

HC WATERWORKS, INC.

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FPSC - COMMISSION CLERK

January 7, 2020

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

Re: Docket No. 20190166-WU Application for increase in water rates in Highlands County by HC Waterworks, Inc. – *Response to Staff Second Data Request*

Dear Commission Clerk,

HC Waterworks, Inc. (HCWW) hereby submits its response to Staff's Second Data Request dated December 26, 2019.

1. Please explain the Utility's methodology for calculating Bad Debt Expense associated with the requested revenue increase.

Response: The adjustment of \$3,296 is based upon two percent (2%) of the requested increase before bad debt adjustment of \$164,785. For reference, the test year amount of bad debt expense (\$8,151) is 1.46% of test year service revenues of \$558,123.

2. Please provide a copy of all contracts associated with Contractual Services – Other.

Response: See attached contract.

3. In MFR Schedule B-7, the Utility stated the increase in Contractual Services – Other was due to a revision in the existing contract between HC Waterworks and US Water. The reason for this revision was due to the existing contract not covering the costs of service provided to HC Waterworks. Please provide a breakdown of all work, with associated costs, performed under this contract for the test year ended June 30, 2019.

Response: The services provided are contained in the attached contract. The contract calculation will be sent via a USB under separate cover letter requesting confidential treatment.

4. In MFR Schedule B-7 the Utility provided an explanation for the increase in Contractual Services – Other. Please provide a more detailed explanation for the increase in Contractual Services – Other from the 2014 prior test year to the test year ended June 30, 2019.

Response: A comprehensive internal audit of all operations contracts with each investor owned utility (IOU) was conducted in 2018. This internal audit covered two years of

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services performed for the period June 2016 through July 2018. These audits were performed to determine the true cost of all work performed under the U.S. Water Services Corporation (USWSC) contracts. It was determined at that time that the existing contract was not covering the actual costs of operations, maintenance, and administration. At that time the existing HC Waterworks contract for water operations had a deficit (subsidy) of \$31,289 annually. Therefore, the contract amount was revised on September 1, 2018. .

5. Please provide documentation to support the difference between total bills and adjusted bills.

Response: The complete billing analysis will be provide on the same USB that contains the USWSC contract calculation and will be provided under separate confidential cover letter. The difference is caused by a couple of items. The first is when there is a rate change that occurs during a month. When this occurs the two charges (old/new) are prorated on the customer bills based on the number of days. In the billing report these two base facility charges both appear for one customer in that prorated month. However, these two charges are contained on a single bill and do not constitute two seperate bills. Therefore, these duplicate BFC must be removed so they won't be double counted as two bills. The other would be "move in/move outs." They appear as "Final" and "Open" on the billing report. These were removed since in theory there could again be two bills for the same address in any given month. By removing these as well, it would reflect a normalized annual bill count. All of these are still contained in the "billing analysis" for gallons since there may be gallons associated with these items.

6. Please provide a list of general service customers by meter size.

Response: See the billing information provided in response to Question 5. However, see table below:

O'SULLIVAN VETERINARY SERVICES	5/8 x 3/4"
HERSHEY ICE CREAM	5/8 x 3/4"
FIRST BAPTIST CHURCH	5/8 x 3/4"
SILVER OAKS MHP RECRE	5/8 x 3/4"
SILVER OAKS M H P SEWER PLANT	5/8 x 3/4"
JAYVEE CONVENIENT STORE	5/8 x 3/4"
DOLLAR GENERAL STORE #16189	1" potable
DOLLAR GENERAL STORE #16189	1" irrigation
DOLLAR GENERAL STORE #16189	6" Fireline fire
HIGHLANDS CTY BD OF CTY COMM	1 1/2"
KOSAN CRISPLANT OF MISSOURI INC	2"
SUN COMMUNITIES (Lake Josephine RV Resort)	3"

7. Please explain why the general service 1½” meter billing analysis has no associated usage.

Response: This is a county fire station. They have never been charged for consumption since the acquisition. In reviewing the account, the meter was removed back in 2018 since the county had requested a meter to be installed but had not paid for the installation. There is a gate valve where it is believed they sometimes use the water to wash the fire trucks. It appears the customer may be using water without being charged. Further investigation into the account will need to be conducted. The customer has been charged and has paid for the base facility charges consistently.

8. Please provide a schedule showing the number of equivalent residential connections (ERCs) by year since taking ownership in 2013.

Response:

ERCs by Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Lake Josephine/Sebring Lakes	649	670	677	679	669	666	693
Leisure Lakes	307	307.5	307	307	319	305	327

Please note the numbers above count 15 ERCs for the 3” meter providing service to the Lake Josephine RV Park. In the last rate case, the Commission counted this customer as 75 ERCs.

9. Please provide a schedule showing by month and by year the amount of allowance for funds prudently invested (AFPI) collected since taking ownership in 2013.

Response: See the Excel spreadsheet contained on the enclosed USB.

10. Please refer to HC’s response to staff’s first data request, question 3. Please provide the following information:

- a. What is meant by “stolen water”?
- b. What is the Utility doing to prevent this issue?

Response: Stolen water is meant to be water stolen by customers. Customers either turn the water meters back on after being disconnected for non-payment; install “straight piping” when meters are removed due to non-payment; or turn water on when they move in without notifying the utility. The utility either locks meters that are turned off for non-payment or removes the meters if customers continue to turn the meters back on. The utility routinely checks accounts that have been disconnected in order to monitor any usage on “inactive” or disconnected accounts.

11. Please refer to HC's response to staff's first data request, question 7. Please provide the following information:
- Please explain how the Utility arrived at the value of excessive unaccounted for water for the system.
 - Is the value for the excessive unaccounted for water in GPM or GPD?
 - Is the Firm Reliable Capacity for the system storage in GPM or GPD?

Response: The calculation takes the Max Day (GPD) in column 3 of MFR F-5 times the percentage of unaccounted for water above ten percent (10%) on MFR F-1. So the calculation is as follows:

$$\begin{aligned} \text{Max Day (GPD)} &= 326,000 \text{ (MFR F-3, page 1, line 8)} \\ &+ 87,500 \text{ (MFR F-3, page 2, line 6)} \\ &413,500 \end{aligned}$$

Excessive UAW: $12.4\% - 10.0\% = 2.4\%$ (MFR F-1 page 3, line 14)

$413,500 \times (12.4\% - 10.0\%) = 9,818 \text{ GPD}$. This is in GPD and not gpm.

12. Please refer to HC's response to staff's first data request, question 10(k). For the month of June 2019, please verify the average gallons produced per day for Lake Josephine Plant #4.

Response: Average gallons per day for Lake Josephine Plant #4 was 200 gallons. It only ran for one day on June 5, 2018 for a total of 6,000 gallons.

Average for both plants (Plant #3 and #4) was 110,581 gallons.

13. Please refer to HC's response to staff's first data request, question 11(a). Was the flush valve that became stuck replaced?

Responses: No, but it was repaired and is now operating properly.

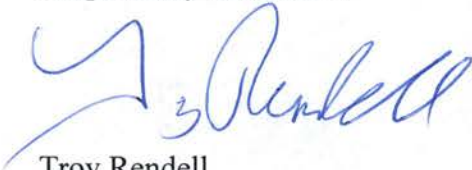
14. Please refer to HC's response to staff's first data request, question 12. Please provide a copy of the following bids:
- BJ Enterprises, Inc., and Excavation Point for the Lake Josephine Road Widening Project.
 - BJ Enterprise, Inc., Marolf Environmental, and U.S. Water Services for the Lake Josephine Aeration Project.
 - BJ Enterprise, Inc., Marolf Environmental, and U.S. Water Services for the Leisure Lakes Aeration Project.

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Response: These were previously provided in response to Staff's First Data Request (Document No. **11220-2019**). See pages 139 – 154; pgs. 189 – 194, and pgs. 321 – 325. For the Leisure Lakes – no formal proposal was located for USWSC however below are the comparisons. These do **not** include the engineering costs.

BJ Enterprises:	\$578,714
Marolf Environmental:	\$596,604
U.S. Water	\$539,322

Respectfully Submitted,



Troy Rendell
Vice President
Investor Owned Utilities
// for HC Waterworks, Inc.



Water and Wastewater Utility Operations, Maintenance,
Engineering, Management

REVISED AGREEMENT FOR SERVICES

XX **Water System Operations**
XX **Wastewater System Operations**
XX **Maintenance**
XX **Management & Administrative Services**
XX **Customer Service**

THIS AGREEMENT is entered into this **1st day of September, 2018**, by and between:

HC Waterworks, Inc. with its principal mailing address at c/o 4939 Cross Bayou Blvd., New Port Richey, Florida 34652 (hereinafter "OWNER")

AND

U.S. Water Services Corporation, with its principal mailing address at 4939 Cross Bayou Boulevard, New Port Richey, Florida 34652 (hereinafter "USWSC").

