

COUNTRY WALK UTILITIES, INC.

June 28, 2018

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

Re: Docket No. 20180021-WU - Application of Country Walk Utilities, Inc. for Staff Assisted Rate Case in Highlands County – Response to Staff’s Report

Dear Commission Clerk,

Country Walk Utilities, Inc.’s (Country Walk) herewith submits its response to the Staff Report dated June 27, 2018. Country Walk does not take exception to the Staff Report with the exception of one item. In Issue 6 – Operating Expenses, Country Walk believes that for the Chemical Expense 618, the annualized cost of chemicals should be taken into consideration. In response to a FPSC staff inquiry, Country Walk provided the annualized costs of chemicals due to the operation of the newly installed forced draft aeration treatment system.

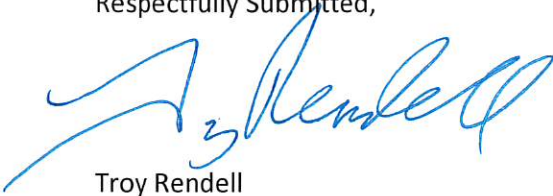
In Document No. **04218-2018**, Country Walk provided the FPSC with its calculation of annualized chemical expense of \$3,748. In addition, Country Walk also provided the actual chemical expense for the most recent 12-month period. The actual costs were \$3,672.90. This is caused by the addition of both Sulfuric Acid and Sodium Hydroxide. In the Staff Report, the FPSC is recommending the actual costs from calendar year 2017 of 2,935. If the actual historical and annualized chemical costs are not recognized, the Country Walk will not have an opportunity to recover its actual chemical expenses on a prospective basis. Country Walk believes that either the actual most recent chemical expenses, or the annualized expense should be recognized and recovered in Staff’s Recommendation.

One further point of clarification should also be made. In Issue 1 – Quality of Service, page 5 the Staff Report states that DEP has issued a Consent Order. It should be made clear that the DEP only issued a **DRAFT** Consent Order for Country Walk’s consideration. Country Walk provided the DEP with a response letter dated February 16, 2018. (See Attached) Country Walk met with DEP in person on March 15, 2018 to discuss the draft consent order to express its opposition on the imposition of any fine. At the meeting, DEP requested further information for its consideration. This was submitted on March 30, 2018. (See Attached) To date, the DEP has not submitted its revised consent order or responded to Country Walk. Therefore, there is no actual consent order that has been entered into by either Country Walk or DEP.

Country Walk Utilities, Inc.
Response to Staff Report
June 28, 2018

If you have any questions, please do not hesitate to contact me at (727) 848-8292, ext. 245.

Respectfully Submitted,

A handwritten signature in blue ink, appearing to read "Troy Rendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell
Vice President
Investor Owned Utilities
// for Country Walk Utilities, Inc.

COUNTRY WALK UTILITIES, INC.

February 16, 2018

Mr. Jon M. Iglehart
Director of District Management
Florida Department of Environmental Protection
South District Office
2295 Victoria Avenue, Suite 364
Ft. Myers, FL 33902-2549

RE: Country Walk Utilities, Inc. – Water System PWS ID #6284114
Highland County, FL

Dear Mr. Iglehart:

Country Walk Utilities, Inc. (Country Walk) is in receipt of your letter along with the draft Consent Order No. 17-0914, regarding the above-referenced water system.

Please note that all the water quality issues with this water system pre-date the effective date of our ownership of the system. Country Walk specifically addressed this with the Florida Department of Environmental Protection (FDEP) in its letter dated September 16, 2014 (Attached) This situation existed prior to Country Walk acquiring the utility. As previously stated, the FDEP had issued a Consent Order to the prior owner, which was subsequently modified by FDEP to eliminate the requirement for additional treatment.

Following the transfer of ownership, we coordinated diligently with the FDEP and the Homeowners Association (HOA) to address any water quality issues and to secure any necessary funding to accomplish the necessary corrective actions. A FDEP representative (Juan Robles) attended a HOA meeting with Country Walk to discuss the situation in February 2016. The alternative prescribed treatment methodology pursuant to Chapter 62-555.315(5)(a), Florida Administrative Code (FAC) was discussed at the HOA meeting by both Country Walk and the FDEP representative.

Subsequent to this meeting, FDEP issued an exceedance letter dated April 7, 2016, requesting Country Walk to formally address the issue. At the February 2016 HOA meeting, the residents were presented the potential costs and impact on rates. Country Walk offered for the residents (HOA) to contribute a portion or all of the costs in order to minimize the impact on rates.

The HOA responded through a letter dated April 25, 2016 indicating that the HOA and residents decided that it would be in all parties' best interest for Country Walk to proceed forward and

fund the total amount of the cost of the treatment system. Country Walk worked with FDEP and permitted the new system. The Chairman of the Water Committee at Country Walk HOA also worked closely with FDEP in order to move expeditiously on the project. (See Attached) Subsequent meetings were held with the HOA to inform the residents of the progress of the installation and anticipated completion date.

Country Walk and U.S. Water Service Corporation also met with your staff to discuss the status of compliance by the facility and to review the short term and long term options available to the facility to comply with your Agency's requirements.

Country Walk agreed that the facility should take immediate measures to address any water quality issues in an expeditious manner. Accordingly, upon securing all the approvals from the FDEP and the HOA, Country Walk was able to design, permit and construct the necessary corrective measures to bring the facility into compliance with the applicable drinking water standards for the disinfection byproducts. The system was installed and cleared by FDEP on August 23, 2017 and the system was placed into service in September 2017. Subsequent to the installation and operation of the new treatment system, the residents have expressed that it is "the best water they have ever tasted."

