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RECORDS AND REPORTING

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September 27, 2000

Ms. Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

HAND DELIVERY

Re: Docket No. 980242-SU

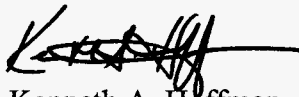
Dear Ms. Bayo:


Enclosed herewith for filing in the above-referenced docket on behalf of Lindrick Service Corporation ("Lindrick") is the original and fifteen copies of the Joint Motion to Approve Settlement Agreement and Stipulation.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

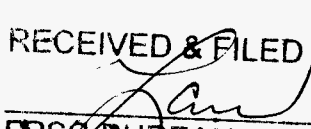
Thank you for your assistance with this filing.

Sincerely,


Kenneth A. Hoffman

APP _____
CONF _____
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TTH _____

Enclosures

RECEIVED & FILED

FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

12230 SEP 27 8

FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Amended Petition of Lindrick)	
Service Corporation for a Limited)	Docket No. 980242-SU
Proceeding to Implement a Two-Step)	
Increase in Wastewater Rates.)	Filed: September 27, 2000
_____)	

JOINT MOTION TO APPROVE SETTLEMENT AGREEMENT AND STIPULATION

Lindrick Service Corporation ("Lindrick"), and the Citizens of the State of Florida by and through the Office of Public Counsel ("OPC"), hereby jointly request the Florida Public Service Commission to approve the Settlement Agreement and Stipulation attached to this Joint Motion as Exhibit A. Representatives of the Waterfront Community Impact Council of Pasco County and the Lindrick Utilities Committee have also executed a document reflecting their support of the Settlement Agreement and Stipulation. That document is attached to the Settlement Agreement and Stipulation. The procedural history of this case is reflected in the Settlement Agreement and Stipulation and incorporated herein by reference. The Settlement Agreement and Stipulation resolve all pending issues raised in the Petitions filed by OPC and Lindrick protesting specific portions of Order No. PSC-99-1883-PAA-SU. OPC and Lindrick maintain that the Settlement Agreement and Stipulation establishes reasonable final wastewater rates for Lindrick, rate stability for Lindrick's customers, and is in the public interest.

WHEREFORE, OPC and Lindrick respectfully request that the Commission enter a final order approving the Settlement Agreement and Stipulation attached hereto as Exhibit A.

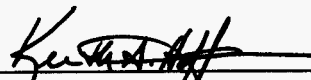
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Attorneys for the Citizens of the State of
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Respectfully submitted,



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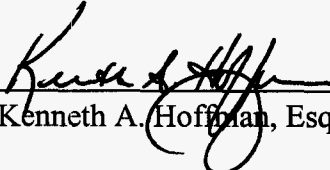
Attorneys for Lindrick Service Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing was furnished by United States Mail to the following this 27th day of September, 2000:

Ralph Jaeger, Esq.
Division of Legal Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Room 370
Tallahassee, Florida 32399-0850

Stephen Burgess, Esq.
Office of Public Counsel
111 West Madison Street
Suite 812
Tallahassee, Florida 32399-1400


Kenneth A. Hoffman, Esq.

Borda/joint

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Second Amended Petition of)
Lindrick Service Corporation for a Limited)
Proceeding to Implement a Two-Step)
Increase in Wastewater Rates.)
_____)

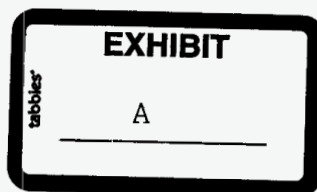
Docket No. 980242-SU

Filed: September 27, 2000

SETTLEMENT AGREEMENT AND STIPULATION

This Settlement Agreement and Stipulation (hereinafter referred to as the "Agreement") is entered into on this 26th day of September, 2000, by and between Lindrick Service Corporation ("Lindrick"), and the Citizens of the State of Florida, represented by the Office of Public Counsel ("OPC").

WHEREAS, on February 12, 1998, Lindrick filed an Application for a Limited Proceeding to Increase Wastewater Rates with the Florida Public Service Commission ("Commission"). Lindrick's Petition arose following a Notice of Violation and Orders for Corrective Action ("Notice of Violation") issued by the Florida Department of Environmental Protection ("DEP") to Lindrick on January 13, 1998. Lindrick determined that the most prudent means to comply with the Notice of Violation was to discontinue operation of its plant as a wastewater treatment facility, to enter into an agreement with the City of Port Richey ("City") to purchase wastewater treatment service, and to convert its plant to use a flow equalizing master pumping station. Under a then pending agreement with the City, Lindrick was required to perform improvements to its collection system to reduce chloride levels to allow the untreated influent to be sent to the City's plant for wastewater treatment service. The City would then send the treated wastewater to Pasco County's reuse system. Lindrick's Application requested an emergency wastewater rate increase of 47.13% effective



immediately, and a second wastewater rate increase of 130.12% effective upon the completion of the interconnection with the City; and

