

RECEIVED-FPSC

04 APR 28 PM 2:05

COMMISSION CLERK

**Receivers for the
LAZY S UTILITY
2031
EAST EDGEWOOD DR. SUITE 5
LAKELAND, FL 33803**

April 22, 2004

Patti Daniel
Supervisor of Certification
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0865

04 APR 28 11:10:30
RECEIVED-FPSC
COMMISSION CLERK

Re: Docket No.031087-WU Receivers for Lazy S Utility Co.

Dear Ms. Daniel:

The following information is being supplied as a result of your January 16, 2004 letter on the referenced project.

- 1) The applicants have 14 years experience operating water and wastewater systems and 20 years in the operation and maintenance of such systems. David Blount has 20 years of service with the Polk County Utility Department and Charles Freed has seven years as Lucas County, Ohio Sanitary Engineer, four years as Polk County, Florida Utilities Director and three years as Utilities Director for the City of Haines City, FL. He has been a Registered Engineer in the State of Florida for 24 years.

Upon taking receivership of the system there was no money or assets to be transferred. The only financial source is the monthly user charges that are collected.

- 2) The utility has no treatment facilities. The Utility does have title to one residential lot.
- 3) Tariff Sheets are attached.
- 4) The current rate of \$35.50 was established on February 7, 2003 in the **JOINT STIPULATION TO APPOINTMENT OF RECEIVER**. As ordered by the Circuit Court of the Tenth Judicial Circuit in and for Polk County, Florida. Copy attached.
- 5) The territorial description has been reviewed and revised as per your direction. A revised copy is attached..

CMP _____
 COM _____
 CTR _____
 ECR original + copy of tariff
 GCL 1
 OPC _____
 MMS _____
 RCA _____
 SCR _____
 SEC 1
 OTH _____

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

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A map of a scale of 1" = 200' is herein resubmitted. We believe the area delineated is correct. The utility does not serve the north ½ of Westgate Road.

There is no service to the east of South Westgate nor is there service to the north side of Ariana Street.

- 6) A map of the area is enclosed.
- 7) There are no known permits issued by the Department of Environmental Protection for the system.
- 8) A copy of the court order is attached.
- 9) The system currently serves 105 customers. All are domestic users with ¾" meters. The area described has a potential of 250 customers. However the land is not platted and growth is minimal. This is an economically depressed area and a few families have moved without being replaced.
- 10) We are aware the filling fee is \$750. The balance will be remanded when the system is capable.
- 11) There is no intention of serving any area other than the area delineated in the description above.
- 12) The list of water and wastewater utilities to be notified has expired. Upon receipt of an updated list we will mail the notifications and have a notice placed in a paper of general circulation in the area.

Additional information

- 1) Each unit has their individual septic tank.
- 2) Court order enclosed
- 3) Since operating the system we have been taking all the necessary tests. We are unaware of any Polk County Health Department or DEP notices of violation. The Polk County Health Department is responsible for water treatment and distribution in Polk County.
- 4) There are a few customers who are not metered. Meters will be installed when funds are available. The meters that are in are approximately 25 years old and we question their accuracy. We have chosen to flat rate voice for two reasons. Inaccurate meters and cost of employing a meter reader and

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Preparation of a bill based upon a usage. We are aware this does not control individual use as meters will.

- 5) We repair leaks as quickly as we are notified and can get someone to the site. The water usage indicated on the bills from the City of Lakeland indicate the per unit usage is in excess of 450 gallons per day. There are no leaks visible in the system. However there has been no audit of individual homes for leaks. Several people have called about leaks. This is a positive step however there is a vast portion of the system that is in uninhabited areas and should a leak occur in that area or under a ditch it could very well go unattended. The Florida Rural Water Association and the Southwest Florida Water Management District have both been on site. A copy of a letter from Carl Wright, Senior Conservation Analyst for the Southwest Florida Water Management District is attached. He provides us with his opinion of the system giving his opinion of the system
- 6) The City of Lakeland is still owed 19,000 from the previous operators. We have no resources for paying this debt at this time. We are of the opinion this matter should have been addressed long ago.

