

State of Florida



Public Service Commission

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

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

DATE: April 23, 2014
TO: Carlotta Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Daniel Lee, Engineering Specialist, Division of Engineering *DL*
RE: DN 130153-WS - Application for staff-assisted rate case in Highlands County, by
L.P. Utilities Corporation c/o LP Waterworks, Inc.

Please file the attached e-mails and attachments regarding Responses to Staff's Data Requests in the above mentioned docket file.

Thank you.

RECEIVED-FPSC
14 APR 23 PM 12:53
COMMISSION
CLERK

Patti Zellner

From: Michael Barrett
Sent: Tuesday, April 22, 2014 1:56 PM
To: Daniel Lee
Subject: FW: Staff Data Request
Attachments: Staff Data request April 22 2014.pdf

FYI.

Daniel, these just came in. I served them to the Utility in an e-mail - - I didn't call it a "data request," but their response calls it that.

From: Troy Rendell [<mailto:trendell@uswatercorp.net>]
Sent: Tuesday, April 22, 2014 1:38 PM
To: Curt Mouring; Clarence Prestwood; Mark Cicchetti; Cheryl Bulecza-Banks; Andrew Maurey; Michael Barrett
Subject: Staff Data Request

Michael, et. al,

Please find attached LP Waterworks' response to Staff Data Request dated April 15, 2013 in Docket No. 130153-WS.

Thank you,
Troy

Troy Rendell
U.S. Water Services Corporation

4939 Cross Bayou Boulevard
New Port Richey, FL 34652
(Office) 727-848-8292 x245
(Mobile) 727-777-2508
(Fax) 727-848-7701
(E-Mail) trendell@uswatercorp.net

From: Michael Barrett [<mailto:MBarrett@PSC.STATE.FL.US>]
Sent: Tuesday, April 15, 2014 8:49 AM
To: gderemer@uswatercorp.net; Carl Smith
Cc: Curt Mouring; Clarence Prestwood; Mark Cicchetti; Cheryl Bulecza-Banks; Andrew Maurey
Subject: Deremer_duties.doc

Mr. Deremer,

Staff has a few questions for you that relate to your respective duties as the majority owner of L.P. Waterworks and also the majority owner of U.S. Water Services Corporation. We would appreciate a written response on or before Tuesday, April 22nd. I have copied Carl Smith since he has been engaged in recent discussions with staff concerning this utility. Please contact me if you have any questions.

Michael Barrett, Analyst
Florida Public Service Commission

C: to FPSC managers as FYI

LP WATERWORKS, INC.

April 21, 2014

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

Re: Docket No. 130153-WS – Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.

To Whom It May Concern:

Attached please find LP Waterworks, Inc.'s response to staff's data request submitted on April 15, 2014 in the above referenced docket:

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

Response:

Gary Deremer is the majority shareholder and CEO of LP Waterworks, Inc. Mr. Deremer's capacity in this position is making all final decisions as it relates to:

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

Response:

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

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

Response:

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

4. What compensation do you receive directly from LPW?

Response:

It is budgeted that Gary Deremer receives a salary of \$6,000 for the water utility, and \$6,000 for the wastewater utility.

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

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

6. Why are the amount of Officer Salaries (\$6,000 for water and \$6,000 for wastewater for a total of \$12,000/year) just and reasonable?

Response:

Mr. Deremer provides 26 years of utility experience in operation and ownership of water and wastewater utilities.

Specifically, in Order No. PSC-14-0130-PAA-WS, issued on March 17, 2014, the Commission stated:

According to the application, LPWWI has considerable Florida-specific expertise in private utility ownership within the State. The directors of LPWWI have been in the water and wastewater utility management, operations, and maintenance industry for many years, providing service to

more than 550 Florida facilities throughout their careers. Further, the application indicates that the President and Vice President of LPWWI have 28 and 36 years, respectively, of operation or ownership of utilities, including a number of utilities that we have previously regulated. ..

... In addition, the President of U.S. Water is also a part owner of other systems which we currently regulate, including Harbor Waterworks, Inc., Lakeside Waterworks, Inc., and several of the systems previously owned by Aqua Utilities Florida (Aqua). (pg. 3)

In light of the recognized utility technical experience, the Commission found, "Based on the above, LPWWI has demonstrated the technical and financial ability to provide service to the existing service territory." (pg 4)

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

In this utilities' last rate case, the Commission approved a total of \$13,060 (\$7,094 for water; \$5,923 for wastewater) for the officers of the previous parent company of The Woodlands of Lake Placid – which was Highvest Corporation. Specifically, in Order No. PSC-02-1739-WS-PAA, issued December 10, 2002, the Commission states:

The Woodlands of Lake Placid, L.P., is a registered limited partnership in the State of Florida. The database of the Florida Department of State, Division of Corporations, as well as the utility's 2001 Annual Report, indicate that the General Partner of Woodlands is Camper Corral, Inc. Further, the SARC application and annual report indicate that the other partner and manager is Mr. Anthony Cozier, with Mr. John Lovelette as the General Manager. The database of the Florida Department of State, Division of Corporations also indicates that the President of Camper Corral, Inc. is Anthony Cozier. Finally, this database indicates that President and Director of Highvest Corporation is Anthony Cozier. The Vice President of Highvest Corporation is John Lovelette. Mrs. Theresa Lovelette is also listed as the secretary of Highvest Corporation and is also the secretary/bookkeeper of Woodlands.

