

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, October 16, 2012, 9:30 a.m.

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

DATE ISSUED: October 5, 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 Agenda Conference participation and Rule 25-22.0022, F.A.C., concerning oral argument.

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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*.

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ITEM NO.

CASE

1**

Consent Agenda

A) Docket No. 120233-EI – Tampa Electric Company (“Company”) seeks the authority to issue, sell and/or exchange equity securities and 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 2013. The Company also seeks authority to enter into interest rate swaps or other derivative instruments related to debt securities during calendar year 2013.

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 \$1.5 billion during calendar year 2013, including any amounts issued to retire existing long-term debt securities. The maximum amount of short-term debt outstanding at any one time will be \$1.0 billion during calendar year 2013. This application is for both Tampa Electric Company and its local gas distribution division, Peoples Gas System.

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 the Company’s regulated electric and gas divisions and not the unregulated activities of the utilities or their affiliates.

B) Docket No. 120242-EI – Application of Progress Energy Florida, Inc. (Company) for authority to issue, sell or otherwise incur during 2013 up to \$1.5 billion of any combination of equity securities, long-term debt securities and other long-term obligations. Additionally, the Company requests authority to issue, sell, or otherwise incur during 2013 and 2014 up to \$1.5 billion outstanding at any time of short-term debt securities and other obligations.

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

Recommendation: The Commission should approve the action requested in the dockets referenced above. For monitoring purposes, these dockets should remain open until April 29, 2014, to allow the Companies time to file the required Consummation Reports.

ITEM NO.

CASE

2**

Docket No. 110313-PU – Initiation of rulemaking to adopt Rule 25-6.0346, and to amend Rules 25-6.019, 25-6.0345, 25-6.060, 25-7.059, 25-7.060, 25-7.061, 25-7.062, 25-7.064, 25-7.065, 25-7.066, 25-7.070, 25-7.071, 25-7.084, 25-12.005, 25-12.008, 25-12.027, 25-12.052, and 25-12.082, F.A.C.

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: GCL: Cowdery

ECO: McNulty

ENG: Black, Moses, Trotter

Issue 1: Should the Commission adopt changes to proposed Rules 25-7.059 and 25-7.071, F.A.C., to address JAPC staff’s comments?

Recommendation: Yes, the Commission should adopt proposed Rules 25-7.059 and 25-7.071 with changes as set forth in Attachment A of staff’s memorandum dated October 4, 2012.

Issue 2: Should the Commission propose the adoption of Rule 25-6.0346, F.A.C., and the amendment of Rules 25-6.019, 25-6.0345, and 25-6.060, F.A.C.?

Recommendation: Yes, the Commission should propose the adoption of Rule 25-6.0346, F.A.C., and the amendment of Rules 25-6.019, 25-6.0345, and 25-6.060, F.A.C., as set forth in Attachment A of staff’s memorandum dated October 4, 2012.

Issue 3: Should this docket be closed?

Recommendation: Yes. A Notice of Change should be published in the Florida Administrative Register for proposed Rules 25-7.059 and 25-7.071. After the Notice of Change is published, proposed Rules 25-7.059 and 25-7.071 may be filed for adoption with the Secretary of State. If no requests for hearing or comments are filed concerning Rules 25-6.019, 25-6.0345, 25-6.0356, or 25-6.060, F.A.C., those proposed amendments should be filed for adoption with the Secretary of State. After all rules have been filed for adoption, the docket should be closed.

ITEM NO.

CASE

3**

Docket No. 120241-TP – Initiation of rulemaking to amend Rules 25-4.004 and 25-4.005, and to repeal Rules 25-24.565, 25-24.567, 25-24.568, 25-24.569, 25-24.572, 25-24.705, 25-24.710, 25-24.715, 25-24.720, 25-24.725, 25-24.730, 25-24.735, 25-24.745, 25-24.800, 25-24.805, 25-24.810, 25-24.815, and 25-24.820, F.A.C.

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: GCL: Cowdery

ECO: King

TEL: Beard

Issue 1: Should the Commission propose the amendment of Rules 25-4.004, Certificates of Public Convenience and Necessity, and 25-4.005, Transfer of Certificate of Necessity of Authority, F.A.C.?

