FLORIDA PUBLIC SERVICE COMMISSION COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, September 18, 2012, 9:30 a.m.

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

DATE ISSUED: September 7, 2012

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 Commission Conference participation and Rule 25-22.0022, F.A.C., concerning oral argument.

Agendas, staff recommendations, and vote sheets are available from the PSC Web site, http://www.floridapsc.com, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. Once filed, a verbatim transcript of the Commission Conference will be available from this page by selecting the conference date, or by selecting *Clerk's Office* and the Item's docket number, (you can then advance to the *Docket Details* page and the Document Filings Index for that particular docket). An official vote of "move staff" denotes that the Item's recommendations were approved. 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 *Conferences & Meeting Agendas*, then *Audio and Video Event Coverage*.

1**	Consent Agenda				
2**	Docket No. 120208-TX – Petition to initiate rulemaking to revise and amend Rule 25-22.0365, F.A.C., by Competitive Carriers of the South, Inc				
3	Docket No. 110305-EI – Initiation of formal proceedings of Complaint No. 1006767E of Edward McDonald against Tampa Electric Company, for alleged improper billing.				
4**PAA	Docket No. 120057-EI – Complaint of Jonathan V. Mauk against Progress Energy Florida, Inc				
5**PAA	Docket No. 120009-EI – Nuclear cost recovery clause				
6**PAA	Docket No. 120147-TX – Request for cancellation of Certificate of Necessity No. 8252 by Midwestern Telecommunications, Incorporated, effective April 27, 2012.				
7**PAA	Docket No. 120165-TP – Application for designation as an Eligible Telecommunications Carrier (ETC) pursuant to Section 214(e)(2) of the Communications Act of 1934 for the limited purpose of receiving federal Universal Service Low Income support for providing Lifeline service to qualified households in its non-rural service territory, by Cox Florida Telecom, LP				
8**PAA	Docket No. 110238-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC				
9	Docket No. 120152-WS – Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc				
10**PAA	Docket No. 120153-EI – Petition to recover capital costs of Polk Fuel Cost Reduction Project through the Fuel Cost Recovery Clause, by Tampa Electric Company				
11**	Docket No. 120084-WS – Application of Utilities, Inc. for authority to transfer majority organizational control of Hydro Star, LLC to Corix Utilities (Illinois), LLC.				
12**PAA	Docket No. 110262-EI – Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company				
13**	Docket No. 120073-EI – Petition for approval of revised tariffs for underground residential distribution and contribution-in-aid-of-construction, by Tampa Electric Company				

Table of Contents Commission Conference Agenda September 18, 2012

ITEM NO.	CASE					
1**	Consent Agenda					
PAA	A) Request for Cancellation of Certificate of Necessity to Provide Telecommunications Service.					
	DOCKET NO.	COMPANY NAME	EFFECTIVE DATE			
	120215-TX	The Boeing Company	7/12/2012			
PAA	B) Applications for	Certificates of Authority to Provide Telecommu	unications Service.			
	DOCKET NO.	COMPANY NAME	CERT.NO.			
	120186-TX	Nebula Telecommunications of Florida, LLC	8831			
	120218-TX	Local Access, LLC	8832			

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

ITEM NO. CASE

2**

Docket No. 120208-TX – Petition to initiate rulemaking to revise and amend Rule 25-22.0365, F.A.C., by Competitive Carriers of the South, Inc.

Critical Date(s): September 18, 2012 (30-day statutory deadline waived to this date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: GCL: Cowdery

ECO: King

TEL: Bates, Fogleman

<u>Issue 1:</u> Should the Commission grant CompSouth's Petition to Initiate Rulemaking to amend Rule 25-22.0365, F.A.C.?

Recommendation: Yes, the Commission should grant the Petition to Initiate Rulemaking to amend Rule 25-22.0365, F.A.C.

<u>Issue 2:</u> Should AT&T Florida's Petition for Leave to Intervene be granted?

Recommendation: No, it is not necessary to grant petitions to intervene in a rulemaking docket.

Issue 3: Should this docket be closed?

Recommendation: No. If the Commission approves staff's recommendation in Issue 1, this docket should remain open to proceed with the rulemaking process.

