

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, January 25, 2011, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: January 13, 2011

NOTICE

Persons affected by Commission action on certain items on this agenda may be allowed to address the Commission, either informally or by oral argument, when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the agenda item number.

To participate informally, affected persons need only appear at the agenda conference and request the opportunity to address the Commission on an item listed on agenda. Informal participation is not permitted: (1) on dispositive motions and motions for reconsideration; (2) when a recommended order is taken up by the Commission; (3) in a rulemaking proceeding after the record has been closed; or (4) when the Commission considers a post-hearing recommendation on the merits of a case after the close of the record. The Commission allows informal participation at its discretion in certain types of cases (such as declaratory statements and interim rate orders) in which an order is issued based on a given set of facts without hearing.

See Rule 25-22.0021, F.A.C., concerning Agenda Conference participation and Rule 25-22.0022, F.A.C., concerning oral argument.

Agendas, staff recommendations, vote sheets, transcripts, and conference minutes are available from the PSC Web site, <http://www.floridapsc.com>, by selecting *Agenda & Hearings* and *Agenda Conferences of the FPSC*. By selecting the docket number, you can advance to the *Docket Details* page and the Document Index Listing for the particular docket. If you have any questions, contact the Office of Commission Clerk at (850) 413-6770 or e-mail the clerk at Clerk@psc.state.fl.us.

Any person requiring some accommodation at this conference because of a physical impairment should call the Office of Commission Clerk 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 Office of Commission Clerk, Betty Easley Conference Center, Room 110.

The Commission Conference has a live video broadcast the day of the conference, which is available from the PSC's Web site. Upon completion of the conference, the video will be available from the Web site by selecting *Agenda and Hearings* and *Audio and Video Event Coverage*.

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<u>ITEM NO.</u>	<u>CASE</u>						
1	Approval of Minutes November 30, 2010 Regular Commission Conference December 14, 2010 Regular Commission Conference						
2**	Consent Agenda						
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<u>DOCKET NO.</u>	<u>COMPANY NAME</u>						
100455-TC	Value-Added Communications, Inc.						
PAA	B) Applications for Certificates to Provide Competitive Local Exchange Telecommunications Service. <table><thead><tr><th><u>DOCKET NO.</u></th><th><u>COMPANY NAME</u></th></tr></thead><tbody><tr><td>100443-TX</td><td>Miami-Dade Broadband Coalition, Inc.</td></tr><tr><td>100469-TX</td><td>MOSAIC NETWORKX LLC</td></tr></tbody></table>	<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	100443-TX	Miami-Dade Broadband Coalition, Inc.	100469-TX	MOSAIC NETWORKX LLC
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100443-TX	Miami-Dade Broadband Coalition, Inc.						
100469-TX	MOSAIC NETWORKX LLC						
PAA	C) Request for Approval of Transfer and Name Change on a Competitive Local Exchange Telecommunications Certificate. <table><thead><tr><th><u>DOCKET NO.</u></th><th><u>COMPANY NAME</u></th></tr></thead><tbody><tr><td>100373-TX</td><td>Transfer From: New Talk, Inc. Transfer and Name Change To: Telecom Ventures, LLC d/b/a Dialtone Ventures, LLC</td></tr></tbody></table>	<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	100373-TX	Transfer From: New Talk, Inc. Transfer and Name Change To: Telecom Ventures, LLC d/b/a Dialtone Ventures, LLC		
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100373-TX	Transfer From: New Talk, Inc. Transfer and Name Change To: Telecom Ventures, LLC d/b/a Dialtone Ventures, LLC						

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

ITEM NO.

CASE

3**

Docket No. 090478-WS – Application for original certificates for proposed water and wastewater systems, in Hernando and Pasco Counties, and request for initial rates and charges, by Skyland Utilities, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: GCL: Klancke

ECR: Brady, Chase, Daniel, Williams

Issue 1: Should the Commission acknowledge the Applicant's voluntary withdrawal of its application for original certificates to operate a water and wastewater utility in Hernando and Pasco Counties?

Recommendation: Yes, the Commission should acknowledge the Applicant's voluntary withdrawal of its application for original certificates to operate a water and wastewater utility in Hernando and Pasco Counties.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, the docket should be closed.

ITEM NO.

CASE

4**

Docket No. 100154-EG – Petition for approval of demand-side management plan of Gulf Power Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: RAD: Graves, Brown, Crawford, Garl, Lewis, Ma
GCL: Harris

Issue 1: Does Gulf's revised Demand-Side Management Plan satisfy the Company's numeric conservation goals set by the Commission in Order No. PSC-09-0855-FOF-EG?