As such, Country Walk is seriously concerned over the complexity of FDEP enforcement action, especially the excessive and unnecessary fines that are imposed by the consent order on this very small water system with only sixty service connections. FDEP was fully aware and apprised of the situation over the past several years and the efforts undertaken by Country Walk, the new owner. Country Walk intends to request an administrative hearing on this matter. I have attached additional documentation for your review on this matter. Wherefore, Country Walk hereby requests a ninety (90) day extension of time to file for an administrative hearing to resolve this matter with your staff.

With that said, Country Walk believes that the facility has provided your agency with all the necessary corrective measures to allow the system to continue to operate. Country Walk also offers that the facility has already spent significant amounts of funds on the system upgrades and systems improvements over the past few years to improve its overall efficiency. The fourth quarter 2017 DBP Compliance Summary Report is attached for your review. These samples taken on November 29, 2017 (TTHM=38.82, HAA5=16.97) indicate that the newly installed treatment is working and will take a couple quarter sampling before the RAA is below the MCL (TTHM=80, HAA5=60).

Mr. Jon Iglehart
February 16, 2018

Page 3 of 3

Country Walk would appreciate the understanding and cooperation extended by you and your staff in resolving all issues of mutual concern in an amicable manner. Please feel free to contact me at your convenience should you have any questions. I can be reached directly at (727) 848-8292. Your continued cooperation in resolving this matter is most appreciated.

Sincerely,



Troy Rendell
Vice President
Investor Owned Utilities
// for Country Walk Utilities, Inc.

Attachments

Cc: Gary Deremer, U.S. Water
Mo Kader, U.S. Water

Country Walk Utilities, Inc.

September 16, 2014

Mr. Gordon Romeis, EC
Florida Department of Environmental Protection
South District
P.O. Box 2549
Fort Myers, FL 33902

RE: Country Walk Utilities, Inc.
PWS ID – 6284114
Compliance Inspection – July 2014

Dear Gordon,

In accordance with the FDEP inspection letter dated July 7, 2014, U.S. Water Corporation has designed a system to remove the sulfides for the Country Walk Utilities, Inc. (Country Walk) water treatment system. However, this designed system will potentially cost approximately \$100,000 or higher to properly treat the well water. As you know this is a significant amount of money for 68 customers to absorb.

Country Walk is a privately owned regulated water and wastewater utility. The utility's rates are regulated by the Florida Public Service Commission. If Country Walk is required to undertake this project by FDEP, it will have no alternative then to seek additional rate relief under Section 367.081, Florida Statutes (F.S.) for recovery. Pursuant to Section 367.081(2)(a)2a, F.S., the cost of this government required treatment system would be passed onto the utility's ratepayers.

Prior to purchasing this water system, the current owners of Country Walk held a meeting with the customers to discuss the potential treatment of the water supply for sulfides. In the meeting, it was explained what the potential cost was going to be and the impact to the customers. At the meeting, the customers indicated that they were not willing to take on this financial burden for potential treatment.

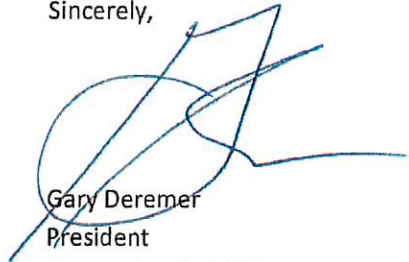
We propose to have another customer meeting with the residents to discuss this issue further and would like for FDEP to attend the meeting to explain to the customers why this is necessary. As you are also aware, this issue has existed for awhile now and the previous owner of the utility was not required to undertake this project. The previous owner had its Consent Order modified by FDEP to eliminate this requirement for additional treatment. This has previously been discussed with the FDEP.

5320 Captains Court, New Port Richey, FL 34652
Mailing: c/o 4939 Cross Bayou Boulevard, New Port Richey, FL 34652
Tel: (866) 753-8292 Fax: (727) 848-7701

We appreciate the concern for the customers' potable water service but we are currently having no issues with the water or any customer complaints at this time about the water quality. In addition, we have not failed any test relating to the well or water supply.

If you have any questions please contact Mr. Ron DeRossett at (727) 848-8292. Thank you and I look forward to your response concerning this issue.

Sincerely,



Gary Deremer
President
Country Walk Utilities, Inc.

Cc: Andrew Maurey, Florida Public Service Commission
J.R. Kelly, Office of Public Counsel

[Type text]



Water and Wastewater Operations, Maintenance, Engineering, Management

July 9, 2014

Ms. Jennifer Carpenter
Assistant Director of District Management
Florida Department of Environmental Protection
P.O. Box 2549
Fort Myers, FL 33902-2549

RE: Compliance Assistance Offer
Country Walk Utility
PWS ID No. 628-4114, Highlands County

Dear Ms. Carpenter:

Thank you for your letter of July 7, 2014, offering a Compliance Assistance Offer to resolve the following areas of concern noted on the Compliance Inspection Report of July 3, 2014:

1. We have prepared a preliminary conceptual design with a cost estimate to address the hydrogen sulfide issues at this utility. However, preparation of a final design with all the necessary construction and bidding documents will be pending prior approval of the construction budget by the Florida Public Service Commission. In order to accomplish this task, a rate case will need to be filed with the Florida Public Service Commission. We will keep you informed about any progress in the future.
2. The hydropneumatic tank will be inspected and cleaned within the next sixty (60) days.
3. The Cross Connection Control Plan has been prepared in accordance with the newly revised Cross Connection Control Rule 62-555.360, F.A.C. and, therefore, is in compliance with the new rule.

