

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Thursday, April 25, 2013, 9:30 a.m.

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

DATE ISSUED: April 12, 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.

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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

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: Murphy
ECO: Draper, Garl

(Participation at Commission's Discretion.)

Issue 1: What is the appropriate disposition of Mr. Evans' Letter?

Recommendation: Staff recommends that, if the Letter is intended to be a motion for reconsideration, it should be denied for failure to identify a point of fact or law which was overlooked or which the Commission failed to consider in rendering Order No. PSC-13-0073-FOF-EI. Similarly, staff recommends that, if the Letter is intended to be an amended petition, it should be dismissed with prejudice for failure to identify specific rules or statutes that require reversal of Order No. PSC-12-0556-PAA-EI, or to provide an explanation of the relationship between the alleged facts and the applicable statutes or rules.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendations regarding Issue 1, Order No. PSC-12-0556-PAA-EI should be revived and made final and effective, and the docket should be closed.

ITEM NO.

CASE

2**PAA

Docket No. 130024-EI – Petition for expedited approval of asset optimization incentive mechanism, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: Lester, Barrett, Mouring, Prestwood

ENG: Watts

GCL: Barrera

Issue 1: Should the Commission approve Tampa Electric Company's request for an incentive mechanism?

Recommendation: Yes. Staff recommends that the Commission approve Tampa Electric Company's request for an incentive mechanism. On or after December 31, 2014, the Commission may review and, if continuing the incentive mechanism is deemed not to be in the public interest, terminate the incentive mechanism thereafter.

Issue 2: If staff's recommendation in Issue 1 is approved, what reporting should be required for Tampa Electric?

Recommendation: Staff recommends the Company's "Total Gains Schedule" be expanded to include additional columns in Table 2-2 for each asset optimization component.

Issue 3: Should this docket be closed?

Recommendation: Yes. If Issues 1 and 2 are approved, then this docket should be closed, unless a protest is filed within 21 days of the issuance of the order. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

3**PAA

Docket No. 090459-WS – Application for original certificates for proposed water and wastewater system and request for initial rates and charges in St. Lucie County by Bluefield Utilities, LLC.

Critical Date(s): 05/06/13 (Statutory deadline for original certificate, pursuant to Section 367.031, Florida Statutes.)

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ENG: Brady, L'Amoreaux, Watts

AFD: Cicchetti, Makki, Springer

ECO: Bruce, Hudson

GCL: Klancke

(Proposed Agency Action for Issues 3-6.)

Issue 1: Should the Commission approve the City of Port St. Lucie and St. Lucie County settlement agreements with Bluefield?

Recommendation: Yes. The Commission should approve the settlement agreements. If the Commission agrees, then the Commission should address the remaining issues. If the Commission does not approve the settlement agreements, the formal hearing for these protests should be rescheduled.

Issue 2: Should the application for original water and wastewater certificates by Bluefield Utilities, LLC be approved?

Recommendation: Yes. Bluefield should be granted Certificate Nos. 660-W and 566-S to serve the territory described in Attachment C of staff's memorandum dated April 12, 2013, effective the date of the Commission's vote. The resultant order should serve as the Utility's water and wastewater certificates and it should be retained by the Utility. Bluefield should be required to file executed copies of its water and wastewater lease agreements, containing legal descriptions of the water and wastewater treatment sites, within 30 days after the date of the order granting the certificates.

Issue 3: What are the appropriate potable water and wastewater rates and return on investment for Bluefield Utilities, LLC?

Recommendation: Bluefield's potable water and wastewater rates shown on Schedule Nos. 1 and 2, respectively, of staff's memorandum dated April 12, 2013, are reasonable and should be approved. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Bluefield should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. A return on equity of 11.16 percent plus or minus 100 basis points should also be approved.

ITEM NO.

CASE

3**PAA

Docket No. 090459-WS – Application for original certificates for proposed water and wastewater system and request for initial rates and charges in St. Lucie County by Bluefield Utilities, LLC.

(Continued from previous page)

Issue 4: What are the appropriate water and wastewater service availability policy and charges for Bluefield Utilities, LLC?

Recommendation: Bluefield’s proposed service availability policy and charges shown on Schedule Nos. 1 and 2 should be approved. The approved charges 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. Bluefield should be required to collect its approved service availability charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 5: Should Bluefield Utilities, LLC's proposed miscellaneous service charges be approved?

