

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: May 18, 2004, 9:30 a.m.

LOCATION: Room 148, Betty Easley Conference Center

DATE ISSUED: May 7, 2004

NOTICE

Persons affected by Commission action on certain items on this agenda for which a hearing has not been held (other than actions on interim rates in file and suspend rate cases) may be allowed to address the Commission when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the agenda item number.

Included in the above category are items brought before the Commission for tentative or proposed action which will be subject to requests for hearing before becoming final. These actions include all tariff filings, items identified as proposed agency action (PAA), show cause actions and certain others.

To obtain a copy of staff's recommendation for any item on this agenda, contact the Division of the Commission Clerk and Administrative Services at (850) 413-6770. There may be a charge for the copy. The agenda and recommendations are also accessible on the PSC Homepage, at <http://www.floridapsc.com>, at no charge.

Any person requiring some accommodation at this conference because of a physical impairment should call the Division of the Commission Clerk and Administrative Services at (850) 413-6770 at least 48 hours before the conference. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD). Assistive Listening Devices are available in the Division of the Commission Clerk and Administrative Services, Betty Easley Conference Center, Room 110.

Video and audio versions of the conference are available and can be accessed live on the PSC Homepage on the day of the Conference. The audio version is available through archive storage for up to three months afterward.

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Agenda for
Commission Conference
May 18, 2004

<u>ITEM NO.</u>	<u>CASE</u>						
1	Approval of Minutes April 20, 2004 Regular Commission Conference						
2**	Consent Agenda						
PAA	A) Application for certificate to provide competitive local exchange telecommunications service.						
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>DOCKET NO.</u></th> <th style="text-align: left;"><u>COMPANY NAME</u></th> </tr> </thead> <tbody> <tr> <td>040275-TX</td> <td>Nexus Communications, Inc. d/b/a Nexus Communications TSI, Inc.</td> </tr> </tbody> </table>	<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	040275-TX	Nexus Communications, Inc. d/b/a Nexus Communications TSI, Inc.		
<u>DOCKET NO.</u>	<u>COMPANY NAME</u>						
040275-TX	Nexus Communications, Inc. d/b/a Nexus Communications TSI, Inc.						
PAA	B) Request for cancellation of a competitive local exchange telecommunications certificate.						
	<table border="1" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>DOCKET NO.</u></th> <th style="text-align: left;"><u>COMPANY NAME</u></th> <th style="text-align: left;"><u>EFFECTIVE DATE</u></th> </tr> </thead> <tbody> <tr> <td>040280-TX</td> <td>One Call Communications, Inc. d/b/a Opticom, a Division of One Call Communications, Inc.</td> <td>3/05/2004</td> </tr> </tbody> </table>	<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>	040280-TX	One Call Communications, Inc. d/b/a Opticom, a Division of One Call Communications, Inc.	3/05/2004
<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>					
040280-TX	One Call Communications, Inc. d/b/a Opticom, a Division of One Call Communications, Inc.	3/05/2004					
PAA	C) Application for certificate to provide pay telephone service.						
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040315-TC	MTE Properties, Inc.						
PAA	D) Application for certificate to provide shared tenant service.						
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040285-TS	NTC Communications, L.L.C.						

RECOMMENDATION: The Commission should approve the action requested in the dockets referenced above and close these dockets.

ITEM NO.

CASE

3**

Docket No. 040269-TP – Proposed adoption of Rule 25-22.0365, F.A.C., Expedited Hearing.

Critical Date(s): None

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Davidson

Staff: GCL: Stern

CMP: Bulecza-Banks, Wright

ECR: Hewitt

Issue 1: Should the Commission propose new Rule 25-22.0365, Florida Administrative Code, Expedited Dispute Resolution Process for Telecommunications Companies?

Recommendation: Yes, the Commission should propose the rule because it is required by Section 364.058(3), Florida Statutes.

Issue 2: Should this docket be closed?