WHEREAS, OWNER owns and provides for the operation and administration of a water treatment, distribution and transmission system; and/or wastewater treatment, collection and lift station facilities; and customer service billing and collection; and

WHEREAS, OWNER desires to employ the services of USWSC in the operation, maintenance, management, and billing/collection (OMM&BC) of the Utility System, and USWSC desires to perform such services for the compensation provided for herein.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, OWNER and USWSC agree as follows:

1. General Provisions

1.1

Definitions of words and phrases used in this Agreement and the attachments are contained in Appendix A.

1.2

All land, buildings, facilities, easements, licenses, rights-of-way, equipment and vehicles presently or hereinafter acquired or owned by OWNER shall remain the exclusive property of OWNER unless specifically provided for otherwise in this Agreement.

1.3

This Agreement shall be governed by and interpreted in accordance with the laws of the State of Florida.

1.4

This Agreement shall be binding upon the successors and assigns of each of the parties, but neither party shall assign this Agreement without the prior written consent of the other party. Consent shall not be unreasonably withheld.

1.5

All notices shall be in writing and transmitted to the party's address stated above. All notices shall be deemed effectively given as follows:

1.5.1 If delivered personally or by courier mail service (e.g., Federal Express or United Parcel Service), upon delivery;

1.5.2 If mailed by certified or registered U.S. mail, return receipt requested, upon deposit in the United States mail, postage prepaid.

1.5.3 If in any other manner, upon actual receipt.

1.6

This Agreement, including appendices, is the entire Agreement between the parties. This Agreement may be modified only by subsequent written agreement signed by both parties. Wherever used, the terms "USWSC" and "OWNER" shall include the respective officers, agents, directors,

elected or appointed officials and employees and, where appropriate, subcontractors, or anyone acting on their behalf.

1.7

If any term, provision, covenant or condition of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

1.8

It is understood that the relationship of USWSC to OWNER is that of a contracted service corporation. The services provided under this Agreement are of a professional nature and shall be performed in accordance with good and accepted industry practices for professional contract operators similarly situated in the same geographic region and at the same time.

1.9

The OWNER and USWSC are the only parties to this Agreement. No third party rights or benefits are intended to or shall arise by reason of this Agreement.

1.10

If any litigation is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, which are directly attributed to such litigation in addition to any other relief to which it may be entitled.

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USWSC Scope of Services – Base Contract Service

2.1

Upon signing of this agreement, USWSC will staff the Utility System (as described in Appendices D,F,I) with employees who have met appropriate licensing and certification requirements of the State of Florida, and employ the appropriate skilled staff to maintain the service specified herein. A further break down of the Scope of Services is displayed in Table 4.

2.2

USWSC operators shall have ongoing training and education appropriate to personnel in all necessary areas of required water/wastewater process control, operations, maintenance, safety and supervisory skills. All operators employed for the facility will be trained in drinking water treatment plant operation and/or domestic wastewater treatment plant operator as regulatory permits require, and licensed by FDEP. USWSC will ensure that all personnel have the proper training to perform their jobs safely and efficiently.

2.3

USWSC shall develop, or supply, and utilize Computerized Maintenance Management Systems (CMMS) and process monitoring.

2.4

Within 90 days after USWSC begins service under this Agreement, USWSC will provide a statement of condition (SOC) of the utility system which will include any physical inventory of OWNER'S utility equipment and spare parts in use or associated with the system, and a general statement as to the condition of each piece of equipment. The SOC will also include recommendations for improved O&M efficiencies, capital improvements and estimated cost to implement all recommendations.

2.5

USWSC will provide OWNER with a physical inventory of chemicals and other consumables on hand when USWSC begins services under this Agreement within 7 days of service startup. USWSC will provide OWNER with the same quantity of chemicals or equivalent upon termination of this Agreement.

2.6

USWSC shall be responsible for maintaining all manufacturers' warranties on new equipment purchased by OWNER and assist OWNER in enforcing existing equipment warranties and guarantees.

2.7

USWSC shall provide the OWNER with documentation that preventive maintenance is being performed CMMS on Owner's owned equipment in accordance with manufacturer's recommendations at intervals and in sufficient detail as may be feasibly determined by the OWNER. Such a maintenance program shall include documentation of corrective and preventive maintenance.

2.8

USWSC shall operate, maintain and/or monitor the Utility System as FDEP permitting dictates and maintain a 24-hour per day, seven-day per week scheduled, on call emergency staff and live answering service. USWSC will respond to call outs, assess the situation and make necessary arrangement to contain or repair the problem. USWSC shall notify the OWNER of emergency type repairs within 2 hours of incident.

2.9

Visits may be made at a reasonable time by Owner's employees if previously authorized by owner or designated by Owner's representative. Keys for the system shall be provided to OWNER by USWSC for such visits. All visitors to the System shall comply with USWSC' operating and safety procedures and register in utility log books.

2.10

USWSC will implement and maintain an employee safety program in compliance with all Occupational Safety and Health Administration (OSHA) laws and regulation specified in OSHA 1910 which is designed to provide a safe and healthful workplace. Provide all necessary equipment to employees to perform their tasks in a safe and efficient manner. USWSC will make recommendations to the OWNER regarding the need if any, for OWNER to rehabilitate, expand or modify the system to comply with governmental safety regulations applicable to USWSC operations hereunder and with federal regulations promulgated pursuant to the American with Disabilities Act (ADA).

2.11

USWSC may modify the process and/or facilities with permission of OWNER, to achieve the maximum efficiency of operation and optimum water quality. Any modifications to facilities of the system will be billed separate from this agreement at a price approved by the OWNER, except in the case of an emergency. During an emergency situation, USWSC may take the steps required to maintain the safety of the utility customers and meet any mandated regulatory requirements.

2.12

In any emergency affecting the safety of persons or property, USWSC may act without written amendment or change order, at USWSC's discretion, to prevent threatened damage, injury or loss. USWSC shall be compensated by OWNER for any such emergency work notwithstanding the lack of a written amendment. At a minimum such compensation shall include USWSC Costs for the emergency.

2.13

As required by law, permit or court order, USWSC will prepare routine plant performance reports and submit them to OWNER, or OWNER designated signature authority, for signature and transmittal to appropriate authorities. USWSC will prepare Daily operational reports, Monthly Operating Reports (MOR), Discharge Monitoring Reports (DMR), minor revisions to operating permits, monitoring plans such as bacteriological sampling plans, cross-connection plans, water system flushing plans, lead & copper sampling plan, bio-solids annual reports, abnormal events, boil water notices, Consumer Confidence Reports (CCR's), review inspection reports and respond, annual reporting of flows on the Consumptive and Water Use Permits (CUP) (WUP). USWSC will conduct annual audits and report to the PSC per FAC Chapter 25-30 for water and wastewater utility systems. Signature authority may be established by the Owner to allow USWSC to file required reports with signature of USWSC personnel with report copy sent to owner.

Table 1- Regulatory Reporting Responsibilities	
USWSC	Owner
Leon County – if applicable	None
DMR & MOR's Monthly	
Compliance Sampling Reporting Ongoing	
Groundwater Reports as Required	
Abnormal Events As Occurs	
Boil Notice Prep and Post As Occurs	
Prepare Minor Permit Revisions	
Prepare Annual CCR's	

2.14

USWSC will provide all packing and transport charges and insurance costs, as well as transit handling costs and transport fees and labor to perform laboratory testing and sampling presently required by plant performance portions of regulatory permits (see Appendices D & E), the Clean Water Act, the Safe Drinking Water Act and/or any federal, state or local rules and regulations, statutes or ordinances, permit or license requirements, or judicial and regulatory orders and decrees. All laboratory services will maintain a Florida NELAC certified laboratory capable of meeting all Federal Environmental Protection (EPA), Code of Federal Regulations (40 CFR-60.535), Safe Drinking Water Act (SDWA), Clean Water Act (CWA), Florida Department of Environmental Protection (FDEP) Florida Administrative Codes (FAC Chapter 62-160.300) which defines the minimum field and laboratory quality assurance, methodological and reporting requirements, Water Management Districts (WMD), Department of Health (DOH – 64E-1) or any other regulatory agency that has jurisdiction over the facilities for analyzing samples required by permits.

