properly drained and free from surface water during erection, and until the work has been completed and accepted. The site and site access shall be capable of supporting a crane up to and including 50-ton capacity and other erection equipment. Any fill or dewatering necessary to accomplish the above, or additional costs of oversized or special equipment required due to poor site conditions, will be the responsibility of the Purchaser. Site leveling, grading, etc., after erections, shall be the responsibility of the Purchaser. USFilter Davis Products shall be responsible for the clean up and removal of trash, scrap materials, etc. left from USFilter Davis Products erection work.
3. Purchaser agrees to provide site access and site working area capable of supporting the delivery trucks (70-75,000 pounds gross weight). Purchaser agrees to maintain site access and working area, daily if required to allow USFilter Davis Products erection crew to perform work during all weather conditions. Should USFilter Davis Products have to stop work and return to the site when access and/or work area permits or experience delays due to the site and site access being unsuitable for work due to Purchaser's failure to prepare and /or maintain the above, the Purchaser agrees to compensate USFilter Davis Products for cost incurred and agrees USFilter Davis Products shall be indemnified and held harmless from all loss or damages resulting from delays of job progress, that are directly or indirectly a result of the Purchaser's responsibility.
4. USFilter Davis Products erection personnel are non-union and all work will be by non-union personnel. In case of interference in erection work due to labor problems by persons not employed by USFilter Davis Products, or the imposition of requirements concerning labor, working conditions, wage rates, etc., which were not clearly defined prior to USFilter Davis Products acceptance of the erection job, USFilter Davis Products shall have the right to stop work without prejudice until such interference or condition is satisfactorily removed or resolved. If additional costs are incurred by USFilter Davis Products due to such conflict the Purchaser hereby agrees to reimburse USFilter Davis Products for the additional costs incurred.

USFilter Davis Products is an Equal Opportunity Employer and shall comply with government regulations pertaining to fair and equal employment.

Work hours by USFilter Davis Products at the site shall be as determined by USFilter Davis Products. The Purchaser shall not define working hours, number of work days per week or prohibit USFilter Davis Products from working evenings, weekends, holidays, etc., when deemed to be advisable by USFilter Davis Products.

6. INSURANCE

During the period of erection of the equipment contemplated herein, USFilter Davis Products will maintain the following insurance:

- a) Workmen's Compensation and Employer's Liability.
- b) Occupational Disease.
- c) Contractual Liability.
- d) Public Liability Insurance, Personal Injury and Property Damage.
- e) Automobile Liability, Personal Injury and Property Damage.

Any insurance required by Purchaser in addition to the above mentioned coverage shall not be considered to be included in the purchase price as set forth herein and shall be charged to the Purchaser.

7 UNLOADING OF EQUIPMENT

USFilter Davco Products is responsible for unloading of equipment, which is to be erected by USFilter Davis Products. Purchaser is responsible for unloading any equipment or accessories shipped to Purchaser for his installation. (Such as base channels to be embedded in concrete foundation by Purchaser, blowers or other accessories to be installed by Purchaser).

8 PURCHASER ACCEPTANCE OF ERECTED EQUIPMENT

When erection of the equipment nears completion USFilter Davis Products shall give Purchaser seventy-two hours verbal notice that the equipment shall be ready for inspection and acceptance. Purchaser agrees to provide, on seventy-two hours notice, an authorized agent to meet at the site with USFilter Davis Products erection personnel, to inspect the erected equipment, and accept same for/on behalf of the Purchaser. Any backordered items not installed at the time shall be listed on the acceptance agreement with the written understanding that USFilter Davis Products is responsible for installing the subject equipment. Backordered items shall be received by the Purchaser at the "Backordered Address" previously provided and stored until USFilter Davis Products installation is scheduled.

9 PREPARATION FOR START-UP OF ERECTED EQUIPMENT

Upon completion of erection USFilter Davis Products shall inform the Purchaser that the erected equipment is ready to be placed in service. The Purchaser shall make all preparations for which he is responsible, such as: influent and effluent connections, installation of the required electrical power supply and circuitry, filling tanks with clean water for testing and start-up, etc. If any deficiencies in materials or workmanship by USFilter Davis Products are discovered by the Purchaser while performing this work, the Purchaser shall immediately notify USFilter Davis Products so that corrective action can be taken.

