

LAKESIDE WATERWORKS, INC.

May 30, 2014

Office of Commission Clerk
Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399

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COMMISSION
CLERK

Re: Docket No. 130194-WS – Application for staff-assisted rate case in Lake County, by Lakeside Waterworks, Inc. – Staff Fourth Data Request

To Whom It May Concern:

Prior to providing responses to Staff’s Fourth Data Requests, Lakeside Waterworks, Inc. offers the same phased in rate increase approach in this instant docket that is consistent with the settlement agreement reached with OPC and the customers in Docket No. 130153-WS, LP Waterworks, Inc. This phased in approach would allow the utility to recover its prudent operation and maintenance (O&M) expenses, as well as the taxes other than income (TOTI) – which includes property taxes and regulatory assessment fees (RAFs). The first phase would be for a period of one year after the Commission’s approval. The second phase increase would be for the appropriate rate of return on rate base and depreciation expense – including any appropriate pro forma plant items.

Lakeside Waterworks is cognizant of the potential impact of this rate increase and in light of the fact that this utility has not had a formal rate case decided by this Commission, the utility is offering this phasing in of the increase to help alleviate the rate shock of the increase to its customers. Lakeside Waterworks is aware of its inherent statutory right under Section 367.081 and 3667.0814, Florida Statutes to be provided an opportunity to recover its reasonable operating expenses and earn a fair rate of return on its investments. Lakeside Waterworks will continue to work with the Office of Public Counsel and its customers to finalize this settlement offer.

Attached please find Lakeside Waterworks, Inc.’s response to Staff’s Fourth Data Request submitted on May 22, 2014 in the above referenced docket:

1. Please provide a description of your duties as the majority owner of LWI.

Response:

COM _____
AFD _____
APA _____
ECO _____
ENG 1 a) Oversight of All Business and Utility Operations
GCL 1 b) Capital Improvements required at the utility
IDM _____
TEL _____
CLK _____

- c) Financing of operations and funding of utility improvements; including equity investment in utility; long term debt, etc.
 - d) Primary liaison with the Florida Department of Environmental Regulation, Public Service Commission, and various Florida Water Management Districts
 - e) Acts as President of utility similar to other regulated utilities throughout Florida
 - f) Ensures compliance with Federal, State, and Local Tax Filing Requirements.
 - g) Ensures corporate record management and annual corporate renewals.
2. As the majority owner of LWI, do you have the sole discretion over all financial, legal, operational and regulatory matters?

Response:

Yes. As majority shareholder, Gary Deremer ultimately has sole discretion over all financial, legal, operational, and regulatory matters. However, the minority shareholders also have an equity stake and ownership in the utility. As CEO and majority shareholder, Mr. Deremer has a fiduciary responsibility to make reasonable and necessary decisions to protect the interest of the minority shareholders, as well as the customers of the utility.

3. Please provide a description of the duties for the minority owners of LWI.

Response:

The minority shareholders of the utility retain an equity stake in ownership and management of the utility. The minority shareholders have a fiduciary responsibility, and assist in making reasonable and necessary decisions to protect the interest of all shareholders, as well as the customers of the utility. These minority shareholders, like Mr. Deremer, have many years experience in the water and wastewater utility industry and bring additional operational and financial expertise to the utility. They have backgrounds as certified utility operators, administrators and construction contractors. Any major decisions related to the utility is shared with and discussed with the minority shareholders prior to implementation. Mr. Deremer relies on the input and expertise of the minority owners in making the major decisions in order to protect the utility and its customers.

4. What compensation do you receive directly from LWI?

Response:

It is budgeted that Gary Deremer receives a salary of \$3,000 for the water utility, and \$3,000 for the wastewater utility.

5. What compensation do the minority owners receive directly from LWI?

Direct services provided by minority shareholders to the management of the utility shall be prorated from Officer Salary designated in item 4 above, thereby reducing officer salary to Mr. Deremer.

6. Why are the amount of Officer Salaries (\$2,500 for water and \$2,500 for wastewater for a total of \$5,000/year) just and reasonable?

Response:

The actual amounts are \$3,000 for water and \$3,000 for wastewater, for a total of \$6,000/year. Mr. Deremer provides 26 years of utility experience in operation and ownership of water and wastewater utilities.

Specifically, in Order No. PSC-13-0425-PAA-WS, issued on September 18, 2013, the Commission stated:

The application also included information attesting to the fact that Lakeside's president, Mr. Gary Deremer, has 27 years of experience in the water and wastewater industry, including utility ownership in the following systems previously regulated by this Commission and subsequently sold to FGUA:

<u>Utility System</u>	<u>Location</u>
Holiday Utility System	Holiday, FL
Virginia City Utility System	New Port Richey, FL
Dixie Groves Utility System	Holiday, FL
Colonial Manor Utility System	Holiday, FL
Pasco Utilities, Inc.	Zephyrhills, FL

In addition, Lakeside's vice president, Mr. Cecil Delcher, has approximately 35 years in operations and construction, including private utility ownership. According to the application, both Mr. Deremer and Mr. Delcher have operated more than 450 facilities within the State of Florida, including customer service to more than 70,000 customers daily.

See also, Order No. . PSC-12-0587-PAA-WU, issued October 29, 2012.

Officer Salaries has historically been recognized as a beneficial operating expense for regulated utilities, and particularly for Class C utilities. This is also true for utilities that have also had contractual agreements with US Water Services. One example is for Pasco Utilities, Inc. In Order No. PSC-07-0425-PAA-WU, issued May 15, 2007, the Commission approved an officer's salary of \$24,000 for a water only utility with 674 customers, while also approving Outside Services for an agreement with U.S. Water Services Corporation (USWSC) for operations, maintenance, and customer service of the utility system. In this order, the Commission approved

the monthly fee totaling \$70,772 annually. Again, this was for a water only utility. (see pgs. 7 – 8).

