

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, June 25, 2013, 9:30 a.m.

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

DATE ISSUED: June 14, 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**

Consent Agenda

PAA

A) Application for Certificate of Authority to Provide Telecommunications Service.

DOCKET NO.

COMPANY NAME

130081-TX

InterMetro Fiber, LLC

Recommendation: The Commission should approve the action requested in the docket referenced above and close this docket.

ITEM NO.

CASE

2**PAA

Docket No. 130105-WS – Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.

Critical Date(s): 7/30/13 (90-Day Rule Waiver Statutory Deadline)

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: GCL: Klancke

ENG: Watts, Rieger

Issue 1: Should the Commission grant Consolidated Services of Hendry & Collier, LLC, 's Petition for Variance from or Waiver of Rules 25-30.033(1)(h), (m), (o), (t), (u), (v), and (w), Florida Administrative Code?

Recommendation: Yes, the Commission should grant Consolidated Services of Hendry & Collier, LLC, 's Petition for Variance from or Waiver of Rules. The utility should be granted a temporary waiver of Rule 25-30.033(1)(h), (m), (o), (r), (t), (u), (v) and (w), F.A.C., for a period of 36 months from the granting of the certificate to enable the utility to continue to engage in planning activities with respect to the area proposed for certification.

Issue 2: Should this docket be closed?

Recommendation: No. If no timely protest is received to the proposed agency action, the Order will become final upon the issuance of a Consummating Order. However, the docket should remain open pending Commission action on the utility's application for original water and wastewater certificates.

ITEM NO.

CASE

3**PAA

Docket No. 120162-WS – Application for transfer of facilities, and Certificate Nos. 524-W and 459-S, from Silver Fox Utility Company, LLC, to Hometown Canada Utility, Inc., in Pasco County.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: AFD: Golden, Kaproth

ECO: Thompson

ENG: Simpson

GCL: Brown

(Proposed Agency Action for Issue 2.)

Issue 1: Should the Commission approve the transfer of Silver Fox Utility Company, LLC's facilities and Certificate Nos. 524-W and 459-S to Hometown Canada Utility, Inc. in Pasco 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 June 13, 2013. The resultant order should serve as Hometown Canada's water and wastewater certificates and should be retained by Hometown Canada. 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 Silver Fox Utility Company, LLC's water and wastewater systems for transfer purposes, and should an acquisition adjustment be approved?

Recommendation: The net book values of Silver Fox Utility Company, LLC's water and wastewater systems for transfer purposes are \$9,436 and \$15,558, respectively, as of February 29, 2012. A positive acquisition adjustment should not be included in rate base. Within 30 days of the date of the final order, Hometown Canada Utility, Inc. should be required to provide general ledgers that show its books have been updated to reflect the Commission-approved balances as of February 29, 2012, along with a statement that these adjustments will also be reflected in the Utility's 2013 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.

ITEM NO.

CASE

4**

Docket No. 120209-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

Critical Date(s): 60-Day Suspension Date Waived by Company to 06/25/13.

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: AFD: T. Brown, Bullard, Carbonell, Fletcher, Makki, Maurey, Springer

ECO: Bruce, Daniel, Hudson, Roberts, Thompson

ENG: P. Buys, Rieger

GCL: Lawson

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

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

Issue 2: Should any interim revenue increase be approved?

Recommendation: Yes, with the exception of Pinellas County water, the Utility should be authorized to collect annual water and wastewater revenues as indicated below:

County	Adjusted Test Year	Revenue Increase	Revenue Requirement	% Increase
Orange – Water	\$115,858	\$17,111	\$132,969	14.77%
Pasco – Water	\$903,759	\$46,325	\$950,084	5.13%
Seminole – Water	\$874,012	\$42,687	\$916,699	4.88%
Seminole – Wastewater	\$806,130	\$23,389	\$829,519	2.90%

ITEM NO.

CASE

4**

Docket No. 120209-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

(Continued from previous page)

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

Recommendation: The service rates for UIF in effect as of December 31, 2011, should be increased as shown below to generate the recommended revenue increase for the interim period.

County	Increase
Orange – Water	15.19%
Pasco – Water	5.20%
Seminole – Water	4.99%
Seminole – Wastewater	2.91%

The rates, as shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated June 13, 2013, should be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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.

