FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: October 19, 2004, 9:30 a.m.

LOCATION: Room 148, Betty Easley Conference Center

DATE ISSUED: October 8, 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.

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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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DOCKET NO.	COMPANY NAME
041038-TA	Conterra, LLC d/b/a Conterra Wireless Broadband

PAA B) Applications for certificates to provide competitive local exchange telecommunications service.

DOCKET NO.	COMPANY NAME
041089-TX	Pelzer Communications Corporation
041002-TX	Vertex Communications, Inc. d/b/a Zenith Communications of Florida, Inc.

PAA C) Application for certificate to provide pay telephone service.

DOCKET NO.	COMPANY NAME
041099-TC	SAVAC, Inc.

PAA D) Requests for cancellation of competitive local exchange telecommunications certificates.

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040599-TX	Lightyear Communications, Inc.	03/31/2004
040657-TX	Fair Financial LLC d/b/a Midstate Telecommunications	6/30/2004

E) Docket No. 041086-EI – Application by Florida Power & Light Company ("FPL") for authority to issue and sell and/or exchange any combination of long-term debt and equity securities and/or to assume liabilities or obligations as guarantor, endorser or

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surety in an aggregate amount not to exceed $4.5 billion during calendar year 2005. In addition, FPL seeks permission to issue and sell short-term securities during the calendar years 2005 and 2006 in an amount or amounts such that the aggregate principal amount of short-term securities outstanding at the time of any such sale will not exceed 25% of FPL's gross revenues during the preceding twelve months of operation.

In connection with this application, FPL confirms that the capital raised pursuant to this application will be used in connection with the activities of FPL and not the unregulated activities of its affiliates.

For monitoring purposes, this docket should remain open until April 14, 2006 to allow the company time to file the required consummation report.

F) Docket No. 041103-EI – Tampa Electric Company ("Company") seeks the authority to issue, sell and/or exchange equity securities and to issue, sell, exchange and/or assume long-term or short-term debt securities and/or to assume liabilities or obligations as guarantor, endorser or surety during calendar year 2005. The Company also seeks authority to enter into interest rate swaps or other derivative instruments related to debt securities during calendar year 2005.

The amount of all equity and long-term debt securities issued, sold, exchanged or assumed and liabilities and obligations assumed or guaranteed as guarantor, endorser or surety will not exceed in the aggregate $400 million during calendar year 2005, including any amounts issued to retire existing long-term debt securities. The maximum amount of short-term debt outstanding at any one time including bank borrowings will be $400 million during calendar year 2005.

In connection with this application, the company confirms that the capital raised pursuant to this application will be used in connection with the activities of Tampa Electric and not the unregulated activities of its affiliates.

For monitoring purposes, this docket should remain open until April 14, 2006 to allow the Company time to file the required consummation report.

RECOMMENDATION: The Commission should approve the action requested in the dockets referenced above and close these dockets, with the exception of 041086-EI, and 041103-EI, which must remain open for monitoring purposes.

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3** Docket No. 991473–TP – Review and revision of Rules 25-4.002, 4.003, 4.0185, 4.023, 4.038, 4.039, 4.066, 4.070, 4.072, 4.073, 4.0770, 4.080, and 4.085, F.A.C.

Critical Date(s): None

Rule Status: Proposed

Commissioners Assigned: All Commissioners
Prehearing Officer: Deason

Staff: GCL: Stern
CMP: McDonald, Moses
ECR: Hewitt

Issue 1: Should the Commission propose the revisions shown in Attachment 1 of staff's October 7, 2004 memorandum to Rules 25-4.002, 25-4.003, 25-4.0185, 25-4.023, 25-4.038, 25-4.039, 25-4.066, 25-4.070, 25-4.072, 25-4.073, 25-4.0770, 25-4.080, and 25-4.085, Florida Administrative Code.
Recommendation: Yes. The Commission should propose the revisions.
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.

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4** Docket No. 040530–TP – Petition for expedited ruling requiring BellSouth Telecommunications, Inc. and Verizon Florida Inc. to file for review and approval any agreements with CLECs concerning resale, interconnection, or unbundled network elements, by Florida Competitive Carriers Association, AT&T Communications of the Southern States, LLC d/b/a AT&T, MCImetro Access Transmissions Services LLC, and MCI WorldCom Communications, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Davidson

Staff: GCL: Banks
CMP: Lee, Dowds

Issue 1: Should this Docket be held in abeyance?
Recommendation: Yes. This Docket should be held in abeyance pending resolution of the FCC's proceedings resulting from the FCC Order and Notice. The Commission should decline to rule on any pending motions until such time as the proceeding in this Docket resumes.
Issue 2: Should this Docket be closed?
Recommendation: No. This Docket should remain open pending the outcome of the proceedings in the FCC Order and Notice. Thereafter, staff will bring this matter to the attention of the Commission.