WHEREAS, on May 18, 1998, the City approved a Bulk Wastewater Agreement between the City and Lindrick, reflected in City Ordinance No. 1483, pursuant to which actual connection to the City was conditioned on proof that the chloride levels in Lindrick's wastewater system effluent did not exceed 600 mg/L. In addition, Lindrick resolved issues pending with DEP arising out of the Notice of Violation by agreeing to a Consent Order issued June 26, 1998; and

WHEREAS, under the Bulk Wastewater Agreement between the City and Lindrick, commencement of bulk wastewater treatment of Lindrick's effluent was conditioned on proof from Lindrick's engineer that the chloride levels in Lindrick's effluent did not exceed 600 mg/L. In addition, subsequent to commencement of bulk wastewater treatment service from the City, and pursuant to specific terms of the Bulk Wastewater Agreement and Consent Order, Lindrick was required to: (a) complete wastewater system improvements to reduce chloride levels to below 600 mg/L by May 19, 1999, and below 400 mg/L by May 19, 2000; (b) remove the wastewater treatment plant from service no later than May 19, 1999; and (c) retrofit the plant to a master lift station to equalize flows to the City's wastewater treatment facilities; and

WHEREAS, on September 3, 1998, Lindrick filed an Amended Application to Increase Wastewater Rates. Pursuant to the Amended Application, Lindrick requested a non-emergency Phase I increase of 84.95% which was intended to allow recovery of the cost of: (a) collection system improvements necessary to reduce chloride levels pursuant to the Bulk Wastewater Agreement; and (b) the City's bulk wastewater treatment rate. Lindrick also requested a Phase II rate increase of 131.55% which was intended to allow the recovery of: (a) the remaining investments

and costs associated with the interconnection, including the costs of collection system improvements which Lindrick believed were necessary to further reduce the chloride levels below 400 mg/L as contemplated by the Bulk Wastewater Agreement; (b) the return on investments based on Lindrick's approved rate of return; and, (c) the additional contractual services expenses; and

WHEREAS, on April 19, 1999, Lindrick filed a Second Amended Petition to Increase Wastewater Rates. Pursuant to its Second Amended Petition, Lindrick requested a Phase I wastewater rate increase of 133.26% and Phase II wastewater rate increase of 142.67% assuming no change in related party services. Lindrick's Second Amended Petition requested the Commission to allow Lindrick to recover alleged additional costs beyond those requested in the Amended Petition, including: (a) the City's increased rate for bulk wastewater treatment; and (b) additional incremental costs imposed as additional preconditions to the City's bulk wastewater treatment service, including the cost of a new transfer pumping facility requested by DEP, and additional costs and operating expenses necessary to comply with the Bulk Wastewater Agreement, Consent Order and additional permitting requirements imposed by DEP. Lindrick alternatively requested a Phase II wastewater rate increase of 158.13% if all related party expenses were replaced with contract services from third parties. In addition, Lindrick's Second Amended Petition also requested a proposed water rate increase of 19.05% for Phase II assuming no change in related party services and 40.64% if all related party expenses were replaced with contract services from third parties; and

WHEREAS, by Order No. PSC-99-1010-PCO-SU, issued May 20, 1999, the Commission approved emergency wastewater rates designed to increase wastewater revenues by 59.89%. The emergency rates were approved subject to refund pending the Commission's final decision. Lindrick

filed an irrevocable letter of credit consistent with the requirements of Order No. PSC-99-1010-PCO-SU for the purpose of securing a potential refund; and

WHEREAS, the emergency wastewater rates became effective May 27, 1999; and

WHEREAS, by Order No. PSC-99-1883-PAA-SU, issued September 21, 1999, by proposed agency action, the Commission: (a) approved a temporary wastewater revenue requirement increase of \$682,369 (a 91.26% increase), subject to refund in the event of a protest; and denied Lindrick's Petition for a Limited Proceeding to Increase Water Rates; and

WHEREAS, Lindrick filed a second irrevocable letter of credit consistent with the requirements of Order No. PSC-99-1883-PAA-SU to secure the increased temporary wastewater rates; and

WHEREAS, the temporary wastewater rates became effective October 1, 1999; and

WHEREAS, Lindrick and OPC timely filed petitions protesting specific preliminary determinations of the Commission reflected in Order No. PSC-99-1883-PAA-SU; and