Recommendation: Yes, the Commission should propose the amendment of Rules 25-4.004 and 25-4.005, F.A.C., as set forth in Attachment A of staff's memorandum dated October 4, 2012.

Issue 2: Should the Commission propose the repeal of Rules, 25-24.565, 25-24.567, 25-24.568, 25-24.569, 25-24.572, 25-24.705, 25-24.710, 25-24.715, 25-24.720, 25-24.725, 25-24.730, 25-24.735, 25-24.745, 25-24.800, 25-24.805, 25-24.810, 25-24.815, and 25-24.820, F.A.C.?

Recommendation: Yes. The Commission should propose the repeal of Rules 25-24.565, 25-24.567, 25-24.568, 25-24.569, 25-24.572, 25-24.705, 25-24.710, 25-24.715, 25-24.720, 25-24.725, 25-24.730, 25-24.735, 25-24.745, 25-24.800, 25-24.805, 25-24.810, 25-24.815, and 25-24.820, F.A.C., as set forth in Attachment A of staff's memorandum dated October 4, 2012.

Issue 3: Should this docket be closed?

Recommendation: Yes. If no requests for hearing or comments are filed, the rules may be filed with the Department of State, and this docket should be closed.

ITEM NO.

CASE

4**PAA

Docket No. 120192-EI – Robert D. Evans' formal complaint against Tampa Electric Company requesting reimbursement of money paid for installation of infrastructure on Mr. Evans' property for which Tampa Electric Company failed to complete.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: GCL: Robinson
ECO: Draper, Garl

Issue 1: What action should the Commission take on Mr. Evans' complaint?

Recommendation: The Commission should deny Mr. Evans' request for refund of monies and attorneys' fees and costs.

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. 120148-WU – Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Brady, Rieger

AFD: Kaproth

GCL: Lawson

(Proposed Agency Action for Issues 2, 3, and 4.)

Issue 1: Should the transfer of Certificate No. 522-W from Harbor Hills Utilities, L.P. to HWW be approved?

Recommendation: Yes. The transfer of the water system to HWW is in the public interest and should be approved effective the date of the Commission's vote. The territory being transferred is described in Attachment A of staff's memorandum dated October 4, 2012. The resultant order should serve as HWW's Certificate No. 522-W and be retained. The Utility's existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer 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.). HWW should be responsible for the Utility's annual reports and RAFs for 2012 and future years.

Issue 2: What is the net book value of the Harbor Hills water system for transfer purposes?

Recommendation: The net book value of the Harbor Hills water system for transfer purposes is \$497,925, as of February 28, 2012. Within 30 days of the date of the final order, HWW should be required to provide general ledgers which show its books have been updated to reflect the Commission-approved balances as of February 28, 2012, along with a statement that the adjustments will be reflected in the Utility's 2012 annual report.

ITEM NO.

CASE

5**PAA

Docket No. 120148-WU – Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.

(Continued from previous page)

Issue 3: Should HWW’s request to change from a bi-monthly to a monthly billing cycle be approved?

Recommendation: Yes, the request to change from a bi-monthly to a monthly billing cycle should be approved. HWW should be required to bill on a monthly basis until authorized to change the billing cycle by this Commission in a subsequent proceeding. HWW should be required to file a proposed customer notice to reflect the monthly billing cycle for the water system. The monthly billing cycle should be effective for services rendered on or after the stamped approval date of the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the monthly billing cycle should not be implemented until staff has approved the proposed customer notice. HWW should provide proof of the date notice was given within ten days after the date of the notice.

Issue 4: Should HWW’s proposed returned check charge be approved?

Recommendation: Yes. HWW’s proposed returned check charge should be approved. HWW should be required to file a proposed customer notice to reflect the approved charge. The returned check charge should be effective for services rendered on or after the stamped approval date of the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the charge should not be implemented until staff has approved the proposed customer notice. HWW should provide proof of the date notice was given within ten days after the date of the notice. HWW should be required to charge the approved charge until a change is authorized by the Commission in a subsequent proceeding.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action issues are filed by a substantially affected person within 21 days of the date of the order, the docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

6**PAA

Docket No. 120158-SU – Application for original certificate for an existing wastewater system, requesting initial rates and charges in Lake County by Harbor Waterworks, Inc.