Customers Requesting Information

Answers to the letters you have received:

George Griffin:

We are aware that the units in the area do not use 510 gallons of water per day. However if you take the water usage charged by Lakeland and divide it by the number of customers it approaches 510 gallons. We do not read the meters for the reasons outlined in 4 under Additional Information.

Roy Stamman:

To the best of our knowledge we are billing everyone who is using water. We have turned off and locked several meters. More investigation into this matter will be undertaken in the near future.

Not all households have a meter.

We tend to believe all leaks have been repaired.

Georgetta Wilson:

We had two meetings with the residences when we took over the operation. We informed those present that we would make improvements when money was available.

Unfortunately there are no reserves available for this work. To bring the system into

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compliance and upgrade the service the entire system needs to be replaced and new meters installed. The existing system is a combination of PVC, galvanized and possibly even garden hose. Most lines are 2" and in many cases are buried no more than two feet deep. Our estimate for this work is \$300,000. There are two ways to fund this is through the assessment process. We doubt the residences would support such a project. In addition only a few in the area who could afford to pay an assessment. The most feasible way is to receive grant for the work. To date we have been unsuccessful in finding a source of this type of money.

The leak to which Ms Wilson refers was indeed left open too long. Upon receiving her call the company we had been calling to repair leaks continued to promise us that it would be repaired. After several phone calls gave us no results we contacted a different plumber to repair the line. We now have two other sources for leak repairs.

Mr. Snyder:

We are responding to leaks when we are made aware of a problem.

Meter installation will take place when money is available. We have proposed assessing the property owners \$150.00 to install a new meter and box and backflow device. Again however there has been no open support for this.

We have shut off and locked several meters in the area.

There are certain valves that are critical to abandoning lines. To date we have been unable to locate these valves.

We have reviewed our records and do not recall offering to hold an additional meeting of the residences.

There was a small leak that went unattended for a while. This was our first experience in not getting a response to our phone calls to the people who had been repairing the leaks. It maybe should have been a warning so the leak in December would have been repaired in a timelier manner. As a side note the last few leaks that have been reported have been attended to within 6 hours.

We believe this satisfies the issues in your January correspondence.

Very truly yours,



Charles S. Freed, P.E.
For the Lazy S Receivers

IN THE CIRCUIT COURT OF THE TENTH JUDICIAL CIRCUIT
IN AND FOR POLK COUNTY, FLORIDA

STATE OF FLORIDA, ex. Rel.,
POLK COUNTY, a political subdivision of
the State of Florida
Petitioner,

vs.

CASE NO.: 53-2002-CA-004961
SECTION: 4

LAZY S UTILITIES, INC., and
the ESTATE of ARCHAR SMITH
Defendants.

JOINT STIPULATION TO APPOINTMENT OF RECEIVER

The undersigned parties do hereby stipulate and agree to the entry of the attached Stipulated Order Appointing Receiver and move this Honorable Court for the entry of same.

STATE OF FLORIDA, ex. Rel.,
POLK COUNTY, a political subdivision
of the State of Florida

By: 

Michael E. Duclós, Esq.
Assistant County Attorney

THE COLINAS GROUP, INC.

By: 

Charles S. Freed, P.E.
Secretary/Treasurer

ESTATE OF ARCHAR SMITH

By: 

Edwin C. Smith
Personal Representative

LAZY S UTILITIES, INC.

By: 

Edwin C. Smith, President

By: 

Nelda S. Jackson
Personal Representative

CITY OF LAKELAND, a municipal
corporation of the State of Florida

By: 

Palmer C. Davis, Esq.
Assistant City Attorney

**IN THE CIRCUIT COURT OF THE TENTH JUDICIAL CIRCUIT
IN AND FOR POLK COUNTY, FLORIDA**

**STATE OF FLORIDA, ex. Rel.,
POLK COUNTY, a political subdivision of
the State of Florida
Petitioner,**

vs.