WHEREAS, this proceeding is scheduled for a final hearing on February 7-8, 2001; and

WHEREAS, Lindrick desires to pursue efforts to sell its utility system and maintain rate stability for its customers while those efforts are pursued; and

WHEREAS, the parties to this Agreement seek to resolve their pending disputes and controversies without the need for further litigation and have determined that it is in their mutual best interests to resolve their differences in a cooperative, amicable and orderly fashion; and

WHEREAS, Lindrick and OPC have entered into this Agreement to resolve all of their disputes in this docket as set forth herein;

NOW THEREFORE, in consideration of the premises and mutual benefits to be derived from the Agreement by the parties and in consideration of the representations, warranties, covenants and conditions contained herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Effective September 1, 2000 and continuing for a period of three years, subject to the exceptions set forth below, Lindrick will maintain the temporary wastewater rates approved by the Commission pursuant to Order No. PSC-99-1883-PAA-SU as final wastewater rates. Upon approval of this Agreement by the Commission, such final wastewater rates shall no longer be subject to refund.

2. Lindrick will abstain from filing a petition for increased wastewater rates from the period beginning September 1, 2000 and continuing for a period of three years; provided, however, that price index and pass-through increases will be allowed for this three year period pursuant to Section 367.081(4), Florida Statutes, or any amendments thereto, and applicable Commission rules.

3. Lindrick will not pursue the water revenue requirement increase of \$127,327 denied by Order No. PSC-99-1883-PAA-SU through a separate application for increased water rates pursuant to Sections 367.081 or 367.0822, Florida Statutes, or any amendments thereto, and Lindrick will similarly abstain from filing a petition for increased water rates for the period beginning September 1, 2000 and continuing for a period of three years, provided, however, that price index and pass-through increases would be allowed for this three year period pursuant to Section 367.081(4), Florida Statutes, or any amendments thereto, and applicable Commission rules.

4. The parties agree that for the three year period of the rate case moratorium the expenses incurred by Lindrick for services provided by Borda Engineers and Energy Consultants

("Borda Engineering") are reasonable and prudent expenses and that Lindrick is permitted to expense all of same; however, Lindrick's current temporary wastewater rates or current water rates shall not be increased for the period of September 1, 2000 and continuing through August 31, 2003 to recover the costs of services provided by Borda Engineering to Lindrick which were preliminary denied by Order No. PSC-99-1883-PAA-SU, consistent with the parties' agreement to freeze the current water and wastewater rates, with the exception of a price index and pass-through increases, as set forth above. This provision does not preclude any party from challenging the propriety or prudence of any expense sought to be recovered by Lindrick in any rate case filed after the three year stay-out period expires.

5. The parties agree that the amount of Lindrick's rate base in wastewater operations is set forth and reflected by Order No. PSC-99-1883-PAA-SU, the Order which forms the basis for the stipulated final wastewater rates as set forth in this Agreement. This provision does not preclude any party from challenging the propriety or prudence of any wastewater rate base item sought to be recovered by Lindrick in any rate case filed after the three year stay-out period expires.

6. If Lindrick's water and wastewater systems are sold within six months of September 1, 2000, Lindrick will refund to its customers the entire amount of emergency and temporary wastewater rates collected by Lindrick pursuant to Order Nos. PSC-99-1010-PCO-SU and PSC-99-1883-PAA-SU, up to the date of the sale of Lindrick's water and wastewater systems; provided, however, that any potential refunds under this provision shall not exceed \$682,000.00. The determination of when Lindrick's water and wastewater systems are sold shall be the date of the executed contract for sale. Lindrick's potential refund liability under this provision shall stop

accumulating on the date of the contract for sale. No liability shall be incurred by Lindrick under this provision unless the sale is actually consummated.

7. If Lindrick's water and wastewater systems are not sold within six months of September 1, 2000, but are sold within one year of September 1, 2000, Lindrick shall refund to its customers one-half of the emergency and temporary wastewater rates collected pursuant to Order Nos. PSC-99-1010-PCO-SU and PSC-99-1883-PAA-SU, up to the date of sale; provided, however, that any refund liability under this provision shall not exceed \$682,000.00. The determination of when Lindrick's water and wastewater systems are sold shall be the date of the executed contract for sale. Lindrick's potential refund liability under this provision shall stop accumulating on the date of the contract for sale. No liability shall be incurred by Lindrick under this provision unless the sale is actually consummated.