7. Please provide a description of how the customers of LWI benefit because you are the majority owner of the utility.

Response:

There are numerous benefits to the utility's customers as to having Mr. Deremer as the majority owner of both the utility, as well as, US Water Services Corporation, Inc. As discussed above, Mr. Deremer has well over 26 years of utility experience in both managing, operating, and providing contractual services. He maintains high certification as an Operator and is also licensed as an Underground Utility Contractor. In addition, the Vice President also has over 36 years of experience in utility operations and management. Prior to acquiring any utility, and throughout the transfer process, Mr. Deremer personally meets with customers of the anticipated acquired utility to discuss his management and the benefits of his ownership. Mr. Deremer also discusses any necessary capital improvement projects (CIP) with customers and the associated costs, as well as the potential impact to rates. Mr. Deremer brings synergy to the management and ownership of regulated utilities through his extensive experience and professional relationships with governmental agencies, elected officials, city and county governments, and suppliers. Through Mr. Deremer's majority ownership of regulated utilities and US Water, there are opportunities for decreased financing of projects, minimization of operating expenses, and increased customer service, as well as the quality of the product provided to the customers. The majority of these utilities are considered troubled for numerous reasons, whether operational, managerial, or environmental. As such, these systems are either not considered for purchase by counties or other governmental entities leaving the customers with the possibility of abandonment or significant quality concerns, either DEP related or water and wastewater quality. Further some of these systems are also geographically challenged in relation to operations. These extenuating circumstances often lead to significant pressures on customer service rates. Through Mr. Deremer's extensive experience, he is able to address the required capital improvement and operational challenges to minimize, or eliminate, these pressures on rates. Mr. Deremer is also cognizant of the effect of overpaying for a system - which can be seen throughout the industry, in order to protect future rate structure passed on to customers. He has been successful in negotiating reduced purchase prices which reduces the rate base amounts thereby relieving the rate of return pressure on the rate base. Through Mr. Deremer's professional association and relationships with counties and city entities, he is also able to capitalize on cost sharing mechanisms to potentially utilize the underutilized plant at various facilities, thereby further minimizing cost impact to the existing utility customers.

Mr. Deremer, through mutual control of both LWI and US Water as the Operations, Maintenance and Customer Service Contractor, brings a scale of service which benefits the utility community. In addition to regulated utility operating services, US Water focuses on economies of scale, environmental protection, preventive maintenance, customer service and strives to set increased standards within the water and wastewater utility industry. With a staff of 475 persons

throughout the State, customers receive quick attention to any issues that may arise. There is a multidisciplinary grouping of individuals within US Water including certified operators, registered engineers, new construction and utility rehabilitation contractors, emergency and preventive maintenance specialist, customer service and compliance specialist. This unique staffing within one service company provides a level of service not readily available within the water/wastewater utility industry. The expertise provided allows Mr. Deremer to look further into what might be a corrective action representing significant cost reduction to the utility – such as asking local government to consider reduction of an Ad Valorem Tax Base; a small redesign or treatment process change to wastewater treatment to reduce sludge hauling cost; change in operating protocol to reduce cost of chemicals and power to the utility. The team led by Mr. Deremer at US Water approaches all utility operations in the spirit of finding and identifying the most cost effective operations with a longterm approach which benefits the customers.

8. Please provide a description of your duties as the majority owner of US Water.

Response:

Mr. Deremer is the President, CEO and Board Chairman of U.S. Water Services Corporation (US Water). He directly oversees the General Manager of US Water, Manager of Regulated Utilities, as well as the CFO, COO. He is ultimately responsible for the organization.

9. Please provide a description of the duties of the minority owners of US Water.

Response:

David B Schultz, Sr Sr. VP and COO

- Asset Management, Oversight of Regional Managers, Legal Matters

Victoria Penick Sr. VP, CFO, Board of Directors

- Fiscal Management, Contract Administration, Administration Process

Cecil Delcher VP, General Contractor Qualifier

- Support to all construction and rehabilitation projects.

Ralph Amriott VP, FL Director of Maintenance and Rehabilitation

- Direct oversight of Florida Utility Related Repair and Rehabilitation

Jeffrey DuPont

VP, Director BD Mid Central US

- Regional VP and Business Development of Mid Central USA

10. As the majority owner of US Water, do you have the sole discretion over all financial, legal and operational matters for US Water?

Response:

Mr. Deremer has final decision making authority over all matters related to US Water after input from all Shareholders has been considered.

11. LWI pays US Water approximately \$6,160 per month for water and wastewater services.

- a. What portion of that amount do you receive as compensation from US Water?
- b. What portion of that amount do the minority owners receive as compensation from US Water?

Response:

(a & b): Zero amount (no portion) for all owners. These contractual monthly charges include the operations, accounting, and operation management positions. For the “Administrative Management” portion, this is derived at by using all currently owned or purchased private regulated utilities and dividing these amounts by the existing ERCs and future potential ERCs through growth and potential acquisitions. These amounts are to cover the monthly operational and administrative expenses for the regulated utilities. The only portion of the monthly contract amount that is directly related to salaries are as follows:

USW – Administrative/Management Expenses for ALL regulated utilities

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Utility Regional Manager	\$ 75,005	40 hrs	1
Accountant	\$ 60,008	40 hrs	1
Total Cost			\$135,013

Divided by:

Current ERCs 5,245 plus 1,000 ERCs future growth/acquisitions = 6,245 ERCs
(This is for current regulated utilities as well as future)

This equates to \$22.41 **annually per ERC** or \$1.87 a month. This does not include any owners’ salaries.

Operational Expenses for LWI

Water:

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Operator	\$ 40,082	4 hr	.1
Maintenance Mechanic (UT) (UT based on ERCs)	\$ 36,816	5.12 hrs	.128
Total Cost		\$8,720	

Wastewater:

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Operator	\$ 40,082	4 hr	.1
Maintenance Mechanic (UT) (UT based on ERCs)	\$ 36,816	5.12 hrs	.128
Total Cost		\$8,720	

No owners' salaries included. The owners only receive any type of compensation through disbursement of retained earnings if there are any net operating profits from operations that are not retained or utilized for continuing operations or capital improvements.

12. Please provide a description of how the customers of LWI benefit because you are the majority owner of US Water.

Response:

See Response to No.7 above.

13. Questions 13 and 14 are follow-up questions related to LWI's Response to Staff's Second Data Request, item number 4, dated March 25, 2014 (FPSC Document No. 01354-14). The Company's response included a summary sheet titled "FGUA Benchmarking Results," showing Customer Service Cost and O&M Cost (\$/account) for FGUA South systems.

a. For comparative purposes, how do the Customer Service Cost and O&M Cost (\$/account) for Florida Government Utility Authority (FGUA) South systems compare to these metrics for private systems U.S. Water serves under contract? Please include in your response an explanation why the average Customer Service Cost and O&M Cost (\$/account) for FGUA South systems are lower than U.S. Water's contract with LWI.

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Response: Questions No. 13 and 14 were previously answered in Staff's Third Data Request filed on May 2, 2014. (**Document 02040-14**) However, for simplicity, LWI is providing the responses again.

Pursuant to the Contract entered into on November 16, 2012, LWI employed the services of USWSC in three distinct functions; the operation, maintenance and billing/collection (OM&BC) of the utility systems. This includes (a) Water System Operations; (b) Wastewater System Operations; (c) Maintenance; and (d) Customer Service. For a listing of serviced provided to LWI, see USWSC's Scope of Services – Base Contract Service, Section 2, as well as the cost responsibilities on Table 4 of the contract for both water and wastewater.

