

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for rate increase and for increase in service availability charges in Lake County by Lake Utility Services, Inc.) Docket No. 960444-WU) Filed: February 25, 1999

SETTLEMENT AGREEMENT

Lake Utility Services, Inc. (LUSI) and the Citizens of the State of Florida ("Citizens") hereby agree as follows:

WHEREAS, this case has been pending since 1996 and is currently scheduled for hearing on March 10-11, 1999 on Citizens' protest of Notice of Proposed Agency Action Order No. PSC-98-0683-AS-WU, which was the second proposed agency action order issued in this docket;

WHEREAS, LUSI expects to make approximately \$1.2 million in capital investment in its water system during the period 1999-2000 in order to continue its interconnection program and to maintain or improve the quality and reliability of service; and

WHEREAS, in order to avoid the time, expense, and risk of further litigation, LUSI and Citizens desire to settle this case

ACK on the terms and conditions set forth below.

- AFA 1
APP
CAF
CMC
CTR
EAG
LEG 1
LIN 3
OPC
RCH
SEC
(WAS) Willis
OTH

NOW, THEREFORE, LUSI and Citizens agree as follows:

- 1. Effective for the first meter reading after the approval of tariffs, LUSI will implement the uniform rates shown on Attachment A for all of its service territory in Lake County.

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For a 5/8" x 3/4" meter, the rate is a base facility charge of \$5.91 and a gallonage charge of \$0.68 per 1,000 gallons.

2. Within 90 days following implementation of these rates, LUSI will refund to customers with interest the difference between the interim rates and the previously authorized rates in accordance with Rule 25-30.360. For purposes of the refund calculation, the previously authorized rates for the various service territories are those set forth on pages 13 and 14 of Order No. PSC-96-1187-FOF-WU under the column "Rates Approved in Settlement" and on pages 15 and 16 of that order under the column "Rates Prior to Filing".

3. LUSI will be entitled to collect AFPI charges in the amounts and for the number of connections as set forth on pages 43-45 of Order PSC-97-0531-FOF-WU and Schedule 7 to that order. These are the rates that are currently being collected pursuant to a Commission-approved tariff.

4. Effective upon the approval of tariffs, LUSI will reduce its service availability charges to a plant capacity charge of \$270 per ERC and a main extension charge of \$270 per ERC.

5. Neither LUSI, Citizens, nor the Commission will institute any proceeding to change the rates or charges established by this Settlement Agreement, or to place any portion of such rates or charges subject to refund, based on information related to any period earlier than an historical 1999 test year;

provided, that if LUSI makes at least \$525,000 of capital investment in the water system during calendar year 1999 (whether accounted for as Plant in Service or Construction Work in Progress), then neither LUSI, Citizens, nor the Commission will institute any proceeding to change the rates or charges established by this Settlement Agreement, or to place any portion of such rates or charges subject to refund, based on information related to any period earlier than an historical 2000 test year.

6. The parties accept the individual account balances of Plant-in-Service and Accumulated Depreciation at 12/31/95 as shown on Exhibits PWM-1 and PWM-2 to the prefiled direct testimony of Patricia W. Merchant filed on February 8, 1999. A copy of these exhibits is attached to this Settlement Agreement as Attachment B.

7. This Settlement Agreement is a complete resolution of this docket. Except as specifically set forth herein, upon acceptance of this Settlement Agreement by the Commission, PAA Order Nos. PSC-97-0531-FOF-WU and PSC-98-0683-AS-WU shall be deemed to be withdrawn and shall have no further force and effect.

8. This Settlement Agreement is a compromise. In the event this Settlement Agreement is not accepted by the Commission in its entirety, and without amendment: (a) this Settlement Agreement shall become null and void, (b) this Settlement Agreement shall not be admissible for any purpose in this or any

other proceeding, and (c) LUSI and Citizens do not waive their right to take any position available to them in this or any other proceeding. LUSI and Citizens will use their best efforts to obtain Commission acceptance of this Settlement Agreement.