Recommendation: Yes. Bluefield’s proposed miscellaneous service charges 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. Bluefield should be required to charge its approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 6: What is the appropriate Allowance for Funds Used During Construction (AFUDC) rate for Bluefield Utilities, LLC?

Recommendation: An annual AFUDC rate of 7.980 percent and a discounted monthly rate of 0.64184974 percent should be approved and applied to the qualified construction projects beginning on or after the date the certificates of authorization are issued.

Issue 7: Should this docket be closed?

Recommendation: No. The certification portion of this recommendation will become final agency action upon the Commission's vote. The docket should remain open pending receipt of executed copies of Bluefield’s water and wastewater lease agreements, containing legal descriptions of the water and wastewater treatment sites. If no timely protest to the proposed agency action portion 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. Following the expiration of the protest period with no timely protest, the issuance of a Consummating Order, and the Utility’s submission of the lease agreements, the docket should be closed administratively.

ITEM NO.

CASE

4**

Docket No. 130010-WS – Application for increase in water rates in Lee County and wastewater rates in Pasco by Ni Florida, LLC.

Critical Date(s): 04/28/13 (Statutory deadline for suspension of rates)

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ENG: Rieger

ECO: Hudson, Bruce

GCL: Brownless

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

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

Issue 2: Should this docket be closed?

Recommendation: No. Docket No. 130010-WS should remain open pending the Commission's final action on Ni Florida's application for increases in rates and charges for water and wastewater services.

ITEM NO.

CASE

5**PAA

Docket No. 130052-WU – Application for grandfather certificate to operate water utility in Charlotte County by Little Gasparilla Water Utility, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: ENG: Rieger, Lewis

ECO: Hudson, Roberts

GCL: Brownless, Crawford

(Proposed Agency Action for Issues 3-4.)

Issue 1: Should Little Gasparilla Water Utility, Inc.'s application for a grandfather water certificate in Charlotte County be acknowledged?

Recommendation: Yes. Little Gasparilla's application should be acknowledged and the Utility should be issued Certificate No. 661-W, effective February 12, 2013, to serve the territory described in Attachment A of staff's memorandum dated April 12, 2013. The resultant order should serve as Little Gasparilla's certificate and should be retained by the Utility.

Issue 2: What rates and charges should be approved for Little Gasparilla Water Utility, Inc.?

Recommendation: The Utility's rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1 of staff's memorandum dated April 12, 2013, should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Little Gasparilla should be required to charge the approved rates and charges until authorized to change by this Commission in a subsequent proceeding.

Issue 3: Should the utility be authorized to charge a meter tampering charge and, if so, what is the appropriate charge?

Recommendation: Yes. A \$50 meter tampering charge should be approved effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(2), F.A.C. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the meter tampering charge should become effective on or after the stamped approval date on the revised tariff sheets, if no protest is filed and provided customers have been noticed. Little Gasparilla should be required to charge the approved meter tampering charge until authorized to change by this Commission in a subsequent proceeding.

ITEM NO.

CASE

5**PAA

Docket No. 130052-WU – Application for grandfather certificate to operate water utility in Charlotte County by Little Gasparilla Water Utility, Inc.

(Continued from previous page)

Issue 4: Should the Utility be authorized to collect late payment fees and, if so, what is the appropriate charge?

Recommendation: Yes. The \$5 late fee should be approved effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(2), F.A.C. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. When the revised tariff sheets are filed and approved, the late payment fee shall become effective on or after the stamped approval date on the revised tariff sheets, if no protest is filed and provided customers have been noticed. Little Gasparilla should be required to charge the approved late payment fee until authorized to change by this Commission in a subsequent proceeding.

Issue 5: Should this docket be closed?

Recommendation: No. The certification portion of this recommendation will become final agency action upon the Commission's vote. If no person whose substantial interests are affected by the proposed agency action portion of this recommendation, Issues 3 and 4, 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

ITEM NO.

CASE

6**

Docket No. 130053-SU – Application for grandfather certificate to operate wastewater utility in Charlotte County by Utilities, Inc. of Sandalhaven.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: ENG: Rieger, Lewis

ECO: Hudson, Roberts

GCL: Brownless, Crawford

Issue 1: Should Utilities, Inc. of Sandalhaven’s application for a grandfather wastewater certificate in Charlotte County be acknowledged?

