

Eric Fryson

From: Michele Parks [mparks@sflaw.com]
Sent: Tuesday, May 29, 2012 4:30 PM
To: Filings@psc.state.fl.us
Cc: sandymchase@comcast.net; Saylor, Erik
Subject: {BULK} Docket No.: 110200-WU; Application for Increase in Water Rates in Franklin County by Water Management Services, Inc.

Importance: Low

Attachments: PSC Clerk 09 (Response to 5th Data Request).ltr.pdf

- a. Martin S. Friedman, Esquire
Sundstrom, Friedman & Fumero, LLP
766 N. Sun Drive, Suite 4030
Lake Mary, FL 32746
PHONE: (407) 830-6331

FAX: (407) 830-8522

mfriedman@sflaw.com

- b. Docket No.: 110200-WU; Application for Increase in Water Rates in Franklin County by Water Management Services, Inc.
- c. <![endif]>Water Management Services, Inc.
- d. 29 Pages (letter - 4 pages) (attachments - 25 pages)
- e. ~~Utility's Response to Staff's Fifth Data Request~~

MICHELE PARKS

Paralegal for Martin S. Friedman and Bridget M. Grimsley

**SUNDSTROM,
FRIEDMAN & FUMERO, LLP**
Attorneys | Counselors



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LLP
Attorneys at Law
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Lake Mary, Florida 32746
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www.sflaw.com

Tallahassee • Lake Mary • Boca Raton

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FILED IN THE PUBLIC RECORDS SECTION

03422 MAY 29 2012

FPSC-CONNECTION CLERK

5/29/2012



May 29, 2012

Ann Cole, Commission Clerk
Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

VIA E-FILING

RE: Docket No. 110200-WU; Application for increase in water rates in Franklin County by
Water Management Services, Inc.
Our File No. 46023.01

Dear Ms. Cole:

Water Management Services, Inc. ("WMSI" or "Utility") submits the following in response to Staff's Fifth Data Request dated May 8, 2012:

1. For the Commission-approved rate case expense in the last WMSI rate case (Order No. 11-0010-SC-WU), please provide copies of all invoices received and documentation for all payments made from the date of the Commission's Order through the end of April 2012.

Response: Copies in response to this request will be provided tomorrow, May 30, together with responses to items 1 through 8 of Staff's 6th Data Request, which are closely related.

2. Explain and reconcile the differences related to accumulated depreciation balances outlined in OPC's Issues and Concerns, No. 5.

Response: The accumulated depreciation balances were adjusted as follows:

Power Generation Equipment had a depreciation adjustment in June 2010.
Power Generation Equipment had a depreciation adjustment in October 2010.
Power Generation Equipment had a depreciation adjustment in November 2010.
Power Generation Equipment had a depreciation adjustment in December 2010.
Trans & Distrib Mains had an A/D adjustment in January 2010.
Trans & Distrib Mains had an A/D adjustment in December 2010.
Office furniture had a depreciation adjustment in December 2010.
Transportation Equipment had an asset disposal and purchase in March 2010.
Transportation Equipment had an asset sale in December 2010.

WMSI used a Peachtree Fixed Asset System (FAS) to keep track of assets and depreciation during 2010. During the year every item in the system was double-checked for accuracy. Any differences found were corrected during the year.

03422 MAY 29 2012

FPSC-COMMISSION CLERK

WMSI believes the depreciation schedules as presented are accurate, including the depreciation schedule supporting the depreciation for Trans & Distrib Mains, which was calculated as follows:

Class B Assets	\$ 938,219.00	38 yr	\$24,689.97
Class A Assets	1,486,707.36	43 yr	34,574.59
2010 Asset Purchases	925.83	½ yr	10.77
Correct Depreciation for T & D Mains			<u>\$59,275.34</u>

Accordingly, the balances in WMSI's general ledger and MFR's are correct.

3. Explain and reconcile the differences related to pumping equipment retirements outlined in OPC's Issues and Concerns, No. 6.

Response: The Schedule "A" presented in the answer to Data Request No. 1 has \$38,813 more than the proposed retirements of \$147,379 as shown in the MFR's Schedule A-3. The reply to the First Data Request was wrong.