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

Recommendation: A corporate undertaking is acceptable contingent upon receipt of the written guarantee of the parent company, Utilities, Inc. (UI), and written confirmation of UI’s continued attestation that the cumulative outstanding guarantees on behalf of UI-owned utilities in other states will not exceed \$1.2 million (inclusive of all Florida utilities). UI should be required to file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions. UI’s total guarantee should be a cumulative amount of \$1.2 million, which includes an amount of \$75,549 subject to refund in this docket. 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 5: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission’s final action on the Utility’s requested rate increase.

ITEM NO.

CASE

5**PAA

Docket No. 130068-EI – Petition for approval of amended standard offer contract (Schedule COG-2), by Progress Energy Florida, Inc.

Docket No. 130069-EI – Petition for approval of new standard offer contract (Schedule COG-2A), by Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ENG: Graves, Buys

ECO: Garl

GCL: Corbari, Tan

Issue 1: Should the Commission approve the amended standard offer contract filed by Duke Energy Florida, Inc. in Docket No. 130068-EI?

Recommendation: Yes. The provisions of the amended standard offer contract and associated schedules, as filed on April 29, 2013, including the amendment filed on June 4, 2013, conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Issue 2: Should the Commission approve the new standard offer contract filed by Duke Energy Florida, Inc. in Docket No. 130069-EI?

Recommendation: Yes. The provisions of the DEF's new standard offer contract and associated schedules, as filed on April 29, 2013, including the amendment filed on June 4, 2013, conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs.

Issue 3: Should Docket Nos. 130068-EI and 130069-EI be closed?

Recommendation: Yes. These dockets 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 Commission's proposed agency action order. If a protest to one docket is filed, the protest should not prevent the action proposed herein from becoming final with regard to the remaining docket. Potential signatories should be aware that, if a timely protest is filed, DEF's standard offer contract may subsequently be revised.

ITEM NO.

CASE

6**PAA

Docket No. 130070-EQ – Petition for approval of new standard offer contract for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and approval of revised tariff schedule REF-1, by Gulf Power Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Matthews

ECO: Garl

GCL: Murphy

Issue 1: Should the Commission approve the revised standard offer contract filed by Gulf Power Company?

Recommendation: Yes. The provisions of Gulf's 2013 standard offer contract and related rate schedule REF-1 exceed the requirements of Rules 25-17.200 through 25-17.310, F.A.C. Gulf does not have any avoidable fossil fueled generating units or avoidable power purchases in the upcoming ten-year planning period. However, in an effort to encourage renewable generation, Gulf has identified its next avoidable unit rather than offer only energy payments in its standard offer contract. The standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. As such, the revised standard offer contract and rate schedule REF-1 submitted by Gulf should be approved as filed.

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 Commission's proposed agency action order. Potential signatories should be aware that, if a timely protest is filed, Gulf's standard offer contract may subsequently be revised.

ITEM NO.

CASE

7**PAA

Docket No. 130072-EQ – Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Matthews

ECO: Garl

GCL: Corbari

Issue 1: Should the Commission approve the revised standard offer contract filed by Florida Power & Light Company?

Recommendation: Yes. The provisions of FPL's 2013 standard offer contract and related rate schedule QS-2 exceed the requirements of Rules 25-17.200 through 25-17.310, F.A.C. FPL does not have any avoidable fossil fueled generating units or avoidable power purchases in the upcoming ten-year planning period. However, in an effort to encourage renewable generation, FPL has identified its next avoidable unit rather than offer only energy payments in its standard offer contract. The standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs. As such, the revised standard offer contract and rate schedule QS-2 submitted by FPL should be approved as filed.

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 Commission's proposed agency action order. Potential signatories should be aware that, if a timely protest is filed, FPL's standard offer contract may subsequently be revised.

ITEM NO.

CASE

8**PAA

Docket No. 130073-EQ – Petition for approval of revisions to standard offer contract and rate schedules COG-1 and COG-2, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Ellis

ECO: Garl

GCL: Tan

Issue 1: Should the Commission approve the standard offer contract and related rate schedules filed by Tampa Electric Company?