2.15

USWSC will provide labor, which is included in the base fee, related to normal annual service meter replacements up to 5/8" x 3/4" meter size up to an amount equal to ten percent (10%) of OWNER's connections based upon the previous annual number of connections. For meter replacement projects over 10% of annual connections, USWSC will charge labor as listed on Appendix G. All installation or change out of meters of a greater size shall be billed as additional service to OWNER base upon time and material, as listed on Appendix G.

2.16

USWSC shall operate and maintain the public water systems so as to comply with applicable standards in Chapter 62-550 F.A.C. and USWSC shall keep all necessary public water system components in operation and shall maintain such components in good operating condition so the components function as intended. Preventive maintenance on electrical or mechanical equipment – including exercising of auxiliary power sources, checking the calibration of finished-drinking-water meters at treatment plants, testing of air or pressure relief valves for hydro-pneumatic tanks, and exercising of isolation valves – shall be performed in accordance with the equipment manufacturer's recommendations or in accordance with a written preventive maintenance program established by USWSC.

2.17

USWSC shall perform locates, which are included in the base fee, within the specified time frames for all water distribution & wastewater collection piping systems per Sunshine One-call requirements. OWNER shall pay for all costs related to the Florida Sunshine On-Call Locate Service.

2.18

USWSC shall maintain grounds in a neat and orderly condition. This includes removal of yard trimmings, non-working pumps, used piping, garbage, and plant screenings from treatment processes. USWSC shall maintain grounds in and around the facilities in a professional manner, perform weed control, grass cutting and trimming.

2.19

USWSC shall maintain permits according to Florida Administrative Code (FAC) Chapter 62-4 which is FDEP's general authority to issue permits and Florida Administrative Code (FAC) Chapter 62-620 which establishes the procedures to obtain a permit to construct operate or modify domestic and industrial wastewater facilities; 40 CFR 122.41 which describes applicable to all permitting. All permits will be maintained in safe location, keep up-to-date, system modification and permit revisions will be submitted in a timely manner.

2.20

USWSC shall calibrate all plant flow meters required by permits, Water Management District's and FDEP Directives, or FAC requirements, according to industry standards.

2.21

USWSC shall perform annual testing of Backflow Prevention Devices Owned by the Utility. Any replacements will be coordinated/provided with approval from OWNER.

2.22

USWSC shall provide meter re-reads, meter turn-on & turn-offs, minor repairs to service lines (not to exceed \$1,300.00 for water and \$400.00 for

wastewater in USWSC expense per incident), meter change outs, troubleshooting customer problems or issues.

2.23

USWSC shall provide Emergency Generator Maintenance and Fuel. All maintenance shall be performed in accordance with Chapter 62-550, F.A.C and with the equipment manufacturer's recommendations or in accordance with a written preventive maintenance program established by USWSC; however, in no case shall auxiliary power sources be run under load less frequently than monthly. Inspections and servicing will be performed monthly and shall include, check engine coolant level, coolant lines/connections/hoses & connections, drive belts for wear and tear, gasket/seals for leaks, battery(s) electrolyte level, battery connections, cables, casing, check air Filters, check engine oil level and oil leaks (hoses, connectors), check fuel tank/day tank operation, check fuel level and order fuel as needed.

Table 2- Emergency Generator Responsibilities	
USWSC	OWNER
Coolant levels, lines, connections and hoses	Major repairs over \$400.00 per incident
Drive belts	Replacement of unit
Battery and connections	
Air Filters	
Gasket condition	
Fuel levels and hose connections	
Engine oil levels and connections	
Order Fuel as needed	
Annual testing of unit	
Any outside Generator Service Contracts	

2.24

USWSC shall perform minor repairs - repairs that can be performed by the Collection and Distribution Technician, plant operators or maintenance personnel without assistance (Totaling Less than \$1,475.00 for water and \$400.00 for wastewater in USWSC Expense per incident), as listed in Table 3 below. These repairs will be included in the Maintenance and Repair Limits more fully described in Sections 4.4 and 4.5.

Table 3- Minor Repair Responsibilities	
USWSC	OWNER
Replace Meter Boxes	In excess of \$1,475.00 per incident per month for water
Minor Water Leaks	In excess of \$400.00 per incident for wastewater
Cleaning of Wetwells	
Unclog Lift Station Pumps	
Hydrant Repairs	
Project Planning or Advisement to Owner	
Replace Curb Stops, Valves, Pipe Fittings	
Repairs to Electrical System	
Fencing and Other Similarly Related Repairs	

2.25

USWSC shall provide a Customer Service based operation that resolves any customer complaints; provides meter reads, turn-on & off meter services, billing and collection and all associated cost of that service, credit card and web based customer payment options, collection rate monitoring; issue field service orders, set up new and maintain customer accounts with accurate information; provide information to address inquiries regarding services, maintain proper files and required customer service documents; all to be provided in a professional manner and in keeping with industry standards.

Base Contract Services – Water Treatment Facilities

2.26

This section shall apply to USWSC OMM&BC services for the OWNER's Water Treatment Facilities either owned, leased or by easement rights.

2.27

Within the existing design capacity and capabilities of the Water Treatment Facilities, USWSC will operate the systems according to the facility's Florida Department of Environmental Protection (FDEP) operating permit, FAC 62-699 which establishes minimum staffing requirements for facilities. Physical operation of the facility to include adding chemicals, such as ammonia, chlorine, poly-phosphates or lime, for disinfection and efficient treatment operation, Inspect equipment on a regular basis, monitor operating conditions, meters, and gauges, collect and test water samples, record meter and gauge readings and operational data and interpret findings, operate equipment to treat the water to meet Federal, State and Local requirements

and, clean and maintain equipment, tanks, filter beds, and other work areas, ensure all safety standards are met.

2.28

USWSC will pay all costs associated with taking all daily, weekly, monthly, quarterly, annual and tri-annual samples and any retake samples required by FDEP Permit and EPA's 40 CFR Part 136, and as listed in Appendix E; with the exception of annual or semiannual special event sampling and testing and any special sampling.

2.29

USWSC shall perform tank inspections for hydro-pneumatic and Ground Storage tanks (GST) in service for the water systems. The FDEP Chapter 62-555-350 requires annual inspections and cleaning and has 5 yr requirement for complete inspection of the vessel for structural integrity and reliability.

2.30

OWNER shall be responsible for Regulatory Fees which includes permit renewals, modifications and/or revisions to permits for the Water Management District, FDEP, DOH, County and/or City and any other regulatory entity fees.

Base Contract Services – Distribution System

2.31

This Section shall apply to USWSC service related to Owner's distribution system.

2.32

USWSC shall provide for the operation and maintenance of the distribution and transmission system according to Florida Administrative Code (FAC) 62-604. Which includes maintenance, minor repairs to water distribution systems, including mains, valves, hydrants and services, performs water taps, ensure that all appropriate safety measures are observed in the performance of the various kinds of work, investigate and determine the locations of water leaks and takes action in such a way that affects a minimum of customers, collects water samples when necessary and fills out operation reports for the

water systems, maintain accurate and legible records of time and materials used on various jobs and reports, reads, removes and resets the routine operation, maintenance, and repair of the distribution systems as established upon startup of this agreement. Services not included as routine are items identified as capital repairs, line extensions or system expansions. Excluded services will be billed in addition to base OMM&BC contract fee per Appendix G.

2.33

USWSC shall provide for all daily operation and maintenance functions such as perform routine operational checks of chlorine levels, equipment functions, read meters, check for proper plant operation, record all maintenance activities and ensure official logs are kept per regulatory requirements.

2.34

USWSC will pay cost incurred related to routine staffing, and labor related to sampling, testing, in normal water distribution, operation and maintenance, and repair, except as specifically provided herein. Specific special sampling event (i.e. break/main clearance) analysis cost will be billed direct to Owner per USWSC standard sampling fee schedule in place at the time of incident. If the scope of the permit changes which results in increases to sampling and or staffing requirements, then the Owner will be responsible for the cost to upgrade the terms of the agreement, as such changes are regards as changes to the general conditions herein stated.

Base Contract Services – Wastewater Treatment Facilities –

2.35

This section shall apply to USWSC OMM&BC services for the OWNER's Wastewater Treatment Facilities either owned, leased or by easement rights.

2.36

USWSC will operate the systems according to the facility's Florida Department of Environmental Protection (FDEP) operating permit, FAC 62-699 which establishes minimum staffing requirements for facilities.

2.37

USWSC will pay all costs associated with taking all daily, weekly, monthly, quarterly, annual samples and any retake samples required by FDEP Permit and Florida Administrative Code (FAC) 62-601, which establishes minimum requirements for monitoring of domestic wastewater facilities and EPA's 40 CFR Part 136, with the exception of annual or semiannual special event sampling and testing and any special sampling; see Appendix D for definition of routine sampling. Any additional sampling events will be submitted to OWNER as an additionally billable item per USWSC laboratory/sampling fees in place at the time of incident.