Recommendation: Yes. Gulf's revised DSM Plan meets or exceeds the numeric conservation goals set by the Commission, is cost-effective, and the rate impact associated with the revised DSM Plan is low relative to a typical customer's total bill.

The Commission should approve the programs contained in Gulf's revised Demand-Side Management Plan to allow Gulf to file for cost recovery. However, Gulf must still demonstrate, during the annual Energy Conservation Cost Recovery (ECCR) clause proceedings, that expenditures in executing its DSM Plan are reasonable and prudent. Gulf should be required to file program standards for administrative approval within 30 days of the Consummating Order in this docket.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action issue files a protest within 21 days of the issuance of the Order, a Consummating Order will be issued. If the Commission approves any programs, the programs should become effective on the date of the Consummating Order. If a protest is filed within 21 days of the issuance of the Order, the programs should not be implemented until after the resolution of the protest. However, the docket should remain open for staff's verification that the program standards have been filed by the Utility and approved by staff. When the PAA issues are final and the program standards have been approved, this docket may be closed administratively.

ITEM NO.

CASE

5**PAA

Docket No. 100462-GU – Joint petition of Peoples Gas System and Office of Public Counsel for approval of stipulation and settlement agreement for possible overearnings for calendar year ending December 31, 2010.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Slemkewicz, Cicchetti, Draper, P. Lee, Maurey
GCL: Crawford

Issue 1: Should the Commission approve the proposed Stipulation concerning PGS' overearnings for the year ended December 31, 2010?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open until PGS files a refund report indicating that the entire \$3 million refund has been completed. After the refund has been verified by staff, this docket should be closed administratively.

ITEM NO.

CASE

6**PAA

Docket No. 050192-WS – Application for certificates to provide water and wastewater service in Sumter County by Central Sumter Utility Company, L.L.C.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECR: Jones-Alexis, Brady, Williams

GCL: Brown

Issue 1: What are the appropriate initial water and wastewater rates and return on investment for Central Sumter Utility Company, L.L.C.?

Recommendation: The water and wastewater rates, as shown on Schedule Nos. 1 and 2 of staff's memorandum dated January 12, 2011, are reasonable and should be approved. The approved rates should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. CSU should be required to charge the approved rates and charges until authorized to change them by the Commission in a subsequent proceeding. A return on equity of 10.85 percent plus or minus 100 basis points should also be approved.

Issue 2: What are the appropriate service availability policy and charges for Central Sumter Utility Company, L.L.C.?

Recommendation: The service availability policy and charges, as shown on Schedule No. 3 of staff's memorandum dated January 12, 2011, are consistent with the guidelines contained in Rule 25-30.580(1)(a), F.A.C., and should be approved. The approved service availability policy and charges should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. CSU should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 3: What are the appropriate initial customer deposits and miscellaneous service charges for Central Sumter Utility Company, L.L.C.?

Recommendation: The appropriate initial customer deposits and miscellaneous service charges for CSU are those shown on Schedule No. 3 of staff's memorandum dated January 12, 2011. The approved customer deposits and miscellaneous service charges should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. CSU should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 4: What is the appropriate allowance for funds used during construction (AFUDC) rate for Central Sumter Utility Company, L.L.C.?

Recommendation: The Utility's proposed AFUDC rate of 8.84 percent with a discounted monthly rate of 0.708403 percent should be approved. The approved rate should be applicable for eligible construction projects.

ITEM NO.

CASE

6**PAA

Docket No. 050192-WS – Application for certificates to provide water and wastewater service in Sumter County by Central Sumter Utility Company, L.L.C.

(Continued from previous page)

Issue 5: Should this docket be closed?

Recommendation: If no timely protest to the proposed agency action is filed with the Commission by a substantially affected person, a Consummating Order should be issued and the docket should be closed.

ITEM NO.

CASE

7**PAA

Docket No. 100149-WU – Application for increase in water rates in Lee County by Ni Florida, LLC.

Critical Date(s): 5-Month Effective Date waived through 1/25/11

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ECR: Deason, Fletcher, Maurey, Stallcup, Thompson, Williams
GCL: Jaeger

(Proposed Agency Action Except for Issue Nos. 22 and 23.)

Issue 1: Is the quality of service provided by Ni Florida satisfactory?

Recommendation: Yes, the quality of service provided by Ni Florida is satisfactory.

Issue 2: Should the audit adjustments to rate base to which the Utility agrees be made?

Recommendation: Yes. Based on audit adjustments agreed to by the Utility, staff recommends the following adjustments to rate base and operating expenses be made.

