

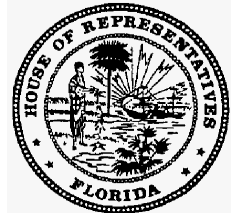
ORIGINAL

JAMES E. "JIM" KING, JR.
President

JOHNNIE BYRD
Speaker

STATE OF FLORIDA
OFFICE OF PUBLIC COUNSEL

C/O THE FLORIDA LEGISLATURE
111 WEST MADISON ST.
ROOM 812
TALLAHASSEE, FLORIDA 32399-1400
850-488-9330



Harold McLean
Public Counsel

Stephen C. Reilly
Associate Public Counsel

May 28, 2004

RECEIVED FPSC
MAY 28 PM 1:36
COMMISSION CLERK

Ms. Blanca S. Bayó, Director
Division of the Commission Clerk
and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0870

RE: Docket No. 000694-WU

Dear Ms. Bayó:

Enclosed are an original and fifteen copies of a Joint Motion Requesting Commission Approval of Settlement Agreement for filing in the above-referenced docket.

Please indicate receipt of filing by date-stamping the attached copy of this letter and returning it to this office. Thank you for your assistance in this matter.

Sincerely,

Stephen C. Reilly
Associate Public Counsel

- CMP _____
- COM _____
- CTR _____
- ECR _____
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- OPC _____
- MMS _____
- RCA _____
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M. Rockland
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE
06114 MAY 28 04
FPSC-COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition by Water
Management Services, Inc. for
limited proceeding to increase
water rates in Franklin County.

Docket No. 000694-WU

Filed: May 28, 2004

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

Water Management Services, Inc. ("Water Management") and the Office of Public Counsel ("OPC") file this joint motion requesting the Florida Public Service Commission ("Commission") to approve the attached Settlement Agreement. In support of this joint motion, Water Management and OPC state:

1. Water Management and OPC have entered into a Settlement Agreement resolving all of their respective objections to the Commission's Order No. PSC-03-1005-PAA-WU, issued September 8, 2003. A copy of the Settlement Agreement is attached to this motion as Exhibit "A".
2. Water Management and OPC believe the Commission should approve the Settlement Agreement resolving Water Management and OPC's protests of Order No. PSC-03-1005-PAA-WU, by reissuing it as a final order, as modified by the terms of the Settlement Agreement.
3. The Commission has had a long-standing policy and practice of encouraging parties in protest proceedings to settle issues whenever possible. Approval of the Settlement Agreement will help avoid the time, expense and uncertainty associated with adversarial litigation.

DOCUMENT NUMBER-DATE


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FPSC-COMMISSION CLERK

4. Water Management and OPC believe that approval of the Settlement Agreement serves the public interest and accordingly requests the Commission to expeditiously accept and approve the Settlement Agreement as filed without modification.

WHEREFORE, Water Management and OPC respectfully requests the Commission to approve, without modification, the attached Settlement Agreement resolving Water Management and OPC's protests by reissuing Order No. PSC-03-1005-PAA-WU, as a final order, as modified by the terms of the Settlement Agreement.

Respectfully submitted,



KENNETH A. HOFFMAN
Rutledge, Ecenia, Purnell & Hoffman, P.A.
Post Office Box 551
Tallahassee, FL 32302
(850) 681-6788 (Telephone)

Attorney for Water Management
Services, Inc.




STEPHEN C. REILLY
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 West Madison Street, Room 812
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(850) 488-9330 (Telephone)

Attorney for the Citizens of the State
of Florida

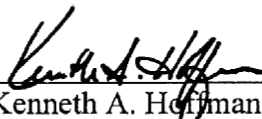
**CERTIFICATE OF SERVICE
DOCKET NO. 000694-WU**

I HEREBY CERTIFY that a true and correct copy of the foregoing Joint Motion Requesting Commission Approval of Settlement Agreement has been furnished by hand-delivered to the following parties this 28th day of May, 2004.

Adrienne Vining, Esquire
Florida Public Service Commission
Division of Legal Services
2540 Shumard Oak Boulevard
Room 370
Tallahassee, Florida 32399-0850



Stephen C. Reilly
Associate Public Counsel



Kenneth A. Hoffman, Esquire

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into this 26th day of May, 2004, by and between the Citizens of the State of Florida ("Citizens") through the Office of Public Counsel ("OPC") and Water Management Services, Inc. ("Water Management", "Utility" or "Company").