The \$38,813 represents the 3/4 retirement value relating to the PSC reclassification of \$51,751 from repairs to pumping equipment ordered by the PSC in the January 3, 2011 Order.

The MFR's incorporate \$38,813 less in retirements due to this adjustment

4. Explain and reconcile the differences related to the accumulated amortization balances and apparent fluctuations in the amortization rates applied to the Contributions In Aid of Construction outlined in OPC's Issues and Concerns, No. 10.

Response: WMSI computed CIAC amortization expense as follows:

Beginning CIAC	\$3,239,513.82	35 yr	\$ 92,557.54
2010 Additions	149,108.66	½ yr	2,130.12
Correct Amortization Expense			<u>\$ 94,687.66</u>

WMSI believes that its accumulated amortization balances are correct.

5. Explain the need for the part-time operator referenced in OPC's Issues and Concerns, No. 17.

- (a) Was this a one-time occurrence or are there additional test year charges for other months?

Response: WMSI had a part-time operator during the first part of 2010 until Hank Garrett came back to work as an assistant operator in early March, 2010. After that, there were no additional test year charges for a part-time operator because he was no longer needed.

- (b) If additional test year charges exist, please provide the appropriate documentation.

Response: N/A

- (c) Are the two full-time operators salaried employees or are they paid an hourly rate?

Response: They are both on salary

- (d) Were the part-time operator's hours incremental to the normal work hours of the full-time operators, or were they substitution hours?

Response: The part-time operator's hours were incremental to the normal work hours of WMSI's full-time operator, Nita Molsbee.

- (e) If the part-time operator's hours were for substitution, who did the part-time operator replace for each day invoiced?

Response: N/A

6. In regard to the tank maintenance contract with Superior Tank Company, Inc., is WMSI's account "current" as of the date of this data request? Please provide copies of all invoices received and documentation for all payments made from September, 2010 through the end of April, 2012.

Response: The Superior Tank contract has been cancelled and a new contract has been entered into with Pittsburg Tank & Tower Maintenance Co., Inc., a copy of which is attached. Copies of invoices and checks to Superior Tank Company, Inc., are enclosed.

7. In regard to the Graybar invoice referenced in OPC's Issues and Concerns, No. 25, please explain the nature of each repair performed, how frequently such repairs are needed, and whether the repairs were "scheduled" or "emergency" repairs.

Response: The Graybar invoice was for the repair of damages caused by a lightning strike. This type of damage occurs frequently, and these were "emergency," not "scheduled," repairs.

8. In regard to the plant retirement adjustments reflected in MFR Schedule B-3, page 4 of 4, please provide supporting documentation for the original costs associated with the plant being retired. If original cost support documentation is not available, please use replacement costs, the in-service dates referenced on page 4 of 4, and the Handy-Whitman Index to determine the estimated retirement costs.

Response: WMSI's accounting consultant has been asked to prepare a schedule relating to plant retirement adjustments based on the Handy-Whitman Index. This will be provided as soon as it is received by WMSI.

Very truly yours,



MARTIN S. FRIEDMAN
For the Firm

MSF/mp
Enclosures

cc: Sandy Chase (via e-mail) (w/enclosures)
Erik Sayler, Associate Public Counsel (via e-mail & U.S. Mail) (w/enclosures)

Invoice

SUPERIOR TANK COMPANY, INC.

(270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE: 9/2/2010
 INVOICE #: 1681

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	HTF	SHIP	VIA	FOB	PROJECT
none	1st	DMC	9/2/2010	Our truck	St George Island	

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MAINTENANCE	September payment for Maintenance contract	1,580.00	1,580.00

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

10/1/2010

1693

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0443

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
none	1st	DMC	10/1/2010	Our truck	St Geo Island	

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MAINTENANCE	October 2010 billing for Maintenance Contract on your water spheres at St. George Island, FL.	1,580.00	1,580.00

Thank you for your business. Payment is due upon receipt of invoice

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.