- we are approving salaries for both the Vice President and Secretary of Highvest Corporation (pgs 5-6)

The requested annual Officer's Salary is just and reasonable considering the past history of management and ownership of this utility. As discussed in Order No. PSC-04-1162-FOF-WS, issued November 22, 2004, the previous managers of this utility allowed the utility to go into foreclosure and when the owner's corporation foreclosed on it. Order No. PSC-04-1162-FOF-WS is replete with numerous concerns that the Commission expressed on the previous owners

and management of the utility. Equally important were the customers' concerns over the ownership and the continuing operations of the utility. Specifically, the order states:

The overwhelming customer testimony at the service hearing was that the customers oppose the proposed transfers and do not trust Mr. Cozier, the utility owner, or Mr. Lovelette, the utility manager. Several customers specifically referred to the fact that Mr. Cozier, through his corporation, Highvest, has foreclosed on other entities he controls as a reason to question his trustworthiness. There were no complaints regarding quality of service.

Finally, Officer Salaries has historically been recognized as a beneficial operating expense for regulated utilities, and particularly for Class C utilities. This is also true for utilities that have also had contractual agreements with US Water Services. One example is for Pasco Utilities, Inc. In Order No. PSC-07-0425-PAA-WU, issued May 15, 2007, the Commission approved an officer's salary of \$24,000 for a water only utility with 674 customers, while also approving Outside Services for an agreement with U.S. Water Services Corporation (USWSC) for operations, maintenance, and customer service of the utility system. In this order, the Commission approved the monthly fee totaling \$70,772 annually. Again, this was for a water only utility. (see pgs. 7 – 8).

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

Response:

There are numerous benefits to the utility's customers as to having Mr. Deremer as the majority owner of both the utility, as well as, US Water Services Corporation, Inc. As discussed above, Mr. Deremer has well over 26 years of utility experience in both managing, operating, and providing contractual services. He maintains high certification as an Operator and is also licensed as an Underground Utility Contractor. In addition, the Vice President also has over 36 years of experience in utility operations and management. Prior to acquiring any utility, and throughout the transfer process, Mr. Deremer personally meets with customers of the anticipated acquired utility to discuss his management and the benefits of his ownership. Mr. Deremer also discusses any necessary capital improvement projects (CIP) with customers and the associated costs, as well as the potential impact to rates. Mr. Deremer brings synergy to the management and ownership of regulated utilities through his extensive experience and professional relationships with governmental agencies, elected officials, city and county governments, and suppliers. Through Mr. Deremer's majority ownership of regulated utilities and US Water, there are opportunities for decreased financing of projects, minimization of operating expenses, and increased customer service, as well as the quality of the product provided to the customers. The majority of these utilities are considered troubled for numerous reasons, whether operational, managerial, or environmental. As such, these systems are either not considered for purchase by counties or other governmental entities leaving the customers with the possibility of

abandonment or significant quality concerns, either DEP related or water and wastewater quality. Further some of these systems are also geographically challenged in relation to operations. These extenuating circumstances often lead to significant pressures on customer service rates. Through Mr. Deremer's extensive experience, he is able to address the required capital improvement and operational challenges to minimize, or eliminate, these pressures on rates. Mr. Deremer is also cognizant of the effect of overpaying for a system - which can be seen throughout the industry, in order to protect future rate structure passed on to customers. He has been successful in negotiating reduced purchase prices which reduces the rate base amounts thereby relieving the rate of return pressure on the rate base. Through Mr. Deremer's professional association and relationships with counties and city entities, he is also able to capitalize on cost sharing mechanisms to potentially utilize the underutilized plant at various facilities, thereby further minimizing cost impact to the existing utility customers.

Mr. Deremer, through mutual control of both LPWWI and US Water as the Operations, Maintenance and Customer Service Contractor, brings a scale of service which benefits the utility community. In addition to regulated utility operating services, US Water focuses on economies of scale, environmental protection, preventive maintenance, customer service and strives to set increased standards within the water and wastewater utility industry. With a staff of 475 persons throughout the State, customers receive quick attention to any issues that may arise. There is a multidisciplinary grouping of individuals within US Water including certified operators, registered engineers, new construction and utility rehabilitation contractors, emergency and preventive maintenance specialist, customer service and compliance specialist. This unique staffing within one service company provides a level of service not readily available within the water/wastewater utility industry. The expertise provided allows Mr. Deremer to look further into what might be a corrective action representing significant cost reduction to the utility - such as asking local government to consider reduction of an Ad Valorem Tax Base; a small redesign or treatment process change to wastewater treatment to reduce sludge hauling cost; change in operating protocol to reduce cost of chemicals and power to the utility. The team led by Mr. Deremer at US Water approaches all utility operations in the spirit of finding and identifying the most effective operations with a longterm approach which benefits the customers.

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

Response:

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

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

Response:

LP Waterworks
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David B Schultz, Sr Sr. VP and COO
Asset Management, Oversight of Regional Managers, Legal Matters

Victoria Penick Sr. VP, CFO, Board of Directors
Fiscal Management, Contract Administration, Administration Process

Cecil Delcher VP, General Contractor Qualifier
Support to all construction and rehabilitation projects.

Ralph Amriott VP, FL Director of Maintenance and Rehabilitation
Direct oversight of Florida Utility Related Repair and Rehabilitation

Jeffrey DuPont VP, Director BD Mid Central US
Regional VP and Business Development of Mid Central USA

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

Response:

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

11. Using an approximate figure, LPW pays US Water about \$11,300 per month for water and wastewater services.

a. What portion of that amount do you receive as compensation from US Water?