Audit Finding	Plant	Accum. Depr.	Accum. Amortz. of CIAC	Amortz. Expense	Depr. Expense	O&M Expense
No. 1	(\$5,512)	(\$69)	\$0	\$0	(\$138)	(\$981)
No. 2	(4,312)	4,312	0	0	(100)	0
No. 3	<u>0</u>	<u>(435)</u>	<u>(1,293)</u>	<u>861</u>	<u>1,251</u>	<u>0</u>
Total:	<u>(\$9,824)</u>	<u>\$3,808</u>	<u>(\$1,293)</u>	<u>\$861</u>	<u>\$1,013</u>	<u>(\$981)</u>

Issue 3: Should adjustments be made to the Utility's pro forma plant additions and associated expenses?

Recommendation: Yes. The Utility's pro forma plant additions should be increased by \$391. Accordingly, accumulated depreciation and depreciation expense should be decreased by \$288.

Issue 4: What is the used and useful percentage for the water distribution system?

Recommendation: The Ni Florida water distribution system should be considered 100 percent used and useful (U&U).

Issue 5: What is the appropriate working capital allowance?

Recommendation: The appropriate amount of working capital is \$23,583.

Issue 6: What is the appropriate rate base for the December 31, 2009, test year?

Recommendation: Consistent with other recommended adjustments, the appropriate 13-month average rate base for the test year ended December 31, 2009, is \$274,833.

ITEM NO.

CASE

7**PAA

Docket No. 100149-WU – Application for increase in water rates in Lee County by Ni Florida, LLC.

(Continued from previous page)

Issue 7: What is the appropriate return on equity?

Recommendation: The appropriate return on equity (ROE) is 8.82 percent based on the Commission’s leverage formula currently in effect. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

Issue 8: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2009?

Recommendation: The appropriate weighted average cost of capital for the test year ended December 31, 2009, is 8.77 percent.

Issue 9: What is the appropriate amount of current rate case expense?

Recommendation: The appropriate amount of rate case expense is \$77,257. This expense should be recovered over four years for an annual expense of \$19,314. Thus, Ni Florida’s requested annual rate case expense should be reduced by \$3,837.

Issue 10: Should any adjustments be made for non-utility expenses?

Recommendation: Yes, the Utility’s O&M expenses should be decreased by \$1,249 to reflect non-utility expenses.

Issue 11: Should any adjustment be made to bad debt expense?

Recommendation: Yes. The Utility should be entitled to bad debt expense of \$957. As a result, Ni Florida’s bad debt expense of \$3,853 should be reduced by \$2,896.

Issue 12: Should any adjustment be made to the Utility’s allocated overhead?

Recommendation: Yes. Ni Florida should be entitled to allocated overhead of \$37,287. As a result, the Utility’s allocated overhead of \$175,649 should be reduced by \$138,362.

Issue 13: What is the test year operating income before any revenue increase?

Recommendation: Based on the adjustments discussed in previous issues, the test year operating loss is (\$7,700).

Issue 14: What is the appropriate revenue requirement for the December 31, 2009 test year?

Recommendation: The following revenue requirement should be approved:

	Test Year Revenues	\$ Increase	Revenue Requirement	% Increase
Water	\$220,146	\$33,297	\$253,443	15.12%

ITEM NO.

CASE

7**PAA

Docket No. 100149-WU – Application for increase in water rates in Lee County by Ni Florida, LLC.

(Continued from previous page)

Issue 15: What are the appropriate rate structures for the water system?

Recommendation: The appropriate rate structure for the water system's residential class is a three-tier inclining-block rate structure. Staff's preliminary rate design called for a two-tier rate structure with usage blocks of: a) 0-6 kgal in the first usage block; and b) all usage in excess of 6.001 kgal in the second usage block. However, as discussed in Issue 16, by restricting any cost recovery due to repression being applied to non-discretionary usage, an additional tier is necessary for non-discretionary usage below 3 kgal per month. This results in a three-tier rate structure for monthly consumption with usage blocks of: a) 0-3 kgal; b) 3.001-6 kgal; and c) all usage in excess of 6 kgal in the third usage block and usage block rate factors of 0.93, 1.0, and 1.5 respectively. The appropriate rate structure for the water system's nonresidential classes is a continuation of its BFC/uniform gallonage charge rate structure. The BFC cost recovery percentage for the water system should be set at 56.80 percent.

Issue 16: Is a repression adjustment appropriate in this case, and, if so, what are the appropriate adjustments?

