

# FLORIDA PUBLIC SERVICE COMMISSION

## COMMISSION CONFERENCE AGENDA

**CONFERENCE DATE AND TIME:** Thursday, September 4, 2014, 9:30 a.m.

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

**DATE ISSUED:** August 21, 2014

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### NOTICE

Persons affected by Commission action on certain items on this agenda may be allowed to address the Commission, either informally or by oral argument, when those items are taken up for discussion at this conference. These items are designated by double asterisks (\*\*\*) next to the agenda item number.

To participate informally, affected persons need only appear at the agenda conference and request the opportunity to address the Commission on an item listed on agenda. Informal participation is not permitted: (1) on dispositive motions and motions for reconsideration; (2) when a recommended order is taken up by the Commission; (3) in a rulemaking proceeding after the record has been closed; or (4) when the Commission considers a post-hearing recommendation on the merits of a case after the close of the record. The Commission allows informal participation at its discretion in certain types of cases (such as declaratory statements and interim rate orders) in which an order is issued based on a given set of facts without hearing.

See Rule 25-22.0021, F.A.C., concerning Agenda Conference participation and Rule 25-22.0022, F.A.C., concerning oral argument.

Agendas, staff recommendations, and vote sheets are available from the PSC Web site, <http://www.floridapsc.com>, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. Once filed, a verbatim transcript of the Commission Conference will be available from this page by selecting the conference date, or by selecting *Clerk's Office* and the Item's docket number, (you can then advance to the *Docket Details* page and the Document Filings Index for that particular docket). An official vote of "move staff" denotes that the Item's recommendations were approved. If you have any questions, contact the Office of Commission Clerk at (850) 413-6770 or e-mail the clerk at [Clerk@psc.state.fl.us](mailto:Clerk@psc.state.fl.us).

In accordance with the American with Disabilities Act, persons needing a special accommodation to participate at this proceeding should contact the Office of Commission Clerk no later than five days prior to the conference at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, via 1-800-955-8770 (Voice) or 1-800-955-8771 (TDD), Florida Relay Service. Assistive Listening Devices are available at the Office of Commission Clerk, 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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September 4, 2014

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**ITEM NO.**

**CASE**

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1\*\*

**Consent Agenda**

PAA

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
140105-TX	LMK Communications, LLC d/b/a Clarity Communications Group

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

**ITEM NO.**

**CASE**

2\*\*

**Docket No. 140131-EU** – Proposed amendment of Rule 25-6.058, F.A.C., Determination of Average Meter Registration Error.

**Rule Status:** Proposed

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Brown

**Staff:** GCL: Cowdery

ECO: Rome

ENG: Moses, Velazquez

**Issue 1:** Should the Commission propose the amendment of Rule 25-6.058, F.A.C., Determination of Average Meter Registration Error?

**Recommendation:** Yes, the Commission should propose the amendment of Rule 25-6.058, F.A.C., as set forth in Attachment A of staff's memorandum dated August 21, 2014.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If no requests for hearing or comments are filed, the rule should be filed with the Department of State, and the docket should be closed.

**ITEM NO.**

**CASE**

3\*\*

**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

**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 with prejudice because the complaint again fails to state a cause of action upon which relief can be granted, does not substantially comply with Rules 25-22.036 and 28-106.201, F.A.C., and fails to cure the deficiencies identified in the initial complaint.

**Issue 2:** Should the docket be closed?

**Recommendation:** Yes. If the Commission agrees with staff regarding Issue 1, then Mr. Ricca's amended complaint and request for formal hearing complaint should be dismissed with prejudice.

**ITEM NO.**

**CASE**

4\*\*

**Docket No. 130212-WS** – Application for increase in water/wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Edgar

**Staff:** AFD: Maurey, Springer

ECO: Thompson

ENG: Lee

GCL: Mapp, Crawford

**Issue 1:** Should the Commission grant OPC and CLU’s Joint Motion to Approve Settlement Agreement?

**Recommendation:** Yes. Staff recommends that the Settlement Agreement should be approved. Order No. PSC-14-0283-PAA-WS should be modified as set forth in the analysis portion of staff’s memorandum dated August 21, 2014, and made final. If the Commission approves the Settlement Agreement, staff recommends that CLU file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates within fifteen days of the Commission vote. The approved rates 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 approved rates should not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by the customers. CLU should provide proof of the date the notice was given within ten days of issuance.

**Issue 2:** Should this docket be closed?

**Recommendation:** No. The docket should remain open for staff’s verification that the revised tariff sheets and customer notice have been filed by CLU and approved by staff, and that the interim refund has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively.

**ITEM NO.**

**CASE**

5\*\*PAA

**Docket No. 130294-WU** – Application for transfer of water systems and Certificate No. 579-W in Highlands County from Holmes Utilities, Inc. to Country Walk Utilities, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ENG: P. Buys

AFD: Frank, Springer

ECO: Roberts

GCL: Brownless

**(Proposed Agency Action for Issues 2 and 3.)**

**Issue 1:** Should the transfer of Holmes Utilities, Inc.’s water system and Certificate No. 579-W to Country Walk Utilities, Inc. be approved?

**Recommendation:** Yes. The transfer of Holmes’ water system and Certificate No. 579-W to Country Walk is in the public interest and should be approved effective the date of the Commission’s vote. The resultant order should serve as the certificate and should be retained by Country Walk. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer 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.). Country Walk should be responsible for filing the 2013 Annual Report and paying the 2014 Regulatory Assessment Fee (RAFs) and should be responsible for filing all future annual reports and RAFs.