Recommendation: Yes. The revised standard offer contract and related rate schedules conform to all the requirements of Rules 25-17.200 through 25-17.310, F.A.C., and reflect the economic and technical assumptions of the avoided unit, a 2020 CT. The standard offer contract provides flexibility for developers of renewable generation in payments and other terms. Staff recommends that the revised standard offer contract and related rate schedules filed by TECO be approved.

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 Commission's proposed agency action order. Potential signatories should be aware that, if a timely protest is filed, TECO's standard offer contract may subsequently be revised.

ITEM NO.

CASE

9**PAA

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

Critical Date(s): 03/26/14 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: ECO: Bruce, Daniel, Hudson

AFD: Barrett, Mouring, Prestwood

ENG: Ellis, Vickery

GCL: Teitzman, Murphy

(Proposed Agency Action - Except Issue Nos. 12 and 13.)

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

Recommendation: Yes. Pinecrest is in compliance with Polk County Health Department (PCHD) rules and regulations, and the water treatment plant is operating normally and scheduled to correct remaining deficiencies within 30 days. The Utility appears to be responding adequately to water quality concerns of the customers. Therefore, staff recommends that the overall quality of service provided by Pinecrest be considered satisfactory.

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

Recommendation: Consistent with the Commission's decision in the Utility's last rate case proceeding, the WTP and the distribution system should be considered 100 percent used and useful (U&U).

Issue 3: What is the appropriate allocation of common costs from Florida Utility Service to Pinecrest Utilities, LLC?

Recommendation: The appropriate allocation of common costs from Florida Utility Service to Pinecrest is 13.51 percent for billing and fixed costs, and 15.83 percent for maintenance costs.

Issue 4: What is the appropriate average test year rate base for Pinecrest?

Recommendation: The appropriate average test year rate base for the Utility is \$82,734.

Issue 5: What is the appropriate return of equity and overall rate of return for Pinecrest?

Recommendation: The appropriate return on equity (ROE) is 11.16 percent with a range of 10.16 percent to 12.16 percent. The appropriate overall rate of return is 6.27 percent.

Issue 6: What is the appropriate amount of test year revenue?

Recommendation: The appropriate test year revenues for the Pinecrest water system are \$59,303.

ITEM NO.

CASE

9**PAA

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

Issue 7: What is the appropriate amount of operating expenses?

Recommendation: The appropriate amount of operating expense for Pinecrest is \$58,059.

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$63,247 resulting in an annual increase of \$3,944 (6.65 percent).

Issue 9: Should Pinecrest's current water system rate structure be changed, and, if so, what is the appropriate adjustment?

Recommendation: No. Pinecrest's water system rate structure, which consists of a monthly base facility charge (BFC) and uniform gallonage charge rate structure, should remain unchanged.

Issue 10: Are repression adjustments for Pinecrest's water system appropriate in this case, and, if so, what are the appropriate adjustments to make, what are the corresponding expense adjustments to make, and what are the final revenue requirements for the water system?

Recommendation: No, a repression adjustment is not appropriate in this case.

Issue 11: What are the appropriate rates for Pinecrest?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4 of staff's memorandum dated June 13, 2013. The water rates for Pinecrest should be increased by 7.11 percent to produce service revenues of \$59,449. 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

9**PAA

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

Issue 12: 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: The water rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated June 13, 2013, 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. Pinecrest 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 Pinecrest 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. Pinecrest 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 below in the analysis portion of staff's memorandum dated June 13, 2013. 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.

ITEM NO.

CASE

9**PAA

Docket No. 120269-WU – Application for staff-assisted rate case in Polk County by Pinecrest Utilities, LLC.

(Continued from previous page)

Issue 14: Should Pinecrest's tariff be revised to reflect a non-sufficient funds (NSF) fee?
Recommendation: Yes. The Utility should be required to file revised tariffs to reflect NSF fees as set forth in Sections 68.065 and 832.08(5), F.S. The revised tariffs should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariffs are filed and approved, the NSF fees should be effective on or after the stamped approval date on the revised tariffs, pursuant to Rule 25-30.475, F.A.C., if no protest is filed and provided customers have been noticed.

