

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Disposition of 2017 Overearnings for:

Black Bear Waterworks, Inc.  
Brendenwood Waterworks, Inc.  
Brevard Waterworks, Inc.  
Country Walk Utilities, Inc.  
Harbor Waterworks, Inc.  
Lake Idlewild Utility Company  
Raintree Waterworks, Inc.  
Sunny Hills Utility Company

Docket No. 2017 \_\_\_\_\_

Filed: November 17, 2017

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

The Office of Public Counsel (“OPC”), on behalf of the Citizens of the State of Florida

(“Citizens”) and the following utilities:

Black Bear Waterworks, Inc.  
Brendenwood Waterworks, Inc.  
Brevard Waterworks, Inc.  
Country Walk Utilities, Inc.  
Harbor Waterworks, Inc.  
Lake Idlewild Utility Company  
Raintree Waterworks, Inc.  
Sunny Hills Utility Company

(hereafter referred to as “Utilities”), pursuant to Section 367.081 and Section 120.57(4), Florida Statutes, and Rule 28-106.301, Florida Administrative Code, file this Joint Motion respectfully requesting the Florida Public Service Commission (“Commission”) to approve the Settlement Agreement, attached as Exhibit “A”, as provided in this motion. In support of the Joint Motion, OPC and the Utilities (the “Parties”) state:

1. The staff of the Commission identified potential 2017 overearnings based upon the review of the 2016 Annual Report of the respective Utilities.

2. The Parties exchanged data regarding Utilities' potential earnings above the maximum allowed returned on equity (ROE), and conducted discussions related to earnings data provided by Utilities to OPC.

3. 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 to settle issues whenever possible, OPC and the Utilities have entered into a Settlement Agreement.

4. This Settlement Agreement resolves the disposition of 2017 overearnings for Black Bear Waterworks, Inc.; Brendenwood Waterworks, Inc.; Harbor Waterworks, Inc.; Lake Idlewild Utility Company; Raintree Waterworks, Inc. as well as holds subject to refund all revenues received during the calendar year 2018 that are above its authorized ROE range until the final review of its 2018 Annual Report.

5. The Parties agree that this Settlement Agreement is in the public interest. The provisions of this Settlement Agreement are contingent on approval of this Settlement Agreement in its entirety by the Commission without modification.

6. The Parties request expedited review and approval of this Settlement Agreement at the December 12, 2017 Commission Agenda Conference.

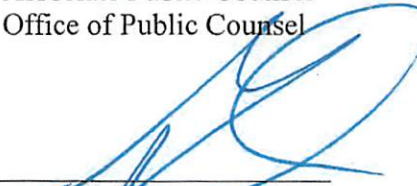
WHEREFORE, OPC and the Utilities respectfully request the Commission approve this Settlement Agreement.

Respectfully submitted this 17th day of November, 2017.



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Erik L. Saylor  
Associate Public Counsel  
Office of Public Counsel



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Gary Deremer  
President

Black Bear Waterworks, Inc.  
Brendenwood Waterworks, Inc.  
Brevard Waterworks, Inc.  
Country Walk Utilities, Inc.  
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**Exhibit "A"**

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Disposition of 2017 Overearnings for:

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Docket No. 2017\_\_\_\_\_

Filed: November 17, 2017

**SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT is made and entered into this 17th day of November, 2017, by and between the following utilities:

Black Bear Waterworks, Inc.  
Brendenwood Waterworks, Inc.  
Brevard Waterworks, Inc.  
Country Walk Utilities, Inc.  
Harbor Waterworks, Inc.  
Lake Idlewild Utility Company  
Raintree Waterworks, Inc.  
Sunny Hills Utility Company

(hereafter referred to as "Utilities"), and the Office of Public Counsel ("OPC"), on behalf of the Citizens of the State of Florida ("Citizens") and customers of each respective Utilities (hereafter, "Parties").

**WITNESSETH**

WHEREAS, the staff of the Florida Public Service Commission ("Commission" or "FPSC") identified potential 2017 overearnings based upon the review of the 2016 Annual Report of the respective Utilities;

WHEREAS, the Utilities submitted a letter dated May 5, 2017 to the FPSC as acknowledgement of and consent to the FPSC's jurisdiction over the extent to which the earned return on common equity (ROE) for the year ending December 31, 2016 exceeds the maximum of the allowed ROE;

WHEREAS, it was the Utilities' understanding that any decision regarding the disposition of any portion of such earned return above the maximum allowed ROE will be subject for disposition after the nature and extent of any such amount above the approved ROE ranges are known;

WHEREAS, on October 3, 2017, an informal meeting between the FPSC, Utilities, and OPC was held to discuss the potential disposition of any portion of such earned return above the maximum allowed ROE ("overearnings");

WHEREAS, the Parties conducted further discussions and evaluation of additional data provided by Utilities to OPC on such overearnings;

WHEREAS, the Parties to this Agreement have undertaken to resolve the issues raised in this proceeding so as to maintain a degree of stability and predictability with respect to customer bills;