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

Response:

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

USW – Administrative/Management Expenses for ALL regulated utilities

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

LP Waterworks
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Total Cost \$135,013

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

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

Operational Expenses for LP

Water:

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Operator	\$ 40,082	1 hr	.15
Maintenance Mechanic (UT) (UT based on ERCs)	\$ 36,816	9.2 hrs	.23

Total Cost \$21,951

Wastewater:

<u>Employee:</u>	<u>Annual Salary</u>	<u>Time/Week</u>	<u>FTE</u>
Operator	\$ 40,082	1 hr	.15
Maintenance Mechanic (UT) (UT based on ERCs)	\$ 36,816	5.6 hrs	.14

Total Cost \$11,166

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

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

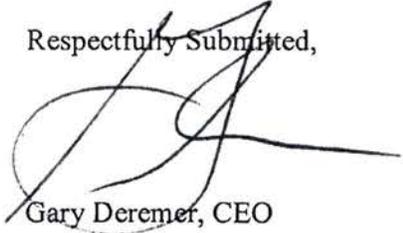
Response:

See Response to No.7 above.

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

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Gary Deremer', with a long horizontal line extending to the right.

Gary Deremer, CEO

Cc: Troy Rendell, US Water Services
Victoria Penick, US Water Services

Patti Zellner

From: Troy Rendell <trendell@uswatercorp.net>
Sent: Monday, April 21, 2014 2:34 PM
To: Paul Vickery; Stan Rieger; Michael Barrett; Clayton Lewis
Cc: Mark Cicchetti; Cheryl Bulecza-Banks; Andrew Maurey; Curt Mouring; Daniel Lee; Ron Derossett; Carl Smith
Subject: RE: RE: Docket #130153 - Pro Forma - Invoices for LP Waterworks, Inc
Attachments: Staff Data Request April 21 2014 - Clayton Lewis.pdf

Good afternoon,

Please find attached LP Waterworks responses to staff's data request below dated April 16, 2014 in Docket No. 130153-WS.

Thank you,
Troy

Troy Rendell
U.S. Water Services Corporation
U.S. Water
Services Corporation
4939 Cross Bayou Boulevard
New Port Richey, FL 34652
(Office) 727-848-8292 x245
(Mobile) 727-777-2508
(Fax) 727-848-7701
(E-Mail) trendell@uswatercorp.net

----- Forwarded message -----

From: "Clayton Lewis" <CLewis@psc.state.fl.us>
Date: Apr 16, 2014 4:21 PM
Subject: RE: Docket #130153 - Pro Forma - Invoices for LP Waterworks, Inc
To: <RDeRossett@uswatercorp.net>, "Carl Smith" <csmith@uswatercorp.net>
Cc: "Paul Vickery" <PVickery@psc.state.fl.us>, "Stan Rieger" <SRieger@psc.state.fl.us>, "Daniel Lee" <DQLee@psc.state.fl.us>, "Michael Barrett" <MBarrett@psc.state.fl.us>, "Clarence Prestwood" <CPrestwo@psc.state.fl.us>, "Mark Cicchetti" <MCICCHET@psc.state.fl.us>, "Cheryl Bulecza-Banks" <CBulecza@psc.state.fl.us>, "Curt Mouring" <CMOURING@psc.state.fl.us>

Mr. DeRossett and Mr. Smith,

We have some additional questions concerning the completed work related to the Lift Station.

1. What is the model and make of the 10 hp pumps that were installed? A copy of the purchase invoice will suffice.
2. Please provide a list of the materials to complete the scope of service. Please itemize the list which makes up the \$4855.56 cost.
3. What pumps/pumping equipment did the two 10 hp pumps replace?
4. Were the labor hours determined by service quote/contract or invoice? Please identify who performed 13 hours of Tradesman work and 9 hours of Maintenance Technician work and a description of what their work entailed.

(Assuming all related to the invoice # 792765, dated 4/14/14)
Please refer to the invoice # 792765, dated 4/14/14:

5. Is this invoice related to the Master Lift Station item contained in U.S. Water's Estimate # 2554-04, dated 6/14/13, for the "Planned CIP"?

a) If the answer is yes, please provide all documents that support the variance between the estimated \$7,912 and the invoiced \$18,477, the justification for the need and cost for the original scope of service, the justification for the change

orders, and actions involved from evaluation (of the justification and estimates from other vendors) to authorization in procuring this item.

b) If the answer is no, please provide all documents that support the justification for the need and cost for the scope of service, estimates from other vendors, and actions involved

from evaluation (of the justification and estimates from other vendors) to authorization in procuring this item.

c) please provide the names, activities, and hours of the personnel involved in procuring this item from evaluation to authorization.

6. During our telephone it was mentioned that the 10 hp pumps were installed under duress, and they may be replaced again in the near future with 7.5 hp pumps. Please describe why the 10 hp pumps may need to be replaced again in the near future and when the Utility will definitively know whether or not the 10 hp pumps will remain in place, and what they would likely be replaced with if they do not remain in place.

Thank you,

*Clayton K. Lewis
Engineering Supervisor
Division of Engineering
850 413-6578*

From: Ron Derossett [<mailto:rderossett@uswatercorp.net>]
Sent: Monday, April 14, 2014 5:05 PM
To: Michael Barrett; Clayton Lewis
Cc: Troy Rendell; Carl Smith
Subject: Invoices for LP Waterworks, Inc

Gentlemen,

Attached are two invoices for the LP WW system. The pro forma for this system is being reviewed by Troy Rendell and myself and should be sent this week. Any questions please let me know. Thanks you

*Ron DeRossett
US Water Services Corporation
4939 Cross Bayou Blvd.
New Port Richey, FL 34652
Office: (727)849-8292*

Cell: (904)540-9765

fax: (727)849-5467

LP WATERWORKS, INC.

April 21, 2014

Clayton K. Lewis
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

RE: Docket # 130153 – Pro-Forma – Invoices for LP waterworks, Inc.