8. This Agreement is understood by the parties to be a generic, comprehensive settlement of the issues and/or objections raised by Lindrick and OPC in response to Proposed Agency Action Order No. PSC-99-1883-PAA-SU and shall not constitute or be construed by either party to be an admission regarding the merits or sufficiency of the claims, protests or objections raised by the parties in their respective protests to Proposed Agency Action Order No. PSC-99-1883-PAA-SU.

9. Upon completion and execution of this Agreement and approval of same by the Commission, Lindrick shall file a Voluntary Dismissal of its Petition protesting Proposed Agency Action No. PSC-99-1883-PAA-SU and Request for Formal Administrative Proceeding filed in this docket on October 11, 1999, and OPC shall file a Voluntary Dismissal of its Petition on Proposed Agency and Objection to Proposed Agency Action filed in this docket on October 12, 1999. These

Voluntary Dismissals shall be filed within ten days following the date of a Commission order approving this Agreement.

10. This Agreement constitutes and contains the entire Agreement and understanding between the parties.

11. The parties agree and acknowledge that the signatories hereto are the proper and only necessary parties to this Agreement.

12. The parties agree to cooperate in good faith in seeking approval of this Agreement by the Commission.

13. This Agreement shall become effective upon execution of the Agreement by all parties. The parties agree that neither they, nor any employees, agents, consultants, or affiliated entities, will bring any action to contest the legality or enforceability of this Agreement.

14. Any waiver, amendment or modification of this Agreement, shall be effective only if set forth in a written document executed by a duly authorized representative of the waiving party, in the case of waiver, and by each of the parties in the case of a modification or amendment. A waiver of any breach or failure to enforce any of the terms of the Agreement by a party shall not in any way effect, limit or waive that party's other rights hereunder at any time to enforce strict compliance thereafter with each and every term of this Agreement.

15. This Agreement and the rights and obligations of the parties hereto shall be governed by and construed in accordance with the laws of the State of Florida.

16. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. The parties intend that this Agreement shall survive any and all

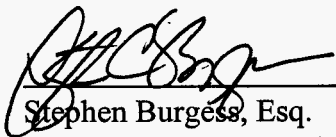
mergers, acquisitions, or reorganizations of any of the parties and will be binding on all affiliates, subsidiaries, successors and related entities.

17. Apart from the rate case expense determined to be recoverable and included in the temporary wastewater rates approved by the Commission pursuant to Order No. PSC-99-1883-PAA-SU, Lindrick agrees to bear its own attorneys' fees and costs incurred to date in connection with this proceeding.

18. The parties covenant and agree to act in good faith in carrying out the terms and provisions of this Agreement.

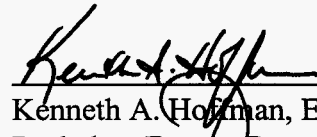
19. The parties each represent to each other that the undersigned have full authority to execute this Agreement and to bind the parties hereto, including all successors, assigns, and affiliated entities.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.



Stephen Burgess, Esq.
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Attorneys for the Citizens of the State of Florida



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Attorneys for Lindrick Service Corporation

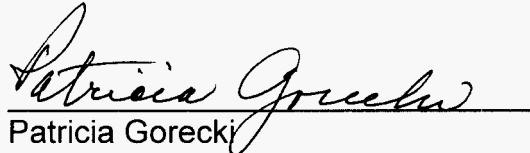
Settlement Agreement and Stipulation

Second Amendment Petition
of
Lindrick Service Corporation

Docket No. 980242-SU

Signatories:

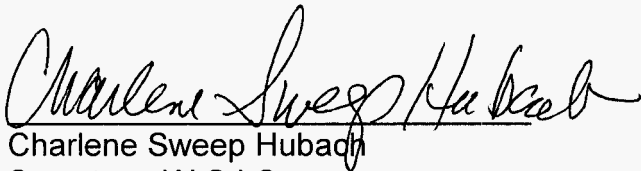
Waterfront Community Impact Council of Pasco County (W.C.I.C.):



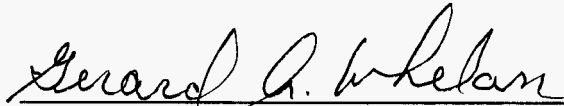
Patricia Gorecki
Chairwoman, W.C.I.C.
4024 Floramar Terrace
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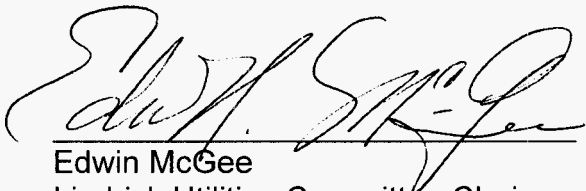
Arleen Arnold
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Edwin McGee
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New Port Richey, FL 34652