3

ITEM NO. CASE

Docket No. 110305-EI – Initiation of formal proceedings of Complaint No. 1006767E of Edward McDonald against Tampa Electric Company, for alleged improper billing.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: GCL: Robinson

CAO: Forsman, Hicks

ECO: Draper

(Oral Argument Not Requested; Participation at the Commission's Discretion.)

<u>Issue 1:</u> Should the Commission grant TECO's Motion to Dismiss with Prejudice?

Recommendation: Yes. The amended petition should be dismissed with prejudice because it fails to state a cause of action, does not substantially comply with Rule 28-106.201, F.A.C., and fails to cure the deficiencies identified in the initial petition.

Issue 2: Should the docket be closed?

Recommendation: Yes. If the Commission approves staff regarding Issue 1, then the amended petition requesting the initiation of formal proceedings for Proposed Agency Action Order No. PSC-12-0053-PAA-EI should be dismissed with prejudice, the docket should be closed, and a Consummating Order should be issued reviving Order No. PSC-12-0053-PAA-EI, making it final and effective.

ITEM NO. CASE

4**PAA

Docket No. 120057-EI – Complaint of Jonathan V. Mauk against Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: GCL: Jaeger

AFD: Bulecza-Banks

CAO: Forsman ECO: Draper ENG: Moses

<u>Issue 1:</u> What action should the Commission take on the Complaint of Jonathan V. Mauk against Progress Energy Florida, Inc.?

Recommendation: The complaint of Jonathan V. Mauk should be denied.

Issue 2: Should this docket be closed?

Recommendation: Yes. 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, and the docket may be closed.

ITEM NO. CASE

5**PAA **Docket No. 120009-EI** – Nuclear cost recovery clause.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: GCL: Lawson, Bennett

IDM: Breman, Laux, Lewis

ECO: Draper

<u>Issue 1:</u> Should the Commission approve PEF and FPL's request for a variance from the filing deadlines in Rule 25-6.0423(5)(c)4, F.A.C.?

Recommendation: Yes, the Commission should approve the request for a variance from the filing deadlines in Rule 25-6.0423(5)(c)4, F.A.C. The Commission should require each company to submit its revised capacity factors that include the nuclear cost recovery amounts approved by the Commission no later than noon November 27, 2012, for administrative approval by staff.

Issue 2: Should this docket be closed?

Recommendation: No. If no timely protest is received to the proposed agency action on PEF and FPL's request for a variance in Docket No. 120009-EI, the Order granting the rule variance will become final upon the issuance of a Consummating Order. Docket No. 120009-EI should remain open pending the Commission's decision on PEF and FPL's petitions in the NCRC docket.

ITEM NO. CASE

6**PAA

Docket No. 120147-TX – Request for cancellation of Certificate of Necessity No. 8252 by Midwestern Telecommunications, Incorporated, effective April 27, 2012.

Critical Date(s): None

Commissioners Assigned: All Commissioners **Prehearing Officer:** Administrative

Staff: TEL: Earnhart, Casey

GCL: Robinson

<u>Issue 1:</u> Should the Commission acknowledge MTI's notice of cancellation of its CLEC Certificate No. 8252 and relinquishment its ETC designation?

Recommendation: Yes, the Commission should acknowledge MTI's notice of cancellation of its CLEC Certificate No. 8252 and relinquishment its ETC designation in Florida.

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.

ITEM NO. CASE

7**PAA

Docket No. 120165-TP – Application for designation as an Eligible Telecommunications Carrier (ETC) pursuant to Section 214(e)(2) of the Communications Act of 1934 for the limited purpose of receiving federal Universal Service Low Income support for providing Lifeline service to qualified households in its non-rural service territory, by Cox Florida Telecom, LP.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: TEL: Beard, Casey GCL: Teitzman

<u>Issue 1:</u> Should Cox be designated as an ETC throughout its non-rural service territory in the State of Florida?

Recommendation: Yes, staff recommends that Cox be granted ETC designation in the non-rural service areas listed in Attachment B of staff's memorandum dated September 6, 2012, for the sole purpose of offering Lifeline discounts to qualifying consumers in Florida. If there is a future change of company ownership, the new owners should be required to file a petition with the FPSC and make a showing of public interest to maintain the company's ETC designation. If Cox should decide in the future to seek high cost universal service funds, it should be required to file a petition and make a showing that it would be in the public interest to grant such a request.