Lakeside Waterworks, Inc. (LWI) respectfully submits that it is imperative a clarification be made in order to dispel a misunderstanding on the part of the Commission staff and the Office of Public Council. To be clear, the cost per account for LWI is actually **below** the cost for the FGUA South systems – **not above**. The cost per water account is \$208.72 annually compared to \$263.58 for South and \$263.51 for West. Similarly the cost per wastewater account is \$204.21 annually compared to \$263.58 for South and \$263.51 for West. For the FGUA systems, if they were water and wastewater the combined cost per ERC would be \$527.16 annually for South and \$527.02 annually for West; this compares favorably to the less combined cost charged to LW of \$408.41. When taken in total, the average overall cost for LW is \$206.51 which is well **below** the charges to FGUA. See below:

Lakeside	FGUA Benchmarking					
	Annual	Cust.	Cost/acct	Customer Service	South	West
Water	\$ 38,196	183	\$ 208.72	O&M	\$ 50.58	\$ 38.51
Wastewater	\$ 35,736	175	\$ 204.21	Total/acct	\$ 213.00	\$ 225.00
Total	\$ 73,932	358	\$206.51		\$ 263.58	\$ 263.51

Upon further analysis of the WetCon benchmarking study, there was a flaw in their data table. The underlying data for the "South" was obtained from the AWWA 2011 Benchmarking Performance Indicators. Upon further analysis, it was discovered that the costs in WetCon's table were an average of the two water and wastewater costs. Below is the actual costs contained in the AWWA 2011 Benchmarking Analysis:

<u>AWWA:</u>	Top	Medium	Bottom
O&M cost per customer			
Water - O&M	\$233	\$257	\$331
Wastewater O&M	<u>\$259</u>	<u>\$345</u>	<u>\$426</u>
Total O&M	<u>\$492</u>	<u>\$602</u>	<u>\$757</u>

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Average	\$246	\$301	\$379
Customer Service Cost Average	Top \$36.43	Medium \$41.16	Bottom \$52.38
Total Cost:			
Water:	\$269.43	\$298.16	\$383.38
Wastewater:	<u>\$295.43</u>	<u>\$386.16</u>	<u>\$478.38</u>
Total	<u>\$564.86</u>	<u>\$684.32</u>	<u>\$861.76</u>

Compared to Lakeside Waterworks:

Water	\$209
Wastewater	<u>\$204</u>
Total	<u>\$413</u>
Average	\$206.50

Also, in the AWWA, there was a further analysis based on company size. When compared to utilities in this study for Population from 0 -10,000 customers, the contrast is much more striking. Below are the numbers from the AWWA study:

Population 0 – 10,000:

O&M cost per customer			
Water - O&M	\$251	\$324	\$ 456
Wastewater O&M	<u>\$399</u>	<u>\$473</u>	<u>\$ 573</u>
Total O&M	<u>\$650</u>	<u>\$797</u>	<u>\$1,029</u>
Customer Service Cost Average	Top \$ 66.31	Medium \$ 82.26	Bottom \$ 101.19
Total Cost per customer:	\$716.31	\$879.26	\$1,130.19

Each of the Operation, Maintenance, and Customer Service contract that USWC enters into with a party are different and are priced differently depending on numerous factors. This includes the number of utility operation employees needed (Facility Operators and Maintenance Mechanic) and the number of hours required per system for operation. Also whether the contractor provides the cost of the sludge hauling, chemicals, power, offices, vehicles, etc. or if those costs are borne by the owner. Also for the regulated utilities, the Utility Manager and Accountant are spread over all ERCs of the regulated utilities plus anticipated growth. As

explained in the response to staff's data request in Docket No. 130153-WS – LP Utilities, the contractual monthly charges for these utilities include the operations, accounting, and operation management positions. For the “Administrative Services” portion, this is derived at by using all currently owned or purchased private regulated utilities and dividing these amounts by the existing ERCs and future potential ERCs through growth and potential acquisitions. Thus these costs are lower than actual costs since there is a growth factor built in for potential acquisitions in the future that have not taken place. These amounts are to cover the monthly operational and administrative expenses for all the regulated utilities, both present and future. The only portion of the monthly contract amount that is directly related to salaries is as follows:

USW – Administrative/Management Expenses for ALL regulated utilities

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Utility Regional Manager	\$ 75,005	40 hrs	1
Accountant	\$ 60,008	40 hrs	1
Total Cost			\$135,013

Divided by:
 Current ERCs 5,245 plus 1,000 ERCs future growth/acquisitions = 6,245 ERCs
 (This is for current regulated utilities as well as future)

This equates to \$22.41 **annually per ERC** or \$1.87 a month. This does not include any owners' salaries.

Operational Expenses for LWI

Water:

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Operator	\$ 40,082	4 hr	.1
Maintenance Mechanic (UT) (UT based on ERCs)	\$ 36,816	5.12 hrs	.128
Total Salary Cost			\$8,721

Wastewater:

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Operator	\$ 40,082	4 hr	.1
Maintenance Mechanic (UT) (UT based on ERCs)	\$ 36,816	5.12 hrs	.128
Total Salary Cost			\$8,721

For meter reading, billing and customer service, the costs to the regulated utilities is \$2.58 per month per customer or \$30.90 annually for water; and \$30.90 annually for wastewater.

Further, the WetCon Benchmarking report states, “It is virtually impossible to find any two water utilities that are comparable, given their unique treatment systems, customer bases, permit requirements, operational procedures, capital needs and rate structures. This is particularly true when comparing other systems to FGUA, with its’ geographic spread, diverse customer base and broad range of treatment technologies.”

b. If known, please state which FGUA South systems were identified to determine the \$50.58 average Customer Service Cost per account and the \$213 average O&M Cost per account.

Response:

Golden Gate	Water - 3,704 customers
Golden Gate	Wastewater – 2,333 customers
LeHigh Acres	Water – 12,610 customers
LeHigh Acres	Wastewater – 10,347 customers
North Ft. Myers	Water - 1,871 customers
North Ft. Myers	Wastewater – 11,840 customers

There are three separate contracts for the “South” systems broke out by Golden Gate, LeHigh Acres, and North Ft. Myers. These systems are in close proximity to each other with large number of customers.

c. Is there an FGUA South system that serves approximately the same number of customers as LWI? If so, how does the U.S. Water Agreement For Service contract for that FGUA South system compare to LWI’s U.S. Water Agreement For Service contract?

Response: No there are none the same size and different levels of services are provided to each one depending on treatment, operation, etc.

d. Please identify all specific services that are included in LWI’s U.S. Water Agreement For Service contract that are included under the FGUA South contract.

Response: One of the primary differences is the reporting requirements of the Public Service Commission contained in Rule 25-30, Florida Administrative Code, which

include but are not limited to, annual reports, regulatory assessment fees, responses to customer complaint inquiries, etc. The FGUA is not regulated by the PSC.