Base Contract Services – Wastewater Collection and Lift Station Systems –

2.38

This Section shall apply to USWSC' service for Owner's wastewater collection and lift station system.

2.39

USWSC shall USWSC will operate the collection system according to Florida Administrative Code (FAC) 62-604. Which includes routine preventive maintenance and minor repairs of the collection system as established upon startup of this agreement; shall performs sewer taps, inspects manholes and appurtenances, perform checks on lift stations and or pump station for proper operation, ensure that all appropriate safety measures are observed in the performance of the various kinds of work, investigate and determine the locations of sewer breaks maintain accurate and legible records of time and materials used on various jobs. Services not included as routine are items identified as capital repairs, line extensions or system expansions.

2.40

1. Specific lift station maintenance shall include:
 - (a) Monitoring of Lift or pumping stations for emergency conditions; Preventive maintenance the radio telemetry systems if any; Regularly Monthly scheduled preventive maintenance, inspection, adjustments (including but not limited to measuring run pump times, water levels in wet wells, review of any loss of electrical power and any thermal overloads).
 - (b) All pump stations and lift stations shall be visited by a state licensed, certified or manufacturer trained and

certified operator as frequently as necessary to preclude pump station or lift station failure but in no case less than once per month.

- (c) A permanent log containing information for the previous year to the current date shall be kept onsite or at the appropriate regional wastewater treatment facility. Log information shall be maintained by the pump station or lift station owner on a rolling five year calendar basis. The log shall be the property of the pump station or lift station owner and shall be surrendered to the pump station or lift station owner upon termination of an operator contract.
2. Preventive maintenance of the wastewater collection/transmission system shall include the following minimum monthly services provided by a state licensed, certified or manufacturer trained and certified operator.
- a. Remove and dispose of any debris from the surface of the pump station or lift station wet well that may interfere with the operation of the pump station or lift station;
 - b. Log hour meter reading for all pumps
 - c. Run each pump manually through a cycle and record amp draw in the maintenance log;
 - d. Record voltage at control panel source in the maintenance log;
 - e. Cycle alarms;
 - f. Confirm floats are properly set;
 - g. Confirm floats are clear of grease and clean if any grease present;
 - h. Ensure that pump cables and pump chains are in good condition, are secure, and not around the pump suction;
 - i. With lift station/wet well pumped down, stick the bottom of the tank to confirm the absence or presence of sand or debris.
 - j. USWSC shall remove and owner shall dispose of any sand or debris in the bottom of the tank that may interfere with the operation of the pump station or lift station.
 - k. Ensure that any grass around the lift station, the wet well entrance, the valve box entrance and any vegetation that would hinder access to the control panel is trimmed back and the area is free from debris;
 - l. Exercise all isolation valves completely closed and leave completely open;
 - m. Confirm all electrical lugs in panel are tight and seal is secure for electrical panel;
 - n. Secure each lock and lubricate as needed; and
 - o. Inspect the check valves to ensure they are functioning properly and will prevent back flow from the force main to the wet well.

3. Once every three months minimum, ensure the pump station or lift station Megohm test is performed on the pump motors to determine the condition of the motor winding insulation to establish a base line reading to be used over time to determine if the windings are deteriorating.
4. For lift stations servicing hotels, apartments and food establishments, upon recommendation by the operator, but no less than once every 6 months;
 - a) Owner shall pump out wet wells and USWSC shall pressure wash to prevent solids and grease build-up, to reduce odors, and to reduce potential damage to the pumps. The pump station or lift station owner must provide the operator access to a water supply source. Owner shall ensure that the removed wastewater shall be hauled by a state licensed or permitted hauler to a wastewater treatment facility and the receipt for disposal provided to the lift station owner.
 - b) Pull the pumps and inspect the impeller and suction ports of each pump, noting the condition of each pump.
5. For lift stations servicing all other locations (not hotels, apartments and food establishments), upon recommendation by the operator, but no less than once every 2 years;
 - a) Owner shall pump out wet wells and USWSC shall pressure wash to prevent solids and grease build-up, to reduce odors, and to reduce potential damage to the pumps. The pump station or lift station owner must provide the operator access to a water supply source. The removed wastewater shall be hauled by a state licensed or permitted hauler to a wastewater treatment facility and the receipt for disposal provided to the lift station owner.
 - b) Pull the pumps and inspect the impeller and suction ports of each pump.
6. For lift stations monitored by a Supervisory Control and Data Acquisition System (SCADA System), a lift station owner may submit a request for approval of an alternative maintenance plan in cooperation with contracted operator. The request must outline in detail:
 - a) the proposed maintenance plan and schedule;
 - b) the SCADA System data monitored and the data retention plan for the SCADA System data. At a minimum, the data

- otherwise recorded for the required maintenance as outlined in this rule must be made a permanent part of the lift station owner's maintenance log;
- c) the operator's training and state license or certification level;
 - d) the training and certification or state license level of each staff member of the operator's company; and
 - e) the response times provided by the operator in event of a SCADA alert; and
 - f) the lift station owner shall provide any additional information requested by the Division in order to evaluate the request. Any alternative maintenance plan must be mutually acceptable to both Owner and USWSC.
7. Jetting of collection system lines shall be conducted as needed to clear grease and sediment from collection system lines.
8. The operator shall record and document all maintenance performed and findings in the required maintenance log. The log shall be the permanent property of the lift station owner.
- a) In the case of a breakdown or malfunction of a Wastewater collection/transmission system and/or a wastewater treatment facility, the owner or operator shall record the breakdown or malfunction event and the reason therefore in the permanent log upon discovery.
 - b) The owner or operator shall investigate each instance of system malfunction alarm. During the alarm investigation, if an owner or operator discovers that a release or discharge of wastewater from the system to the ground or surrounding environment has occurred, USWSC shall immediately upon discovery of such release or discharge to FDEP.
9. If any release of wastewater occurs, a copy of the invoice or report from the operator shall be submitted to the Owner. The operator invoice or report shall state the cause of the release of sewage, detail the repairs made, and state the amount of wastewater removed by pump truck. The failure of an operator to notify the owner of the breakdown or malfunction shall not relieve the owner of the responsibility to notify the Division. In addition to the owner, an operator may also be held liable for failure to notify the Division pursuant to Section 362.110(c), Ordinance Code.
10. Notifying the FDEP does not relieve the owner or operator of the requirement for discharges, spills or releases of untreated wastewater in excess of 1,000 gallons or other abnormal events set

forth in Rule 62-604.550, FAC, to report orally to the State Warning Point number, 1-800-320-0519.

11. Electrical service must be supplied to the lift station at all times. In the event electrical service fails, regardless of the reason, and temporary or emergency power cannot be supplied, it is mandatory that the lift station be monitored and the lift station wet well be pumped and hauled by a state licensed or permitted hauler to a wastewater treatment facility so as to prevent an unlawful discharge of wastewater. A copy of the receipt from the wastewater treatment facility shall be provided to the lift station owner.
12. In lieu of the requirements of Rule 3.405.A.5 above, publicly owned regional sewerage system utilities shall conduct operation and maintenance in accordance with federal and state requirements, which are consistent with the requirements of Rule 3.405A.5, and provide documentation of such maintenance within five business days of a request by the Division.
13. In accordance with Rule 3,402B, repairs, modifications or replacements of pumps or major components may require a permit pursuant to this Rule. Pumps or major components of a pump station or lift station that are replaced must be replaced by similar or upgraded equipment to ensure there is no degradation of the design and performance of the system. In addition, for each replacement made, the operation and maintenance manual shall be revised.
14. Exception: For the purpose of this Section, a pumping system serving an individual single-family residence that transmits to a gravity sanitary sewer collection system, which system is located in a utility easement or right-of-way fronting said individual single family residence, is considered a service connection and the requirements for sewage pump stations or lift stations shall not apply.

Base Contract Services – Administrative and Customer Services

2.41

USWSC shall provide the following specific utility and customer accounting and administrative functions for the Facilities and Business Entity: (i) monthly flow meter reading (ii) consumer folder on each account, (iii) billing register containing information on each account billed, (iv) preparation and mailing of a monthly use bill to each customer, (v) preparation of monthly sales report, (vi) preparation and mailing of late notices for delinquent accounts, (vii) collection of meter deposits and payments, (viii) preparation of a Daily

Monitoring Report, (ix) general ledger P&L and Balance Sheet reports monthly and (x) preparation of annual FPSC report (if applicable).