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5** Docket No. 040343–TP – Petition by Volo Communications of Florida, Inc. d/b/a Volo Communications Group of Florida, Inc. for adoption of existing interconnection agreement between ALLTEL Florida, Inc. and Level 3 Communications, LLC. (Deferred from September 21, 2004 conference.)

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: GCL: Scott, McKay
CMP: Bates

Issue 1: Should the Commission grant ALLTEL's Motion to Dismiss Volo's Notice of Adoption?
Recommendation: No. Staff recommends that ALLTEL's Motion to Dismiss be denied. Because the parties are, however, currently negotiating a new agreement, staff recommends that proceedings in this matter be held in abeyance for a period of sixty (60) days. Thereafter, if negotiations are not successful, this matter should be set for hearing.
Issue 2: Should this Docket be closed?
Recommendation: No. If the Commission approves staff's recommendation in Issue 1, this Docket should be held open pending further proceedings.

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6 Docket No. 040086–EI – Petition to vacate Order No. PSC-01-1003-AS-EI approving, as modified and clarified, the settlement agreement between Allied Universal Corporation and Chemical Formulators, Inc. and Tampa Electric Company and request for additional relief, by Allied Universal Corporation and Chemical Formulators, Inc. (Deferred from October 5, 2004 conference.)

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Jaber

Staff: GCL: Brown, Stern
ECR: Draper

(Motions to dismiss amended petition and motion for attorney's fees - oral argument requested.)
Issue 1: Should the Commission grant the request for oral argument?
Recommendation: Yes.
Issue 2: Should the Commission dismiss Allied's amended petition?
Recommendation: Yes. Allied's amended petition fails to state a cause of action upon which the Commission can grant the relief requested. The Commission should dismiss the amended petition with prejudice.
Issue 3: Should the Commission grant Odyssey's Motions for Attorney's Fees and Sanctions?
Recommendation: The Commission should not address Odyssey's Motions for Attorney's Fees at this time. If the Commission grants the motions to dismiss, the Commission should address the motions when its Order becomes final and any appellate proceedings are concluded. If the Commission denies the motions to dismiss, it should address the motions during the course of the hearing procedure.
Issue 4: Should this docket be closed?
Recommendation: No. If the Commission dismisses Allied's amended petition with prejudice, this docket should remain open pending consideration of the outstanding motions for attorney's fees and sanctions. If the Commission dismisses Allied's amended petition with further leave to amend, or denies the motions to dismiss, the docket should remain open for further proceedings.

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7**PAA Docket No. 040231–EU – Joint petition for approval of territorial agreement in Leon and Wakulla Counties by Talquin Electric Cooperative, Inc. and Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Davidson

Staff: GCL: Gervasi
ECR: Breman, Windham

Issue 1: Should the Commission grant the joint petition of Talquin and PEFI for approval of the Agreement?
Recommendation: Yes. The Agreement between Talquin and PEFI (the parties) is in the public interest and should be approved. The parties should file an annual progress report on the customer transfers for the prior twelve months until the transfers are completed to ensure that the Commission can effectively monitor the transfers.
Issue 2: Should this docket be closed?
Recommendation: Yes. If no timely protest is filed by a person whose substantial interests are affected within 21 days of the Commission Order approving the Agreement, this docket should be closed upon the issuance of a Consummating Order. If a protest is timely filed by a substantially interested person, the Agreement should remain in effect pending resolution of the protest and the docket should remain open.

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8**PAA Docket No. 040543–EI – Complaint by Michael Hedrick against Florida Power & Light Company regarding backbilling for alleged meter tampering. (Deferred from August 3, 2004 conference; revised recommendation filed.)

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: GCL: Vining
RCA: Plescow

Issue 1: Is there sufficient evidence to demonstrate that meter tampering occurred at the residence of Michael Hedrick at 2011 North 57th Terrace, Hollywood, Florida, to allow FPL to backbill Mr. Hedrick's account for unmetered kilowatt hour consumption?
Recommendation: Yes. There is prima facie evidence that meter tampering occurred at Mr. Hedrick's residence. ~~Prima facie evidence of meter tampering outlined in FPL's reports demonstrates that meter tampering occurred at Mr. Hedrick's residence~~. As the customer of record during the entire period in question, Mr. Hedrick should be held responsible for a reasonable amount of backbilling.
Issue 2: Is FPL's calculation of the backbilled amount of $4,889.75, which includes investigation charges of $553.33, reasonable?
Recommendation: Yes.
Issue 3: 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.

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9** Docket No. 040975–GU – Petition for approval of revisions to Tariff Sheets Nos. 68-70, Alternative Fuel Discount Rider, by City Gas Company of Florida.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: CMP: Brown, Bulecza-Banks, Casey, Makin
ECR: Kummer
GCL: Vining

Issue 1: Should the Commission approve City Gas's petition for Approval of Revisions to Tariff Sheets Nos. 68-70, the Alternative Fuel Discount Rider?
Recommendation: Yes. The Commission should approve City Gas's petition for Approval of Revisions to Tariff Sheets Nos. 68-70, the Alternative Discount Rider.
Issue 2: Should this docket be closed?
Recommendation: Yes. If Issue 1 is approved, the revised Tariff Sheets Nos. 68-70 should become effective on October 19, 2004. If a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed upon issuance of a consummating order.

