

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, March 3, 2015, 9:30 a.m.

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

DATE ISSUED: February 19, 2015

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.

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) Application for Certificate of Authority to Provide Pay Telephone Service.

DOCKET NO. COMPANY NAME

150030-TC

Central Florida Haven of Hope Ministries, Inc.

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

ITEM NO.

CASE

2**

Docket No. 140024-EI – Initiation of formal proceedings on Complaint No. 1109752E of Brenda Rodriguez against Duke Energy Florida, Inc. for alleged improper billing.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: GCL: Brownless

ECO: Garl

ENG: Moses

(Notice of Withdrawal.)

Issue 1: Should the Commission acknowledge Ms. Rodriguez's Notice of Withdrawal?

Recommendation: Yes, the Commission should acknowledge the voluntary withdrawal of Ms. Rodriguez's complaint. The voluntary withdrawal renders Order No. PSC-14-0303-PAA-EI a nullity by operation of law.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed administratively after the time for appeal of the final order has run.

ITEM NO.

CASE

3**PAA

Docket No. 150027-TX – Request for cancellation of Certificate of Authority No. 8475, effective January 20, 2015, and request for relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Nexus Communications, Inc. d/b/a Nexus Communications TSI, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: TEL: Williams

GCL: Ames

Issue 1: Should the Commission acknowledge Nexus’ notice of cancellation of its CLEC Certificate No. 8475 and relinquishment of its ETC designation?

Recommendation: Yes, the Commission should acknowledge Nexus’ notice of cancellation of its CLEC Certificate No. 8475 and relinquishment of its ETC designation in Florida.

Issue 2: 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**

Docket No. 140149-WU – Joint application for authority as a matter of right to transfer water facilities to Marion County, and to amend water Certificate No. 427-W, by Windstream Utilities Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Hill, King

GCL: Crawford, Villafrate

Issue 1: Should the transfer of Windstream’s Sun Country Estates/Paddock Downs and Majestic Oaks water systems to Marion County be acknowledged as a matter of right, and should Certificate No. 427-W be amended to reflect the deletion of territory?

Recommendation: Yes. The transfer of Windstream’s Sun Country Estates/Paddock Downs and Majestic Oaks water systems to Marion County should be acknowledged as a matter of right, pursuant to Section 367.071(4)(a), F.S. Certificate No. 427-W should be amended to reflect the deletion of the Sun Country Estates/Paddock Downs and Majestic Oaks territories effective July 16, 2014, the effective date of the transfer. A description of the territories being deleted is appended as Attachment A of staff’s memorandum dated February 19, 2015. The resultant order should serve as Windstream’s water certificate and should be retained by Windstream.

Issue 2: Should this docket be closed?

Recommendation: Yes. If staff’s recommendation in Issue 1 is approved, the docket should be closed as no further action is required.

ITEM NO.

CASE

5**PAA

Docket No. 140170-WU – Application for approval of transfer of Certificate No. 531-W from W.B.B. Utilities, Inc. to Lake Idlewild Utility Company in Lake County.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Hill, King

AFD: Norris

ECO: Roberts

GCL: Janjic, Villafrate

(Proposed Agency Action for Issues 2 and 3.)

Issue 1: Should the transfer of W.B.B. Utilities Inc.'s water system and Certificate No. 531-W to Lake Idlewild Utility Company be approved?

Recommendation: Yes. The transfer of the water system and Certificate No. 531-W is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the buyer's certificate and should be retained by the buyer. 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.). The seller should be responsible for all Regulatory Assessment Fees (RAFs) payable through the date of closing. The buyer should be responsible for filing the 2014 Annual Report and all future annual reports, and RAFs subsequent to the date of closing.

Issue 2: What is the appropriate net book value for the water system for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value of the water system for transfer purposes is \$50,565 as of August 29, 2014. The buyer did not request a positive acquisition adjustment, and staff is recommending that an acquisition adjustment should not be included in rate base. Within 30 days of the date of the final order, Lake Idlewild should be required to provide general ledger balances which show its books have been updated to reflect the Commission-approved balances as of August 29, 2014. The adjustments should be reflected in the 2014 Annual Report when filed.

Issue 3: What is the appropriate initial customer deposit for Lake Idlewild?

Recommendation: The appropriate initial customer deposit should be \$86 for the residential 5/8 inch x 3/4 inch meter size. 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. Lake Idlewild should file revised tariff sheets consistent with the Commission's vote. The initial customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets.

ITEM NO.

CASE

5**PAA

Docket No. 140170-WU – Application for approval of transfer of Certificate No. 531-W from W.B.B. Utilities, Inc. to Lake Idlewild Utility Company in Lake County.

(Continued from previous page)

Issue 4: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action issues 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 Lake Idlewild Utility Company has provided proof that its general ledgers have been updated to reflect the Commission-approved balances as of August 29, 2014.