(270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
11/1/2010	1710

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
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none 1st DMC 11/1/2010 Our truck St Geo Island

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
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1	MAINTENANCE	November billing for the Maintenance Contract on your water sphere at St. George Island, FL	1,580.00	1,580.00
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Thank you for your business. Payment is due upon receipt of invoice

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
12/1/2010	1716

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
None	1st	DMC	12/1/2010	Our truck	St Geo Island	

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MANTENANCE	November billing for the Maintenance Contract on your water spheres at St. George Island, FL	1,580.00	1,580.00

Thank you for your business. Payment is due upon receipt of invoice

TOTAL 51,580.00

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

Invoice

DATE	INVOICE #
1/4/2011	1724

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

PO NUMBER	TERMS	REF	SHIP	VIA	FOH	PROJECT
none	1st	DMC	1/4/2011	Our truck	St Geo Island	

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MAINTENANCE	January billing for the Maintenance Contract on your water sphere at St. George Island, FL	\$1,580.00	1,580.00

thank you for your business. Payment is due upon receipt of invoice.

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE
3/2/2011	1735

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REF	SHIP	VIA	FOU	PROJECT
none	1st	DMC	3/2/2011	Our truck	St Geo Island	

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MANTENANCE	March billing for your maintenance contract for your water sphere at St. George Island	1,580.00	1,580.00

Thank you for your business. Payment is due upon receipt of invoice

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
4/4/2011	1746

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
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none	1st	DMC	3/2/2011	Our truck	St Geo Island	
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QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
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1	MAINTENANCE	April billing for your maintenance contract for your water sphere at St. George Island	1,580.00	1,580.00
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Thank you for your business. Payment is due upon receipt of invoice

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.

(270) 821-1000
 P.O. BOX 1190
 MADISONVILLE, KY 42431

DATE	INVOICE #
9/14/2011	1816

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
	1st	DMC	9/14/2011	Our truck	St. George Is	

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MAINTENANCE	May billing for your maintenance contract for your water sphere at St. George Island	1,580.00	1,580.00

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
9/14/2011	1817

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
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1st DAC 9/14/2011 Our truck at Geo Island

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
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1	MAINTENANCE	June billing for your maintenance contract for your water sphere at St. George Island	1,580.00	1,580.00
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TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
9/14/2011	1818

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	F.O.B.	PROJECT
	1st	DMC	9/14/2011	Our truck	st geo island	

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MAINTENANCE	July billing for your maintenance contract for your water sphere @ St. George Island	1,580.00	1,580.00

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
9/14/2011	1819

BILL TO:

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO:

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

PO NUMBER	TERMS	REF	SHIP	VIA	FOB	PROJECT
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1st DAC 9/14/2011 Our truck st geo island

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
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1	MAINTENANCE	August billing for your maintenance contract for your water sphere at St. George Island	1,580.00	1,580.00
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TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.

(270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
9/14/2011	1820

BILL TO

Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
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1st DMC 9/14/2011 Our truck st geo island

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MAINTENANCE	September billing for your maintenance contract for your water sphere at St. George Island	1,580.00	1,580.00

TOTAL \$1,580.00

SUPERIOR TANK COMPANY, INC.
(270) 821-1000
P.O. BOX 1120
MADISONVILLE, KY 42431

Invoice

DATE	INVOICE
12/8/2011	1847

BILL TO:
 Water Management Services, Inc.
 250 John Knox Road, Suite 4
 Tallahassee, FL 32303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO:
 Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	F.O.D.	PROJECT
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1st DMC 12/8/2011

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MANTENANCE	October billing for Maintenance Contract at St. George Island	1,580.00	1,580.00

TOTAL \$1,580.00

Invoice

SUPERIOR TANK COMPANY, INC.
 (270) 821-1000
 P.O. BOX 1130
 MADISONVILLE, KY 42431

DATE	INVOICE #
12/8/2011	1848

BILL TO

Water Management Services, Inc.,
 250 John Knox Road, Suite 4
 Tallahassee, FL 92303
 ATTN: Mr. Gene Brown
 FX: 850-577-0441

SHIP TO

Water Management Services, Inc.
 go to Tallahassee first
 Tank is located at
 St. George Island, FL

P.O. NUMBER	TERMS	REP	SHIP	VIA	FOB	PROJECT
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1st DMC 12/8/2011

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
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1	MAINTENANCE	November billing for Maintenance Contract at St. George Island	1,580.00	1,580.00
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TOTAL 51,580.00

SUPERIOR TANK COMPANY, INC.
(270) 521-1000
P.O. BOX 1130
MADISONVILLE, KY 42431

Invoice

DATE: 12/8/2011
INVOICE: 1849

BILL TO:

Water Management Services, Inc.
250 John Knox Road, Suite 4
Tallahassee, FL 32303
ATTN: Mr. Gene Brown
FX: 850-577-0443

SHIP TO:

Water Management Services, Inc.
go to Tallahassee first
Tank is located at
St. George Island, FL.