We trust that the above response would be adequate to resolve your concerns and that no further action is necessary at this time.

4939 Cross Bayou Blvd. ≈ New Port Richey ≈ Florida 34652

Phone: 727-848-8292 ≈ Fax: 727-848-7701 ≈ Toll Free: 866-753-8292

Ms. Jennifer Carpenter
July 9, 2014

Page 2 of 2

Please feel free to contact us at your convenience should you have any questions. We can be reached directly at (727) 243-5875. Your continued cooperation in resolving this matter is most appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Mo Kader". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mo Kader, P.E.
Engineering Services
U.S. Water Services Corporation

MK/mk

Cc: Ron Derossette, US Water
Gary Deremer, Country Walk



FLORIDA DEPARTMENT OF
ENVIRONMENTAL PROTECTION

SOUTH DISTRICT
P.O. BOX 2549
FORT MYERS, FL 33902-2549
SouthDistrict@dep.state.fl.us

RICK SCOTT
GOVERNOR

CARLOS LOPEZ-CANTERA
LT. GOVERNOR

HERSCHEL T. VINYARD JR.
SECRETARY

October 6, 2014

Mr. Gary Deremer, President
Country Walk Utilities, Inc.
4939 Cross Bayou Blvd.
New Port Richey, FL 34652
gderemer@uswatercorp.com

Re: Highlands County PW
Country Walk Utilities, Inc.
PWS ID No. 6284114
Compliance Inspection – July 2014

Dear Mr. Deremer:

Thank you for your letter regarding the removal of sulfides from the Country Walk water treatment system. The Department has reviewed the concerns that you related regarding the cost of treatment and the fact that there have been no customer complaints for water quality issues. We have discussed this situation with our division office for guidance on potential courses of action.

I would like to schedule a meeting with you or your representatives and the customers to discuss options for resolution of this matter. My schedule is open for the latter part of November. Please contact me regarding specifics for the meeting location, date, and time.

If you have any questions, please contact me at the letterhead address or call 239-344-5688, or by e-mail at Gordon.Romeis@dep.state.fl.us.

Sincerely,

Jon M. Iglehart
Director of District Management

cc: Ron DeRossett, rderossett@uswatercorp.net
Andrew Maurey, Florida Public Service Commission
J.R. Kelly, Office of Public Counsel

Ron Derossett

From: Russ Holmes
Sent: Monday, April 11, 2016 5:39 PM
To: rderossett@uswatercorp.net
Cc: juan.robles@dep.state.fl.us; Barry Witthuhn; George Grine; Tom Moran
Subject: FW: DEP Compliance Letter

Follow Up Flag: Follow up
Flag Status: Completed

Ron,

Received this letter from Patty Baron informing me that we have a two month extension to submit a plan of corrective action. Country Walk HOA will be holding a meeting within the next few week to finalize our decision on what action our HOA should take in this matter. I will contact you and let you know as soon as a decision has been made. Thanks for working with our community and will look forward to getting thing moving on this project.

Russ Holmes
Water Committee Chairman

From: Patty.Baron@dep.state.fl.us
To: mr.russholmes@hotmail.com
Subject: FW: DEP Compliance Letter
Date: Mon, 11 Apr 2016 18:28:26 +0000

Mr. Holmes, the Department will allow a two month extension for Country Walk to submit a plan of corrective action for exceeding the Operational Evaluation Level for Haloacetic Acids following the samples collected on February 24, 2016.

From: Russ Holmes [mailto:]
Sent: Friday, April 08, 2016 5:02 PM
To: Baron, Patty
Cc: rderossett@uswatercorp.net; Robles, Juan
Subject: DEP Compliance Letter

Hello Patty,

My name is Russ Holmes and I am the chairman of the Water Committee at Country Walk HOA in Lake Placid, Highlands County. I was notified of a letter from Deanna Newburg, DEP South District, to Mr. Gary Deremer of US Water (Country Walk Utilities, Inc.). The letter dated April 7, 2016 referred to a problem we have with the THM's and the HAA5's at the water plant (PWS ID 6284114) located in our community. Country Walk Utilities is being asked to provide a schedule of when and how the issue will be addressed by April 22, 2016. We are aware of the problem and have been working closely with Juan Robles from the DEP and Country Walk Utilities. We are doing research to determine if the solution that is being proposed by Country Walk Utilities is the best solution for our community. We have asked Country Walk Utilities to allow us a couple of months to finish our research so that our community can stand together and be confident that the solution that is implemented is in our best interests. At this point I would like to ask for the DEP to work with us on this issue

Ron Derossett

From: Russ Holmes
Sent: Friday, April 08, 2016 5:02 PM
To: patty.baron@dep.state.fl.us
Cc: rderossett@uswatercorp.net; juan.robles@dep.state.fl.us
Subject: DEP Compliance Letter