The remaining basic operations, maintenance, and customer service items are similar. See Attachment A entitled "Appendix A" for the basic Operations and Maintenance Service Performance Standards and attached titled "Appendix B" for the Basic Billing and Customer Service Performance Standards. These are from the General Terms Agreement for Utility Operations, Maintenance, Billing and Customer Service for the Lehigh Acres and Golden Gate systems. It is also the same as the North Ft. Myers system. For further information, please see Attachment B.

- e. Please identify all specific services that are not included in LWI's U.S. Water Agreement For Service contract that are included under the FGUA South contract.

Response: One of the differences is the level of repair, renewal, and replacement of plant that is included in the basic contract. For LWI the amount that USWC is to cover in the agreement is up to \$400 in repairs and replacements, while the amount in the South contracts is up to \$7,500 in repairs and replacements. This is the same for all of the FGUA contracts. Primarily this is due to the differences in the size of the various utilities. The other is level of staffing. For example, the level of staffing for the North Ft. Myers system is 19 including 6 wastewater operators FTEs, a Chief Operator, a system Manager, 2 Plant Mechanics, a Chief Lift Station Mechanic, etc. For Lehigh Acres, at the water treatment plant No. 1 (WTP1), the staffing is for a minimum staffing level of 24 hours per day/7 days a week to accommodate increased production; while the staffing level at WTP2 is for a minimum of 1 hour per day/5 days per week. One other difference is for the FGUA contracts, USWC is responsible for the chemical costs while LWI is responsible for the chemical costs under its contract. For further information, please see Attachment B.

- f. If the response to sub-part (c) above is affirmative, please provide a copy of the U.S. Water Agreement For Service contract for that company.

Response: Not applicable; however, see Attachments A & B provided with this response.

14. The Company's response included a summary sheet titled "FGUA Benchmarking Results," showing Customer Service Cost and O&M Cost (\$/account) for FGUA West systems.

- a. For comparative purposes, how do the Customer Service Cost and O&M Cost (\$/account) for Florida Government Utility Authority (FGUA) West systems compare to these metrics for private systems U.S. Water serves under contract? Please include in your response an explanation why the average Customer Service Cost and O&M Cost (\$/account) for FGUA West systems are lower than U.S. Water's contract with LWI.

Response: See LPW's response to Data Request No. 13 (a) above.

b. If known, please state which FGUA West systems were identified to determine the \$38.51 average Customer Service Cost per account and the \$225 average O&M Cost per account.

Response:

Lindrick -	Water – 3,066 customer
Lindrick-	Wastewater – 2,565 customers
Seven Springs	Water – 12,371 customers
Seven Springs	Wastewater – 12,391 customers
Aloha Gardens	Water – 3,249 customers
Aloha Gardens	Wastewater – 2,845 customers
Consolidated	Water – 2,394 customers
Mad Hatter	Water – 3,703 customers
Mad Hatter	Wastewater – 3701 customers

All of the FGUA West – Pasco systems are combined and included in one contract with FGUA. These systems are in close proximity to each other with large number of customers.

c. Is there an FGUA West system that serves approximately the same number of customers as LWI? If so, how does the U.S. Water Agreement For Service contract for that FGUA West system compare to LWI's U.S. Water Agreement For Service contract?

Response: No there are none the same size and different levels of services are provided to each one depending on treatment, operation, etc.

d. Please identify all specific services that are included in LWI's U.S. Water Agreement For Service contract that are included under the FGUA West contract.

Response: See response to Data Request 13 (e) above.

Also, the FGUA provides its own vehicles for the service techs in the West. USWC provides the vehicles for operations for LWI.

The FGUA has customer service payment centers in all of its areas. Also FGUA does not pay for chemical costs for its systems; whereas the owner of LWI pays for the chemical costs.

e. Please identify all specific services that are not included in LWI's U.S. Water Agreement For Service contract that are included under the FGUA West contract.

Response: See response to Data Request 13 (e) above.

Also, the FGUA provides its own vehicles for the service techs in the West. USWC provides the vehicles for operations for LWI.

The FGUA has customer service payment centers in all of its areas. Also FGUA does not pay for chemical costs for its systems; whereas the owner of LWI pays for the chemical costs.

f. If the response to sub-part (c) above is affirmative, please provide a copy of the U.S. Water Agreement For Service contract for that company.

Response: See response to Data Request 13 (f) above.

15. Questions 15-35 relate to LWI's planned repairs or improvements (a/k/a proforma) by year identified in the EXCEL file sent to Commission staff by Troy Rendell on May 5, 2014, at approximately 2:00 in the afternoon. For the columns identified as 2013 and 2014, please state which projects:
- (a) Have been completed (please state the completion date);
 - (b) Have been started as of 5/1/2014, but not are not completed;
 - (c) Have not been started as of 5/1/2014.

Response: The items included for 2013 have been completed. The documentation was previously filed with the Commission in this docket. See Document No. **00352-14** filed January 21, 2014.

16. This question pertains to the water column identified as 2013.
- a. For 2013, a \$5,296 water project pertaining to chlorine feed pumps is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: This water plant upgrade was completed on December 17, 2013. The documents were previously submitted to the Commission for consideration in response to Staff's First Data Request No. 9 on January 9, 2014. For the copy of the invoice, please see Document No. **00352-14** filed January 21, 2014 in the docket file. These were replacements of broken items at the plant so no cost savings will result. This replacement should allow more efficient delivery of disinfecting chlorine to the appropriate injection point.

Note: Attached is an additional invoice related to the replacement of the chlorine feed pumps. The supplier of the pumps, did not provide an invoice for the actual pumps until May 2014. The attached invoice in the amount of \$1,766.22 is in addition to the \$5,296 amount for a total of \$7,062.

17. This question pertains to the water column identified as 2013.
- a. For 2013, a \$1,233 water project pertaining to a water main is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: This water plant upgrade was completed on December 9, 2013. The documents were previously submitted to the Commission for consideration in response to Staff's First Data Request No. 12 on January 9, 2014. For the copy of the invoice, please see Document No. **00352-14** filed January 21, 2014 in the docket file. This was a 6" main break. Ten feet of 6" main was replaced, there are no cost savings since it was a repair. The repair was necessary to prevent water loss and increase to the operational cost in electrical and chemical usage.

18. This question pertains to the wastewater column identified as 2013.
- a. For 2013, a \$3,690 wastewater repair project pertaining to diffusers is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: This wastewater plant upgrade was completed in December 2013. The documents were previously submitted to the Commission for consideration in response to Staff's First Data Request No. 7 on January 9, 2014. For the copy of the invoice, please see Document No. **00352-14** filed January 21, 2014 in the docket file. This was a replacement of broken items, so no cost savings associated with this completed replacement. The replacement of the diffusers was necessary to improve operation of the plant and to provide more reliable wastewater treatment efficiencies.