**CASE NO.: 53-2002-CA-004961
SECTION: 4**

**LAZY S UTILITIES, INC., and
the ESTATE of ARCHAR SMITH
Defendants.**

STIPULATED ORDER APPOINTING RECEIVER

THIS CAUSE having come on to be heard on the Petition filed by Petitioner State of Florida, ex. Rel., POLK COUNTY, a political subdivision of the State of Florida, [hereinafter "COUNTY"] and the Court having considered the Petition, having heard argument, finding that the parties stipulate to the entry of this Order, and being otherwise fully advised in the premises for the appointment of a receiver pursuant to Chapter 367, Florida Statutes; it is therefore,

ORDERED AND ADJUDGED as follows:

1. The Colinas Group, Inc., a Florida corporation providing engineering and environmental consulting services, located in the City of Lakeland, Polk County, is hereby appointed to serve as the Receiver [hereinafter "RECEIVER"] for the water utility system providing service to residential customers in a neighborhood located near the City of Lakeland, Florida, which was formerly owned and operated by the Lazy S Utilities, Inc. The personal representatives of the Estate of Archar Smith, Nelda Jackson and Ed Smith, have executed and filed sworn affidavits stating that they can no longer operate the water utility system. Formal written notice of the intent to abandon the

utility service was sent to the Florida Public Service Commission. The cessation of water service to the residential area in question will constitute a public health and safety concern. As used herein the following definitions apply:

a. "Parties" means the Petitioner, Polk County; the Receiver, The Colinas Group, Inc.; the water provider, City of Lakeland, Florida; Lazy S Utilities, Inc.; and the Personal Representatives of the Estate of Archar Smith; and any other legal entities who later may become party to this action.

b. "Utility" means the aspect of the business formerly owned and operated by Lazy S Utilities, Inc. concerning the distribution and delivery of drinking water to residential customers.

c. "Drinking Water System" means the drinking water system once owned and operated by Lazy S Utilities, Inc., including the transmission lines, any water treatment system and meters.

2. The RECEIVER's appointment is effective as of: FEBRUARY 7, 2003, and shall run until such time as the RECEIVER disposes of the Utility as provided herein and files a final report with the Court, or until the RECEIVER is otherwise discharged by the Court. The RECEIVER shall not be required to post a bond.

3. The RECEIVER shall have the following duties and powers:

a. To manage and operate the Utility in a manner so as to effectively and efficiently provide water service to the Utility's customers in accordance with applicable statutes and properly promulgated rules, regulations or ordinances of the United States, the State of Florida, the Board of County Commissioners of Polk County, Florida, or any other

regulatory agency or governmental authority with jurisdiction over the Utility. The Receiver shall have full authority to compromise, settle, prosecute or defend claims involving the Utility and to enter into agreements to effect settlements with regulatory or governmental authorities, if necessary, subject to final approval by the Court.

b. To expend, at the Receiver's discretion, whatever funds deemed proper for the preservation, maintenance, care, improvement, construction or management of the Utility, including but not limited to, payment of wages, mortgage payments, premiums on all insurance policies and payments due under contracts.

c. To incur expenses, charges and liabilities in the ordinary course of the Operation of the Utility.

d. To increase the rates charged to the customers served by the Utility as proposed in Exhibit "A," attached hereto and incorporated herein by reference, in order to pay for the costs incurred by the Receiver in operating, maintaining and improving the Utility and complying with the terms of this Receivership, and to collect such fees and payments for provision of such services. Provided, the Receiver shall be authorized to charge the rates set forth in Exhibit "A" only until such time as the Florida Public Service Commission (the "PSC") otherwise establishes rates for the Utility. Thereafter, Receiver shall charge such rates as approved by the PSC.

