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April 5, 2016

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Item 1

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Office of Telecommunications (Williams) *cw* *AT* *ybs*
Office of the General Counsel (Lherisson) *BL* *cm*

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 4/5/2016 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Application for Certificate of Authority to Provide Telecommunications Service on the consent agenda for approval.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
150180-TX	BeCruising Telecom LLC d/b/a Becru	8881

The Commission is vested with jurisdiction in this matter pursuant to Section 364.335, Florida Statutes. The Certificate of Authority authorizes BeCruising Telecom LLC d/b/a Becru to provide Telecommunications Services in the State of Florida as a Telecommunications Company as defined by Section 364.02(13), Florida Statutes. Pursuant to Section 364.336, Florida Statutes, certificate holders must pay a minimum annual Regulatory Assessment Fee if the certificate is active during any portion of the calendar year. A Regulatory Assessment Fee Return Notice will be mailed each December to the entity listed above for payment by January 30.

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 2016 MAR 24 AM 11:45
 COMMISSION CLERK

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Office of the General Counsel (S. Hopkins)
Office of Telecommunications (D. Flores) *DF AF BNS*

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 4/5/2016 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Application for Certificate of Authority to Provide Telecommunications Service on the consent agenda for approval.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
160026-TX	Sonic Systems, Inc. d/b/a Sonic Systems, Inc. of Maryland	8886

The Commission is vested with jurisdiction in this matter pursuant to Section 364.335, Florida Statutes. The Certificate of Authority authorizes Sonic Systems, Inc. of Maryland to provide Telecommunications Services in the State of Florida as a Telecommunications Company as defined by Section 364.02(13), Florida Statutes. Pursuant to Section 364.336, Florida Statutes, certificate holders must pay a minimum annual Regulatory Assessment Fee if the certificate is active during any portion of the calendar year. A Regulatory Assessment Fee Return Notice will be mailed each December to the entity listed above for payment by January 30.

Item 2

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Accounting and Finance (Cicchetti) *MC ALM*
Office of the General Counsel (Gervasi) *RSJ S.M.C.*

RE: Docket No. 150148-EI – Petition for approval to include in base rates the revenue requirement for the CR3 regulatory asset, by Duke Energy Florida, Inc.

Docket No. 150171-EI – Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy.

AGENDA: 04/05/16 – Regular Agenda – Motion to Approve Stipulation – Parties May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brisé

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

In February 2013, Duke Energy Florida, Inc. (DEF) announced its decision to retire its nuclear plant, Crystal River Unit 3 (CR3), in Citrus County, Florida. The retirement of CR3 was the subject of two settlement agreements. The first settlement agreement, reached in 2012, was a global settlement that addressed several issues, including issues related to the CR3 retirement.¹ The second settlement agreement, the Revised and Restated Stipulation and Settlement Agreement (RRSSA), reached in 2013, replaced and supplanted the 2012 settlement agreement.

¹ Order No. PSC-12-0104-FOF-EI, issued March 8, 2012, as amended by Order No. PSC-12-0104A-FOF-EI, issued March 15, 2012, in Docket No. 120022-EI, In re: Petition for limited proceeding to approve stipulation and settlement agreement by Progress Energy Florida, Inc. (approving the 2012 settlement agreement).

The Commission approved the RRSSA by Order No. PSC-13-0598-FOF-EI.² Among other things, the RRSSA contemplated that DEF would create a regulatory asset to account for the recovery of costs associated with the retirement of CR3. The parties to the RRSSA were DEF, the Office of Public Counsel (OPC), the Florida Industrial Power Users Group (FIPUG), the Florida Retail Federation (FRF), and White Springs Agriculture Chemicals, Inc. d/b/a PCS Phosphate (PCS Phosphate).

Docket No. 150148-EI – CR3 Regulatory Asset

On May 22, 2015, pursuant to Sections 366.04 and 366.05, Florida Statutes (F.S.), DEF filed its Petition for Approval to Include in Base Rates the Revenue Requirement for the Crystal River Unit 3 Regulatory Asset (CR3 Regulatory Asset Petition), along with supporting testimony and exhibits. DEF intended its petition to be the first step in the securitization process, authorized by Section 366.95, F.S.

Docket No. 150171-EI – Financing Order

On July 27, 2015, pursuant to Sections 366.04, 366.05, and 366.95, F.S., and consistent with the RRSSA and its CR3 Regulatory Asset Petition, DEF filed its Petition for Issuance of a Nuclear Asset-Recovery Financing Order (Financing Order Petition), along with supporting testimony and exhibits, requesting that the Commission issue a financing order to permit DEF to securitize certain costs, including the CR3 Regulatory Asset value as outlined in its CR3 Regulatory Asset Petition filed in Docket No. 150148-EI.

Consolidation of Dockets

Along with its Financing Order Petition, DEF also filed a Motion to Consolidate, requesting that its CR3 Regulatory Asset Petition and Financing Order Petition be consolidated pursuant to Rule 28-106.108, Florida Administrative Code (F.A.C.). By Order No. PSC-15-0327-PCO-EI, issued on August 13, 2015, Docket Nos. 150148-EI and 150171-EI were consolidated into Docket No. 150171-EI.

First RRSSA Amendment

On August 31, 2015, DEF filed a Motion for Approval of Stipulation. DEF requested that the Commission approve the proposed Stipulation reached by the parties to amend the RRSSA. The proposed Stipulation was intended to resolve the CR3 Regulatory Asset-related issues in Docket No. 150148-EI to ensure that the financing order issued in Docket No. 150171-EI would be consistent with the RRSSA.

By Order No. PSC-15-0465-S-EI, issued October 14, 2015, the Commission granted DEF's Motion for Approval of Stipulation and found that the RRSSA, as amended, was in the public interest.

² Order No. PSC-13-0598-FOF-EI, issued November 12, 2013, in Docket No. 130208-EI, as amended by Order No. PSC-13-0598A-FOF-EI, issued November 13, 2013, In re: Petition for limited proceeding to approve revised and restated stipulation and settlement agreement by Duke Energy Florida, Inc. d/b/a Duke Energy.

Docket Nos. 150148-EI, 150171-EI

Date: March 24, 2016

Financing Order

By Order No. PSC-15-0537-FOF-EI, issued November 19, 2015, the Commission approved DEF's Petition for Issuance of a Nuclear Asset-Recovery Financing Order. The financing order permits DEF to securitize certain costs, including the CR3 Regulatory Asset value as outlined in its CR3 Regulatory Asset Petition filed in Docket No. 150148-EI.

Motion for Approval of Second RRSSA Amendment

On March 9, 2016, DEF filed a Motion for Approval of Stipulation to Amend the RRSSA (Second RRSSA Amendment), as reflected in Exhibit 1 to the Stipulation. All parties to the RRSSA, including DEF, OPC, PCS Phosphate, FRF, and FIPUG, are signatories to the Second RRSSA Amendment. This recommendation addresses the Motion for approval of the Second RRSSA Amendment. The Commission has jurisdiction pursuant to Sections 366.04 and 366.05, F.S. The motion and stipulation are attached.

Discussion of Issues

Issue 1: Should DEF's Motion for Approval of Stipulation to Amend RRSSA as reflected in Exhibit 1 to the Stipulation (Second RRSSA Amendment) be approved?

Recommendation: Yes, DEF's Motion for Approval of Stipulation to Amend RRSSA as reflected in Exhibit 1 to the Stipulation (Second RRSSA Amendment) is in the public interest and should be approved. (Cicchetti, Gervasi)

Staff Analysis: In the Motion for approval of the Second RRSSA Amendment, DEF states that the parties request that the RRSSA be amended as reflected in Exhibit 1 to the Stipulation. Exhibit 1 to the Stipulation contains targeted and limited changes to clarify how certain Extended Power Uprate ("EPU") costs should be recovered through the capacity cost recovery clause in a manner that preserves, and is consistent with, the original intent of the parties at the time the RRSSA was found by the Commission to be in the public interest. Exhibit 1 to the Stipulation reads as follows:

The fourth sentence of paragraph 9(a) is amended to read: "Intervenor Parties agree that CR3 EPU assets that were placed in-service and closed to electric plant in-service FERC 101, which amount equals \$35,894,547 as of December 31, 2015 and includes carrying charges through December 31, 2015, shall not be included in, or recovered or further trued up as part of, the CR3 Regulatory Asset but instead shall be recovered in an amount estimated to be \$38,108,444 as of December 31, 2016 (subject to true up), through the CCR Clause over the years 2017 and 2018 at a carrying cost rate of 3 percent, and CR3 EPU Assets never closed to electric plant in-service FERC 101 shall be recovered as a part of the CR3 EPU Regulatory Asset through the NCRC or other appropriate docket(s).

DEF further states that it is the intent of the parties that all provisions of the RRSSA remain in full force and effect, except for the matters specifically addressed in the proposed Second RRSSA Amendment. According to DEF, the method of recovery outlined in the Second RRSSA Amendment gives certainty to customers and is superior in terms of carrying costs than the recovery contemplated in the original RRSSA. The stipulating parties each agree that the Second RRSSA Amendment is therefore in the best interest of DEF's customers and in the public interest.