19. This question pertains to the water column identified as 2014.
- a. For 2014, a \$2,000 water project pertaining to a generator housing is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: This is to replace the generator housing due to the existing housing being rusted beyond repair. There is no cost savings associated with this replacement of disrepair plant. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

20. This question pertains to the water column identified as 2014.

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- a. For 2014, a \$10,000 water project pertaining to a control panel is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The replacement of the control panel will provide more efficient and safe operation of the plant equipment and has the potential to reduce electrical costs. However, the actual electrical costs at the water treatment plant of Lakeside Waterworks averages \$203 per month, or approximately \$2,441 a year. The staff's preliminary recommendation contained in its Staff Report dated April 15, 2014 for purchased power for water was \$2,390. Therefore, the preliminary recommended amount for purchase power is not covering the actual costs of the utility. The replacement will make the plant operation safer and more reliable. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

21. This question pertains to the water column identified as 2014.

- a. For 2014, a \$5,000 water project pertaining to a web-based alarm system is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: There could potentially be cost savings in lesser response time and less equipment down time. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

22. This question pertains to the water column identified as 2014.

- a. For 2014, a \$1,960 meter replacement project is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The replacement of older water meters allows for more accurate meter readings and reporting of water usage to customers to send the proper price signal and to reduce lost revenues, thus prolonging the need for rate relief. This allows for better accounting of both water usage and revenues. The staff's preliminary recommendation contained in its Staff Report dated April 15, 2014 recommended an excessive unaccounted for water of 10% - or a total of 20% unaccounted for water in the test year. The replacement of water meters would assist in addressing the unaccounted for water amount. Further, the water system has been in operation since 1983 (See Order No. PSC-96-0062-FOF-WS). The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

23. This question pertains to the water column identified as 2014.

- a. For 2014, a \$3,123 water project pertaining to a flow meter is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.
- c.

Response: The replacement of the well flow meter will allow for more accurate recording and accounting of water usage and production. The staff's preliminary recommendation contained in its Staff Report dated April 15, 2014 recommended an excessive unaccounted for water of 10% - or a total of 20% unaccounted for water in the test year. The replacement of water meters would assist in addressing the unaccounted for water amount. Further, the water system has been in operation since 1983 (See Order No. PSC-96-0062-FOF-WS). The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

24. This question pertains to the wastewater column identified as 2014.

- a. For 2014, a \$30,000 wastewater project pertaining to the aeration basin is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: It is important to understand that the current plant is oversized for the current customer population and is permitted for 50,000 gpd. . The staff's preliminary recommendation contained in its Staff Report dated April 15, 2014 recommended a used and useful percentage of 16.8% U&U. Lakeside Waterworks plans to replace only the portion of the plant, or 30,000 gpd, that is needed to treat the wastewater for the current customer population. Thus the utility is planning to only replace the only the portion of the corroded steel aeration basin that is needed. The utility does not intend to replace the entire 50,000 gpd, thus will address the oversizing of the existing plant. At that time, Lakeside Waterworks intends to get the wwtp re-rated and permitted for only the 30,000 gpd that is necessary. The replacement of the corroded aeration basin will improve the operational efficiencies by providing better oxygenation transfer in the biological population which will result in higher treatment efficiencies. Once the aeration basin is replaced, these efficiencies should assist in reducing the electrical and chemical usage. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

25. This question pertains to the wastewater column identified as 2014.

- a. For 2014, a \$6,000 wastewater project pertaining to a digester tank is shown on this document. Please identify any cost savings that will result from completing this project.

- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The current digester capacity is inadequate for proper operation of the plant. Lakeside Waterworks intends to install a new digester tank to provide more efficient operation of the plant by maintaining the microbiological population in order to maintain wastewater biological treatment efficiencies. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

26. This question pertains to the wastewater column identified as 2014.

- a. For 2014, a \$25,000 wastewater project pertaining to an air header is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The existing air header has numerous leaks due to corrosion. With the replacement of the air header, there should be more reliable air distribution in the wastewater treatment plant and less malfunctions that effect the efficient operation of the treatment process. There are no anticipated cost savings associated with this replacement. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

27. This question pertains to the wastewater column identified as 2014.

- a. For 2014, a \$5,000 wastewater project pertaining to blowers is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The existing blowers do not produce adequate aeration for the two treatment trains and surge tank. Lakeside Waterworks plans to replace the blowers to produce adequate aeration for the proper plant operational efficiencies. The proper blower sizing is necessary to maintain the biological population necessary for efficient wastewater treatment operation. There are no anticipated cost savings since this is a replacement of existing blowers. However, with the addition of the smaller aeration basin addressed above, there could potentially be savings with reduced usage of the blowers. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

28. This question pertains to the wastewater column identified as 2014.

- a. For 2014, a \$8,000 wastewater project is shown on this document for influent headworks. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The existing influent headworks has no screening device to catch incoming debris and objects coming into the wastewater plant in the influent flow. Lakeside Waterworks plans to install a splitter box/bar screen to help protect tanks and equipment from incoming debris. Items such as rags and flushable wipes have the potential of damaging the mechanical equipment used in the wastewater treatment process. The splitter box/bar screen will prevent this debris from entering the wastewater treatment plant and prevent downtime of equipment and replacement of equipment. This will also increase the efficiency of the oxygen transfer during the treatment process due to the removal of these solid non treatable debris. There are no cost savings associated with the addition of this item. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

29. This question pertains to the wastewater column identified as 2014.

- a. For 2014, a \$8,000 wastewater project is shown on this document for the aeration basin. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: This item is related to No. 24 above. Once the existing aeration basin is replaced with a small 30,000 gpd basin, the existing corroded steel aeration basin will be demolished and removed. This is the cost associated with demolishing the existing corroded basin. There are no cost savings associated with this item. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

30. This question pertains to the wastewater column identified as 2014.

- a. For 2014, a \$15,000 wastewater project pertaining to the spray field is shown on this document. Please identify any cost savings that will result from completing this project.
- b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The existing spray field needs to be leveled and the spray nozzles and piping requires replacing. This will allow for proper disposal of the treated effluent to comply with the FDEP rule (62-620.410(1) related to disposal. There are no cost savings associated with this item. The

proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

31. This question pertains to the wastewater column identified as 2014.
- a. For 2014, a \$5,000 wastewater project pertaining to the electrical power system is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: The existing electrical power system needs upgrading. The previous owner of the utility did not install the proper electrical power system for this type of usage. The upgrading of the power system may result in more efficient electrical usage. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

