

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Thursday, December 3, 2015, 9:30 a.m.

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

DATE ISSUED: November 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.

Conference agendas, staff recommendations, and vote sheets are available from the PSC website, <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 Clerk@psc.state.fl.us.

In accordance with the Americans 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, 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 website. Upon completion of the conference, the archived video will be available from the website by selecting *Conferences & Meeting Agendas*, then *Audio and Video Event Coverage*.

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ITEM NO.

CASE

1**

Consent Agenda

PAA

A) Request for Approval of Transfer and Name Change on Certificate of Authority No. 8845 from Atlantic Broadband Enterprise, LLC to Atlantic Broadband (Miami), LLC..

DOCKET NO.

COMPANY NAME

150205-TX

Atlantic Broadband Enterprise, LLC

Atlantic Broadband (Miami), LLC

ITEM NO.

CASE

1**

Consent Agenda

(Continued from previous page)

- B) Docket No. 150231-GU – Application for authority to issue debt security, pursuant to 366.04, F.S., and Chapter 25-8, F.A.C., by Florida City Gas.

Florida City Gas (Company) seeks authority to finance its on-going cash requirements through its participation and borrowings from and investments in AGL Resources Inc.'s (AGLR) Utility Money Pool during 2016. Florida City Gas is a division of Pivotal Utility Holdings, Inc., which is a wholly-owned subsidiary of AGLR. The maximum aggregate short-term borrowings by Pivotal Utility Holdings, Inc.'s three utilities (Elizabethtown Gas, Elkton Gas, and Florida City Gas) from the Utility Money Pool during 2016 will not exceed \$800 million. Florida City Gas states that its share of these borrowings will not exceed \$250 million.

In connection with this application, Florida City Gas confirms that the capital raised pursuant to this application will be used in connection with the regulated natural gas operations of Florida City Gas and not the unregulated activities of the utility or its affiliates.

Staff has reviewed the Company's projected capital expenditures. The amount requested by the Company exceeds its expected capital expenditures. The additional amount requested exceeding the projected capital expenditures allows for financial flexibility for the purposes enumerated in the Company's petition as well as unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends the Company's petition to issue securities be approved.

Recommendation: The Commission should approve the action requested in the dockets referenced above and close Docket No. 150205-TX. For monitoring purposes, Docket No. 150231-GU should remain open until April 28, 2017, to allow the Company time to file the required Consummation Report.

ITEM NO.

CASE

2**

Docket No. 150241-PU – Proposed amendments to Rules 25-6.093, Information to Customers; 25-6.097, Customer Deposits; 25-6.100, Customer Billings; 25-7.079, Information to Customers; 25-7.083, Customer Deposits; and 25-7.085, Customer Billing, F.A.C.

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: GCL: Page

ECO: Rome, Draper

(Proposal May Be Deferred.)

Issue 1: Should the Commission propose the amendment of Rules 25-6.093, 25-6.097, 25-6.100, 25-7.079, 25-7.083, and 25-7.085, F.A.C.?

Recommendation: Yes. The Commission should propose the amendment of Rules 25-6.093, 25-6.097, 25-6.100, 25-7.079, 25-7.083, and 25-7.085, F.A.C., as set forth in Attachment A of staff's memorandum dated November 18, 2015.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

3**PAA

Docket No. 150026-WS – Complaint by Eagleridge I, LLC against Lake Utility Services, Inc. for declaration that connections have been made and all amounts due have been paid, and mandatory injunction requiring refund of amounts paid under protest.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: GCL: Tan, Lherisson

AFD: D. Buys

ECO: Thompson

ENG: King

Issue 1: Did Lake Utility Services, Inc., appropriately charge increased fees to Eagleridge I, LLC?

Recommendation: No. Staff recommends that the Commission find that it was not appropriate for LUSI to charge increased fees to Eagleridge I, LLC.

Issue 2: Is a refund appropriate?

Recommendation: Yes. Staff recommends that the full amount of \$63,625.20, plus interest, should be refunded to Eagleridge, pursuant to 25-30.360, F.A.C.

Issue 3: Should this docket be closed?

Recommendation: No. Staff recommends that if the Commission supports staff's recommendation in Issues 1 and 2, this docket should remain open until the completion of the refund to Eagleridge. Upon staff's verification that the refund has been completed, this docket should be administratively closed. If the Commission disagrees with staff's recommendation on Issues 1 and 2, this docket should be closed upon issuance of the Consummating Order.

ITEM NO.

CASE

4

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

Critical Date(s): Decision must be rendered by 12/03/15 in order to implement new fuel factors with the first billing cycle in 2016.