For the reasons stated in the Motion, staff agrees that the proposed Second RRSSA Amendment as reflected in Exhibit 1 to the Stipulation is in the public interest, and therefore recommends that it should be approved.

Issue 2: Should these dockets be closed?

Recommendation: No, these dockets should remain open through completion of the Commission's review of the actual costs of the nuclear asset-recovery bond issuance conducted pursuant to Section 366.95(2)(c)5., F.S., and the financing order. (Gervasi)

Staff Analysis: These dockets should remain open through completion of the Commission's review of the actual costs of the nuclear asset-recovery bond issuance conducted pursuant to Section 366.95(2)(c)5., F.S., and the financing order.

FILED MAR 09, 2016
DOCUMENT NO. 01271-16
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for approval to include in base rates the revenue requirement for the CR3 regulatory asset, by Duke Energy Florida, Inc.	DOCKET NO. 150148-EI
In re: Petition for issuance of nuclear asset-recovery financing order, by Duke Energy Florida, Inc. d/b/a Duke Energy.	DOCKET NO. 150171-EI
	DATED: March 9, 2016

DUKE ENERGY FLORIDA, LLC'S MOTION FOR APPROVAL OF STIPULATION TO AMEND RRSSA

Duke Energy Florida, LLC ("DEF" or the "Company") hereby moves the Florida Public Service Commission ("Commission") to approve the attached Proposed Stipulation to Amend the Revised and Restated Stipulation and Settlement Agreement ("Stipulation"), including Exhibit 1 to the Stipulation ("Second RRSSA Amendment").

1. DEF, the Office of Public Counsel ("OPC"), White Springs Agricultural Chemicals, Inc., d/b/a PCS Phosphate ("PCS Phosphate"), the Florida Retail Federation ("FRF"), and the Florida Industrial Power Users Group ("FIPUG") (collectively the "Parties") have entered into the Stipulation to amend the Revised and Restated Stipulation and Settlement Agreement ("RRSSA").

2. The parties also request that the RRSSA be amended as reflected in Exhibit 1 to the Stipulation. The Second RRSSA Amendment contains targeted and limited changes to clarify how certain Extended Power Uprate ("EPU") costs should be recovered through the capacity cost recovery clause in a manner that preserves and is consistent with the original intent of the parties at the time the RRSSA was found by the Commission to be in the public interest. It is the intent of the parties that all provisions of the RRSSA remain in full force and effect, except for the matters specifically addressed in the proposed second amendment, reflected in the attached

Stipulation. The method of recovery outlined in the Second RRSSA Amendment gives certainty to customers and is superior in terms of carrying costs than the recovery contemplated in the original RRSSA. The stipulating parties each agree that the Second RRSSA Amendment is, therefore, in the best interest of DEF's customers and in the public interest.

3. DEF is authorized to represent that OPC, PCS Phosphate, FRF, and FIPUG support the motion to approve the Stipulation.

WHEREFORE, DEF respectfully requests that the Commission approve the Stipulation attached hereto and approve the Second RRSSA Amendment.

Respectfully submitted this 9th day of March, 2016.

/s/ Dianne M. Triplett
DIANNE M. TRIPLETT
Associate General Counsel
DUKE ENERGY FLORIDA, LLC
Post Office Box 14042
St. Petersburg, Florida 33733-4042
Telephone: (727) 820-4692
Facsimile: (727) 820-5041
Email: dianne.triplett@duke-energy.com

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished via electronic mail to the following this 9th day of March, 2016.

/s/ Dianne M. Triplett
Attorney

Rosanne Gervasi Keino Young Kelley Corbari Theresa Tan Office of the General Counsel Florida Public Service Commission 2540 Shumard Oak Blvd. Tallahassee, FL 32399-0850 kyoung@psc.state.fl.us kcorbari@psc.state.fl.us ltan@psc.state.fl.us rgervasi@psc.state.fl.us	Charles Rehwinkel J. R. Kelly Office of Public Counsel c/o The Florida Legislature 111 West Madison Street, Room 812 Tallahassee, Florida 32399-1400 kelly.jr@leg.state.fl.us rehwinkel.charles@leg.state.fl.us woods.monica@leg.state.fl.us
Florida Industrial Power Users Group c/o Moyle Law Firm, P.A. Jon C. Moyle, Jr. Karen A. Putnal 118 North Gadsden Street Tallahassee, Florida 32301 jmoyle@moylelaw.com kputnal@moylelaw.com	PSC Phosphate – White Springs c/o James W. Brew Owen J. Kopon Stone Mattheis Xenopoulos & Brew, PC 1025 Thomas Jefferson Street, NW Eighth Floor, West Tower Washington, DC 20007-5201 jbrew@smxblaw.com ojk@smxblaw.com
Joseph Fichera Saber Partners, LLC 44 Wall Street New York, NY 10005 jfichera@saberpartners.com	Dean E. Criddle Orrick, Herrington & Sutcliffe 405 Howard Street, #11 San Francisco, CA 94105 dcriddle@orrick.com
Robert Scheffel Wright John T. LaVia, III Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A. 1300 Thomaswood Drive Tallahassee, FL 32308 schef@gbwlegal.com jlavia@gbwlegal.com	

**Stipulation of Parties to Amend RRSSA
(Second RRSSA Amendment)
Attachment to Motion
Dockets 150148 and 150171**

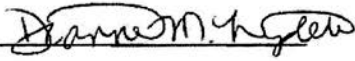
Attachment to Motion – Stipulation to Amend RRSSA

1. The signatories to the RRSSA agree to and approve the Second RRSSA Amendment, attached to this Stipulation as Exhibit 1. The signatories agree that the Second RRSSA Amendment contains changes to clarify the recovery of certain CR3 EPU related charges. The signatories, by executing this Stipulation, agree that paragraph 22 of the RRSSA, which requires that “no provision may be changed or altered without the consent of each signatory Party in a written document duly executed by all Parties to this Revised and Restated Settlement Agreement” is fully satisfied.
2. Except as set forth in the Second RRSSA Amendment attached as Exhibit 1 to this Stipulation, the Parties do not intend to affect the intent, or the provisions, of the RRSSA.
3. This Stipulation may be executed in counterpart originals, and a facsimile or PDF email of any original signature shall be deemed an original.

In Witness Whereof, the signatories to the RRSSA evidence their acceptance and agreement with the provisions of this Stipulation and the Second RRSSA Amendment by their signatures below.

Stipulation of Parties to Amend RRSSA
(Second RRSSA Amendment)
Attachment to Motion
Dockets 150148 and 150171

Duke Energy Florida, LLC

By: 

Dianne M. Triplett
P.O. Box 14042
St. Petersburg, FL 33733

Stipulation of Parties to Amend RRSSA
(Second RRSSA Amendment)
Attachment to Motion
Dockets 150148 and 150171

Office of Public Counsel

By: 

J. R. Kelly, Esq.
Charles Rehwinkel, Esq.
111 W. Madison St., Room 812
Tallahassee, FL 32399

Stipulation of Parties to Amend RRSSA
(Second RRSSA Amendment)
Attachment to Motion
Dockets 150148 and 150171

Florida Industrial Power Users Group

By: 

Jon C. Moyle, Esq.

March 23, 2016

Moyle Law Firm

118 North Gadsden Street

Tallahassee, FL 32301

Stipulation of Parties to Amend RRSSA
(Second RRSSA Amendment)
Attachment to Motion
Dockets 150148 and 150171

White Springs Agricultural Chemicals, Inc.

By: 

James W. Brew, Esquire
Stone Mattheis Xenopoulos & Brew, LC
1025 Thomas Jefferson St., NW
Eighth Floor, West Tower
Washington, DC 20007

Stipulation of Parties to Amend RRSSA
(Second RRSSA Amendment)
Attachment to Motion
Dockets 150148 and 150171

Florida Retail Federation

By: 

Robert Scheffel Wright
John T. LaVia III
Gardner, Bist, Bowden, Bush, Dee, LaVia & Wright, P.A.
1300 Thomaswood Drive
Tallahassee, FL 32308

Stipulation of Parties to Amend RRSSA
(Second RRSSA Amendment)
Attachment to Motion
Dockets 150148 and 150171

Exhibit 1 to Stipulation

Second RRSSA Amendment

The fourth sentence of paragraph 9(a) is amended to read: "Intervenor Parties agree that CR3 EPU assets that were placed in-service and closed to electric plant in-service FERC 101, which amount equals \$35,894,547 as of December 31, 2015 and includes carrying charges through December 31, 2015, shall not be included in, or recovered or further trueed up as part of, the CR3 Regulatory Asset but instead shall be recovered in an amount estimated to be \$38,108,444 as of December 31, 2016 (subject to true up), through the CCR Clause over the years 2017 and 2018 at a carrying cost rate of 3 percent, and CR3 EPU Assets never closed to electric plant in-service FERC 101 shall be recovered as a part of the CR3 EPU Regulatory Asset through the NCRC or other appropriate docket(s)."

Item 3

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Engineering (P. Buys) *DOB REGAN JS*
Division of Accounting and Finance (Galloway, Norris) *CF*
Division of Economics (Bruce, Hudson) *SA*
Office of the General Counsel (Leathers, J. Crawford) *ALM*

RE: Docket No. 150166-WU – Application for transfer of water system and Certificate No. 654-W in Lake County from Black Bear Reserve Water Corporation to Black Bear Waterworks, Inc.