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Docket No. 041055–TI – Request for waiver of carrier selection requirements of Rule 25-4.118, F.A.C., due to acquisition of all telecommunications assets of OneStar Long Distance, Inc., IXC Registration No. TJ759, by Telrite Corporation, IXC Registration No. TJ776; and request for removal from register of IXC Registration No. TJ759 effective September 8, 2004.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: CMP: M. Watts
GCL: Scott

Issue 1: Should the Commission approve the waiver of the carrier selection requirements of Rule 25-4.118, Florida Administrative Code, in the transfer of long distance customers from OneStar Long Distance, Inc. to Telrite Corporation?
Recommendation: Yes.
Issue 2: Should the Commission grant OneStar Long Distance, Inc. cancellation of its tariff and removal from the register of Registration No. TJ759 with an effective date of September 8, 2004, due to bankruptcy; notify the Division of the Commission Clerk & Administrative Services that any unpaid RAFs, including statutory penalty and interest charges, should not be sent to the Florida Department of Financial Services for collection and request permission to write off the uncollectible amounts; and require the company to immediately cease and desist providing intrastate interexchange telecommunications services in Florida?
Recommendation: Yes.
Issue 3: Should this docket be closed?
Recommendation: 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.

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11**PAA	Docket No. 041056–TI – Request for waiver of carrier selection requirements of Rule 25-4.118, F.A.C., due to acquisition of long distance residential and commercial customer base and certain assets of Econodial, LLC (IXC Registration No. TJ691) by Master Call Communications, Inc. (IXC Registration No. TJ788).

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: CMP: M. Watts
GCL: Rockette-Gray

Issue 1: Should the Commission approve the waiver of the carrier selection requirements of Rule 25-4.118, Florida Administrative Code, in the transfer of long distance customers from Econodial, LLC to Master Call Communications, Inc.?
Recommendation: Yes.
Issue 2: Should this docket be closed?
Recommendation: 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.

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12**PAA Docket No. 040959–TI – Bankruptcy cancellation by Florida Public Service Commission of IXC Registration No. TJ006 issued to STAR Telecommunications, Inc., effective 8/25/04.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: CMP: Isler
GCL: Scott

Issue 1: Should the Commission grant STAR Telecommunications, Inc. cancellation of its tariff and removal from the register with an effective date of August 25, 2004, due to bankruptcy; notify the Division of the Commission Clerk and Administrative Services that any unpaid Regulatory Assessment Fees, including statutory late payment charges, should not be sent to the Florida Department of Financial Services and request permission to write off the uncollectible amounts; and require the company to immediately cease and desist providing interexchange telecommunications service in Florida?
Recommendation: Yes.
Issue 2: Should this docket be closed?
Recommendation: Yes, if no protest is filed and upon issuance of a Consummating Order.

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13**PAA Docket No. 040216–GU – Application for rate increase by Florida Public Utilities Company.

Critical Date(s): 10/26/04 (5-month effective date - PAA rate case)

Commissioners Assigned: All Commissioners
Prehearing Officer: Davidson

Staff: ECR: Merta, Baxter, Draper, Gardner, Kenny, Lester, Rendell, Revell, Wheeler, Winters
GCL: Jaeger
RCA: Hicks, Witman

(All items proposed agency action except for Issue 60.)
Issue 1: Is FPUC's projected test period of the 12 months ending December 31, 2005 appropriate?
Recommendation: Yes. With the adjustments recommended by staff in the following issues, the projected test year of 2005 is appropriate.
Issue 2: Is the quality of service provided by FPUC adequate?
Recommendation: Yes. FPUC's quality of service is satisfactory.
Issue 3: Is it appropriate for the utility to include the South Florida Division's anticipated property purchase for the relocation of the South Florida Operations Center in its projections for 2005?
Recommendation: No. Rate Base should be reduced by $2,500,000 for the proposed purchase of land for the operations center. Also Account 390, Structures and Improvements, and the associated accumulated depreciation and expense should be reduced by $26,340, $198 and $396, respectively.
Issue 4: Should an adjustment be made to Account 389, Land and Land Rights, and Account 390, Structures and Improvements, to account for the vacant Sanford office building?
Recommendation: Yes. The Sanford office building was vacated in 2002 and is no longer used and useful. Therefore, Account 390 should be reduced by $97,768, $104,123, and $2,542 ~~$293,304, $6,355, and $7,626~~ for plant-in-service, accumulated depreciation, and depreciation expense, respectively. Also, Account 389 should be reduced by $8,436 ~~$25,308~~ for plant-in-service.
Issue 5: Should an adjustment be made to FPUC's proposed level of plant additions for the projected test year?
Recommendation: Yes. Plant-in-service, accumulated depreciation, and depreciation expense should be reduced by a total of $1,076,150, $28,202, and $26,846 ~~$1,560,850, $38,915, $53,694~~, respectively, for the projected test year to reflect changes in the 2004 and 2005 plant additions.
Issue 6: Should an adjustment be made to plant retirements for the projected test year?