Recommendation: Yes, if no comments or requests for hearing are filed, the rule as proposed should be filed for adoption with the Secretary of State and the docket should be closed.

ITEM NO.

CASE

4**

Docket No. 040259-GU – Petition for approval of special contract with Pasco Cogen, Ltd. by Peoples Gas System.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Makin, Bulecza-Banks

ECR: Kummer

GCL: C. Keating

Issue 1: Should the Commission grant Peoples Gas System's petition for approval of a special contract with Pasco Cogen, Ltd.?

Recommendation: Yes. The Commission should grant Peoples Gas System's petition for approval of a special contract with Pasco Cogen, Ltd., effective May 18, 2004, the date of the Commission's vote on this matter.

Issue 2: Should this docket be closed?

Recommendation: Yes. If a protest is filed within 21 days of the Commission Order approving this special contract by a person whose substantial interests are affected, the special contract should remain in effect pending resolution of the protest, with any charges held subject to refund pending resolution of the protest. If no protest is filed, this docket should be closed upon the issuance of a Consummating Order.

ITEM NO.

CASE

5**PAA

Docket No. 020645-TI – Compliance investigation of UKI Communications, Inc. for apparent violation of Rule 25-4.118, F.A.C., Local, Local Toll, and Toll Provider Selection.

Docket No. 031031-TI – Compliance investigation of Miko Telephone Communications, Inc. for apparent violation of Rule 25-4.118, F.A.C., Local, Local Toll, or Toll Provider Selection.

Docket No. 040062-TI – Compliance investigation of New Century Telecom, Inc. for apparent violation of Rule 25-4.118, F.A.C., Local, Local Toll, or Toll Provider Selection.

Docket No. 040289-TI – Compliance investigation of Optical Telephone Corporation for apparent violation of Rule 25-4.118, F.A.C., Local, Local Toll, or Toll Provider Selection. (Deferred from May 3, 2004 conference; revised recommendation filed.)

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative (040062-TI, 040289-TI)

Bradley (031031-TI)

Davidson (020645-TI)

Staff: CMP: Buys, M. Watts

GCL: L. Fordham, Rojas, Teitzman

SCR: Lowery

Issue 1: Should the Commission penalize Miko Telephone Communications, Inc. \$10,000 per apparent violation, for a total of \$1,540,000 for 154 apparent violations of Rule 25-4.118, Florida Administrative Code, Local, Local Toll, or Toll Provider Selection?

Recommendation: Yes. If Miko Telephone Communications, Inc. fails to request a hearing pursuant to Section 120.57, Florida Statutes, within the 21-day response period, the facts should be deemed admitted, the right to a hearing waived, and the penalty should be deemed assessed. If the company fails to pay the amount of the penalty within fourteen calendar days after issuance of the Consummating Order, registration number TJ561 should be removed from the register, the company's tariff should be cancelled, and the company should also be required to immediately cease and desist providing intrastate interexchange telecommunications service within Florida.

Issue 2: Should the Commission penalize New Century Telecom, Inc. \$10,000 per apparent violation, for a total of \$420,000, for 42 apparent violations of Rule 25-4.118, Florida Administrative Code, Local, Local Toll, or Toll Provider Selection?

Recommendation: Yes. If New Century Telecom, Inc. fails to request a hearing pursuant to Section 120.57, Florida Statutes, within the 21-day response period, the facts should be deemed admitted, the right to a hearing waived, and the penalty should be deemed

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CASE

5**PAA

Docket No. 020645-TI – Compliance investigation of UKI Communications, Inc. for apparent violation of Rule 25-4.118, F.A.C., Local, Local Toll, and Toll Provider Selection.

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assessed. If the company fails to pay the amount of the penalty within fourteen calendar days after issuance of the Consummating Order, registration number TI427 should be removed from the register, the company's tariff should be cancelled, and the company should also be required to immediately cease and desist providing intrastate interexchange telecommunications service within Florida.