e. To employ and compensate employees for the operation of the Utility, including without limitation, attorneys, accountants, managers, agents, assistants, and advisors without liability for any act of those persons, so long as they are selected and retained with ordinary care and their payment is subject to the approval of the Court.

f. To execute deeds, leases, contracts, bills of sale, notes and other written instruments.

g. To file with the Clerk of the Court within twenty days of the date of appointment as Receiver, an inventory under oath of the property coming under its control or possession, all in accordance with Rule 1.620, Florida Rules of Civil Procedure, unless otherwise waived by the Court. The Receiver shall render once a year thereafter, an accounting of any additional property or effects which it has discovered or which shall have come into its possession since appointment, and of the amount of any funds remaining in the hands of or invested by the Receiver, and of the manner in which the same is secured or invested, stating the balance due from or to the Receiver at the time of rendering the last account and the receipts and expenditures since that time. The Receiver is authorized to employ any financial institution, accounting firm or similar organization to prepare such accounting or advise the Receiver as to the preparation of the accounting.

h. To borrow money from any source (including the Receiver in its nonfiduciary capacity), and to secure the loan by mortgage or with other collateral.

i. To compromise, arbitrate or otherwise adjust claims in favor of or against the Receiver and/or the Utility and to agree to any rescission or modification of any contract or agreement.

j. To participate in any type of liquidation or reorganization of the Utility, subject to appropriate court approval.

k. To buy, sell, exchange or lease any real or personal property, publicly or privately, for cash or credit, upon terms and conditions that the Receiver deems advisable and

subject to approval of the Court after notice to the Parties and any lienholder on the real or personal property and the opportunity to be heard. Any lease so made will be valid and binding for its full term even though it extends beyond the full duration of the receivership.

l. To exercise all its powers at all times in a fiduciary capacity.

m. To perform in a fiduciary capacity any act and make any and all necessary decisions or elections under state law or the Internal Revenue Code on behalf of the Utility, including but not limited to, the filing of necessary tax returns, and making any adjustments or elections as it deems fit.

n. To hold, manage, and develop real estate, to grant easements and to make decisions with regard to the real estate as it deems advisable.

o. To receive reasonable compensation for its services in the operation and management of the Utility payable from the income earned from the operation of the Utility.

p. To establish and maintain bank accounts in the name of the Utility or the Receiver and negotiate checks, bills, notes, or other instruments in payment of obligations of, or for services rendered to, the Receiver.

q. To recover a reasonable attorneys' fee and costs in actions brought by or against the Receiver.

r. To pursue, at its discretion, the rights, causes of action and remedies available to the Utility at the time of the Receiver's appointment.

s. Except as contrary to law, and in addition to all other powers and rights granted herein or by applicable law, the Receiver is empowered to take any action deemed necessary to fully and properly carry out its duties as Receiver.

t. The Receiver shall provide written notice of any of its actions materially affecting the Utility to the Parties. The Parties, upon reasonable advance notice, may review the books and records kept by the Receiver or its agents.

4. Within 30 days of the entry of this order, the Receiver shall review the accounts of the receivership to determine how much money has been collected from the residents for the purpose of operating and maintaining the Utility and how much has been spent for that purpose.

5. The Receiver shall maintain separate accounts and otherwise maintain and account for the assets and liabilities of the Receivership separately and independently from the assets and liabilities of The Colinas Group, Inc., in its capacity as a corporate consulting entity.

6. The Estate of Archar Smith and Lazy S. Utilities, Inc. shall convey to the Receiver all necessary easements for the operation of the Utility.

7. The Receiver shall satisfy any outstanding debt due and owing to the City of Lakeland within 24 months of the effective date of Receiver's appointment herein.

DONE AND ORDERED in Chambers at Bartow, Polk County, Florida this 7 day of February, 2003.