**Issue 2:** What is the appropriate net book value for the water system as of September 4, 2013?

**Recommendation:** For transfer purposes, the net book value (NBV) of the water system is \$31,955, as of September 4, 2013. Within 30 days of the date of the final order, Country Walk should be required to provide general ledgers which show its books have been updated to reflect the Commission-approved balances as of September 4, 2013. The adjustments should be reflected in the utility’s 2014 Annual Report when filed.

**Issue 3:** Should an acquisition adjustment be recognized for ratemaking purposes?

**Recommendation:** Yes. Pursuant to Rule 25-30.0371, F.A.C., a negative acquisition adjustment of \$20,064 for the water system should be recognized for ratemaking purposes. Beginning with the date of the issuance of the order approving the transfer, 50 percent of the negative acquisition adjustment, which is \$10,032, should be amortized over a 7-year period and the remaining 50 percent should be amortized over the remaining life of the assets.

**ITEM NO.**

**CASE**

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5\*\*PAA

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**Docket No. 130294-WU** – Application for transfer of water systems and Certificate No. 579-W in Highlands County from Holmes Utilities, Inc. to Country Walk Utilities, Inc.

(Continued from previous page)

**Issue 4:** Should this docket be closed?

**Recommendation:** Yes. If no protest to the proposed agency action 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 should be closed administratively after Country Walk has provided proof that its general ledgers have been updated to reflect the Commission–approved balances as of September 4, 2013.



**ITEM NO.**

**CASE**

6\*\*PAA

**Docket No. 140051-GU** – 2014 depreciation study by Florida City Gas.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Balbis

**Staff:** ECO: Wu

GCL: Young

**Issue 1:** Should FCG's currently prescribed depreciation rates be revised?

**Recommendation:** Yes. A review of FCG's account activity and current capital recovery position indicates a need for a revision to the currently prescribed depreciation rates.

**Issue 2:** What should be the implementation date for the new depreciation rates?

**Recommendation:** Staff recommends approval of FCG's proposed January 1, 2014, date of implementation for revised depreciation rates.

**Issue 3:** What are the appropriate depreciation rates?

**Recommendation:** Staff's recommended remaining lives, net salvages, reserve amounts, and the resultant depreciation rates are contained in Attachment A of staff's memorandum dated August 21, 2014. Attachment B of staff's memorandum dated August 21, 2014, shows an increase in annual expenses of \$386,226 based on December 31, 2013, investment.

**Issue 4:** Should this docket be closed?

**Recommendation:** Yes. If no person whose substantial interests are affected by the Commission's 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**

7

**Docket No. 120161-WS** – Analysis of Utilities, Inc.'s financial accounting and customer service computer system.

**Critical Date(s):** None

**Commissioners Assigned:** Graham, Brisé, Brown

**Prehearing Officer:** Brown

**Staff:** AFD: T. Brown, Cicchetti, Prestwood

GCL: Barrera

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

**Issue 1:** Should any adjustment be made to the Utility's Project Phoenix Financial/Customer Care Billing System (Phoenix Project)?

**Primary Recommendation:** Yes. The Commission should determine the net investment in Phoenix Project in UI rate cases using a modified used and useful analysis based on the ratio of the current total company number of equivalent residential connections (ERCs) and the ERCs in place when Phoenix Project was implemented, capped at 100 percent of the net investment in Phoenix Project. If the primary recommendation is approved, regulatory assets or liabilities will need to be determined in the next rate case for each of the affected UI systems identified in the analysis portion of staff's memorandum dated August 21, 2014. Additionally, any future adjustments to computer maintenance expense should be made in a manner consistent with the Commission's decision regarding the allocation of Phoenix Project costs. No change in the amortization period previously ordered by the Commission is necessary. The appropriate amortization period for the Phoenix Project should remain at 10 years.

**Alternate Recommendation:** Yes. Adjustments consistent with the Commission's existing divestiture methodology should be made going forward. Since staff is recommending that the Commission continue making adjustments to the Phoenix Project consistent with its previous decisions, no adjustment is needed to address any potential regulatory asset or liability. In addition, any future adjustments to computer maintenance expense should be made in a manner consistent with the Commission's existing methodology. Alternate staff agrees with the primary staff that the appropriate amortization period for the Phoenix Project should remain at 10 years.

**ITEM NO.**

**CASE**

7

**Docket No. 120161-WS** – Analysis of Utilities, Inc.'s financial accounting and customer service computer system.

(Continued from previous page)

**Issue 2:** What is the appropriate rate case expense?

**Primary Recommendation:** The appropriate amount of rate case expense is \$129,204. The recommended total rate case expense should be allocated to each UI Florida subsidiary based on ERCs and amortized over four years. Recovery of this expense should be included as a separate line item within rate case expense as part of each subsidiary's next file and suspend rate case, limited proceeding, or staff-assisted rate case. UI's Florida subsidiaries should be authorized to create a regulatory asset and accrue interest at the 30-day commercial paper rate until each system's next rate proceeding. The recommended portion of rate case expense allocated to each UI Florida subsidiary is provided in Attachment C of staff's memorandum dated August 21, 2014.

**Alternate Recommendation:** The appropriate amount of rate case expense is \$58,980. The total amount of rate case expense of \$123,604 associated with Deloitte, and \$2,080 of associated legal expense, should be disallowed as unreasonable. Aside from recommending that the total amount of rate case expense associated with Deloitte be disallowed, including associated legal expense, alternate staff agrees with primary staff regarding the remaining amounts and disposition of rate case expenses.

**Issue 3:** Should this docket be closed?

**Recommendation:** Yes. If the Commission's final order is not appealed, this docket should be closed upon the expiration of the time for filing an appeal.