Issue 3: Should the Commission penalize UKI Communications, Inc. \$250,000 for apparent violation of Proposed Agency Action Order No. PSC-03-0990-PAA-TI, issued on September 3, 2003, made final and effective by Consummating Order No. PSC-03-1078-CO-TI, issued on September 30, 2003?

Recommendation: Yes. If UKI Communications, Inc. fails to request a hearing pursuant to Section 120.57, Florida Statutes, within the 21-day response period, the facts should be deemed admitted, the right to a hearing waived, and the penalty should be deemed assessed. If the company fails to pay the amount of the penalty and the Regulatory Assessment Fees with statutory penalty and interest it was ordered to pay in PAA Order No. PSC-03-0990-PAA-TI within fourteen calendar days after issuance of the Consummating Order, the collection of the penalty and the Regulatory Assessment Fees with statutory penalty and interest should be referred to the Department of Financial Services. This docket should be closed administratively upon either receipt of the payment of the penalty and the Regulatory Assessment Fees with statutory penalty and interest or upon their referral to the Department of Financial Services.

Issue 4: Should the Commission penalize Optical Telephone Corporation \$10,000 per apparent violation, for a total of \$340,000, for 34 apparent violations of Rule 25-4.118, Florida Administrative Code, Local, Local Toll, or Toll Provider Selection?

Recommendation: Yes. If Optical Telephone Corporation fails to request a hearing pursuant to Section 120.57, Florida Statutes, within the 21-day response period, the facts should be deemed admitted, the right to a hearing waived, and the penalty should be deemed assessed. If the company fails to pay the amount of the penalty within fourteen calendar days after issuance of the Consummating Order, registration number TJ551

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CASE

5**PAA

Docket No. 020645-TI – Compliance investigation of UKI Communications, Inc. for apparent violation of Rule 25-4.118, F.A.C., Local, Local Toll, and Toll Provider Selection.

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(Continued from previous page)

should be removed from the register, the company's tariff should be cancelled, and the company should also be required to immediately cease and desist providing intrastate interexchange telecommunications services within Florida.

~~Issue 5: If staff's recommendation in Issue 1, Issue 2, Issue 3, or Issue 4, is approved, and the company's registration number is removed from the register, and the company's tariff is cancelled, and the company is required to immediately cease and desist providing intrastate interexchange telecommunications services within Florida, the Commission should order any company that bills for any company to cease and desist billing Florida customers for said company? If, as a result of the Commission's Order resulting from this recommendation, any company is ordered to cease and desist providing intrastate interexchange telecommunications service in Florida, should the Commission also order any company that is providing billing services for the penalized company to stop billing in Florida for the affected company?~~

Recommendation: Yes.

Issue 6: Should these dockets be closed?

Recommendation: The Order for each docket issued from this recommendation will become final upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest in the respective docket within 21 days of the issuance of the Proposed Agency Action Order. If the Commission's Order is not protested, the docket should be closed administratively upon either receipt of the payment of the penalty from the respective company cited in each docket or upon the removal of the company's registration number from the register and cancellation of the company's tariff. A protest in one docket should not prevent the action in a separate docket from becoming final, nor should any action by the Commission preempt, including but not limited to any settlement, preclude or resolve any matters under review by any other Florida Agencies or Departments.

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

Critical Date(s): 5/18/04 (waived 5-month effective date – PAA Rate Case)

Commissioners Assigned: All Commissioners

Prehearing Officer: Bradley

Staff: ECR: Merta, Baxter, Biggins, Draper, Gardner, Hewitt, Kenny, Lester, Maurey,
Springer, Stallcup, Wheeler, Winters

GCL: Fleming

RCA: Fletcher, Witman

SCR: Lowery

(All issues proposed agency action except Issue 69.)

Issue 1: Is IGC's projected test period of the 12 months ending December 31, 2004 appropriate?

Recommendation: Yes. With the adjustments recommended by staff in the following issues, the 2002 and 2004 test years are appropriate.

Issue 2: Are IGC's forecasts of customer growth and therms by rate class for the projected test year appropriate?

