

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Thursday, April 10, 2014, 9:30 a.m.

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

DATE ISSUED: March 31, 2014

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, Gerald L. Gunter Building, Room 152.

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. 130290-EI – Initiation of formal proceedings of Complaint No. 1115382E of Brian J. Ricca against Florida Power & Light, for failing to provide reasonable service.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: GCL: Corbari

CAO: Forsman

ENG: Graves

(Motion to Dismiss – Oral Argument Not Requested.)

Issue 1: Should Florida Power & Light Company's Motion to Dismiss be granted?

Recommendation: Yes. Staff recommends that the Commission grant FPL's Motion to Dismiss and dismiss the complaint without prejudice because the complaint fails to demonstrate a cause of action upon which relief can be granted.

Issue 2: Should the docket be closed?

Recommendation: No. If the Commission agrees with staff regarding Issue 1, then Mr. Ricca's request for formal hearing complaint should be dismissed without prejudice, and Mr. Ricca be permitted to file an amended complaint. Should Mr. Ricca fail to timely file an amended complaint, the docket should be administratively closed.

ITEM NO.

CASE

2**PAA

Docket No. 140033-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 8.16% to 6.47%, effective January 1, 2014, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: D. Buys, Cicchetti, Prestwood

GCL: Gilcher

Issue 1: Should the Commission approve Tampa Electric's request to decrease its AFUDC rate from 8.16 percent to 6.47 percent?

Recommendation: No. The appropriate AFUDC rate for Tampa Electric is 6.46 percent based on a 13-month average capital structure for the period ending December 31, 2013.

Issue 2: What is the appropriate monthly compounding rate to achieve the staff recommended 6.46 annual rate?

Recommendation: The appropriate monthly compounding rate to maintain an annual rate of 6.46 percent is 0.523023 percent.

Issue 3: Should the Commission approve Tampa Electric's requested effective date of January 1, 2014, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective as of January 1, 2014, for all purposes.

Issue 4: 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

3**PAA

Docket No. 140035-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.52% to 6.34%, effective January 1, 2014, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: D. Buys, Cicchetti, Prestwood

GCL: Brownless

Issue 1: Should the Commission approve FPL's request to decrease its AFUDC rate from 6.52 percent to 6.34 percent?

Recommendation: Yes. The appropriate AFUDC rate for FPL is 6.34 percent based on a 13-month average capital structure for the period ended December 31, 2013.

Issue 2: What is the appropriate monthly compounding rate to achieve the requested 6.34 percent annual AFUDC rate?

Recommendation: The appropriate monthly compounding rate to maintain an annual rate of 6.34 percent is 0.513575 percent.

Issue 3: Should the Commission approve FPL's requested effective date of January 1, 2014, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective as of January 1, 2014, for all purposes.

Issue 4: 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

4**PAA

Docket No. 140046-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.26% to 5.73%, effective January 1, 2014, by Gulf Power Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: D. Buys, Cicchetti, Prestwood

GCL: Gilcher

Issue 1: Should the Commission approve Gulf's request to decrease its AFUDC rate from 6.26 percent to 5.73 percent?

Recommendation: Yes. The appropriate AFUDC rate for Gulf is 5.73 percent based on a 13-month average capital structure for the period ending December 31, 2013.

Issue 2: What is the appropriate monthly compounding rate to achieve the requested 5.73 percent annual rate?

Recommendation: The appropriate monthly compounding rate to maintain an annual rate of 5.73 percent is 0.465400 percent.

Issue 3: Should the Commission approve Gulf's requested effective date of January 1, 2014, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective as of January 1, 2014, for all purposes.

Issue 4: Should this docket be closed?

Recommendation: Yes. 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

5**

Docket No. 130210-WS – Application for staff-assisted rate case in Polk County by CHC VII, Ltd.

Critical Date(s): 01/05/15 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: AFD: Lester, Mouring
ECO: Bruce, Hudson
ENG: Watts, Lewis, Vickery
GCL: Tan

Issue 1: Should the quality of service provided by CHC be considered satisfactory?

Recommendation: Yes, the overall quality of service for the CHC system in Polk County is satisfactory.

Issue 2: What are the used and useful percentages of the Utility's water treatment plant (WTP), water distribution, wastewater treatment plant (WWTP) and wastewater collection systems?

Recommendation: CHC's WTP, water distribution, WWTP, and wastewater collection system should be considered 100 percent used and useful (U&U). Staff recommends that a 6.1 percent adjustment to operation and maintenance expenses should be made for excessive unaccounted for water (EUW). No adjustment is recommended for excessive infiltration and inflow (I&I).

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

Recommendation: The appropriate average test year rate base for CHC is \$178,442 for water and \$159,299 for wastewater.

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

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 4.18 percent.

Issue 5: What are the appropriate test year revenues for the Utility's water and wastewater systems?

Recommendation: The appropriate test year revenues for CHC's water and wastewater systems are \$100,066 and \$92,287, respectively.

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

Recommendation: The appropriate amount of operating expense for CHC is \$125,963 for water and \$175,914 for wastewater.

ITEM NO.

