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JACOBS & PETERS, P.A.

ATTORNEYS AT LAW

401 CENTRE STREET
THE HISTORIC POST OFFICE BUILDING
SECOND FLOOR

FERNANDINA BEACH, FLORIDA 32034

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January 29, 1997

ARTHUR I. JACOBS
ROBERT L. PETERS, C.P.A.

MAILING ADDRESS
POST OFFICE BOX 1110
FERNANDINA BEACH, FL 32035-1110

Florida Public Service Commission
Clerk of Water/ Sewer Section
2540 Shumard Oak Boulevard
Gunter Building
Tallahassee, Florida 32399-0850

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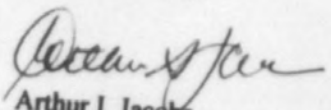
Florida Public Service Commission
Division of Water and Wastewater

961529

Dear Sir:

Enclosed herewith please find the original and fifteen copies of a Notice of Filing. Should you have any questions, please do not hesitate to contact me.

Yours sincerely,



Arthur I. Jacobs
General Counsel
Florida Public Utilities Company

AJJ/bs

Enclosure

- ACK cc: Kathy Johnson, Esquire
- AFA _____
- APP _____
- CAF _____
- CMU _____
- CTR _____
- EAG _____
- LEG 1
- LIN 5
- CPC _____
- RCH _____
- SEC 1
- WAS Follow up
- OTH _____

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DOCUMENT NUMBER-DATE
01524 FEB 11 97
FPSC-RECORDS/REPORTING

AGREEMENT

THIS AGREEMENT, made and entered into on the ____ day of _____, 1996, by and between the City of Fernandina Beach, a municipality organized and existing under the Laws of the State of Florida (hereinafter referred to as the "City"), and Florida Public Utilities Company, a corporation organized and existing under the Laws of the State of Florida, (hereinafter referred to as "Company").

WHEREAS, the City is engaged in the business of providing sewer service and sanitation collection within the city of Fernandina Beach, and

WHEREAS, the Company is engaged in the business of providing water service to the general public in the city of Fernandina Beach and adjacent areas, and

WHEREAS, the City desires the Company to perform billing, collecting and accounting services for the City's sewer and sanitation services customers who also receive water service from the Company, and

WHEREAS, the Company has agreed to provide said services to the City.

NOW, THEREFORE, in consideration of the mutual covenants and conditions contained herein, it is agreed as follows:

- (1) The City and the Company will jointly determine and identify each sewer and sanitation customer of the City who is also a water customer of the Company and will designate such customers as City customers to be billed by the Company for sewer and sanitation services provided by the City.

(2) The Company's responsibility for customer billing, bill collecting and accounting service shall be limited to the sewer and sanitation service customers of the City as designated herein.

(3) The City and the Company agree that, for those customers receiving water service from the Company, they will establish common service and billing addresses for sewer, sanitation and water services, verify identical customer's name for each service address and establish a common entity liable for the payment for services received at each service address. Further, the City and Company agree that for those customers of the City that do not receive services provided by the Company, the Company shall bill those customers using service addresses, billing addresses and customer names provided by the City.

(4) The City will (a) provide the Company with rate schedules applicable for sewer and sanitation services; (b) advise the Company as to the applicability of the rate schedules; (c) advise the Company, at least thirty (30) days in advance of the effective date, when a rate schedule or rate applicability has been revised or modified, and; (d) advise the Company of the amount and applicability of any and all taxes to be included on a customer's bill.

(5) The City will reimburse the Company all costs incurred by the Company to modify its billing software programs as a result of future changes or revisions after January 1, 1997 made by the City to its rate structure and/or tax structures or applications thereof, no software costs would be incurred by the City to facilitate changes in rates charges only.

(6) The Company shall calculate any and all state, county and municipal taxes applicable to the provision of sewer and sanitation services and include these amounts on each customer's bill. All

of the City's sewer and sanitation service charges, plus any and all applicable taxes, paid by the City's customers, will be collected and receipted by the Company and the Company shall transmit to the City on a weekly basis the collected balance for the preceding week. The City shall be solely responsible for filing any/all applicable and required tax forms and for remitting amounts due to the appropriate taxing authorities.