Critical Date(s): November 5, 2012 (Statutory deadline for original certificates pursuant to Section 367.031, Florida Statutes)

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ENG: Brady, Rieger

GCL: Lawson

(Proposed Agency Action for Issues 2, 3, and 4.)

Issue 1: Should the application of HWW for a wastewater certificate be approved?

Recommendation: Yes. The application is in the public interest and HWW should be granted Certificate No. 565-S to serve the territory described in Attachment A of staff's memorandum dated October 4, 2012, effective the date of the Commission's vote. The resultant order should serve as HWW's wastewater certificate and it should be retained by the Utility.

Issue 2: What are the appropriate wastewater service rates and return on equity for HWW?

Recommendation: Staff's recommended monthly wastewater rates shown on Schedule No. 2 of staff's memorandum dated October 4, 2012, are reasonable and should be approved. 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 services 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 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 10 days of the date of the notice. The Utility should be required to charge the approved rates until a change is authorized by the Commission in a subsequent proceeding. A return on equity of 10.35 percent, plus or minus 100 basis points, should also be approved.

Issue 3: What are the appropriate wastewater service availability policy and charges for HWW?

Recommendation: HWW's proposed service availability policy and the staff recommended main extension charge of \$6,480 are consistent with Rule 25-30.580, F.A.C., and should be approved. The approved service availability policy and main extension charge should be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. HWW should be required to collect the approved main extension charge until a change is authorized by the Commission in a subsequent proceeding.

ITEM NO.

CASE

6**PAA

Docket No. 120158-SU – Application for original certificate for an existing wastewater system, requesting initial rates and charges in Lake County by Harbor Waterworks, Inc.

(Continued from previous page)

Issue 4: Should HWW’s proposed miscellaneous service charges be approved?

Recommendation: Yes. HWW's proposed miscellaneous service charges shown on Schedule No. 2 of staff’s memorandum dated October 4, 2012, should be approved and 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. When both water and wastewater services are provided, a single charge is appropriate unless circumstances beyond the control of the Utility require multiple actions. HWW should be required to charge its approved miscellaneous service charges until a change is authorized by the Commission in a subsequent proceeding.

Issue 5: Should this docket be closed?

Recommendation: Yes. The certification portion of this recommendation will become final agency action upon the Commission's vote. If no timely protest to the proposed agency action portions of this recommendation with respect to initial rates and charges is filed with the Commission by a substantially affected person, a Consummating Order should be issued and the docket should be closed administratively.

ITEM NO.

CASE

7**

Docket No. 120207-WS – Application for amendment of Certificate Nos. 631-W and 540-S to extend service area in Sumter County by Central Sumter Utility Company, L.L.C., and correction of name to Central Sumter Utility Company, LLC.

Critical Date(s): None

Commissioners Assigned: Graham
Prehearing Officer: Administrative

Staff: ENG: Brady, Ellis
GCL: Jaeger

Issue 1: Should the Commission approve Central Sumter’s application for amendment of Certificate Nos. 631-W and 540-S to extend its water and wastewater territory in Sumter County and correct the utility’s name?

Recommendation: Yes. It is in the public interest to amend Certificate Nos. 631-W and 540-S to include the territory as described on Attachment A of staff’s memorandum dated October 4, 2012, effective the date of the Commission’s vote. The name on the certificates should be corrected to Central Sumter Utility Company, LLC. The resultant order should serve as Central Sumter’s amended and corrected certificates and should be retained by the Utility. The Utility should charge the customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding.

Issue 2: Should this docket be closed?

Recommendation: Yes, if staff’s recommendation in Issue 1 is approved, no further action is required and the docket should be closed.

ITEM NO.