CASE

5**

Docket No. 130210-WS – Application for staff-assisted rate case in Polk County by CHC VII, Ltd.

(Continued from previous page)

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$133,422 for water and \$182,573 for wastewater, resulting in an annual increase of \$33,356 for water (33.33 percent), and an annual increase of \$90,286 for wastewater (97.83 percent).

Issue 8: What are the appropriate rate structures and rates for CHC's water and wastewater systems?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated March 27, 2014, respectively. 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 on 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. Along with the customer notice, the Utility should provide customers their most recent three months usage. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 9: 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 and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated March 27, 2014, 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. CHC 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.

ITEM NO.

CASE

5**

Docket No. 130210-WS – Application for staff-assisted rate case in Polk County by CHC VII, Ltd.

(Continued from previous page)

Issue 10: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. CHC should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed in the analysis portion of staff’s memorandum dated March 27, 2014. 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.

Issue 11: Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) primary accounts associated with the Commission-approved adjustments?

Recommendation: Yes. To ensure that the Utility adjusts its books in accordance with the Commission’s decision, CHC 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 12: 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

6**PAA

Docket No. 130301-EI – Petition to modify scope of existing environmental program by Duke Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ENG: Graves, Mtenga

ECO: Wu

GCL: Murphy

Issue 1: Should the Commission approve Duke Energy Florida’s petition to modify the scope of its existing environmental compliance program and recover the associated costs through the Environmental Cost Recovery Clause?

Recommendation: Yes. DEF has sufficiently demonstrated that the proposed activities are needed to comply with environmental regulations. DEF has estimated that the proposed activities and resultant continued operation of Crystal River Units 1 and 2, through mid-2018, will result in a net present value savings of \$307 million when compared to retiring the units in 2016. Therefore, DEF’s Petition should 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 proposed agency action.

ITEM NO.

CASE

7**

Docket No. 130229-WS – Application for amendment of territory for Certificate Nos. 622-W and 564-S in Volusia and Brevard Counties by Farmton Water Resources LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Watts
AFD: Cicchetti
ECO: Roberts
GCL: Klancke

Issue 1: Should the Commission approve Farmton’s application for amendment of Certificate Nos. 622-W and 564-S in Volusia and Brevard Counties?

Recommendation: Yes. It is in the public interest to amend Certificate Nos. 622-W and 564-S to reflect the territory as described in Attachment A of staff’s memorandum dated March 27, 2014, effective the date of the Commission’s vote. The resultant order should serve as Farmton’s amended 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**PAA

Docket No. 130153-WS – Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.

Critical Date(s): 10/22/14 (15-Month Expiration Date for SARC)

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: ENG: Lee

AFD: Barrett, Mouring, Prestwood

ECO: Thompson

GCL: Murphy

(Proposed Agency Action Except for Issue Nos. 10 and 11.)

Issue 1: Is the quality of service provided by LP Waterworks, Inc. satisfactory?

Recommendation: Yes. Staff recommends that the quality of service provided by LPWWI be considered satisfactory.

Issue 2: What are the Used and Useful percentages of the Utility's water and wastewater systems?

Recommendation: For the water system, the treatment plant and the distribution system should be considered 100 percent and 87 percent Used and Useful (U&U), respectively. For the wastewater system, the treatment plant and the collection system should be considered 59 percent and 100 percent U&U, respectively. The concern regarding the excessive unaccounted for water should be addressed by reducing the test year water treatment cost of purchased power and chemicals by 8.5 percent.

Issue 3: What is the appropriate average test year rate base for L.P. Waterworks, Inc.?

Recommendation: The appropriate average test year rate base balances for L.P. Waterworks, Inc. are \$86,549 for water and \$104,793 for wastewater.

Issue 4: What is the appropriate rate of return on equity and overall rate of return for L.P. Waterworks, Inc.?

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 revenues?

Recommendation: The appropriate test year revenues for LP Waterworks, Inc.'s water and wastewater systems are \$59,191 and \$47,642, respectively.

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

Recommendation: The appropriate amounts of operating expense for L.P. Waterworks, Inc. are \$109,046 for water and \$86,324 for wastewater.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$116,611 for water and \$95,483 for wastewater, resulting in an annual increase of \$57,420 for water (97.01 percent), and an annual increase of \$47,841 for wastewater (100.42 percent).

ITEM NO.

CASE

8**PAA

Docket No. 130153-WS – Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.

(Continued from previous page)

Issue 8: What are the appropriate rate structures and rates for LP Waterworks, Inc.’s water and wastewater systems?

Recommendation: The recommended monthly water and wastewater rates are shown on Schedule Nos. 4-B and 4-D of staff’s memorandum dated March 27, 2014, respectively. 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 ten days of the date of the notice.

Issue 9: What is the appropriate amount by which rates should be reduced in four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

Recommendation: The water rates should be reduced as shown on Schedules No. 4-B and 4-D of staff’s memorandum dated March 27, 2014, to remove rate case expense grossed up water and wastewater 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. L.P. Waterworks, Inc. 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 10: What are the appropriate initial customer deposits for LP Waterworks, Inc.?