AGENDA: 4/5/16 – Regular Agenda – Proposed Agency Action for Issue 2, Tariff Filing for Issue 3 - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Patronis

CRITICAL DATES: 60-Day Suspension Date - Waived

SPECIAL INSTRUCTIONS: None

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COMMISSION CLERK

Case Background

On July 13, 2015, Black Bear Waterworks, Inc. (Black Bear, Applicant, or Buyer) filed an application for the transfer of Certificate No. 654-W from Black Bear Reserve Water Corporation (Black Bear Reserve, Utility, or Seller) in Lake County. The service area is located in the St. Johns River Water Management District (SJRWMD) and is in a water resource caution area. Wastewater treatment is provided by septic tanks. According to the Utility's 2014 Annual Report, it serves approximately 292 water customers with operating revenue of \$132,589, which designates it as a Class C utility.

Docket No. 150166-WU

Date: March 24, 2016

Certificate No. 654-W was originally granted in 2011.¹ There have been no certification actions since that time. The rates and charges for utility service were approved when the Utility was granted its certificate.²

This recommendation addresses the transfer of the water system, the net book value of the water system at the time of transfer, the need for an acquisition adjustment, and the requested convenience charge. By email dated August 12, 2015, Black Bear waived the 60-day statutory timeframe for the Commission's decision on the proposed convenience charge as set forth in Section 367.091(6), Florida Statutes (F.S.). The Commission has jurisdiction pursuant to Sections 367.071 and 367.091, F.S.

¹Order No. PSC-11-0478-PAA-WU, issued October 24, 2011, in Docket No. 100085-WU, *In re: Application for certificate to operate water utility in Lake County by Black Bear Reserve Water Corporation.*

² *Id.*

Discussion of Issues

Issue 1: Should the transfer of Black Bear Reserve Water Corporation's water system and Certificate No. 654-W to Black Bear Waterworks, Inc. be approved?

Recommendation: Yes. The transfer of the water system and Certificate No. 654-W is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, 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. (P. Buys, Galloway, Bruce)

Staff Analysis: On July 13, 2015, Black Bear Waterworks, Inc. filed an application for the transfer of Certificate No. 654-W from Black Bear Reserve Water Corporation in Lake County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale occurred on June 30, 2015, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

The application contains proof of compliance with the noticing provisions set forth in Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the Utility's water service territory, which is appended to this recommendation as Attachment A. The application contains a copy of a quit claim deed that was executed on June 29, 2015, as evidence that the Applicant owns the land upon which the water treatment facilities are located pursuant to Rule 25-30.037(2)(q), F.A.C.

Purchase Agreement and Financing

Pursuant to Rules 25-30.037(2)(g), (h) and (i), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. Subsequent to the initial application, an Amendment to the Asset Purchase Agreement (amended purchase agreement) was filed with the Commission updating the purchase price language, which is discussed below. There are no guaranteed revenue contracts, developer agreements, customer advances, leases, or debt of Black Bear Reserve that must be disposed of with regard to the transfer. However, according to the staff audit, the general ledger reflects a customer deposit balance in the amount of \$17,923 as of June 30, 2015. The application states that customer deposits were transferred to the Buyer in the amount of \$4,122, indicating an outstanding balance of \$13,801.

On October 14, 2015, the Buyer responded to the staff audit finding stating that, upon further investigation, the Seller was not able to substantiate or reconcile the general ledger customer deposit balance, and that the Seller indicated, "the amount reflected on its books was not supported by its records." According to the response, the Seller explained that it appeared that both potable (regulated) and irrigation (non-regulated) deposits were recorded together. The Buyer further states that, since the audit's completion, the Seller has applied the appropriate amount of the customer deposit balance to the inactive accounts where customers had disconnected their service and left the water system with an outstanding balance. According to the response, the Seller has verified that the appropriate refunds to customers have been made. Based on this update from the Buyer, staff believes the outstanding customer deposits have been handled appropriately.

According to the initial purchase agreement, the total purchase price includes \$155,449, with 40 percent of this amount paid in cash at the closing. The remaining 60 percent of this amount has been paid through financing with a bank loan. The amended purchase agreement clarifies that the final purchase price will be equal to the net book value as determined by the Commission during the approval of the transfer application. The Buyer indicated that any additional amount above the \$155,449 will be financed through a bank loan. As noted, the sale took place on June 30, 2015, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The water treatment system consists of two wells with three hydropneumatic ground storage tanks with a total capacity of 36,000 gallons, and a liquid chlorination system used for disinfection. The last Florida Department of Environmental Protection (DEP) sanitary survey was conducted on September 11, 2014, and had one deficiency, which was subsequently corrected. The Utility did have a consent order with DEP in 2012, but that order and case have been closed by DEP. Therefore, the system appears to be in compliance with DEP rules.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(j), F.A.C., the application contains statements describing the technical and financial ability of the Applicant to provide service to the proposed service area. According to the application, the Buyer has considerable Florida-specific expertise in private utility ownership. The President and Vice President have over 29 and 37 years, respectively, of experience operating or owning water utilities, including a number of utilities previously regulated by the Commission. In addition, the directors are part owners of other systems regulated by the Commission, including Harbor Waterworks, Inc.,³ Lakeside Waterworks, Inc.,⁴ LP Waterworks, Inc.,⁵ Raintree Waterworks, Inc.,⁶ Brendenwood Waterworks, Inc.,⁷ Country

³Order No. PSC-12-0587-PAA-WU, issued October 29, 2012, in Docket No. 120148-WU, *In re: Application for approval of transfer of Harbor Hills Utility, L.P. water system and Certificate No. 522-W in Lake County to Harbor Waterworks, Inc.*

⁴Order No. PSC-13-0425-PAA-WS, issued September 18, 2013, in Docket No. 120317-WS, *In re: Application for approval to transfer water and wastewater system Certificate Nos. 567-W and 494-S in Lake County from Shangri-La by the Lake Utilities, Inc. to Lakeside Waterworks, Inc.*

⁵Order No. PSC-14-0130-PAA-WS, issued March 17, 2014, in Docket No. 130055-WS, *In re: Application for approval of transfer of LP Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.*

Walk Utilities, Inc.,⁸ and several of the systems previously owned by Aqua Utilities Florida, Inc.⁹ The application also indicates that both the President and Vice President have controlled service delivery to more than 850 water and wastewater facilities within Florida during their careers.

The application indicates that U.S. Water Services Corporation has been providing operations and maintenance services to the previous owner since April 1, 2012. Further, the application states that U.S. Water Services Corporation has been providing customer services, billing and collections since September 1, 2013. Staff also reviewed the personal financial statements of the President and Vice President.¹⁰ Based on the above, staff believes the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges were last approved in an original certificate docket in 2011.¹¹ However, the Utility had a price index that became effective on June 23, 2015. The Utility's existing rates and charges are shown on Schedule No. 2, which is attached to this recommendation. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by this Commission in a subsequent proceeding.

⁶Order No. PSC-14-0692-PAA-WU, issued December 15, 2014, in Docket No. 140121-WU, *In re: Application for approval of transfer of Certificate No. 539-W from Raintree Harbor Utilities, LLC to Raintree Waterworks, Inc. in Lake County.*

⁷Order No. PSC-14-0691-PAA-WU, issued December 15, 2014, in Docket No. 140120-WU, *In re: Application for approval of transfer of Certificate No. 339-W from Brendenwood Utilities, LLC. to Brendenwood Waterworks, Inc. in Lake County.*

⁸Order No. PSC-14-0495-PAA-WU, issued September 17, 2014, in Docket No. 130294-WU, *In re: Application for transfer of water systems and Certificate No. 579-W in Highlands County from Holmes Utilities, Inc. to Country Walk Utilities, Inc.*

⁹Order Nos. PSC-14-0300-PAA-WS, issued June 11, 2014, in Docket No. 130171-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to The Woods Utility Company in Sumter County*; PSC-14-0315-PAA-WS, issued June 13, 2014, in Docket No. 130172-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 501-W and 435-S of Aqua Utilities Florida, Inc. to Sunny Hills Utility Company in Washington County*; PSC-14-0327-PAA-WU, issued June 25, 2014, in Docket No. 130173-WU, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate No. 053-W of Aqua Utilities Florida, Inc.'s to Lake Osborne Waterworks, Inc. in Palm Beach County*; PSC-14-0326-PAA-WU, issued June 25, 2014, in Docket No. 130174-WU, *In re: Application for approval of transfer of certain water facilities and Certificate No. 002-W of Aqua Utilities Florida, Inc. to Brevard Waterworks, Inc. in Brevard County*; PSC-14-0314-PAA-WS, issued June 13, 2014, in Docket No. 130175-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 422-W and 359-S of Aqua Utilities Florida, Inc. to HC Waterworks, Inc. in Highlands County*; and PSC-14-0299-PAA-WS, issued June 11, 2014, in Docket No. 130176-WS, *In re: Application for approval of transfer of certain water and wastewater facilities and Certificate Nos. 507-W and 441-S of Aqua Utilities Florida, Inc. to Jumper Creek Utility Company in Sumter County.*

¹⁰Documents Nos. 04366-15 and 05493-15 (Confidential), in Docket No. 150166-WU.