P.O. NUMBER TERMS REF SHIP VIA F.O.B PROJECT
 1st DMC 12/8/2011

QUANTITY	ITEM CODE	DESCRIPTION	PRICE EACH	AMOUNT
1	MANTENANCE	December billing for Maintenance Contract at St. George Island	1,580.00	1,580.00

NOTE: This is the final billing as contract is cancelled effective Jan 1, 2012

TOTAL \$1,580.00

Pittsburg Tank & Tower Maintenance Co., Inc.®

PAINT • REPAIR • DISMANTLE • INSPECT



TANKS RAISED, LOWERED AND MOVED-NEW AND PREOWNED TANKS

P.O. Box 1849 • Henderson, KY 42419-1849 • TEL. (270) 869-9400 • FAX (270) 827-4417

<http://www.watertank.com>

Email: sales@watertank.com

May 16, 2012

Mr. Gene Brown
Water Management Services, Inc.
139 W. Gulf Beach Drive
Saint George Island, FL 32328
850-927-2648
850-524-1905 Cell
850-577-0441 Fax
gdb5@comcast.net
water2nm@yahoo.com

Gene,

~~Please find enclosed our proposals to place one (1) 150,000 gallon single pedestal watersphere located at 116 West Pine Avenue Saint George Island, FL 32328 into our extended warranty program.~~

~~We have been serving the nation's tank needs for more than eighty years and our fully equipped and experienced crews specialize in all the services listed above in our letterhead.~~

~~Water Management Services, Inc.~~

Our company has a confined space entry program in strict conformance with 29CFR 1910.146 OSHA, which became effective April 14, 1993. Our people are trained in this procedure and it will be implemented.

We will furnish ten million dollars (\$10,000,000) worth of insurance for our mutual protection.

To accept our proposal, just sign and return one (1) copy to our Henderson, Kentucky office.

Respectfully,
Pittsburg Tank & Tower Maintenance Co., Inc.

John Paul Josey
Municipal Sales
270-869-9400 Ext. 343
270-748-0250 Cell
270-631-0515 Fax
jjosey@pttmco.com

PAGE 1 OF 10

Watertank & Tower Maintenance Co., Inc.

PAINT-REPAIR-DISMANTLE-INSPECT



TANKS RAISED, LOWERED AND MOVED-NEW AND PREOWNED TANKS

P.O. Box 1849 • Henderson, KY 42419-1849 • TEL. (770) 869-9400 • FAX (270) 827-4417

<http://www.watertank.com>

Email: sales@watertank.com

EXTENDED WARRANTY PROGRAM

DATE:

May 16, 2012

CUSTOMER:

Water Management Services, Inc.
139 W. Gulf Beach Drive
Saint George Island, FL 32328

CONTACT:

Mr. Gene Brown

Phone: 850-927-2648

Cell: 850-524-1905

Fax: 850-577-0441

Email: gbd5@comcast.net

water2nm@yahoo.com

TYPE OF TANK:

150,000 Gallon Single Pedestal
Watersphere Located at
116 West Pine Avenue
Saint George Island, FL 32328

Please visit our web site at www.watertank.com

BENEFITS TO OUR EXTENDED WARRANTY

1. Put the responsibility for all maintenance in the hands of a company founded in 1919 and who is one of the Nation's leading designers, fabricators and erector of tanks.
 2. Takes all the guess work out of servicing the tank(s).
 3. Eliminates unexpected large lump sum expenditures.
 4. Directly cuts or eliminates engineer service costs.
 5. Eliminates Owner Employees and Owner Officials man hours associated with tank(s) projects.
 6. Provides balanced expenditures for all needed services.
-
7. Assures Owner Officials that the tank(s) will actually appreciate in value rather than depreciate over time.
 8. Assures the tank (s) will always be cosmetically appealing to the community.
-
9. Assures the tank(s) will be properly cleaned and disinfected on the interior to assure ongoing safe, sanitary conditions.
 10. Assures the Owner Officials the peace of mind that their single, most expensive piece of equipment is being taken care of in the best economical arrangement.