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: AFD: Barrett, Bulecza-Banks, Lester

ECO: Draper

ENG: Matthews

GCL: Brownless, Janjic, Villafrate

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

RECOMMENDATION TO BE FILED NOVEMBER 20, 2015 BY NOON.

ITEM NO.

CASE

5**PAA

Docket No. 140175-WU – Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

Critical Date(s): 02/08/16 (15-month effective date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: AFD: Mouring
ECO: Thompson
ENG: Lee
GCL: Corbari

(PAA except for Issues 10 and 12.)

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

Recommendation: Yes, staff recommends that the quality of service provided by Crestridge be considered satisfactory.

Issue 2: What are the used and useful (U&U) percentages of Crestridge’s water treatment plant (WTP) and water distribution system?

Recommendation: Staff recommends that Crestridge’s water system be considered 100 percent U&U with no adjustment for Excessive Unaccounted For Water (EUW).

Issue 3: What is the appropriate average test year water rate base for Crestridge Utilities?

Recommendation: The appropriate average test year rate base for Crestridge is \$88,709.

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

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 8.28 percent.

Issue 5: What are the appropriate test year revenues for Crestridge?

Recommendation: The appropriate test year revenues for the Crestridge water system are \$100,192.

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

Recommendation: The appropriate amount of operating expense for the utility is \$186,148.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$193,493, resulting in an annual increase of \$93,301 (93.12 percent).

ITEM NO.

CASE

5**PAA

Docket No. 140175-WU – Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

(Continued from previous page)

Issue 8: What is the appropriate rate structure and rates for Crestridge?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff’s memorandum dated November 18, 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: Should Crestridge be authorized to collect Non-Sufficient Funds (NSF) charges?

Recommendation: Yes. Crestridge should be authorized to collect NSF charges. Staff recommends that Crestridge revise its tariffs to reflect the NSF charges currently set forth in Sections 68.065 and 832.08(5), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given within 10 days of the date of the notice.

Issue 10: What are the utility’s appropriate initial customer deposits for Crestridge’s water service?

Recommendation: The appropriate initial customer deposit for water customers should be \$49 for the residential 5/8” x 3/4” 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 wastewater service. The approved 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 charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

ITEM NO.

CASE

5**PAA

Docket No. 140175-WU – Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

(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 rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated November 18, 2015, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. Crestridge 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: Should the Commission approve a Phase II increase for pro forma items for Crestridge?

Recommendation: Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. The utility's Phase II revenue requirement is \$197,220, which equates to a 1.93 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.

Implementation of the Phase II rates is conditioned upon Crestridge completing the pro forma items within 12 months of the issuance of a consummating order in this docket. The utility should be required to submit a copy of the final invoices and cancelled checks or other payment confirmation documentation for all pro forma plant items. The utility should be allowed to implement the above rates once all pro forma items have been completed and documentation provided showing that the improvements have been made. 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. Crestridge 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.

ITEM NO.

CASE

5**PAA

Docket No. 140175-WU – Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

(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 for Phase I 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. Crestridge 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 November 18, 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 14: Should the utility be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission-approved adjustments?

Recommendation: Yes. The utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Crestridge should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the utility’s books and records. In the event the utility needs additional time to complete the adjustments, notice should be provided within seven days prior to deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO.

CASE

5**PAA

Docket No. 140175-WU – Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

(Continued from previous page)

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 outstanding Phase I pro forma items have been completed, 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 the 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.

ITEM NO.

CASE

6**PAA

Docket No. 140177-WU – Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

Critical Date(s): 02/08/16 (15-month effective date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: AFD: Mouring
ECO: Thompson
ENG: Lee
GCL: Corbari

(PAA except for Issues 10 and 12.)

Issue 1: Is the overall quality of service provided by Holiday Gardens satisfactory?

Recommendation: Yes, staff recommends that the quality of service provided by the Holiday Gardens be considered satisfactory.

Issue 2: What are the used and useful (U&U) percentages of Holiday Gardens' water treatment plant (WTP) and water distribution system?

Recommendation: Staff recommends Holiday Gardens' water system be considered 100 percent U&U with no adjustment for Excessive Unaccounted For Water (EUW).

Issue 3: What is the appropriate average test year water rate base for Holiday Gardens?

Recommendation: The appropriate average test year rate base for Holiday Gardens is \$57,727.

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

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 8.01 percent.

Issue 5: What are the appropriate test year revenues for Holiday Gardens?

Recommendation: The appropriate test year revenues for the Holiday Gardens' water system are \$79,674.

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

Recommendation: The appropriate amount of operating expense for the utility is \$130,686.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$135,310, resulting in an annual increase of \$55,636 (69.83 percent).

ITEM NO.

