

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

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

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

DATE ISSUED: June 26, 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**

Consent Agenda

PAA

A) Applications for Certificates of Authority to Provide Telecommunications Service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
140077-TX	Cloud Computing Concepts, LLC d/b/a C3
140042-TX	Total Marketing Concepts, LLC

Recommendation: The Commission should approve the action requested in the dockets referenced above and close these dockets.

ITEM NO.

CASE

2

Docket No. 140107-PU – Petition for declaratory statement regarding discovery in dockets or proceedings affecting rates or cost of service processed with the Commission's proposed agency action procedure.

Critical Date(s): Final Order must be issued by August 18, 2014, pursuant to Section 120.565(3), Florida Statutes.

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: GCL: Cowdery

AFD: Bulecza-Banks

(Decision on Declaratory Statement - Participation is at Discretion of the Commission.)

Issue 1: Should the Commission issue a declaratory statement in response to OPC's Petition?

Recommendation: No. The Commission should deny OPC's Petition for Declaratory Statement for failure to meet the statutory requirements necessary to obtain a declaratory statement.

Issue 2: Should this docket be closed?

Recommendation: Yes, the docket should be closed.

ITEM NO.

CASE

3**PAA

Docket No. 140116-TP – Implementation of the 786 overlay area code and mandatory 10-digit dialing in the Florida Keys.

Critical Date(s): The estimated exhaust date of area code 305 over the Keys is 2nd quarter 2015.

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: GCL: Teitzman

TEL: Beard, Casey

Issue 1: Should the Commission set a mandatory 10-digit dialing date of March 1, 2015, and extension of the 786 overlay area code over the Florida Keys for May 1, 2015?

Recommendation: Yes. The Commission should set a mandatory 10-digit dialing date of March 1, 2015, and extension of the 786 overlay area code over the Florida Keys for May 1, 2015.

Issue 2: 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, this docket should remain open pending implementation of 10-digit mandatory dialing and extension of the 786 area code overlay over the Florida Keys.

ITEM NO.

CASE

4**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 - Interested Persons May Participate.)

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.

ITEM NO.

CASE

4**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 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).

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, respectively, of staff's memorandum dated March 27, 2014. 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 Schedule Nos. 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.

ITEM NO.

CASE

4**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 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?

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.

ITEM NO.

CASE

4**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 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

5**PAA

Docket No. 140064-EQ – Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities and approval of tariff schedule REF-1, by Gulf Power Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Matthews, Mtenga

GCL: Lawson

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

Recommendation: Yes. The provisions of the revised standard offer contract and related rate schedule REF-1 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised 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. Staff recommends that the revised standard offer contract and related rate schedule REF-1 submitted by Gulf be approved as filed.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed up the 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

6**PAA

Docket No. 140065-EI – Petition for approval of amended standard offer contract COG-2 by Duke Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Matthews, Mtenga

GCL: Murphy

Issue 1: Should the Commission approve the revised standard offer contract filed by Duke Energy Florida?

Recommendation: Yes. The provisions of the revised standard offer contract and associated rate schedule conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised 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. Staff recommends that the revised standard offer contract and rate schedule submitted by DEF 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

7**PAA

Docket No. 140068-EQ – Petition for approval of a 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, Mtenga

GCL: Tan

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

Recommendation: Yes. The provisions of the revised standard offer contract and related rate schedule QS-2 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised 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. Staff recommends that the revised standard offer contract and related rate schedule QS-2 submitted by FPL be approved as filed.

Issue 2: Should the Commission approve the new standard offer contract filed by Florida Power & Light Company?

Recommendation: Yes. The provisions of FPL's new standard offer contract and related rate schedule QS-2A conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The new 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. Staff recommends that the new standard offer and related rate schedule QS-2A be approved as filed.

Issue 3: 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. 140069-EI – Petition for approval of revisions to standard offer contract and rate schedule COG-2, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Matthews, Mtenga

GCL: Corbari

Issue 1: Should the Commission approve the revised standard offer contract filed by Tampa Electric Company?

Recommendation: Yes. The provisions of the revised standard offer contract and related rate schedule COG-2 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The revised 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. Staff recommends that the revised standard offer contract and related rate schedule COG-2 submitted by TECO 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, TECO's standard offer contract may subsequently be revised.

ITEM NO.