¹¹Order No. PSC-11-0478-PAA-WU, issued October 24, 2011, in Docket No. 100085-WU, *In Re: Application for certificate to operate water utility in Lake County by Black Bear Reserve Water Company.*

Regulatory Assessment Fees and Annual Reports

Staff has verified that the Utility is current on the filing of Annual Reports and RAFs through December 31, 2014. The Seller will be responsible for all RAFs payable through the date of closing. The Buyer is responsible for filing the 2015 Annual Report and all future Annual Reports, and RAFs subsequent to the date of closing.

Conclusion

Based on the foregoing, staff recommends that the transfer of the water system and Certificate No. 654-W is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, F.A.C. The Seller should be responsible for all 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 (NBV) for the water system for transfer purposes and should an acquisition adjustment be made?

Recommendation: The NBV of the water system for transfer purposes is \$285,371 as of June 30, 2015. An acquisition adjustment should not be included in rate base. To ensure that Black Bear adjusts its books in accordance with the Commission decision, it should notify the Commission, within 90 days of the final order in this docket, confirming that the adjustments to all the applicable National Association of Regulatory Utility Commissioners (NARUC), Uniform System of Accounts (USOA) accounts have been made to Black Bear's books and records. In the event Black Bear needs additional time to complete the adjustments, notice should be provided to staff within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days. The adjustments should be reflected in Black Bear's 2015 Annual Report when filed. (Galloway, P. Buys)

Staff Analysis: The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for non-used and useful plant or working capital. The application reflects a proposed NBV as of June 30, 2015.

Utility Plant in Service (UPIS)

In Docket No. 100085-WU, an original cost study of the Utility's Plant in Service was performed to help the Utility complete its 2010 Annual Report. This original cost study was referenced in Order No. PSC-11-0478-PAA-WU, issued October 24, 2011. The original cost study, performed December 31, 2010, estimated a 1999 plant balance of \$1,246,025. For this docket however, with the benefit of additional invoices and records, staff determined that some of the calculations for plant accounts in the original cost study needed to be corrected. Black Bear did not dispute the corrections, which are identified below.

- The service life for NARUC Account 304: Staff's correction changed the life from 28 years to 27 years and reflects the service life set forth in Rule 25-30.140, F.A.C.
- Handy-Whitman Index: The original cost study used the Handy-Whitman Index to determine trending percentages by using the install date of the system and the test year. The author of the original cost study did not have access to the 2010 Handy-Whitman Index. Staff updated the trending percentages using the correct Handy-Whitman Index.
- Flow meters: In the original cost study, two six-inch flow meters were used instead of one six-inch and one three-inch flow meter. The replacement price for the flow meters was reduced to reflect the three-inch flow meter. It was also determined that the cost for the flow meters was included in the wrong account. Staff adjusted the affected accounts.
- The "estimated" age of the system: The original cost study used 11.5 years for the age of the system. Based on staff's initial review of the original cost study, staff believed a more accurate age for the system would have been 11 years rather than 11.5 years. After further review of the documents filed in the prior certification docket, Docket No. 100085-WU, staff and Black Bear agreed that it is reasonable to utilize 11.25 years instead of 11.5 years or 11 years.

- Storage tanks: In the original cost study, only two storage tanks were included. Based on DEP's September 11, 2014 sanitary survey, the asset list provided with the application, and the site visit by the staff auditor, staff determined the utility has three storage tanks. Therefore, the cost for the third tank was added to reflect the smaller tank not included in the original cost study.

Staff believes with these corrections, the resulting original cost, as of December 31, 1999, should be \$1,038,992.

For the test year ended June 30, 2015, the Utility's general ledger reflected a UPIS balance of \$1,494,193. Staff reviewed the general ledger, the Utility's tax returns and invoices to bring the Utility's UPIS balance from 1999 (using the corrected original cost study) forward to June 30, 2015. Staff determined the appropriate balance for UPIS as of June 30, 2015, is \$1,212,728. Staff's balance reflects a reduction to UPIS in the amount of \$281,465. Based on the adjustments above, staff recommends a UPIS balance of \$1,212,728, and this balance is shown on Schedule 1, page 1 of 3.

Land and Land Rights

The general ledger reflected a land balance of \$5,000. Additionally, land was valued at \$5,000 in the original cost study. Staff recommends land and land rights of \$5,000. Staff's recommended land balance is shown on Schedule 1, page 1 of 3.

Accumulated Depreciation

The general ledger reflected an accumulated depreciation balance of \$677,742. Staff recalculated accumulated depreciation based on the adjusted UPIS balance discussed earlier. The resulting recalculated balance for accumulated depreciation is \$571,443. This calculation results in a decrease to the Utility's balance in the amount of \$106,299 (\$677,742-\$571,443). Therefore, staff recommends an accumulated depreciation balance of \$571,443. Staff's recommended accumulated depreciation balance is shown on Schedule 1, page 1 of 3.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

The general ledger reflected balances of \$832,912 for CIAC and \$112,693 for accumulated amortization of CIAC. The staff audit report noted a discrepancy between the general ledger and the Annual Report. In its response to the audit report, Black Bear stated that the Seller indicated there was no explanation for the difference. Black Bear's response stated that both the Buyer and Seller agree that, consistent with past Commission practice, CIAC should be imputed pursuant to Rule 25-30.570, F.A.C. Without records to substantiate CIAC, staff also believes CIAC should be imputed in accordance with Rule 25-30.570, F.A.C., based on the cost of the facilities and plant attributable to the water transmission and distribution system. Using this methodology, the resulting CIAC balance is \$607,593. Accordingly, the appropriate accumulated amortization of CIAC balance based on this methodology is \$246,679. Therefore, staff has reduced CIAC by \$225,319 (\$832,912-\$607,593), and increased accumulated amortization of CIAC by \$133,986 (\$112,693-\$246,679). Staff's recommended balances for CIAC and accumulated amortization of CIAC are shown on Schedule 1, page 1 of 3.

Net Book Value

Based on the adjustments and balances described above, staff recommends that the NBV, as of June 30, 2015, is \$285,371. Staff's recommended NBV is shown on Schedule 1, page 1 of 3, along with the NARUC USOA balances for UPIS and accumulated depreciation as of June 30, 2015.

Acquisition Adjustment

Pursuant to Rule 25-30.0371, F.A.C., an acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. According to Black Bear's application and the amended purchase agreement, the final purchase price for the Utility's assets will be equal to the NBV as established by the Commission in this proceeding. With this caveat in the amended purchase agreement, staff recommends that no acquisition adjustment be included in rate base.

Conclusion

Based on the above, staff recommends that NBV for transfer purposes is \$285,371 for the water system as of June 30, 2015. No acquisition adjustment should be included in rate base. To ensure that the Black Bear adjusts its books in accordance with the Commission decision, it should notify the Commission, 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 Black Bear's books and records. In an effort to assist Black Bear in its requirement, Schedule 1, page 3 of 3, provides a breakdown by primary account for plant and accumulated depreciation that reflects the ending balances as of June 30, 2015. In the event Black Bear needs additional time to complete the adjustments, notice should be provided to staff within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days. The adjustments should be reflected in the Black Bear's 2015 Annual Report when filed.

Issue 3: Should the Commission approve Black Bear's request to implement a convenience charge for customers who opt to pay their water bill by debit or credit card online or by telephone?

Recommendation: Yes. Black Bear's request to implement a convenience charge of \$2.60 for customers who opt to pay their water bill by debit or credit card online or by way of telephone should be approved. The charge should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. Black Bear should provide proof of the date that the notice was given within 10 days of the date of the notice. (Bruce)

Staff Analysis: Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Currently, Black Bear accepts and processes credit card payment transactions online through a website. As indicated in Black Bear's request, the payments are processed by Opus 21 Management Solutions, Black Bear's outside vendor, which utilizes its merchant with TD Bank. Black Bear has been absorbing the transaction costs, and has not passed on these costs to its customers. Therefore, Black Bear is requesting to amend its tariff sheet to include a \$2.60 convenience fee to recover the cost incurred for the bank and credit card company fee, debit or credit card processing by telephone or online, and Black Bear staff time required for processing the transactions. As required by Section 367.091, F.S., Black Bear's cost analysis breakdown for its requested charge is shown below, in table 3-1.

Table 3-1
Convenience Charge Cost Justification

Activity	Cost
Bank and credit card company fee	\$1.60
1-Transact gateway fee per transaction (Opus21)	\$.60
Telephonic processing fee (TD Bank)	\$.10
Authorization fee (TD Bank)	\$.05
Monthly telephonic account	\$.07
Accounting staff	\$.09
Clerical staff	\$.09
Total	\$2.60

Source: Utility Correspondence

The Commission recently approved a convenience charge of \$2.60 for Brevard Waterworks, Inc., LP Waterworks, Inc., and Lakeside Waterworks, Inc., among others.¹² The aforementioned utilities, as well as Black Bear, are all managed by U.S. Water Corporation and the

¹²Order Nos. PSC-15-0188-TRF-WU, issued May 6, 2015, in Docket No. 150065-WU, *In re: Request for approval of amendment to tariff for miscellaneous service charges in Brevard County, by Brevard Waterworks, Inc.*; PSC-15-0180-TRF-WS, issued May 6, 2015, in Docket No. 150063-WS, *In re: Request for approval of amendment to tariff for miscellaneous service charges in Highlands County by LP Waterworks, Inc.*; PSC-15-0184-TRF-WS, issued May 6, 2015, in Docket No. 150061-WS, *In re: Request for approval of amendment to tariff for miscellaneous service charges in Lake County by Lakeside Waterworks, Inc.*

Date: March 24, 2016

administrative costs for the convenience charge are the same. Staff believes that Black Bear's requested convenience charge of \$2.60 is reasonable. The requested charge benefits the customers by allowing them to expand their payment options. Furthermore, this fee will insure Black Bear's remaining customers do not subsidize those customers who choose to pay using this option.