32. This question pertains to the wastewater column identified as 2014.
- a. For 2014, a \$19,000 wastewater project pertaining to re-rating the plant pertaining is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: This item was explained in No. 24 above. Once the existing 50,000 gpd aeration basin is replaced with a new 30,000 gpd basin, Lakeside Waterworks will do the necessary work to get the wastewater treatment plant re-rated and re-permitted down to the necessary 30,000 gpd. There cost savings may occur if there is any equipment not needed to operate to maintain the current permitted capacity; however that is a conjecture at this time. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

33. This question pertains to the wastewater column identified as 2014.
- a. For 2014, a \$41,000 wastewater project pertaining to lift station #4 is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: Lift Station # 4 improvements are needed because current pumps and piping in poor condition due to corrosion. Lift Station #4 needs to have control panel replaced. There also needs to be new discharge piping and fittings; pump discharge piping, rails and base and pump and building repairs. This would allow for more efficient and reliable operation of the lift stations. The proposal is based on the experience of US Water Services Corporation. The

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invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

34. This question pertains to the wastewater column identified as 2014.
- a. For 2014, a \$38,000 wastewater project pertaining to lift station #3 is shown on this document. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: Lift Station # 3 improvements needed because current pumps and piping in poor condition due to corrosion. Lift Station # 3 needs to have the control panel replaced; new discharge piping and fittings; pump discharge piping, rails and base and pumps. This would allow for more efficient and reliable operation of the lift stations. The proposal is based on the experience of US Water Services Corporation. The invoice may be provided at the conclusion of the first year phase in rates to substantiate the replacement.

35. This question pertains to the wastewater column identified as 2014.
- a. For 2014, a \$7,000 wastewater project is shown on this document for mapping. Please identify any cost savings that will result from completing this project.
 - b. Please provide a copy of the bids or proposals the Utility received in order to develop the estimated cost of this project.

Response: This project is to provide a map of the systems. Accurate maps result in knowing which valves are needed to address for faster response to emergency repairs in the event of main breaks which saves water and down time. Further accurate maps are required by rules 25-30.125 & 62-600.410(10) Florida Administrative Code. This is actually a non-recurring expense that should be amortized over 5 years and not a pro forma plant item. This will be accomplished by utilizing the USWC engineering department. Maps are required by rule. There are no associated cost savings for this project.

If you need any further information, please do not hesitate to contact Mr. Troy Rendell, Manager of Regulated Utilities at (727) 848-8292.

Respectfully Submitted,



Gary Deremer, CEO

Cc: Troy Rendell, US Water Services

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Victoria Penick, US Water Services

APPENDIX A

BASIC OPERATION AND MAINTENANCE SERVICE PERFORMANCE STANDARDS

SECTION A.01. TREATMENT FACILITIES.

(A) Operate and maintain the water and wastewater treatment plant facilities, unit processes, and their respective appurtenances including, but not limited to, the following:

- control of treated water corrosivity within the limits of the existing treatment process;
- general housekeeping;
- grounds maintenance;
- maintain Supervisory Control And Data Acquisition (SCADA) system, if any;
- issue public notices of non-compliance with drinking water standards resulting from acts or omissions of the Contractor;
- issue notices of non-compliance resulting from limitations of the treatment process or equipment failure;
- minimize the generation of noise and odors in accordance with Applicable Law within the limits of existing treatment processes;
- assist the GUA in the coordination of GUA's construction contractors, engineers, or other consultants or vendors for line tie-ins, process standards and connection of Capital Improvements to the Utility Facilities;
- provide timely submittal of all operating reports required by regulatory agencies;

- provide predictive and preventative maintenance of the plant and appurtenant equipment, pumps and motors;
- procure laboratory testing services; and
- provide residual removal services as needed to optimize plant operations.

(B) Take immediate action to either prevent environmental incidents or dangerous situations, and endeavor to keep the number and duration of such incidents and situations to a minimum.

SECTION A.02. WATER PUMPING STATIONS AND WELLS.

(A) Operate and maintain the pumping stations and raw water supply well facilities and their respective appurtenances including, but not limited to, the following:

- (1) Monitoring of pump stations and wells for Emergency Conditions.
- (2) Maintenance, operation and repair of the radio telemetry system.
- (3) Regularly scheduled predictive and preventative maintenance, inspections

and adjustments. A list of activities to be performed at the following minimum intervals shall include, but not be limited to, the following:

- clean sump pumps as needed;
- check control panels for proper operation weekly;
- check motor amperage at least once a quarter;
- check and clean filter elements for gas or diesel engines as specified by the manufacturer;
- change and maintain the oil level in pumps as specified by the manufacturer;
- lubricate and clean air blowers weekly or as specified by the manufacturer;

- maintain proper belt tension at all times and check weekly;
- poll the station on a scheduled basis by the telemetry system to the extent of the capability of said system at five (5) minute increments;
- check pump running times weekly;
- maintain the station's lights and replace bulbs as needed;
- check motor starter contacts at least once a quarter;
- clean floats quarterly;
- maintain alarm lights and horns weekly;
- remove debris from pumps and check valves as required;
- lubricate pump and motor bearings as specified by the manufacturer;
- clean out pumps as required;
- exercise all station valves at least once a quarter; and
- clean check valves as required.

(4) The Contractor shall repair pump stations and wells in order to maintain their integrity. Such activities to be performed or provided shall include, but not be limited to, the following Repairs, Replacements and Renewals:

- rebuilding or replacing gate, check butterfly, and ball valves;
- removing and reinstalling pumps and motors for repair;
- repairing motors and pumps;
- furnishing a crane truck, when necessary;
- repairing or replacing rails, supports, or piping;
- replacing flapper valves on pump volutes;

- repairing or replacing electrical panels;
- rewinding motors;
- removing submersible pumps for cleaning, repairs, or gasket replacement;
- repairing and replacing vacuum pumps;
- replacing impellers, wear plates, bearing, and seals;
- cleaning clogged pumps;
- replacing piping on sump pumps;
- replacing circulation lines;
- clean aerators on a quarterly basis and repair screens as needed; and
- repairing and replacing remote telemetry unit components.

(5) The Contractor shall provide routine repairs to all equipment, including painting of all exposed equipment, and all exposed piping, on a five year rotating basis. Should painting be required more often, the Contractor shall paint as necessary to protect the integrity of the equipment and piping. The paint colors will be specified by the GUA.

SECTION A.03. WATER DISTRIBUTION SYSTEMS.

(A) The Contractor shall operate, maintain, and repair the water transmission, distribution piping, treated water storage, meters and other appurtenances including, but not limited to, the following:

- timely repair of any water main breaks, water main leaks, service line breaks, and service line leaks up to the point of customer connection;
- excavation, backfilling and compaction of such excavations in the course of performing work in the water distribution system;

- regular flushing of dead end system main lines monthly or more often if required and Contractor must record the gallons flushed on maintenance report;
- fire hydrant flow testing per GUA protocol;
- visual inspection of the hydrant per GUA protocol;
- fire hydrant leak checks per GUA protocol;
- fire hydrant lubrication (outlet threads, cap threads and valve stem) per GUA protocol;
- meter replacements - every ten (10) years;
- meter testing to assure accuracy; and
- exercising valves at least once a quarter.