Dear Mr. Lewis,

In response to your request the following is submitted;

1. What is the model and make of the 10 hp pumps that were installed? A copy of the purchase invoice will suffice.

Response: Make – Hydromantic Model – H4H1000M3-4

2. Please provide a list of the materials to complete the scope of service. Please itemize the list which makes up the \$4,855.56 cost.

Response: See attached. Invoice No. 792765 shows the total cost of the plant installed that was charged from US Water Services Corporation to LP Waterworks. This invoice includes the cost of the Control Panel and the cost of the two new pump replacements that were installed at the lift station. This was necessary to address the previous issues with the sewage clogs that occurred in the wastewater collections lines that transported the sewage from the lift station to the wastewater plant. The previous pumps were undersized. There were no charges for engineering services that US Water performed for the project charged to LP Waterworks. Also, there were no charges for the additional electrical wiring upgrades or the new mounting bracket.

In addition, please find attached an invoice from CES for the disconnect for the lift station in the amount of \$3887.53. This amount was not originally included in the pro forma amount.

3. What pumps/pumping equipment did the two 10 hp pumps replace?

Response: 2 - 3 HP hydromantic pumps

4. Were the labor hours determined by service quote/contract or invoice? Please identify who performed 13 hours of Tradesman work and 9 hours of Maintenance Technician work and a description of what their work entailed.

Response: Contract Invoice. **Employees:** Eddie Sides – 13 hours (\$57.91/hr); Chris Berish – 9 hours (\$52.01/hr); Installed new electrical disconnect, installed control panel for pumps, installed electrical control wiring for pumps and installation of the pumps. Removed old pump control panel and pumps. See Attached. In addition, there were no charges for the engineering services performed by US Water and no charges for two additional employees who assisted on the project.

Assuming all related to the invoice # 792765, dated 4/14/14) Please refer to the invoice # 792765, dated 4/14/14:

5. Is this invoice related to the Master Lift Station item contained in U.S. Water's Estimate # 2554-04, dated 6/14/13, for the "Planned CIP"?

Response: Yes

a) If the answer is yes, please provide all documents that support the variance between the estimated \$7,912 and the invoiced \$18,477, the justification for the need and cost for the original scope of service, the justification for the change orders, and actions involved from evaluation (of the justification and estimates from other vendors) to authorization in procuring this item.

Response: Original estimation was for replacing the 3 HP pumps with 5 HP pumps. After the US Water Engineering Department and the Pump Manufacturer Representative (Barney's Pumps) analyzed the pump curve for the specific pumps needed to overcome the head pressure on the pumps, the engineer and Barney's Pumps recommended larger pumps at 7.5 HP. US Water had two 10 HP pumps in stock that the engineer indicated would work. These pumps "may" increase the flow rate to the plant that could influence the plant's operation. Due to the increased size of the pumps from 3HP to 10 HP, US Water had to replace the control panel (\$4,855.96) which added additional cost to the original estimate. Also, the cost of the pumps increased from \$3,956/each for 5HP pumps to \$6,028/each for the 10HP pumps. Further analysis indicated that the previous 3 HP pumps ran an average of 22 – 23 hours a day – seven days a week; while the current 10 HP pumps run an average of .4 hrs (24 minutes) a day. In addition, with the previous 3 HP pumps, the collection lines had to be jetted and cleaned once a year to address the clogs. The upsizing of pumps increased the velocity and scouring of the collection system.

b) If the answer is no, please provide all documents that support the justification for the need and cost for the scope of service, estimates from other vendors, and actions involved from evaluation (of the justification and estimates from other vendors) to authorization in procuring this item.

Response: Not applicable.

c) Please provide the names, activities, and hours of the personnel involved in procuring this item from evaluation to authorization.

Response: Gary Deremer, President of LP Waterworks, Inc.; Brad Labella, US Water Senior Engineer; Chris Saliba, Region 4 Manager; and Scotty Soares, Project Manager. Note there were no charges that were charged to LP Waterworks by US Water for these services.

LP Waterworks
Staff Data Request
April 21, 2014

6. During our telephone it was mentioned that the 10 hp pumps were installed under duress, and they may be replaced again in the near future with 7.5 hp pumps. Please describe why the 10 hp pumps may need to be replaced again in the near future and when the Utility will definitively know whether or not the 10 hp pumps will remain in place, and what they would likely be replaced with if they do not remain in place.

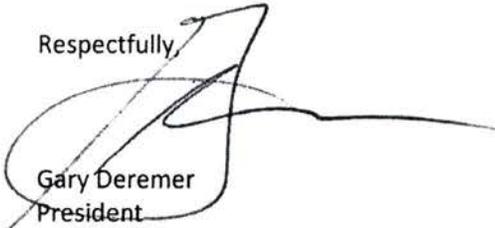
Response: US Water had two 10 HP pumps in stock that its engineer indicated would work but may increase the flow rate to the plant that could influence the plant's operation. US Water installed the 10HP pumps and LP Waterworks is currently monitoring the operation of the new 10 hp pumps to evaluate the effect they have on the plants operation. If LP Waterworks finds the pumps are not suitable then US Water will be instructed to replace them with the pumps designed (7.5 HP) to operate under the specific conditions of the system.

As previously indicated, further analysis indicates that the previous 3 HP pumps ran an average of 22 – 23 hours a day – seven days a week; while the current 10 HP pumps run an average of .4 hrs (24 minutes) a day. In addition, with the previous 3 HP pumps, the collection lines had to be jetted and cleaned once a year to address the clogs. The upsizing of pumps increased the velocity and scouring of the collection system.

Attached is a cost estimate from Barney pumps for both the 7.5 hp and the 10 hp. LP Waterworks would agree to reduce the cost of the invoice down from the cost of the 10 hp (\$6,082/ea) to the cost of the 7.5 hp (\$5949/ea) for the Pro Forma plant consideration. If this is agreeable and approved by the Commission, LP Waterworks will adjust its plant books to reconcile the recorded plant to the Commission's decision.