Conclusion

Based on the above, staff recommends that Black Bear's request to implement a convenience charge of \$2.60 for customers who opt to pay their water bill by debit or credit card should be approved. The charge should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. Black Bear should provide proof of the date that the notice was given within 10 days of the date of the notice.

Date: March 24, 2016

Issue 4: Should this docket be closed?

Recommendation: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by Black Bear and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets should remain in effect with the charges held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charge has been given to customers, the docket should be administratively closed. (Leathers)

Staff Analysis: The docket should remain open pending staff's verification that the revised tariff sheets and customer notice have been filed by Black Bear and approved by staff. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets should remain in effect with the charges held subject to refund pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and, once staff verifies that the notice of the charges has been given to customers, the docket should be administratively closed.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
Black Bear Waterworks, Inc.
Pursuant to
Certificate Number 654-W**

To provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-11-0478-PAA-WU	10/24/11	100085-WU	Original Certificate
*	*	150166-WU	Transfer of Certificate

*** Order Numbers and dates to be provided at time of issuance**

**Black Bear Waterworks, Inc.
Lake County
Description of Water Territory**

**Town 18 South, Range 28 East
Sections 30 and 31**

A parcel of land in sections 30 and 31, Township 18 South, Range 28 East, Lake County Florida, more particularly described as follows:

Section 30: The Southwest $\frac{1}{4}$, less the West 909.26 feet; together with Northwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 30.

Section 31: The portion of Section 31 North of County Road 44A.

Black Bear Waterworks, Inc.

Water System

Schedule of Net Book Value as of June 30, 2015

<u>Description</u>	<u>Utility General Ledger</u>	<u>Staff Adjustment</u>	<u>Staff Recommended</u>
Utility Plant In Service	\$1,494,193	(\$281,465) (A)	\$1,212,728
Land & Land Rights	5,000	0	5,000
Accumulated Depreciation	(677,742)	106,299 (B)	(571,443)
CIAC	(832,912)	225,319 (C)	(607,593)
Amortization of CIAC	<u>112,693</u>	<u>133,986</u> (D)	<u>246,679</u>
Net Book Value	<u>\$101,232</u>	<u>\$184,139</u>	<u>\$285,371</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of June 30, 2015
Water System**

Explanation	Amount
A. UPIS To reflect appropriate amount of UPIS.	<u>(\$281,465)</u>
B. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>\$106,299</u>
C. Contributions in Aid of Construction To reflect appropriate amount of CIAC.	<u>\$225,319</u>
D. Accumulated Amortization of CIAC To reflect the appropriate amount of accumulated amortization of CIAC.	<u>\$133,986</u>
Total Adjustments to Net Book Value as of June 30, 2015.	<u>\$184,139</u>

Black Bear Waterworks, Inc.**Water System****Schedule of Staff Recommended Account Balances as of June 30, 2015**

Account			Accumulated
No.	Description	UPIS	Depreciation
304	Structures and Improvements	\$ 99,511	(\$17,760)
307	Wells and Springs	171,241	(102,620)
309	Supply Mains	17,197	(3,784)
310	Power Generation Equip.	45,252	(42,181)
311	Pumping Equip.	17,819	(14,550)
320	Water Treatment Equip.	41,838	(28,900)
330	Distribution Reservoirs	52,844	(26,112)
331	Transmission and Dist. Mains	560,038	(228,230)
333	Services	47,555	(19,525)
334	Meters and Meter Install.	54,022	(39,176)
335	Hydrants	85,618	(34,315)
339	Other Plant & Misc. Equipment	5,084	(2,034)
340	Office Furniture	11,110	(9,259)
341	Transportation Equipment	<u>3,598</u>	<u>(2,998)</u>
Total		<u>\$1,212,728</u>	<u>(\$571,443)</u>

**Black Bear Reserve Water Corporation
 Monthly Water Rates**

Residential and General Service

Base Facility Charge - All Meter Sizes \$31.44

Charge per 1,000 gallons – Residential and General Service

0 – 5,000 gallons \$0.00

5,001 - 10,000 gallons \$5.89

Over 10,001 gallons \$8.41

Initial Customer Deposits

Residential and General Service

5/8" x 3/4" \$60.00

1 1/2" \$80.00

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$16.00	N/A
Normal Reconnection Charge	\$16.00	N/A
Violation Reconnection Charge	\$32.00	\$64.00
Home Inspection Charge	\$32.00	N/A
Premises Visit Charge (in lieu of disconnection)	\$16.00	N/A
Late Payment Charge		\$5.00
NSF Charge	Pursuant to 68.065, Florida Statutes	

Service Availability Charges

Main Extension Charge

Per ERC \$1,689.00

Meter Installation Charge

5/8" x 3/4" \$420.00

All other meter sizes Actual Cost

Tap-in Charge

\$320.00

Backflow Prevention Test

Annual Charge \$35.00 or less

Item 4

FILED MAR 24, 2016
DOCUMENT NO. 01563-16
FPSC - COMMISSION CLERK

State of Florida



Public Service Commission

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-M-E-M-O-R-A-N-D-U-M-

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CLERK

DATE: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Rome, Guffey) *MR SKG*
Office of the General Counsel (Barrera) *ED*
PA
SC

RE: Docket No. 160028-GU – Petition for approval of Amendment No. 1 to transportation service agreement with the City of Lake Worth, by Florida Public Utilities Company.

AGENDA: 04/05/16 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On February 2, 2016, Florida Public Utilities Company (FPUC) filed a petition to amend its gas transportation service agreement (agreement) with the City of Lake Worth (City). FPUC is a gas utility subject to the regulatory jurisdiction of the Commission pursuant to Section 366.06, Florida Statutes (F.S.). The City is a Florida municipality that is developing a compressed natural gas (CNG) station.

The Commission approved the agreement between FPUC and the City in 2003 for a 30-year term.¹ The proposed amendment to the agreement is limited in nature and consists solely of a

¹ Order No. PSC-03-0846-PAA-GU, issued July 21, 2003, in Docket No. 030363-GU, *In re: Joint petition for approval of gas transportation agreement between Florida Public Utilities Company and City of Lake Worth, and request for expedited treatment.*

Docket No. 160028-GU

Date: March 24, 2016

modification to Section 4.8 of the agreement to allow the City to resell natural gas provided by FPUC to the City's CNG station for compression and resale as CNG fuel. The proposed amendment is shown in Attachment A.

During its evaluation of the petition, staff issued a data request to FPUC for which a response was received on February 18, 2016. The Office of Public Counsel requested interested party status in the docket on February 9, 2016. The Commission has jurisdiction over this matter pursuant to Section 366.06, F.S.

Discussion of Issues

Issue 1: Should the Commission approve the amendment to the agreement between FPUC and the City?

Recommendation: Yes. The Commission should approve the amendment to the agreement between FPUC and the City. (Rome, Guffey)

Staff Analysis: In accordance with the agreement, FPUC is obligated to transport gas through its pipeline and appurtenant facilities (Lake Worth Lateral or LW Lateral) from the gate station interconnected with Florida Gas Transmission's facilities to the City's generation and water utility complex (project site). The proposed amendment reflects a modification to a limitation in the agreement. As currently written, Section 4.8 of the agreement prohibits the resale of gas transported through the LW Lateral:

4.8 Resale Prohibited. Natural gas transported through the LW Lateral shall be used solely at the Project Site by CITY or the other Project Parties, and shall not be offered for resale to any third party.

However, the City is developing a CNG station at the project site and will require deliveries of natural gas to that station for compression and subsequent resale to the public. FPUC and the City have reached agreement to eliminate the resale prohibition as applicable to natural gas supplied by FPUC for delivery to the City's CNG station. The revised Section 4.8 as shown in Attachment A would allow resale by the City only to customers of the CNG station.

Cost of Service Considerations

The proposed amendment would not alter either the term or the pricing under the agreement. In the joint petition filed in 2003 by FPUC and the City, the parties provided a cost of service study as Exhibit A to the joint petition. The transportation charge derived from the cost of service study is paid monthly by the City to FPUC and was designed to enable FPUC to recover its investment in the LW Lateral, provide a rate of return on that investment, and recover the costs of operating and maintaining the facilities. In addition, the City pays FPUC the actual delivered cost plus 25 percent for the cost of odorant for the LW Lateral. Based on analysis of the cost of service study and a requirement that the City provide a letter of credit under specified contingent circumstances, the Commission approved the agreement between FPUC and the City.²

In the instant petition, FPUC states that as amended, FPUC will continue to recover its cost to serve under the agreement. In response to staff inquiries, FPUC provided information to indicate that approval of the proposed amendment would have a de minimis impact on the cost of service. First, Section 3.2 of the agreement allows the City to transport up to 4,070 thousand cubic feet (MCF) per hour through the LW Lateral.³ At present, the City is transporting approximately 75 MCF per hour. In response to a staff inquiry, FPUC estimated that it would be necessary to transport an additional 80 MCF per hour to meet the needs of the CNG station at the project site.