ITEM NO.

CASE

6**PAA

Docket No. 150039-EU – Joint petition to reopen and extend the term of existing territorial agreement in Columbia, Lafayette, Madison, and Suwannee Counties, by Suwannee Valley Electric Cooperative, Inc. and Duke Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: ECO: Garl

GCL: Villafrate

Issue 1: Should the Commission approve the stipulation to open and extend the territorial agreement between SVEC and DEF?

Recommendation: Yes. The Commission should approve the stipulation regarding the territorial agreement between SVEC and DEF.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected 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**PAA

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

Critical Date(s): 05/26/15 (15-Month Statutory Date Waived Through 05/26/15)

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ECO: Bruce, Daniel, Hudson

AFD: Cicchetti, Golden, Mouring, Springer

ENG: Lee, Lewis, Vickery

GCL: Tan, Teitzman

(Proposed Agency Action - Except Issue Nos. 9 and 12.)

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

Recommendation: Yes. The Utility has taken reasonable actions to comply with DEP's regulations and to address customer concerns. The DEP judgment has been satisfied and pro forma items should improve quality. All quality of service issues have been resolved. Staff recommends that the quality of service provided by the Utility be considered satisfactory.

Issue 2: What are the used and useful (U&U) percentages for the Utility's wastewater system?

Recommendation: Staff recommends that the WWTP and collection system be considered 100 percent U&U with no adjustment due to Infiltration and Inflow (I&I).

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

Recommendation: The appropriate average test year rate base for Crooked Lake is \$139,303.

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

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 9.19 percent.

Issue 5: What is the appropriate amount of test year revenues?

Recommendation: The appropriate test year revenues for Crooked Lake are \$143,300.

ITEM NO.

CASE

7**PAA

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

(Continued from previous page)

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

Recommendation: The appropriate amount of operating expenses for the Utility is \$154,475. The Utility should be required to provide proof within 90 days of the effective date of the final order that the commercial general liability insurance has been purchased. Also, the Utility should be required to provide proof of continued payment of the commercial general liability insurance premiums prior to implementation of the Phase II rate increase. In the event that the Utility does not purchase the liability insurance and begin making regular payments, the Phase II rates should be reduced to remove this expense.

Issue 7: What is the appropriate Phase I revenue requirement?

Recommendation: The appropriate Phase I revenue requirement is \$167,283, resulting in an annual increase of \$23,983 (16.74 percent).

Issue 8: What are the appropriate rate structures and rates for the Utility's wastewater system?

Recommendation: The recommended rate structures and monthly wastewater rates are shown on Schedule Nos. 4-A and 4-B, respectively, of staff's memorandum dated February 19, 2015. 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.

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 wastewater rates should be reduced as shown on Schedule No. 4-B of staff's memorandum dated February 19, 2015, to remove rate case expense grossed up for RAFs 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. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If Crooked Lake 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

7**PAA

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

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Issue 10: Should the Commission approve a Phase II increase for pro forma items for Crooked Lake?

Recommendation: Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. The Utility’s Phase II revenue requirement is \$237,653 which equates to a 42.07 percent increase over the Phase I revenue requirement. Staff recommends that the increase be applied as an across-the-board increase to the Phase I rates.

Crooked Lake should be required to complete the pro forma items within 12 months of the issuance of the consummating order. The Utility should also be required to submit a copy of the final invoices and cancelled checks for all pro forma plant items. In addition, the Utility should be required to provide proof of continued payment of the commercial general liability insurance premiums prior to implementation of the Phase II rates. In the event that the Utility does not purchase the liability insurance and begin making regular payments, the Phase II rates should be reduced to remove this expense. The Utility should be allowed to implement the above rates once all pro forma items have been completed, documentation has been provided showing that the improvements have been made, and the status of the commercial general liability insurance expense has been determined. Once verified, the 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. The rates should not be implemented until notice has been received by the customers. Crooked Lake should provide proof of the date notice was given within 10 days of the date of the notice. 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 11: What are the appropriate initial customer deposits for Crooked Lake?

Recommendation: The appropriate initial customer deposit for the residential wastewater customers should be \$76. 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 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.

ITEM NO.

CASE

7**PAA

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

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Issue 12: Should the recommended rates be approved for Crooked Lake 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. Crooked Lake 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 February 19, 2015. 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.

Issue 13: Should Crooked Lake 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 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, Crooked Lake 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. In addition, the Utility should be required to establish and maintain its records using the accrual basis.

ITEM NO.

CASE

7**PAA

Docket No. 130178-SU – Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.

(Continued from previous page)

Issue 14: 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, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Also, the docket should remain open to allow staff to verify that commercial general liability insurance coverage has been established and payments have begun, Phase II pro forma items have been completed, and the Phase II rates properly implemented. Once these actions are complete, this docket should be closed administratively.