2.42

USWSC shall use reasonable efforts to collect all available Owner revenue from sales, connection fees, security deposits, collection fees, late payment charges, taxes collected (if applicable) and all other monies due from consumers of services provided by the facilities.

2.43

USWSC will submit to the owner monthly a report of System activities due by the 21st of the following month. USWSC shall review the administrative reports generated in accordance with section 2.41 above, and from time to time, make recommendations to the Owner regarding rates, deposit amounts, and other matters as to keep the Owner's Facilities financially sound.

2.44

USWSC maintains a business office established for the purpose of utility management; main office location is in New Port Richey, FL; with additional satellite offices throughout the State. Offices shall be open from 9:00 am to 5:00 pm Monday through Friday. Online, web base bill payment is also maintained for customer ease in access to additional payment options with 24 hr a day access. USWSC also maintains and provides 24 hour emergency answering service and dispatch, as well as local utility manager and staff assigned to the system.

3. Owner Representations and Duties

3.1

OWNER shall keep in force all System warranties, guarantees, easements and licenses that have been granted to OWNER and are not transferred to USWSC under this Agreement.

3.2

OWNER shall pay all *ad valorem*, property, franchise, occupational and disposal taxes, or other taxes associated with the System other than taxes imposed upon USWSC net income and/or payroll taxes for USWSC employees.

3.3

OWNER shall provide USWSC, within a reasonable time after request and on an "as available" basis, with the temporary use of any piece of Owner's heavy equipment that is available so that USWSC may discharge its obligations under this Agreement in the most cost-effective manner.

3.4

OWNER shall provide all registrations and licenses for any of Owner's vehicles used in connection with the System (if applicable).

3.5

OWNER represents and warrants that facilities and other System equipment have been operated only in the normal course of business. Owner cannot fully attest to the condition of the facilities composing the System and/or any equipment used by the System, and therefore has not disclosed to USWSC.

3.6

OWNER shall supply all chemicals necessary to maintain compliance of the system includes chlorine, poly phosphates, polymers, proprietary and non-proprietary filter media, lime, de-chlorination chemicals, or any other chemical necessary to maintain regulatory compliance.

3.7

OWNER shall be responsible for sludge disposal per FAC Chapter 62-640.

3.8

OWNER shall be responsible for purchase of all power, water, wastewater and phone services.

3.9

OWNER shall be responsible for major repairs above \$1,475.00 per event for water and above \$400.00 per event for wastewater and/or capital items.

3.10

OWNER shall be responsible for maintaining property insurance for the facilities.

3.11

OWNER shall be responsible for any Bad Debt, write offs, for collecting bad debts and absorbing write off costs.

3.12

OWNER shall be responsible for payment of all Federal and Local Taxes related to the systems.

3.13

OWNER shall be responsible for any and all banking fees such as over drafts, non-sufficient funds, user fees pertaining to the systems.

3.14

OWNER shall be responsible for onsite telephone services for auto dialers and/or SCADA systems for emergency power or equipment failures only.

See Table 4 Following for Ledger of Cost Responsibilities of USWSC and Owner:

BELOW IS A SUMMARY OF COST RESPONSIBILITIES FOR BOTH USWSC AND OWNER

USWSC	Owner
1. Operation of the Water & Wastewater Facilities	1. Chemicals
2. Operation and Maintenance of Collection and Distribution Systems	2. Sludge Transport and Disposal
3. Sampling and Laboratory Analysis per Appendices D & E	3. Utilities – Purchased Power, Phones/SCADA, Purchased Water/Wastewater Services
4. Reporting	4. Capital Items or Major Repairs
5. Transportation	5. Property Insurance
6. Personnel	6. Regulatory Fees
7. Safety	7. Bad Debts & Write-offs
8. Training	8. Legal Fees
9. Customer Service / Billing / Collection	9. Federal Taxes
10. Minor Repair Less than \$1,475/water;\$400/wastewater in USWSC Expense per incident	10. Banking Fees
11. Emergency Generator Maintenance and Fuel	11. Locate Service Fees / Sunshine

12. Service Work	12. Meters
13. Grounds Maintenance	13. Permit Fees for Regulatory Permits
14. Operating Permit Renewals	14. Property Taxes
15. Meter calibrations	15. New Service Connection for Water and Wastewater Services
16. Backflow prevention testing	16. Repairs Totaling \$1,475.00/water; \$400/wastewater or greater per incident
17. Trash Removal	Tax Return Filings
18. Accounting for PSC and General Ledger	
19. Tank Inspections	
20. Locate Services	
21. On-call and initial emergency callouts	
22. Plant upkeep and good housekeeping	
23. Laboratory Services	
24. System Preventative Maintenance (CMMS)	
25. Update system maps	
26. Tools, Vehicles, Testing Equipment	
27. Preventive Maintenance	
28. Fire Hydrant Testing as Required	
29. Maintain Record Keeping, General Ledger, and Filing Systems.	

4. Compensation

4.1

USWSC compensation under this Agreement and dictated scope of work shall consist of a Monthly Fee. For the first year of **Water Operation** this Agreement the USWSC **Monthly Fee for Services as described herein will total \$22,230.95; total annual contract value \$266,771.45** and is assigned a base ERC value.

Formula: (1) Initial Annualized Contract Value Divided by ERC's at Contract Startup = Annual ERC Value. (2) April of Each year previous annual values increases by Annual FPSC Price Index noted herein, a review of ERC count is undertaken and increases in ERC are applied if applicable.

4.2

USWSC compensation under this Agreement and dictated scope of work shall consist of a Monthly Fee. For the first year of **Wastewater Operation** this Agreement the USWSC **Monthly Fee for Services as described herein will total \$5,702.08; total annual contract value \$68,424.99** and is assigned a base ERC value.

Formula: (1) Initial Annualized Contract Value Divided by ERC's at Contract Startup = Annual ERC Value. (2) April of Each year previous annual values

increases by Annual FPSC Price Index noted herein, a review of ERC count is undertaken and increases in ERC are applied if applicable.

4.3

The Monthly Fees shall be adjusted April 1st of each year per Annual FPSC Price Index pursuant to Section 367(4)(a), Florida Statutes. Should the capacity of the System change, or other services are added, the fee will change upon review with the OWNER, and calculated by base ERC value assigned at that time and be subject to applicable Annual Price Index adjustments. Changes in ERC totals will not remove the Annual Price Index increase.

4.4

USWSC shall also be provided a Water Maintenance and Repair Limit of **\$17,848.22 [Seventeen Thousand, Eight Hundred, Forty-Eight Dollars and Twenty-Two Cents]** annually for water only which is included in the water monthly base fee pursuant to Section 4.1.

4.5

Items included under the Maintenance and Repair Expenditures include but are not limited to:

- A. All materials and supplies necessary to maintain and repair all Facilities and equipment within the Facilities
- B. Road, sidewalk, and landscape repair materials and installation.
- C. Operating Supplies
- D. First Aid and safety equipment and supplies
- E. Cleaning and Janitorial Supplies
- F. Tools
- G. Small Equipment
- H. Rental of Equipment
- I. Travel Expenses
- J. Office Supplies
- K. Postage/Shipping Costs

4.6

Items not included under the allocation for Maintenance and Repair Expenditures, but are the responsibility of the USWSC, include but are not limited to:

- A. Uniform Expenses

- B. Cellular Phone Expenses
- C. Fuel
- D. Vehicle Maintenance and Repair

4.7

If actual Maintenance and Repair expenditures are less than the Maintenance and Repair Limit for any Agreement year, USWSC will rebate 70% of the entire difference to OWNER in accordance with Section 5.5. If actual Maintenance and Repair expenditures exceed the Maintenance and Repair Limit, OWNER will pay the excess (no USWSC profit) to USWSC in accordance with Section 5.5. USWSC will provide the OWNER monthly reports of actual Maintenance and Repair expenditures which are charged against the Maintenance and Repair Limit, and shall notify OWNER when actual Maintenance and Repair expenditures equal seventy percent (70%) of Maintenance and Repair Limit. Beginning and Ending inventories will be taken into account when calculating the final amount expenditure amount.

5. Payment of Compensation

5.1

The Monthly Fee shall be due and payable on the first business day of the month for each month that services are provided.

5.2

All other compensation to USWSC is due upon receipt of USWSC invoice and payable within thirty (30) days.

5.3

OWNER shall pay interest at an annual rate equal to the prime rate established by TD Bank plus two percent (1.0%) on payments not paid and received within thirty (30) calendar days of the due date, such interest being calculated from the due date of the payment. In the event that the interest charges under this Section 7.4 might exceed any limitation provided by law, such charges shall be reduced to the highest rate or amount allowed within such limitation.