CASE

9**PAA

Docket No. 140073-EQ – Petition for approval of revisions to renewable energy tariffs REN-1 and REN 2, by Florida Public Utilities Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Matthews, Mtenga

GCL: Tan

Issue 1: Should the Commission approve the revised standard offer contract filed by Florida Public Utilities Company?

Recommendation: Yes. The revised standard offer contracts and related rate schedules conform to all the requirements of Rules 25-17.200 through 25-17.310, F.A.C., and reflect the avoidable costs associated with FPUC's power purchase agreements. Staff recommends that the revised standard offer contracts and related rate schedules filed by FPUC 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, FPUC's standard offer contract may subsequently be revised.

ITEM NO.

CASE

10**

Docket No. 140067-EI – Petition for approval of revised underground distribution tariffs, by Duke Energy Florida, Inc.

Critical Date(s): 12/01/14 (8-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Rome

GCL: Klancke

Issue 1: Should the Commission approve DEF's proposed URD tariffs and associated charges including the adjustments submitted on May 16, 2014, to Tariff Sheets 4.114 and 4.115?

Recommendation: Yes, the proposed URD tariffs and associated charges as adjusted should be approved.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, this tariff should become effective as of the date of the Commission's vote. If a protest is filed within 21 days of the issuance of the order, this 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 should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

11

Docket No. 140025-EI – Application for rate increase by Florida Public Utilities Company.

Critical Date(s): Company Waived 60-Day Suspension Date until 7/10/14.

Commissioners Assigned: Edgar, Balbis, Brown

Prehearing Officer: Brown

Staff: ECO: McNulty, Draper

AFD: D. Buys, Trueblood, Vogel

GCL: Brownless, Barrera, Young

(Decision on Interim Rates - Participation is at the Discretion of the Commission.)

Issue 1: Should the \$5,852,171 permanent base rate increase and its associated tariff revisions requested by FPUC be suspended pending a final decision in this docket?

Recommendation: Yes. The \$5,852,171 permanent base rate increase and its associated tariff revisions requested by FPUC should be suspended pending a final decision in this docket.

Issue 2: Is FPUC's proposed rate base of \$54,511,326 for the interim historical test year for the 12-month period ended September 30, 2013, appropriate?

Recommendation: Yes. FPUC's proposed rate base of \$54,511,326 for the interim historical test year for the 12-month period ended September 30, 2013, is appropriate.

Issue 3: Are FPUC's proposed return on equity of 10.00 percent and overall cost of capital of 6.37 percent appropriate for the purpose of determining interim rates?

Recommendation: No. Although FPUC's proposed return on equity of 10.00 percent is appropriate, the Company's proposed overall cost of capital of 6.37 percent is not appropriate. The appropriate overall cost of capital for purposes of determining interim rates is 6.13 percent.

Issue 4: Is FPUC's proposed net operating income of \$1,981,784 for the interim historical test year for the 12 months ended September 30, 2013, appropriate?

Recommendation: Yes. FPUC's proposed net operating income of \$1,981,784 for the interim historical test year for the 12-month period ended September 30, 2013, is appropriate.

Issue 5: Is FPUC's proposed net operating income multiplier of 1.6335 appropriate?

Recommendation: Yes. The appropriate net operating income multiplier for purposes of determining interim rates is 1.6335.

Issue 6: Should FPUC's requested interim rate increase of \$2,433,314 and percentage increase factor of 14.91 percent be granted?

Recommendation: No. An interim rate increase of \$2,221,168 with a percentage increase factor of 13.61 percent should be granted.

ITEM NO.

CASE

11

Docket No. 140025-EI – Application for rate increase by Florida Public Utilities Company.

(Continued from previous page)

Issue 7: How should the interim revenue increase for FPUC be distributed among the rate classes?

Recommendation: The percentage increase factor recommended in Issue 6 should be applied uniformly to all existing base rates and charges to derive the interim base rates and charges, as required by Rule 25-6.0435, Florida Administrative Code (F.A.C.). The interim rates should be made effective for all meter readings made on or after 30 days from the date of the vote approving any interim increase. FPUC should file revised tariff sheets for administrative approval that reflect the Commission-approved percentage increase factor and resulting interim rates. FPUC should give notice to customers of the interim increase commencing with the first bill for service that reflects the approved increase. A copy of the notice should be submitted to staff for approval prior to its issuance.

Issue 8: What is the appropriate security to guarantee the amount collected subject to refund?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking contingent on receipt of a written guarantee by CUC.

Issue 9: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's final resolution of the Company's requested rate increase.