CASE

6**PAA

Docket No. 140177-WU – Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

(Continued from previous page)

Issue 8: What is the appropriate rate structure and rates for Holiday Gardens?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff’s memorandum dated November 18, 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: Should Holiday Gardens be authorized to collect Non-Sufficient Funds (NSF) charges?

Recommendation: Yes. Holiday Gardens should be authorized to collect NSF charges. Staff recommends that Holiday Gardens revise its tariffs to reflect the NSF charges currently set forth in Sections 68.065 and 832.08(5), F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given within 10 days of the date of the notice.

Issue 10: What are the utility’s appropriate initial customer deposits for Holiday Gardens’ water service?

Recommendation: The appropriate initial customer deposit for water customers should be \$46 for the residential 5/8” x 3/4” 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 wastewater service. The approved customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheet, 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

6**PAA

Docket No. 140177-WU – Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

(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 rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated November 18, 2015, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. Holiday Gardens 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: Should the Commission approve a Phase II increase for pro forma items for Holiday Gardens?

Recommendation: Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. The utility's Phase II revenue requirement is \$136,913, which equates to a 1.18 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.

Implementation of the Phase II rates is conditioned upon Holiday Gardens completing the pro forma items within 12 months of the issuance of a consummating order in this docket. The utility should be required to submit a copy of the final invoices and cancelled checks or other payment confirmation documentation for all pro forma plant items. The utility should be allowed to implement the above rates once all pro forma items have been completed and documentation provided showing that the improvements have been made. 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. Holiday Gardens 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.

ITEM NO.

CASE

6**PAA

Docket No. 140177-WU – Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

(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 for Phase I 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. Holiday Gardens 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 November 18, 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 14: Should the utility be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission-approved adjustments?

Recommendation: Yes. The utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision. Holiday Gardens should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the utility’s books and records. In the event the utility needs additional time to complete the adjustments, notice should be provided within seven days prior to deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO.

CASE

6**PAA

Docket No. 140177-WU – Application for staff-assisted rate case in Pasco County by Holiday Gardens Utilities, LLC.

(Continued from previous page)

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 outstanding Phase I pro forma items have been completed, 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 the 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.

ITEM NO.

CASE

7**PAA

Docket No. 150005-WS – Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

Critical Date(s): 03/31/16

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Frank, Norris

GCL: Villafrate

Issue 1: Which index should be used to determine price level adjustments?

Recommendation: The Gross Domestic Product Implicit Price Deflator Index is recommended for use in calculating price level adjustments. Staff recommends calculating the 2016 price index by using a fiscal year, four quarter comparison of the Implicit Price Deflator Index ending with the third quarter 2015.

Issue 2: What rate should be used by water and wastewater utilities for the 2016 Price Index?

Recommendation: The 2016 Price Index for water and wastewater utilities should be 1.29 percent.

Issue 3: How should the utilities be informed of the indexing requirements?

Recommendation: Pursuant to Rule 25-30.420(1), F.A.C., the Office of Commission Clerk, after the expiration of the Proposed Agency Action (PAA) protest period, should mail each regulated water and wastewater utility a copy of the PAA order establishing the index containing the information presented in Form PSC/ECR 15 (4/99) and Appendix A (Attachment 1 of staff's memorandum dated November 18, 2015). A cover letter from the Director of the Division of Accounting and Finance should be included with the mailing of the order (Attachment 2 of staff's memorandum dated November 18, 2015). The entire package will also be made available on the Commission's website.

Issue 4: Should this docket be closed?

Recommendation: No. Upon expiration of the 14-day protest period, if a timely protest is not received, the decision should become final and effective upon the issuance of a Consummating Order. Any party filing a protest should be required to prefile testimony with the protest. However, this docket should remain open through the end of the year and be closed upon the establishment of the new docket on January 4, 2016.

ITEM NO.

CASE

8**PAA

Docket No. 150137-SU – Petition for approval to defer legal expenses associated with the resolution of land use issues for utility treatment facilities that are located in Polk County by West Lakeland Wastewater, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Smith II, Mouring

GCL: Brownless

Issue 1: Should the Commission approve West Lakeland Wastewater, Inc.’s petition to defer expenses related to obtaining an easement to its clearing ponds and spray fields?

Recommendation: Yes. The Commission should approve the petition by West Lakeland to defer the legal expenses associated with obtaining an easement to its ponds and spray field.

Issue 2: Should West Lakeland file a transfer application within 90 days of a fully executed easement?

Recommendation: Yes.

Issue 3: Should this docket be closed?

Recommendation: If a person whose substantial interests are affected by the proposed agency action does not file a protest within 21 days of the issuance of the order, a consummating order should be issued and this docket should be closed.

ITEM NO.