(7) The City and Company both agree that the billing periods for sewer and sanitation services shall be those used by Company to bill for water services. Company will bill and collect, from each City water service customer, charges for sewer and sanitation services by including these charges on the customer's bill for water service. Charges for sewer and sanitation services will be listed separately on the bill and be identified by type of service received.

(8) The Company agrees to utilize the same diligence, policies and procedures to bill, collect and account for sewer and sanitation accounts as those used by the Company in billing, collecting and accounting for water service accounts. In all cases where the total bill is not paid in full by the customer, the amount of the partial payment remitted by the customer will be apportioned and applied to the charges for electric, water, sewer and sanitation shown on the bills, at the same percentage ratio as the individual service charges have to the total amount of the bill, i.e., amount remitted to City = (sewer + sanitation charges) divided by the (electric, water, sewer and sanitation charges) times the amount paid.

(9) The City and Company agree that water usage adjustments which are granted to water customers by the Company shall be accepted and recognized by the City as being applicable to the

calculation of an adjusted charge for sewer services included on the bill. The City agrees that water usage adjustments granted to customers by the Company based on over or under registration of water meters, underground leaks, estimated water usage due to inoperative water meters, incorrect meter readings or other valid reasons will also be used by the Company to adjust water usage based sewer service charges for the customer.

(10) The City shall be responsible for collecting all charges for sewer and sanitation service billed by the City prior to the commencement of the billing for these services by the Company. If necessary, the City shall prorate its sewer and sanitation billings to facilitate the implementation of the Company's cycle billing procedures for these services.

(11) The City and Company agree that billed charges for sewer and sanitation services will be due and payable at the same time charges for water service are due and payable. The Company agrees to require customers to pay sewer and sanitation charges at the same time and under the same terms and conditions that the charges for water service are paid.

(12) The Company shall request approval from the Florida Public Service Commission (FPSC) to discontinue a customer's water service in the event of nonpayment of the sewer service charges and upon receipt of approval from the FPSC, the Company agrees that it will discontinue water service to customers whose sewer service accounts remain unpaid and, will not reestablish water service for a customer until such time as all delinquent water and sewer charges have been paid by that customer. Discontinuance and reestablishment of water service due to unpaid sewer service charges will be in accordance with the Company's established rules and regulations for water service

or as set forth in any terms and conditions required by the FPSC to obtain their approval of this Agreement. Any and all such required FPSC terms and conditions shall become a part of this Agreement as though first written herein.

(13) The City and Company agree that the terms and conditions of this Agreement shall not interfere with, inhibit or prevent the Company from discontinuing water service to any water customer at any time in accordance with the Company's filed and approved rules and regulations for water service (Company's FPSC approved tariff for water service).

(14a) The Company agrees to furnish the City monthly reports which set forth gross revenues, tax revenues billed, revenues collected, or unpaid revenue and the Company fees deducted for providing billing services. Such monthly reports shall be furnished on or about the 20th of the first month following the month being reported.

(14b) The Company will conduct the billing function on behalf of the City, as referred to and described in this Agreement, in a timely, efficient, accurate, business-like and courteous manner.

(15) In consideration for the services provided under this Agreement, the City agrees to pay the Company a per bill fee of \$1.21. The \$1.21 per bill fee will remain in effect for the initial five (5) years of the Agreement after which, and at the end of every three (3) years succeeding thereafter, the fee may be increased or decreased by a percentage amount equal to the aggregate percentage change in the PPI during the preceding period or, by the percentage increase or decrease in the Company's per customer operating expense during the preceding period, whichever is less. (Per customer operation expenses to include per customer expenses for transmission and distribution operating

expense, customer account expense and administrative and general expenses which totaled \$67.04 per customer for 1995).

In addition, should the Florida Public Service Commission determine, at any time during the term of this Agreement, the amount allocated by the Company for expenses related to the performance of the agreed-to billing function is inadequate and requires the Company to increase the amount to be allocated, the Company will provide the City, in writing, ninety (90) days notice of the required changes and the new per bill fee to be applicable. However, the Company agrees that no increase to the per bill fee, required or otherwise, will become applicable during the initial five (5) year period of this Agreement and that the City retains the option to accept any new per bill fee or terminate the Agreement. The Company further agrees to use its best effort to minimize the allocation of expenses in all negotiations with the FPSC.