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Recommendation: Yes. Adjustments should be made to plant retirements to correct miscalculations and overstated retirements for retired or sold vehicles by a reduction to plant-in-service, accumulated depreciation, and depreciation expense for the projected test year of $30,112, $32,557, and $2,445, respectively.

Issue 7: Should the projected test year rate base be reduced to remove inactive service lines that have been inactive for more than five years?

Recommendation: Yes. The projected test year plant-in-service, accumulated depreciation, and depreciation expense should be reduced by $113,998, $278,678, and $4,045, respectively, to reflect the 309 inactive service lines that have been inactive for five years or more.

Issue 8: Has FPUC accounted for its bare steel replacement program appropriately?

Recommendation: No. Accumulated amortization and amortization expense for this program should be increased for the projected test year by $94,385 and $188,770, respectively, and the amortization period should be decreased to 50 years.

Issue 9: Is the acquisition adjustment, accumulated amortization and related amortization expense of $3,300,000, $49,863, and $99,726, respectively, for the SFNG acquisition appropriate for the projected test year?

Recommendation: No. The proper totals for the acquisition adjustment, accumulated amortization of the acquisition adjustment, and the related amortization expense for the projected test year should be $960,376, $128,052, and $32,013, respectively. The proper amortization period should be 30 years; however, because the assets of South Florida Natural Gas (SFNG) were acquired on December 14, 2001, staff believes that the amortization period should have begun January 1, 2002, reducing the remaining amortization period at the end of the projected test year to 26 years. The resulting reductions to utility plant and amortization expense are $2,339,624 and $67,713, respectively. The resulting increase to accumulated amortization of acquisition adjustment is $78,189. Staff also recommends that the permanence of these cost savings be reviewed in FPUC's next rate case. If it is determined at that time that the cost savings no longer exist, the acquisition adjustment should be partially or totally removed from rate base.

Issue 10: Is FPUC's requested level of Construction Work in Progress (CWIP) in the amount of $194,004 for the projected test year appropriate?

Recommendation: No. The appropriate level of CWIP in the projected test year is $235,540.

Issue 11: Should an adjustment be made to allocate working capital to reflect nonutility operations and corporate allocations?

Recommendation: Yes. Working capital should be increased by $1,434,985.

Issue 12: Should an adjustment be made to the amount of cash in working capital?

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Recommendation: Yes. Cash in working capital should be reduced by $155,648.
Issue 13: Should an adjustment be made to working capital to allocate Materials & Supplies to non-regulated operations?
Recommendation: Yes. An adjustment to reduce Account 154, Materials & Supplies, in working capital by $42,577 should be approved.
Issue 14: Are the balances for the medical self insurance reserve and accrued liability insurance appropriate?
Recommendation: The balances in these liability accounts should be decreased by $10,781, thereby increasing working capital by $10,781.
Issue 15: Is the Prepaid Pensions in working capital appropriate?
Recommendation: The balance in the Prepaid Pension account should be increased by $31,706, thereby increasing working capital by $31,706.
Issue 16: Is FPUC's requested level of Working Capital Allowance in the amount of zero for the projected test year appropriate?
Recommendation: No. Working capital should be ($706,682).
Issue 17: Is FPUC's requested level of Rate Base in the amount of $65,835,210 for the projected test year appropriate?
Recommendation: No. The appropriate rate base for the projected test year is $59,171,674 ~~$58,387,511~~, which includes the staff-recommended components shown in the analysis portion of staff's October 7, 2004 memorandum.
Issue 18: Should an adjustment be made to Accumulated Deferred Income Taxes in the capital structure?
Recommendation: Yes. An adjustment should be made to increase Accumulated Deferred Income Taxes in the capital structure by $2,992,338 ~~$2,397,521~~, to reflect a balance of $9,245,613 ~~$8,650,796~~.
Issue 19: What is the appropriate amount and cost rate of the unamortized investment tax credits to include in the capital structure?
Recommendation: The appropriate amount of unamortized investment tax credits (ITCs) is $276,563. The ITCs should be included in the capital structure at a 9.28% cost rate.
Issue 20: What is the appropriate cost rate for common equity for the projected test year?
Recommendation: The appropriate cost rate for common equity is 11.25% with a range of plus or minus 100 basis points.
Issue 21: What is the appropriate weighted average cost of capital including the proper components, amounts and cost rates associated with the capital structure?
Recommendation: The appropriate weighted average cost of capital is 7.62% ~~7.69%~~.
Issue 22: Is FPUC's projected level of Total Operating Revenues in the amount of $22,568,224 for the projected test year appropriate?

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Recommendation: No. Other Operating Revenues should be increased by $3,600. The appropriate amount of Total Operating Revenues for the projected test year is $22,571,824.

