## FLORIDA PUBLIC SERVICE COMMISSION COMMISSION CONFERENCE AGENDA

**CONFERENCE DATE AND TIME:** Thursday, June 9, 2016, 9:30 a.m.

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

**DATE ISSUED:** May 26, 2016

## **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*.

1**	Consent Agenda				
2**PAA	<b>Docket No. 160039-EI</b> – Petition for approval of regulatory asset related to the retirement of Plant Smith Units 1 and 2, by Gulf Power Company				
3**PAA	<b>Docket No. 160096-EI</b> – Joint petition for approval of modifications to risk management plans by Duke Energy Florida, Florida Power & Light Company, Gulf Power Company and Tampa Electric Company				
4**PAA	<b>Docket No. 160006-WS</b> – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S				
5**PAA	<b>Docket No. 160027-EI</b> – Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.				
6**PAA	<b>Docket No. 160069-EQ</b> – Petition for approval of revisions to rate schedule COG-2 for the standard offer, by Tampa Electric Company				
7**PAA	<b>Docket No. 160072-EQ</b> – Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and approval of tariff schedule REF-1, by Gulf Power Company.				
8**PAA	<b>Docket No. 160073-EQ</b> – Petition for approval of amended standard offer contract (Schedule COG-2), by Duke Energy Florida, LLC				
9**PAA	<b>Docket No. 150199-WU</b> – Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc				
10**	<b>Docket No. 150265-EI</b> – Petition for approval of 2015 nuclear decommissioning study, by Florida Power & Light Company				
11**	<b>Docket No. 160090-EI</b> – Petition for limited extension of experimental large business incentive rate rider, medium business incentive rate rider, and small business incentive rate rider, by Gulf Power Company				
12	<b>Docket No. 160030-WS</b> – Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC				
13**	<b>Docket No. 160104-WS</b> – Application for NSF and late payment charges in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities Inc. of Florida				

PAA

ITEM NO. CASE

1\*\* Consent Agenda

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

DOCKET NO.	COMPANY NAME
160052-TX	Airbus DS Communications, Inc.
160063-TX	SBA DAS & Small Cells, LLC
160064-TX	INDIGITAL, LLC d/b/a INdigital

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

2\*\*PAA

**Docket No. 160039-EI** – Petition for approval of regulatory asset related to the retirement of Plant Smith Units 1 and 2, by Gulf Power Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

**Prehearing Officer:** Patronis

**Staff:** AFD: Slemkewicz, Fletcher, Mouring

ECO: Wu ENG: Wooten GCL: Brownless

<u>Issue 1:</u> Should the Commission approve Gulf's request to create a regulatory asset related to the retirement of Plant Smith Units 1 and 2 and defer the recovery of the regulatory asset to a future proceeding?

**Recommendation:** Yes. The Commission should approve Gulf's request to create a regulatory asset related to the retirement of Plant Smith Units 1 and 2 and defer the recovery of the regulatory asset to a future proceeding. Further, the Commission should find that the approval to record the regulatory asset for accounting purposes does not limit the Commission's ability to review the amounts for reasonableness in future proceedings in which the regulatory asset is included.

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

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

ITEM NO. CASE

3\*\*PAA

**Docket No. 160096-EI** – Joint petition for approval of modifications to risk management plans by Duke Energy Florida, Florida Power & Light Company, Gulf Power Company and Tampa Electric Company.

Critical Date(s): None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Graham

Staff: AFD: Barrett, Lester

GCL: Brownless

<u>Issue 1:</u> Should the Commission approve the Joint Petition to modify the IOUs' Risk Management Plans?

**Recommendation:** Yes, the Commission should approve the Joint Petition to modify the IOUs' Risk Management Plans.

**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

4\*\*PAA

**Docket No. 160006-WS** – Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.

Critical Date(s): None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Brisé

**Staff:** AFD: D. Buys, Archer, Bulecza-Banks, Cicchetti, Yeazel

GCL: Leathers

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

**Recommendation:** Staff recommends that the current leverage formula approved by the Commission in Order No. PSC-15-0259-PAA-WS continue to be used until the leverage formula is readdressed in 2017. Accordingly, staff recommends the following leverage formula:

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

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

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

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

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

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

ITEM NO. CASE

5\*\*PAA

**Docket No. 160027-EI** – Petition for approval of new environmental program for cost recovery through Environmental Cost Recovery Clause, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

**Prehearing Officer:** Patronis

Staff: ENG: Mtenga, King

ECO: Wu GCL: Murphy

<u>Issue 1:</u> Should the Commission approve Tampa Electric Company's petition for approval of a new environmental program for cost recovery through the Environmental Cost Recovery Clause?

**Recommendation:** Yes. Staff recommends that the Commission approve TECO's proposed Big Bend Station Effluent Limitations Guidelines Compliance Study Program for cost recovery through the Environmental Cost Recovery Clause. Staff recommends the O&M costs associated with this new environmental program be allocated to rate classes on an energy basis.