CASE

9**PAA

Docket No. 150091-WS – Application for approval of transfer of Certificate Nos. 490-W and 425-S from East Marion Sanitary Systems, Inc. to East Marion Utilities, LLC, in Marion County.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ENG: Hill, King

AFD: Fletcher, Frank, Norris

ECO: Bruce

GCL: Mapp, Brownless

(Proposed Agency Action for Issue 2.)

Issue 1: Should the transfer of East Marion Sanitary Systems, Inc.'s water and wastewater systems and Certificate Nos. 490-W and 425-S to East Marion Utilities, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 490-W and 425-S 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 2015 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 East Marion Sanitary Systems, Inc.'s water and wastewater systems for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value of the water and wastewater systems for transfer purposes is \$24,676 and \$60,414, respectively, as of December 31, 2014. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, East Marion Utilities, LLC should be required to notify the Commission in writing, that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in East Marion Utilities, LLC's 2015 Annual Report when filed.

ITEM NO.

CASE

9**PAA

Docket No. 150091-WS – Application for approval of transfer of Certificate Nos. 490-W and 425-S from East Marion Sanitary Systems, Inc. to East Marion Utilities, LLC, in Marion County.

(Continued from previous page)

Issue 3: Should this docket be closed?

Recommendation: 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 East Marion Utilities, LLC has provided proof that its general ledgers have been updated to reflect the Commission-approved balances as of January 1, 2015.

ITEM NO.

CASE

10**PAA

Docket No. 150162-EI – Petition for approval of 2015 depreciation study by Florida Public Utilities Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ECO: Higgins, Wu

AFD: Cicchetti

GCL: Leathers

Issue 1: Should FPUC's current depreciation rates and amortization schedules be changed?

Recommendation: Yes. A review of the company's plant-associated planning and activities indicates a need for revising FPUC's currently prescribed depreciation rates.

Issue 2: What are the appropriate depreciation rates and amortization schedules for FPUC?

Recommendation: Staff's recommended average remaining lives, net salvages, reserve percentages, and resultant depreciation rates for FPUC are shown on Attachment A of staff's memorandum dated November 18, 2015. The reserve percentages and depreciation rates are calculated using the reserve transfers recommended in Issue 3. The result of staff's proposals is a decrease in annual depreciation expense of approximately \$229,415 in total, which is shown on Attachment B of its memorandum dated November 18, 2015. Depreciation expenses are based on plant investment levels as of January 1, 2015.

Issue 3: What, if any, corrective reserve allocations should be made?

Recommendation: Staff recommends the reserve allocations shown in Attachment C of its memorandum dated November 18, 2015. These allocations bring these accounts more in line with their theoretically correct reserve levels.

Issue 4: If the Commission votes in Issue 1 to change FPUC's depreciation rates and amortization schedules, what should be the implementation date for FPUC's revised depreciation rates and amortization schedules that may be approved in Issue 2?

Recommendation: Staff recommends approval of FPUC's proposed January 1, 2015, date of implementation for the company's revised depreciation rates.

Issue 5: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates and amortizations schedules?

Recommendation: Yes. The current amortization of ITCs should be revised to match the actual recovery periods for the related property. The company should file detailed calculations of the revised ITC amortization at the same time it files its earnings surveillance report covering the period ending December 31, 2015, as specified in Rule 25-6.1352, F.A.C.

ITEM NO.

CASE

10**PAA

Docket No. 150162-EI – Petition for approval of 2015 depreciation study by Florida Public Utilities Company.

(Continued from previous page)

Issue 6: 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

11**PAA

Docket No. 150208-EI – Petition for base rate reduction reflecting end of amortization period for retired plant, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ECO: Higgins

GCL: Villafrate

Issue 1: Should the Commission approve FPL’s request to decrease its annual revenue requirement by \$222,192 to reflect the conclusion of the 5-year asset amortization, which began in March 2011, for recovery of assets retired in 2009 and 2010 because of the company’s EPU project?

Recommendation: Yes. The Commission should approve FPL’s request to decrease its annual revenue requirement by \$222,192 to reflect the conclusion of the 5-year asset amortization, which began in March 2011, for recovery of assets retired in 2009 and 2010 because of the company’s EPU project.

Issue 2: What is the effective date of FPL’s revised revenue requirement?

Recommendation: If the Commission approves the staff recommendation in Issue 1, the revised revenue requirement for FPL should be implemented beginning March 1, 2016.

Issue 3: 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

12**PAA

Docket No. 150211-EI – Petition for approval of depreciation rates for solar photovoltaic generating units, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: ECO: Wu, Stratis

ENG: Graves, Wooten

GCL: Mapp

IDM: Clemence

Issue 1: Should the Commission establish subaccounts with depreciation rates for TECO's solar photovoltaic generating units and associated equipment?