USFilter Davis Products is responsible for providing start-up supervision as defined in the equipment proposal. For scheduling purposes, ten days notice of desired start-up date is required.

10 SECURITY AND PROTECTION OF EQUIPMENT

Purchaser is responsible for security of equipment stored on his site after delivery prior to arrival of USFilter Davis Products crews to begin erection; and for any backordered material delivered to Purchaser after departure of USFilter Davis Products erection crews, USFilter Davis Products shall not be responsible for deterioration, theft, vandalism or damage to equipment which is stored on site or left inoperative after installation due to delays in start-up. Purchaser agrees to be responsible for security and protection of such equipment.

11 BACKCHARGES

USFilter Davis Products will accept no backcharges for any reason, which have not been approved prior to any work being performed, in writing by an authorized manager of the company. Purchaser agrees to contact USFilter Davis Products and receive written authorization prior to incurring any costs related to backcharges.

12 LICENSES AND PERMITS

Unless specifically stated in USFilter Davis Products' erection proposal, USFilter Davis Products is not responsible for licenses, permits or fees required to perform the work defined in this proposal.

- 13.(a) USFilter Davis Products shall not be liable for delays due to: (1) causes beyond its reasonable control or (2) acts of God, acts of customer, prerequisite work by others, acts of civil or military authority, government priorities, fires, strikes or other labor disturbances, floods, epidemics, war, riot, delays in transportation or (3) inability to obtain or delay in obtaining, due to cause beyond its reasonable control, suitable labor, materials, or facilities.

In the event of any such delay; the time of performance shall be extended for a period equal to the time lost by reason of the delay.

- (b) In the event USFilter Davis Products is delayed by acts of the customer or by prerequisite work by other contractors or suppliers of the customer, USFilter Davis Products shall be entitled to an equitable price adjustment in addition to extension of the time of performance.

14. USFilter Davis Products reserves the right to subcontract any of the work to one or more subcontractors.

15. Purchaser shall protect all gauges, controls and factory finishes from the painting operation. Purchaser shall be responsible for the removal and reinstallation of any assembly that affects the painting operation.

Oct.20. 2003 4:15PM CPH ENGINEERS

No.1403 P. 1/3



1117 East Robinson Street
Orlando, Florida 32801
Phone: 407.423.0492
Fax: 407.668.1036
www.cphengineers.com

October 20, 2003

Mr. David Orr, P.E.
Regional Manager
Utilities, Inc. of Florida
200 Weathersfield Ave.
Altamonte Springs, FL 32714

RE: Alafaya Digester Improvements Proposal
CPH No.: U0739

Dear David:

We are pleased to submit this proposal to provide professional engineering services associated with the analysis, design and permitting of replacing the digester at the Alafaya Wastewater Facility.

Scope of Services

The existing digester at the Alafaya WWTF has a volume of 0.25 million gallons and is over twenty years old. The Facility is rated for 2.4 MGD of treatment. A Facility this size would typically requires approximately a 0.5 million gallon digester to properly treat the sludge. To our knowledge, the current digester is only sized for half the flow. The existing digester is near the end of its designed life and repair costs will increase as will the potential for catastrophic failure. Further, the existing blowers are inadequately sized. The Facility regularly uses the blowers for the West wastewater plant to supplement the air supply to the existing digester. An increase in blower capacity is required to properly aerate the new digester. Attached as Table 1 is an estimate to construct a new 0.5 million gallon digester to replace the existing digester. Included in this estimate is the construction of a new digester, piping and diffusers, new blowers, and demolition of the existing digester. Preliminarily, the digester is estimated to cost approximately \$500,000.

Bidding Construction Services

The engineer will provide bidding documents to the Utility and answer questions and issue addenda as required. The engineer will provide construction administration services part-time, which will consist of two visits per month.

Soils work is included in the scope of this project. We will need soil borings done at the tank. Surveying should be performed for this project and is listed as a separate line item.

Permitting through FDEP, and the City of Oviedo is included in the scope of this project. A wastewater permit is required from FDEP and an Oviedo site plan permit may be required. Permit fees are not included in the scope of this project, and shall be furnished by the Utility.