WHAT OUR EXTENDED WARRANTY COVERS

1. All cost associated with the maintenance and upkeep of the tank(s) from the effective date of the contract.
2. All cost associated with interior cleaning and painting.
3. All cost associated with exterior cleaning and painting.
4. All cost needed for interior repairs.
5. All cost needed for exterior repairs.
6. All cost associated with logo and art work with selection of finish colors of tank(s) by owner.
- ~~7. All cost to assure the tank(s) is/are sound, water-tight, and in good working order.~~
8. All cost associated with locking and securing the tank(s).
- ~~9. All cost of annual washout, inspection, touchup and disinfection of the tank(s) interior, as well as annual inspection and touchup of the tank(s) exterior.~~
10. All cost associated with handling any emergency service requirement needed during the term of the contract.
11. All cost associated with assuring the tank(s) is/are in good working order, sanitary and appreciating in value.
12. Total compliance with Board of Health requirements.
13. Repair damage from vandals and terrorists.
14. Removal of your tank(s) when no longer needed.

EXTENDED WARRANTY CONTRACT

(Dated – May 16, 2012)

This agreement entered into by and between Water Management Services, Inc., Saint George Island, FL hereinafter known as the "Owner," and Pittsburg Tank & Tower Maintenance Co., Inc. a Kentucky corporation, of P.O. Box 1849, Henderson, Kentucky 42419, hereinafter called "PITTSBURG TANK & TOWER MAINTENANCE CO., INC".

Owner agrees to employ PITTSBURG TANK & TOWER MAINTENANCE CO., INC to service and maintain its 150,000 Gallon Single Pedestal Watersphere located at 116 West Pine Avenue Saint George Island, FL 32328

This agreement binds PITTSBURG TANK & TOWER MAINTENANCE CO., INC for responsibility for the care and maintenance of the above described tank. Care and maintenance shall include, but not be limited to, the following:

PITTSBURG TANK & TOWER MAINTENANCE CO., INC will inspect and service the interior and exterior of the tank and will be thoroughly inspected to assure that the structure is in a sound, tight condition.

The tank will be completely drained by Owner and PITTSBURG TANK & TOWER MAINTENANCE CO., INC will clean and remove all mud, silt, and other accumulations that may be harmful to the tank or its contents. This cleaning will utilize high pressure equipment with detergent injection. After cleaning is completed, the interior will be disinfected prior to returning to service. Bacteriological testing, if required, shall be the responsibility of Owner.

~~PITTSBURG TANK & TOWER MAINTENANCE CO., INC will make any and all repairs to the tank and tower that are needed during the term of this contract. These repairs include steel replacement, steel parts, expansion joints, sway rod adjustments, and other component parts thereof.~~

PITTSBURG TANK & TOWER MAINTENANCE CO., INC will clean and recoat the interior using Epoxy.

~~PITTSBURG TANK & TOWER MAINTENANCE CO., INC will clean and repaint the exterior with an approved system best suited to the tank and the existing tank site location.~~

When repainting is needed, all products and procedures will be equal to, or exceed the requirements of N.S.F.-61, the American Water Works Association and Steel Structures Painting Council as to surface preparation, coating materials, and disinfection.

If needed, a heavy duty padlock will be installed by PITTSBURG TANK & TOWER MAINTENANCE CO., INC on the roof to prevent unauthorized entry to the water supply. Keys to the tank will be retained by Owner and PITTSBURG TANK & TOWER MAINTENANCE CO., INC.

For the duration of this contract, PITTSBURG TANK & TOWER MAINTENANCE CO., INC will provide emergency service to handle any problems with the tank at no additional cost to Owner. Reasonable travel time must be allowed for the repair unit to reach the tank site. **SERVICE AVAILABLE 365 DAYS PER YEAR.**

PITTSBURG TANK & TOWER MAINTENANCE CO., INC will furnish pressure relief valves to install in the water system so the owner can pump direct while the tank is being serviced, if such valves are needed.