Recommendation: Yes. Sandalhaven’s application should be acknowledged and the Utility should be issued Wastewater Certificate No. 567-S, effective February 12, 2013, to serve the territory described in Attachment A of staff’s memorandum dated April 12, 2013. The resultant order should serve as Sandalhaven’s certificate and should be retained by the Utility.

Issue 2: What rates and charges should be approved for Utilities, Inc. of Sandalhaven?

Recommendation: The Utility’s rates and charges that were in effect when Charlotte County transferred jurisdiction to the Commission, shown on Schedule No. 1 of staff’s memorandum dated April 12, 2013, should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Sandalhaven should be required to charge the approved rates and charges until authorized to change by this Commission in a subsequent proceeding.

Issue 3: Should this docket be closed?

Recommendation: Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of final order.

ITEM NO.

CASE

7**PAA

Docket No. 120302-EI – Petition for approval of a new environmental program for cost recovery through the Environmental Cost Recovery Clause by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECO: Wu, Stallcup

ENG: Graves

GCL: Murphy

Issue 1: Should the Commission approve TECO's Petition for approval of its Mercury and Air Toxics Standards Compliance Program and the recovery of the associated cost through the Environmental Cost Recovery Clause, pursuant to Section 366.8255, F.S.?

Recommendation: Yes. Staff recommends that the Commission approve the MATS Compliance Program for ECRC 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

8**PAA

Docket No. 120318-EI – Petition for approval of a new environmental program for cost recovery under the Environmental Cost Recovery Clause, by Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ECO: Wu, Stallcup

ENG: Matthews

GCL: Murphy

Issue 1: Should the Commission approve PEF’s Petition for approval of its Groundwater Monitoring, Operation and Maintenance Requirements Compliance Program and the recovery of the associated cost through the Environmental Cost Recovery Clause, pursuant to Section 366.8255, F.S.?

Recommendation: Yes. Staff recommends that the Commission approve the GWMOMR Compliance Program for ECRC 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

9

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

Critical Date(s): 05/12/13 (8-Month Effective Date)

Commissioners Assigned: Edgar, Balbis, Brown

Prehearing Officer: Brown

Staff: AFD: T. Brown, Cicchetti, Fletcher, Maurey, Prestwood

ECO: King, Stallcup

GCL: Barrera, Lawson

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

Issue 1: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance is zero, which results in a reduction in the Utility's working capital allowance of \$39,885.

Issue 2: What is the appropriate rate base for the test year ended December 31, 2010?

Recommendation: Consistent with other recommended adjustments, the appropriate rate base for the test year ended December 31, 2010, is \$7,084,897.

Issue 3: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2010?

Recommendation: The appropriate weighted average cost of capital for the test year ended December 31, 2010 is 5.61 percent. Accordingly, a corresponding adjustment should be made to increase O&M expense by \$39,258 to reflect the appropriate amount of life insurance policy expense. Due to the removal this expense from the effective cost rate of long-term debt issuance, the overall long-term debt cost rate is 5.60 percent.

Issue 4: Should any adjustments be made to contractual services - accounting expense?

Recommendation: Yes, contractual services – accounting expense should be reduced by \$5,883.

Issue 5: Should any adjustments be made to transportation expense?

Recommendation: Yes, transportation expense should be reduced by \$218.

Issue 6: Should an adjustment be made to rate case expense previously authorized by Order No. PSC-11-0010-SC-WU, currently being amortized in customer rates, and if so, in what amount?

Recommendation: No adjustment should be made to rate case expense previously authorized by Order No. PSC-11-0010-SC-WU.

ITEM NO.

CASE

9

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

(Continued from previous page)

Issue 7: What is the appropriate amount of additional rate case expense associated with the protest of Order No. PSC-12-0435-PAA-WU?

Recommendation: The appropriate amount of rate case expense associated with the protest is \$108,271. This expense should be recovered over four years for an annual expense of \$27,068. After adding the rate case expense approved in Order No. PSC-12-0435-PAA-WU, total annual rate case expense would be \$58,197 associated with this rate case.

Issue 8: Should any adjustments be made to miscellaneous expense?

