

**Ruth Nettles**

080249-WS

**From:** Trina Collins [TCollins@RSBattorneys.com]  
**Sent:** Thursday, September 03, 2009 1:32 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** Ralph Jaeger; Reilly.steve@leg.state.fl.us; jphoy@uiwater.com; Martin Friedman; Christian W. Marcelli; Trina Collins  
**Subject:** Filing in Docket No. 080249-WS; Labrador Utilities, Inc.'s Application for an Increase in Water and Wastewater Rates in Pasco County, Florida  
**Importance:** High  
**Attachments:** PSC Clerk 021 (Joint Motion & Settlement Agreement).ltr.09-03-2009.pdf

- a. Martin S. Friedman, Esq.  
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- b. Docket No.: 080249-WS; Labrador Utilities, Inc.'s Application for an Increase in Water and Wastewater Rates in Pasco County, Florida - Filing 1) Joint Motion Requesting Commission Approval of Settlement Agreement, and 2) Settlement Agreement, both of which have been executed on behalf of Labrador Utilities, Inc.
- c. Labrador Utilities, Inc.
- d. 9 Pages.
- e. Letter to Commission Clerk - 1 page; Joint Motion Requesting Commission Approval of Settlement Agreement - 3 pages; Settlement Agreement - 5 pages.

9/3/2009

DOCUMENT NUMBER-DATE

09191 SEP-3 08

FPSC-COMMISSION CLERK

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MARTIN S. FRIEDMAN, P.A.  
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September 3, 2009

E-FILING

Ann Cole, Commission Clerk  
Office of Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399

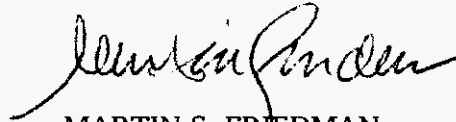
RE: Docket No. 080249-WS; Labrador Utilities, Inc.'s Application for an Increase in Water and Wastewater Rates in Pasco County, Florida  
Our File No.: 30057.157

Dear Ms. Cole:

Enclosed for filing in the above-referenced docket is a Joint Motion Requesting Approval of Settlement Agreement and Settlement Agreement which have been executed on behalf of Labrador Utilities, Inc.

Should you or the Staff have any questions regarding this filing, please do not hesitate to give me a call.

Very truly yours,



MARTIN S. FRIEDMAN  
For the Firm

MSF/tlc  
Enclosures

cc: Ralph Jaeger, Esquire, Office of General Counsel (w/enclosures) (via e-mail)  
Stephen Reilly, Esquire, Office of Public Counsel (w/enclosures) (via e-mail)  
John P. Hoy, Chief Regulatory Officer (w/enclosures) (via e-mail)

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for increase in water  
and wastewater rates in Pasco County  
by Labrador Utilities, Inc.

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Docket No. 080249-WS

Filed:

**JOINT MOTION REQUESTING COMMISSION APPROVAL OF  
SETTLEMENT AGREEMENT**

LABRADOR UTILITIES, INC. ("Labrador"), and the OFFICE OF PUBLIC COUNSEL ("OPC") file this Joint Motion requesting the Florida Public Service Commission ("Commission") to approve the attached Settlement Agreement. In support of this Joint Motion Labrador and OPC state:

1. Labrador and OPC have entered into a Settlement Agreement resolving OPC's Petition and Labrador's Cross Petition concerning Proposed Agency Action Order No. PSC-09-0462-PAA-WS, in accordance with the terms of the Settlement Agreement. A copy of the Settlement Agreement is attached hereto as Exhibit "A".
2. Labrador and OPC have entered into the Settlement Agreement to avoid the time, expense and uncertainty associated with adversarial litigation, in keeping with the Commission's long-standing policy and practice of encouraging parties in protested proceedings to settle issues whenever possible. For these reasons, Labrador and OPC request the Commission to expeditiously issue a Final Order approving the Settlement Agreement without modification and close Docket No. 080249-WS.
3. Pending Commission consideration of the Settlement Agreement, Labrador and OPC request the Commission to suspend discovery and all events currently scheduled in the CASR for this Docket until such time as the Commission acts on this Motion.

DOCUMENT NUMBER-DATE

09191 SEP-3 8

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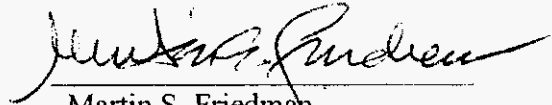
WHEREFORE, Labrador and OPC respectfully request the Commission to approve without modification the attached Settlement Agreement and to suspend discovery and other events scheduled in this proceeding until a Final Order is issued closing this docket.

Respectfully submitted this 2 day of September, 2009.

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Stephen C. Reilly  
Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 W. Madison Street, Rm. 812  
Tallahassee, FL 32399-1400  
PHONE: (850) 488-9330

Attorney for Citizens of the State of Florida



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Martin S. Friedman  
Rose, Sundstrom & Bentley, LLP  
2180 W. State Road 434  
Suite 2118  
Longwood, FL 32779  
PHONE: (407) 830-6331

Attorney for Labrador Utilities, Inc.