/s/ Ronald A. Herring

Ronald A. Herring
Circuit Judge

Copies furnished to:

The Colinas Group, Inc.
Engineering and Environmental Consultants
2033 East Edgewood Drive
Suite 5
Lakeland, Florida 33803-3601

Scott H. Langston, Esquire
P.O. Box 1897
Lakeland, Florida 33802-1897

Michael E. Duclos, Esq.
Assistant County Attorney
Drawer AT01, P.O. Box 9005
Bartow, FL 33831-9005

Palmer C. Davis, Esq.
Assistant City Attorney
City of Lakeland
228 South Massachusetts Ave.
Lakeland, FL 33801

EXHIBIT 'A'

THE COLINAS GROUP, INC.
OPERATING PROPOSAL

The Colinas Group, Inc. proposes to operate the Receivership, as appointed by the Court, for Lazy S Utilities, Inc., as follows:

- 1) The base bill (service availability) per customer shall be **\$35.50** per month. For this amount the customer will receive a base of 8,000 gallons per month. This base charge will be due regardless of whether or not the customer uses water.
- 2) There shall be a deposit due of **\$35.50** per customer to establish an account.
Water used over and above the base bill amount of 8,000 gallons will be charged at:
 - \$2.05**/1,000 gallons for the next 5,000 gallons
 - \$2.50**/1,000 gallons for the next 5,000 gallons
 - \$2.75**/1,000 gallons for any usage over 18,000 gallons per month
- 3) Meters will be read as close to the same date each month as possible. Bills will be mailed two to three days after the meter reading. The customer will have **20** calendar days to pay the amount due on the bill. Thereafter, a past due notice will be sent to the customer with a **\$3.50 late charge** added to the bill. Any customer with a bill that remains unpaid twenty days after the past due notice will have water service terminated. There will be a **\$20.00 re-connect fee**. Any meter that is tampered with or illegally turned on will be charged a **\$50.00 tampering fee** plus the costs of materials that may have to be replaced.
- 4) A **\$30.00** charge will be imposed on all returned checks.
- 5) Until further notice, bills may be paid to an agent of the RECEIVER at the present office of Lazy S Utilities. An agent will be present onsite on two Friday afternoons following the date the bills are mailed to accept and receipt for payments. Alternatively, bills may be paid by mailing payment to The Colinas Group, Inc., 2033 East Edgewood Drive, Suite 5, Lakeland, Florida 33803-3601.
- 6) A meeting for interested customers will be held to explain fees, the billing cycle, meter installation and bill payment. The same information will also be provided to customers by United States Postal Service regular mail.
- 7) An assessment will be necessary to pay for installation of new meters, to install proper and necessary valves and other maintenance of pipelines and equipment. The cost of installation per meter will be **\$150.00**. The cost for valves and maintenance will have to be determined after an engineering evaluation. The total assessment may

be paid as a one-time payment or as additional item charged on the monthly water bill for 12 or 24 months.

- 8) A **\$300.00** connection fee will be charged for new connections.



An Equal Opportunity Employer

Southwest Florida Water Management District

2379 Broad Street, Brooksville, Florida 34604-6899
(352) 796-7211 or 1-800-423-1476 (FL only)
SUNCOM 628-4150 TDD only 1-800-231-6103 (FL only)
On the Internet at: WaterMatters.org

Tampa Service Office
7601 Highway 301 North
Tampa, Florida 33637-6759
(813) 985-7481 or
1-800-836-0797 (FL only)
SUNCOM 578-2070

Bartow Service Office
170 Century Boulevard
Bartow, Florida 33830-7700
(863) 534-1448 or
1-800-492-7862 (FL only)
SUNCOM 572-6200

Sarasota Service Office
6750 Fruitville Road
Sarasota, Florida 34240-9711
(941) 377-3722 or
1-800-320-3503 (FL only)
SUNCOM 531-6900

Lecanto Service Office
3600 West Sovereign Path
Suite 226
Lecanto, Florida 34461-8070
(352) 527-8131
SUNCOM 667-3271