9. Upon acceptance of this Settlement Agreement by the Commission, this Settlement Agreement shall be attached to and become a part of the Commission's final order in this proceeding.

EXECUTED this 25 th day of February, 1999.

CITIZENS OF FLORIDA

By: Jack Shreve
Jack Shreve, Public Counsel

Attorneys for the
Citizens of Florida

HOPPING GREEN SAMS & SMITH,
P.A.

By: Richard D. Melson
Richard D. Melson

Attorneys for
Lake Utility Services, Inc.

**Lake Utility Services, Inc.
Docket No. 960444-WU
Settlement Agreement
February 1999**

Attachment A

RESIDENTIAL AND GENERAL SERVICE

WATER

MONTHLY RATES

<u>Meter Size</u>		
5/8 x 3/4"	\$	5.91
1"	\$	14.78
1-1/2"	\$	29.55
2"	\$	47.28
3"	\$	88.65
4"	\$	147.75
6"	\$	295.50
Gallage charge per 1,000 gallons	\$	0.68

LAKE UTILITY SERVICES, INC
 ADJUSTED BALANCES OF UTILITY PLANT IN SERVICE
 TEST YEAR ENDED DECEMBER 31, 1995

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UPIS SUMMARY - TOTAL COMPANY

Account No.	DESCRIPTION	BALANCE @12/31/94	ADD	RETIRE	BALANCE @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$14,991	\$1,567	\$0	\$16,558	\$15,775
304	STRUCT. & IMPROV.	42,380	2,633	0	45,014	43,697
307	WELLS & SPRINGS	182,775	26,721	(4,500)	204,995	193,885
311	PUMPING EQUIP.	96,862	21,656	(4,262)	114,257	105,559
320	WTR. TREAT. EQUIP	98,164	5,236	(2,140)	101,260	99,712
330	DISTRIB. RESERVOIR	77,104	9,055	(3,429)	82,731	79,918
331	TRANS. & DIST. MAIN	1,147,519	15,073	0	1,162,592	1,155,056
333	SERVICES	86,538	19,427	0	105,964	96,251
334	METERS & INSTALL	18,654	7,314	(2,696)	23,273	20,963
335	HYDRANTS	31,861	1,072	0	32,933	32,397
343	TOOLS, SHOP & GRG	5,405	1,333	0	6,737	6,071
	SUBTOTAL	1,802,254	111,088	(17,027)	1,896,315	1,849,285
344	LABORATORY EQT	0	261	0	261	131
346	COMMUN. EQT.	2,000	0	0	2,000	2,000
347	COMPUTER EQT.	4,188	0	0	4,188	4,188
348	WSC RATE BASE	17,752	4,362	0	22,114	19,933
	TOTAL LUSI PLANT	\$1,826,194	\$115,711	(\$17,027)	\$1,924,879	\$1,875,536

LAKE UTILITY SERVICES, INC
 ADJUSTED BALANCES OF UTILITY PLANT IN SERVICE
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UPIS SUMMARY - CLERMONT I & II, AMBER HILL, LAKE RIDGE CLUB, CLERMONT COST CENTER, LUSI PARENT COSTS

Account No.	DESCRIPTION	BALANCE @12/31/94	ADD	RETIRE	BALANCE @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$3,314	\$1,567	\$0	\$4,880	\$4,097
304	STRUCT. & IMPROV.	14,364	105	0	14,469	14,416
307	WELLS & SPRINGS	57,781	0	0	57,781	57,781
311	PUMPING EQUIP.	34,879	2,048	(280)	36,647	35,763
320	WTR. TREAT. EQUIP	25,104	742	(190)	25,655	25,380
330	DISTRIB. RESERVOIR	21,968	0	0	21,968	21,968
331	TRANS. & DIST. MAIN	138,479	5,904	0	144,383	141,431
333	SERVICES	23,488	6,818	0	30,306	26,897
334	METERS & INSTALL	14,262	5,903	(2,696)	17,469	15,865
335	HYDRANTS	3,780	0	0	3,780	3,780
343	TOOLS, SHOP & GRG	5,405	1,333	0	6,737	6,071
	TOTAL	\$342,823	\$24,420	(\$3,166)	\$364,077	\$353,450