Recommendation: Yes. Staff recommends the Commission establish the subaccounts shown in the analysis portion of its memorandum dated November 18, 2015, with a 30-year life and a whole life depreciation rate of 3.3 percent, for TECO's solar photovoltaic generating units and associated equipment.

Issue 2: What should be the effective date for the implementation of the new depreciation rates for TECO's solar photovoltaic generating units and associated equipment?

Recommendation: Staff recommends an effective date for the implementation of the new depreciation rates for TECO's solar photovoltaic generating units and associated equipment of December 31, 2015.

Issue 3: 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

13**

Docket No. 150213-EI – Petition for approval of advanced meter program agreement, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ollila, Guffey

GCL: Corbari

IDM: Clemence

Issue 1: Should the Commission approve Tampa Electric’s proposed AMP agreement tariff?

Recommendation: Yes, the Commission should approve Tampa Electric’s proposed AMP agreement tariff effective December 3, 2015.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved, the tariff should become effective on December 3, 2015. If a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect 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

14**PAA

Docket No. 150222-EU – Petition for variance from or waiver of Rule 25-6.049(5) and (6), F.A.C., by 4111 South Ocean Drive, LLC.

Critical Date(s): Commission must grant or deny the petition by January 11, 2016, pursuant to Section 120.542(8), F.S.

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: GCL: Harper

ECO: Rome, Guffey

Issue 1: Should the Commission grant the Developer’s request for waiver of the requirements of Rule 25-6.049(5) and (6), F.A.C.?

Recommendation: Yes. The petitioner has demonstrated that the purpose of the underlying statutes will be achieved by other means and that application of the rule would both create a substantial hardship and violate principles of fairness for 4111. The petitioner should be put on notice that as a master meter customer: 1) 4111 must allocate the cost of electricity to the individual 4111 unit owners using a reasonable apportionment method, consistent with Rule 25-6.049(9)(a), F.A.C.; 2) 4111 will be responsible for all of the costs associated with the conversion from individual metering to master metering, consistent with Rule 25-6.049(7), F.A.C.; and 3) The waiver will be effective for only so long as all or substantially all of the units are operated on a transient basis and 4111 is operated and licensed as a transient occupancy facility. At such time 4111 is no longer so operated and licensed, 4111 must inform FPL within 10 days and request FPL to install individual meters on all the occupancy units. In the event such a conversion to individual metering is required, 4111 will be solely responsible for the cost of such conversion, consistent with Rule 25-6.049(7), F.A.C.

Issue 2: Should this docket be closed?

Recommendation: Yes, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

15**

Docket No. 150191-GU – Joint petition for approval to implement gas reliability infrastructure program (GRIP) for Florida Public Utilities Company-Fort Meade and for approval of GRIP cost recovery factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade and the Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): 8-Month Effective Date: 05/01/16 (60-day suspension date waived by the utility)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Guffey, Draper

GCL: Janjic

Issue 1: Should the Commission approve FPUC's and Chesapeake's proposed GRIP surcharge factors for 2016?

Recommendation: Yes. The Commission should approve FPUC's and Chesapeake's proposed GRIP surcharges for each rate class commencing with bills rendered for meter readings taken on or after January 1, 2016.

Issue 2: Should the Commission approve the proposed GRIP program for Fort Meade?

Recommendation: Yes, the Commission should approve the proposed GRIP program for Fort Meade effective January 1, 2016. Fort Meade should file a petition to implement 2017 GRIP surcharges no later than September 1, 2016.

Issue 3: Should this docket be closed?

Recommendation: If Issues 1 and 2 are approved and a protest is filed within 21 days of the issuance of the order, the tariffs 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

16**

Docket No. 150203-GU – Petition for approval of 2014 true-up, projected 2015 true-up and 2016 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System.

Critical Date(s): 8-Month Effective Date: 5/17/16 (60-Day Suspension Date Waived by the Utility)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ollila

GCL: Mapp

Issue 1: Should the Commission approve Peoples' proposed Rider surcharges for 2016?

Recommendation: Yes. The Commission should approve Peoples' proposed 2016 Rider surcharge for each rate class commencing with bills rendered for meter readings taken on and after January 1, 2016.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

ITEM NO.

CASE

17**PAA

Docket No. 150221-GU – Petition for approval of firm service agreement with Peoples Gas System for an extension in Clay County, by SeaCoast Gas Transmission, L.L.C.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Rome, Draper

GCL: Villafrate

Issue 1: Should the Commission approve the Agreement between SeaCoast and Peoples dated October 7, 2015?

Recommendation: Yes. The Commission should approve the Agreement dated October 7, 2015, for SeaCoast to provide firm transportation service to Peoples.

Issue 2: Should this docket be closed?

