

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, January 10, 2012, 9:30 a.m.

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

DATE ISSUED: December 30, 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.

In accordance with the American with Disabilities Act, persons needing a special accommodation to participate at this proceeding should contact the Office of Commission Clerk no later than five days prior to the conference at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, via 1-800-955-8770 (Voice) or 1-800-955-8771 (TDD), Florida Relay Service. Assistive Listening Devices are available at 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*.

Table of Contents
Commission Conference Agenda
January 10, 2012

1	Approval of Minutes October 24, 2011 Special Commission Conference December 6, 2011 Regular Commission Conference.....	2
2**PAA	Docket No. 110100-TX – Compliance investigation of North County Communications Corporation for apparent failure to accurately disclose information on application.	3
3**PAA	Docket No. 110233-GU – Petition for approval of 2011 Depreciation Study by Sebring Gas Systems, Inc.	4
4	Docket No. 110257-WS – Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.	5
5	Docket No. 110200-WU – Application for increase in water rates in Franklin County by Water Management Services, Inc.	7
6**	Docket No. 110138-EI – Petition for increase in rates by Gulf Power Company.	9

Agenda for
Commission Conference
January 10, 2012

ITEM NO.

CASE

1

Approval of Minutes

October 24, 2011 Special Commission Conference

December 6, 2011 Regular Commission Conference

ITEM NO.

CASE

2**PAA

Docket No. 110100-TX – Compliance investigation of North County Communications Corporation for apparent failure to accurately disclose information on application.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: RAD: Curry, Casey
GCL: Robinson

Issue 1: Should the Commission accept North County Communications Corporation's settlement offer to resolve its apparent failure to accurately disclose information on its application for authority to provide competitive local exchange services?

Recommendation: Yes, the Commission should accept North County Communications Corporation's settlement offer to resolve its apparent failure to accurately disclose information on its application for authority to provide competitive local exchange services.

Issue 2: Should this docket be closed?

Recommendation: If the Commission approves staff's recommendation on Issue 1 this docket should remain open pending the receipt of the \$2,500 settlement payment. The payment should be received by the Commission within fourteen (14) calendar days after the issuance of the Consummating Order. The payment should be made payable to the Florida Public Service Commission and should identify the docket number and the company's name. Upon receipt of the payment, the Commission shall forward it to the Division of Financial Services to be deposited into the General Revenue Fund. If North County fails to pay the \$2,500 settlement payment within fourteen (14) calendar days after the issuance of the Consummating Order, its CLEC Certificate No. 8799 should be revoked. This docket should be closed administratively upon receipt of the settlement payment or revocation of North County's CLEC certificate.

ITEM NO.

CASE

3**PAA

Docket No. 110233-GU – Petition for approval of 2011 Depreciation Study by Sebring Gas Systems, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECR: Bulecza-Banks, Cicchetti, Higgins, Ollila
GCL: Barrera

Issue 1: Should currently prescribed depreciation rates and recovery schedules of Sebring Gas Systems be revised?

Recommendation: Yes. A review of the Company's plans and activities indicates a need for a revision to the currently prescribed depreciation rates.

Issue 2: What should be the implementation date for new depreciation rates and recovery schedules?

Recommendation: Staff recommends approval of the company's proposed January 1, 2011, date of implementation for revised depreciation rates.

Issue 3: What are the appropriate depreciation rates and recovery schedules?

Recommendation: Staff's recommended lives, net salvages, reserves, resultant depreciation rates, and recovery schedules are shown on Attachment A of Staff's memorandum dated December 28, 2011. Attachment B shows a decrease in annual expenses of approximately \$201 based on December 31, 2010, investments.

Issue 4: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates?

Recommendation: Yes. The current amortization of ITCs and the flowback of EDITs should be revised to match the actual recovery periods for the related property. The utility should file detailed calculations of the revised ITC amortization and flowback of EDITs at the same time it files its surveillance report covering the period ending December 31, 2011.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed agency action files a timely request for a hearing within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

4

Docket No. 110257-WS – Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.