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 issuance of a consummating order.

ITEM NO. CASE

8**PAA

Docket No. 110238-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.

Critical Date(s): 04/26/13 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: AFD: Fletcher, Maurey

ECO: Bruce, Hudson, Stallcup ENG: Simpson, Ballinger

GCL: Murphy

(Proposed Agency Action Except Issue Nos. 12 and 15.)

<u>Issue 1:</u> Is the quality of service provided by Sunrise satisfactory?

Recommendation: The quality of service provided by Sunrise is marginal. The Utility should be put on notice of its requirement to notify the Commission of water interruptions that affect more than 10 percent of its customers. However, no adjustment to the Utility's operating expenses should be made at this time. Sunrise should be required to provide the Commission the final Polk County Health Department (PCHD) order following the May 2013 inspection and repairs.

Issue 2: What are the used and useful percentages for Sunrise?

Recommendation: The Sunrise water treatment plant and distribution system are 100 percent used and useful (U&U). A 16 percent adjustment should be made to chemicals and electricity to reflect excessive unaccounted for water (EUW).

<u>Issue 3:</u> What is the appropriate average test year rate base for Sunrise?

Recommendation: The appropriate average test year rate base for the Utility is \$57,040.

<u>Issue 4:</u> What is the appropriate rate of return on equity and overall rate of return for Sunrise?

Recommendation: The appropriate return on equity (ROE) is 10.26 percent with a range of 9.26 percent to 11.26 percent. The appropriate overall rate of return is 7.10 percent.

<u>Issue 5:</u> What is the appropriate amount of test year revenue in this case?

Recommendation: The appropriate test year revenue for this Utility is \$67,677.

<u>Issue 6:</u> What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense for Sunrise is \$71,950.

<u>Issue 7:</u> Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for Sunrise, and if so, what is the appropriate margin?

Recommendation: Yes, the Commission, on its own motion, should utilize the operating ratio methodology for calculating the revenue requirement for the Utility. The margin should be 10 percent of O&M expense.

ITEM NO. CASE

8**PAA

Docket No. 110238-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.

(Continued from previous page)

<u>Issue 8:</u> What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$78,116.

<u>Issue 9:</u> What are the appropriate rate structures for Sunrise's water system?

Recommendation: The appropriate rate structure for the residential class is a continuation of the three tier inclining block rate structure. The three-tier rate structure for monthly consumption consists of usage blocks of: a) 0-5,000 gallons; b) 5,000-10,000 gallons; and c) all usage in excess of 10,000 gallons and usage block rate factors of .91, 1.00, and 2.00 respectively. The appropriate rate structure for the non-residential class is a continuation of its base facility charge (BFC)/uniform gallonage charge rate structure. The BFC cost recovery percentage should be set at 34 percent.

<u>Issue 10:</u> 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 gallons sold should be reduced by 3.1 percent, resulting in a consumption reduction of 486,000 gallons. Purchased power expense should be reduced by \$68, chemical expense should be reduced by \$35, and regulatory assessment fees (RAFs) should be reduced by \$5. The final post-repression revenue requirement should be \$72,703.

In order to monitor the effect of the changes to rate structure and rates, 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 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 11: What are the appropriate rates for Sunrise?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4 of staff's memorandum dated September 6, 2012. The recommended rates should be designed to produce revenue of \$72,703, excluding miscellaneous service charges. 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 on the tariff sheet, 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 and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

ITEM NO. CASE

8**PAA

Docket No. 110238-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.

(Continued from previous page)

<u>Issue 12:</u> What is the appropriate amount by which rates should be reduced in four years after the published 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 September 6, 2012, to remove rate case expense grossed up for regulatory assessment fees and 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. Sunrise 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. If the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

<u>Issue 13:</u> Should Sunrise's request for approval of a Non-Sufficient Funds (NSF) fee be granted?

Recommendation: Yes. Sunrise's requested 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), Florida Administrative Code (F.A.C.). Furthermore, the fees 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 10 days of the date of the notice.