Issue 23: Is the level of overhead cost allocations for the projected test year appropriate?

Recommendation: No. The level of overhead cost allocations should be decreased by $155,692.

Issue 24: Should an adjustment be made to remove nonrecurring expenses?

Recommendation: Yes. Expenses should be decreased by $78,127 to remove nonrecurring expenses.

Issue 25: Should an adjustment be made for the new positions requested by the company?

Recommendation: Yes. Expenses should be increased by $21,624 and decreased by $91,557 for a net decrease of $69,932 for new positions requested by the company.

Issue 26: Are the expenses for the Fleet Image Improvement Program appropriately recovered through base rates?

Recommendation: Expenses of $31,980 are appropriate and should be allowed in rate base for the Fleet Improvement Program.

Issue 27: Should an adjustment be made to Account 878, Meter & House Regulator Expense, for periodic meter and regulator change-out expense?

Recommendation: Yes. Account 878 should be decreased by $47,531 to correct the projection of periodic meter and regulator change-out expense for 2005.

Issue 28: Should Accounts 903, Customer Records and Collection Expenses, and 905, Miscellaneous Customer Accounts Expenses, be adjusted for state sales tax on company-use gas?

Recommendation: Yes. Account 903 should be increased by $5,221 and Account 905 should be increased by $7,409 for a total of $12,630 to remove credits for state sales tax on company-use gas.

Issue 29: Should an adjustment be made to Account 904, Uncollectible Accounts, and Account 144, Allowance for Uncollectibles, for bad debt expense for the projected test year and what is the appropriate factor to include in the revenue expansion factor?

Recommendation: Account 904 should be decreased by $34,411 to reflect a five-year average of net write-offs to revenues. The Allowance for Uncollectibles should be decreased by $17,205, thereby increasing working capital. The appropriate factor to include in the revenue expansion factor is 0.3300.

Issue 30: Should an adjustment be made to remove nonutility advertising expense?

Recommendation: Yes. Account 912 should be reduced by $1,335.

Issue 31: Should an adjustment be made to Account 913 for the Advertising Expense-Safety Program and for cooperative advertising?

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Recommendation: Yes. Account 913 should be reduced by $91,357.
Issue 32: Should an adjustment be made to Account 920, A&G Salaries, for a payroll increase?
Recommendation: Yes. Account 920 should be decreased by $10,400 to remove the payroll increase for an officer position which was eliminated.
Issue 33: Should an adjustment be made to Account 921, Office Supplies and Expenses for the projected test year?
Recommendation: Yes. Account 921 should be decreased by $17,828 for the projected test year.
Issue 34: Should an adjustment be made to Account 923, Outside Services, and Account 930, Miscellaneous General Expenses?
Recommendation: Yes. Account 923 should be decreased by $1,786 for duplicate legal fees and for $10,200 for an audit contingency, for a total of $11,986. In addition Account 930 should be decreased by $6,585 for duplicate annual report costs. The total adjustment is an $18,571 decrease to expenses.
Issue 35: Should an adjustment be made to Account 926, Employee Benefits, for the projected test year?
Recommendation: Yes. Account 926 should be decreased by $14,626 for the projected test year.
Issue 36: Should an adjustment be made to Other Post Employment Benefits Expense for the projected test year?
Recommendation: Yes. The other post employment benefits (OPEB) expense for the projected test year ending December 31, 2005 should be reduced by $11,886 to reflect a balance of $103,400.
Issue 37: Should an adjustment be made to pension expense for the projected test year?
Recommendation: Yes. The pension expense for the projected test year ending December 31, 2005 should be reduced by $26,645 to reflect a balance of $585,902.
Issue 38: 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. Rate case expense should be reduced by $41,646 and the expense should be amortized over four years. Additionally, one-half of the unamortized portion of the allowed expense or $184,064 should be included in the projected test year working capital, reducing working capital by $329,826.
Issue 39: Should an adjustment be made to Account 930, General Advertising and Miscellaneous General Expenses, projected test year?
Recommendation: Yes, Account 930 should be reduced by $3,213 for membership dues.

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Issue 40: What adjustments, if any, should be made to accumulated depreciation and depreciation expense to reflect the Commission's decision in Docket No. 040352-GU In re: 2004 Depreciation Study for Florida Public Utilities Company to be implemented January 1, 2005?

Recommendation: The Commission approved the staff recommendation in Docket No. 040352-GU at the October 5, 2004 agenda conference. The impacts of the new depreciation rates on the projected test year are to increase depreciation expense by $154,289 and to increase accumulated depreciation by $77,145. These values have been incorporated into the current staff recommendation and no further adjustments are necessary.

Issue 41: Is FPUC's Taxes Other Than Income of $4,464,719 for the projected test year appropriate?

Recommendation: No. The appropriate amount of Taxes Other Than Income (TOTI) is $4,324,539 ~~$4,310,816~~, a decrease of $140,180 ~~$153,903~~.