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- William S. Bilenky**
General Counsel

January 27, 2004

Charles S. Freed, P.E.
The Colinas Group, Inc.
2033 East Edgewood Drive, Suite 5
Lakeland, Florida 33803-3601

Subject: Lazy S Utilities

Dear Mr. Freed:

On January 26, 2004, Clay Shrum (Florida Rural Water Association Circuit Rider), Scott McGooney (Water Conservation Analyst), and I met you at the service area of Lazy S Utilities in Lakeland, Florida. The purpose of our visit was to determine the cause of seemingly excessive water consumption (approximately 500 gallons/connection/day), and to attempt to remedy the cause(s) of said excessive consumption. The purpose of this letter is to document our findings and observations.

First, let me state that in the 13+ years I have worked for the Southwest Florida Water Management District (SWFWMD), Lazy S is the most deficient water distribution system I have encountered. In my opinion, the entire distribution system needs to be rebuilt/replaced. Until major repairs (or complete replacement) are effected, excessive water consumption will continue. Correcting the multitude of problems will require a major capital expenditure. Even if the system as it exists were to function at 100% efficiency, service to the approximately 100 customers would not be satisfactory. I will now address each of the reasons which lead to my conclusion.

System Infrastructure: The system, according to the available map, consists primarily of two-inch distribution mains. These mains are undersized to adequately provide flow to the approximately 100 connections in the service area. I would expect that, at times, water pressures drop dangerously close to the minimum pressures required by the Florida Department of Environmental Protection, and flows to provide fire protection in the service area would require at least six-inch diameter water mains.

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Infrastructure Location: There appears to be no consistency to the way this system is laid out. According to the map, some of the lines run across the streets from side-to-side, while other lines run behind residential units. Because some of these pipes are plastic (PVC), locating them is labor intensive. It would be difficult to locate these lines with line location equipment, because it is doubtful that the system's late owner included tracer wire when he installed the piping. Therefore, locating these lines is a hit-or-miss proposition, and can only be done by exploratory excavation of the areas where lines are suspected to be.

Leakage: It is likely that leakage is a major cause of excessive water consumption within the service area, although some might be attributable to lack of conservation by the consumers. Lack of conservation is often related to rate structure, which I will address later. Conventional leak detection is accomplished acoustically. The leak detector listens for vibrations which may be indicative of leakage. However, in order to listen for these vibrations, listening points on the system must be accessible. Normally, valves and hydrants serve as listening points. Since most of the system valves have not or cannot be located, and there are no fire hydrants within the service area due to inadequately sized mains, leak detection is difficult.

The presence of buried metallic debris complicates attempts to locate infrastructure. While I have a metal detector, it is ferro-magnetic in nature and it will only locate iron or steel objects. All of Lazy S's valves are two-inch or less in size. These small valves are typically made of brass, a condition which renders my locator useless. The presence of buried metallic debris complicates valve location with other types of metal detectors. Our attempts to find system infrastructure with the ferro-magnetic locator uncovered, among other things, a discarded (automotive) oil filter, a steel fence post, and corroded pieces of steel tubing. This leaves service meters as the primary access point available for leak detection and, for a variety of reasons, service meters are the least preferable access point for acoustic leak detection. Furthermore, the distance at which leaks can be detected (the distance vibrations travel along a pipe) is a function of pipe material density. Since portions of the system are of PVC composition (plastic is low in density), successful leak detection technique requires access points at fairly close intervals. In walking the two streets with you, we only found five meters, three of which were side-by-side in one location and two in another. The lack of exposed access points and the pipe composition (PVC) means that many leaks, even large ones, might not be heard unless they are in close proximity to one of the limited access points.

In many cases, leakage within dwelling units can be detected acoustically if access to drainage pipes is available. Unfortunately, many of the properties in the Lazy S service area are fenced, and the majority of these enclosures are inhabited by large, aggressive dogs. Therefore, access to wastewater drains is extremely limited.