Recommendation: Yes, a repression adjustment is appropriate for this Utility. Test year residential kgal sold should be reduced by 389 kgal to 16,397 kgal, purchased water expense should be reduced by \$1,406, and regulatory assessment fees (RAFs) should be reduced by \$66. The final post-repression revenue requirement should be \$250,976.

In order to monitor the effect of the rate structure and rate changes, the Utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenues billed on a monthly basis. In addition, the reports should be prepared by customer class, usage block, and meter size. The reports should be filed with staff, on a semi-annual basis, for a period of two years beginning with the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the Utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

Issue 17: What are the appropriate monthly water rates?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4 of staff's memorandum dated January 12, 2011. Excluding miscellaneous service charges, the recommended water rates produce revenues of \$250,976. The Utility should file revised water tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the water system. 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), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than ten days after the date of the notice.

ITEM NO.

CASE

7**PAA

Docket No. 100149-WU – Application for increase in water rates in Lee County by Ni Florida, LLC.

(Continued from previous page)

Issue 18: Should the Utility be authorized to revise its miscellaneous service charges, and, if so, what are the appropriate charges?

Recommendation: Yes. Ni Florida should be authorized to revise its miscellaneous service charges. The Utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the revised tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. The Utility should provide proof the customers have received notice within ten days after the date that the notice was sent. The appropriate charges are reflected below. This notice may be combined with the notice required in other issues.

Miscellaneous Service Charges

	<u>Bus. Hrs</u>	<u>After Hrs</u>
Initial Connection	\$24	\$34
Normal Reconnection	\$24	\$34
Violation Reconnection	\$24	\$34
Premises Visit	\$18	\$27

Issue 19: Should the Utility's request for approval of a \$5 late fee be granted?

Recommendation: Yes. The Utility's requested late fee of \$5 should be approved. The late fee should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within ten days after the date of the notice. This notice may be combined with the notices required in other issues.

Issue 20: Should the Utility's request for approval of a Non-Sufficient Funds fee be granted?

Recommendation: Yes. The Utility's requested Non-Sufficient Funds (NSF) fee should be approved. The NSF fee should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given within ten days after the date of the notice. This notice may be combined with the notice required in other issues.

ITEM NO.

CASE

7**PAA

Docket No. 100149-WU – Application for increase in water rates in Lee County by Ni Florida, LLC.

(Continued from previous page)

Issue 21: 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 rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, the Utility should be required to refund 31.17 percent of revenues collected under interim rates. The refunds should be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility should be required to submit proper refund reports, pursuant to Rule 25-30.360(7), F.A.C. The Utility should treat any unclaimed refunds as CIAC, pursuant to Rule 25-30.360(8), F.A.C. Further, the escrow account should be released upon staff's verification that the required refunds have been made.

Issue 22: 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 as required by Section 367.0816, F.S.?

Recommendation: The water rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated January 12, 2011. 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 30 days prior to the actual date of the required rate reduction. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-40.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. Ni Florida should provide proof of the date notice was given no less than ten days after the date of the notice.

Issue 23: Should the Utility be required to provide proof, within 90 days of the final order issued in this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts associated with the Commission-approved adjustments?

Recommendation: Yes. To ensure that the Utility adjusts its books in accordance with the Commission decision, Ni Florida should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

ITEM NO.

CASE

7**PAA

Docket No. 100149-WU – Application for increase in water rates in Lee County by Ni Florida, LLC.

(Continued from previous page)

Issue 24: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action (PAA) files a protest within 21 days of the issuance of the PAA order, a consummating order will be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, that the interim refund has been completed and verified by staff, and that the Utility has provided proof that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission-approved adjustments. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

8**

Docket No. 100423-SU – Application for amendment of Certificate No. 189-S to add territory in Seminole County by Sanlando Utilities Corporation and amendment of Certificate No. 232-S to delete territory in Seminole County by Utilities, Inc. of Longwood.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ECR: Simpson

GCL: Williams

Issue 1: Should the Commission approve the application by Sanlando and Longwood to add territory to Sanlando's service area and to delete territory from Longwood's existing service territory?

Recommendation: Yes. The Commission should approve the application by Sanlando and Longwood to amend Sanlando's Certificate No. 189-S to add the territory reflected in Attachment A of staff's memorandum dated January 12, 2011, and to amend Longwood's Certificate No. 232-S to delete the territory reflected in Attachment B of staff's memorandum dated January 12, 2011. The resultant order should serve as Sanlando and Longwood's amended certificates and should be retained by both utilities. Sanlando should charge the customers in the territory added herein the rates and charges contained in its current tariff until authorized to be changed by the Commission.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendations in Issue 1, no further action will be necessary, and this docket should be closed.