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 080249-WS**

**I HEREBY CERTIFY** that a true and correct copy of the foregoing Joint Motion Requesting Commission Approval of Settlement Agreement has been furnished by electronic and U.S. Mail to the following party on this \_\_\_ day of September, 2009.

Ralph Jaeger, Esquire  
Division of Legal Services  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

\_\_\_\_\_  
Stephen C. Reilly  
Associate Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for increase in water  
and wastewater rates in Pasco County  
by Labrador Utilities, Inc.

Docket No. 080249-WS

**SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT is made and entered into this 9<sup>th</sup> September, 2009, by and between Labrador Utilities, Inc. (Labrador or Utility), and the Office of Public Counsel on behalf of the customers of Labrador (Citizens).

**WITNESSETH**

WHEREAS, the Florida Public Service Commission (Commission) issued Proposed Agency Action Order No. PSC-09-0462-PAA-WS in this docket on June 22, 2009 (PAA Order); and

WHEREAS, on July 13, 2009, the Citizens filed a timely protest to the PAA Order; and

WHEREAS, on July 22, 2009, Labrador timely filed a Cross-Petition; and

WHEREAS, in order to avoid the time, expense and uncertainty associated with adversarial litigation, and in keeping with the Commission's long-standing policy and practice of encouraging parties in protested proceedings to settle issues whenever possible, the Citizens and Labrador hereby enter into this Agreement to settle this case in accordance with the terms and conditions contained herein.

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below, the Citizens and Labrador agree as follows:

1. In regards to Quality of Service, the PAA Order shall be amended to note that the Citizens believe the odors coming from the wastewater treatment plant continue to be a problem, particularly when the plant is underutilized during the time the park is less occupied. The Utility

has agreed to work with customer representatives to study the problem, and if necessary, propose cost effective measures to address the wastewater plant odor problem.

2. In regards to Rate Base, the Utility and the Citizens agree that the PAA Order should be amended to note that Labrador and the Citizens do not agree on the determination of the used and usefulness of the Utility's wastewater treatment facilities. It is the intent of Labrador and the Citizens that the PAA shall have no precedential value as to determining the used and usefulness of the wastewater treatment plant. Consequently, the last paragraph of Section IV. B.2. shall be stricken. In lieu of stipulating to any used and useful percentage, the Utility and the Citizens have agreed and stipulated to a total revenue requirement and rates and charges to be paid by the customers.

3. In regards to salaries and benefits, the Citizens do not believe that the total of \$125,288 for salaries and benefits is appropriate. It is the intent of Labrador and the Citizens that the PAA Order shall have no precedential value as to determining the appropriate amount of salaries and benefits. In lieu of stipulating to an appropriate amount of total salaries and benefits, Labrador and the Citizens have agreed and stipulated to a total revenue requirement and rates and charges to be paid by the customers.

4. In regards to rate case expense, the Utility and the Citizens do not agree on the appropriate amount of rate case expense. It is the intent of Labrador and the Citizens that the PAA Order shall have no precedential value as to determining the appropriate amount of rate case expense. In lieu of stipulating to an appropriate amount of total rate case expense, Labrador and the Citizens have agreed and stipulated to a total revenue requirement and rates and charges to be paid by the customers.

5. The Utility and the Citizens have agreed that the appropriate revenue requirements are \$253,624 for water and \$460,135 for wastewater.

6. Labrador and the Citizens agree that based on these reduced revenue requirements the base facility charges from the PAA Order should not be changed and only the gallonage charge for water and wastewater should be adjusted to yield the agreed upon revenue requirement.

7. The Utility and the Citizens agree that the appropriate rates are as follows:

<b>Labrador Utilities, Inc.</b>		<b>Docket No. 080249-WS</b>			
<b>Water Monthly Service Rates</b>					
<b>Test Year Ended 12/31/08</b>					
	<b>Commission Approved Interim</b>	<b>Utility Requested Final</b>	<b>PAA Order Rates</b>	<b>Settlement Rates</b>	<b>4-Year Rate Reduction</b>
<b><u>Residential Service</u></b>					
All Meter Sizes	\$10.69	\$12.75	\$8.87	\$8.87	\$0.32
Gallonge Charge, per 1,000 Gallons	\$5.34	\$6.36	\$6.74	\$6.57	\$0.24
<b><u>General Service</u></b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$10.69	\$12.75	\$8.87	\$8.87	\$0.32
3/4"	\$16.03	\$19.11	\$13.31	\$13.31	\$0.48
1"	\$26.72	\$31.86	\$22.18	\$22.18	\$0.81
1-1/2"	\$53.46	\$63.75	\$44.35	\$44.35	\$1.61
2"	\$85.52	\$101.99	\$70.96	\$70.96	\$2.58
3"	\$171.04	\$203.98	\$141.92	\$141.92	\$5.16
4"	\$267.24	\$318.71	\$221.75	\$221.75	\$8.06
6"	\$534.48	\$637.42	\$443.50	\$443.50	\$16.12
Gallonge Charge, per 1,000 Gallons	\$5.34	\$6.36	\$6.74	\$6.57	\$0.24
<b><u>Irrigation</u></b>					
Base Facility Charge by Meter Size:					
2"	\$85.52	\$101.99	\$70.96	\$70.96	\$2.58
Gallonge Charge, per 1,000 Gallons	\$5.34	\$6.36	\$6.74	\$6.57	\$0.24
<b><u>Typical Residential Bills</u></b>					
3,000 Gallons	\$26.71	\$31.83	\$29.09	\$28.58	
5,000 Gallons	\$37.39	\$44.55	\$42.57	\$41.72	
10,000 Gallons	\$64.09	\$76.35	\$76.27	\$74.57	