A final opinion of probable construction cost will be prepared based on the final plans and Contract Documents. Since the engineer has no control over the cost of labor, materials, or equipment, or over any construction contractor's method of determining prices, any opinion of probable construction cost that may be provided in the services of this Contract are made on the basis of the engineers experience and qualifications and represent his best judgment as a design professional familiar with the construction industry, but the engineer cannot and does not guarantee that bids or the construction cost will not vary from opinions of probable construction costs prepared by him. A preliminary opinion of probable construction costs is attached. Please refer to Table 1 for the preliminary opinion of probable construction costs. The total, including all options discussed, is estimated to be \$668,000.00.

JAU0739 Sludge Processing Improvements\Alafaya Digester Improvements Proposal-REV.doc

Engineers, Planners, Landscape Architects, Surveyors, Construction Management, Design/Build
Sanford Orlando DeLand Jacksonville Tampa Fort Myers Palm City Palm Coast Dallas Puerto Rico



Table 1. Preliminary Opinion of Probable Construction Costs

	UNIT	QUANTITY	UNIT COST	TOTAL COST
Mobilization	LS	1	\$40,000.00	\$40,000.00
Site Grading	LS	1	\$15,000.00	\$15,000.00
Demolition	LS	1	\$30,000.00	\$30,000.00
New Digester	LS	1	\$225,000.00	\$225,000.00
Piping and Appurtenances	LS	1	\$40,000.00	\$40,000.00
Blowers	LS	1	\$100,000.00	\$100,000.00
Controls & Instrumentation	LS	1	\$70,000.00	\$70,000.00
Bypass Sludge Pumping	LS	1	\$148,000.00	\$148,000.00
Total Construction Cost				\$668,000.00

Supplementary Services

If authorized in writing by the Owner prior to the rendering of such services, the engineer will furnish or obtain under subcontracts, supplementary services of the following types which will be paid for by the Owner:

Additional services due to significant changes in the scope of the project or its design including, but not limited to, changes in size, complexity, character of construction or due to time delays in initiating or completion of the work as described herein.

Preparing to serve as an expert witness for the Owner in any protest, litigation, or other proceeding involving the project.

Additional engineering services required by revisions to regulations (after the date of this contract) as applicable to the Florida Department of Environmental Protection, the St. Johns River Water Management District, or other regulatory agency requirements.

Provide, through a subconsultant, additional surveying services if required or requested by the Owner.

Provide, through a subconsultant, soils investigation services if required or requested by the Owner.

Payment

Compensation paid Engineer for services described herein and rendered by principals and employees assigned to the project are computed by multiplying Standard Classification Billing Rates for all classifications of employees directly engaged on the project, times the number of hours worked on the project.

The engineering design and construction administration fee for the services described herein and shown on Table 2 is estimated to be \$36,500.00, including the listed subconsultant fees, plus direct reimbursement for out-of-pocket expenses, without increase.

A 10% markup will be applied to subconsultant services coordinated through CPH. Out-of-pocket expenses and subconsultant costs will be specifically identified in periodic invoicing, and include such items as transportation and subsistence of principals and employees when traveling in connection with the project, toll telephone calls, photocopies, blueprints and plots, etc. Invoices will be submitted periodically, indicating the hours expended during that billing cycle.

Oct. 20. 2003 4:16PM CPH ENGINEERS

No. 1403 P. 3/3



Progress invoices will be submitted based on the Engineer's estimate of the percent of work complete at the time of invoicing.

Expenses for items not specifically valued herein are to be reimbursed to the engineer at the actual cost thereof. Said expenses shall include transportation and subsistence of principals and employees, when traveling in connection with the Project, toll telephone calls, and similar project related items.

Charges for the services rendered by principals and employees as witnesses in any litigation, hearing or proceeding in accordance with this Contract will be computed at a rate of \$400 per day or any portion thereof.

If this Contract is terminated during prosecution of the services prior to completion of the services, payments to be made on account of that and all prior work under this Contract shall be due and payable, and shall constitute total payment for services rendered. In addition, upon termination, engineer shall be paid for any Supplementary Services authorized and rendered.

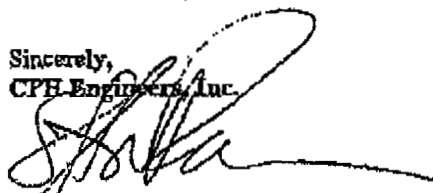
Table 2. Proposed Engineering Costs

Design	\$18,000.00
Permitting	
Wastewater Permit (minor modification)	\$2,500.00
City of Oviedo Permit	\$2,500.00
Soils	\$3,500.00
Electrical	\$10,000.00
Total Engineering and Permitting	\$36,500.00

If you are in agreement with the terms and fees proposed, please sign on the space provided below and return one (1) copy to us.