If you have any further questions please contact this office. Thank you.

Respectfully,



Gary Deremer
President

Cc: Troy Rendell
Victoria Penick
Carl Smith

5320 Captains Court, New Port Richey, Florida 34652
Mailing: C/O 4939 Cross Bayou Boulevard, New Port Richey, Florida 34652
Tel: 727-848-8292

U.S. Water[®]

Services Corporation

4939 Cross Bayou Blvd.
New Port Richey, FL 34652

Invoice

Invoice #	792765
Date	4/14/2014
Due Date	5/14/2014
Account #	2554
P.O. No.	

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

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

Project
2554-12 Install pumps and control panel

Date	Description	Qty or Hrs	Unit	Rate	Amount
4/10/2014	Installed new disconnect, control panel, floats and 10hp pumps in lift station.				
	Tradesman	13	Hours	57.91	752.83
	Maintenance Technician	9	Hours	52.01	468.09
	Materials to Complete Scope of Service	1	LS	4,855.96	4,855.96
	10HP Pumps	2	Each	6,200.00	12,400.00

OK @
COA # 371.

Please remit payment to the above address. Thank you for allowing us to be of service.

Phone #	Fax #
727-848-8292	727-848-7701

Total	\$18,476.88
Payments/Credits	\$0.00
Balance Due	\$18,476.88

REMIT TO:

BARNEY'S PUMPS, INC.
PO BOX 3529
LAKELAND, FL 33802-3529

System ID: U.S. Water Services
Total: 4115.22
Acct: 5000-2
Job No.: 20412
Billable: Non-Billable:
Aprvd: *[Signature]* Date: 3/4/14
Entrd: *[Signature]* Date: 3/4/14



Telephone (863) 665-8500
Fax (863) 666-3858

US Water Services Corp
4939 Cross Bayou Boulevard
New Port Richey, FL 34652

RA
3-3-14

Invoice

Number INV00010965
Invoice date 2/26/2014 12:00:00 AM
Page 1 of 1
Date and time 2/26/2014 1:08 PM
Sales order SO00011347
Customer P.O. ~~1002 RA~~
Destination country 2554-12
Job name
Payment Net 30 days
Invoice account 0000771

Mode of delivery TRUCK
Delivery terms FA

Item number	Rev.	Description	Quantity	Unit	Unit price	Amount
CustomPanel05	1	Duplex 230V,3Ø/10HP FG Control Panel	1.00	EA	3,846.00	3,846.00
		Includes Junction Box (Mounted to Panel)				

Averitt 076 0963329

Please refer to the invoice number when processing payment. Thank you for the opportunity to earn your business.

Charges include freight and any other miscellaneous charges.
Order processed per Barney's Pumps standard terms and conditions of sale.
All shipments are F.O.B. Origin.

Payment due: 3/28/2014

Sales subtotal amount	3,846.00
Total charges	0.00
Sales tax	269.22
Total	4,115.22 USD

Tracking Numbers:

RECEIVED FEB 28 2014

18% mg
\$4,855.94

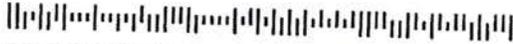


C.E.S. (City Electric Supply Company)
 PO Box 609521
 Orlando, FL 32860

INVOICE

Invoice Number:	SEB/059069	<i>Ron D.</i>
Tax Point Date:	04/10/14	
Your Order Number:	709-LS	2554-02
D/B Order:	NPR/014991/61	
License Plate #:	CHRIS	
Account #:	01320474001	

C.E.S. (New Port Richey)
 3720 US Hwy 19 N
 New Port Richey FL 34652



8.8 *****AUTO**MIXED AADC 328 956 1 MB 0.435
 Us Water Services Corporation
 4939 Cross Bayou Blvd
 New Port Richey FL 34652-3434

Phone: 727-841-0909
 Fax: 727-841-0328
 Email: NewPortRichey0132@ces-us.net
 Delivery Info:

QTY	Item	Description	\$ Price Per	Disc	\$ Goods
1	C-H DH363URK	100A 600V 3P NF SW N3R	362.17	E	362.17