Follow Up Flag: Follow up
Flag Status: Completed

Hello Patty,

My name is Russ Holmes and I am the chairman of the Water Committee at Country Walk HOA in Lake Placid, Highlands County. I was notified of a letter from Deanna Newburg, DEP South District, to Mr. Gary Deremer of US Water (Country Walk Utilities, Inc.). The letter dated April 7, 2016 referred to a problem we have with the THM's and the HAA5's at the water plant (PWS ID 6284114) located in our community. Country Walk Utilities is being asked to provide a schedule of when and how the issue will be addressed by April 22, 2016. We are aware of the problem and have been working closely with Juan Robles from the DEP and Country Walk Utilities. We are doing research to determine if the solution that is being proposed by Country Walk Utilities is the best solution for our community. We have asked Country Walk Utilities to allow us a couple of months to finish our research so that our community can stand together and be confident that the solution that is implemented is in our best interests. At this point I would like to ask for the DEP to work with us on this issue and give Country Walk Utilities an extension on the April 22 date. We would be very grateful if you could work with us and Country Walk Utilities on this issue.

Sincerely,

Russ Holmes
Water Committee Chairman
mr.russholmes@hotmail.com
863-699-0410

cc:
Ron Derossett
Juan Robles

COUNTRY WALK HOMEOWNERS ASSOCIATION

3143 Bluebird Avenue
Lake Placid, FL 33852

April 25, 2016

Mr. Gary Deremer, President
Country Walk Utilities, Inc.
4939 Cross Bayou Blvd.
New Port Richie, FL 34652

Dear Mr. Deremer:

We appreciate the options given by Country Walk Utilities in the funding of the equipment needed to upgrade the water facility.

After much study and discussion, it was decided it would be in all parties' best interest that Country Walk Homeowners Association not participate in the funding of this project.

Please proceed with your planned improvements.

Thank you.

A handwritten signature in black ink, appearing to read "Skook Wright". The signature is stylized with a large, sweeping initial "S" and a long, trailing flourish.

Skook Wright
President
Country Walk Homeowners Association

U.S. Water[®] Services Corporation

Water and Wastewater Operations, Maintenance, Engineering, Management

Ms. Deanna Newburg, Manager
Florida Department of Environmental Protection
P.O. Box 2549
Fort Myers, FL 33902-2549

May 3, 2016

RE: Compliance Assistance Offer
Country Walk Utilities, Inc. WTP
PWS ID No. 628-4114, Highlands County

Dear Ms. Newburg:

Thank you for your letter of April 7, 2016, offering a Compliance Assistance Offer to resolve the water quality issues at this facility which are related to the disinfection byproducts levels in the treated potable water at this water system. We would like to inform you that, following our meetings and discussions with the customers served by this water system and the Florida Public Service Commission, we have received the necessary approvals to proceed with the design modifications to the existing water treatment plant to remove hydrogen sulfide prior to the addition of chlorine. These proposed design modifications will involve the addition of a forced-draft aeration system with all the necessary appurtenances and pH adjustment instruments to maximize the efficiency of hydrogen sulfide removal.

Accordingly, we have initiated the design process, and we expect to submit complete design plans of the proposed modifications along with all the required permit application(s) to your permitting section within the next four (4) weeks.

We trust that the above response would be adequate to resolve your concerns and that no further action is necessary at this time. Please feel free to contact us at your convenience should you have any questions. We can be reached directly at (727) 243-5875. Your continued cooperation in resolving this matter is most appreciated.

Sincerely,



Mo Kader, P.E.
Engineering Services
U.S. Water Services Corporation

MK/mk
Attachment
Cc: Gary Deremer, Country Walk



OPERATIONAL EVALUATION REPORT

I. GENERAL INFORMATION

A. Water System Information:

PWSID	628-4114				
PWS Name	Country Walk Utilities, Inc.				
PWS Address	29 Lakeside Trail				
City	Lake Placid	State	FL	Zip Code	33582

B. Report Prepared by:

Name	Mo Kader, P.E.				
Title	Professional Engineer				
Date Prepared	May 3, 2016				
Telephone	727-243-5875	Email	mkader@uswatercorp.net		

II. MONITORING RESULTS

A. Provide the compliance monitoring location where the operational evaluation level (OEL) was exceeded (if there was more than one location where the OEL was exceeded, attach an additional copy of Page 1, and complete Items II.A. and II.B. for each additional location).

Distribution system monitoring point located at 3143 Bluebird Ave (Rec Hall/Clubhouse).

Note: The location name or number should correspond to a location name or number in your Stage 2 D/DBPR compliance monitoring plan required under 40 CFR 141.622.

B. Monitoring Results for the Location Identified in Item II.A.

1. Check TTHM and/or HAA5 to indicate which result(s) caused the OEL exceedance: TTHM HAA5
2. Enter your results for TTHM and/or HAA5 (whichever you checked above).

	Quarter			Operational Evaluation Value*
	Result from This Quarter	Result from Previous Quarter	Result from 2 Quarters Ago	
	A	B	C	
Date sample was collected	02/24/16	11/04/15	08/05/15	
TTHM (µg/L)	82.0	64.61	86.62	78.8
HAA5 (µg/L)	70.0	66.28	43.22	62.38

* The operational evaluation value is calculated by summing the two previous quarters' TTHM or HAA5 results plus twice the current quarter's TTHM or HAA5 result and then dividing by four. If the value exceeds 80 µg/L for TTHM or 60 µg/L for HAA5, an OEL exceedance has occurred.

III. OPERATIONAL EVALUATION FINDINGS

A. Is the Department allowing you to limit the scope of your operational evaluation (see the memorandum attached as Page 3)? Yes No

If NO, proceed to Items III.B. through III.E. If YES, you may stop here.