5.4

Amortization Items, in the event that this contract is terminated prematurely all monies that have been previously paid as a monthly expense shall be returned at a prorated cost, such as Tri-annual samples, permit renewals or vendor contracts to the USWSC.

5.5

Any monies payable by either party pursuant to Section 4.7 shall be paid within the later of sixty (60) calendar days after the end of each Agreement year or thirty (30) calendar days from submittal of approved invoices.

6. Scope Changes

6.1

A Change in Scope of Services shall occur when and as USWSC costs of providing services under this Agreement change as a result of:

6.2

Any change in System operations, personnel qualifications or staffing or other cost which is mandated or otherwise required, by a change in law, rule or regulation or an action or forbearance of any governmental body having jurisdiction to order, dictate or require such change;

6.3

Owner's request and USWSC consent to provide additional services beyond the scope of this Agreement and shall be priced per rate schedule included in Appendix G.

7. Indemnity, Liability and Insurance

7.1

For the sum of \$10.00, USWSC hereby agrees to indemnify and hold OWNER harmless from any liability or damages for bodily injury, including death, which may arise from USWSC' negligence or willful misconduct under this Agreement, provided USWSC shall be liable only for that percentage of total damages that corresponds to its percentage of total negligence or fault.

7.2

For the sum of \$10.00, OWNER agrees to indemnify and hold USWSC harmless from any liability or damage or bodily injury, including death, which may arise from all causes of any kind other than USWSC' negligence or willful misconduct including, but not limited to, breach of an OWNER warranty.

7.3

USWSC shall be liable for those fines or civil penalties imposed by a regulatory or enforcement agency for violations occurring on or after the Commencement Date of the effluent quality requirements as are dictated by regulatory agencies and as a result of USWSC's negligence. OWNER will assist USWSC in contesting any such fines in administrative proceedings and/or in court prior to any payment by USWSC. USWSC shall pay the cost of any such contest.

7.4

OWNER shall be liable and indemnify and hold USWSC harmless for those fines or civil penalties imposed by any regulatory or enforcement agencies on OWNER and/or USWSC 1) that are not a result of USWSC negligence 2) that are otherwise directly related to the ownership of the System and 3) are the result of failure of Owner to make any Capital Expenditures previously identified as necessary for the System to attain applicable performance standards and 4) Owner shall indemnify and hold USWSC harmless from the payment of any such fines and/or penalties.

7.5

Owner Shall defend, indemnify and hold USWSC harmless from any and all liability, cost, expenses, penalties, including attorneys fees and the cost of investigation, remediation, negotiation and resolution, arising from any condition existing prior to the start date that constitutes a release of hazardous substances, as that term is defined in any state, federal or local law, or constitutes a violation of any state, federal or local environmental law.

7.6

Indemnity obligations provided for in this Agreement shall survive the termination of the Agreement.

7.7

USWSC shall maintain general liability insurance coverage limits of \$2,000,000.00; Excess General Liability limits of \$5,000,000.00; Vehicle Insurance coverage limits of \$1,000,000.00; Professional Liability Insurance limits of \$2,000,000.00, and provide all workers compensation coverage for USWSC staff in accordance with state and federal labor requirements.

8. Term, Termination and Default

8.1

The initial term of this Agreement shall be Five (5) years; commencing **September 1, 2018**, (the "Commencement Date"). Thereafter, this Agreement shall be automatically renewed on each anniversary date, for successive Five (5) Year terms unless canceled in writing by either party no less than ninety (90) days prior to expiration of the then current term.

8.2

Either party may terminate this Agreement upon 90 day written notice.

8.3

Amortization Items: In the event that this contract is terminated all monies that have been previously paid as a monthly expense shall be returned at a prorated cost, such as Tri-annual samples, permit renewals to the USWSC.

8.4

Upon notice of termination by OWNER, USWSC shall assist OWNER in assuming operation of the System. If additional Cost is incurred by USWSC at request of OWNER, OWNER shall pay USWSC such Cost within 15 days of invoice receipt.

8.5

Upon termination of this agreement and all renewals and extensions of it, at a minimum USWSC will return the System to OWNER in the same or better condition as it was upon the effective date of this Agreement, ordinary wear and tear excepted. Equipment and other personal property purchased by USWSC for use in the operation or maintenance of the System shall remain the property of USWSC upon termination of this Agreement unless the property was directly paid for by OWNER or OWNER specifically reimbursed USWSC for the cost incurred to purchase the property or this Agreement provides to the contrary.

9. Disputes and Force Majeure

9.1

In the event activities by employee groups or unions unrelated to USWSC cause a disruption in USWSC ability to perform at the System, USWSC may request and Owner shall assist USWSC efforts or USWSC at its own option, may seek appropriate injunctive court orders. During any such disruption, USWSC shall operate the facilities on a best-efforts basis until any such disruption ceases.

9.2

Neither party shall be liable for its failure to perform its obligations under this Agreement if such failure is due to any Unforeseen Circumstances beyond its reasonable control or force majeure. However, this section may not be used by either party to avoid, delay or otherwise affect any payments due to the other party.

10. Penalties

10.1

Should USWSC fail to comply with the provisions of this Agreement, such failure shall constitute a default.

10.2

The following fines and penalties shall apply:

- a. Failure to meet drinking water standards; \$100.00 per day commencing on the 4th consecutive day.
- b. Failure to control odors consistent with Prudent Utility Practice; \$100.00 per day commencing on the 6th consecutive day.
- c. Failure to dispose of residuals in a manner consistent with Basic O&M Performance Standards and Prudent Utility Practice; \$100.00 per day commencing on the 8th consecutive day.
- d. Intentional falsification/misrepresentation of any reports or records to be filed or maintained pursuant to this agreement; \$1,000.00 per incident.
- e. Failure to follow any notification requirements of this Agreement; \$1,000.00 per incident.
- f. Failure to maintain the Utility Facilities consistent with Basic O&M Performance Standards and Prudent Utility Practice; \$500.00 per incident.
- g. Failure to maintain staffing levels as require by regulation; \$100 per day commencing on the 8th consecutive day; in addition to all regulatory fines that may be assessed.
- h. Failure to make deposits or timely manage fiduciary requirements; \$250.00 per day.
- i. Failure to submit timely reports as outlined in this Agreement; \$100.00 per day.
- j. Failure to process customer credits and refunds within 10 business days; \$100.00 per day commencing upon the 11th day.
- k. Incurrence of customer service complaints related to the quality of work provided by USWSC at a rate exceeding 0.1% of customer accounts in a single month or 1.0% of average monthly customer

count of any 12 consecutive months; \$100.00 per complaint above these thresholds.

- l. Failure to correctly read meters within an accuracy rate of 99.5% or better; \$100.00 per each 0.1% below the 99.5% accuracy requirement.
- m. Failure to complete meter reads within 2 business days of scheduled meter reading date; \$100.00 per day per 100 unread meters commencing on the 3rd consecutive day.
- n. Failure to charge all required deposits, fees and installation costs prior to the initiation of service; \$100.00 per incident.
- o. Failure to reconcile all customer service collection activities within 0.25% of total collections; \$100.00 per incident or the amount of un-reconciled balance, whichever is greater.
- p. Failure to collect 97% of all customer billings within 90 days of billing; 5% of difference between actual collection and 97%.
- q. Failure complete timely service orders in performance of Prudent Utility Practice; \$100.00 per day beyond the prudent time period.

Each of the parties indicates their approval and full understanding of this Agreement by their signatures below, and each party warrants that all corporate or governmental action necessary to bind the parties to the terms of this Agreement has been and will be taken.

HC Waterworks, Inc.

By: _____

Name: Gary Deremer

Title: President

U.S. Water Services Corporation

By: _____

Name: Edward Mitchell

Title: Sr. Vice President - General Mgr.

End Agreement

Additional: Appendices A,B,C,D,E,F,G,H.