Recommendation: Yes. Miscellaneous expense should be decreased by \$2,585, and plant increased by \$2,585. Accordingly, a corresponding adjustment should also be made to correct depreciation expense so that it reflects an increase of \$129.

Issue 9: How should the net gain on sale of land and other assets be treated?

Recommendation: The gain on sale of land and other assets of the Utility should be amortized over five years. The annual amortization is \$1,159.

Issue 10: Have the Utility's advances to WMSI's President and associated companies had any adverse impact on the Utility or its ratepayers, and if so, what action, if any, should the Commission take?

Recommendation: Yes, the Utility's advances to WMSI's President and associated companies have had an adverse impact on the Utility and its ratepayers. Consequently, the President's salary should be reduced. Furthermore, absent Commission authority to prohibit advances to the President and associated companies for non-utility purposes, the Commission should require WMSI to file quarterly reports delineating all advances, loans, investments, notes receivable, and accounts receivable between WMSI and the President and associated companies including the date, amount, and reason for the transaction(s).

Issue 10(a): Should any adjustment be made to the WMSI President's salary?

Recommendation: Yes. Based on staff's recommendation in Issue 10, the allowance for the Utility President's salary should be reduced by 15 percent, which results in a reduction of \$14,438. Accordingly, corresponding adjustments should be made to reduce the allowance for the pensions and benefits expense and payroll taxes by \$3,504 and \$1,104, respectively, for a total adjustment of \$19,046.

ITEM NO.

CASE

9

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

(Continued from previous page)

Issue 11: What is the appropriate revenue requirement?

Recommendation: The following revenue requirement should be approved:

	<u>Test</u> <u>Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue</u> <u>Requirement</u>	<u>% Increase</u>
Water	\$1,305,587	\$598,129	\$1,903,716	45.81%

Issue 12: Is a repression adjustment appropriate in this case, and, if so, what is the appropriate adjustment to make for this Utility?

Recommendation: Yes. A repression adjustment of 7.7 percent is appropriate in this case, resulting in residential consumption being reduced by 8,951,000 gallons.

Issue 13: What are the appropriate water rates for the Utility?

Recommendation: The appropriate monthly rates are shown on Schedule No. 4 of staff's memorandum dated April 12, 2013. 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 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.

Issue 14: Should the Utility be authorized to revise certain service availability charges, and, if so, what are the appropriate charges?

Recommendation: Yes. WMSI's service availability charges should be revised. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475, F.A.C. The amount of the service ability charges should be trued-up and based on actual pro forma plant placed in service during the true-up process established by the PAA Order. The appropriate revised service availability charges are reflected on page 15 of the Commission Conference agenda.

ITEM NO.

CASE

9

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

(Continued from previous page)

Plant Capacity Charge:

Residential	\$3,387
All others, per Gallon/day	\$9.68

Main Extension Charge:

Residential	\$1,523
All others, per Gallon/day	\$4.35

Meter Installation:

Residential	\$400
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Issue 15: Withdrawn by the parties at the January 9, 2013, Prehearing Conference.

Withdrawn.

Issue 16 In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised water revenue requirement for the interim collection period should be compared to the amount of interim water revenue requirement granted. This results in no interim refund. As such, the escrow account should be released.

Issue 17: In determining whether any portion of the implemented PAA rates should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding the incremental rate case expense above that which was embedded in PAA rates during this period. The revised revenue requirement for this collection period should be compared to the amount of PAA revenue requirement implemented. This results in no PAA refund.

ITEM NO.

CASE

9

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

(Continued from previous page)

Issue 18: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

Recommendation: Rates should be reduced for annual rate case expense, grossed up for regulatory assessment fees (RAFs), which is being amortized over a four-year period. Removal of \$60,940 associated with rate case expense will result in the rate reduction recommended by staff on Schedule No. 4 of staff’s memorandum dated April 12, 2013. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. WMSI should provide proof of the date notice was given within 10 days of the date of the notice. 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 for the reduction in the rates due to the amortized rate case expense.

Issue 19: Should this docket be closed?

Recommendation: This docket should remain open for staff to verify that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, to process future escrow requests, to confirm that Commission-approved pro forma items have been completed, and to complete a true-up analysis of the pro forma plant costs. Once these actions are complete, this docket should be closed administratively.