CASE

8**

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

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: AFD: T. Brown, Fletcher, Maurey

GCL: Barrera, Jaeger

Issue 1: Should the Commission acknowledge the implementation of the PAA rates by Water Management Services, Inc.?

Recommendation: Yes. The Commission should acknowledge the Utility's implementation of the PAA rates and charges on a temporary basis, subject to refund with interest, pending the outcome of this rate proceeding.

Issue 2: What is the appropriate security to guarantee the increased revenues collected under the PAA rates and charges?

Recommendation: The Utility should be required to open an escrow account to guarantee any potential refund of revenues collected under the PAA rates and charges. The Utility should deposit 38.76 percent of water revenues into the escrow account each month. In addition, the Utility should also deposit into escrow any incremental amounts received from the increased service availability charges (SACs). 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 undertaken in accordance with Rule 25-30.360, F.A.C.

Issue 3: Should this docket be closed?

Recommendation: No. This docket should remain open to complete the hearing process.

ITEM NO.

CASE

9**PAA

Docket No. 120189-PU – Petition for approval of recognition of a regulatory liability and associated amortization schedule by Florida Public Utilities Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: AFD: Cicchetti, Buys, Prestwood, Slemkewicz

GCL: Brown

Issue 1: Should the Commission approve Florida Public Utilities Company’s proposal to record a tax liability associated with vehicle depreciation as a regulatory liability in Account 254, Other Regulatory Liabilities, and to amortize the liability over a 34-month period reflected in Account 407.3, Regulatory Debits?

Recommendation: Yes. The tax liability should be recorded as a regulatory liability in Account 254, Other Regulatory Liabilities, and amortized as a credit in Account 407.3, Regulatory Debits, over a 34-month period, beginning January 1, 2012, and ending October 31, 2014. The amounts should be \$930,395 for the electric division and \$1,007,928 for the natural gas division, respectively, for a total of \$1,938,323. Further, the Commission should find that the approval to record the regulatory liability for accounting purposes does not limit the Commission’s ability to review the amounts for reasonableness in future rate proceedings.

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

10**PAA

Docket No. 120227-EI – Petition for approval of recognition of a regulatory asset and associated amortization schedule by Florida Public Utilities Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Slemkewicz

GCL: Klancke

Issue 1: Should the Commission approve Florida Public Utilities Company’s proposal to record certain litigation expenses as a regulatory asset in Account 182.3, Other Regulatory Assets, and to amortize the asset over a 5-year period beginning January 2013?

Recommendation: Yes. The otherwise unrecouped litigation expenses should be recorded as a regulatory asset in Account 182.3, Other Regulatory Assets, and be amortized to Account 407.3, Regulatory Debits, over a 5-year period beginning January 2013. Further, the Commission should find that the approval to record the regulatory asset for accounting purposes does not limit the Commission’s ability to review the amounts for reasonableness in future proceedings in which the regulatory asset is included.

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

11

Docket No. 110234-TP – Complaint and petition for relief against Halo Wireless, Inc. for breaching the terms of the wireless interconnection agreement, by BellSouth Telecommunications, LLC d/b/a AT&T Florida.

Critical Date(s): None

Commissioners Assigned: Graham, Balbis, Brown

Prehearing Officer: Balbis

Staff: GCL: Harris

TEL: Curry, Fogleman

(Post-Hearing Decision. Participation is Limited to Commissioners and Staff.)

Issue 1: Does the Commission have jurisdiction to address AT&T Florida's Complaint?

Recommendation: Yes. Both federal and state law, as well as the parties' interconnection agreement, clearly establish the Commission's jurisdiction to consider and adjudicate AT&T Florida's Complaint.

Issue 2: Has Halo delivered traffic to AT&T Florida that was not "originated through wireless transmitting and receiving facilities" as provided by the parties' ICA?

Recommendation: Yes. Halo has delivered traffic to AT&T Florida that was not "originated through wireless transmitting and receiving facilities" as provided by the parties' ICA.

Issue 3: Has Halo complied with the signaling requirements in the parties' ICA?

Recommendation: No. Halo has not complied with the signaling requirements in the parties' ICA.