If you have any questions please call me.

Sincerely,
CPH Engineers, Inc.


Stephen N. Romano, P.E.
Project Manager

Terry M. Zaudtke, P.E., DEE
Chief Operating Officer

ACCEPTED BY:
UTILITIES, INC. OF FLORIDA



Date: 11/29/03

SECTION 00520

AGREEMENT FORM

PART 1 GENERAL

1.01 THIS AGREEMENT, made this 23 day of December, 2003, by and between (1) Alafaya Utilities, Inc., hereinafter called the Owner, and (2) Florida Environmental Construction, and hereinafter called the Contractor.

(1) Name of Owner
(2) Name of Contractor

1.02 The Owner and Contractor agree as follows:

A. Contract Documents

The Contract Documents consist of this Agreement; all items listed in the index to the Project Manual; the Drawings as listed in the Project Manual; the Florida Department of Transportation Standard Specifications for Road and Bridge Construction - 1991, as incorporated by the Project Manual; all Addenda issued prior to and all Change Orders issued after execution of this Agreement. These form the Contract and all are as fully a part of the Contract as if attached to this Agreement or repeated herein.

B. Scope of Work

The Contractor shall perform all work required by the Contract Documents for the construction of the (4) Alafaya Digester Replacement. Any significant change in the scope of services, as certified by the Engineer, will be eligible for a revision to the Contract Price.

(4) Name of Project identified in Invitation for Bids

C. Contract Time

The Contractor shall begin work within 10 days after the issuance of a written Notice to Proceed and shall complete substantially complete the work within (5) 180 calendar days from the date of the Notice to Proceed. The work shall be finally complete, ready for Final Payment in accordance with the General Conditions, within 30 calendar days from the actual date of substantial completion.

(5) As specified in paragraph 1.02/C/5 of the Bid Form

D. Liquidated Damages

OWNER and CONTRACTOR recognize that time is of the essence of this Agreement and that OWNER will suffer financial loss if the Work is not substantially complete within the time specified in Paragraph C above, plus any extensions thereof allowed in accordance with the General Conditions. They also recognize

the delays, expense and difficulties involved in proving in a legal arbitration proceeding the actual loss suffered by OWNER if the Work is not substantially complete on time. Accordingly, instead of requiring any such proof, OWNER and CONTRACTOR agree that as liquidated damages for delay (but not as a penalty) CONTRACTOR shall pay OWNER \$ 500 for each calendar day that expires after the time specified in Paragraph C for substantial completion until the work is substantially complete. It is agreed that if this Work is not Finally completed in accordance with the Contract Documents, the CONTRACTOR shall pay the OWNER as liquidated damages for delay, and not as penalty, one-fourth (¼) of the rate set forth above.

E. Contract Price

Unit Price Contract

The Owner will pay the Contractor in current funds for the performance of the work, subject to additions and deductions by Change Order and subject to the Measurement and Payment Provisions, and subject to actual constructed quantities; the Total Contract Price of Six Hundred and Sixty Eight Thousand Dollars (\$668,000.00). Payments will be made to the Contractor on the basis of the Schedule of Unit Prices included as a part of his Bid, which shall be as fully a part of the Contract as if attached or repeated herein.

F. Payments

The Owner will make payments as provided in the General Conditions and Supplementary Conditions.

G. Engineer

The Project has been designed by CPH Engineers, Inc., referred to in the documents as the Engineer, whose authority during the progress of construction is defined in the General Conditions and Supplementary Conditions.

1.03 IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

CONTRACTOR:

Florida Environmental Construction, Inc.
Name of Firm

Robert Lightsey
By (Signature)

(Seal)

Robert Lightsey, President
Printed Name and Title

Stephen J. Leonard
Attest (Signature)

STEPHEN J. LEONARD
Printed Name and Title

OWNER:

Alafaya Utilities, Inc.
Name of Owner

David Orr
By (Signature)

(Seal)

David Orr, Regional Manager
Printed Name and Title

Attest (Signature)

Printed Name and Title

END OF SECTION

00520-3