Critical Date(s): 60-Day Suspension Waived through 01/10/12

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ECR: Cicchetti, Fletcher, Maurey, Daniel, Simpson
GCL: Jaeger

(Participation is at the Discretion of the Commission.)

Issue 1: Should the Utility's proposed final water and wastewater rates be suspended?

Recommendation: Yes. Sanlando's proposed final water and wastewater rates should be suspended.

Issue 2: Should any interim revenue increases be approved?

Recommendation: Yes, Sanlando should be authorized to collect annual water and wastewater revenues as indicated below:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$3,394,397	\$488,014	\$3,882,411	14.38%
Wastewater	\$3,525,012	\$382,524	\$3,907,533	10.85%

Issue 3: What are the appropriate interim water and wastewater rates?

Recommendation: The water and wastewater service rates for Sanlando in effect as of December 31, 2010, should be increased by 14.60 percent for water and 10.91 percent for wastewater to generate the recommended revenue increase for the interim period. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1)(a), F.A.C. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission's decision, the proposed customer notice is adequate, and the required security has been filed. The Utility should provide proof of the date notice was given within 10 days after the date of notice.

ITEM NO.

CASE

4

Docket No. 110257-WS – Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation.

(Continued from previous page)

Issue 4: What is the appropriate security to guarantee the interim increase?

Recommendation: The Utility should be required to open an escrow account or file a surety bond or letter of credit to guarantee any potential refund of revenues collected under interim conditions. If the security provided is an escrow account, the Utility should deposit 12.57 percent of its water revenues and 9.79 percent of its wastewater revenues into the escrow account each month. Otherwise, the surety bond or letter of credit should be in the amount of \$507,948. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should 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 in accordance with Rule 25-30.360, F.A.C.

Issue 5: Should the docket be closed?

Recommendation: No. The docket should remain open pending the Commission's PAA decision on the Utility's requested rate increase.

ITEM NO.

CASE

5

Docket No. 110200-WU – Application for increase in water rates in Franklin County by Water Management Services, Inc.

Critical Date(s): 60-Day Suspension Date Waived through 01/10/12

Commissioners Assigned: ~~Edgar, Brise, Brown~~ All Commissioners *ac*
Prehearing Officer: Brown

Staff: ECR: Fletcher, Rieger, Maurey, Springer
GCL: Jaeger, Barrera

(Participation is at the Discretion of the Commission.)

Issue 1: Should the Utility's proposed final water rates be suspended?

Recommendation: Yes. WMSI's proposed final water rates should be suspended.

Issue 2: Should an interim revenue increase be approved?

Recommendation: Yes. WMSI should be authorized to collect annual water revenues as indicated below:

	<u>Adjusted Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$1,301,860	\$115,803	\$1,417,664	8.90%

Issue 3: What are the appropriate interim water rates?

Recommendation: The water rates for WMSI in effect as of December 31, 2010, should be increased by 8.93 percent to generate the recommended revenue increase for the interim period. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1)(a), F.A.C. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission decision, the proposed customer notice is adequate, and the required security has been filed. The Utility should provide proof of the date notice was given within 10 days after the date of notice.

Issue 4: What is the appropriate security to guarantee the interim increase?

Recommendation: The Utility should be required to open an escrow account or file a surety bond or letter of credit to guarantee any potential refund of revenues collected under interim conditions. If the security provided is an escrow account, the Utility should deposit 8.17 percent of the revenues collected under interim conditions into the escrow account each month. Otherwise, the surety bond or letter of credit should be in the amount of \$67,565. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should 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 in accordance with Rule 25-30.360, F.A.C.

ITEM NO.

CASE

5

Docket No. 110200-WU – Application for increase in water rates in Franklin County by Water Management Services, Inc.

(Continued from previous page)

Issue 5: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's final action on WMSI's application for increase in rates and charges.

ITEM NO.

CASE

6**

Docket No. 110138-EI – Petition for increase in rates by Gulf Power Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECR: Slemkewicz

GCL: Klancke

Issue:

Pursuant to discussion held at the hearing in this docket on November 15, 2011, the Motion for Approval of Partial Settlement Agreements, filed December 16, 2011, in Docket No. 110138-EI, is placed on this Commission Conference for consideration.