

ORIGINAL

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of ALAFAYA UTILITIES, INC., for an increase in wastewater rates in Seminole County

Docket No. 060256-SU

RECEIVED PSC 07 MAY -4 PM 4:31 COMMISSION CLERK

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into this 4th day of May, 2007, by and between Alafaya Utilities, Inc. ("Alafaya" or "Utility"), and the Office of Public Counsel on behalf of the customers of Alafaya ("Citizens").

WITNESSETH

WHEREAS, the Florida Public Service Commission ("Commission") issued Proposed Agency Action Order No. PSC-07-0130-SC-SU in this docket on February 15, 2007, ("PAA Order"); and

WHEREAS, on March 8, 2007, the Citizens filed a timely protest to the PAA Order; and

WHEREAS, on March 16, 2007, Alafaya 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

CMP _____

COM _____ parties in protested proceedings to settle issues whenever possible, the Citizens and Alafaya hereby

CTR _____ enter into this Agreement to settle this case in accordance with the terms and conditions contained

ECR _____

GCL 2 herein.

OPC _____

RCA _____

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below, the

SCR _____

SGA _____

SEC _____

OTH _____

RECEIVED & FILED

RVN

BUREAU OF REC

DOCUMENT NUMBER-DATE

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FPSC-COMMISSION CLERK

Citizens and Alafaya agree as follows:

1. The PAA Order shall be amended to eliminate the language relating to the determination of the used and usefulness of Alafaya's wastewater treatment plant. It is the intent of Alafaya and the Citizens that the PAA shall have no precedential value as to determining the used and usefulness of the wastewater treatment plant.

2. Alafaya and Citizens stipulate to a reduction in Alafaya's revenue requirement in the amount of Fifteen Thousand Dollars (\$15,000.00). Any refund required because of Alafaya's implementation of PAA rates shall be accounted for on the books of Alafaya as contributions-in-aid-of-construction (CIAC). Further, approval by Alafaya and the Citizens of the above stipulated revenue requirements shall in no way limit or estop either party from espousing whatever positions either deems appropriate for each and every issue that might be in controversy in any subsequent proceeding.

3. 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.

4. Alafaya 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.

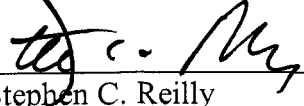
5. This Settlement Agreement will become effective on the date the Commission enters a final order approving the agreement in total. Upon the Commission issuing a final order approving

this Settlement Agreement, the Citizens Petition on Proposed Agency Action and Alafaya's Cross-Petition shall be deemed resolved, in accordance with the terms of this Settlement Agreement.

6. 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.

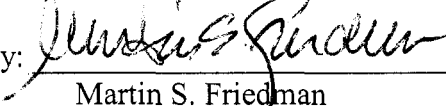
OFFICE OF PUBLIC COUNSEL

By: _____


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

ALAFAYA UTILITIES, INC.

By: _____


Martin S. Friedman
Attorney for Alafaya Utilities, Inc.