Recommendation: 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

18**

Docket No. 150220-GU – Petition for approval of tariff modifications related to the swing service charge, by Peoples Gas System.

Critical Date(s): 8-Month Effective Date: 6/9/2016 (60-day suspension date waived by the utility)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Rome, Draper

GCL: Villafrate

Issue 1: Should the Commission approve Peoples' tariff modifications related to the swing service charge?

Recommendation: Yes. The Commission should approve the tariff modifications related to the swing service charge to become effective as of the date of the Commission's vote.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs 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

19**PAA

Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven.

Critical Date(s): 12/05/15 (5-Month Effective Date (PAA Rate Case))

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECO: Bruce, Hudson

AFD: Archer, D. Buys, Cicchetti, Yeazel

ENG: King, Watts

GCL: Brownless

(Proposed Agency Action except Issue Nos. 19 and 24.)

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

Recommendation: Yes. The utility has taken reasonable actions to comply with DEP's consent order and to address customer concerns. All quality of service issues have been resolved. Staff recommends that the quality of service provided by the utility be considered satisfactory.

Issue 2: Should the audit adjustments to rate base and operating expense to which the utility and staff agree be made?

Recommendation: Yes. Based on the audit adjustments agreed to by the utility and staff, the adjustments should be made to rate base and net operating income as set forth in the analysis portion of staff's memorandum dated November 18, 2015.

ITEM NO.

CASE

19**PAA

Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven.

(Continued from previous page)

Issue 3: Should any further adjustments be made to test year rate base?

Recommendation: Yes. Plant should be decreased by \$23,335, accumulated depreciation should be decreased by \$297,173, CIAC should be increased by \$258,674, and accumulated amortization of CIAC should be increased by \$19,536. Corresponding adjustments should also be made to increase net depreciation expense by \$6,160. Staff recommends that Sandalhaven reflect any change in property taxes in its next pass through filing with the Commission. The amortization expense related to the cost of removal of the WWTP should be decreased by \$642 to \$9,770 and amortized over a period of 10 years. After the expiration of the amortization period, the wastewater rates should be reduced by \$9,770, as shown on Schedule No. 4 of staff’s memorandum dated November 18, 2015, to remove removal costs grossed up for regulatory assessment fees (RAFs) and amortized over a 10-year period. The decrease in rates should become effective immediately following the expiration of the 10-year recovery period of removal costs associated with the decommissioning of the utility’s WWTP. Sandalhaven 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 expense.

ITEM NO.

CASE

19**PAA

Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven.

(Continued from previous page)

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

Recommendation: Yes. Pro forma plant should be decreased by \$153,873. Corresponding adjustments should be made to decrease accumulated depreciation and depreciation expense by \$4,870. An additional corresponding adjustment should be made to decrease credit ADITs by \$481.

Issue 5: What are the used and useful percentages for the utility's wastewater collection and interconnection systems?

Recommendation: Sandalhaven's wastewater collection system, purchased wastewater treatment capacity, and primary master lift station should be considered 100 percent used and useful (U&U); and its interconnection force main should be considered 74.9 percent U&U. To reflect the appropriate U&U percentages, staff recommends that plant be decreased by \$755,064, accumulated depreciation be decreased by \$252,979, CIAC be decreased by \$19,144, and accumulated amortization of CIAC be decreased by \$7,337. In addition, Land should be decreased by \$4,662. Corresponding adjustments should be made to decrease depreciation expense and amortization expense by \$26,089 and \$637, respectively. As such, rate base should be decreased by \$490,278 and net depreciation expense should be decreased by \$25,451. Staff recommends that wastewater purchased power, chemical expenses, and purchased wastewater treatment should be reduced by 26.07 percent for excessive infiltration and inflow (I&I).

Issue 6: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance is \$70,647. As such, the working capital allowance should be decreased by \$16,610.

Issue 7: What is the appropriate rate base for the test year period ended December 31, 2014?

Recommendation: Consistent with staff's other recommended adjustments, the appropriate rate base for the test year ended December 31, 2014, is \$3,561,327.

Issue 8: What is the appropriate return on equity?

Recommendation: Based on the Commission leverage formula currently in effect, the appropriate allowed return on equity (ROE) is 10.36 percent with a range of plus or minus 100 basis points.

Issue 9: What is the appropriate balance of accumulated deferred income taxes?

Recommendation: The appropriate 2014 average net used and useful credit accumulated deferred income taxes (ADITs) balance to include in the capital structure is \$214,874.

ITEM NO.

CASE

19**PAA

Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven.

(Continued from previous page)

Issue 10: 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 December 31, 2014?

Recommendation: The appropriate weighted average cost of capital is 7.92 percent.

