

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, January 8, 2013, 9:30 a.m.

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

DATE ISSUED: January 4, 2013

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, 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*.

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ITEM NO.

CASE

1A**

Consent Agenda

A) Docket No. 120292-GU – Chesapeake Utilities Corporation (Company) seeks authority to issue common stock, preferred stock and secured and/or unsecured debt, and to enter into agreements for interest rate swap products, equity products and other financial derivatives, and to issue short-term borrowings in 2013.

The Company seeks authority to issue during calendar year 2013: up to 5,868,334 shares of Chesapeake common stock, up to 1,000,000 shares of Chesapeake preferred stock, up to \$137 million in secured and/or unsecured debt, to enter into agreements up to \$70 million in Interest Rate Swap Products, Equity Products and other financial derivatives, and to issue short-term obligations in an amount not to exceed \$140 million.

Chesapeake Utilities Corporation allocates funds to the Florida Division, Florida Public Utilities, and Indiantown Gas Company on an as-needed basis, although in no event would such allocations exceed 75 percent of the proposed equity securities (common stock and preferred stock), long-term debt, short-term debt, interest rate swap products, equity products, and financial derivatives.

Recommendation: The Commission should approve the action requested in the docket referenced above. For monitoring purposes, this docket should remain open until April 25, 2014, to allow the Company time to file the required Consummation Report.

ITEM NO.

CASE

1**PAA

Docket No. 120305-EU – Joint petition for renewal of territorial agreement and approval of a third amendment, by Clay Electric Cooperative, Inc. and the City of Green Cove Springs.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: GCL: M. Brown

ECO: Garl

ENG: Watts

Issue 1: Should the Commission approve the joint petition for renewal of the Territorial Agreement and the Third Amendment to the Agreement between Clay Electric Cooperative, Inc., and the City of Green Cove Springs?

Recommendation: Yes. The renewal of the Territorial Agreement and the Third Amendment to the Agreement between Clay Electric Cooperative, Inc., and the City of Green Cove Springs is in the public interest and should be approved.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected files a protest to the Commission's proposed agency action order within 21 days, the docket may be closed upon issuance of a consummating order.

ITEM NO.

CASE

2**PAA

Docket No. 120293-TX – Request for relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Absolute Home Phones, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: TEL: Beard

GCL: Teitzman

Issue 1: Should the Commission grant Absolute's request for relinquishment of its ETC designation in AT&T Florida's non-rural territory without prejudice?

Recommendation: Yes, the Commission should grant Absolute's request for relinquishment of its ETC designation in AT&T Florida's non-rural territory without prejudice.

Issue 2: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency actions 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

3**PAA

Docket No. 120082-WU – Application for staff-assisted rate case in Gadsden County by Joyland Water System.

Critical Date(s): 09/09/13 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: Smith, Fletcher, Maurey

ECO: Bruce, Hudson

ENG: Rieger

GCL: Harris

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

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

Recommendation: Yes. Staff recommends that Joyland's quality of service be considered satisfactory.

Issue 2: What are the used and useful percentages of the water treatment plant and distribution system?

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

Issue 3: What is the appropriate average test year rate base for Joyland?

Recommendation: The appropriate average test year rate base for Joyland is \$15,209.

Issue 4: What is the appropriate rate of return on equity and overall rate of return for Joyland?

Recommendation: The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.74 percent.

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

Recommendation: The appropriate test year revenue for this Utility is \$13,061.

Issue 6: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense for Joyland is \$21,959.

Issue 7: Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for Joyland, 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.

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$23,819.

ITEM NO.

CASE

3**PAA

Docket No. 120082-WU – Application for staff-assisted rate case in Gadsden County by Joyland Water System.

(Continued from previous page)

Issue 9: What is the appropriate rate structure for Joyland's water system?

Recommendation: The appropriate rate structure for Joyland's residential class is a 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) 5,001-10,000 gallons; and c) all usage in excess of 10,000 gallons and usage block rate factors of .62, 1.00, and 1.25, respectively. The appropriate rate structure for the non-residential class is a continuation of the base facility charge (BFC)/gallage charge rate structure. The BFC cost recovery should be set at 30 percent.

Issue 10: 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 12.9 percent, resulting in a consumption reduction of 390,000 gallons. Total water consumption for rate setting is 2,614,000 gallons. Purchased power expense should be reduced by \$155, chemical expense should be reduced by \$14, and regulatory assessment fees (RAFs) should be reduced by \$8. The post-repression revenue requirement should be \$23,643.

In order to monitor the effect of the changes to 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 11: What are the appropriate rates for Joyland?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4. The recommended rates should be designed to produce revenue of \$23,643 for water, 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 of the 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 and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days after the date of the notice.

ITEM NO.

CASE

3**PAA

Docket No. 120082-WU – Application for staff-assisted rate case in Gadsden County by Joyland Water System.

(Continued from previous page)

Issue 12: What is the appropriate amount by which rates should be reduced 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 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. Joyland 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.

Issue 13: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, 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, in the event of a protest filed by a party other than the Utility. Joyland 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 staff analysis portion of staff's memorandum dated December 26, 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 Clerk's Office 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.

Issue 14: Should the Commission approve Joyland's request to include a late payment charge?

Recommendation: Yes. Joyland's request for a late payment charge should be approved. Staff recommends a late payment charge of \$5.25. The late payment charge should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475, F.A.C.

ITEM NO.

CASE

3**PAA

Docket No. 120082-WU – Application for staff-assisted rate case in Gadsden County by Joyland Water System.

(Continued from previous page)

Issue 15: 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 Commission-approved adjustments?

Recommendation: Yes. To ensure that the Utility adjusts its books in accordance with the Commission’s decision, Joyland 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 16: 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 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. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

4**PAA

Docket No. 120278-EQ – Petition for approval of facility charges to interconnection customer-owned renewable generation of Manatee County, Florida, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: IDM: Clemence

ENG: L'Amoreaux

GCL: Harris

Issue 1: Should FPL be granted approval to recover from Manatee County the proposed facility charges to interconnect customer-owned renewable generation?

Recommendation: Yes. Staff recommends that the Commission approve the recovery of costs proposed in the petition by FPL for the interconnection charges to interconnect the renewable generation facilities from Manatee County.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected files a protest to the Commission's Proposed Agency Action Order within 21 days, the docket may be closed upon issuance of a Consummating Order.