

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

RECEIVED

JUL 26 2004

COMMISSION CLERK

DATE: July 26, 2004

TO: Division of Commission Clerk and Administrative Services

FROM: Division of Economic Regulation (Hudson) *SA*

RE: Docket No. 021228-WS – Application for Staff Assisted Rate Case in Brevard County by Service Management Systems, Inc.

Pursuant to Order No. PSC-03-1342-PAA-WS, issued November 24, 2003, Service Management Systems, Inc. (SMS) was required to install a high service pump and common area irrigation meters. The order further specified that the docket shall be closed administratively once staff has verified that the installation has been completed. Staff has verified that the utility has completed the installation required in the above referenced order. Staff believes the utility has met the closure requirements of the order and requests that this docket be closed administratively.

*OK to close
7-28-04
NLS*

DOCUMENT NUMBER-DATE

08198 JUL 28 04

FPSC-COMMISSION CLERK

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

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

DATE: July 26, 2004
TO: William T. Rendell, Public Utilities Supervisor, Division of Economic Regulation
Shannon J. Hudson, Regulatory Analyst IV, Division of Economic Regulation
FROM: Mahnaz Massoudi, Engineer IV, Division of Economic Regulation *MM*
RE: Service Management Systems, Inc., Docket No. 021228-WS Proforma Completion

By Order No. PSC-03-1342 PAA-WS, issued November 24, 2003, the Commission ORDERED that Service Management Systems, Inc. (SMS), shall complete the proforma high service pump installation and common area irrigation meters installation within 180 days from the date of the Consummating Order. This order further indicated that once the utility completes the proforma plant improvements, the docket shall close administratively upon Commission staffs verification that the improvements have been made.

According to the SMS's letter dated July 22, 2004 and the provided invoices to staff, the utility completed all proforma plant improvements as required by this Order. Staff engineer verifies that all proforma plant improvements have been met. Therefore, pursuant to the Commission order the docket may be closed administratively.

SERVICE MANAGEMENT SYSTEMS, INC.

SMS

July 22, 2004

Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399

Attn: Troy Rendell

RE: Docket No. 021228-WS

Dear Mr. Rendell:


Attached are some invoices requested by your office, relating to the replacement high service pumping facility and new meters for irrigation. This utility was required to complete installation of both items within six months of the new order establishing our temporary rates. We are in compliance with the exception of a single meter that we are waiting for an adapter.

I do not want to file for a new "limited proceeding" as you have recommended to address additional costs, which currently are not be compensated through the temporary rates. Are you sure the PSC would want us to start a new proceeding when there is an open docket?

It was my understanding the docket was kept open for the specific purpose of allowing for adjustment of the rates based on events, which may occur after the temporary rates were set.

I would like someone from your office to look at some other significant costs incurred, like a new \$40,000 electrical generator, \$20,000 for a new well pump and an estimated \$10,000 to repair aeration equipment in the sewage treatment plant.

Regards,



James H. Bates
Resident

RECEIVED
FLORIDA PUBLIC SERVICE
COMMISSION
04 JUL 26 AM 10:27
DIVISION OF
ECONOMIC REGULATION

INVOICE

DERRICO CONSTRUCTION CORPORATION
 Post Office Box 361177
 Melbourne, FL 32936-1177
 (321) 254-2291

Invoice # IN268-05

| | |
|-----------------------------------|------------------------|
| Date: Sept. 11, 2003 | Job No.: 03-268 |
| Attention: Mr. James Bates | |
| R | |
| | |
| | |
| | |
| | |
| | |

TO: SERVICE MANAGEMENT SYSTEMS, INC.
 235 Hammock Shore Drive
 Melbourne Beach, FL 32951
 Fax to: 725-0804
 cc: Robert L. Beals, PA
 Fax to: 733-4403

| Item # | Quantity | Unit | Description | Unit Price | Price |
|-------------------------------|----------|------|------------------|-------------|--------------------|
| 1 | 1 | LS | Pump replacement | \$44,669.00 | \$44,669.00 |
| | | | <u>Less:</u> | | |
| | | | Check #1248 | | (\$5,000.00) |
| | | | 10% Retainage | | (4,466.90) |
| | | | Total Deductions | | (\$9,466.90) |
| TOTAL DUE THIS INVOICE | | | | | \$35,202.10 |

REMARKS:

Attached is a copy of the letter from PBS&J certifying that the work is complete, except for small punch list items. Per escrow agreement, payment is due upon receipt of this letter and invoice.
 Please let us know when we can pick up the check at Mr. Beals' office.