OPERATIONAL EVALUATION REPORT (continued)

PWSID

B. Did **distribution operational practices**—including storage tank operations, excess storage capacity, and distribution system flushing—cause or contribute to your OEL exceedance(s)? Yes No Possibly

If YES or POSSIBLY, explain (attach additional pages if necessary).

N/A

Note: Refer to Chapter 3 in the USEPA's Stage 2 D/DBPR Operational Evaluation Guidance Manual.

C. Did **treatment operational practices**—including treatment changes or problems—cause or contribute to your OEL exceedance(s)? Yes No Possibly

If YES or POSSIBLY, explain (attach additional pages if necessary).

High chlorine dosage in the treatment process to alleviate/oxidize the hydrogen sulfide have contributed to the HAA5's exceedances. Therefore, by removing the hydrogen sulfide from the raw water prior to the addition of chlorine, much less chlorine dosage will be needed. As a result, the formation of disinfection byproducts in the water distribution system will be greatly minimized and the water quality will improve significantly.

Note: Refer to Chapter 4 in the USEPA's Stage 2 D/DBPR Operational Evaluation Guidance Manual.

D. Did **source water**—including changes in sources or source water quality—cause or contribute to your OEL exceedance(s)? Yes No Possibly

If YES or POSSIBLY, explain (attach additional pages if necessary).

The presence of hydrogen sulfide in the raw water has contributed to the DBP's exceedances.

Note: Refer to Chapter 5 in the USEPA's Stage 2 D/DBPR Operational Evaluation Guidance Manual.

E. List steps that could be considered to minimize future OEL exceedances (attach additional pages if necessary).

A forced-draft aeration process with pH adjustment will be added to the treatment process for hydrogen sulfide removal. This proposed modification to the treatment process will improve the water quality significantly and will result in minimizing the formation of DBP's in the distribution system.

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

From: <tmoran583@gmail.com>

Date: Feb 24, 2016 4:47 PM

Subject: Country Walk (Lake Placid) Water

To: "GDeremer@uswatercorp.com" <GDeremer@uswatercorp.com>, "Jon.Iglehart@dep.stste.fl.us" <Jon.Iglehart@dep.stste.fl.us>, "Juan.Robles@dep.state.fl.us" <Juan.Robles@dep.state.fl.us>

Cc:

Thanks for the meeting 2 weeks ago.

If you get a chance; could you forward a PDF copy of the water distribution system and the treatment plant.

Also, can you forward a PDF copy of the proposed treatment plant.

Has chloramines been considered?

Thanks

Tom Moran, P.E.

32 Quail Roost road

Country Walk

Sent from [Mail](#) for Windows 10

--

Christopher Saliba

Regional Manager

Cell: [\(813\) 416-3992](tel:(813)416-3992)



Florida Department of Environmental Protection

South District
Post Office Box 2549
Fort Myers, Florida 33902-2549
SouthDistrict@dep.state.fl.us

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

POTABLE WATER CLEARANCE - FINAL

August 23, 2017

Country Walk Utilities, Inc.
Gary Deremer, President
4939 Cross Bayou Blvd.
New Port Richey, FL 34652
mkader@uswatercorp.net

Clearance Type: Final
Highlands County
Permit Number: 345713-001-WC
PWS Name: Country Walk Utilities, Inc.
PWS ID: 6284114
Project Name: Country Walk WTP – Hydrogen Sulfide Removal System

Dear Mr. Deremer:

This letter acknowledges receipt of the certification, dated August 7, 2017, for the subject water treatment plant modification. The submitted information demonstrates the system expansion has been constructed in accordance with the FDEP Permit Number above and related plans and materials and that satisfactory bacteriological tests were conducted in accordance with the AWWA standards. Based on the certification and satisfactory bacteriological results, the Department is clearing the system for service.

If you have any questions or comments regarding this partial clearance, please contact Andrew Price by telephone at 239-344-5621 or by e-mail at Andrew.Price@dep.state.fl.us.

Sincerely,

A handwritten signature in black ink, appearing to read "O. James Oni".

O. James Oni
Professional Engineer
Water Facilities
Florida Department of Environmental Protection

cc: Keith Keegan, P.E. kkeegan@uswatercorp.net

COUNTRY WALK UTILITIES, INC.

January 12, 2018

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

*Re: Application for Staff Assisted Rate Case (SARC) in Highlands County by
Country Walk Utilities, Inc.*

Dear Commission Clerk,

Country Walk Utilities, Inc. (Country Walk or Utility) submits its application for a staff assisted rate case (SARC) in Highlands County. In support of its application, Country Walk submits the following information.

Need for Rate Relief

Country Walk's last SARC was in Docket No. 010403-WU, which was approved in PSC Order No. PSC-01-2385-PAA-WU, issued December 10, 2001, or seventeen years ago.

Forced Draft Aeration Treatment System Addition – the primary need for rate relief is directly related to the required new force draft aeration treatment system which was recently installed and cleared by the Florida Department of Environmental Protection (FDEP). This new system was placed into operation in approximately September 2017. The water source in the potable water well has very high levels of hydrogen sulfides. In order to treat this issue, Country Walk previously utilized high levels of chlorine. However, these high levels of chlorine caused Country Walk to exceed the Disinfection By-Product maximum contamination levels based on the rolling annual average for both Total Trihalomethanes (TTHMs) and Haloacetic Acids (HAA5s). As a result, the FDEP became involved and required Country Walk to address these issues. Country Walk responded to FDEP through a letter dated September 16, 2014 requesting that the FDEP attend a customer meeting with the Homeowners' Association (HOA) to discuss the issue.

