

ORIGINAL

LAW OFFICES

ROSE, SUNDSTROM & BENTLEY, LLP

2548 BLAIRSTONE PINES DRIVE  
TALLAHASSEE, FLORIDA 32301

(850) 877-6555

CHRIS H. BENTLEY, PA  
ROBERT C. BRANNAN  
F. MARSHALL DETERDING  
MARTIN S. FRIEDMAN, P.A.  
JOHN R. JENKINS, P.A.  
STEVEN T. MINDLIN, PA  
DAREN L. SHIPPY  
WILLIAM E. SUNDSTROM, PA  
DIANE D. TREMOR, P.A.  
JOHN L. WHARTON

MAILING ADDRESS  
POST OFFICE BOX 1567  
TALLAHASSEE, FLORIDA 32302-1567

TELECOPIER (850) 656-4029

ROBERT M. C. ROSE  
WAYNE L. SCHIEFELBEIN  
OF COUNSEL

May 28, 2002

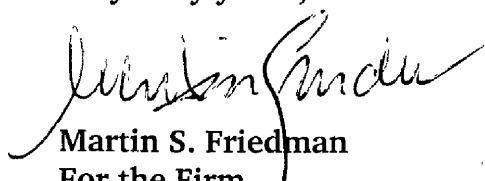
Ms. Blanca S. Bayo, Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399-0850

Re: Highlands Utilities Corporation; Docket No. 001660-SU  
Our File No. 28087.12

Dear Ms. Bayo:

Enclosed is the original of the Settlement Agreement between Highlands Utilities Corporation and the Town of Lake Placid which resolves the Town of Lake Placid's objection to Highlands Utilities Corporation's application.

Very truly yours,

  
Martin S. Friedman  
For the Firm

MSF/brm

Enclosure

cc: Ms. Lorri Lammie  
Jeff Brown, Esquire  
Ms. Patti Daniel  
Ralph Jaeger, Esquire

AUS \_\_\_\_\_  
CAF \_\_\_\_\_  
CMP \_\_\_\_\_  
COM \_\_\_\_\_  
CTR \_\_\_\_\_  
ECR \_\_\_\_\_  
GCL \_\_\_\_\_  
OPC \_\_\_\_\_  
MMS \_\_\_\_\_  
SEC   I    
OTH \_\_\_\_\_

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DOCUMENT NUMBER-DATE

05636 MAY 29 2002

CPSC-COMMISSION CLERK

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into this \_\_\_\_\_ day of May, 2002, by and between HIGHLANDS UTILITIES CORPORATION, a Florida corporation ("HUC") and the TOWN OF LAKE PLACID, a municipal corporation under the laws of the State of Florida ("Town").

RECITALS

WHEREAS, HUC is certified by the Florida Public Service Commission ("FPSC") to provide wastewater service in Highlands County, Florida; and,

WHEREAS, HUC has presently pending in FPSC Docket No. 001660-SU an Application to amend its Certificate; and,

WHEREAS, the Town has filed a timely objection to HUC's Application; and,

WHEREAS, the parties seek to resolve their dispute without time and expense and uncertainty of litigation;

NOW, THEREFORE, for and in consideration of the mutual covenants set forth herein, the parties agree as follows:

1. The foregoing recitations are true and correct and incorporated herein by reference.
2. HUC will amend its Application to delete the following areas:
  - A. That area north of Lake Clay Drive and East of U.S. Highway 27.

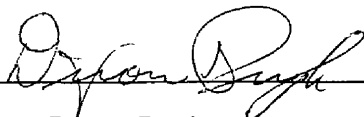
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COMMISSION CLERK


- B. That area west of the commercial strip which abuts U.S. Highway 27 on the West, as depicted on Exhibit "A" hereof.
3. When the Town has wastewater collection lines to connect Heron's Landing, the Town may purchase from HUC the lift station at Heron's Landing and the force main from the lift station to Lake Clay Drive for a price to be negotiated between the parties.
4. HUC will not object to the Town installing wastewater lines which are adjacent to or across the wastewater lines of HUC.
5. The provisions of the Settlement Agreement are not severable and shall become effective only after the PSC has entered and Order approving this Settlement Agreement in total. In the event this Settlement Agreement is not approved in whole, without modification, this Settlement Agreement shall be deemed withdrawn and null and void, and neither party may use this proposed Settlement Agreement in this or any other proceeding. Following such approval by the PSC, this Settlement Agreement shall be binding upon the parties hereto and their respective successors and assigns.

