



**STATE OF FLORIDA  
OFFICE OF PUBLIC COUNSEL**

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**WILL WEATHERFORD**  
*Speaker of the House of  
Representatives*

**DON GAETZ**  
*President of the Senate*

**J.R. Kelly**  
*Public Counsel*

June 6, 2014

Ms. Carlotta Stauffer, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

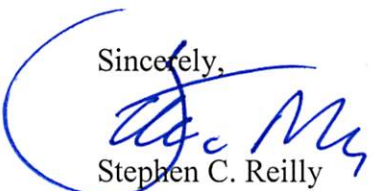
Re: Settlement Agreement - Docket No. 130153-WS

Dear Ms. Stauffer:

Please accept the attached Settlement Agreement which the parties offer to resolve the issues in this docket.

If you have questions, please feel free to give me a call.

Sincerely,

  
Stephen C. Reilly  
Associate Public Counsel

Enclosure

cc: Parties of Record

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In Re: Application for staff-assisted rate case                    )  
In Highlands County, by L.P. Utilities                                )  
Corporation c/o LP Waterworks, Inc.                                 )  
\_\_\_\_\_   )

Docket No. 130153-WS

**SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT is made and entered into this 2<sup>nd</sup> June, 2014, by and between L.P. Utilities Corporation c/o LP Waterworks, Inc. (“L.P. Waterworks” or “Utility”) and the Office of Public Counsel, on behalf of the customers of L.P. Waterworks (“OPC”) and Camp Florida Property Owners Association (“Association”).

**WITNESSETH**

WHEREAS, on May 24, 2013, L.P. Waterworks filed an application for a staff-assisted rate case with the Florida Public Service Commission (“Commission”); and

WHEREAS, on March 27, 2014 the Commission’s staff issued its Recommendation (“Recommendation”) in this docket; and

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below, the sufficiency of which is hereby acknowledged, the parties agree to accept the Recommendation, except for the following:

1. The entire discussion concerning Contractual Services – Other, located on pages 11-15 of the Recommendation, shall be deleted and the following language inserted in its place:

“Contractual Services – Other (636/736): The Parties agree to accept for settlement purposes contractual services other expenses of \$77,184 for water and \$58,692 for wastewater.”

2. The discussion of Bad Debt Expense located on page 16 shall be deleted and the following language inserted in its place:

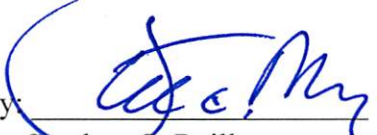
“Bad Debt Expense (670/770): L.P. Waterworks, Inc. recorded bad debt expense of \$1,123 for water and \$907 for wastewater. Staff recommends bad debt expense of \$1,123 for water and \$907 for wastewater.

3. The Parties agree to a reduced list of pro forma plant additions to be included in the revenue requirement of this case. The modified list of pro forma plant additions is detailed in Exhibit “A” attached hereto and made a part of this Settlement Agreement.
4. The water and wastewater revenue requirements provided by the Recommendation produce significant rate increases for the L.P. Waterworks customers. In an effort to moderate and delay the financial impact of these rate increases, the parties agree to the following:
  - a. The water and wastewater rate increases shall be implemented in two phases. Phase I shall recover only the recommended operation and maintenance expenses, property taxes and regulatory assessment fee (RAF) expense, as modified by this Agreement. There shall be no recovery of the Utility’s return on rate base, including modified water and wastewater pro forma plant additions, including depreciation net of CIAC amortization, in Phase I rates, which are estimated to be implemented sometime in September, 2014.
  - b. Phase II rates shall not be implemented any sooner than 1 year after implementation of the Phase I rates, which is estimated to be in September, 2015. Phase II rates shall include the recovery of the Utility’s return on rate base, including the modified water and wastewater pro forma plant additions, including depreciation net of CIAC amortization, together with the recovery of the approved operation and maintenance expenses, property taxes and RAF expense, as modified by this Agreement.
  - c. The Utility agrees not to file a new rate case before one year after implementation of the Phase II rate increase, which is estimated to be no sooner than September, 2016.
5. Staff shall make all of the fall-out adjustments, including any required retirements, to the Recommendation consistent with the changes made by this Settlement Agreement.

6. In keeping with the Commission's long-standing practice of encouraging parties to settle issues whenever possible, the Parties offer this Settlement Agreement. As with every Settlement Agreement, it offers compromises of each Party's positions and must be accepted or rejected without modification. Consequently, if the terms of this Agreement, without modification, are not accepted by Staff and incorporated into an amended Recommendation, which is approved, without modification by Commission Order, not subject to further proceedings or judicial review, then this Settlement Agreement shall be considered null and void, and no party may use the attempted Agreement in this or any other proceeding.