ITEM NO. CASE

8**PAA

Docket No. 110238-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.

(Continued from previous page)

<u>Issue 14:</u> Should the Commission approve a Phase II increase for pro forma items for Sunrise?

Recommendation: Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. The operating ratio method of 10 percent should be used to determine the revenue requirement. The Utility's Phase II revenue requirement is \$80,927 which equates to a 3.60 percent increase over the Phase I revenue requirement. Staff recommends that the increase be applied as an across-the-board increase to the Phase I BFC and gallonage charges.

Sunrise should be required to complete the pro forma items within 12 months of the issuance of the consummating order. The Utility should also be required to submit a copy of the final invoices and cancelled checks for all pro forma plant items. The Utility should be allowed to implement the above rates once all pro forma items have been completed and documentation provided showing that the improvements have been made. Once verified, the 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), F.A.C. The rates should not be implemented until notice has been received by the customers. Sunrise should provide proof of the date notice was given within 10 days of the date of the notice. If the Utility encounters any unforeseen events that will impede the completion of the proforma items, the Utility should immediately notify the Commission in writing.

ITEM NO. CASE

8**PAA

Docket No. 110238-WU – Application for staff-assisted rate case in Polk County by Sunrise Utilities, LLC.

(Continued from previous page)

<u>Issue 15:</u> Should the recommended rates be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Sunrise 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 on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated September 6, 2012. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

<u>Issue 16:</u> Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) primary accounts associated with the Commission-approved adjustments?

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

Issue 17: Should this docket be closed?

Recommendation: No. 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, a consummating order should 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. Also, the docket should remain open to allow staff to verify that the pro forma items have been completed and the Phase II rates properly implemented. Once these actions are complete, this docket should be closed administratively.

9

ITEM NO. CASE

Docket No. 120152-WS – Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.

Critical Date(s): 60-Day Suspension Date Waived Through 09/19/12.

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: VanEsseltine, Fletcher, Springer, Maurey

ENG: Ballinger, McRoy

GCL: Lawson

(Decision on Suspension of Rates and on Interim Rates. Participation is at the Discretion of the Commission.)

Issue 1: Should the Utility's proposed final water and wastewater rates be suspended? **Recommendation:** Yes. Pluris' proposed final water and wastewater rates should be suspended.

Issue 2: Should any interim revenue increases be approved?

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

	Adjusted Test Year Revenues	\$ Increase	Revenue Requirement	% Increase
Water	\$987,755	\$362,443	\$1,350,198	36.69%
Wastewater	\$732,003	\$175,476	\$907,479	23.97%

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

Recommendation: The appropriate rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater of staff's memorandum dated September 6, 2012. The water and wastewater service revenues for Pluris in effect as of December 31, 2011, should be increased by 38.24 percent for water and 23.97 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.

9

ITEM NO. CASE

Docket No. 120152-WS – Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, Inc.

(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 26.84 percent of water revenues and 19.34 percent of wastewater revenues into the escrow account each month. Otherwise, the surety bond or letter of credit should be in the amount of \$313,923. 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 this docket be closed?

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

ITEM NO. CASE

10**PAA

Docket No. 120153-EI – Petition to recover capital costs of Polk Fuel Cost Reduction Project through the Fuel Cost Recovery Clause, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: Barrett, Lester, Mouring, Prestwood

ENG: M. Watts, Graves, Ballinger

GCL: Barrera, Bennett IDM: Breman, Laux

<u>Issue 1:</u> Should the Commission approve TECO's Petition to recover the capital investment of its proposed fuel conversion project at Polk Unit One through the Fuel Clause?

Recommendation: TECO's Petition to recover the capital investment of its proposed fuel conversion project at Polk Unit One through the Fuel Clause should be granted in part, with conditions, and denied in part. Staff recommends that TECO's request for recovery through base rates of any unrecovered costs be denied.