Issue 42: Is FPUC's Income Tax Expense of ($1,093,873), which includes current and deferred income taxes, investment tax credit (ITC) amortization, and interest reconciliation for the projected test year, appropriate?

Recommendation: No. The appropriate income tax expense, including current taxes, deferred income taxes, ITC amortization, and interest reconciliation is ($811,143) ~~($791,055)~~.

Issue 43: Is FPUC's Net Operating Income of $641,221 for the projected test year appropriate?

Recommendation: No. For the projected test year, the appropriate Net Operating Income is $880,787 ~~$906,355~~, which includes the staff-recommended components shown in the staff analysis.

Issue 44: What is the appropriate projected test year revenue expansion factor and the appropriate net operating income multiplier, including the appropriate elements and rates for FPUC?

Recommendation: The appropriate projected test year revenue expansion factor is 0.618523 and the appropriate net operating income multiplier is 1.6168.

Issue 45: Is FPUC's requested annual operating revenue increase of $8,186,989 for the projected test year appropriate?

Recommendation: No. The appropriate annual operating revenue increase for the projected test year is $5,865,903 ~~$5,794,037~~.

Issue 46: What is the appropriate cost of service methodology to be used to allocate costs to the rate classes?

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

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Issue 47: If the Commission grants a revenue increase to FPUC, 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.
Issue 48: What are the appropriate Customer Charges?
Recommendation: Staff's recommended customer charges are as follows:

Rate Class	Staff Recommended Customer Charge
Residential Service (RS)	$8.00
General Service (GS)	$15.00
General Service Transportation Service (GSTS)	$15.00
Large Volume Service (LVS) >500 therms/mo.	$45.00
Large Volume Transportation Service (LVTS) >500 therms/mo.	$45.00
Interruptible Service (IS)	$240.00
Interruptible Transportation Service (ITS)	$240.00

Issue 49: What are the appropriate per therm Energy Charges?
Recommendation: Staff's recommended per therm Energy Charges are contained in Attachment 7 to staff's memorandum, page 1.
Issue 50: Are FPUC's Miscellaneous Service Charges appropriate?
Recommendation: Yes.
Issue 51: Is FPUC's proposal to eliminate the separate base rate schedules applicable to its New Smyrna Beach District customers and charge all customers under uniform base rate schedules appropriate?
Recommendation: Yes.
Issue 52: What is the appropriate monthly Pool Manager Service Charge?
Recommendation: The appropriate monthly Pool Manager Service Charge is $100.
Issue 53: Should FPUC's proposal to eliminate the Large Volume Interruptible Service (LVIS) and the Large Volume Interruptible Transportation Service (LVITS) rate schedules be approved?
Recommendation: Yes.
Issue 54: What is the appropriate fee for transportation customers who change their pool managers?
Recommendation: The appropriate fee for transportation customers who change their pool manager is $19.

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Issue 55: Is FPUC's proposed new Gas Lighting Service (GLS) rate schedule appropriate?
Recommendation: Yes.
Issue 56: Are FPUC's proposed charges for transportation service customers appropriate?
Recommendation: Yes. FPUC's proposed charges for transportation service customers are appropriate. FPUC should discontinue billing its customers the Transportation Cost Recovery and Non-monitored Transportation Administration Charge cost recovery factors at the time the revised rates in this case become effective. In addition, staff recommends that FPUC file a petition for the final true-up of the Transportation Cost Recovery Clause and the Non-monitored Transportation Administration Charge within 30 days of the effective date of the revised rates.
Issue 57: Is FPUC's proposal to eliminate the charge for historical consumption information appropriate?
Recommendation: Yes.
Issue 58: What is the appropriate effective date for FPUC'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 59: Should any portion of the $1,236,108 interim increase granted by Order No. PSC-04-0721-PCO-GU, issued July 26, 2004, be refunded to the customers?
Recommendation: No portion of the $1,236,108 interim revenue increase should be refunded.
Issue 60: Should FPUC 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. To ensure that the utility adjusts its books in accordance with the Commission's decision, FPUC should provide proof, within 90 days of the consummating order finalizing this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made to its annual report, rate of return reports, and its books and records.
Issue 61: 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

14**PAA

Docket No. 040449–EI – Request for exclusion under Rule 25-6.0455(3), F.A.C., for outages on April 13, 2004 resulting from weather system known as a "Mesoscale Convective System," by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Deason

Staff: ECR: Breman, Matlock
GCL: C. Keating

Issue 1: Should the Commission approve FPL's petition to exclude from its 2004 Annual Distribution Service Reliability Report 114,935 customer interruptions that occurred on April 13, 2004, due to a weather-related event?
Recommendation: Yes. FPL has demonstrated that the outages due to the April 13, 2004, weather event were not within its control and that it could not reasonably have prevented the outages. FPL should file its 2004 Annual Distribution Service Reliability Report with and without the requested exclusion.
Issue 2: Should this docket be closed?
Recommendation: Yes. This docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.

