

**Eric Fryson**

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**From:** Davis, Phyllis [DAVIS.PHYLLIS@leg.state.fl.us]  
**Sent:** Thursday, May 31, 2012 3:20 PM  
**To:** Filings@psc.state.fl.us  
**Cc:** 'tfitz5@comcast.net.'; Reilly, Steve; 'brianmccolgan@yahoo.com'  
**Subject:** 110260-WS Electronic Filing  
**Attachments:** 110260-WS Joint Motion Requesting Commission Approval of Settlement.pdf  
Electronic Filing

a. Person responsible for this electronic filing:

Stephen C. Reilly, Associate Public Counsel  
Office of Public Counsel  
c/o The Florida Legislature  
111 West Madison Street, Room 812  
Tallahassee, FL 32399-1400  
(850) 488-9330  
[reilly.steve@leg.state.fl.us](mailto:reilly.steve@leg.state.fl.us)

b. Docket No. 110260-WS

In re: Application for staff-assisted rate increase in Lee County by Useppa Island Utility, Inc.

c. Document being filed on behalf of Useppa Island Utility, Inc. and Useppa Island POA, Inc.

d. There are a total of seven pages.

e. The document attached for electronic filing is Useppa Island Utility, Inc. and Useppa Island POA, Inc. Joint Motion Requesting Commission Approval of Settlement Agreement.

Thank you for your attention and cooperation to this request.

Phyllis W. Philip-Guide  
Assistant to Stephen C. Reilly, Esq.  
Office of Public Counsel  
Telephone: (850) 488-9330  
Fax: (850) 488-4491

DOCUMENT NUMBER 03521

03521 MAY 31 2012

5/31/2012

FPSC-COMMISSION CLERK

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for staff-assisted  
Rate increase in Lee County by Useppa  
Island Utility, Inc.

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DOCKET NO. 110260-WS

FILED: May 31, 2012

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

Useppa Island Utility, Inc. ("Useppa," "Utility," or "Company"), and the Useppa Island POA, Inc. ("Property Owners Association" or "POA"), on behalf of the customers of Useppa file this Joint Motion requesting the Florida Public Service Commission ("Commission") to approve the attached Settlement Agreement. In support of the Joint Motion, Useppa and the POA state:

1. Useppa and the POA have entered into a Settlement Agreement to resolve the issues presented in this staff-assisted rate case. A copy of the Settlement Agreement is attached hereto as Exhibit "A".

2. Pending Commission consideration of the Settlement Agreement, Useppa and the POA request the Commission to suspend all events currently scheduled in the CASR for this Docket until such time as the Commission acts on this motion.

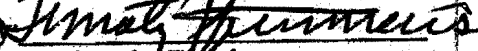
Wherefore, Useppa and the POA respectfully request the Commission to approve the attached Settlement Agreement and to suspend all further events scheduled in this docket and to issue a Final Order consistent with the terms of the Settlement Agreement.

03521 MAY 31 2012


FPSC-COMMISSION CLERK

Respectfully submitted this 7 day of May, 2012.

USEPPA ISLAND UTILITY, INC.

By:   
Timothy Fitzsimmons  
President

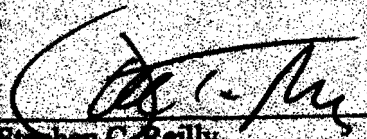
USEPPA ISLAND POA, INC.

By:   
Brian McColgan  
President

**CERTIFICATE OF SERVICE**  
**Docket No. 110260-WS**

I HEREBY CERTIFY that a copy of the foregoing Joint Motion Requesting Commission Approval of Settlement Agreement has been furnished by electronic mail to the following party on this 31<sup>st</sup> day of May, 2012.

Charles Murphy, Esquire  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Blvd  
Tallahassee, FL 32399-0850

  
Stephen C. Reilly  
Associate Public Counsel  
Office of Public Counsel

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for staff-assisted  
rate case in Lee County by Useppa  
Island Utility, Inc.

Docket No.110260-WS

**SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT is made and entered into this 30 day of March, 2012, by and between Useppa Island Utility, Inc. ("Useppa," "Utility" or "Company") and the Useppa Island POA, Inc. ("Property Owners Association" or "POA"), on behalf of the customers of Useppa.

**WITNESSETH**

WHEREAS, on August 29, 2011 Useppa filed for a staff-assisted rate case; and

WHEREAS, on September 26, 2011 the Florida Public Service Commission Staff ("Staff") advised Useppa that it was eligible for a staff-assisted rate case, and that the official date of filing the case would be October 26, 2011; and

WHEREAS on February 10, 2012, Staff filed its Preliminary Report addressing the various issues in the case and providing a preliminary recommendation concerning the appropriate revenue requirement and rates; and

WHEREAS, the customers' POA's duly elected Board of Directors appointed a Utility Rate Case Committee ("Committee") to review the case and to help formulate the customers' response to the case; and

WHEREAS, on February 29, 2012, Staff held its customer meeting on Useppa Island to hear from the customers and their Committee concerning the Staff's February 10, 2012 preliminary recommendation; and

WHEREAS, after the February 29, 2012 customer meeting, members of the Committee and Useppa's management had discussions concerning possible stipulation of certain issues and reaching an agreement concerning the appropriate revenue requirement and rates for Useppa's water and wastewater services provided to its customers; and

WHEREAS, in order to avoid the time, expense and uncertainty associated with potential adversarial litigation, and in keeping with the Commission's long-standing policy and practice of encouraging parties to settle proceedings and issues whenever possible. Useppa and the POA hereby enter into this Agreement to settle the case in accordance with the terms and conditions contained herein.

NOW THEREFORE, for and in consideration of the mutual covenants set forth below, Useppa and the POA agree as follows:

1. The Commission should issue an order consistent with the February 10, 2012 Staff Preliminary Report, except for the following:

a. The transportation expense shall be reduced by \$19,000.00, with an equal \$9,500.00 reduction for water and wastewater operations.

b. All documented proforma costs associated with construction of the Class V injection well system and costs of operating the injection well shall be allocated equally 50/50 to the water and wastewater systems.

c. After documentation of any proforma plant additions and the implementation of any Phase II rates, Useppa shall not file for another rate case prior to January, 2015, unless year end 2013 financial data reveals a significant operational loss for Useppa. If such a loss can be documented, and only after presentation of this documentation to the POA's Board of Directors, shall Useppa be authorized under this Settlement Agreement to file for rate relief in 2014.

d. The rates recommended in the February 10, 2012 Preliminary Staff Report shall be adjusted in accordance with the provisions of the above paragraphs b and c.

e. 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. This Settlement Agreement will become effective on the date the Commission enters a final Order approving the agreement in total.

f. Useppa and the POA shall file a joint motion requesting the Commission to issue a final order in this docket consistent with the terms of this Settlement Agreement.

g. 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.

IN WITNESS WHEREOF, the parties hereto have hereunder caused this Settlement Agreement to be executed as of the date and year aforesaid.

USEPPA ISLAND UTILITY, INC.

USEPPA ISLAND POA, INC.

By:   
Timothy P. Simmons  
President

  
Brian McCole  
President