REMIT TO: DERRICO CONSTRUCTION CORPORATION
 Post Office Box 361177
 Melbourne, FL 32936-1177



\$ 5,000 pay to Derrico Construction Corp
\$ 39,669.00 pay to Robert BEALS, P.A.
Escrow Account

ESCROW AGREEMENT

THIS ESCROW AGREEMENT dated this _____ day of _____, 2003, by and among Service Management Systems, Inc. ("Client"), DERRICO CONSTRUCTION CORP. ("Company"), and ROBERT L. BEALS, P.A. ("Escrow Agent"),.

RECITALS

- A. Client has made a Contract with Derrico Construction Corp. ("Company"), a copy of which is attached hereto as Exhibit A.
- B. Client will pay Company Five Thousand & 00/100 Dollars (\$5,000.00) in advance for Company to begin work.
- C. Client and Company have mutually agreed to escrow \$39,669.00 upon the commencement of the work.

AGREEMENT

NOW, THEREFORE, in consideration of the covenants, promises and conditions herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, it is agreed as follows:

- 1. **ESCROW AGENT.** Client and Company do hereby appoint and designate Robert L. Beals, P.A., as Escrow Agent for the purposes herein set forth.
- 2. **DEPOSIT.** Client hereby deposits \$39,669.00 upon the commencement of the work.
- 3. **DISBURSEMENT.** Escrow Agent will disburse the deposit, less any partial payment, less ten percent (10%), i.e. \$4,466.90 when the work has been completed. "Completion" is deemed to occur when the project engineer, PBS&J, certifies that the work is complete. There will be one partial disbursement within ten (10) days after the initial electrical installation is complete. This amount shall be \$17,660.00, and will be paid when PBS&J approves that the panel installation conduit and wiring is complete and subsequent disbursement of the \$4,466.90 ("Retainage"). Escrow Agent will hold the Retainage for thirty (30) calendar days or certification by PBS&J that the "punch list" has been complete, whichever shall occur later. If there is no punch list, the thirty (30) day disbursement date will control. All funds will be held in the trust account for Robert L. Beals, P.A. maintained at Wachovia Bank.
- 4. **LIMITATION OF LIABILITY.**
 - a. Escrow Agent is not a party to, and is not bound by, or charged with notice of any contract or agreement which may arise out of this Agreement.
 - b. Escrow Agent is not responsible or liable in any manner whatever for the sufficiency, correctness, genuineness or validity of the Contract, or any part thereof, or for the form or execution thereof, or for the identity or authority of any person executing it.



An employee-owned company

September 11, 2003

James Bates
Service Management Systems, Inc.
235 Hammock Shore Drive
Melbourne Beach, Florida 32951

Dear Jim,

The new non-potable water pumping system at the Aquarina utilities site consists of two pumps designed for 1500 gallons per minute at 120 feet of head, one pressure transmitter at the pump pad and a control panel in a nearby building with the motor control center and variable speed drives built into it.

On September 8, 2003, the new non-potable water pumps were tested and performed satisfactorily in the automatic mode. Present at the tests were Robert Segerson of Derrico Construction Company (contractor) and his crew, C. J. Beimers, P.E. of PBS&J (engineer of record), Dixon Electric Co. (electrical subcontractor), Leslie Hardigree of Sta-Con, Inc. (controls supplier), Skip Dorton of Custom Pump & Controls, Inc. (pump supplier) and members of the Aquarina staff.

The initial pressure set-point was 75 psi, which was satisfied by each pump running at less than 100% of its full speed. When a nearby hydrant was opened fully, the pump ran up to 100% as expected. The system was left in the automatic mode overnight.

A punch-list of minor items observed during the test is attached. The contractor has already begun addressing these items.

On the basis of the foregoing, PBS&J hereby certifies that the construction has been substantially completed as designed, with only the punch-list items remaining.

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

Respectfully,

Charles J. Beimers, P.E.
Project Engineer



CUSTOM PUMP & CONTROLS, INC.
1840 RIVER OAKS RD
JACKSONVILLE, FL 32207

Invoice
 Invoice Number: 6753

Invoice Date:
 May 19, 2003

Page:
 1

Voice: (904) 858-9605
 Fax: (904) 858-9607

Not potable water system

Sold To:
 SERVICE MANAGEMENT SYSTEMS
 235 HAMMOCK SHORE DRIVE
 MELBOURNE BEACH, FL 32951

Ship to:
 DIRECT

| Customer ID | | Customer PO | | Payment Terms | |
|--------------|----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------|----------|
| SERVICEMGT | | | | Net 30-Days | |
| Sales Rep ID | | Shipping Method | | Ship Date | Due Date |
| DORTON, C | | PPD/Gator | | | 6/18/03 |
| Quantity | Item | Description | Unit Price | Extension | |
| 2.00 | | LAYNE VERTILINE 12TLC 3 STAGE VERTICAL TURBINE PUMPS W/CHESTERTON MECH. SEALS, 416 SS LINESHAFT, SPECIAL FAB DISCHARGE HEAD, 60HP, 1750. INVERTER DUTY, NEMA 3R STEEL VFD PANEL CONTROL PANEL 60HP, 480VOLT, 3PH | 14,807.00 | 29,614.00 | |
| 1.00 | STA-6753 | | 40,221.00 | 40,221.00 | |