(B) The Contractor agrees to complete work orders for disconnections, reconnections, meter test, and other general work orders such as line leaks, valve breaks and damage to appurtenances relating to existing water services or the distribution system in a timely manner and in no event later than twenty-four (24) hours after receipt of a work order, unless any delay beyond twenty-four (24) hours is due to unavailability of parts, in which case such work will be completed as soon as the parts are obtained.

(C) The Contractor shall respond to Emergency Conditions on a seven days a week, twenty-four (24) hour a day basis without a work order and initiate such response within two (2) hours of being notified or otherwise learning of such Emergency Condition or of any unforeseen combination of circumstances that reasonably calls for immediate action.

SECTION A.04. STORAGE TANKS. The Contractor shall render predictive and preventative maintenance service to the GUA with respect to all GUA storage tanks. Such preventative maintenance services, at a minimum shall consist of regularly scheduled inspections (inspections by the Contractor, not part of a planned, formal inspection program) and adjustment of electrical and mechanical equipment associated with each of the GUA's water storage tanks. When possible, equipment deficiencies detected during inspections shall be corrected prior to leaving job sites.

SECTION A.05. WASTEWATER PUMPING FACILITIES.

(A) Operate and maintain the wastewater pumping facilities, and their respective appurtenances including, but not limited to, the following:

- (1) Monitoring of lift or pumping stations for emergency conditions.
- (2) Maintenance, operation and repair of the radio telemetry system, if any.
- (3) Regularly scheduled preventative maintenance, inspections and adjustments.
- (4) Monitor those wastewater pumping facilities which have the technology for

such monitoring for the following parameters:

- pump running times;
- high water level in wet well;
- loss of electrical power; and
- thermal overload.

(5) The Contractor shall provide predictive and preventative maintenance service

with respect to the wastewater pumping facilities including, but not limited to:

- regularly scheduled inspections at least three (3) times weekly;

- adjustment of electrical and mechanical equipment;
- check control panels for proper operation at least three (3) times weekly;
- check motor amperage at least once a quarter;
- change and maintain the oil level in pumps as specified by the Contractor;
- lubricate and clean air blowers weekly or as specified by the Contractor;
- poll the station on a scheduled basis by the telemetry system at five (5) minute increments;
- check pump running times at least three (3) times weekly;
- clean "wet wells" quarterly or more often if needed;
- check remote telemetry units for proper operation daily;
- maintain the station's alarm lights and replace bulbs as necessary;
- check the wet well levels for proper distance of pumping as necessary;
- check motor starter contacts at least once a quarter;
- clean floats quarterly or as needed;
- remove debris from pumps and check valves as necessary;
- clean out pumps as required as necessary;
- exercise all station valves at least once a quarter; and
- clean check valves as necessary.

(6) Supply all materials as needed for the predictive and preventative maintenance program in conformance with the requirements of this Agreement.

(7) Repair and rehabilitate pump stations including, but not limited to, the following:

- repairing or replacing gate, check and plug valves;
- removing and reinstalling pumps and motors for repair;
- repairing motors and pumps;
- furnishing a crane truck, when necessary;
- repairing or replacing rails, supports, or piping;
- replacing flapper valves on pump volutes;
- repairing or replacing electrical panels;
- rewinding motors;
- removing submersible pumps for cleaning, repairs, or gasket replacement;
- repairing and replacing vacuum pumps;
- replacing impellers, wear plates, bearing, and seals;
- cleaning clogged pumps;
- replacing piping on sump pumps;
- replacing circulation lines; and
- repairing and replacing remote telemetry unit components.

(8) Painting of all exposed equipment, and all exposed piping, on a five (5) year rotation basis. Should painting be required more often, the Contractor shall paint as necessary to protect the integrity of the equipment and piping.

SECTION A.06. WASTEWATER COLLECTION SYSTEMS.

(A) The Contractor shall be responsible for the proper operation, maintenance and repair of the collection systems including the following:

- ten percent (10%) of the collection system will be cleaned on an annual basis so that the entire collection system will be cleaned every ten (10) years;
- ten percent (10%) of the collection system will be flushed on an annual basis so that the entire collection system will be flushed every ten (10) years;
- timely repair of any sewer line breaks and service line breaks; and
- inspection of main pipelines and manholes.

(B) The Contractor shall respond to any wastewater collection system Emergency Condition seven (7) days a week, twenty four (24) hours a day including, but not limited to, pipeline blockage or potential thereof, or manhole surcharging, as may reported by any source, within the GUA's service area as soon as possible, but in any event, within two (2) hours of being notified or otherwise learning of such or related condition in the wastewater collection system.

(C) The Contractor shall timely, and properly, maintain and repair the wastewater collection and transmission facilities. The Contractor shall take all necessary measures to remedy conditions in the wastewater collection system facilities resulting from a main pipeline blockage and consequential surcharging of such pipelines or manholes and shall be responsible for clean up and abatement resulting from such conditions which occur within the wastewater collection system facilities.

SECTION A.07. COMPUTERIZED MAINTENANCE RECORDS. The Contractor shall be responsible for performing routine, preventative, predictive, and corrective maintenance procedures of the Utility Facilities and supply all equipment and materials required therefore, all in a manner that assures the readiness and availability of equipment,

processes, and systems on a consistent basis, and which ensures efficiency, long-term reliability, and conservation of the capital investment in the Utility Facilities. Such procedures shall include predictive and preventive maintenance and corrective maintenance program components for the Utility Facilities and shall be capable of providing the following:

- maintain a record of repair and repair history for each piece of equipment or line section;
- schedule preventive and predictive maintenance;
- maintain records of routine transmission and distribution line repairs;
- maintain records of corrective maintenance;
- issue and monitor work orders;
- maintain a spare parts inventory; and
- issue equipment status and repair priority reports.

SECTION A.08 FULL TAP AND METERS AND METER SETTING. The Contractor shall complete Meter Setting and installation of Full Tap and Meters in a timely manner and in no event later than as follows:

(A) For meter installations where service is already in place, five (5) Business Days from the date of the installation or meter setting request.

(B) For Full Taps and Meters and Meter Settings where a permit from an outside agency is not required, fifteen (15) Business Days from the date of the installation or meter setting request.

(C) For Full Taps and Meters and Meter Settings where a permit from an outside agency is required, twenty (20) Business Days after the receipt of the permit.

SECTION A.09 EMERGENCIES. Contractor shall respond to Emergency Conditions of any type at the Utility Facilities on a seven (7) days a week, twenty four (24) hours per day basis.