IN WITNESS WHEREOF, the Parties have hereunder caused this Settlement Agreement to be executed as of the date next to each signature, in counterparts, each counterpart to be considered an original.

**OFFICE OF PUBLIC COUNSEL**

By:  6/2/14  
Stephen C. Reilly Date  
Associate Public Counsel  
On behalf of the Customers of  
L.P. Waterworks, Inc.

**L.P. UTILITIES CORPORATION c/o  
L.P. WATERWORKS, INC.**

By: \_\_\_\_\_  
Gary Deremer Date  
President

**CAMP FLORIDA PROPERTY  
OWNERS ASSOCIATION**

By: \_\_\_\_\_  
Bruce Ridley Date  
President

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Handwritten signature and date: *[Signature]* 8/5/14

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**OFFICE OF PUBLIC COUNSEL**

By: \_\_\_\_\_  
Stephen C. Reilly                      Date  
Associate Public Counsel  
On behalf of the Customers of  
L.P. Waterworks, Inc.

**L.P. UTILITIES CORPORATION c/o  
L.P. WATERWORKS, INC.**

By: \_\_\_\_\_ *6-1-14*  
Gary Defemer                      Date  
President

**CAMP FLORIDA PROPERTY  
OWNERS ASSOCIATION**

By: \_\_\_\_\_  
Bruce Ridley                      Date  
President

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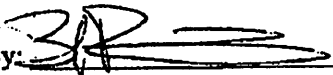
**OFFICE OF PUBLIC COUNSEL**

**LP. UTILITIES CORPORATION c/o  
LP. WATERWORKS, INC.**

By: \_\_\_\_\_  
 Stephen C. Reilly                      Date  
 Associate Public Counsel  
 On behalf of the Customers of  
 L.P. Waterworks, Inc.

By: \_\_\_\_\_  
 Gary Deremer                      Date  
 President

**CAMP FLORIDA PROPERTY  
OWNERS ASSOCIATION**

By:  \_\_\_\_\_  
 Bruce Ridley                      Date  
 President

In keeping with the Commission's longstanding practice of encouraging parties to settle issues whenever possible, the Parties offer this Settlement Agreement as with every Settlement Agreement it offers compromises of each Party's position and must be accepted or rejected without modification. Consequently, if the terms of this Agreement, without modification, are not accepted by both and incorporated into an amended Recommendation which is approved without modification by Commission Order, subject to further proceedings or judicial review, then this Settlement Agreement shall be considered null and void, and no party may use the stipulated Agreement in this or any other proceeding.

IN WITNESS WHEREOF, the Parties have hereunder caused this Agreement to be executed as of the date hereon to each signature in counterparts and counterpart to be considered an original.

L.P. WATERWORKS CORPORATION  
L.P. WATERWORKS, INC.

OFFICE OF THE PUBLIC UTILITIES COMMISSION

By: \_\_\_\_\_  
Date: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Stephen C. Kelly  
Associate Public Counsel  
On behalf of the Commission of  
L.P. Waterworks, Inc.

CAMP BIRD ORLAND PROPERTY  
OWNERS ASSOCIATION

By: \_\_\_\_\_  
Date: \_\_\_\_\_  
Bruce Ridley  
President

RECEIVED	DATE	TIME	BY	OFFICE
RECEIVED	DATE	TIME	BY	OFFICE



EXHIBIT "A"

MODIFIED PRO FORMA PLANT ADDITIONS

<u>WATER</u>	
<u>Description of Plant Improvement</u>	<u>Cost</u>
1. Install chlorine monitoring system, two chlorine gas scales, safety equipment, automatic switchover units	\$3,800.00
2. Replace damaged roof @WTP #1	\$6,000.00
3. Alarm Upgrade to provide web based monitoring system at WTP #1	\$2,873.40
4. Improve chlorine feed system to meet safety codes at WTP #2	\$5,000.00
5. Alarm upgrade to provide web based monitoring system at WTP #2	\$2,873.40
6. Replace water meters that have up to 900,000 gallons of use (97 meters)	\$8,472.95
7. Replace self-contained breathing apparatus (SCUBA) with new equipment	\$2,500.00
8. Install new pressure gauge on hydro-pneumatic tank and install hardware cloth around fans in chlorine room for WTP #1	<u>\$1,137.70</u>
Water Total:	\$32,657.45

WASTEWATER

<u>Description of Plant Improvement</u>	<u>Cost</u>
1. Replace the existing air header with more reliable galvanized piping	\$3,800.00
2. Security fencing replacement	\$650.00
3. Replace one blower at WWTP	\$6,000.00
4. Repair check valve and replace pressure tank of washdown well	\$558.97
5. Replace float controls for surge tank pumps and replace valve	\$981.16
6. Replace existing 3HP pumps with 10 HP pumps to produce enough velocity to scour force main piping	<u>\$18,476.88</u>
Wastewater Total:	\$30,467.01