Issue 4: Has Halo paid the appropriate compensation to AT&T Florida as prescribed by the parties' ICA? If not, what compensation, if any, would apply?

Recommendation: No. Halo has not paid the appropriate compensation to AT&T Florida as prescribed by the parties' ICA. Halo is responsible to pay the access charges for all non-local traffic it has sent to AT&T Florida. However, if the Commission denies staff's recommendation on Issue 2, then Halo has paid the appropriate form of compensation (i.e., reciprocal compensation).

Issue 5: Has Halo failed to pay AT&T Florida for facilities that AT&T Florida provided pursuant to the parties' ICA and that the ICA obliges Halo to pay for?

Recommendation: Yes. Halo has failed to pay AT&T Florida for facilities that AT&T Florida provided pursuant to the parties' ICA and that the ICA obliges Halo to pay for.

Issue 6A: Has Halo committed a material breach of its ICA with AT&T Florida?

Recommendation: Yes. Halo Wireless's delivery of non-wireless originated traffic to AT&T Florida for termination clearly constitutes a material breach of the terms of the parties' ICA.

ITEM NO.

CASE

11

Docket No. 110234-TP – Complaint and petition for relief against Halo Wireless, Inc. for breaching the terms of the wireless interconnection agreement, by BellSouth Telecommunications, LLC d/b/a AT&T Florida.

(Continued from previous page)

Issue 6B: If Halo has committed a material breach of its ICA with AT&T Florida, is AT&T Florida entitled to terminate the ICA?

Recommendation: Yes. Given the nature of the breach of the ICA, AT&T Florida is entitled to terminate the ICA.

Issue 6C: If Halo has committed a material breach of its ICA with AT&T Florida, is AT&T Florida entitled to discontinue performance under the ICA?

Recommendation: Yes. Given the nature of the breach of the ICA, and the specific facts contained in the record, the Commission should authorize AT&T Florida to discontinue further performance under the ICA.

Issue 7: What action should the Commission take based on its findings in Issues 1-6?

Recommendation: The Commission should find Halo Wireless breached the terms of the parties' Interconnection Agreement, determine Halo Wireless is liable to AT&T Florida for non-local access and interconnection facilities charges, and authorize termination of the parties' Interconnection Agreement.

Issue 8: Should this docket be closed?

Recommendation: Yes. The docket should be closed after the time for filing an appeal has run.

ITEM NO.

CASE

12**PAA

Docket No. 110061-WS – Application for authority to transfer assets and Certificate Nos. 517-W and 450-S of Service Management Systems, Inc. to Aquarina Utilities, Inc., in Brevard County.

Critical Date(s): None

Commissioners Assigned: Edgar, Graham, Balbis

Prehearing Officer: Balbis

Staff: AFD: Golden, Kaproth

APA: Daniel

ENG: McRoy

GCL: Jaeger, Young

(Proposed Agency Action for Issue 2.)

Issue 1: Should the Commission approve the transfer of Service Management Systems, Inc.'s assets and Certificate Nos. 517-W and 450-S to Aquarina Utilities, Inc. in Brevard County?

Recommendation: Yes, the transfer is in the public interest and should be approved effective the date of the Commission's vote. The territory being transferred is described in Attachment A of staff's memorandum dated October 4, 2012. The resultant order should serve as Aquarina's water and wastewater certificates and should be retained by Aquarina. Pursuant to Rule 25-9.044(1), F.A.C., the rates and charges approved for the Utility should be continued until authorized to change by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariff pages, pursuant to Rule 25-30.475, F.A.C.

Issue 2: What are the net book values of Service Management Systems, Inc.'s water and wastewater systems for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book values of Service Management Systems, Inc.'s water and wastewater systems for transfer purposes are \$396,798 and \$66,340, respectively, as of February 22, 2011. A positive acquisition adjustment should not be included in rate base. Within 30 days of the date of the final order, Aquarina Utilities, Inc. should be required to provide general ledgers that show its books have been updated to reflect the Commission-approved balances as of February 22, 2011, along with a statement that these adjustments will also be reflected in the Utility's 2012 annual report.

Issue 3: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action issue is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket closed administratively.