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Metering: While service meters were installed by the original owner, they were not installed in accordance with standard industry practices, i.e., in meter boxes. Standard industry practices are generally defined in the various American Water Works Association (AWWA) Manuals. Boxes provide meters a degree of protection, and simplify their maintenance and reading. In addition, placement of meters is random. Many of the meters that have been located (some have not been located) are not on lot lines, and it is difficult to determine which units are served by which meter. Given three dwelling units in a line, two of them might be serviced by a main along the front of the property, while the third is served by a line from the adjacent street. It is also likely, or at least possible, that single connections are serving multiple units.

Additionally, all of the meters I observed were manufactured by Hays. I have, in my 13 years with SWFWMD, worked in many utility systems where there is a hodge-podge of meters (e.g., Badger, Neptune, Rockwell, Precision, Hays, etc.). Throughout that time, I have consistently found Hays meters to be extremely inaccurate in comparison with other brands, often to the point that they do not record any flow at all (at a dead stop). While we did not conduct any "in place" meter tests to verify meter accuracy, doing so would be difficult due to the previously mentioned aggressive dogs. Furthermore, AWWA recommends that residential service meters be replaced at ten-year intervals. Most, if not all of the meters in Lazy S's service area are much older than ten years. A complete meter change out would be an expensive proposition.

Rate Structure:

Flat rates, such as currently charged by Lazy S Utilities are not conducive to water conservation. Unless residents are charged volume based rates, they have no incentive to conserve. Furthermore, any resident whose water is shut off for failure to pay a water bill can simply run a hose from their neighbor's property to their own. Since the neighbor is being charged a flat rate, "sharing" a connection does not increase the neighbor's cost. Because all of the existing water meters have not been located, cutting water to delinquent accounts may not even be possible.

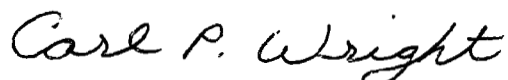
In comparison, volume based rates encourage water conservation and prudent usage. Unfortunately, volume based rates require that each customer have a functioning and accurate service meter. It is not fair to apply volume based rates only to those customers whose meters have been located, but not to those whose meters have not been located. Even if all of the meters could be located and were found to be completely accurate, there would be labor costs associated with reading the meters and the associated accounting that would be required to prepare and send bills to the customers.

Conclusion: Simply put, after investigating Lazy S's distribution system, I believe the utility is in need of a massive cash infusion. The ten dollar a month flat rate currently being

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charged to the approximately 100 connections equates to a monthly cash flow of \$1,000. The fact that the utility currently owes the City of Lakeland \$19,000, coupled with ongoing excessive water usage, would suggest that the utility's financial status is not going to improve. Even the court proposed flat rate of \$35.50 per month would not yield enough income to pay off the debt and address the infrastructure improvements necessary to bring this system up to standard. Furthermore, a single leak could wreak havoc on a precariously balanced budget, and leaks are a fact of life in the day-to-day operations of every utility system. In my opinion, unless infrastructure deficiencies are corrected and customers absorb the actual cost of delivering their water, the operation of Lazy S Utilities will be a losing proposition.

I am more than willing to provide additional assistance to Lazy S Utilities. However, meter accuracy testing makes little sense as long as flat rates remain in effect; in reality, the meters are serving no purpose. In the absence of more access points throughout the system, leak detection will likely be futile. Should more access points be exposed, a concerted leak detection survey might help reduce excessive consumption, but would not correct the underlying factors that are plaguing Lazy S Utilities. Please call if you wish to discuss any of my observations, or if there is anything I can do to assist you. I can be reached at 800-423-1476, extension 4198, or email: carl.wright@swfwmd.state.fl.us.



Carl P. Wright
Senior Water Conservation Analyst
Conservation Projects Section
Resource Conservation and Development Department

cc: Kathy Scott
Richard Redemann