Staff recommends that the Commission make this approval subject to the following conditions: TECO should be permitted to recover the projected conversion costs through the Fuel Clause beginning on the date the unit is placed into service, limiting the cost recovery to actual fuel savings. TECO should amortize the Polk Unit One conversion over the next five years. TECO should use the actual weighted average cost of capital in TECO's most current May earning surveillance reports. Finally, if actual fuel savings during the annual period are less than the amortization and return costs, TECO should limit cost recovery to actual fuel savings and defer recovery of the difference to future periods through the Fuel Clause.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose interests are substantially affected files a timely protest of the Commission's Proposed Agency Action, this docket may be closed upon issuance of a Consummating Order.

ITEM NO. CASE

11**

Docket No. 120084-WS – Application of Utilities, Inc. for authority to transfer majority organizational control of Hydro Star, LLC to Corix Utilities (Illinois), LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners **Prehearing Officer:** Administrative

Staff: ENG: Brady GCL: Jaeger

<u>Issue 1:</u> Should the transfer of majority organizational control of Utilities, Inc.'s parent, Hydro Star, LLC, to Corix Utilities (Illinois), LLC be approved?

Recommendation: Yes. The transfer of majority organizational control of Utilities, Inc.'s parent, Hydro Star, LLC, to Corix Utilities (Illinois), LLC is in the public interest and should be approved effective the date of Commission vote. Utilities, Inc.'s subsidiary certificates are described in Attachment B of staff's memorandum dated September 6, 2012. The resultant order should serve as the subsidiaries' water and wastewater certificates and be retained as such. The existing rates and charges for the subsidiaries should remain in effect until a change is authorized by the Commission in a subsequent proceeding. Upon the issuance of an order approving the transfer, Utilities, Inc. should be required to file revised Tariff Sheet No. 3.0 for each of its subsidiaries to reflect the transfer order. The tariffs should be effective for services provided or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C).

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of the Commission's final order.

ITEM NO. CASE

12**PAA

Docket No. 110262-EI – Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ECO: Wu

AFD: Bulecza-Banks

GCL: Murphy IDM: Dowds

<u>Issue 1:</u> Should the Commission approve TECO's Amended Petition for approval of the BB Gypsum Storage Facility Program and the recovery of the associated costs through the ECRC, pursuant to Section 366.8255, F.S.?

Recommendation: Yes. TECO's proposed revised BB Gypsum Storage Facility Program satisfies the statutory requirements specified in Section 366.8255, F.S., and meets the criteria for ECRC cost recovery.

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

13**

Docket No. 120073-EI – Petition for approval of revised tariffs for underground residential distribution and contribution-in-aid-of-construction, by Tampa Electric Company.

Critical Date(s): 12/02/12 (8-Month Effective Date)

Commissioners Assigned: All Commissioners **Prehearing Officer:** Administrative

Staff: ECO: King, Draper

GCL: Barrera

Issue 1: Should the Commission approve TECO's URD tariffs and associated charges? **Recommendation:** Yes, the proposed URD tariffs and associated charges should be approved.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, this tariff should become effective on September 18, 2012. If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

ITEM NO. CASE

14**PAA

Docket No. 120178-GU – Joint petition for waiver of depreciation study filing requirement of Rule 25-7.045(8)(a), F.A.C., by Florida Public Utilities, Indiantown Division and for extension of waiver of Rule 25-7.045(8)(a), by the Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): 09/24/12 (Petition Deemed Approved If Not Granted or Denied Within

90 Days of Receipt)

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: ECO: Ollila, Stallcup

GCL: Klancke

Issue 1: Should the Florida Public Utilities Company, Indiantown Division's request for a waiver and the Florida Division of Chesapeake Utilities Corporation's request for extension of a waiver of Rule 25-7.045(8)(a), Florida Administrative Code, be granted?

Recommendation: Yes. The Commission should grant the Florida Public Utilities Company, Indiantown Division's request for a waiver and the Florida Division of Chesapeake Utilities Corporation's request for extension of a waiver of Rule 25-7.045(8)(a), Florida Administrative Code (F.A.C.). The depreciation studies for Florida Public Utilities Company, Indiantown Division, the Florida Division of Chesapeake Utilities Corporation, and Florida Public Utilities Company, Natural Gas Division should be filed no later than January 15, 2014 and every five years hereafter, pursuant to Rule 25-7.045(8)(a), F.A.C. The petition satisfies the statutory criteria for a rule waiver.

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.