Pittsburg Tank & Tower Maintenance Co., Inc. will furnish current certificate of insurance covering Workman's Compensation, occupational disease, employer's liability and public liability to the Owner at the time any work is performed or upon renewal of any policy.

Yearly Tank Maintenance & Inspection Schedule:

(Year 1)

ROV Inspection: Perform an exterior visual inspection and interior in-service inspection using our Remotely Controlled Submersible Robot (ROV) with the tank remaining in-service. A detailed written report of findings with photographs, DVD of inspection, and corrective recommendations and deficiencies found during this inspection will be addressed promptly by Pittsburg Tank & Tower Maintenance Company.

EMERGENCY SERVICES

(Year 2)

Interior Wet Area Recoating: Clean all the rusted and abraded areas of the tank's wet interior by sandblasting to SSPC-SP10 (near white) standards and brush-off blast the remaining interior areas to SSPC-SP7 (brush-off blast cleaning) standards. Then apply two (2) coats of epoxy paint to the complete interior wet area at 3.0 to 6.0 mils DFT per coat. This liner will pass all tests as non-toxic and safe for coating fresh water storage facilities. The liner will meet NSF, NFPA-22 and EPA standards

EMERGENCY SERVICES

(Year 3)

ROV Inspection: Perform an exterior visual inspection and interior in-service inspection using our Remotely Controlled Submersible Robot (ROV) with the tank remaining in-service. A detailed written report of findings with photographs, DVD of inspection, and corrective recommendations and deficiencies found during this inspection will be addressed promptly by Pittsburg Tank & Tower Maintenance Company.

EMERGENCY SERVICES

(Year 4)

Exterior Recoating: Pressure wash the complete exterior of tank using an anti-fungal biodegradable solution at 3,500psi and clean all rusted and abraded areas as necessary to SSPC-SP2 (hand tool cleaning) standards. Then to apply a spot prime coat of metal primer to bare metal areas and one (1) complete full finish coat of DryFall paint.

EMERGENCY SERVICES

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Yearly Tank Maintenance & Inspection Schedule Continued:

(Year 5)

Interior Dry Area Recoating: Pressure wash the complete interior dry area of tank using an anti-fungal biodegradable solution at 3,500psi and clean all rusted and abraded areas as necessary to SSPC-SP2 (hand tool cleaning) standards. Then apply one (1) complete full finish coat of enamel paint.

Florida DEP Inspection: Perform a visual exterior and dry out-of-service interior inspection, clean-out, and provide you with a detailed written report of findings with photographs, corrective recommendations, and cost estimates.

- This inspection will check for deficiencies.
- Items inspected will include (but not be restricted to) ladders, shell, roof, vent, roof manway, welds, weld seams, shell course, foundation and interior heater pipe.
- The tank will be inspected to ensure compliance with all current OSHA, EPA, AWWA, and NFPA-22&25 requirements.
- All possible sources of contamination, including vent screening and overflow pipe will be reviewed.
- The following tests shall be performed as part of this inspection:
 - Ultra-sonic test (metal thickness)
 - Mill thickness test (coating thickness)
 - Vacuum box test weld floor seams¹
 - Lead test (to determine lead content)
 - Cross hatch test (paint adhesion)
 - Conduct spot wet sponge test to detect pinholes, cracks, or other compromises in the coating²
- Our personnel implement a confined entry program procedure in strict conformance with 29 CFR 1910.146 OSHA, which became effective April 14, 1993.
- ~~Upon completion of the inspection the interior will be disinfected as per AWWA Method 3. Owner to provide chlorine and bacteriological testing and return tank to service. See attached sheet for more detailed information.~~
- Clean out/remove of all sediment and debris not to exceed three (3) inches. Debris may be placed in containers furnished by Owner for disposal by others, or scattered around the site. Owner to furnish water for clean out and at base of tank pressure to be sufficient for use.
- ~~Not included in this proposal are the handling, removal, and/or disposal of hazardous materials (asbestos, lead, chemicals, fiberglass or any like substance that must be taken to a specific dump/disposal site.)~~
- The below stated price(s) does not include bid or performance bonds.
- Inspection report will be stamped by a P.E. registered in the State of Florida.
- NOTE: ¹ - this test can only be performed on flat bottom storage tanks / ² - this test can only be performed on steel tanks.