Both Country Walk and FDEP met with the customers' HOA in February 2016. The situation was explained to the residents by both the FDEP and Country Walk. Country Walk presented the alternative prescribed treatment methodology pursuant to Chapter 62-555.315(5)(a), Florida Administrative Code. Subsequent to this meeting, FDEP issued a exceedance letter dated April 7, 2016, requesting Country Walk to formally address the issue. At the February 2016 HOA meeting, the residents were presented the potential costs and impact on rates. Country Walk offered for the residents (HOA) to contribute a portion or all of the costs in order to minimize the impact on rates. This potential contribution would have lowered the net Rate Base and the utility would not earn any return on the investment. The HOA responded through a letter dated April

25, 2016 indicating that the HOA and residents decided that it would be in all parties' best interest for Country Walk to proceed forward and fund the total amount of the cost of the treatment system. Country Walk worked with FDEP and permitted the new system. The Chairman of the Water Committee at Country Walk HOA also worked closely with FDEP in order to move expeditiously on the project. Subsequent meetings were held with the HOA to inform the residents of the progress of the installation and anticipated completion date. The system was installed and cleared by FDEP on August 23, 2017 and the system was placed into service in September 2017. Subsequent to the installation and operation of the new treatment system, the residents have expressed that it is "the best water they have ever tasted." U.S. Water Service Corporation was able to minimize and reduce the cost of the project and also subsidized some of the costs so as not to pass on the full cost to the residents. This was a very successful cooperative effort with both the residents, HOA, and FDEP and received all parties full support.

In addition to the capital costs, several of the operational costs were also increased. This was due to the addition of two new chemicals for the process to work, including sulfuric acid and caustic. Also, it is anticipated that the electrical (purchase power) costs may increase due to additional pumping, blowers, additional chemical feed pumps, and high service pumps. Country Walk has not requested pro forma increases for these anticipated increases at this time. However, as discussed below, Country Walk is requesting a year-end rate base. Finally, Country Walk is requesting annualized adjustments to Depreciation Expense and Accumulated Depreciation to recognize a full year of depreciation. The system has only received 1 – 2 months of depreciation up through the requested test year of November 30, 2017.

Year End Water Rate Base

Country Walk is requesting test year for the SARC for the twelve month ending November 30, 2017. In addition, Country Walk is requesting a Year End rate base for its water system since the additional capital costs for the new forced draft aeration treatment system represent a significant portion of the water plant in service. If an average rate base were utilized, Country Walk would not be afforded the opportunity to recover its allowed rate of return on the new investment and would be put in the position of requesting a subsequent SARC at a later date.

This is consistent with past Commission practice. (See: Order Nos. PSC-2017-0428-PAA-WS, issued November 7, 2017; PSC-98-0763-FOF-SU, issued June 3, 1998; PSC-02-1449-PAA-WS, issued October 21, 2002; PSC-00-1774-PAA-WU, issued September 27, 2000; and PSC-01-0323-PAA-SU, issued February 5, 2001) In the transfer order, Order No. PSC-14-0495-PAA-WU, issued September 17, 2014, the Commission approved Water Utility Plant in Service in the amount of \$89,309. In addition, pursuant to the 2016 Annual Report for Country Walk the Water Plant in Service was \$94,202. For the requested test year ending November 30, 2017, the Water Utility Plant in Service is \$ 230,036, which is an increase of \$135,834, or 144.19%

increase. This represents not only the new replacement well, but also plant improvements to address water.

Pro forma Plant Item

As a result of the customer meeting and HOA, Country Walk is also requesting a pro forma plant item to include a project to “unclog” the service connections (saddles) throughout the community. During the meeting held, customers expressed concerns with low water pressure. After the meeting Country Walk went to three resident’s homes and examined the water pressure. It was discovered that due to both the age of the system and high levels of chlorine used to treat the hydrogen sulfides that calcium build up had transpired on the service connections at the saddles. Country Walk successfully dug up and removed the calcium deposits at these homes and increased the water pressure to satisfactory levels. Country Walk believes it is necessary to conduct a complete system-wide project to address the remaining service connections. Attached is an estimate in the amount of \$16,085 – at a cost of \$277.33 for each connection. This project will benefit the remaining customers to unclog the service connections and increase the remaining distribution water pressure.

Pro Forma Expense Items

In addition, Country Walk is requesting approval of two additional pro forma expense items. The first is for the sandblasting and coating of the hydropneumatic storage tank. Country Walk has obtained a estimate of \$5,000 from Crystal Coating, Inc. Country Walk is requesting amortization of this non-recurring item over a 5-year period – or \$1,000/annually. Country Walk is currently scheduling the coating along with other “sister” utilities in Highlands County in order to minimize the costs.

Further, Country Walk revised its Operation and Maintenance Agreement with U.S. Water Service Corporation as of October 1, 2017. This was necessary for two specific reasons. Primarily it was due to the significant change in the water treatment process from a simple “pump and chlorinate” system to the newly installed forced draft aeration treatment process. This process is much more complicated and involves the addition of acid to bring the PH down in order to properly oxidize the hydrogen sulfides prior to the aeration process, and subsequent caustic to bring the PH levels back up prior to distribution. The second reason was to minimize subsidies which were in the previous agreement signed on October 1, 2013. The new agreement has also taken into consideration past Commission decisions on similar agreements with the “sister” utilities.

