

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Thursday, June 18, 2015, 9:30 a.m.

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

DATE ISSUED: June 4, 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.

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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.

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ITEM NO.

CASE

1**

Consent Agenda

PAA

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
150118-TX	INNOVATIVE TECH PROS, CORP D/B/A INNOVATIVE TECH PROS
140211-TX	Discount CLEC Services Corporation

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

ITEM NO.

CASE

2**PAA

Docket No. 150095-TX – Bankruptcy cancellation by Florida Public Service Commission of CLEC Certificate No. 8518, issued to Tennessee Telephone Service, LLC d/b/a Freedom Communications USA, LLC, effective July 15, 2014.

Docket No. 150096-TX – Bankruptcy cancellation by Florida Public Service Commission of CLEC Certificate No. 8168 issued to Terra Telecommunications Corp., effective September 30, 2014.

Docket No. 150097-TX – Bankruptcy cancellation by Florida Public Service Commission of CLEC Certificate No. 8703 issued to StarVox Communications, Inc., effective January 28, 2014.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: TEL: Beard

ECO: Earnhart

GCL: Hopkins

Issue 1: Should the Florida Public Service Commission (FPSC or the Commission) cancel Tennessee Telephone Service, LLC d/b/a Freedom Communications USA, LLC (Tennessee Telephone), Terra Telecommunications Corp., (Terra Corp.) and StarVox Communications, Inc.'s (StarVox) competitive local exchange telecommunications company (CLEC) certificates, service schedules, and mark each company's name inactive in the Master Commission Directory (MCD) on its own motion effective the date each company's Chapter 7 Bankruptcy case terminated; direct the Division of Administrative and Information Technology Services (AIT) Technology Services to write-off any statutory late payment charges or penalty and interest instead of requesting collection services; and require the companies to immediately cease and desist providing telecommunications services in Florida?

Recommendation: Yes, each entity's CLEC certificate and service schedule should be cancelled and each company's name should be marked inactive in the MCD on the Commission's own motion due to bankruptcy as listed on Attachment A of staff's memorandum dated June 4, 2015. Also AIT should write off any unpaid statutory late payment charges, or penalty and interest instead of requesting collection service. The companies should immediately cease and desist providing telecommunications services in Florida.

Issue 2: Should these dockets be closed?

Recommendation: Yes, these dockets should be closed if no protest is filed upon issuance of a Consummating Order.

ITEM NO.

CASE

3

Docket No. 150001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: Maurey

GCL: Barrera

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

Issue 4: Do FPL’s proposed Guidelines for future capital investments in natural gas exploration and drilling joint ventures satisfy the Commission’s criteria for consideration in the fuel cost recovery clause proceeding?

Recommendation: Yes.

Issue 5: If the Commission answers Issue 4 in the affirmative, should the Commission approve FPL’s proposed criteria?

Recommendation: No. Due to the magnitude of the investments, the length of the commitments required, and the presumption of prudence that would attach, staff recommends any requests for approval of future gas reserve projects be considered on a case-by-case basis. It would be appropriate to have more experience with this form of investment and the magnitude of costs requested for recovery before the Commission approves guidelines for the proposed investment program with prudence attached. However, if the Commission finds it is appropriate to establish guidelines at this time, staff recommends the modifications attached to the end of the recommendation as Attachment A of staff’s memorandum dated June 4, 2015.

Issue 7: If the Commission concludes that FPL’s petition has merit, should the Commission engage in rulemaking, pursuant to Section 120.54, Florida Statutes, and adopt rules addressing gas reserves guidelines and operations rather than adopting the Gas Reserves Guidelines as proposed by FPL?

Recommendation: No. If the Commission adopts guidelines, it is not required to engage in rulemaking. First, the proposed Guidelines are not rules under the definition in Section 120.52(7), F.S. Second, the Commission is exempt from rulemaking, pursuant to the provisions of Section 120.80(13)(a), F.S., applicable to cost-recovery clauses, factors, or mechanisms.

Issue 9: Should this docket be closed?

Recommendation: No. The Fuel and Purchased Power Cost Recovery Clause is an on-going docket and should remain open.

ITEM NO.

CASE

4**PAA

Docket No. 140147-WS – Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company.

Critical Date(s): 01/05/16 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: AFD: Vogel, T. Brown, Cicchetti, Mouring

ECO: Hudson, Thompson

ENG: King, Watts

GCL: Tan

(Interested Persons May Participate (Except for Issues 11, 13 and 14).)

Issue 1: Is the overall quality of service provided by Jumper Creek satisfactory?