WITNESSETH

WHEREAS, on September 8, 2003, the Florida Public Service Commission ("PSC") issued Order No. PSC-03-1005-PAA-WU which determined the prudence of certain fire flow protection improvements, appropriate depreciable life for the transmission main and appropriate the phase 2 revenue requirement; and

WHEREAS, on September 29, 2003 the Citizens filed a timely Petition on the Proposed Agency Action objecting to the Commission finding that it was prudent for the Company to spend approximately Four Hundred Thousand Dollars (\$400,000.00) to dismantle its existing 150,000 gallon elevated storage tank, and to replace it with a taller 200,000 gallon elevated storage tank; and

WHEREAS, as a result of the Citizens' Petition, the Company also filed on September 29, 2003 a timely Petition on the Proposed Agency Action preserving its right to collect additional rate case expense in the event the Citizens' Petition required a formal evidentiary hearing; and

WHEREAS, after considerable research and discussion concerning various plans to most prudently spend the approximately Four Hundred Thousand Dollars (\$400,000.00) to improve the quality of potable water service and the flow of water to the Company's fire hydrants, the Citizens

SSR
YMM

and the Company came to an agreement concerning the best resolution of the Citizens' and Company's Petitions; and

WHEREAS, the Citizens and Water Management desire to resolve their differences with regard to the two Petitions.

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below the Citizens and Water Management agree as follows:

1. The Company's 150,000 gallon elevated storage tank shall not be dismantled but shall remain in place to provide emergency storage for the water system.

2. Order No. PSC-03-1005-PAA-WU had already authorized the Company to expend some funds to improve the water distribution system by looping the water mains that serve the length of the long narrow service territory. The Company has been utilizing its own service personnel and equipment to install the new water mains. Both Water Management and the Citizens believe this is the most prudent and cost effective way to install the new water mains. With regard to the approximately 6.2 million dollars of capital projects undertaken by the Company since the Fall of 2000, the Commission shall verify specifically what work was done, who did the work, what was paid to each and every contractor, subcontractor, vender and supplier, and the reasonableness and prudence of each expenditure prior to approving Phase III – Final Rates and Charges in this docket.

3. The Company shall expend the approximately Four Hundred Thousand Dollars (\$400,000.00) that would have been spent replacing the Company's elevated storage tank to complete the looping of the water mains that serve the service territory from Bob Sikes Cut to the State Park. This authorization to spend money to complete the looping of the water mains is limited to the funds that are the subject of this protest.



4. Upon completion of the above improvements to the distribution system, Water Management shall furnish two (2) complete copies of the as-built drawings of the Company's water distribution system to OPC. One copy shall be retained at OPC's office and the second shall be retained by the customers at the main Fire Station on St. George Island, Florida.

5. Upon completion of the above improvements to the distribution system the Company will conduct actual field measurements recording over time the actual water pressure produced throughout the length of the system. The results of these measurements will be furnished to the OPC, which will share them with the customers.

6. 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.

7. 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, both Petitions shall be deemed to be resolved, with both Parties bearing their own expenses associated with this proceeding (OPC on behalf of the customers and the shareholders of the Company on behalf of Water Management).

8. The Parties have evidenced their acceptance and agreement with the provisions of this Settlement Agreement by their signatures.

9. The undersigned personally represent that they have authority to execute this Settlement Agreement on behalf of their respective Parties.

Handwritten signatures in black ink, appearing to be 'SCR' and another signature below it.

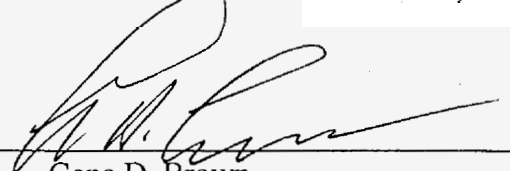
CITIZENS OF THE STATE OF FLORIDA,
OFFICE OF PUBLIC COUNSEL

By: _____


Stephen C. Reilly
Associate Public Counsel

WATER MANAGEMENT SERVICES, INC.

By: _____


Gene D. Brown
President