Country Walk Utilities, Inc.
Application for SARC
January 12, 2018

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Troy Rendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell
Vice President
Investor Owned Utilities
//For Country Walk Utilities, Inc.



STAGE 2 TOTAL TRIHALOMETHANES (TTHM) AND HALOACETIC ACIDS FIVE (HAA5) EXAMPLE REPORTING FORMAT

Subpart H systems serving 500 or more persons and ground water systems serving 10,000 or more persons shall complete applicable pages of this format and submit them to the Department within 10 days after the end of any quarter in which TTHM/HAA5 monitoring is required. Systems on routine or reduced quarterly TTHM/HAA5 monitoring shall complete pages 1, 2, and 3 of this format. (Add additional rows to the tables on pages 2 and 3 as necessary.) Systems on reduced annual TTHM/HAA5 monitoring shall complete pages 1 and 4 of this format. Additionally, Subpart H systems seeking to qualify for, or remain on, reduced quarterly or annual TTHM/HAA5 monitoring shall complete page 5 of this format. (Add additional rows to the table on page 5 as necessary.)

D/DBPR = Disinfectant and Disinfection Byproducts Rule; LRAA = locational running annual average; MCL = maximum contaminant level; OE = operational evaluation; RAA = running annual average; TOC = total organic carbon.

QUARTERLY MONITORING PERIOD: 4Q2017

SYSTEM INFORMATION

PWS ID Number: 628-4114		
PWS Name: Country Walk		
Source Water Type and Population Size Category:		
<input type="checkbox"/> Ground Water: <input type="checkbox"/> 10,000 – 99,999 <input type="checkbox"/> 100,000 – 499,999 <input type="checkbox"/> ≥ 500,000	<input checked="" type="checkbox"/> Subpart H: <input type="checkbox"/> 500 – 3,300 <input type="checkbox"/> 3,301 – 9,999 <input type="checkbox"/> 10,000 – 49,999 <input type="checkbox"/> 50,000 – 249,999	<input type="checkbox"/> 250,000 – 999,999 <input type="checkbox"/> 1,000,000 – 4,999,999 <input type="checkbox"/> ≥ 5,000,000
Monitoring Mode*: <input checked="" type="checkbox"/> Routine Monitoring <input type="checkbox"/> Reduced Monitoring		
Monitoring Frequency*: <input checked="" type="checkbox"/> Quarterly <input type="checkbox"/> Annually		
Total Number Of Distribution System Monitoring Locations*: 1		
Contact Person: Ron DeRossett		
Phone Number: 904-540-9765		
E-Mail Address (optional): rderossett@uswatercorp.net		
Fax Number (optional): 727-849-4219		

* See 40 CFR 141.621 and 141.623 for more details.

TTHM COMPLIANCE SUMMARY FOR SYSTEMS MONITORING QUARTERLY									
Monitoring Location*	This Quarter				Previous Quarter	2 Quarters Ago	3 Quarters Ago	TTHM LRAA (mg/L)	TTHM OE Value (mg/L)
	No. of TTHM Samples Taken	Date Each TTHM Sample Taken (mo/da/yr)	TTHM Sample Result (mg/L)	TTHM Locational Quarterly Average (mg/L)	TTHM Locational Quarterly Average (mg/L)	TTHM Locational Quarterly Average (mg/L)	TTHM Locational Quarterly Average (mg/L)		
				A	B	C	D	(A+B+C+D)/4	(2A+B+C)/4
3143 bluebird Ave Club house tap	2	10/25/2017 11/29/2017	110.0 38.82	74.41 Avg	134.23 07/18/2017	86.47 05/22/2017	122.25 (Avg) 2/21/17 & 03/31/17	104.34	92.38
Does the TTHM LRAA at any monitoring location violate the TTHM MCL of 0.080 mg/L? (YES/NO)								YES	
Does the TTHM OE value at any monitoring location exceed 0.080 mg/L? (YES/NO)**								YES	
If you are on reduced quarterly monitoring, does the TTHM LRAA exceed 0.040 mg/L at any monitoring location? (YES/NO/NA)***								YES	

* Location names or numbers should correspond to those in your Stage 2 D/DBPR compliance monitoring plan required under 40 CFR 141.622.
 ** If any TTHM OE value at any location exceeds 0.080 mg/L, you must conduct an OE and submit an OE report in accordance with 40 CFR 141.626.
 *** If any TTHM LRAA at any location exceeds 0.040 mg/L, you must resume routine quarterly monitoring under 40 CFR 141.621.

COUNTRY WALK UTILITIES, INC.

March 30, 2018

Ms. Jennifer Carpenter
Assistant Director
Florida Department of Environmental Protection
South District Office
2295 Victoria Avenue, Suite 364
Ft. Myers, FL 33902-2549

**RE: Country Walk Utilities, Inc. – Water System PWS ID #6284114
Highlands County, FL**

Dear Ms. Carpenter:

This is to thank you and your staff for the opportunity to meet with myself and Mo Kader on March 15, 2018, to discuss the status of compliance by the facility with the draft Consent Order (No. 17-0914) and to review the short-term and long-term options available to the facility in order to expedite the construction schedule for any potential future projects.