APPENDIX B

**BASIC BILLING AND CUSTOMER
SERVICE PERFORMANCE STANDARDS**

APPENDIX B

BASIC BILLING AND CUSTOMER SERVICE PERFORMANCE STANDARDS

SECTION B.01. METER READING.

(A) All water meters shall be read on a monthly basis, not less than two (2) business days before or two (2) business days after the customer's normal bill read date.

(B) Malfunctioning meters, visible leaks or damage to the meter or box shall be reported immediately to field service personnel for repairs.

(C) The Contractor shall enter the appropriate codes in the hand held meter reading devices to notify customer service personnel to issue work orders for repairs where needed (e.g., broken or obscured glass, box too high/low, broken lid, cannot find meter).

(D) The Contractor shall reread "suspected" erroneously read meters within one Business Day of discovery. The Contractor shall provide an exception (hi-low audit) report on each Business Day for a previous days' reading. The Contractor shall review reports and select meters to be rechecked before billing.

(E) Meter readers are required to read every meter in the route. Any instances where a meter reader suspects an illegal hook-up should be reported immediately to the Contractor's office. If a meter is present, the Contractor will have a meter reader note the serial number and reading. Illegal hook-ups will be reported to the GUA for action.

(F) Normal hours of meter reading shall be Monday through Saturday, except GUA holidays, between 7 a.m. and 6 p.m. each day (unless mutually agreed upon between the GUA and the Contractor).

(G) Meter reading must be performed with an accuracy rate of at least 99.5 percent. Errors are defined as misreads found by field audits, investigations, and readings the following month which are lower than reported the previous month as an accurate read or customer requested rechecks which, after investigation, a reading error is confirmed. All meter re-reads are the sole cost responsibility of the Contractor.

(H) All meter reading routes are to be accomplished within two (2) Business Days of the day scheduled. Weather conditions, excluding conditions associated with hurricanes and floods, must not prevent the accomplishment of meter reading unless otherwise agreed to by the GUA.

(I) Individual accounts on routes which are "no reads" (skips) will be reviewed daily by the Contractor. If, upon further investigation, it is determined that a reading could have been obtained, the Contractor shall take immediate steps to obtain the reading.

(J) All meter boxes or meter conditions which impose an impediment to readers or citizens must be entered in the hand held devices by the meter readers when observed and promptly reported. Other conditions of special interest that may explain high usage, as well as notification made of suspected leaks found, must also be entered.

SECTION B.02. FIELD SERVICES.

(A) The Contractor shall provide field personnel to accomplish the following meter service functions:

- turn-on and turn-off of customer meters in response to account changes, delinquent accounts, customer requests, or emergencies;
- verify meter sizes;
- verify meter reading accuracy;

- meet with customer at property to discuss and evaluate disputes and make a report to customer service; and
- review with customers at property, how to read meter, typical usage of water, and conservation measures that customer can implement.

(B) All field service shall be made through work orders. Information from these work orders shall be summarized on monthly order reports.

(C) The Contractor agrees to complete work orders for disconnections, reconnections, meter test, and other general work orders relating to existing water services or distribution system in a timely manner and in no event later than twenty-four (24) hours after receipt of a work order.

SECTION B.03. BILLING AND CUSTOMER SERVICE STANDARDS.

(A) All accounts must be billed monthly within five (5) business days of the meter reading date.

(B) Bills must show a due date of twenty-one (21) calendar days after the billing date. Bills must be delivered to the United States Postal Service the same calendar day as the billing date.

(C) The due dates on each individual customer's bill should be consistent from month to month, within the business days, to allow for customer budgeting of payment. Changes in billing cycles for customers must be approved by an GUA Representative.

(D) All bills must be computed using the then current GUA tariff as provided by the GUA Representative.

(E) Customer inquiries will be handled expeditiously. Response by a customer service representative must in all cases involve no more than a three (3) minute telephone

wait, with an average wait time of no more than thirty (30) seconds during normal business hours.

(F) Customer service representatives must be courteous at all times. However, customer service representatives may politely disconnect customers using abusive or vulgar language after providing one warning to the offending customer.

(G) Customer service representatives and customer service supervisors have authority to adjust customer accounts within guidelines provided by GUA protocol furnished by the Systems Manager.

	ATTACHMENT B	
Services	US WATER PROVIDES	
	FGUA	NON FGUA
Provides Base Staff to Contract	x	x
Treatment Facility Operations	x	x
FDEP Regulatory Reporting	x	x
FPSC Regulatory Reporting		x
Chemicals	x	
Residuals Management & Sludge Hauling	x	
Institutes, Tracks and Maintains Computerized Preventive Maintenance Program	x	x
Troubleshoots Sampling Exceedence	x	x
Multiple Facilities Per Site	x	x
Provides CIP 5 year Planning	x	x
Provides R&R Annual Planning	x	x
Maintains Emergency Stock Inventory	x	x
Weekly Systems Meetings re O&M Review	x	x
Monthly System Meetings with Owner Reps	x	x
Monthly System Meetings with Owner Board	x	
Maintain Formal Job Costing Construction Files of CIP Projects if Performed by USW	x	x
Maintain Formal Job Costing Construction Files of R&R Projects if Performed by USW	x	x
Executes Meter Change Out Program	x	x
Engineering related to Permitting and Compliance Support		x
Basic Repairs under \$400 each event		x
Unforseen Repairs under \$7,500 each event	x	
Emergency Event Management (Hurricanes, Major Line Breaks, etc)	x	x
Customer Service:		
Full Service Staff Provided to Owner Offices	x	
Meter Reading	x	x
Billing and Collections	x	x
Initial Contact Cust Complaints	x	x
Customer Problem Resolution	x	x
Service Line Trouble Shooting	x	x
General Ledger Accounting Services		x



4939 Cross Bayou Blvd.
New Port Richey, FL 34652

Invoice

Invoice #	794567
Date	5/28/2014
Due Date	6/27/2014
Account #	2535
P.O. No.	

Bill To
Lakeside Waterworks, Inc. Attn: Joe Gabay 4939 Cross Bayou Boulevard New Port Richey, FL 34652

All service pricing anticipates payment by Check or ACH. Due to additional costs incurred, services paid by credit card will require an additional "pass through" 3% processing fee in order to be accepted.

Project
2535-35 install chlorine pumps at WTP

Date	Description	Qty or Hrs	Unit	Rate	Amount
12/17/2012	Installed (4) chlorine pumps at WTP. Materials and Labor to Complete Scope of Service	1	LS	1,766.22	1,766.22

OK @
COA # 320.2
Lakeside WW

Please remit payment to the above address. Thank you for allowing us to be of service.		Total	\$1,766.22
Phone #	Fax #	Payments/Credits	\$0.00
727-848-8292	727-848-7701	Balance Due	\$1,766.22