*Check B's
 Skip Thornton
 813-886-6255*

PAID
 JUN 5 2003

Subtotal 69,835.00
 Sales Tax 4,190.10
 Freight
 Total Invoice Amount 74,025.10
 Payment Received
TOTAL 74,025.10

Check No:

US BlueBook



INVOICE

| | |
|-------------|----------|
| INVOICE NO. | 77073 |
| PAGE | 1 of 1 |
| DATE | 02/13/04 |

TEL: (847) 689-9781
 FAX: (847) 689-3001
 TOLL FREE: 1-800-493-9876
 F.E.I.N.: 36-3645787

NEW
 Remit to:
 P.O. Box 9004
 Gurnee, IL 60031-9004

| CUSTOMER P.O. # | SHIP DATE | SALESPERSON | TERMS | TAX CODE | SALES ORDER # | W/H | FREIGHT | SHIP VIA |
|-----------------|-----------------------------------------------------------|-------------|--------------|------------|---------------|--------|---------|-----------|
| 02/13/04 | 02/13/04 | MDS | 12/10 NET 30 | ILNONIL | 673059 | 01 | PREPAID | AST |
| SA STOCK # | DESCRIPTION | ORDERED | SHIPPED | BACK ORDER | U/M | PRICE | PER | EXTENSION |
| 6561 | 4" Flange Pack, Includes 8 Bolts w/ 1/8" Full Face Gasket | 2 | 2 | 0 | EA | 9.19 | EA | 18.38 |
| 3093 | Companion Flange 4"WPT Thread Cast Iron | 2 | 2 | 0 | EA | 24.51 | EA | 49.02 |
| 114 | Order From Catalog 114 | 1 | 1 | 0 | EA | .00 | EA | .00 |
| A | CR RLSO | 1 | 1 | 0 | EA | .00 | EA | .00 |
| 2205 | 4" Rebuilt Turbine Meter Direct Read Gallons | 1 | 1 | 0 | EA | 870.00 | EA | 870.00 |

OK per Scottie 3/1/04

RECEIVED
 MAR 01 2004
 BY:

*cut # 1334.NP
 Meters **

Net Due \$ 1,005.60

THANK YOU for your business!

% MONTHLY CHARGE 30 DAYS PAST DUE
 Discounts apply to merchandise only.

| MERCHANDISE | MISCELLANEOUS | DISCOUNT | TAX | FREIGHT | TOTAL DUE |
|-------------|---------------|----------|-----|---------|-------------|
| 937.40 | .00 | .00 | .00 | 119.00 | \$ 1,005.60 |

Should it become necessary to refer your unpaid balance to a collection agency, a collection fee, not to exceed 25% of the balance referred; plus reasonable attorney's fees; and court costs when necessary, will be added to the balance due.



******IMPORTANT******
 Please include this customer # on the face of your remittance check

SAME
 SERVICE MANAGEMENT SYSTEMS
 (AQUARINA DEVELOPERS INC.)
 7500 S HWY A1A
 MELBOURNE BEACH, FL 32951
 ATTN DAVE SCOTTIE

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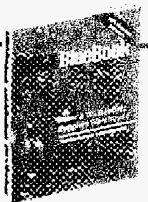
462467
 SERVICE MANAGEMENT SYSTEMS
 (AQUARINA DEVELOPERS INC.)
 7500 S HWY A1A
 MELBOURNE BEACH, FL 32951

USA BlueBook

INVOICE

| | |
|-------------|----------|
| INVOICE NO. | 74730 |
| PAGE | 1 of 1 |
| DATE | 12/10/03 |

NEW
 Remit to:
 P.O. Box 9004
 Gurnee, IL 60031-9004



TEL: (847) 689-9781
 FAX: (847) 689-3001
 TOLL FREE: 1-800-493-9876
 F.E.I.N.: 36-3645787

| CUSTOMER P.O. # | SHIP DATE | SALESPERSON | TERMS | TAX CODE | SALES ORDER # | W/H | FREIGHT | SHIP VIA |
|-----------------|------------------------------------------------------------|-------------|--------------|------------|---------------|--------|-------------|-----------|
| 1/10 | 12/10/03 | DAV | 12/10 NET 30 | ILNONIL | 653789 | 01 | PREPAID LPS | |
| SA STOCK # | DESCRIPTION | ORDERED | SHIPPED | BACK ORDER | U/M | PRICE | PER | EXTENSION |
| 283 | Neptuns 2" Rebuilt PD Meter Direct Read Gallons Flanged | 2 | 2 | 0 | EA | 261.00 | EA | 522.00 |
| 289 | Flange Kit For 2" Meter Cast Iron | 2 | 2 | 0 | EA | 27.11 | EA | 54.22 |
| 14 | Order From Catalog 114 CR RLSD | 1 | 1 | 0 | EA | .00 | EA | .00 |
| | | 1 | 1 | 0 | EA | .00 | EA | .00 |