² Id., pp. 3-4.

³ 1 MCF equals 1 million British thermal units (Btu).

Therefore, through the transportation charge paid by the City each month to FPUC, the City has been paying, and will continue to pay, for a significant amount of unused capacity.

Secondly, the cost of service study provided as Exhibit A to the 2003 joint petition indicated a 2003 net plant value of \$4,195,556 for FPUC's LW Lateral facilities. This amount was one of the factors used to develop the transportation charge payable by the City to FPUC. In response to a staff inquiry, FPUC estimated that the cost of adding additional facilities (tap, meter, and regulator) to serve the CNG station should not exceed \$30,000. This amount is approximately one percent of the 2016 remaining net plant value of the LW Lateral facilities used in the development of the transportation charges payable to FPUC under the current agreement.⁴ As such, staff believes that the costs of adding the additional facilities to serve the CNG station would have a de minimis impact on FPUC's cost of service under the agreement.

Based on the foregoing, staff believes FPUC's assertion that it will continue to recover its cost to serve under the proposed amended agreement is reasonable and that FPUC's ratepayers will continue to benefit. The City would benefit from the proposed amendment by having additional quantities of gas available to compress and sell to customers at its CNG station.

Conclusion

FPUC represents that the agreement, as amended, is to the benefit of both the City and FPUC, and is in the public interest. Based on its review, staff believes FPUC's representation to be reasonable and recommends that the Commission approve the amendment to the agreement between FPUC and the City.

⁴ Cost of service study included as Exhibit A to the joint petition filed in Docket No. 030363-GU.

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. (Barrera)

Staff Analysis: 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.

AMENDMENT NO. 1
TO
GAS TRANSPORTATION AGREEMENT

THIS AMENDMENT NO. 1 TO GAS TRANSPORTATION AGREEMENT (this "Amendment") is made and entered into this th day of , 2016, by and between Florida Public Utilities Companies ("FPUC"), a wholly owned subsidiary of Chesapeake Utilities Corporation, a Delaware corporation, and the City of Lake Worth, Florida ("City"), a political division of the State of Florida created pursuant to s. 2 or s. 6, Art. VIII of the State Constitution, both FPUC and City together being jointly referred to herein as "Parties".

WITNESSETH:

WHEREAS, the FPUC operates facilities for the distribution of natural gas in the State of Florida and currently provides natural gas transportation service to the City pursuant to the Gas Transportation Agreement entered into on March 31, 2003, ("GTA"), which was approved by the Florida Public Service Commission in Docket No. 030363-GU; and

WHEREAS, as set forth in Article 4.8 of the GTA, the GTA specifically and without exception prohibits the resale of natural gas transported through the LW Lateral, as that term is defined in the GTA; and

WHEREAS, the City desires to be able to own and operate a Compressed Natural Gas ("CNG") station and further desires that FPUC supply the natural gas for compression and resale through the City's CNG station; and

WHEREAS, FPUC is willing to modify the provisions of the GTA to allow the City to resell natural gas supplied by FPUC in this situation;

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements herein contained, the parties agree as follows:

1. Section 4.8 of the GTA, is deleted in its entirety, and the following shall be inserted in lieu thereof:

4.8 Resale Limitations. Natural gas transported through the LW Lateral shall be solely used at: 1) the Project Site; or 2) the CITY's CNG station located within reasonable proximity to the LW Lateral. FPUC shall provide the necessary facilities (tap, main, meter; etc.) to provide service to the CITY's CNG station in accordance with the existing extension of distribution facilities tariff requirements. CITY shall have the right to resell the gas to customers of the CNG station. CITY shall not offer

to resell natural gas transported through the LW Lateral, other than to customers of the CNG station, to any third party.

2. In all other respects, the GTA shall remain unchanged and in full force and effect, except as expressly amended by this Amendment No. 1.

3. The Parties agree that this Amendment may be placed into effect upon execution of Amendment No. 1 to the GTA. The Parties further agree that, in the event that: (a) the FPSC declines to approve Amendment No. 1 to the GTA; or (b) the FPSC fails to address Amendment No. 1 to the GTA within twelve (12) months of execution; or (c) any person whose substantial interests are affected files a timely protest of the FPSC's order approving Amendment No. 1 to the GTA, the rates, terms and conditions shall revert to the original GTA.

4. FPUC shall submit this Amendment No. 1 to the GTA for review and approval by the Florida Public Service Commission within ten (10) days of execution.

5. This Amendment may be executed in counterparts, all of which, taken together, shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1 to the Gas Transportation Agreement on the dates stated below.

CITY OF LAKE WORTH

Witnesses:

BY: _____
Pam Triolo, Mayor

Print Name

DATE: _____, 2016

Attest:

Print Name

Pamela Lopez, City Clerk

FLORIDA PUBLIC UTILITIES COMPANY

BY: _____

TITLE: _____

Witnesses:

DATE: _____, 2016

Print Name

Print Name

Item 5

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

RECEIVED-FPSC
2016 MAR 24 AM 9:27
COMMISSION
CLERK

DATE: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Guffey) *SKG*
Office of the General Counsel (Mapp) *EJD* *PK* *SC*

RE: Docket No. 160029-GU – Petition by Peoples Gas System for approval of special contract with United Parcel Service, Inc.

AGENDA: 04/05/16 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On February 4, 2016, Peoples Gas System (Peoples) filed a petition for approval of a special contract with United Parcel Service, Inc. (UPS). Peoples proposes to extend its distribution facilities to provide natural gas transportation service to a compressed natural gas (CNG) vehicle fueling station to be constructed by UPS to serve its fleet in the Orlando operating center.

UPS currently has a fleet of 5,400 vehicles which operate on alternative fuels and advanced technology. UPS expanded its use of CNG in 2015 and continues to build CNG stations across the country to support its daily operations. The proposed Orlando facility will initially serve 30 vehicles with opportunities for future expansion. The 30 CNG fueled vehicles will displace the use of 700,000 gallons of traditional fuels annually. Section 334.044(33)(a)4., Florida Statutes, (F.S.), encourages the increased use of natural gas to reduce transportation costs for businesses and residents within the state.

Docket No. 160029-GU

Date: March 24, 2016

During the evaluation of this petition, staff issued its first data request to Peoples for which responses were received on March 3, 2016. After reviewing the responses, staff issued a second data request on March 9, 2016, for which responses were received on March 11, 2016. The Office of the Public Counsel (OPC) filed a Notice of Intervention on February 17, 2016, which was granted by Order No. PSC-16-0097-PCO-GU, issued March 9, 2016.

Rule 25-9.034(1), Florida Administrative Code, (F.A.C.), requires that whenever a special contract is entered into by a utility for the sale of its product or service in a manner not specifically covered by its filed regulations and standard approved rate schedules, such a contract must be approved by the Florida Public Service Commission (Commission) prior to its execution. The Commission has jurisdiction over this matter pursuant to Section 366.04, F.S.

Discussion of Issues

Issue 1: Should the Commission approve the special contract between Peoples and UPS?

Recommendation: Yes. The Commission should approve the special contract between Peoples and UPS. (Guffey)

Staff Analysis: As required by Rule 25-9.034(1), F.A.C., Peoples filed for Commission approval of its proposed special contract with UPS. In order to provide natural gas to UPS's proposed CNG filling station, Peoples will extend its distribution facilities by 3.8 miles of 6-inch coated steel pipes. The confidential dollar per therm distribution charge contained in the contract is higher than the otherwise applicable tariff rate to allow Peoples to recover the cost of the pipeline extension made to UPS' planned fueling station. In addition to the distribution charge contained in the contract, UPS will be responsible for all other applicable charges and clauses of Rate Schedule GS-5, such as the customer charge, swing service charge, energy conservation cost recovery clause, and cast iron bare steel replacement surcharge.

Peoples will provide natural gas transportation service only to UPS; the natural gas UPS will compress and sell as CNG will be provided by a gas marketer. Specifically, UPS will receive transportation service under Peoples Natural Choice Transportation Service Rider (Rider NCTS). Rider NCTS customers acquire gas from a gas marketer as a part of a customer pool. The gas marketer delivers gas to Peoples' distribution system for all Rider NCTS customers, and Peoples subsequently transports the gas to the customers. All Rider NCTS customers are required to execute a Letter of Authorization, which is a contract setting forth the terms and conditions under which Peoples will provide transportation service to the customer.¹ UPS has executed the Letter of Authorization. The proposed special contract, for which Peoples seeks Commission approval because it contains a charge that is higher than standard tariff rates, is an addendum to the Letter of Authorization. The redacted special contract is shown as Attachment A to the recommendation.

The term of the contract is 10 years and can be extended for an additional five years upon mutual agreement by Peoples and UPS under the otherwise applicable rate schedule and tariff rate as approved by the Commission and in effect at the time of the extension of the term.