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

**Recommendation:** Yes. This docket should be closed upon issuance of a Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.

ITEM NO. CASE

6\*\*PAA

**Docket No. 160069-EQ** – Petition for approval of revisions to rate schedule COG-2 for the standard offer, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

**Prehearing Officer:** Edgar

Staff: ENG: Lee

GCL: Lherisson

<u>Issue 1:</u> Should the Commission approve the revised standard offer contract and schedule COG-2 filed by Tampa Electric Company?

**Recommendation:** Yes. The provisions of TECO's revised schedule COG-2 for the standard offer contract conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. TECO's revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs.

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

**Recommendation:** Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, TECO's standard offer contract may subsequently be revised.

ITEM NO. CASE

7\*\*PAA

**Docket No. 160072-EQ** – Petition for approval of new standard offer for purchase of firm capacity and energy from renewable energy facilities or small qualifying facilities and approval of tariff schedule REF-1, by Gulf Power Company.

Critical Date(s): None

**Commissioners Assigned:** All Commissioners **Prehearing Officer:** Administrative

Staff: ENG: Lee

GCL: Lherisson

<u>Issue 1:</u> Should the Commission approve the revised standard offer contract and schedule REF-1 filed by Gulf Power Company?

**Recommendation:** Yes. The provisions of Gulf's revised standard offer contract and schedule REF-1 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. Gulf's revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs.

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

**Recommendation:** Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, Gulf's standard offer contract may subsequently be revised.

ITEM NO. CASE

8\*\*PAA

**Docket No. 160073-EQ** – Petition for approval of amended standard offer contract (Schedule COG-2), by Duke Energy Florida, LLC.

Critical Date(s): None

**Commissioners Assigned:** All Commissioners **Prehearing Officer:** Administrative

Staff: ENG: Lee

GCL: Murphy

<u>Issue 1:</u> Should the Commission approve the revised standard offer contract and schedule COG-2 filed by Duke Energy Florida, LLC.?

**Recommendation:** Yes. The provisions of DEF's revised standard offer contract and schedule COG-2 conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. DEF's revised standard offer contract provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs.

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

**Recommendation:** Yes. This docket should be closed upon issuance of a consummating order, unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, DEF's standard offer contract may subsequently be revised.

9\*\*PAA

**Docket No. 150199-WU** – Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

Critical Date(s): 02/02/2017 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

**Prehearing Officer:** Brisé

Staff: ENG: Watts, King

AFD: Golden ECO: Bruce

GCL: Tan, Lherisson

## (Proposed Agency Action - Except for Issue Nos. 9, 11, and 12 - Interested Persons May Participate.)

<u>Issue 1:</u> Should the quality of service provided by Raintree be considered satisfactory? **Recommendation:** Yes. The overall quality of service provided by Raintree should be

considered satisfactory.

<u>Issue 2:</u> What are the used and useful percentages (U&U) of Raintree's water treatment plant and distribution system?

**Recommendation:** Raintree's water treatment plant (WTP) and distribution system should be considered 100 percent U&U. Staff recommends that WTP purchased power and chemical expenses should be reduced by 8.5 percent for excessive unaccounted for water (EUW).

**Issue 3:** What is the appropriate average test year rate base for Raintree?

**Recommendation:** The appropriate average test year rate base for Raintree is \$51,282.

<u>Issue 4:</u> What is the appropriate rate of return on equity and overall rate of return for Raintree?

**Recommendation:** The appropriate return on equity (ROE) is 8.74 percent with a range of 7.74 percent to 9.74 percent. The appropriate overall rate of return is 8.74 percent.

**Issue 5:** What is the appropriate test year revenue for Raintree's water system?

**Recommendation:** The appropriate test year revenue for Raintree's water system is \$42,540.

**<u>Issue 6:</u>** What is the appropriate amount of operating expenses?

**Recommendation:** The appropriate amount of operating expense for the Utility is \$42.568.

**Issue 7:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$47,050, resulting in an annual increase of \$4,510 (10.60 percent).

9\*\*PAA

**Docket No. 150199-WU** – Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

(Continued from previous page)

**Issue 8:** What is the appropriate rate structure and rates for Raintree's water system? **Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated May 26, 2016. 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.

<u>Issue 9:</u> What is the appropriate amount by which rates should be reduced 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 May 26, 2016, to remove rate case expense grossed up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If Raintree 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.

<u>Issue 10:</u> What are the appropriate initial customer deposits for Raintree?

**Recommendation:** The appropriate water initial customer deposit should be \$64 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 water service. The approved initial 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.

9\*\*PAA

**Docket No. 150199-WU** – Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

(Continued from previous page)

<u>Issue 11:</u> Should the recommended rates be approved for Raintree on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. 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 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 May 26, 2016. 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 every 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.