Issue 11: What are the appropriate test year revenues for the utility's wastewater system?

Recommendation: The appropriate test year revenues for Sandalhaven's wastewater system, including miscellaneous revenues are \$666,122.

Issue 12: Should any adjustment be made to the utility's salaries and wages expense?

Recommendation: Yes. Salaries and wages expense should be decreased by \$67,362. Employee Pensions and Benefit expense should be decreased by \$897. In addition, payroll tax expense should be decreased by \$4,027.

Issue 13: Should further adjustments be made to the utility's O&M expense?

Recommendation: Yes. O&M expense should be decreased by \$83,287.

Issue 14: What is the appropriate amount of rate case expense?

Recommendation: The appropriate amount of rate case expense is \$123,015. This expense should be recovered over four years for an annual expense of \$30,754. Therefore, annual rate case expense should be decreased by \$2,830 from the respective levels of expense included in the MFRs.

Issue 15: Should any further adjustment be made to Taxes other than Income?

Recommendation: Yes. Property Taxes should be decreased by \$7,460.

Issue 16: What is the appropriate revenue requirement for the test year ended December 31, 2014?

Recommendation: Staff recommends the following revenue requirement be approved.

Test Year Revenue	\$ Increase	Revenue Requirement	% Increase
\$666,122	\$626,375	\$1,292,497	94.03%

ITEM NO.

CASE

19**PAA

Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven.

(Continued from previous page)

Issue 17: What are the appropriate rate structures and rates for Sandalhaven's wastewater systems?

Recommendation: The recommended rate structures and monthly wastewater rates are shown on Schedule No. 4 of staff's memorandum dated November 18, 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 sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 18: In determining whether any portion of the interim water and wastewater revenue increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The appropriate refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. The revised revenue requirements for the interim collection period should be compared to the amount of interim revenues granted. Based on this methodology, no refund is necessary. As a result, the corporate undertaking amount of \$356,608 should be released.

Issue 19: 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 wastewater rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated November 18, 2015, to remove rate case expense grossed up for regulatory assessment fees (RAFs) and amortized over a four-year period effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. Sandalhaven 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 respective rate reductions. 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

19**PAA

Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven.

(Continued from previous page)

Issue 20: What are the appropriate customer deposits for Sandalhaven's wastewater system?

Recommendation: The appropriate initial customer deposit for the residential wastewater customers should be \$166 for all meter sizes. The initial customer deposits for 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.

Issue 21: Should Sandalhaven's guaranteed revenue charge be revised?

Recommendation: Yes. Sandalhaven's guaranteed revenue charge should be revised. Staff's recommended guaranteed revenue charge is \$50.31. The approved charge should be effective on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475, F.A.C.

Issue 22: Should Sandalhaven's existing service availability policy and charges be revised, and if so, what is the appropriate policy and charges?

Recommendation: Yes. Staff recommends that the utility's existing main extension policy remain in effect and a plant capacity charge of \$3,270 per ERC should be approved. The approved service availability charges should be effective for connections made on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475, F.A.C.

Issue 23: Should Sandalhaven's existing Allowance for Funds Prudently Invested (AFPI) charges be revised, and if so, what are the appropriate charges?

Recommendation: Yes. Sandalhaven's existing AFPI charges should be revised. The beginning date of the new AFPI charges should be January 1, 2015. After December 31, 2020, the utility should be allowed to collect the constant charge until 792 future ERCs have been added, at which time the charge should be discontinued. The charge should be collected from future connection based upon the time of the initial connection. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision. The approved AFPI charges should be effective for connections made on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475, F.A.C.

ITEM NO.

CASE

19**PAA

Docket No. 150102-SU – Application for increase in wastewater rates in Charlotte County by Utilities, Inc. of Sandalhaven.

(Continued from previous page)

Issue 24: 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 the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission-approved adjustments?

Recommendation: Yes. To ensure that the utility adjusts its books in accordance with the Commission’s decision, Sandalhaven should notify the Commission in writing within 90 days of the final order in this docket that the adjustments to all the applicable NARUC USOA accounts have been made to the utility’s books and records.

Issue 25: 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, 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

20

Docket No. 140226-EI – Request to opt-out of cost recovery for investor-owned electric utility energy efficiency programs by Wal-Mart Stores East, LP and Sam's East, Inc. and Florida Industrial Power Users Group.

Critical Date(s): None

Commissioners Assigned: Graham, Edgar, Brown

Prehearing Officer: Graham

Staff: ECO: Harlow, Lingo, Margolis, Shafer

GCL: Tan

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

Issue 1: Should the Commission require the utilities to separate their Energy Conservation Cost Recovery expenditures into two categories, one for Energy Efficiency programs and the other for Demand-Side Management programs?