ITEM NO. CASE

15**PAA Docket No. 030445–SU – Application for rate increase in Lee County by Utilities, Inc. of Eagle Ridge.

Critical Date(s): 10/19/04 (5-month effective date – PAA rate case extended)

Commissioners Assigned: All Commissioners
Prehearing Officer: Deason

Staff: ECR: Joyce, Kyle, Merchant, Redemann, Willis
GCL: Gervasi

(All items proposed agency action except for Issues 13 and 14.)
Issue 1: Is the quality of service provided by Eagle Ridge considered satisfactory?
Recommendation: Yes. The utility's overall quality of service is satisfactory.
Issue 2: Are any rate base adjustments appropriate?
Recommendation: Yes. The following adjustments should be made:

	Plant	Accumulated Depreciation	Depreciation Expense
Organization Cost (A/E 2)	($14,483)	$543	($362)
Miscellaneous Plant (A/E 3 & 4)	($27,081)	4,439	($1,415)
Retirements (A/D 3)	($306,117)	306,117	($16,789)
Pro Forma Plant (A/D 1)	(45,285)	1,906	(1,906)
Retirement on Pro Forma	(25,399)	25,399	(1,412)
WSC Common Plant (A/E5)	25,263	0	0
Total:	($393,102)	$338,404	($22,268)

An adjustment is also recommended to reflect a post-test year customer, as follows:

	CIAC	Accum. Amort. of CIAC	Test Year Amortization	Test Year Revenues
Post-Test Year Customer	($7,008)	$304	($304)	$1,563

Issue 3: What are the used and useful percentages of the utility's wastewater treatment plant, wastewater collection system, and reuse water system?
Recommendation: The Eagle Ridge wastewater treatment plant is 90.25% used and useful. The Cross Creek wastewater treatment plant is 100% used and useful. The wastewater collection and reuse systems should be considered 100% used and useful. While no change to the utility's percentage is recommended, staff has made adjustments addressed in Issue 2 and reclassifications to correct the amount of reuse related plant. This results in corresponding changes in the non-used and useful plant adjustments.
Issue 4: What is the appropriate working capital allowance?

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Recommendation: The appropriate working capital allowance is $68,800 using the balance sheet method.
Issue 5: What is the appropriate rate base?
Recommendation: The appropriate rate base for the test year ending December 31, 2002, is $1,413,897.
Issue 6: Are any adjustments necessary to the capital structure and what is the appropriate return on equity and weighted cost of capital for the test year ending December 31, 2002?
Recommendation: Deferred taxes should be increased by $47,014 to reflect the special tax depreciation allowance claim by the utility. The appropriate cost of equity should be 11.21%, with a range of 10.21% to 12.21%, and the overall cost of capital should be 8.25%, with a range of 7.86% to 8.63%.
Issue 7: Are there any O&M expense adjustments that should be made related to employee salaries and benefits as a result of staff's audit?
Recommendation: Yes. Employee salaries and health cost should be decreased by $4,696 and $4,491, respectively. Employee insurance cost should be increased by $711. A corresponding reduction of $397 should also be made to payroll taxes.
Issue 8: What is the appropriate amount of rate case expense?
Recommendation: The appropriate rate case expense for this docket is $62,646. This expense should be recovered over four years for an annual expense of $15,661.
Issue 9: What is the test year wastewater operating income before any revenue increase?
Recommendation: Based on the adjustments discussed in previous issues, staff recommends that the test year wastewater operating income before any provision for increased revenues should be $57,642.
Issue 10: What is the appropriate revenue requirement?
Recommendation: The following revenue requirement should be approved.

Test Year Revenues	$ Increase	Revenue Requirement	% Increase
$713,889	$98,955	$812,854	13.86%

Issue 11: What are the appropriate wastewater rates for this utility?
Recommendation: The appropriate monthly rates are shown on Schedule No. 4 of staff's October 7, 2004 memorandum. Staff's recommended rates are designed to produce revenues of $811,299, excluding miscellaneous service charge revenues. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates should not be implemented until staff

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15**PAA Docket No. 030445–SU – Application for rate increase in Lee County by Utilities, Inc. of Eagle Ridge.

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has approved the proposed customer notice. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

Issue 12: In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding the pro forma adjustments for a plant filter and rate case expense. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenues granted. Using these principles, staff recommends that no interim refund should be required.

Issue 13: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense?

Recommendation: The rates should be reduced as shown on Schedule No. 4 of staff's memorandum to remove $16,339 for rate case expense, grossed up for regulatory assessment fees (RAFs), which are being amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction.

Issue 14: Should the utility be required to provide proof that it has adjusted its books for all Commission-approved adjustments?

Recommendation: Yes. To ensure that the utility adjusts its books in accordance with the Commission's decision, Eagle Ridge should provide proof, within 90 days of the issuance date of a final order in this docket, that the adjustments for all the applicable primary accounts have been made.