LAKE UTILITY SERVICES, INC
 ADJUSTED BALANCES OF UTILITY PLANT IN SERVICE
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UPIS SUMMARY - HIGHLAND PT, CRESENT BAY, CRESENT W., LK CRESENT HILLS, PRESTON, COVE, S. CLERMONT

Account No.	DESCRIPTION	BALANCE @12/31/94	ADD	RETIRE	BALANCE @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$4,796	\$0	\$0	\$4,796	\$4,796
304	STRUCT. & IMPROV.	26,161	2,413	0	28,575	27,368
307	WELLS & SPRINGS	55,512	26,623	(4,500)	82,135	68,824
311	PUMPING EQUIP.	29,942	11,925	(2,626)	41,866	35,904
320	WTR. TREAT. EQUIP	66,736	3,478	(1,393)	70,214	68,475
330	DISTRIB. RESERVOIR	35,754	995	(309)	36,749	36,252
331	TRANS. & DIST. MAIN	837,668	7,595	0	845,263	841,465
333	SERVICES	50,501	12,119	0	62,620	56,560
334	METERS & INSTALL	3,252	1,412	0	4,664	3,958
335	HYDRANTS	28,081	1,072	0	29,153	28,617
343	TOOLS, SHOP & GRG	0	0	0	0	0
	TOTAL	\$1,138,404	\$67,631	(\$8,828)	\$1,206,035	\$1,172,219

LAKE UTILITY SERVICES, INC
 ADJUSTED BALANCES OF UTILITY PLANT IN SERVICE
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UPIS SUMMARY - ORANGES, VISTAS I & II

Account No.	DESCRIPTION	BALANCE @12/31/94	ADD	RETIRE	BALANCE @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$0	\$0	\$0	\$0	\$0
304	STRUCT. & IMPROV.	1,484	114	0	1,599	1,542
307	WELLS & SPRINGS	24,186	98	0	24,284	24,235
311	PUMPING EQUIP.	12,734	5,692	(572)	17,855	15,295
320	WTR. TREAT. EQUIP	1,518	1,017	(557)	1,978	1,748
330	DISTRIB. RESERVOIR	5,398	8,060	(3,120)	10,338	7,868
331	TRANS. & DIST. MAIN	121,524	1,287	0	122,811	122,168
333	SERVICES	4,974	196	0	5,170	5,072
334	METERS & INSTALL	0	0	0	0	0
335	HYDRANTS	0	0	0	0	0
343	TOOLS, SHOP & GRG	0	0	0	0	0
	TOTAL	\$171,820	\$16,464	(\$4,249)	\$184,035	\$177,927

LAKE UTILITY SERVICES, INC
 ADJUSTED BALANCES OF UTILITY PLANT IN SERVICE
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UPIS SUMMARY - FOUR LAKES

Account No.	DESCRIPTION	BALANCE @12/31/94	ADD	RETIRE	BALANCE @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$6,882	\$0	\$0	\$6,882	\$6,882
304	STRUCT. & IMPROV.	223	0	0	223	223
307	WELLS & SPRINGS	11,068	0	0	11,068	11,068
311	PUMPING EQUIP.	8,984	1,991	(784)	10,191	9,587
320	WTR. TREAT. EQUIP	4,232	0	0	4,232	4,232
330	DISTRIB. RESERVOIR	2,214	0	0	2,214	2,214
331	TRANS. & DIST. MAIN	26,923	288	0	27,211	27,067
333	SERVICES	3,330	196	0	3,526	3,428
334	METERS & INSTALL	1,140	0	0	1,140	1,140
335	HYDRANTS	0	0	0	0	0
343	TOOLS, SHOP & GRG	0	0	0	0	0
	TOTAL	\$64,994	\$2,475	(\$784)	\$66,684	\$65,839