EMERGENCY SERVICES

(Year 6)

ROV Inspection: Perform an exterior visual inspection and interior in-service inspection using our Remotely Controlled Submersible Robot (ROV) with the tank remaining in-service. A detailed written report of findings with photographs, DVD of inspection, and corrective recommendations and deficiencies found during this inspection will be addressed promptly by Pittsburg Tank & Tower Maintenance Company.

EMERGENCY SERVICES

(Year 7)

Interior Wet Area Recoating: Clean all the rusted and abraded areas of the tank's wet interior by sandblasting to SSPC-SP10 (near white) standards and brush-off blast the remaining interior areas to SSPC-SP7 (brush-off blast cleaning) standards. Then apply two (2) coats of epoxy paint to the complete interior wet area at 3.0 to 6.0 mils DFT per coat. This liner will pass all tests as non-toxic and safe for coating fresh water storage facilities. The liner will meet NSF, NFPA-22 and EPA standards

EMERGENCY SERVICES

Yearly Tank Maintenance & Inspection Schedule Continued:

(Year 8)

ROV Inspection: Perform an exterior visual inspection and interior in-service inspection using our Remotely Controlled Submersible Robot (ROV) with the tank remaining in-service. A detailed written report of findings with photographs, DVD of inspection, and corrective recommendations and deficiencies found during this inspection will be addressed promptly by Pittsburg Tank & Tower Maintenance Company.

EMERGENCY SERVICES

(Year 9)

Exterior Recoating: Pressure wash the complete exterior of tank using an anti-fungal biodegradable solution at 3,500psi and clean all rusted and abraded areas as necessary to SSPC-SP2 (hand tool cleaning) standards. Then to apply a spot prime coat of metal primer to bare metal areas and one (1) complete full finish coat of DryFall paint.

EMERGENCY SERVICES

(Year 10)

~~Interior Dry Area Recoating:~~ Pressure wash the complete interior dry area of tank using an anti-fungal biodegradable solution at 3,500psi and clean all rusted and abraded areas as necessary to SSPC-SP2 (hand tool cleaning) standards. Then apply one (1) complete full finish coat of enamel paint.

~~Florida DEP Inspection:~~ Perform a visual exterior and dry out-of-service interior inspection, clean-out, and provide you with a detailed written report of findings with photographs, corrective recommendations, and cost estimates.

- This inspection will check for deficiencies.
- Items inspected will include (but not be restricted to) ladders, shell, roof, vent, roof manway, welds, weld seams, shell course, foundation and interior heater pipe.
- The tank will be inspected to ensure compliance with all current OSHA, EPA, AWWA, and NFPA-22&25 requirements.
- All possible sources of contamination, including vent screening and overflow pipe will be reviewed.
- The following tests shall be performed as part of this inspection:
 - Ultra-sonic test (metal thickness)
 - Mill thickness test (coating thickness)
 - Vacuum box test weld floor seams¹
 - Lead test (to determine lead content)
 - Cross hatch test (paint adhesion)
 - Conduct spot wet sponge test to detect pinholes, cracks, or other compromises in the coating²
- Our personnel implement a confined entry program procedure in strict conformance with 29 CFR 1910.146 OSHA, which became effective April 14, 1993.
- Upon completion of the inspection the interior will be disinfected as per AWWA Method 3. Owner to provide chlorine and bacteriological testing and return tank to service. See attached sheet for more detailed information.
- Clean out/remove of all sediment and debris not to exceed three (3) inches. Debris may be placed in containers furnished by Owner for disposal by others, or scattered around the site. Owner to furnish water for clean out and at base of tank pressure to be sufficient for use.
- Not included in this proposal are the handling, removal, and/or disposal of hazardous materials (asbestos, lead, chemicals, fiberglass or any like substance that must be taken to a specific dump/disposal site).
- The below stated price(s) does not include bid or performance bonds.
- Inspection report will be stamped by a P.E. registered in the State of Florida.
- NOTE: ¹ - this test can only be performed on flat bottom storage tanks / ² - this test can only be performed on steel tanks.