Recommendation: Yes. Staff recommends that the condition of the water and wastewater treatment facilities are satisfactory and the water provided by Jumper Creek is meeting applicable water quality standards, including primary and secondary standards, as prescribed in the Florida Department of Environmental Protection's (DEP) rules. It also appears that the Utility has attempted to address the customers' concerns. Therefore, staff recommends that the overall quality of service for the Jumper Creek water and wastewater systems in Sumter County is satisfactory.

Issue 2: What are the used and useful (U&U) percentages of Jumper Creek's WTP, WWTP, and distribution and collection systems?

Recommendation: Jumper Creek's WTP should be considered 90.6 percent U&U, its WWTP should be considered 7.8 percent U&U, and its distribution and collection systems should each be considered 100 percent U&U. There is no indication of excessive unaccounted for water (EUW) or excessive inflow and infiltration (I&I).

Issue 3: What is the appropriate average test year water rate base and wastewater rate base for Jumper Creek?

Recommendation: The appropriate average test year water rate base for Jumper Creek is \$53,253 and the average test year wastewater rate base is a negative \$12,038.

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

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 8.62 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 Jumper Creek's water and wastewater systems are \$13,370 and \$20,662, respectively.

ITEM NO.

CASE

4**PAA

Docket No. 140147-WS – Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company.

(Continued from previous page)

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

Recommendation: The appropriate amount of total operating expense for the Utility is \$20,095 for water and \$27,024 for wastewater.

Issue 7: Should the Commission utilize the operating ratio methodology as an alternative means to calculate the wastewater revenue requirement for Jumper Creek, and, if so, what is the appropriate margin?

Recommendation: Yes, the Commission should utilize the operating ratio methodology for calculating the wastewater revenue requirement for Jumper Creek. The margin should be 10.00 percent of O&M expense.

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$24,683 for water and \$29,461 for wastewater, resulting in an annual increase of \$11,313 for water (84.62 percent), and an annual increase of \$8,799 for wastewater (42.59 percent).

Issue 9: What are the appropriate rate structures and rates for Jumper Creek'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, respectively, of staff's memorandum dated June 4, 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 10: In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding pro forma and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, no refunds are required. Further, upon issuance of the Consummating Order in this docket, the surety bond should be released.

ITEM NO.

CASE

4**PAA

Docket No. 140147-WS – Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company.

(Continued from previous page)

Issue 11: 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 June 4, 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. Jumper Creek 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 12: What are the appropriate initial customer deposits for Jumper Creek?

Recommendation: The appropriate initial customer deposits should be \$96 and \$118 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.

ITEM NO.

CASE

4**PAA

Docket No. 140147-WS – Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company.

(Continued from previous page)

Issue 13: 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. Jumper Creek 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 staff analysis portion of staff’s memorandum dated June 4, 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’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 14: 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, Jumper Creek should provide proof, within 90 days of the final order in this docket, that the adjustments for all applicable NARUC USOA primary accounts have been made.

Issue 15: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff’s verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

5**PAA

Docket No. 150006-WS – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: D. Buys, Cicchetti

GCL: Janjic, Mapp

Issue 1: What is the appropriate range of returns on common equity for water and wastewater utilities, pursuant to Section 367.081(4)(f), Florida Statutes?

Recommendation: Staff recommends that the current leverage formula approved by the Commission in Order No. PSC-14-0272-PAA-WS continue to be used until the leverage formula is readdressed in 2016. Accordingly, staff recommends the following leverage formula:

Return on Common Equity = 7.13% + (1.610 ÷ Equity Ratio)

Where the Equity Ratio = Common Equity ÷ (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

Range: 8.74% @ 100% equity to 11.16% @ 40% equity

Additionally, staff recommends that the Commission cap returns on common equity at 11.16 percent for all WAW utilities with equity ratios less than 40 percent. Staff believes this will discourage imprudent financial risk. This cap is consistent with the methodology in Order No. PSC-08-0846-FOF-WS.

Issue 2: Should this docket be closed?

Recommendation: No. Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open to allow staff to monitor changes in capital market conditions and to readdress the reasonableness of the leverage formula as conditions warrant.

ITEM NO.

CASE

6**

Docket No. 150019-WS – Joint application of GCP REIT III and Sun Communities Operating Limited Partnership for authority for transfer of majority organizational control of GCP Plantation Landings, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ENG: P. Buys, King

AFD: T. Brown, Norris

ECO: Bruce, Hudson

GCL: Villafrate

Issue 1: Should the application for transfer of majority organizational control of GCP Plantation Landings, LLC, in Polk County to Sun Communities Operating Limited Partnership be approved?