Peoples provided a confidential cost of service study to show that the revenues generated by charges contained in the contract will cover the annual operating cost of providing natural gas to UPS. The estimated annual costs associated with the facility extension include operation and maintenance, depreciation, taxes, and return on investment.

Peoples stated that only a certain portion of the extension costs (according to the amount of gas usage) are allocated to UPS who will be the first customer on the new distribution line. Peoples explained that it anticipates other gas customers, including a large industrial customer, to come on line later in 2016 who would then be allocated most of the remaining pipeline extension cost. The remaining capacity of the gas line will be used for system reinforcement and peaking

¹ The Letter of Authorization is a standard form and does not require Commission approval.

requirements. The contract also provides for annual minimum volumes to be taken or paid for during the term of the contract.

Staff recommends that the Commission approve the proposed special contract between Peoples and UPS as it will generate revenues in excess of the cost of service, and thereby provide benefits to Peoples' general body of ratepayers.

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. (Mapp)

Staff Analysis: 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.

ADDENDUM A
to
LETTER OF AUTHORIZATION
OF UPS FUEL SERVICES, INC.

Date: January 28, 2016

Customer hereby agrees that the following provisions are an integral part of the Letter of Authorization to which this Addendum A is attached, and incorporated by reference in said Letter of Authorization. Capitalized terms used herein, but not defined below, have the meanings given for such terms in PGS's tariff on file with the FPSC ("PGS's FPSC Tariff").

Definitions. The following terms shall have the following meanings:

"Commencement Date" means the first Day of the first Month following receipt by Customer of notice from PGS that the facilities required for the provision of service by PGS to Customer have been completed and tested, and are available to provide service to Customer (approximately 12 months following the date of this Letter of Authorization).

"Contract Year" means the period of twelve (12) consecutive months commencing on the Commencement Date, and each successive consecutive 12-month period thereafter, each commencing on an anniversary of the Commencement Date.

Term. Customer agrees to receive service from PGS pursuant to this Letter of Authorization for a term commencing at the beginning of the Day commencing on the Commencement Date and continuing until the end of the last Day of the tenth (10th) Contract Year (the "Termination Date") (the "Term"). The Term of Customer's receipt of service from PGS may be extended for an additional period of five (5) years upon mutual agreement of Customer and PGS under the otherwise applicable rate schedule and tariff rate as approved by the FPSC and in effect at and after the time of such extension of the Term.

Full Requirements. During the Term specified and any extension thereof, Customer agrees that all Gas used by Customer will be delivered by PGS through PGS's distribution system, except to the extent Customer's requirements for Gas are not delivered by PGS pursuant to the provisions of the Letter of Authorization and this Addendum A.

Applicable Distribution Charge: Volume Commitment. The Distribution Charge, Customer Charge, and conditions of service shall be governed by Rider NCTS and Rate Schedule GS-5; provided, however, that because PGS will be required to extend its facilities in order to provide the service to Customer contemplated by this Letter of Authorization:

- (a) [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(c) During the Term and any extension thereof, Customer shall pay to PGS, in addition to the applicable Distribution Charge provided above, all other charges, surcharges and adjustments otherwise applicable under Rate Schedule GS-5.

FPSC Approval. Notwithstanding any other provision of this Letter of Authorization, the same shall be of no force or effect until approved by a final non-appealable order of the FPSC. In the event the FPSC denies approval of this Letter of Authorization, the same shall be of no force or effect. Customer shall, if requested by PGS, support any petition to the FPSC for approval of this Letter of Authorization as a special contract.

Confidentiality. Neither PGS nor Customer, nor their respective affiliates, nor the directors, officers, employees, advisors and representatives of any of them, shall disclose to any other person the terms and conditions of this Letter of Authorization without the prior written consent of the other party hereto to such disclosure (which consent shall not be unreasonably withheld or delayed). This provision shall not apply to (i) disclosures that, in the opinion of PGS's or Customer's legal counsel, are required by the FPSC or another governmental authority (in which case, the party from which disclosure is sought shall advise the other party prior to such disclosure and, if requested by such other party, shall use reasonable efforts to maintain the confidentiality of this Letter of Authorization, including, without limitation, seeking a protective order).


Conflict of Provisions. In the event of any conflict between the provisions of PGS's FPSC Tariff and the provisions of this Addendum A, the provisions of this Addendum A shall be controlling to resolve such conflict.

IN WITNESS WHEREOF, the parties hereto have caused this Addendum A to the Letter of Authorization to be executed by their respective duly authorized officers as of the date first above written.

PEOPLES GAS SYSTEM, A DIVISION
OF TAMPA ELECTRIC COMPANY

UPS FUEL SERVICES, INC.

By: 
Gordon L. Gillette
President

By: 
Name Michael S. Whillatoh
Title: Vice President

Item 6

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: March 24, 2016

TO: Office of Commission Clerk (Stauffer)

FROM: Division of Economics (Bruce, Hudson) *[Handwritten initials]*
Office of the General Counsel (Brownless) *[Handwritten initials]*

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

AGENDA: 04/05/16 – Regular Agenda – Proposed Stipulation Prior to Hearing – Parties May Participate

COMMISSIONERS ASSIGNED: Edgar, Brisé, Patronis

PREHEARING OFFICER: Edgar

CRITICAL DATES: 09/27/16 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

RECEIVED-FPSC
2016 MAR 24 AM 10:42
COMMISSION
CLERK

Case Background

On June 4, 2015, Utilities Inc. of Sandalhaven (Sandalhaven) filed its application for the rate increase at issue in the instant docket. A deficiency letter was sent to the utility on July 1, 2015, and corrections to the minimum filing requirements (MFRs) were filed on July 6, 2015, which was established as the official date of filing pursuant to Section 367.083, Florida Statutes (F.S.). The utility requested that the application be processed using the Proposed Agency Action (PAA) procedure and requested interim rates. The test year established for interim and final rates is the period ended December 31, 2014. The utility's proposed rates were suspended and interim rates were granted subject to refund by Order No. PSC-15-0320-PCO-SU, issued on August 10, 2015.

On January 6, 2016, Order No. PSC-16-0013-PAA-SU was issued granting Sandalhaven's application for a rate increase and establishing PAA rates subject to protest and request for a hearing. On January 27, 2016, the Office of Public Counsel (OPC) timely filed a petition and

request for evidentiary hearing. On February 4, 2016, Sandalhaven timely filed a cross-petition for a formal administrative hearing. On February 10, 2016, Sandalhaven placed the PAA rates into effect subject to refund, with the exception of its Allowance for Funds Prudently Invested (AFPI) charges. The utility maintained the AFPI charges that were in effect when the Commission obtained jurisdiction from Charlotte County. On February 24, 2016, Sandalhaven filed a motion for partial final summary order on the issue of the prudence of constructing an interconnection with the Englewood Water District to serve potential and current customers and its decision to retire its wastewater treatment plant. On March 21, 2016, OPC and Sandalhaven ("Parties") filed a joint motion requesting Commission approval of a stipulation and settlement agreement entered into between the parties on March 21, 2016. This recommendation addresses the Settlement Agreement, which is included as Attachment A in this recommendation. The Commission has jurisdiction over this subject matter pursuant to Sections 367.011, 367.081, 367.101, and 367.121, F.S.

Discussion of Issues

Issue 1: Should the Commission approve the Joint Motion Requesting Commission Approval of Settlement Agreement?

Recommendation: Yes. The Joint Motion and Settlement Agreement should be approved. The protested issues of the PAA Order should have no precedential effect or value and can be raised in any future rate case. Upon the issuance of the final order approving the Parties' Settlement Agreement, staff recommends the corporate undertaking amount for interim rates and the implementation of PAA rates be released. Upon approval of the Settlement Agreement by the Commission, the utility should file a proposed customer notice indicating that the Commission has approved a settlement agreement between the Parties and that the PAA rates are final, with the exception of AFPI charges. The utility should continue to collect the AFPI charges in effect when the Commission obtained jurisdiction from Charlotte County. The utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bruce, Brownless)

Staff Analysis: The issues protested by the Parties are set forth in the petition and cross-petition for a formal administrative hearing. In the Settlement Agreement, the Parties agree that the protested issues of the PAA Order should have no precedential effect or value and can be raised in any future rate case. The Parties agree to the PAA Order and its overall revenue requirement. However, the Parties agree that the utility should continue to collect the AFPI charges in effect when the Commission obtained jurisdiction from Charlotte County, in lieu of the AFPI charges set forth in the PAA Order. The Parties also agree that the utility will not seek an increase based upon the 2016 Price Index. In addition, the Parties agree that the utility will not seek to recover any additional rate case expense incurred as a result of the petition and cross-petition for a formal administrative hearing. OPC's petition and Sandalhaven's cross-petition and Sandalhaven's Motion for partial final summary order and OPC's response to the Motion, should be deemed moot in accordance with the terms of this Stipulation and Settlement Agreement.

Staff believes that the Parties' Settlement Agreement is a reasonable resolution because it addresses all protested issues. Staff also believes that it is in the public interest for the Commission to approve the Settlement Agreement because it promotes administrative efficiency and avoids the time and expense of a hearing. In keeping with the Commission's long-standing practice of encouraging parties to settle contested proceedings whenever possible, staff recommends that the Commission approve the Parties' Settlement Agreement.