OKRD
~~Disconn~~ Disconnect for LP Lift Station
 Project

RECEIVED
 APR 21 2014
 BY: *AIP*

CITY ELECTRIC SUPPLY



Download the new
 redesigned **CES App**
 made for iOS 7



Also Available on Android

www.CityElectricSupply.com

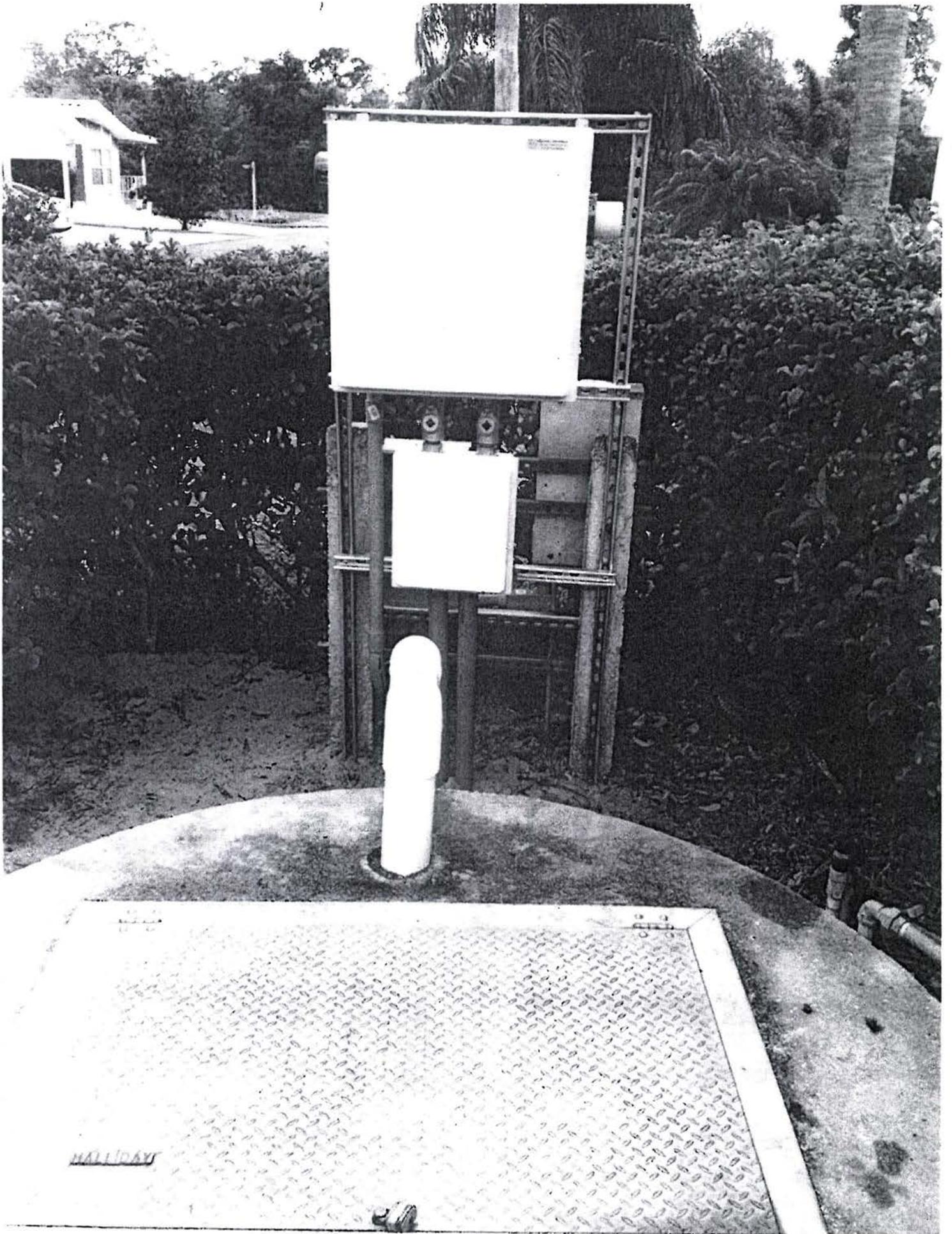


Payment to: C.E.S. (City Electric Supply Company) PO Box 609521 Orlando, FL 32860

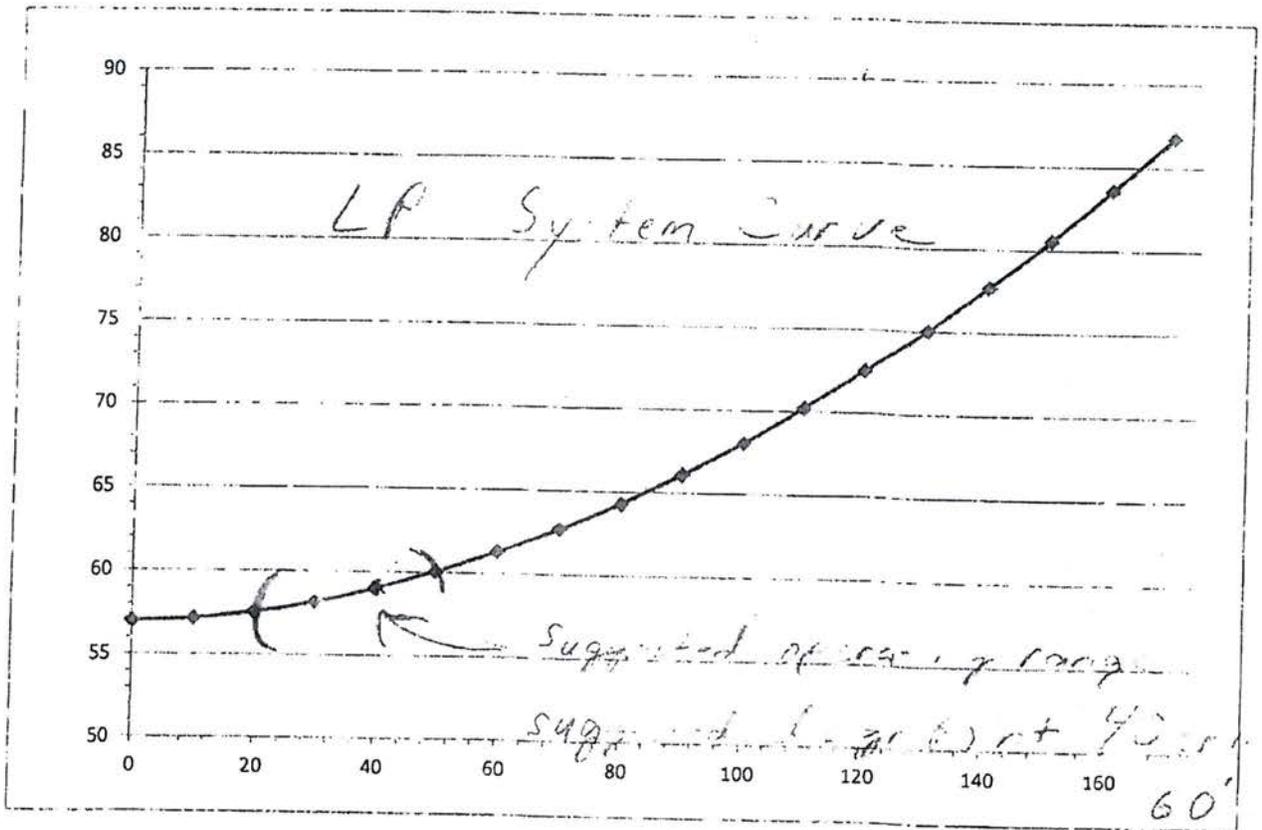
PLEASE VISIT OUR WEBSITE AT WWW.CITYELECTRICSUPPLY.COM
 FOR COMPANY INFORMATION AND PRODUCT PROMOTIONS
 THE RISK IN THE GOODS SHALL PASS TO THE BUYER ON DELIVERY, BUT THE GOODS
 REMAIN THE PROPERTY OF THE SELLER UNTIL PAID FOR. GOODS ARE SOLD ACCORDING
 TO VENDORS AND OUR OWN CONDITIONS OF SALE, COPIES OF WHICH ARE AVAILABLE
 UPON REQUEST E & OE