LAKE UTILITY SERVICES, INC
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UPIS SUMMARY - LAKE SAUNDERS ACRES

Account No.	DESCRIPTION	BALANCE @12/31/94	ADD	RETIRE	BALANCE @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$0	\$0	\$0	\$0	\$0
304	STRUCT. & IMPROV.	149	0	0	149	149
307	WELLS & SPRINGS	34,228	0	0	34,228	34,228
311	PUMPING EQUIP.	10,324	0	0	10,324	10,324
320	WTR. TREAT. EQUIP	574	0	0	574	574
330	DISTRIB. RESERVOIR	11,770	0	0	11,770	11,770
331	TRANS. & DIST. MAIN	22,924	0	0	22,924	22,924
333	SERVICES	4,244	98	0	4,342	4,293
334	METERS & INSTALL	0	0	0	0	0
335	HYDRANTS	0	0	0	0	0
343	TOOLS, SHOP & GRG	0	0	0	0	0
	TOTAL	\$84,214	\$98	\$0	\$84,312	\$84,263

LAKE UTILITY SERVICES, INC
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DEPRECIATION SUMMARY - TOTAL COMPANY

ACCOUNT NUMBER	DESCRIPTION	ACC. DEPR. @12/31/94	ACC. DEPR. @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$1,805	\$2,200	\$2,003
304	STRUCTURES & IMPROVEMENT	6,604	7,928	7,266
307	WELLS & SPRINGS	31,116	35,328	33,222
311	PUMPING EQUIPMENT	7,033	9,784	8,408
320	WATER TREATMENT EQUIPMENT	11,879	14,576	13,228
330	DISTRIBUION RESERVOIRS	14,244	15,546	14,895
331	TRANSMISSION & DISTRIB. MAIN	79,451	106,312	92,881
333	SERVICES	13,399	15,805	14,602
334	METERS & INSTALLATION	1,825	2,870	2,347
335	HYDRANTS	6,182	6,902	6,542
343	TOOLS, SHOP & GARAGE	194	370	282
	SUBTOTAL	173,732	217,622	195,677
344	LABORATORY EQT	0	9	4
346	COMMUN. EQT.	275	475	375
347	COMPUTER EQT.	70	349	209
348	WSC RATE BASE	222	1,328	775
	TOTAL	\$174,298	\$219,782	\$197,040

LAKE UTILITY SERVICES, INC
 ADJUSTED BALANCES OF UTILITY PLANT IN SERVICE
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DEPRECIATION SUMMARY-CLERMONT I & II, AMBER HILL, LAKE RIDGE CLUB, CLERMONT COST CENTER, LUSI PARENT COSTS

ACCOUNT NUMBER	DESCRIPTION	ACC. DEPR. @12/31/94	ACC. DEPR. @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$279	\$382	\$330
304	STRUCTURES & IMPROVEMENT	2,009	2,445	2,227
307	WELLS & SPRINGS	9,840	11,766	10,803
311	PUMPING EQUIPMENT	1,373	2,881	2,127
320	WATER TREATMENT EQUIPMENT	2,269	3,233	2,751
330	DISTRIBUION RESERVOIRS	3,713	4,307	4,010
331	TRANSMISSION & DISTRIB. MAIN	20,833	24,122	22,478
333	SERVICES	4,354	5,026	4,690
334	METERS & INSTALLATION	875	1,664	1,270
335	HYDRANTS	989	1,073	1,031
343	TOOLS, SHOP & GARAGE	194	370	282
	TOTAL	\$46,728	\$57,270	\$51,999

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DEPRECIATION SUMMARY - HIGHLAND PT, CRESENT BAY, CRESENT W., LK CRESENT HILLS, PRESTON, COVE, S. CLERMONT