The Joint Motion and Settlement Agreement should be approved. The protested issues of the PAA Order should have no precedential effect or value and can be raised in any future rate case. Upon the issuance of the final order approving the Parties' Settlement Agreement, staff recommends the corporate undertaking amount for interim rates and the implementation of PAA rates be released. Upon approval of the Settlement Agreement by the Commission, the utility should file a proposed customer notice indicating that the Commission has approved a settlement agreement between the Parties and that the PAA rates are final, with the exception of AFPI charges. The utility should continue to collect the AFPI charges in effect when the Commission obtained jurisdiction from Charlotte County. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed upon the issuance of the final order approving the Parties' Settlement Agreement. (Bruce, Brownless)

Staff Analysis: If the Commission approves staff's recommendation in Issue 1, this docket should be closed upon the issuance of the final order approving the Parties' Settlement Agreement.

FILED MAR 21, 2016
DOCUMENT NO. 01491-16
FPSC - COMMISSION CLERK

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in wastewater)
rates in Charlotte County by Utilities, Inc.)
of Sandalhaven.)
_____ /

Docket No. 150102-SU

Filed: March 21, 2016

**JOINT MOTION REQUESTING COMMISSION APPROVAL OF
STIPULATION AND SETTLEMENT AGREEMENT**

Utilities, Inc. of Florida as successor to Utilities, Inc. of Sandalhaven (“Sandalhaven” or “Utility”), and the Office of Public Counsel (“OPC”) file this Joint Motion requesting the Florida Public Service Commission (“Commission”) approve the attached Stipulation and Settlement Agreement. In support of this Joint Motion, Sandalhaven and OPC state:

1. Sandalhaven and OPC have entered into a Stipulation and Settlement Agreement resolving OPC’s Petition protesting portions of the proposed agency action and request for a formal administrative hearing and Sandalhaven’s Cross-Petition concerning Proposed Agency Action (PAA) Order No. PSC-16-0013-PAA-SU, issued January 6, 2016 (“PAA Order”). A copy of the Stipulation and Settlement Agreement is attached hereto as Exhibit “A”.

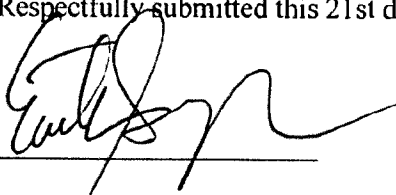
2. Sandalhaven and OPC have entered into the Stipulation and Settlement Agreement to avoid the time, expense and uncertainty associated with adversarial litigation, in keeping with the Commission’s long-standing policy and practice of encouraging parties in protested proceedings to settle issues whenever possible. For these reasons, Sandalhaven and OPC request the Commission to expeditiously issue a final order approving the Stipulation and Settlement Agreement without modification and close Docket No. 150102-SU.

3. Pending Commission consideration of the Stipulation and Settlement Agreement, Sandalhaven and OPC request the Commission to suspend and abate all discovery, decisions on

other pending motions, and all events currently scheduled in the CASR for this Docket until such time as the Commission acts on this Joint Motion.

WHEREFORE, Sandalhaven and OPC respectfully request the Commission to approve without modification the attached Stipulation and Settlement Agreement and to suspend discovery and other events scheduled in this proceeding until a final order is issued closing this docket.

Respectfully submitted this 21st day of March, 2016.



J.R. Kelly
Public Counsel

Erik L. Sayler
Associate Public Counsel
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Rm 812
Tallahassee, FL 32399-1400
Phone: (850) 488-9330

Attorneys for the Citizens of the State
of Florida

Martin S. Friedman

Martin S. Friedman
Friedman & Friedman, P.A.
Attorneys at Law
766 North Sun Drive, Suite 4030
Lake Mary, Florida 32746
Phone: (407) 830-6331

Attorney for Utilities, Inc. of Florida

CERTIFICATE OF SERVICE
DOCKET NO. 150102-SU

I HEREBY CERTIFY that a true and correct copy of the foregoing Joint Motion Requesting Commission Approval of Stipulation and Settlement Agreement has been furnished by electronic Mail to the following parties on this 21st day of March, 2016.

Suzanne Brownless, Esquire
Jennifer Crawford, Esquire
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
sbrownle@psc.state.fl.us
JCrawfor@psc.state.fl.us

Erik L. Sayler, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
SAYLER.ERIK@leg.state.fl.us

Martin S. Friedman

Martin S. Friedman
Attorney for Utilities, Inc. of Florida

Exhibit "A"

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in wastewater)	Docket No. 150102-SU
rates in Charlotte County by Utilities, Inc. of)	
Sandalhaven.)	Filed: March 21, 2016
_____)	

STIPULATION AND SETTLEMENT AGREEMENT

THIS STIPULATION AND SETTLEMENT AGREEMENT is made and entered into this 21st day of March, 2016, by and between Utilities, Inc. of Florida as successor to Utilities, Inc. of Sandalhaven (Sandalhaven or Utility), and the Office of Public Counsel on behalf of the customers of Sandalhaven (OPC).

WITNESSETH

WHEREAS, the Florida Public Service Commission (Commission) issued Proposed Agency Action (PAA) Order No. PSC-16-0013-PAA-SU, in this docket on January 6, 2016 (PAA Order); and

WHEREAS, on January 27, 2016, OPC timely filed a Petition protesting portions of the proposed agency action and request for formal administrative hearing (Petition); and

WHEREAS, on February 4, 2016, Sandalhaven timely filed a Cross-Petition for a formal administrative hearing and protesting specific issues in the PAA Order (Cross-Petition); and

WHEREAS Sandalhaven has indicated – and OPC acknowledges this indication – that Utilities, Inc. of Florida (UIF) intends to file a rate case for its consolidated systems (including Sandalhaven) by October 2016; and

WHEREAS, in order to avoid the time, expense and uncertainty associated with adversarial litigation, and in keeping with the Commission's long-standing policy and practice of encouraging parties in contested proceedings to settle issues whenever possible, Sandalhaven and OPC hereby enter into this Agreement to settle this case in accordance with the terms and conditions contained herein.

Exhibit "A"

NOW, THEREFORE, for and in consideration of the mutual covenants set forth below, Sandalhaven and OPC (Parties) agree as follows:

1. The Parties agree to the overall revenue requirement in the PAA Order. It is the intent of the Parties that the protested issues in the PAA Order shall have no precedential effect or value in any future rate case. It is the intent of the Parties that all issues protested by the Parties in the PAA Order can be raised in a subsequent rate case. The issues protested by the Parties are set forth in their Petition and Cross-Petition for a formal administrative hearing and incorporated herein by reference. Notwithstanding anything herein to the contrary, Sandalhaven shall continue to collect the Allowance for Funds Prudently Invested (AFPI) Charges in effect when the Commission obtained jurisdiction from Charlotte County, in lieu of the AFPI Charges set forth in the PAA Order, and Sandalhaven agrees not to seek an increase based upon the 2016 Price Index.

2. The Parties agree UIF will be entitled only to rate case expense approved in the PAA Order. UIF agrees it will not seek to recover any additional rate case expense incurred as a result of the OPC and UIF Protests of the PAA Order in this proceeding or any other future rate case.

3. The Parties agree that all issues decided by the PAA Order, except those preserved subject to the terms of this Stipulation and Settlement Agreement, shall become final upon the Commission's acceptance and approval of this Stipulation and Settlement Agreement without modification.

4. If this Stipulation and Settlement Agreement is not accepted and approved without modification by the Commission, then this Stipulation and Settlement Agreement is rejected and shall be considered null and void and neither Party may use the attempted agreement in this or any other proceeding.

5. The Parties expressly agree that all activity relating to this docket should be suspended and abated until the Commission disposes of the Joint Motion Requesting Commission Approval of this Stipulation and Settlement Agreement.

Exhibit "A"

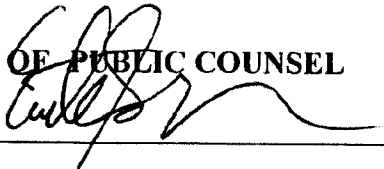
6. This Stipulation and Settlement Agreement will become effective on the date the Commission enters a final order approving the agreement in total. Upon the Commission issuing a final order approving this Stipulation and Settlement Agreement, OPC's Petition and Sandalhaven's Cross-Petition, and Sandalhaven's Motion for partial final summary order and OPC's Response to that Motion, shall be deemed moot in accordance with the terms of this Stipulation and Settlement Agreement.

7. The Parties have evidenced their acceptance and agreement with the provisions of this Stipulation and Settlement Agreement by their signatures, and personally represent that they have authority to execute this Stipulation and Settlement Agreement on behalf of their respective Parties.

8. The Parties each agree that the Stipulation and Settlement Agreement is in the best interest of Sandalhaven's customers and is in the public interest.

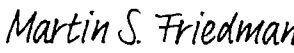
OFFICE OF PUBLIC COUNSEL

By: _____


Erik L. Saylor
Associate Public Counsel
On behalf of the Customers of
Utilities, Inc. of Florida

UTILITIES, INC. OF FLORIDA

By: _____


Martin S. Friedman
Attorney for Utilities, Inc. of Florida