Goods Total:	\$	362.17
Tax Rate:		7%
Tax Total:	\$	25.36
Total:	\$	387.53

Branch ID#: 132 Group ID#: 9016



System Curve for LP LP - water



Company: bpi
 Name:
 Date: 1/10/2014



Pump:

Size: S4K/S4KX
 Type: NCLOG-4
 Synch speed: 1800 rpm
 Curve: S4K1750
 Specific Speeds:
 Dimensions:

Speed: 1750 rpm
 Dia: 10.5 in
 Impeller:
 Ns: ---
 Nss: ---
 Suction: ---
 Discharge: 4 in

Search Criteria:

Flow: 225 US gpm Head: 108 ft

Fluid:

Water
 Density: 62.37 lb/ft³
 Viscosity: 1.105 cP
 NPSHa: ---

Temperature: 60 °F
 Vapor pressure: 0.2563 psi a
 Atm pressure: 14.7 psi a

Motor:

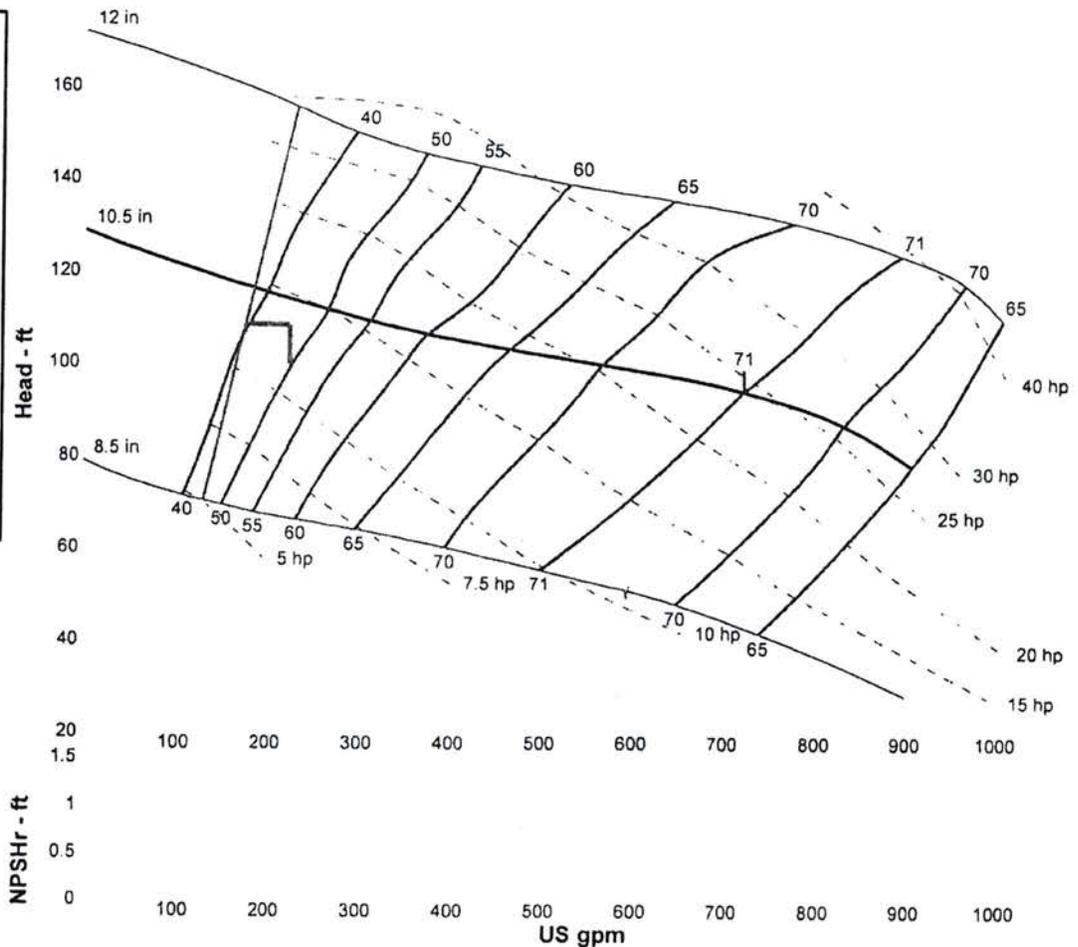
Consult HYDROMATIC to select a motor for this pump.