Appendix A - Definitions

1. **"Agreement"** means the written instrument which is evidence of the agreement between OWNER and USWSC covering the services to be performed, including the Agreement and any exhibits that are attached to the Agreement or made a part thereof; and any other documents which are incorporated in or referenced in the Agreement and made a part thereof.
2. **"Capital Expenditures"** means capital expenditures that are planned, non-routine and budgeted as separate capital expenditures by OWNER.
3. **"Facilities"** mean the Water Treatment Facility, Wastewater Treatment Facility, Lift Stations, Booster Stations, Hydrants, Water Distribution and Wastewater Collections Systems of the OWNER, including, but not limited to, all equipment, structures, instrumentation, pumps, mains, lines, vacuum pumps, vehicles, parts, processes, buildings, fixtures, electrical panels, conduit, wells, tanks, treatment facilities, disposal facilities, computers, SCADA systems, communications systems, valves, generators, and solids processing facilities.
4. **"Base Fee"** means a predetermined, fixed sum for USWSC contract services including operations and preventive maintenance, minor repairs, billing/collection, and customer services – and all related expense.
5. **"Banking Fees"** - any banking fees such as over drafts, non-sufficient funds, user fees pertaining to the systems
6. **"Capital Expenditures"** means any expenditures for (1) the purchase of new equipment or facility repairs that are greater than One Thousand Two Hundred Twenty Five Dollars and No Cents (\$1,200.00) or greater for water and Four Hundred Dollars and No Cents or greater for wastewater.
7. **"Cost"** means all Direct Cost and indirect cost determined on an accrual basis in accordance with generally accepted accounting principles.
8. **"Chemicals"** - chemicals necessary to maintain compliance of the system includes chlorine, poly phosphates, polymers, proprietary and non-proprietary filter media, lime, de-chlorination chemicals, or any other chemical necessary to maintain regulatory compliance.

9. **"CMMS"** shall mean Computerized Maintenance Management System.
10. **"Emergency"** shall mean a situation that threatens public, USWSC employee or OWNER health and safety, System Property, and/or as additionally defined by the FDEP.
11. **"ERC's"** shall mean Equivalent Residential Connection as defined by the FPSC.
12. **"FDEP"** shall mean Florida Department of Environmental Protection.
13. **"Field Service"** means work performing meter rereads, meter turn-on & turn-offs, minor repairs to service lines, meter change outs, providing boil water notices and troubleshooting customer or Owner concerns.
14. **"FPSC"** shall mean the Florida Public Service Commission.
15. **"Laboratory Services"** means all laboratory services with a Florida NELAC certified laboratory capable of meeting all Federal Environmental Protection (EPA), Code of Federal Regulations (40 CFR-60.535), Safe Drinking Water Act (SDWA), Clean Water Act (CWA), Florida Department of Environmental Protection (FDEP) Florida Administrative Codes (FAC Chapter 62-160.300) which defines the minimum field and laboratory quality assurance, methodological and reporting requirements , Water Management Districts (WMD), Department of Health (DOH – 64E-1) or any other regulatory agency that has jurisdiction over the facilities for analyzing samples required by permits
16. **"Locates"** means to locate and identify the location of all water distribution & wastewater collections piping systems per Sunshine One-call requirements.
17. **"Maintenance"** means those routine and/or repetitive activities required or recommended by the equipment or facility manufacturer or by USWSC or otherwise required under standard industry practices to maintain the facilities in good to excellent condition, ordinary wear and tear excepted, and to maximize the service life of the Facilities.
18. **"Maintenance and Repair Limit"** means the total Maintenance and Repair expenditures that USWSC has included in the annual fee.

19. **"Meter Reading"** means providing appropriate personnel to provide meter reading services including but not limited to monthly reading of meters, disconnection and connection services, checking for leaks, and delivery of notifications to the property.
20. **"Monthly Fee"** means a predetermined, fixed sum for USWSC base operating, billing/collection, and customer services.
21. **"Minor Repairs"** repairs that can be performed by the Collection and Distribution Technician, plant operators or maintenance personnel without assistance (Less than \$1,200.00 for water per incident per month and \$400.00 for wastewater per incident in total USWSC expense).
22. **"Major Repairs"** shall mean Capital Improvements and/or repairs \$1,200.00 or greater for water and \$400.00 or greater for wastewater.
23. **"Permits"** means according to Florida Administrative Code (FAC) Chapter 62-4 which is FDEP's general authority to issue permits and Florida Administrative Code (FAC) Chapter 62-620 which establishes the procedures to obtain a permit to construct operate or modify domestic and industrial wastewater facilities. 40 CFR 122.41 which describes applicable to all permitting.
24. **"PM"** shall mean Preventive Maintenance.
25. **"Regulatory Fees"** means cost of fees related to permit renewals, modifications and/or revisions to permits for the Water Management District, FDEP, DOH, County and/or OWNER and any other regulatory entity fees.
26. **"Repairs"** means those non-routine/non-repetitive activities required for operational continuity, safety and performance generally due to failure or to avert a failure of the equipment, or facilities, or some component thereof.
27. **"Reporting"** means Florida Department of Environmental Protection (FDEP) Reporting – Daily operational reports, Monthly Operating Reports (MOR), Discharge Monitoring Reports (DMR), minor revisions to operating permits, construction permits, monitoring plans such as bacteriological sampling plans, cross-connection plans, water system flushing plans, lead & copper sampling plan, bio-solids annual reports, abnormal events, boil water notices, Consumer Confidence Reports (CCR) and review of inspection reports and response.

Water Management District Reporting – Annual reporting of flows on the Consumptive and Water Use Permits (CUP) (WUP), per Florida Statutes (Chapters 120 and 373) and Florida Administrative Code (Chapters 40D-1 and 40D-2); Complying with Environmental Resource Permits (ERP) Part IV of Chapter 373, Florida Statutes and Well Construction Permits Chapter 40D-3, F.A.C.

Public Service Commission (PSC) - conduct ongoing audits and report annually to the PSC per FAC Chapter 25-30 for water and wastewater utility systems (if applicable).

28. **“Safety”** means USWSC will implement and maintain an employee safety program in compliance with all Occupational Safety and Health Administration (OSHA) laws and regulation specified in OSHA 1910 which is designed to provide a safe and healthful workplace. Provide all necessary equipment to employees to perform their tasks in a safe and efficient manner. USWSC will make recommendations to the owner regarding the need if any, for the owner to rehabilitate, expand or modify the system to comply with governmental safety regulations applicable to USWSC operations hereunder and with federal regulations promulgated pursuant to the American with Disabilities Act (ADA).
29. **“Sampling”** means taking all daily, weekly, monthly, quarterly, annual and tri-annual samples and any retake samples required by FDEP Permit and Florida Administrative Code (FAC) 62-601, which establishes minimum requirements for monitoring of domestic wastewater facilities and EPA's 40 CFR Part 136.
30. **“System”** means all equipment, vehicles, grounds, rights-of-way, wells and facilities, lines, meters related to water and/or wastewater service delivery.
31. **“Training”** means training and education for appropriate personnel in all necessary areas of modern water/wastewater process control, operations, maintenance, safety and supervisory skills. All operators employed for the facility will be trained in drinking water treatment plant operation and/or domestic wastewater treatment plant operator licensed by FDEP. Ensure all personnel have the proper training to perform their jobs safely and efficiently.
32. **“Unforeseen Circumstances”** shall mean any event or condition which has an effect on the rights or obligations of the parties under this Agreement, or upon the System, which is beyond the reasonable control of the party relying thereon and constitutes a justification for a delay in, or non-performance of, action required by this Agreement,

including, but not limited to (i) an act of God, landslide, lightning, earthquake, tornado, fire, explosion, flood, failure to possess sufficient property rights, acts of the public enemy, war, blockade, sabotage, insurrection, riot or civil disturbance, (ii) preliminary or final order of any local, province, administrative agency or governmental body of competent jurisdiction, (iii) any change in law, regulation, rule, requirement, interpretation or statute adopted, promulgated, issued or otherwise specifically modified or changed by any local, province or governmental body, (iv) loss of or inability to obtain service from a utility necessary to furnish power for the operation and maintenance of the System, or (v) the failure of OWNER to make any Capital Expenditure previously identified as necessary for the System to attain applicable performance standards, (vi) the failure of the Owner to provide influent within the characteristics as identified herein as necessary for the System to attain applicable performance standards.

33. **“WMD”** shall mean Water Management District.

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Appendix B – System(s) Descriptions

SYSTEM CHARACTERISTICS WASTEWATER

B.1. The Wastewater System has the following design characteristics:

1. Number of Wastewater Treatment Plants: **One**
2. Current ERC's: **312**
3. Capacity: **50,000 GPD**
4. Maximum Number of ERC's: **320**
5. Effluent Disposal: **2 RIBs**
6. County Interconnect: Yes NO **XX**
7. Other Interconnect: **NONE**
8. **Lift Stations: 1**
9. **Feet of Pipe: 13,567 LF / 0.19 miles Force Mains**
10. **Manholes: 46**

B.2 The Base Fee for services under this contract is based on baseline of **312** ERC's.

B.3 Description of Plant – The Leisure Lakes WWTF is an existing 0.050 mgd annual average (AADF) permitted capacity extended aeration domestic wastewater treatment plant (Permit # FLA014388) consisting of flow equalization, aeration, secondary clarification, basic chlorination with effluent disposal to 2- rapid infiltration basins and aerobic digestion of residuals.