Labrador Utilities, Inc.			Docket No. 080249-WS		
Wastewater Monthly Service Rates					
Test Year Ended 12/31/07					
	Commission Approved Interim	Utility Requested Final	PAA Order Rates	Settlement Rates	4-Year Rate Reduction
<b>Residential</b>					
Base Facility Charge All Meter Sizes:	\$13.59	\$18.85	\$21.91	\$21.91	\$0.43
Gallage Charge - Per 1,000 gallons (6,000 gallon cap)	\$10.51	\$14.57	\$11.55	\$9.77	\$0.19
<b>General Service</b>					
Base Facility Charge by Meter Size:					
5/8" x 3/4"	\$13.59	\$18.85	\$21.91	\$21.91	\$0.43
3/4"	\$20.38	\$28.28	\$32.87	\$32.87	\$0.64
1"	\$33.97	\$47.14	\$54.78	\$54.78	\$1.07
1-1/2"	\$67.96	\$94.29	\$109.55	\$109.55	\$2.15
2"	\$108.72	\$150.86	\$175.28	\$175.28	\$3.44
3"	\$217.44	\$301.73	\$350.56	\$350.56	\$6.87
4"	\$339.76	\$471.45	\$547.75	\$547.75	\$10.74
6"	\$679.51	\$942.90	\$1,095.50	\$1,095.50	\$21.48
Gallage Charge, per 1,000 Gallons	\$12.59	\$17.47	\$13.86	\$11.72	\$0.23
<b>Typical Residential Bills</b>					
3,000 Gallons	\$45.12	\$62.56	\$56.56	\$51.22	
5,000 Gallons	\$66.14	\$91.70	\$79.66	\$70.76	
6,000 Gallons (Wastewater Gallage Cap - 6,000 Gallons)	\$76.65	\$106.27	\$91.21	\$80.53	

8. Further, Labrador and the Citizens agree that there is no requirement for a refund of interim rates.

9. The Utility agrees not to file the minimum filing requirements for any new rate case until at least two years after the execution of the Settlement Agreement, except for price indexes and pass-throughs pursuant to Section 367.081(4), Florida Statutes, for the recovery of government-mandated improvements, and those agreed upon between Labrador and the Citizens in the future.

10. The submission of this Settlement Agreement by the Parties is in the nature of an offer to settle. Consequently, if this Settlement Agreement is not accepted and approved without

modification by Commission Order, then this Settlement Agreement is rejected and shall be considered null and void and neither Party may use the attempted agreement in this or any other proceeding.

11. Labrador and the Citizens expressly agree that all activity relating to this docket should be suspended until the Commission disposes of the Joint Motion Requesting Commission Approval of Settlement Agreement.

12. This Settlement Agreement will become effective on the date the Commission enters a final order approving the agreement in total. Upon the Commission issuing a final order approving this Settlement Agreement, the Citizens Petition on Proposed Agency Action and Labrador's Cross-Petition shall be deemed resolved, in accordance with the terms of this Settlement Agreement.

13. The Parties have evidenced their acceptance and agreement with the provisions of this Settlement Agreement by their signatures, and personally represent that they have authority to execute this Settlement Agreement on behalf of their respective Parties.

**OFFICE OF PUBLIC COUNSEL**

By: \_\_\_\_\_

Stephen C. Reilly  
Associate Public Counsel  
On behalf of the Customers  
Of Labrador Utilities, Inc.

**LABRADOR UTILITIES, INC.**

By:  \_\_\_\_\_

Martin S. Friedman  
Attorney for Labrador Utilities, Inc.

Concurring with the Settlement Agreement

\_\_\_\_\_  
Ralph Bechtold  
President  
Forest Lake Estates Nonshareholders Association, Inc.

\_\_\_\_\_  
Beverley Culliford  
President  
Forest Lake Estates Coop, Inc.

\_\_\_\_\_  
Eva Rush  
Chairman of the Utility Committee  
Forest Lake Estates Nonshareholders Association, Inc.