Issue 15: What are the appropriate customer deposits for Pinecrest?
Recommendation: Staff recommends an initial customer deposit for water should be \$67 for 5/8" x 3/4" meters. All other classes should be two times the average estimated monthly bill for water. The approved customer deposits should be 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. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 16: Should Pinecrest 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, Pinecrest 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. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

10**PAA

Docket No. 120270-SU – Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.

Critical Date(s): 03/26/14 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: ECO: Thompson, Daniel, Hudson

AFD: Golden, Maurey, Mouring, Prestwood

ENG: Ellis, McRoy

GCL: Murphy

(Proposed Agency Action - Except Issue Nos. 12 and 13.)

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

Recommendation: Yes. West Lakeland is in compliance with DEP rules and regulations, the wastewater treatment plants are operating normally, and the Utility appears to address customer complaints in a timely manner. Therefore, staff recommends that the overall quality of service provided by West Lakeland be considered satisfactory.

Issue 2: What are the used and useful percentages of the West Lakeland WWTP and collection system?

Recommendation: West Lakeland's WWTP should be considered 100 percent used and useful (U&U), consistent with the Commission's previous Order, and the collection system should be considered 100 percent U&U, based upon the system being built out.

Issue 3: What is the appropriate allocation of common costs from Florida Utility Service to West Lakeland?

Recommendation: The appropriate allocation of common costs from Florida Utility Service to West Lakeland is 29.08 percent for billing and fixed costs and 34.06 percent for maintenance costs.

Issue 4: What is the appropriate average test year rate base for West Lakeland?

Recommendation: The appropriate average test year rate base for West Lakeland is zero. West Lakeland should complete the pro forma items within 12 months of the issuance of the consummating order. If the Utility encounters any unforeseen events that will impede the completion of the pro forma items, the Utility should immediately notify the Commission in writing.

Issue 5: What is the appropriate return on equity for West Lakeland?

Recommendation: The appropriate return on equity (ROE) is 11.16 percent with a range of 10.16 percent to 12.16 percent.

Issue 6: What is the appropriate amount of test year revenues?

Recommendation: The appropriate test year revenues for the West Lakeland wastewater system are \$89,977.

ITEM NO.

CASE

10**PAA

Docket No. 120270-SU – Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.

(Continued from previous page)

Issue 7: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense for the Utility is \$103,955.

Issue 8: Should the Commission utilize the operating ratio methodology as an alternative means to calculate the revenue requirement for West Lakeland, 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 West Lakeland. The margin should be 10.00 percent of O&M expense.

Issue 9: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$113,406, resulting in an annual increase of \$23,429 (26.04 percent).

Issue 10: Should West Lakeland's current wastewater system rate structure be changed, and, if so, what is the appropriate adjustment?

Recommendation: No. West Lakeland's wastewater system rate structure, which consists of a monthly base facility charge (BFC) and uniform gallonage charge rate structure, should remain unchanged. The wastewater system's BFC allocation of 50 percent should remain unchanged. Staff recommends the residential wastewater gallonage cap be set at 6,000 gallons a month. Furthermore, staff recommends that the general service gallonage charge be 1.2 times greater than the residential gallonage charge.

Issue 11: What are the appropriate rates for West Lakeland?

Recommendation: The appropriate monthly wastewater rates are shown on Schedule No. 3 of staff's memorandum dated June 13, 2013. The recommended rates should be designed to produce service revenues of \$109,054. 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

10**PAA

Docket No. 120270-SU – Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.

(Continued from previous page)

Issue 12: 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: The wastewater rates should be reduced as shown on Schedule No. 3 of staff's memorandum dated June 13, 2013, 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. West Lakeland 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 West Lakeland 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. West Lakeland 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 below in the analysis portion of staff's memorandum dated June 13, 2013. 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.

ITEM NO.

CASE

10**PAA

Docket No. 120270-SU – Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.

(Continued from previous page)

Issue 14: Should West Lakeland be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable NARUC Uniform System of Accounts (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, West Lakeland 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 15: 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. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

11

Docket No. 130025-WU – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

Critical Date(s): 60-Day Suspension Date Waived Through 6/25/2013

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: ECO: Hudson, Roberts

GCL: Gilcher

(Suspension of Rates - Participation is at the Discretion of the Commission.)

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

Recommendation: Yes. Placid Lakes' proposed final water rates should be suspended.

Issue 2: Should this docket be closed?

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