Recommendation: The appropriate initial customer deposits should be \$45 and \$50 for the residential 5/8" x 3/4" meter size for water and wastewater, respectively. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water and wastewater. 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 11: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

ITEM NO.

CASE

8**PAA

Docket No. 130153-WS – Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.

(Continued from previous page)

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. L.P. Waterworks, Inc. should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated March 27, 2014. 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.

Issue 12: Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) primary accounts associated with the Commission-approved adjustments?

Recommendation: Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, L.P. Waterworks, Inc. 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 13: 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

9**

Docket No. 130291-WS – Application for amendment of Certificate Nos. 631-W and 540-S in Lake County by Central Sumter Utility Company, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Lee, Hill

ECO: Bruce

GCL: Barrera

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 Lake County?

Recommendation: Yes. Staff recommends that 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 March 27, 2014, effective the date of the Commission’s vote. The resultant order should serve as Central Sumter’s amended 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

10**PAA

Docket No. 140048-EI – Reporting Requirements for electric investor-owned utilities with Commercial/Industrial Service Rider (CISR) tariffs.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Rome

AFD: Fletcher

GCL: Young

Issue 1: Should CISR tariff reporting requirements be modified for purposes of streamlining and to achieve greater consistency among Florida's investor-owned electric utilities?

Recommendation: Yes. Annually, in conjunction with the submission of December Earnings Surveillance Reports, companies with CISR tariff customers should report the total difference for all executed Contract Service Arrangements (CSAs) between the calendar year revenues that would have been received under the otherwise applicable tariff rate(s) and the CISR rate.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, utilities with CISR tariff customers should file the required information annually beginning with the December 2014 Earnings Surveillance Report. If a protest is filed within 21 days of the issuance of the order, utilities with CISR tariff customers should continue to follow their current reporting procedures, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

11**PAA

Docket No. 130211-WS – Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd.

Critical Date(s): 01/05/15 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECO: Thompson, Daniel, Hudson
AFD: Lester, Mouring, Prestwood
ENG: P. Buys, Lewis, Vickery
GCL: Corbari

(Proposed Agency Action Except Issue Nos. 9 and 10.)

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

Recommendation: Yes. The overall quality of service for the SV system in Polk County is satisfactory.

Issue 2: What are the used and useful percentages of the Utility's water treatment plant (WTP), water distribution, wastewater treatment plant (WWTP), and wastewater collection system?

Recommendation: SV's WTP, water distribution, WWTP, and wastewater collection system should be considered 100 percent used and useful (U&U). Staff recommends that a 22 percent adjustment to purchased power and chemicals should be made for excess unaccounted for water (EUW). No adjustment is recommended for excess infiltration and inflow (I&I).

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

Recommendation: The appropriate average test year rate base for SV is \$120,475 for water and \$130,662 for wastewater.

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

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 are the appropriate test year revenues for the Utility's water and wastewater systems?

Recommendation: The appropriate test year revenues for SV's water and wastewater systems are \$74,362 and \$72,403, respectively.

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

Recommendation: The appropriate amount of operating expense for SV is \$96,472 for water and \$152,320 for wastewater.

ITEM NO.

CASE

11**PAA

Docket No. 130211-WS – Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd.

(Continued from previous page)

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$107,001 for water and \$163,740 for wastewater, resulting in an annual increase of \$32,639 for water (43.89 percent), and an annual increase of \$91,337 for wastewater (126.15 percent).

Issue 8: What are the appropriate rate structures and rates for SV's water and wastewater systems?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated March 27, 2014, respectively. 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 on 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. Along with the customer notice, the Utility should provide customers their most recent three months usage. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 9: What is the appropriate amount by which rates should be reduced in four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816 F.S.?

Recommendation: The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated March 27, 2014, 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. SV 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.

ITEM NO.

CASE

11**PAA

Docket No. 130211-WS – Application for staff-assisted rate case in Polk County by S.V. Utilities, Ltd.

(Continued from previous page)

Issue 10: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. SV should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, the Utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed in the analysis portion of staff's memorandum dated March 27, 2014. 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.

Issue 11: Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) primary accounts associated with the Commission-approved adjustments?

Recommendation: Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, SV 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 12: 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

12**

Docket No. 140030-SU – Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc.

Critical Date(s): 60-Day Suspension Date waived through 4/10/2014

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Hudson, Roberts

GCL: Young

Issue 1: Should EPS be authorized to collect Non-Sufficient Funds charges?

Recommendation: Yes. EPS should be authorized to collect NSF charges. Staff recommends that EPS revise its tariffs to reflect the NSF charges currently set forth in Sections 68.065 and 832.08(5), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). Furthermore, the charges 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 2: Should this docket be closed?

Recommendation: No. If a protest is filed by a substantially affected person within 21 days of issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket will become final upon the issuance of a consummating order. However, this docket should remain open to allow staff to verify that the revised tariff sheet and customer notice have been filed by EPS and approved by staff. Once staff has verified that the revised tariff sheet and customer notice have been filed by EPS and approved, the docket should be closed administratively.