Recommendation: Yes. The number of bills and therms by rate class contained in revised MFR Schedule G-2, page 8 of 31 (dated January 16, 2004) are appropriate.

Issue 3: Has Indiantown Gas Company periodically tested customer meters within a ten-year interval as required by Rule 25-7.064(1) and (2), Florida Administrative Code (F.A.C.), and have customer refunds been made for all meters tested and found to measure more than 2 percent fast, as required by Rule 25-7.087(1), F.A.C.?

Recommendation: No. IGC should be ordered to accelerate its meter test program to have all customer meters with a rated capacity of 2500 cubic feet per hour (cfh) or less be tested within a ten-year period as required by Rule 25-7.064(1) and (2), F.A.C. Meters should be tested at a rate that will assure full compliance by December 31, 2005.

Further, IGC should be ordered to make refunds for each of the meters tested during calendar years 2003 and 2004 that are found to register more than two percent fast. The refunds should be calculated based on the time the meter has remained in service beyond the ten-year test interval required by Rule 25-7.064, F.A.C.

If the exact period of time beyond the ten-year test interval cannot be established due to inadequate records, it is recommended that the calculation of the refund should be based on ten times the customer's average annual therm usage obtained from available company records. If a customer moves from the service area without providing a forwarding address, a reasonable effort should be made to locate the individual. If the refund cannot be completed, a record should be established in accordance with Rule 25-7.091(7)(c), F.A.C., and the Commission informed of all unclaimed refunds and a method of disposal established.

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CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 4: Is the quality of service provided by IGC adequate?

Recommendation: Yes. The quality of service provided by IGC is satisfactory.

Issue 5: Should an adjustment be made for the transfer of the office building land?

Recommendation: Yes. An adjustment should be made to increase plant and non-utility operations by \$1,552 and \$524, respectively, for the projected test year.

Issue 6: Should an adjustment be made to IGC's proposed level of plant additions for the projected test year?

Recommendation: Yes. Plant, Accumulated Depreciation, and Depreciation Expense should be increased by a total of \$13,060, \$646, and \$1,040, respectively.

Issue 7: Should an adjustment be made to plant retirements for the projected test year?

Recommendation: Yes. The adjustment to correct the overstated retirements should be to increase Plant, Accumulated Depreciation, and Depreciation Expense for the projected test year by \$2,264, \$2,359, and \$190, respectively.

Issue 8: Should an adjustment be made to Plant, Accumulated Depreciation, and Depreciation Expense for the installation of a gas distribution system that occurred prior to 1970 which was incorrectly booked to IGC's Continuing Property Records in the amount of \$182,252?

Recommendation: Yes. Plant, Accumulated Depreciation, and Depreciation Expense should be reduced by \$81,347, \$81,110 and \$3,417, respectively, for the projected test year.

Issue 9: Should an adjustment be made to Plant, Accumulated Depreciation, and Depreciation Expense for the installation of mains at the New Hope Subdivision in Booker Park in 1980?

Recommendation: Yes. Plant, Accumulated Depreciation, and Depreciation Expense should be increased by \$30,536, \$21,040 and \$1,283, respectively.

Issue 10: Is IGC's requested level of Plant in Service in the amount of \$1,341,330 for the projected test year appropriate?

Recommendation: No. The appropriate Plant in Service amount should be \$1,307,395 for the projected test year.

Issue 11: Should an adjustment be made to non-utility Common Plant, Accumulated Depreciation, and Depreciation Expense for non-utility operations?

Recommendation: Yes. Common Plant Allocated, Accumulated Depreciation-Common Plant Allocated, and Depreciation Expense for non-utility operations should be increased by a total of \$110,303, \$13,800, and \$9,420, respectively.

Issue 12: Is IGC's requested level of non-utility Common Plant Allocated in the amount of \$24,749 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Common Plant Allocated for the projected test year is \$135,575, which reflects an increase to non-utility plant by \$110,827.