ITEM NO.

CASE

9**

Docket No. 100452-SU – Application for transfer of majority organizational control of Hunters Ridge Utility Co. of Lee County to Hunters Ridge Community Association, Inc., and request for cancellation of Certificate No. 472-S.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Jones-Alexis, Gardner, Hillier

GCL: Williams

Issue 1: Should the Commission approve the transfer of majority organizational control of Hunters Ridge Utility Co. of Lee County (HRUC or Utility) to Hunters Ridge Community Association, Inc. (HRCIAI or Association), and cancel Certificate No. 472-S?

Recommendation: Yes. The transfer of majority organizational control is in the public interest and should be approved effective the date of the Commission vote. HRCIAI is responsible for regulatory assessment fees (RAFs) for the period July 1, 2010, through the closing date of November 1, 2010, and should pay the accrued RAFs by January 30, 2011. As the Utility will no longer be jurisdictional, pursuant to Section 367.022(7), Florida Statutes (F.S.), Certificate No. 472-S should be cancelled effective the same date.

Issue 2: Should this docket be closed?

Recommendation: Yes. Upon the Commission's approval of the transfer, this docket should be closed as no further action is necessary.

ITEM NO.

CASE

10**PAA

Docket No. 110005-WS – Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

Critical Date(s): March 31, 2011 - Statutory Reestablishment Deadline

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Fletcher, Maurey

GCL: Klancke

Issue 1: Which index should be used to determine price level adjustments?

Recommendation: The Gross Domestic Product Implicit Price Deflator Index is recommended for use in calculating price level adjustments. Staff recommends calculating the 2011 price index by using a fiscal year, four quarter comparison of the Implicit Price Deflator Index ending with the third quarter 2010.

Issue 2: What rate should be used by water and wastewater utilities for the 2011 Price Index?

Recommendation: The 2011 Price Index for water and wastewater utilities should be 1.18 percent.

Issue 3: How should the utilities be informed of the indexing requirements?

Recommendation: Pursuant to Rule 25-30.420(1), F.A.C., the Office of Commission Clerk, after the expiration of the Proposed Agency Action (PAA) protest period, should mail each regulated water and wastewater utility a copy of the PAA order establishing the index containing the information presented in Form PSC/ECR 15 (4/99) and Appendix A (Attachment 1 of staff's memorandum dated January 12, 2011). A cover letter from the Director of the Division of Economic Regulation should be included with the mailing of the order (Attachment 2 of staff's memorandum dated January 12, 2011). If a protest is filed and a hearing is held, the Office of Commission Clerk should mail each regulated water and wastewater utility a copy of the final order establishing the index which should contain the information presented in Form PSC/ECR 15 (4/99) and Appendix A (Attachment 1). A cover letter from the Director of the Division of Economic Regulation should be included with the mailing of the order (Attachment 2).

Issue 4: Should this docket be closed?

Recommendation: Yes, this docket should be closed upon the issuance of the Consummating Order if no substantially affected person files a timely protest within the 14-day protest period after issuance of the PAA Order. Any party filing a protest should be required to prefile testimony with the protest.

ITEM NO.

CASE

11

Docket No. 100318-WS – Petition for order to show cause against Service Management Systems, Inc. in Brevard County for failure to properly operate and manage water and wastewater system. (Deferred from the January 11, 2011 Commission Conference, new recommendation filed on January 12, 2011.)

Critical Date(s): None

Commissioners Assigned: Graham, Edgar, Brisé

Prehearing Officer: Graham

Staff: GCL: A. Williams

ECR: J. Williams, Daniel

(Participation of Parties is at the Commission's Discretion.)

Issue 1: Should the Commission grant Aquarina Utility Association Inc.'s (Association) Request for Oral Argument?

Recommendation: No. The Commission should not grant the Association's Request for Oral Argument because the Commissioners would not benefit from oral argument on the Association's Motion for Reconsideration.

Issue 2: Should the Commission reconsider its decision to grant FL-Service Management LLC's (LLC) Motion to Dismiss Aquarina Utility Association Inc.'s (Association) Petition in Order No. PSC-10-0624-FOF-WS?

Recommendation: No. The Commission did not overlook or fail to consider a point of fact or law in rendering Order No. PSC-10-0624-FOF-WS; therefore, the Association's Motion for Reconsideration should be denied.

Issue 3: Should this docket be closed?

Recommendation: Yes. If the Commission approves Issue 2, this docket should be closed when the time for an appeal has run.