Recommendation: Yes. The transfer of majority organizational control to Sun Communities Operating Limited Partnership (Sun Communities OLP) is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the water and wastewater certificates, with the territory described in Attachment A of staff's memorandum dated June 4, 2015. 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.).

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed.

ITEM NO.

CASE

7**

Docket No. 150103-EI – Petition for approval of revised underground residential distribution tariff, by Tampa Electric Company.

Critical Date(s): 60-Day Suspension Date Waived by the Company Until the 6/18/15 Agenda Conference

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ollila

GCL: Brownless

Issue 1: Should the Commission approve TECO's proposed URD tariffs and associated charges?

Recommendation: Yes, the Commission should approve TECO's proposed URD tariffs and associated charges effective June 18, 2015.

Issue 2: Should this docket be closed?

Recommendation: No. 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

8**

Docket No. 150112-EI – Request by Gulf Power Company to modify its underground residential differential tariffs.

Critical Date(s): 12/01/15 (8-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ollila

GCL: Brownless

Issue 1: Should the Commission approve Gulf's proposed URD tariffs and associated charges?

Recommendation: Yes, the Commission should approve Gulf's proposed URD tariffs and associated charges effective June 18, 2015.

Issue 2: Should this docket be closed?

Recommendation: No. 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

9**PAA

Docket No. 150077-EU – Joint petition for approval of territorial agreement in Lake and Sumter counties by the City of Leesburg and Duke Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ECO: Ollila

GCL: Villafrate

Issue 1: Should the Commission approve the joint petitioners' proposed Agreement?

Recommendation: Yes, the Commission should approve the proposed Agreement.

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

10**PAA

Docket No. 150093-GU – Joint petition for approval of territorial agreement in Hardee County, by Peoples Gas System and Sebring Gas System, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ECO: Garl

GCL: Villafrate

Issue 1: Should the Commission approve the proposed Agreement between PGS and Sebring?

Recommendation: Yes. The Commission should approve the proposed Agreement.

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

11**PAA

Docket No. 140158-WS – Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

Critical Date(s): 5-Month Effective Date Waived Through 06/18/15

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ECO: Bruce, Daniel, Hudson

AFD: Archer, Cicchetti

ENG: Watts

GCL: J. Crawford, Mapp

(Proposed Agency Action, Except for Issue Nos. 20 and 22 - Interested Persons May Participate.)

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

Recommendation: Yes. Staff recommends that the condition of the water and wastewater treatment facilities are satisfactory and the water provided by HC is meeting applicable water quality standards, including primary and secondary standards, as prescribed in the Florida Department of Environmental Protection (DEP) rules. It also appears that the Utility has attempted to address customers' concerns. Therefore, staff recommends that the overall quality of service for the HC water and wastewater systems in Highlands County is satisfactory.

Issue 2: Should any adjustments be made to accumulated depreciation?

Recommendation: Yes. Accumulated depreciation for water and wastewater should be increased by \$31,165 and \$6,024, respectively.

Issue 3: Should any adjustments be made to the Utility's test year rate base?

Recommendation: The Utility's test year water rate base should be increased \$1,546 and the Company's test year wastewater rate base should be increased \$52.

Issue 4: Should any adjustments be made to the Utility's pro forma plant additions?

Recommendation: Yes. The appropriate amount for pro forma plant additions is \$41,246, net of retirements.

ITEM NO.

CASE

11**PAA

Docket No. 140158-WS – Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

(Continued from previous page)

Issue 5: What are the used and useful percentages for the Utility’s water and wastewater treatments, storage, distribution, and collection systems?

Recommendation: HC’s WTPs should be considered 89.9 percent used and useful (U&U); its storage should be considered 100 percent U&U; its water distribution system should be considered 95.3 percent U&U; its WWTP should be considered 48.3 percent U&U; and its wastewater collection system should be considered 93.9 percent U&U. Staff recommends that wastewater purchased power and chemical expenses should be reduced by 8.05 percent for excessive infiltration and inflow (I&I). No adjustment is recommended for excessive unaccounted for water (EUW). Application of the U&U percentages to the average plant balances and the associated average accumulated depreciation balances results in a reduction to plant of \$92,788 for water and \$135 for wastewater.

Issue 6: What is the appropriate working capital allowance?

Recommendation: The appropriate amount of working capital is \$38,606 for water and \$9,432 for wastewater.

Issue 7: What are the appropriate water and wastewater rate bases for the test year ended June 30, 2014?

Recommendation: The appropriate water rate base for the test year ended June 30, 2014 is \$1,835,835 for water and the appropriate wastewater rate base is \$48,180.

Issue 8: What is the appropriate return on equity?

Recommendation: Based on the Commission leverage formula currently in effect, the appropriate allowed return on common equity (ROE) is 9.52 percent with an allowed range of plus or minus 100 basis points.