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 13: Is IGC's Total Plant of \$1,316,581 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Total Plant for the projected test year is \$1,171,820, a total reduction of \$144,762 for the projected test year.

Issue 14: Is IGC's requested level of Accumulated Depreciation and Accumulated Amortization of Gas Plant in Service in the amount of \$685,574 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Accumulated Depreciation and Amortization of Plant in Service for the projected test year is \$614,709.

Issue 15: Should an adjustment be made to the amount of cash in working capital for the 2004 projected test year?

Recommendation: Yes. Cash for the 2004 projected test year should be decreased by \$96,081 to reflect cash based on the three year average.

Issue 16: Should an adjustment be made to allocate working capital to reflect non-utility operations allocations?

Recommendation: Yes. Working Capital should be decreased by \$10,400 to reflect the non-utility operations allocations.

Issue 17: Should an adjustment be made to Deferred Debits?

Recommendation: Yes. Deferred Debits should be increased by \$8,137.

Issue 18: Should an adjustment be made to Accrued Taxes Payable in Working Capital?

Recommendation: Yes. Accrued Taxes Payable should be increased by \$2,609. This adjustment results in a \$2,609 decrease to Working Capital Allowance.

Issue 19: Is IGC's requested level of Working Capital Allowance in the amount of \$124,804 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Working Capital Allowance for the projected test year is \$31,814.

Issue 20: Is IGC's requested level of Rate Base in the amount of \$755,812 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Rate Base for the projected test year is \$588,925.

Issue 21: What is the appropriate cost rate for common equity to use in establishing IGC's revenue requirement for the projected test year?

Recommendation: The appropriate return on equity for IGC for the projected test year is 11.50% with a range of plus or minus 100 basis points.

Issue 22: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the projected test year?

Recommendation: The appropriate weighted average cost of capital for the projected test year is 9.53%.

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 23: Are IGC's estimated revenues from sales of gas by rate class at present rates for the projected test year appropriate?

Recommendation: No. Revenues should be increased by \$392 to correct estimated sales of gas by rate class for the projected test year.

Issue 24: Is IGC's projected level of Total Operating Revenues in the amount of \$342,918 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Total Operating Revenues for the projected test year is \$343,310.

Issue 25: Has IGC made the appropriate adjustment to Account 921, Office Supplies, Account 930, General Advertising and Miscellaneous General Expense, and Account 932, Maintenance of General Plant, to remove non-utility expenses?

Recommendation: No. Account 921, Office Supplies, Account 930, General Advertising and Miscellaneous General Expense, and Account 932, Maintenance of General Plant Expenses, should be reduced by \$2,042, \$118, and \$393, respectively, for a total adjustment of \$2,553 to remove non-utility expenses.

Issue 26: Has IGC properly allocated expenses between regulated and non-regulated operations?

Recommendation: No. Expenses should be increased by \$10,341 to properly allocate expenses between regulated and non-regulated operations.

Issue 27: Should an adjustment be made to IGC's requested level of Administrative & General (A&G) salaries for the projected test year?

Recommendation: Yes. A&G salaries should be reduced by \$44,459 for non-utility allocations.

Issue 28: Should an adjustment be made to Account 932, Maintenance of General Plant, and Account 926, Employee Pensions and Benefits, to remove certain memberships and dues?

Recommendation: Yes. Account 932, Maintenance of General Plant, should be reduced by \$169 and Account 926, Employee Pensions and Benefits, Expenses should be reduced by \$290 for a total adjustment of \$459 to remove certain memberships and dues.

Issue 29: Should an adjustment be made to Account 880, Other Expenses, Account 921, Office Supplies, and Account 923, Outside Services, to remove nonrecurring expenses?

Recommendation: Yes, Account 880, Other Expenses, Account 921, Office Supplies, and Account 923, Outside Services, should be reduced by \$456, \$527, and \$5,878, respectively, for a total adjustment of \$6,861 to remove nonrecurring expenses.

Issue 30: Should an adjustment be made to Account 874, Mains & Services, for the projected test year?