WHEREAS, the Parties have entered into this Settlement Agreement in compromise of positions taken in accord with their rights and interests under Chapters 350 and 367, Florida Statutes, as applicable, and as a part of the negotiated exchange of consideration among the parties to this agreement each has agreed to concessions to the others with the expectation that all provisions of this Settlement Agreement will be enforced by the Commission as to all matters addressed herein with respect to all parties regardless of whether a court ultimately determines such matters to reflect Commission policy, upon acceptance of the agreement as provided herein

and upon approval in the public interest; 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 the following:

1. **Black Bear Waterworks, Inc.:** Black Bear Waterworks, Inc. (Black Bear) agrees to refund via credit on its customers' account 10.44% of water revenues billed for the calendar year 2017. The refunds shall be made pursuant to Rule 25-30.360(3), Florida Administrative Code. This refund credit shall be based upon each individual customer's billed amounts for the 2017 calendar year. Black Bear also agrees to hold subject to refund all revenues received during the calendar year 2018 that are above its authorized ROE range until the final review of its 2018 Annual Report. Black Bear hereby consents to the FPSC's jurisdiction over the extent to which its earned ROE for the year ending December 31, 2018 exceeds the maximum of its allowed ROE.

2. **Brendenwood Waterworks, Inc.:** Brendenwood Waterworks, Inc. (Brendenwood) agrees to refund via credit on its customers' account 14.20% of water revenues billed for the calendar year 2017. The refunds shall be made pursuant to Rule 25-30.360(3), Florida Administrative Code. This refund credit shall be based upon each individual customer's billed amounts for the 2017 calendar year. Brendenwood also agrees to reduce water rates by 11.38% on a prospective basis effective the first billing cycle in January 2018.

3. **Harbor Waterworks, Inc.:** In recognition of additional water plant investment anticipated for 2018, Harbor Waterworks, Inc. (Harbor) agrees to apply a credit adjustment to its water Contributions in Aid of Construction (CIAC) account in the amount of \$39,160 (with an offsetting adjustment to its Retained Earnings account). Harbor also agrees to hold subject to refund all water revenues received during the calendar year 2018 that are above its authorized

ROE range until the final review of its 2018 Annual Report. Harbor hereby consents to the FPSC's jurisdiction over the extent to which its earned ROE for the year ending December 31, 2018 exceeds the maximum of its allowed ROE.

4. **Lake Idlewild Utility Company:** Lake Idlewild Utility Company (Lake Idlewild) agrees to refund via credit on its customers' account 9.67% of water revenues billed for the calendar year 2017. The refunds shall be made pursuant to Rule 25-30.360(3), Florida Administrative Code. This refund credit shall be based upon each individual customer's billed amounts for the 2017 calendar year. Lake Idlewild also agrees to hold subject to refund all revenues received during the calendar year 2018 that are above its authorized ROE range until the final review of its 2018 Annual Report. Lake Idlewild hereby consents to the FPSC's jurisdiction over the extent to which its earned ROE for the year ending December 31, 2018 exceeds the maximum of its allowed ROE.

5. **Raintree Waterworks, Inc.:** Raintree Waterworks, Inc. (Raintree) agrees to refund via credit on the customers' account 2.88% of water revenues billed for the calendar year 2017. The refunds shall be made pursuant to Rule 25-30.360(3), Florida Administrative Code. This refund credit shall be based upon each individual customer's billed amounts for the 2017 calendar year. Raintree also agrees to hold subject to refund all revenues received during the calendar year 2018 that are above its authorized ROE range until the final review of its 2018 Annual Report. Raintree hereby consents to the FPSC's jurisdiction over the extent to which its earned ROE for the year ending December 31, 2018 exceed the maximum of its allowed ROE.

6. **Brevard Waterworks, Inc., Country Walk Utility Company, or Sunny Hills Utility Company:** The Parties agree, based upon the analysis of the current and prospective 2017 earnings, there are no further action needed with respect to Brevard Waterworks, Inc., Country

Walk Utility Company, or Sunny Hills Utility Company.

7. In keeping with the Commission's long-standing policy and practice of encouraging parties to settle issues whenever possible, the Parties submit this Settlement Agreement for review and approval. The Parties agree that this Settlement Agreement is in the public interest. The provisions of this Settlement Agreement are contingent on approval of this Settlement Agreement in its entirety by the Commission without modification. The Parties further agree that they will support this Settlement Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of this Settlement Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Settlement Agreement or the subject matter hereof. No Party will assert in any proceeding before the Commission that this Settlement Agreement nor any of the terms herein shall have any precedential value nor may it be used in any other proceeding. To the extent a dispute arises among the parties about the provisions, interpretation, or application of this agreement, the parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution. Approval of this Settlement Agreement in its entirety will resolve all matters and issues discussed herein pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket should be closed administratively after Commission staff verifies the revised tariff sheets, customer notices have been mailed, and refunds have been made.



IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Settlement Agreement by their signature.

**OFFICE OF PUBLIC COUNSEL**

Date: 11-17-17

By: 

Erik L. Saylor  
Associate Public Counsel

Attorney for the Citizens  
of the State of Florida

**UTILITIES**

Date: 11-17-17

By: 

Gary Deremer  
President

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