We have agreed that Country Walk Utilities, Inc. (“the Utility”) had initiated and physically completed all the necessary corrective measures to meet the applicable Drinking Water Standards for the Disinfection Byproducts (DBP’s) and the Utility is currently performing monthly monitoring to ascertain full compliance. Below, is a table summarizing the steps that were undertaken to complete the water plant modifications along with the corresponding completion dates according to the letter, dated May 3, 2016, by USWSC (copy attached).

No.	DESCRIPTION	COMPLETION DATE
1.	Initiate design process	5/2/2016
2.	Submit permit application to FDEP	7/8/2016
3.	Issue of final permit by FDEP	9/26/2016
4.	Coordinate with HOA and PSC to approve funding of project	12/30/2016
5.	Bidding process	2/28/2017
6.	Approval of shop drawings for all equipment including GST, degasifier, pumps, chemical tanks, electrical equipment, transfer pumps, piping, valves, fittings, etc.	4/28/2017
7.	Construction modifications of WTP	7/13/2017
8.	Startup of new system and clearance sampling	7/31/2017
8.	Submittal of COC to FDEP	8/3/2017
9.	Approval and issue of final clearance by FDEP	8/23/2017
10.	Currently, the system is monitoring monthly for TTHM’s and HAA5’s.	

As demonstrated above, the construction schedule was very reasonable and conforms to the general industry standards. However, based on your advice, the Utility is willing to implement any measures that can result in acceleration of any future construction projects. Some of the measures that the Utility recommends include, but not be limited to, the following steps:

- Prior to initiation of any corrective measures, establish a schedule of corrective actions with reasonable target completion dates that are agreed upon along with the FDEP through a permit document or a consent order.
- Prepare a schedule of the project and educate the construction team regularly on the urgency of completing the project expeditiously to meet the compliance deadlines.
- Make every attempt to get ahead of schedule, if at all possible, by starting the project earlier than planned to build an early time buffer to protect against future delays. For example, start preparing the site and order equipment before final issuance of final permit. However, initiation of any physical modifications to the system cannot be done prior to securing all the necessary approvals and permits from all applicable regulatory agencies, including FDEP.
- Coordinate with outside manufacturing vendors to expedite manufacture and deliver of necessary components, if appropriate. Unfortunately this is typically outside the control of the Utility.
- Adding additional resources to the project. Check if there is flexibility to add resources to the project such as adding more personnel and/or working overtime. Although the Utility is cognizant of the fact this may increase cost which would be passed onto the ratepayers through future rates.
- Continue to optimize the process schedule throughout the construction phase in order to save time. For example, an approval process might take two weeks. Is there a way it can be done in one week, or one day?
- As the project progresses, question everything that remains and eliminate any work that is deemed unnecessary or redundant.

The Utility believes that the above adequately addresses your outstanding compliance issues and ensures a lasting solution to the water quality issues experienced by the Utility in the past. As mentioned before, the Utility believes that it has provided your agency with all the necessary corrective measures to allow the system to continue to operate without the need for any further enforcement and penalties.

We sincerely appreciate the understanding and cooperation extended by you and your staff in resolving all issues. Country Walk Utilities, Inc. is optimistic that the above response would be adequate to resolve FDEP's concerns and that no further action is necessary at this time.

Ms. Jennifer Carpenter
March 30, 2018

Page 3 of 3

Please feel free to contact us at your convenience should you have any questions. We can be reached directly at (727) 848-8292.

Sincerely,

A handwritten signature in blue ink, appearing to read "Troy Rendell". The signature is fluid and cursive, with a large initial "T" and "R".

Troy Rendell
Vice President
Investor Owned Utilities
// for Country Walk Utilities, Inc.

Attachment

Cc: Gary Deremer, U.S. Water
Mo Kader, U.S. Water



Water and Wastewater Operations, Maintenance, Engineering, Management

Ms. Deanna Newburg, Manager
Florida Department of Environmental Protection
P.O. Box 2549
Fort Myers, FL 33902-2549

May 3, 2016

RE: Compliance Assistance Offer
Country Walk Utilities, Inc. WTP
PWS ID No. 628-4114, Highlands County

Dear Ms. Newburg:

Thank you for your letter of April 7, 2016, offering a Compliance Assistance Offer to resolve the water quality issues at this facility which are related to the disinfection byproducts levels in the treated potable water at this water system. We would like to inform you that, following our meetings and discussions with the customers served by this water system and the Florida Public Service Commission, we have received the necessary approvals to proceed with the design modifications to the existing water treatment plant to remove hydrogen sulfide prior to the addition of chlorine. These proposed design modifications will involve the addition of a forced-draft aeration system with all the necessary appurtenances and pH adjustment instruments to maximize the efficiency of hydrogen sulfide removal.

Accordingly, we have initiated the design process, and we expect to submit complete design plans of the proposed modifications along with all the required permit application(s) to your permitting section within the next four (4) weeks.

We trust that the above response would be adequate to resolve your concerns and that no further action is necessary at this time. Please feel free to contact us at your convenience should you have any questions. We can be reached directly at (727) 243-5875. Your continued cooperation in resolving this matter is most appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Mo Kader".

Mo Kader, P.E.
Engineering Services
U.S. Water Services Corporation

MK/mk
Attachment
Cc: Gary Deremer, Country Walk

4939 Cross Bayou Blvd. ≈ New Port Richey ≈ Florida 34652
Phone: 727-848-8292 ≈ Fax: 727-848-7701 ≈ Toll Free: 866-753-8292