Recommendation: Yes. Account 874, Mains & Services, should be decreased by \$12,666 for the projected test year.

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 31: Should an adjustment be made to Account 878, Meter and House Regulator Expenses, to include periodic meter and regulator change-out expense?

Recommendation: Yes. Account 878, Meter and House Regulator Expenses, should be increased by \$4,832 and Miscellaneous Deferred Debits should be increased by \$7,249 to include periodic meter and regulator change-out expense.

Issue 32: Should an adjustment be made to Accounts 880, Other Expenses, and 889, Measuring and Regulating Station Equipment, to remove non-utility related salary for the projected test year?

Recommendation: Yes. Accounts 880, Other Expenses, and 889, Measuring and Regulating Station Equipment, should be reduced by \$3,169 each for a total of \$6,338 to remove the non-utility related salary of a Customer Service representative.

Issue 33: Should an adjustment be made to Account 880, Miscellaneous Distribution Expense, to include odorant costs?

Recommendation: Yes. Account 880, Miscellaneous Distribution Expense, should be increased by \$714 for odorant costs for the 2004 projected test year. In addition, an adjustment should be made to increase working capital Prepayments by \$715.

Issue 34: Should an adjustment be made to Account 902, Meter Reading, for the projected test year?

Recommendation: Yes. Account 902 should be increased by \$220.

Issue 35: Should an adjustment be made to Account 920, A&G Salaries, for the projected test year?

Recommendation: Yes. Account 920 should be decreased by \$4,731 to allocate the non-utility increase in the Chief Financial Officer's (CFO) salary due to an increase in her work hours.

Issue 36: Should an adjustment be made to Account 921, Office Supplies, to remove one-half of the charges for employee activities?

Recommendation: Yes. Account 921, Office Supplies, should be reduced by \$614 to remove one-half of the charges for employee activities.

Issue 37: Should an adjustment be made to Account 921, Office Supplies and Expenses, to remove non-utility entertainment expenses for the projected test year?

Recommendation: Yes. Account 921, Office Supplies and Expenses, should be reduced by \$1,394 to remove non-utility entertainment expenses.

Issue 38: Should an adjustment be made to Account 923, Outside Services?

Recommendation: Yes. Account No. 923, Outside Services, should be reduced by \$11,800.

Issue 39: Should an adjustment be made to Account 926, Employee Pensions and Benefits, to remove non-utility life insurance expenses for the projected test year?

Recommendation: Yes. Account 926, Employee Pensions and Benefits, should be reduced by \$475 to remove non-utility life insurance expenses.

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 40: Should an adjustment be made to Account No. 923, Outside Services, and Account No. 926, Employee Pensions and Benefits, to remove out of period expenses?

Recommendation: Yes. Account No. 923, Outside Services, and Account No. 926, Employee Pensions and Benefits, should be reduced by \$1,966 and \$3,445, respectively, for a total adjustment of \$5,411 to remove out of period expenses.

Issue 41: Should an adjustment be made to Account 928, Regulatory Commission Expense, for rate case expense for the projected test year and what is the appropriate amortization period?

Recommendation: Yes. Account 928, Regulatory Commission Expense, should be decreased by \$13,888 for rate case expense for the projected test year. The appropriate amortization period is four years.

Issue 42: Should an adjustment be made to Account 930, Miscellaneous General Expense, to remove a portion of American Gas Association (AGA) dues?

Recommendation: Yes, Account 930, Miscellaneous General Expense, should be reduced by \$208 to remove a portion of AGA dues related to lobbying and advertising that is not informational or educational in nature.

Issue 43: Should an adjustment be made to Account 930, Miscellaneous General Expense, to remove image building or other inappropriate advertising expenses?

Recommendation: Yes. Account No. 930, Miscellaneous General Expense, should be reduced by \$1,487 for non-utility advertising.

Issue 44: Should an adjustment be made to Account 930, Miscellaneous General Expense, to remove charitable contributions?