SYSTEM CHARACTERISTICS WATER

B.4. The Water System has the following design characteristics:

1. Number of Water Treatment Plants: **Three**
2. Current ERC's: **1,103**
3. Capacity: **2,700,000 maximum gallons day**
4. Maximum Number of ERC's: **2,500**
5. County Interconnect: Yes NO **XX**
6. Other Interconnect: **NONE**
7. **Watermain:**
 - 8' – 2,989 LF**
 - 6" – 236,755 LF**
 - 4" – 38,324 LF**
 - 3" – 13,138 LF**
 - 2" – 10,497LF**

8. Meters:	997
9. Hydrants:	22
10. Valves:	161

- B.5 The initial Base Fee for services under this contract is based on baseline of 1,103 ERC's.
- B.6 Description of Water Plants - The system has three water plants: The **Lake Josephine** WTP has a maximum design capacity of 280,000 gallons. The system has two wells, Well #1 is a 6" well with a pump is a 20 HP submersible type pump. Well #2 is a 6" well with a 20 HP submersible type pump. Has a 71,000 capacity Ground Storage Tank(GST) and 3- 30HP High Service Pumps (HSP) and 1- 15HP jockey pump. Force Draft Aeration for Sulfide removal. The **Sebring Lakes** WTP is interconnected with the Lake Josephine. This system has two wells which are 20HP submersible type pumps. The system has a 5,000 gallon steel hydro-pneumatic tank. The **Leisure Lakes** WTP has two wells 1- Vertical Turbine well pump and 1- submersible type pump. The system has a 10,000 gallon hydro-pneumatic tank and a 50,000 GST with two 15 HP HSP's. Sebring Lakes and Leisure Lakes current have Adedge Filters for H2S removal. Lake Josephine has forced draft aeration for H2S removal. Disinfection at all three facilities is accomplished by liquid chlorine.

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APPENDIX C – Insurance Coverage

USWSC SHALL MAINTAIN:

1. Statutory Workers' Compensation for all of USWSC' employees at the System as required by the State of Florida.
2. Comprehensive general liability insurance, insuring USWSC negligence, in an amount not less than Two Million Dollars (\$2,000,000) combined single limits for bodily injury and/or property damage; Excess liability in an amount not less than Five Million Dollars (\$5,000,000), and in addition maintain Professional Liability Insurance in an amount not less than Two Million Dollars (\$2,000,000).

OWNER SHALL MAINTAIN:

1. Statutory Workers' Compensation for all of Owner's employees associated with the System as required by the State of Florida.
2. Property damage insurance, or shall self insure, for all property including vehicles owned by OWNER and operated by USWSC under this Agreement if applicable. Any property, including vehicles not properly or fully insured, shall be the financial responsibility of the OWNER.
3. Automobile liability insurance, or self insure, for collision, comprehensive, and bodily injury if system vehicles are provided.

USWSC will provide at least thirty (30) days notice of the cancellation of any policy it is required to maintain under this Agreement. USWSC may self-insure reasonable deductible amounts under the policies it is required to maintain to the extent permitted by law but only if such action does not invalidate the property insurance of OWNER. USWSC and the OWNER, on behalf of themselves and their insurers, waive their rights of subrogation with respect to losses occurring to property of the parties.

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APPENDIX D – Routine Wastewater Sampling

Included in Base Contract Services: Wastewater Treatment System

	Samples	Frequency
	Req'd	
CBOD	48	Monthly
TSS	48	Monthly
F. Coli	24	Monthly
Nitrate	24	Monthly

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APPENDIX E – Routine Water Sampling

Included in Base Services: Water Treatment System

	Samples	Frequency
	Req'd	
Total Coliform	9	9/month
TTHM	3	year
HAA5	3	year
Nitrate	3	year
Nitrite	3	year
L & C	40	1/3 yrs
Tri-Annuals	3	1/3 yrs

¹ Reduced monitoring can reduce the frequency to every six to nine years

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Appendix F – Property Legal Descriptions

Legal Description for the Wastewater System in Highlands County

**Leisure Lakes Wastewater Treatment Plant
101 Woodside Dr., Lake Placid, FL 33852**

Legal Description

VENETIAN VILLAGE REVISED
PB 11 PG 12
LOTS 1-2-3-4-5-6-7-28-29-
30-31-32-33-34 BLK 8
-SEWER TREATMENT PLANT-

Legal Description for the Water Systems in Highlands County

**Leisure Lakes Water Treatment Plant
140 Woodside Dr., Lake Placid, FL 33852**

Legal Description

VENETIAN VILLAGE REVISED
PB 11 PB 12
TRACT I

**Sebring Lakes Water Treatment Plant
5315 Knight Avenue, Sebring, FL 33875**

Legal Description

SEBRING LAKES UNIT 1B
PB 6-PG 47
LOTS 1 TO 6 + 49 TO 54 INC
BLK 6

**Lake Josephine Water Treatment Plant
1949 canary Way, Sebring, FL 33875**

Legal Description

AN 8.99 ACRE TRACT OUT OF
E 1/2 OF NE 1/4 OF NW 1/4
FULLY DESC IN
RB 157-PG 727
5-36-29/2 8.99 ACRES

APPENDIX G – Hourly Rate Structure

See Attachment G

Rates can be utilized for services out of the scope of base contract.

APPENDIX H – Service Maps

SERVICE MAPS TO Be Attached for Each System

END DOCUMENT



ATTACHMENT G

SCHEDULE OF SERVICE FEES

Effective: September 1, 2018

1	Principal	\$166.52 per hour
2	Director of Engineering Services: (Registered Professional Engineer)	\$145.89 per hour
3	Engineer III (Registered Professional Engineer)	\$130.28 per hour
4	Engineer II	\$106.82 per hour
5	Engineer I	\$ 84.33 per hour
6	Sr. Environmental Consultant	\$125.70 per hour
7	Hydrogeologist (Registered Professional Geologist)	\$118.17 per hour
8	Sr. Project Manager /Utility Manager, CIP or PSC Filings	\$139.66 per hour
9	Project Manager	\$ 98.92 per hour
10	Field Inspector	\$ 95.86 per hour
11	Engineering Technician	\$ 62.14 per hour
12	Cad Operator	\$ 66.99 per hour
13	Instrumentation/Control Technician/Maintenance Supervisor/Chief Mechanic	\$ 89.43 per hour
14	Lab Tech/Collection Capture	\$ 42.66 per hour
15	Tradesman	\$ 57.91 per hour
16	Maintenance Technician	\$ 52.01 per hour
17	Welder/Fabricator	\$ 65.00 per hour
18	Utility Electrician	\$ 67.82 per hour
19	Certified Cross Connection Control Technician (Backflow Prevention Technician)	\$ 73.37 per hour
20	Water and Wastewater Plant Operator (LEAD)	\$ 79.01 per hour
21	Water and Wastewater Plant Operator	\$ 58.19 per hour
22	Administrative Support	\$ 52.37 per hour
23	Materials and reimbursable expenses will be billed at actual cost plus: 18%	18%
24	Sub-Contractor on job will be billed at actual cost plus: 10%	10%
25	Automobile Travel Mileage Reimbursement Associated With Consulting Services	\$ 0.55 per mile
26	Disposal Fee for Disposal of Non Hazardous Material and Debris.	\$ 13.99 per visit
27**	Labor Rates of 1.5 times the regular hourly rate will apply under the following circumstances: **Monday - Friday from 4:00pm to 7:00am and Weekends at All Hours	
28	Labor Rates of 2.0 times the regular hourly rate will apply on holidays recognized by US Water.	
29	Operations Supplies provided will be billed at actual cost plus 18%.	

EQUIPMENT

30	Confined Space Entry – With Permit and Equipment	\$110.00 per/entry
31	Diaphragm Pump Rental	\$ 52.37 per/day
32	Submersible Bypass Pump Rental	\$ 79.01 per/day
33	Cut Saw Rental	\$ 29.11 per/day
34	Cut Saw Blades	\$ 11.65 each
35	RPZ Certification	\$145.60 each
36	Lift Station Calibration and Testing	\$368.78 each
37	Pressure Washer	\$ 28.04 per/hour
38	Pressure Jetter	\$ 84.68 per/day
39	Cutting Torches	\$ 84.68 per/day
40	Crane Truck	\$138.12 per/hour
41	VacTruck/Residuals Hauler	\$317.51 per/hour
42	Residual Liquid Hauled	\$ 0.39 per/gallon
43	Pump Hoist	\$ 78.08 per/day
44	TV Camera	\$ 88.52 per/foot

Fees are subject to change without notice and are updated annually at a minimum.

Invoices may be subject to fuel surcharges.

END