EMERGENCY SERVICES

PAGE 8 OF 10

Water Management Services, Inc., Saint George, FL - Schedule of Work and Annual Fees

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
150,000 Gallon Single Pedestal Watersphere	ROV Inspection, Any Repairs Needed, Emergency Services	Interior Wet Area Recoating, Any Repairs Needed, Emergency Services	ROV Inspection, Any Repairs Needed, Emergency Services	Exterior Recoating, Any Repairs Needed, Emergency Services	Interior Dry Area Recoating, FL DEP Inspection, Emergency Services	ROV Inspection, Any Repairs Needed, Emergency Services	Interior Wet Area Recoating, Any Repairs Needed, Emergency Services	ROV Inspection, Any Repairs Needed, Emergency Services	Exterior Recoating, Any Repairs Needed, Emergency Services	Interior Dry Area Recoating, FL DEP Inspection, Emergency Services
Annual Payments	\$18,960.00	\$18,960.00	\$18,960.00	\$18,960.00	\$18,960.00	\$18,960.00	\$18,960.00	\$18,960.00	\$18,960.00	\$18,960.00
Monthly Payments	\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00	\$1,580.00

PAYMENT SCHEDULE:

Years 1 thru 10 \$18,960.00 per year
Can be paid monthly: \$1,580.00 per payment

MasterCard, Visa and American Express payments are accepted

After the 3rd year the annual premium may be adjusted by Pittsburg Tank & Tower Maintenance Company, Inc. to reflect current costs of the services. The adjustment, increase or decrease, shall be no more than the prior year annual Consumer Price Index applied to the same prior year annual contract amount.

This extended warranty shall be in effect for a period of Ten (10) years. Biannually, quarterly or monthly payments are available. The first monthly payment is included with this contract. If this contract is cancelled prior to the completion of the fifth (5th) year, the remaining payments are due and payable within 30 days of cancellation date. If the contract is cancelled after year 5, there is no penalty for cancellation. The Notice of Cancellation is to be delivered by certified mail and signed by the Owner's President or CEO.

It is agreed that future mandated environmental, health or safety requirements which cause significant changes in the cost of tank maintenance will be just cause for modification of this agreement. PITTSBURGH TANK & TOWER MAINTENANCE CO., INC. is accepting tank under program based upon existing structure and components installed by Verizon and Nextel, and which are now under construction by AT&T (any modifications, including antenna installations, must be pre-approved by Pittsburg Tank & Tower Maintenance Co., Inc. prior to implementation and may warrant an increase in the annual fee). This contract ~~does not include the cost for containment or disposal of any hazardous waste materials, nor resolution to operational problems due to cold weather, Acts of God, structural damage due to antenna installations or other attachments for which the tank was not originally designed, or other conditions which are beyond the Owners and Pittsburg Tank & Tower Maintenance Company's control. Pittsburg shall notify the Owner prior to any work so that the Owner can have an engineer or NACE inspector present during the work to assure that the work is done according to industry standards and the terms of this contract.~~

The parties approving this contract certify that they are fully authorized to do so and that legal requirements have been complied with. If either party has to employ an attorney to enforce the provisions of this contract, the prevailing party shall be entitled to recover reasonable attorney's fees and costs. All the terms and conditions of the May 16, 2012 letter, including the extended warranty agreement and payment schedule (10 total pages) are part of this contract, and the parties are bound by those terms and conditions.

This contract is executed as of this 16th day of May, 2012.

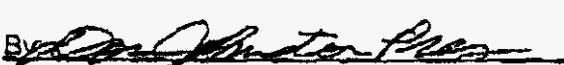
Respectfully submitted;

Pittsburg Tank & Tower Maintenance Co., Inc.
PO Box 1849
Henderson, KY 42419

WATER MANAGEMENT SERVICES, INC.,
a Florida corporation

By: 
Gene D. Brown, as its President

PITTSBURGH TANK & TOWER
MAINTENANCE CO., INC.,

By: 
Don Johnston, President