Recommendation: Yes. Account 930, Miscellaneous General Expense, should be reduced by \$1,536 to remove charitable contributions.

Issue 45: Should an adjustment be made to Account 930, Miscellaneous General Expense, for director fees?

Recommendation: Yes. Account 930, Miscellaneous General Expense, should be reduced by \$12,000 for director fees.

Issue 46: Should an adjustment be made to Account 930, Miscellaneous General Expenses, to remove interest expense for the projected test year?

Recommendation: Yes. Account 930, Miscellaneous General Expenses, should be reduced by \$490 to remove interest expense.

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 47: Are the trend rates used by IGC to calculate projected O&M expenses appropriate?

Recommendation: No. The appropriate trend rates are:

	<u>2003</u>	<u>2004</u>
Inflation	1.9%	2.1%
Customer Growth	0.0%	1.5%
Customer Growth x Inflation	1.9%	3.63%
Payroll	2.5%	2.5%

Issue 48: Should the projected test year expense be adjusted for the effect of any changes to trend rates or bases?

Recommendation: Yes. Projected test year expenses should be reduced by \$5,954 for the effect of changing the trend rates.

Issue 49: Is IGC's O&M Expense of \$447,301 for the projected test year appropriate?

Recommendation: No. The appropriate amount of O&M Expense for the projected test year is \$330,083.

Issue 50: Is IGC's Depreciation and Amortization Expense of \$68,248 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Depreciation and Amortization Expense for the projected test year is \$57,924.

Issue 51: Is IGC's Taxes Other Than Income of \$24,924 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Taxes Other Than Income is \$17,677, a decrease of \$7,247.

Issue 52: Is IGC's Income Tax Expense of (\$83,452) for the projected test year appropriate?

Recommendation: No. The appropriate income tax expense for the December 2004 projected test year is (\$16,826).

Issue 53: Is IGC's Total Operating Expenses of \$457,022 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Total Operating Expenses for the projected test year is \$388,857.

Issue 54: Is IGC's Net Operating Income of (\$114,103) for the projected test year appropriate?

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Recommendation: No. The appropriate amount of Net Operating Income for the projected test year is (\$45,547).

Issue 55: What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for IGC?

Recommendation: The appropriate revenue expansion factor is 1.2512.

Issue 56: Is IGC's requested annual operating revenue increase of \$306,751 for the projected test year appropriate?

Recommendation: No. The appropriate annual operating revenue increase for the projected test year is \$127,211.

Issue 57: What is the appropriate cost of service methodology to be used in allocating costs to the rate classes?

Recommendation: The appropriate methodology is contained in Attachment 6 to staff's May 6, 2004 memorandum.

Issue 58: Is IGC's proposal to bill certain of its customers a demand charge based on their Maximum Daily Transportation Quantity appropriate?

Recommendation: No. The Commission should not approve IGC's demand charge as proposed. Instead, the Commission should approve a demand charge of \$.53, applicable only to the TS-4 rate schedule.

Issue 59: Should IGC's proposal to change the applicability provisions of its TS-2 and TS-3 rate schedules be approved?

Recommendation: Yes.

Issue 60: Should IGC's proposal to eliminate the TS-5 rate schedule and to remove the upper annual therm consumption limit for the TS-4 rate schedule be approved?

Recommendation: Yes.

Issue 61: Is IGC's proposed new Third Party Supplier (TPS) rate schedule appropriate?

Recommendation: No. The appropriate TPS charge is \$2.09.

Issue 62: If the Commission grants a revenue increase to IGC, how should the increase be allocated to the rate classes?

Recommendation: Staff's recommended allocation of the revenue increase to the rate classes is contained in Attachment 6 to staff's memorandum, page 16 of 16.

ITEM NO.

CASE

6**PAA

Docket No. 030954-GU – Petition for rate increase by Indiantown Gas Company.

(Continued from previous page)

Issue 63: What are the appropriate Customer Charges?