ACCOUNT NUMBER	DESCRIPTION	ACC. DEPR. @12/31/94	ACC. DEPR. @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$752	\$872	\$812
304	STRUCTURES & IMPROVEMENT	4,401	5,230	4,816
307	WELLS & SPRINGS	7,059	7,027	7,043
311	PUMPING EQUIPMENT	1,660	2,064	1,862
320	WATER TREATMENT EQUIPMENT	7,464	9,152	8,308
330	DISTRIBUION RESERVOIRS	6,326	6,992	6,659
331	TRANSMISSION & DISTRIB. MAIN	35,671	55,240	45,456
333	SERVICES	6,767	8,181	7,474
334	METERS & INSTALLATION	558	756	657
335	HYDRANTS	5,193	5,829	5,511
343	TOOLS, SHOP & GARAGE	0	0	0
	TOTAL	\$75,852	\$101,344	\$88,598

LAKE UTILITY SERVICES, INC
 ADJUSTED BALANCES OF UTILITY PLANT IN SERVICE
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DEPRECIATION SUMMARY - ORANGES, VISTAS I & II

ACCOUNT NUMBER	DESCRIPTION	ACC. DEPR. @12/31/94	ACC. DEPR. @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$0	\$0	\$0
304	STRUCTURES & IMPROVEMENT	162	208	185
307	WELLS & SPRINGS	3,005	3,813	3,409
311	PUMPING EQUIPMENT	1,185	1,726	1,455
320	WATER TREATMENT EQUIPMENT	173	0	87
330	DISTRIBUION RESERVOIRS	386	51	218
331	TRANSMISSION & DISTRIB. MAIN	6,964	9,805	8,385
333	SERVICES	341	468	405
334	METERS & INSTALLATION	0	0	0
335	HYDRANTS	0	0	0
343	TOOLS, SHOP & GARAGE	0	0	0
	TOTAL	\$12,216	\$16,070	\$14,143

LAKE UTILITY SERVICES, INC
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DEPRECIATION SUMMARY - FOUR LAKES

ACCOUNT NUMBER	DESCRIPTION	ACC. DEPR. @12/31/94	ACC. DEPR. @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$774	\$946	\$860
304	STRUCTURES & IMPROVEMENT	25	32	28
307	WELLS & SPRINGS	3,435	3,804	3,620
311	PUMPING EQUIPMENT	216	0	108
320	WATER TREATMENT EQUIPMENT	1,957	2,150	2,053
330	DISTRIBUION RESERVOIRS	1,024	1,084	1,054
331	TRANSMISSION & DISTRIB. MAIN	10,114	10,744	10,429
333	SERVICES	912	997	955
334	METERS & INSTALLATION	392	449	421
335	HYDRANTS	0	0	0
343	TOOLS, SHOP & GARAGE	0	0	0
	TOTAL	\$18,850	\$20,206	\$19,528

LAKE UTILITY SERVICES, INC
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DEPRECIATION SUMMARY - LAKE SAUNDERS ACRES

ACCOUNT NUMBER	DESCRIPTION	ACC. DEPR. @12/31/94	ACC. DEPR. @12/31/95	SIMPLE AVERAGE
301	ORGANIZATION	\$0	\$0	\$0
304	STRUCTURES & IMPROVEMENT	7	12	10
307	WELLS & SPRINGS	7,776	8,917	8,347
311	PUMPING EQUIPMENT	2,598	3,114	2,856
320	WATER TREATMENT EQUIPMENT	15	41	28
330	DISTRIBUION RESERVOIRS	2,795	3,113	2,954
331	TRANSMISSION & DISTRIB. MAIN	5,868	6,401	6,135
333	SERVICES	1,025	1,132	1,079
334	METERS & INSTALLATION	0	0	0
335	HYDRANTS	0	0	0
343	TOOLS, SHOP & GARAGE	0	0	0
	TOTAL	\$20,085	\$22,731	\$21,408