Issue 9: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended June 30, 2014?

Recommendation: The appropriate weighted average cost of capital for the test year ended June 30, 2014 is 7.79 percent.

Issue 10: What are the appropriate amounts of test year revenues for the Utility’s water and wastewater systems?

Recommendation: The appropriate amount of test year revenues for HC’s water and wastewater systems are \$439,875 and \$121,099, respectively.

Issue 11: Should any adjustments be made to the Utility’s test year operations and maintenance expenses?

Recommendation: Yes. Operation and maintenance expenses should be decreased \$226 for water and increased \$364 for wastewater.

ITEM NO.

CASE

11**PAA

Docket No. 140158-WS – Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

(Continued from previous page)

Issue 12: Should any adjustments be made to the Utility’s test year wastewater chemical and purchased power expenses for inflow and infiltration (I&I)?

Recommendation: Yes. Wastewater chemicals and purchased power expenses should be decreased \$320 and \$245, respectively, for a total adjustment of \$565 for excessive I&I.

Issue 13: Should any adjustments be made to the Utility’s depreciation expense?

Recommendation: Yes. Depreciation expense should be decreased \$8,158 for water and increased \$4,757 for wastewater.

Issue 14: Should any adjustments be made to the Utility’s amortization expense?

Recommendation: Yes. Amortization expense associated with the negative acquisition adjustment should be decreased \$9,660 for water and \$3,456 for wastewater.

Issue 15: Should any adjustments be made to taxes other than income taxes (TOTI)?

Recommendation: Yes. Taxes other than income taxes should be decreased \$6,740 for water and increased \$1,703 for wastewater.

Issue 16: What is the appropriate amount of rate case expense for the current case?

Recommendation: The appropriate amount of rate case expense for the current case is \$8,036. This represents rate case expense of \$6,091 for water and \$1,945 for wastewater. Amortized over 4 years, this represents an annual rate case expense of \$1,522 for water and \$486 for wastewater. As a result, staff has increased annual rate case expense for water by \$216 and for wastewater by \$69.

Issue 17: What is the appropriate amount of bad debt expense for the test year ending June 30, 2014?

Recommendation: The appropriate amount of bad debt expense is \$7,434 for water and \$2,047 for wastewater. Test year bad debt expense should be reduced by \$6,295 for water and increased by \$1,656 for wastewater.

Issue 18: What is the appropriate revenue requirement for water and wastewater?

Recommendation: The following revenue requirement should be approved:

Table 18
Revenue Requirement

	Test Year Revenue	\$ Increase/(Decrease)	Revenue Requirement	Percentage Increase/(Decrease)
Water	\$439,875	\$97,731	\$537,606	22.22%
Wastewater	\$121,100	(\$35,921)	\$85,178	(29.66%)

ITEM NO.

CASE

11**PAA

Docket No. 140158-WS – Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

(Continued from previous page)

Issue 19: What are the appropriate rate structures and rates for HC's water and wastewater systems?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A through 4-D of staff's memorandum dated June 4, 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 20: 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, Florida Statutes?

Recommendation: The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated June 4, 2015, to remove rate case expense grossed up for regulatory assessment fees (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. HC 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 21: What are the appropriate customer deposits for HC's water and wastewater systems?

Recommendation: The appropriate initial customer deposits should be \$99 and \$50 for the residential 5/8 inch x 3/4 inch 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 initial customer deposits should be effective for 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 collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

ITEM NO.

CASE

11**PAA

Docket No. 140158-WS – Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.

(Continued from previous page)

Issue 22: Should the Utility be required to provide proof, within 90 days of the final order in 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, HC 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 23: 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 that the adjustments for all applicable NARUC USOA primary accounts have been made. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

12**

Docket No. 150099-EI – Petition for approval of revised net metering tariff and agreement adopting terms of standard interconnection agreement for Tier 1, Tier 2, or Tier 3 renewable generator systems, by Tampa Electric Company.

Critical Date(s): Company Waived 60-Day Suspension Date until 6/19/15

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: IDM: B. Crawford

GCL: Ames

Issue 1: Should TECO’s petition for the approval of its revised net metering tariff and agreement adopting terms of the SIA for Tier 1, Tier 2, or Tier 3 renewable generator systems be suspended pending a final decision in this docket?

Recommendation: Yes. The revised net metering tariff and agreement adopting terms of the SIA for Tier 1, Tier 2, or Tier 3 renewable generator systems should be suspended pending final decision in this docket.

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open to allow staff adequate time to review the filing and bring a recommendation back to the Commission on the merits of the filing.