Recommendation: Staff's recommended customer charges are as follows:

	Staff
	Recommended
<u>Rate Class</u>	<u>Customer Charge</u>
TS-1	\$9.00
TS-2	\$25.00
TS-3	\$60.00
TS-4	\$2,000.00

Issue 64: What are the appropriate per therm Transportation Charges?

Recommendation: Staff's recommended per therm Transportation Charges are contained in Attachment 7 to staff's memorandum, page 1.

Issue 65: What is the appropriate Demand Charge?

Recommendation: The appropriate demand charge is \$.53 per Maximum Daily Transportation Quantity (MDTQ).

Issue 66: What is the appropriate effective date for IGC's revised rates and charges?

Recommendation: The revised rates and charges should become effective for meter readings on or after 30 days following the date of the Commission vote approving the rates and charges.

Issue 67: Should any portion of the \$137,014 interim increase granted by Order No. PSC-04-0180-PCO-GU, issued on February 24, 2004, be refunded to the customers?

Recommendation: No portion of the \$137,014 interim revenue increase should be refunded.

Issue 68: Should IGC be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records that will be required as a result of the Commission's findings in this rate case?

Recommendation: Yes. The company should be required to fully describe the entries and adjustments that will be either recorded or used in preparing reports submitted to the Commission within 90 days after the final order in this docket.

Issue 69: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

ITEM NO.

CASE

7**

Docket No. 040252-EI – Petition for approval of revisions to Tariff Sheet No. 9.930, application form for Medically Essential Service, by Florida Power & Light Company.

Critical Date(s): 5/21/04 (60-day suspension date)

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: ECR: Wheeler, Kummer
GCL: Brown

Issue 1: Should FPL's proposed changes to its Application Form for Medically Essential Service tariff be suspended?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: No.

ITEM NO.

CASE

8**

Docket No. 040313-EI – Request for approval of 2004 underground differential cost report (Form PSC/EAG 13) and revised tariff sheets, by Gulf Power Company.

Critical Date(s): 6/1/04 (60-day suspension date)

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: ECR: Draper
GCL: Rodan

Issue 1: Should Gulf's proposed underground residential distribution tariffs and their associated charges be suspended?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: No.

ITEM NO.

CASE

9**

Docket No. 040257-WS – Application for transfer of Certificates 617-W and 531-S in Duval and St. Johns Counties from Nocatee Utility Corporation to JEA.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Johnson, Kaproth

GCL: Gervasi

Issue 1: Should the transfer of Certificates Nos. 617-W and 531-S from Nocatee Utility Corporation to the Jacksonville Electric Authority be approved?

Recommendation: Yes. The transfer of certificates from Nocatee Utility Corporation to JEA should be approved as a matter of right, pursuant to Section 367.071(4)(a), Florida Statutes. Certificates Nos. 617-W and 531-S should be cancelled administratively upon receipt of the executed purchase agreement confirming the date of closing, which is anticipated to be December 31, 2004.

Issue 2: Should this docket be closed?

Recommendation: Yes. Because no further action is necessary, this docket should be closed administratively upon receipt of the executed purchase agreement confirming the closing.

ITEM NO.

CASE

10**

Docket No. 040267-WS – Application for transfer of all facilities operated under Certificates 200-W and 145-S from Forest Hills Utilities, Inc. to Pasco County.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Brady, Romig

GCL: Fleming

Issue 1: Should the transfer of Forest Hills' water and wastewater facilities to Pasco County be approved?

Recommendation: Yes. The transfer should be approved as a matter of right pursuant to Section 367.071(4)(a), Florida Statutes. Certificate Nos. 200-W and 145-S should be cancelled upon notification of the date of closing, which is anticipated to be July 30, 2004. Within 30 days of the closing, Forest Hills should be responsible for remitting 2004 regulatory assessment fees from January 1, 2004, through the date of closing.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending receipt of the executed purchase agreement, which confirms the date of closing and payment of 2004 RAFs at which time Certificate Nos. 200-W and 145-S should be cancelled and the docket administratively closed.