Pump Limits:

Temperature: 140 °F
 Pressure: 125 psi g
 Sphere size: 3 in

Power: ---
 Eye area: ---

--- Data Point ---	
Flow:	225 US gpm
Head:	108 ft
Eff:	44%
Power:	14.7 hp
NPSHr:	---
--- Design Curve ---	
Shutoff head:	129 ft
Shutoff dP:	55.7 psi
Min flow:	188 US gpm
BEP:	71% @ 722 US gpm
NOL power:	27.4 hp @ 905 US gpm
--- Max Curve ---	
Max power:	42.8 hp @ 1006 US gpm



Performance Evaluation:

Flow US gpm	Speed rpm	Head ft	Efficiency %	Power hp	NPSHr ft
270	1750	111	50	15.1	---
225	1750	114	44	14.7	---
180	1750	---	---	---	---
135	1750	---	---	---	---
90	1750	---	---	---	---

Ron Derossett

From: Brad Labella
Sent: Wednesday, January 15, 2014 10:48 AM
To: Brad Labella; Ed Mitchell; Ron Derossett; Gary Deremer; Ralph Amiot; Harry Householder; Carl Smith
Subject: RE: LP Lift Station

Follow Up Flag: Follow up
Flag Status: Completed

I spoke to Tony again. The 10 HP hydromatic will work best. The 7.5 HP Myers will work but not as well.

From: Brad Labella [mailto:blabella@uswatercorp.net]
Sent: Monday, January 13, 2014 10:18 AM
To: Ed Mitchell; Ron Derossett; Gary Deremer; Ralph Amiot; Harry Householder; Carl Smith
Subject: LP Lift Station

I went through the available pump list again. There's not a good selection for our design condition (80 gpm @ 65 ft), but the 10HP Hydromatic H4H1000M3-4 will work until we rehab the station (after SARC). This will create much higher flows than the existing pumps (100-150 gpm), so we may need to adjust the floats in the EQ basin to a lower operating point. This should give us more of a safety factor.

Brad

Ron Derossett

From: Tony Collins
Sent: Thursday, April 17, 2014 10:46 AM
To: rderossett@uswatercorp.net
Subject: pump quote

Hydromatic H4H1000M3-4 10-hp, 230/3/60 \$6082.00

Hydromatic H4H750M3-4 7.5-hp, 230/3/60 \$5949.00

Thanks, Tony

Stock in Lakeland

*Tony Collins
Barney's Pumps Inc
(863) 665-8500 Phone
(863) 666-3858 Fax
(863) 605-2070 Cell*

U.S. Water Services Corporation

DAILY:
Job/Time Report

Company Fax:
727-848-7701

Name: Eddie Sides

Is Project Complete Today? Yes No:

Date: 4/10/14

JOB NO: 2554-12

Job Name: L. P. Waterworks

Hours From/To (note am or pm)

Break Time Used

Total Hours Worked

From: 6:00am to 7:00pm

13

REASON WE ARE ON SITE TODAY: Signed Lump Sum Proposal: _____ Emergency Call: _____
Time & Material Project NOTE: Please explain Circumstances of Emergency Call or Time and Material

Project: _____

Is this an Abnormal Event: Yes: No:
866-753-8292

If so call office: 727-848-8292 / Toll Free

WORKED PERFORMED TODAY: Installed new disconnect, control panel floats and pumps in lift station
10kP

MATERIALS PURCHASED or DELIVERED TODAY:

Vendor Name
\$\$ Amount \$\$

Description of Items

Ticket #

MATERIALS USED FROM TRUCK OR OTHER COMPANY STOCK TODAY:

Description: _____ from: _____ Quantity: _____

EQUIPMENT RENTED TODAY:

Item #1 _____ from: _____ Cost: _____

Item #2 _____ from: _____ Cost: _____

Item #3 _____ from: _____ Cost: _____

COMPANY OWNED EQUIPMENT USED TODAY:

Item #1 _____ from: _____ Cost: _____

Item #2 _____ from: _____ Cost: _____

SUBCONTRACTORS and VENDORS ON SITE TODAY:

Name: _____ Purpose: _____

Name: _____ Purpose: _____

ANY VISITORS TO SITE: Yes No: List: Chris S. Dave m. Chris B.

WEATHER CONDITIONS: Fair: Rain: Ground Water: Other:

ANY PROBLEMS WITH COMPANY VEHICLES: None

ADDITIONAL NOTES: _____

SIGNATURE: Eddie Sides

Date: 4/11/14



DAILY
Job/Time Report

Company Fax:
727-848-7701

Name: Chris Berish

Is Project Complete Today? Yes No

Date: 4-10-14

JOB NO: 2554-12

Job Name: _____

Hour, Fr/To (note am or pm)

Break Time Used

Total Hrs Worked

Fr: 730 To: 430
Am Pm

9

REASON WE ARE ON SITE TODAY: Signed Lump Sum Proposal Emergency Call

Time & Material Project NOTE: Please explain Circumstances of Emergency Call or Time and Material

Project: _____

Is this an Abnormal Event? Yes NO (If so call office: 727-848-8292 / Toll Free 866-753-8292)

WORK PERFORMED TODAY: Working on Lift Station at
Camp Florida Installed 2 10 HP Pump and new
Control panel

MATERIALS PURCHASED or DELIVERED TODAY:

Vendor Name	Description of Items	Ticket #	\$ Amount \$\$

MATERIALS USED FROM TRUCK OR OTHER COMPANY STOCK TODAY:

Taken From	Description of Items	Quantity	Reordered?
			y n
			y n
			y n

EQUIPMENT RENTED TODAY:

Item #1 _____ From: _____ Cost: _____
 Item #2 _____ From: _____ Cost: _____

COMPANY OWNED EQUIPMENT USED TODAY:

Item #1 _____ From: _____ Cost: _____
 Item #2 _____ From: _____ Cost: _____