RECEIVED
 DEC 18 2003
 BY: _____

THANK YOU for your business!

| MERCHANDISE | MISCELLANEOUS | DISCOUNT | TAX | FREIGHT | TOTAL DUE |
|-------------|---------------|----------|-----|---------|-----------|
| 576.22 | .00 | .00 | .00 | 43.77 | 619.99 |

MONTHLY CHARGE 30 DAYS PAST DUE
 Discounts apply to merchandise only.

If it become necessary to refer your unpaid balance to a collection agency, a collection fee, not to exceed 25%
 balance referred; plus reasonable attorney's fees; and court costs when necessary, will be added to the balance due.



******IMPORTANT******
 Please include this customer #
 on the face of your remittance check

SAME
 SERVICE MANAGEMENT SYSTEMS
 (AQUARINA DEVELOPERS INC.)
 7500 S HWY A1A
 MELBOURNE BEACH, FL 32951
 ATTN DAVE SCOTTIE

S
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462487
 SERVICE MANAGEMENT SYSTEMS
 (AQUARINA DEVELOPERS INC.)
 7500 S HWY A1A
 MELBOURNE BEACH, FL 32951

USA BlueBook

INVOICE

| | |
|-------------|----------|
| INVOICE NO. | 741988 |
| PAGE | 1 of 1 |
| DATE | 11/24/03 |

NEW
 Remit to:
 P.O. Box 9004
 Gurnee, IL 60031-9004



TEL: (847) 689-9781
 FAX: (847) 689-3001
 TOLL FREE: 1-800-493-9876
 F.E.I.N.: 36-3645787

| CUSTOMER P.O. # | SHIP DATE | SALESPERSON | TERMS | TAX CODE | SALES ORDER # | W/H | FREIGHT | SHIP VIA |
|-----------------|------------------------------------------------------------|-------------|--------------|------------|---------------|--------|------------|-----------|
| 124/03 | 11/24/03 | LUM | 1X/10 NET 30 | ILMD11 | 649222 | 01 | UNPAID UPS | |
| SA STOCK # | DESCRIPTION | ORDERED | SHIPPED | BACK ORDER | U/M | PRICE | PER | EXTENSION |
| 293 | Bronze Meter Flange Kit 2" | 2 | 2 | 0 | EA | 36.00 | EA | 72.00 |
| 283 | Neptune 2" Rebuilt PD Meter Direct Read Gallons Flanged | 1 | 1 | 0 | EA | 261.00 | EA | 261.00 |
| 352 | Brass Ball Valve 2"npt Brass Stem/Ball FP 600WOG | 2 | 2 | 0 | EA | 44.41 | EA | 88.82 |
| 14 | Order From Catalog 114 CR RLS) | 1 | 1 | 0 | EA | .00 | EA | .00 |
| | | 1 | 1 | 0 | EA | .00 | EA | .00 |

RECEIVED
 DEC 1 2003
 BY:

THANK YOU for your business!

| MERCHANDISE | MISCELLANEOUS | DISCOUNT | TAX | FREIGHT | TOTAL DUE |
|-------------|---------------|----------|-----|---------|-----------|
| 421.02 | .00 | .00 | .00 | 29.44 | 451.26 |

6 MONTHLY CHARGE 30 DAYS PAST DUE
 Discounts apply to merchandise only.

If it becomes necessary to refer your unpaid balance to a collection agency, a collection fee, not to exceed 25% of the balance referred; plus reasonable attorney's fees; and court costs when necessary, will be added to the balance due.

****IMPORTANT****

Please include this customer # on the face of your remittance check



SAME
 SERVICE MANAGEMENT SYSTEMS
 (AQUARINA DEVELOPERS INC.)
 7500 S HWY A1A
 MELBOURNE BEACH, FL 32951
 ATTN DAVE SCOTTIE

D
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462487
 SERVICE MANAGEMENT SYSTEMS
 (AQUARINA DEVELOPERS INC.)
 7500 S HWY A1A
 MELBOURNE BEACH, FL 32951