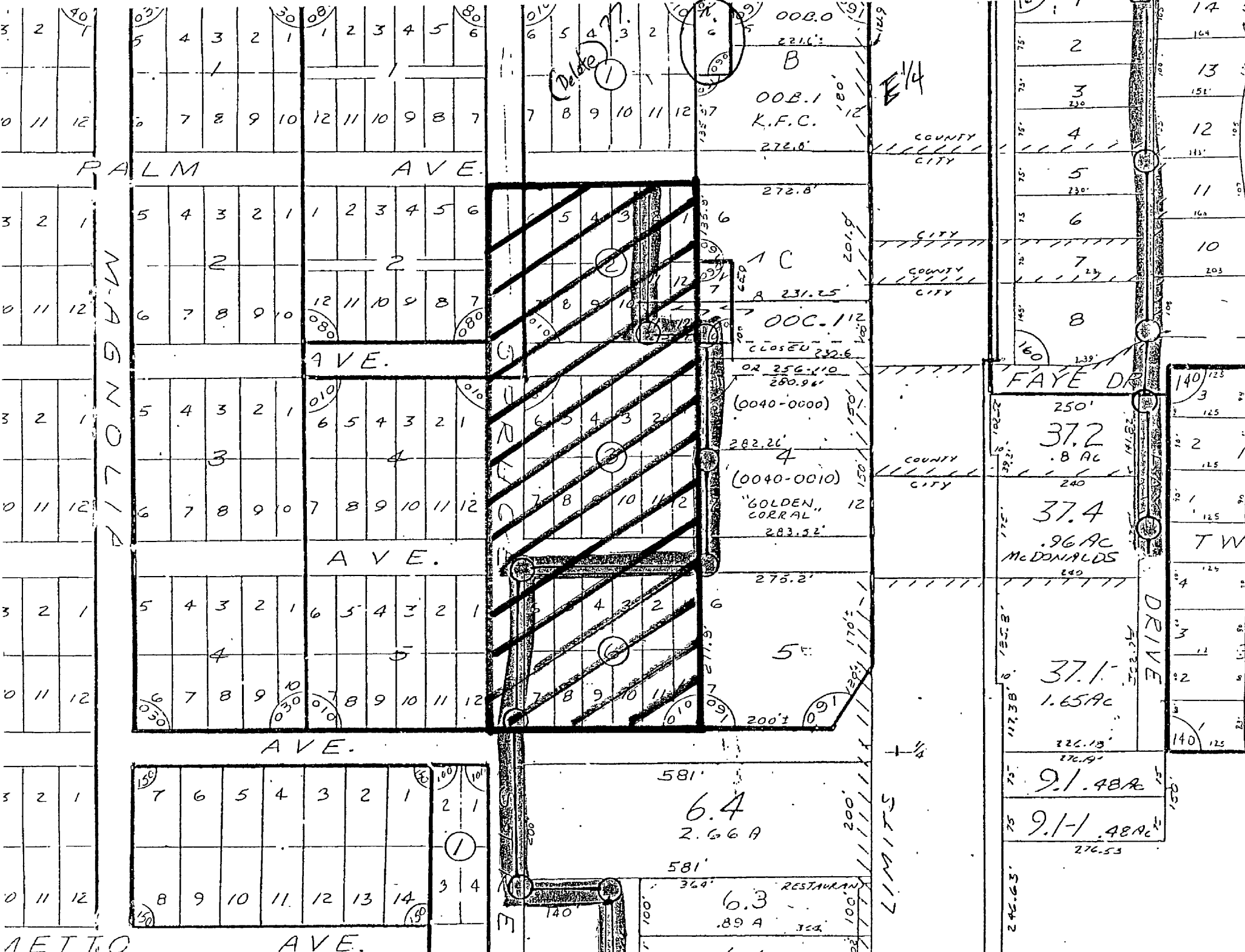
IN WITNESS WHEREOF, the undersigned have hereunto set their hands and seals:

HIGHLANDS UTILITIES CORPORATION

TOWN OF LAKE PLACID, FLORIDA

By:   
Name: Dixon Pugh  
Its: President

By:   
Name: Gary R. Nichols  
Its: Mayor



00B.0  
221.6'  
B  
00B.1  
K.F.C.  
272.8'

E 1/4

272.8'  
1 C  
A 231.25'  
00C.12  
CLOSED 232.6'  
OR 256.110  
280.94'

(0040-0000)  
282.26'  
4  
(0040-0010)  
"GOLDEN CORRAL"  
283.52'

275.2'  
5  
200'

581'  
6.4  
2.66 A

581'  
364'  
6.3  
.89 A  
RESTAURANT

FAYE DR  
140 123  
3  
250'  
37.2  
.8 AC  
240  
37.4  
.96 AC  
McDONALDS  
240  
37.1  
1.65 AC  
226.13'  
276.9'  
9.1.48 AC  
276.53  
246.63'

LIMITS

MAGNOLIA  
PALM AVE.  
AVE.  
AETTO AVE.