Primary Recommendation: The petitioners have suggested separating the costs in the Energy Conservation Cost Recovery (ECCR) clause as a means of implementing the proposed opt-out provision. If the Commission approves staff's primary recommendation in Issue 2 to deny the petitioners' request, then no changes to current ECCR clause practices are necessary.

Alternative Recommendation: If the Commission approves alternative staff's recommendation in Issue 2, the four largest IOUs will be required to develop a pilot opt-out program. Implementing the pilot program would require the IOUs to determine the proportion of total ECCR costs related to energy efficiency programs paid by each customer that chooses to participate in the pilot. Alternative staff recommends that the appropriate methodology for determining the category and level of costs from which opt-out customers are seeking relief should be subject to discussion among the parties at a workshop as recommended in Issues 2 and 3.

ITEM NO.

CASE

20

Docket No. 140226-EI – Request to opt-out of cost recovery for investor-owned electric utility energy efficiency programs by Wal-Mart Stores East, LP and Sam's East, Inc. and Florida Industrial Power Users Group.

(Continued from previous page)

Issue 2: Should the Commission allow proactive non-residential customers who implement their own energy efficiency programs and meet certain other criteria to opt out of the utility's Energy Efficiency programs and not be required to pay the cost recovery charges for the utility's Energy Efficiency programs approved by the Commission, pursuant to Section 366.82, F.S.?

Primary Recommendation: Primary staff recommends that the Commission not pursue an opt-out policy at this time. There is insufficient evidence in the record for the Commission to change its existing policy that all ratepayers benefit from cost-effective DSM programs, therefore all ratepayers should share in the costs. Further, an opt-out policy could result in cost shifting to residential and commercial/industrial customers that are not eligible to opt out under the petitioners' proposals. Additionally, it is probable that an opt-out provision would introduce equity concerns into Florida's DSM programs. Finally, primary staff recommends that the Commission direct the utilities to work with the petitioners to make their existing energy conservation Custom Incentive programs less burdensome and more responsive to customer needs in order to increase customer participation.

Alternative Recommendation: Alternative staff recommends that the Commission direct staff to conduct a workshop for discussion among the parties and the four largest IOUs on a pilot program that meets the parameters discussed in Issue 3. The Commission should direct the four largest IOUs to develop a pilot opt-out program, and the associated tariffs, within 90 days of the workshop, for Commission review and approval. To the extent possible, the utility proposals shall reflect common program specifics to enable reasonably comparable for evaluation at the conclusion of the pilot. The purpose of the pilot program is to collect data regarding the impact of an opt-out policy on: (1) customer energy and demand savings relative to expected savings under utility-sponsored programs; (2) whether these demand and energy savings are cost-effective under the Commission's approved cost-effectiveness methodology; and (3) whether cost shifting occurs and, if so, at what level.

ITEM NO.

CASE

20

Docket No. 140226-EI – Request to opt-out of cost recovery for investor-owned electric utility energy efficiency programs by Wal-Mart Stores East, LP and Sam's East, Inc. and Florida Industrial Power Users Group.

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Issue 3: If the Commission allows proactive customers to opt out of participating in, and paying for, a utility's Energy Efficiency programs, what criteria should the Commission apply in determining whether customers who wish to opt out are eligible to do so?

Primary Recommendation: If the Commission approves the primary recommendation in Issue 2, then Issue 3 is moot.

Alternative Recommendation: If the Commission approves the alternative staff recommendation in Issue 2, the Commission should direct staff to conduct a workshop with the parties to develop implementation of an opt-out pilot program for the four largest IOUs. Following the workshop, these four IOUs should be required to file an opt-out pilot proposal, and the associated tariffs, within 90 days based on the framework provided in alternative staff's discussion of this issue, including: (1) eligible customers should be determined based on an annual energy usage threshold of 15 million kWh, with no account aggregation allowed; (2) any administrative costs associated with an opt-out policy must be paid by the customers that elect to opt out and (3) any energy efficiency savings from an opt-out customer counted toward utility DSM goals must be incremental savings that meet the same cost-effectiveness criteria that utility-sponsored energy efficiency savings already must meet, and must be measureable and verified. The resulting proposed opt-out program standards and other necessary implementation details would be subject to Commission approval through the PAA process. Alternative staff also recommends that, to the extent possible, the four largest IOUs strive for commonality in their opt-out programs. The Commission should also direct the IOUs to engage with staff and the parties in fulfilling the intent of these guidelines as questions arise.

Issue 4: Should this docket be closed?

Recommendation: If staff's primary recommendation in Issue 2 is approved, the docket should be closed after the time for filing an appeal has run. If the Commission denies staff's primary recommendation in Issue 2, this docket should remain open pending further Commission action.