(16) The Company shall provide written notice to the City should any section, or portion thereof, of this Agreement be declared invalid or unenforceable by the FPSC or a court of competent jurisdiction. In such an event, the parties will accept the remaining unaffected sections of this Agreement as written and renegotiate the section or portion thereof declared invalid or unenforceable and all other terms or conditions affected by said declaration.

(17) The term of this Agreement shall be coextensive and concurrent with the terms set forth in the franchise for water services granted to the Company by the City. The City and Company agree that this Agreement may be amended at any time upon written agreement of both parties.

(18) This Agreement shall inure to the benefits to the successors and assigns of the City and the Company.

(19) This Agreement shall become effective on the date first set forth herein with the actual services provided by the Company for the City to commence no later than January 1, 1997.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures as of the day and year first above written.

CITY OF FERNANDINA BEACH

By: Charles L. Alford, Jr.
Its: Mayor - Commissioner

ATTEST: Vicki P. Cannon
Its: City Clerk

FLORIDA PUBLIC UTILITIES COMPANY

By: _____
F. C. Cressman, President

ATTEST: _____
Corporate Secretary

BEFORE THE PUBLIC SERVICE COMMISSION

In Re: Request for approval of)
Florida Public Utilities Company)
entering into agreement with City)
of Fernandina Beach revising Tariff)
to allow for the discontinuance of)
water service of any customer owing)
unpaid sewer bills to the City of)
Fernandina Beach pursuant to)
Section 159.18(2), Florida Statutes.)

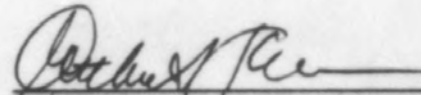
DOCKET NO. 96-1529

FILED: January 29, 1997

NOTICE OF FILING

Petitioner, FLORIDA PUBLIC UTILITIES COMPANY (F.P.U.C.) hereby gives notice of filing the agreement proposed to become an amendment to their Tariff if Rule 25-30.320(2)(g) is waived.

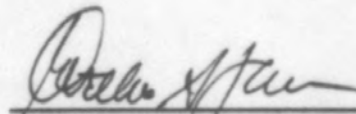
Respectfully submitted,



ARTHUR I. JACOBS, ESQUIRE
General Counsel for
Florida Public Utilities Company (F.P.U.C.)
Post Office Box 1110
Fernandina Beach, Florida 32034
(904) 261-3693

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy hereof has been furnished Kathy Johnson, Esquire, 2540 Shumard Oak Boulevard, Gunter Building, Tallahassee, Florida 32399-0850, by U. S. Mail, this 28th day of January, 1997.



ARTHUR I. JACOBS, ESQUIRE

DOCUMENT NUMBER-DATE
01524 FEB 11 5
FPSC-RECORDS/REPORTING

RULES AND REGULATIONS (Continued)

12. Force Majeure (Continued)

been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or prevent any strike or other controversy with employees shall not be considered to be a matter within the control of the party claiming suspension.

13. Discontinuance of Service

The Company reserves the right, but assumes no liability for failure to do so, to discontinue service to any Customer for cause as follows:

A. Without notice,

- (1) if a dangerous condition exists on Customer's premises in piping or water consuming devices.
- (2) because of fraudulent use of the service or tampering with Company's equipment.
- (3) upon request by Customer, subject to any existing agreement between Customer and Company as to unexpired term of service.

B. After five (5) working days' (any day on which the utility's business office is open and the U.S. Mail is delivered) written notice which is mailed separate and apart from any other bill,

- (1) for non payment of bills for water service.
- (2) when Company has reasonable evidence that Customer has been previously disconnected for nonpayment at present or other location and is receiving service for his own use under a different name in order to avoid past due payments to Company.
- (3) for refusal or failure to make a deposit or increase a deposit, when requested, to assure payment of bills.
- (4) for a violation of these Rules and Regulations which Customer refuses or neglects to correct.
- (5) when customer has not paid after ten (10) working days its sewer bill from the City of Fernandina Beach.

Effective Date: For services rendered on or after _____

Type of Filing: 1991 Price Index and Pass Through of Regulatory Assessment Fees Rate Adjustment.

Issued by: F.C. Cressman, President

Effective: _____