Issue 15: Should the docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action issues files a protest within twenty-one days of the issuance of the order, a consummating order will be issued and this docket should be closed upon staff's verification that the revised tariff sheets and customer notice have been filed in accordance with the Commission's decision. Once the tariff sheets and customer notice have been approved by staff, the corporate undertaking may be released. When the PAA issues are final and the tariff and notice actions are complete, this docket may be closed administratively.

ITEM NO.	CASE
16	Docket No. 040972–SU – Application for rate increase in Pinellas County by Ranch Mobile WWTP, Inc.

Critical Date(s): 10/29/04 (60-day suspension date)

Commissioners Assigned: All Commissioners
Prehearing Officer: Deason

Staff: ECR: Merta
GCL: Vining, McAuliffe

(Decision on suspension of rates - Participation is at the Commission's discretion.)
Issue 1: Should the utility's proposed wastewater rates be suspended?
Recommendation: Yes. Ranch Mobile's proposed wastewater rates should be suspended. The docket should remain open pending the Commission's final action on the utility's requested rate increase.

ITEM NO.	CASE
17**	Docket No. 040515–WU – Application for certificate to operate water utility in Orange and Lake Counties by Oak Springs, LLC. Critical Date(s): 11/8/04 (Statutory deadline for original certificate pursuant to Section 367.031, Florida Statutes.) Commissioners Assigned: All Commissioners Prehearing Officer: Jaber Staff: ECR: Johnson, Rieger GCL: Brown Issue 1: Should Oak Springs, LLC's application for a water certificate be granted? Recommendation: Yes, Oak Springs, LLC should be granted Certificate No. 623-W to serve the territory described in Attachment A of staff's October 7, 2004 memorandum.
PAA	Issue 2: What are the appropriate initial water rates and return on investment for this utility? Recommendation: The utility's proposed water rates and miscellaneous service charges described in the analysis portion of staff's memorandum should be approved. Oak Springs should charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. The utility should be required to notice all customers of the approved rates prior to billing for monthly water service. The utility should also be required to file a proposed customer notice reflecting the Commission-approved rates within ten days of the date of the consummating order. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code. A return on equity of 11.40% plus or minus 100 basis points should be approved.
PAA	Issue 3: What are the appropriate service availability charges for Oak Springs, LLC? Recommendation: The utility's proposed service availability policy and charges set forth within the staff analysis are appropriate and should be approved effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), Florida Administrative Code. Issue 4: Should this docket be closed? Recommendation: Yes. If no timely protest is filed by a substantially affected person to proposed agency action Issues 2 and 3, a consummating order should be issued upon expiration of the protest period and the docket should be closed.

ITEM NO.	CASE

18** Docket No. 041116–WS – Resolution of Board of County Commissioners of Bay County rescinding resolution of July 10, 1973 which imposed regulatory jurisdiction upon the Florida Public Service Commission for utilities operating within Bay County.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: ECR: Brady, Kaproth
GCL: Jaeger

Issue 1: Should the Commission acknowledge Resolution No. 2570, rescinding the Commission's jurisdiction over investor-owned water and wastewater utilities in Bay County effective September 7, 2004?
Recommendation: Yes. Certificate Nos. 446-S and 514-W, held by Sandy Creek Utility Services, Inc. should be cancelled effective September 7, 2004. Certificate No. 535-S, held by Crooked Creek Utility Company, should be cancelled upon the conclusion of Docket No. 040358-SU. Certificate Nos. 358-S and 469-W, held by Bayside Utility Services, Inc., should be cancelled upon the conclusion of Docket No. 030444-WS. The cancellation of these certificates does not affect the authority of the Commission to collect, or the obligation of the utilities to pay, regulatory assessment fees accrued prior to the September 7, 2004, transfer of jurisdiction to Bay County.
Issue 2: Should this docket be closed?
Recommendation: No. The docket should remain open until Docket Nos. 030444-WS and 040358-SU have been closed, after which time this docket should be closed administratively and Bayside's Certificate Nos. 358-S and 469-W and Crooked Creek's Certificate No. 535-S should be cancelled.

ITEM NO.	CASE
19	Docket No. 030444–WS – Application for rate increase in Bay County by Bayside Utility Services, Inc.

Critical Date(s): 5/13/05 (8-month effective date)

Commissioners Assigned: Deason, Jaber, Davidson
Prehearing Officer: Deason

Staff: ECR: Fletcher, Maurey, Merchant, Willis
GCL: Jaeger

(Participation is at the discretion of the Commission.)

Issue 1: Should the security to guarantee the approved interim rates be increased, and, if so, what is the appropriate guarantee amount?

Recommendation: Yes. The corporate undertaking for Bayside should be increased by $55,769 from $46,964 to $102,733. This corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI), and written confirmation of UI's continued attestation that it does not have any outstanding guarantees on behalf of UI-owned utilities in other states. UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI's total guarantee should be a cumulative amount of $447,240. Pursuant to Rule 25-30.360(6), Florida Administrative Code (F.A.C.), the utility should continue to provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the utility's requested rate increase.