<u>Issue 12:</u> Should Raintree be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

**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. Raintree should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Schedule No. 5 of staff's memorandum dated May 26, 2016, 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 the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO. CASE

9\*\*PAA

**Docket No. 150199-WU** – Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.

(Continued from previous page)

**Issue 13:** Should this docket be closed?

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

ITEM NO. CASE

10\*\*

**Docket No. 150265-EI** – Petition for approval of 2015 nuclear decommissioning study, by Florida Power & Light Company.

Critical Date(s): None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Edgar

Staff: ECO: Higgins, Wu

AFD: Archer, D. Buys, Yeazel

GCL: Mapp

<u>Issue 1:</u> What are the current total estimated costs to decommission Florida Power and Light Company's Turkey Point Nuclear Units 3 and 4, and St. Lucie Nuclear Units 1 and 2, valued in 2015 dollars terms?

**Recommendation:** Staff recommends the Commission find that the total current estimated cost valued in 2015 dollars for decommissioning Turkey Point Nuclear Units 3 and 4 is \$1,777,304,990, and \$1,806,479,491 for St. Lucie Nuclear Units 1 and 2.

<u>Issue 2:</u> What are the appropriate annual accruals, in equal dollar amounts, necessary to recover the future decommissioning costs of Florida Power and Light's Turkey Point Nuclear Units 3 and 4, and St. Lucie Nuclear Units 1 and 2?

**Recommendation:** Staff recommends a continuation of the suspension of the accrual for nuclear decommissioning as approved by the Commission in Order No. PSC-11-0381-PAA-EI. The appropriate jurisdictional annual accrual amount necessary to recover future decommissioning costs over the remaining life of each nuclear power plant is currently zero. Additionally, staff recommends the assumptions included in FPL's 2015 decommissioning study to determine the annual accrual are reasonable.

<u>Issue 3:</u> Should the amortization expense associated with the unrecovered value of Endof-Life Materials and Supplies inventories that will exist at the nuclear site following shut down be revised?

**Recommendation:** Yes. Staff recommends that the Commission recognize the revised annual amortization expense associated with End-of-Life Materials and Supplies inventories for FPL of \$1.973 million (system), based on the proposed January 1, 2017 effective date of new customer rates in the company's current rate case proceeding, Docket No. 160021-EI. FPL should address the amortization of End-of-Life Materials and Supplies inventories in its subsequent decommissioning studies so the related annual accruals can be revised, if warranted.

ITEM NO. CASE

10\*\*

**Docket No. 150265-EI** – Petition for approval of 2015 nuclear decommissioning study, by Florida Power & Light Company.

(Continued from previous page)

<u>Issue 4:</u> Should the amortization expense associated with the cost of the Last Core of nuclear fuel be revised?

**Recommendation:** Yes. Staff recommends that the Commission recognize the revised annual amortization expense associated with the cost of the Last Core of nuclear fuel at FPL nuclear units of \$11.073 million (system), based on the proposed January 1, 2017, effective date of new customer rates in FPL's current rate case proceeding, Docket No. 160021-EI. FPL should address the costs associated with the Last Core in subsequent decommissioning studies so the related annual accruals can be revised, if warranted.

<u>Issue 5:</u> What should be the effective date for adjusting the annual decommissioning accrual amounts for TP3, TP4, SL1, SL2, amortization of nuclear EOL M&S inventories, and amortization of the costs associated with the Last Core?

**Recommendation:** If the staff recommendations in Issues 1 and 2 are approved, there is no change to the current approved zero decommissioning accrual. Therefore, an effective date for adjusting the annual decommissioning accrual is moot. If the staff recommendations in Issues 3 and 4 are approved, the revised annual amortization amounts relating to EOL M&S inventories (Issue 3) and the Last Core (Issue 4) should be effective at the time new base rates are approved.

**Issue 6:** When should FPL file its next nuclear decommissioning study?

**Recommendation:** FPL's next decommissioning cost study for the Turkey Point Nuclear Generating Station and the St. Lucie Nuclear Power Plant should be filed no later than December 14, 2020.

**Issue 7:** Should this docket be closed?

**Recommendation:** If no person whose substantial interests are affected by the Commission's Proposed Agency Action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a Consummating Order.

ITEM NO. CASE

11\*\*

**Docket No. 160090-EI** – Petition for limited extension of experimental large business incentive rate rider, medium business incentive rate rider, and small business incentive rate rider, by Gulf Power Company.

Critical Date(s): 60 Day Suspension Date: June 18, 2016

**Commissioners Assigned:** All Commissioners **Prehearing Officer:** Administrative

**Staff:** ECO: Guffey GCL: Brownless

<u>Issue 1:</u> Should the Commission approve Gulf's petition for an extension of its business incentive rate riders until December 31, 2017?

**Recommendation:** Yes, the Commission should approve Gulf's petition for an extension of its business incentive rate riders until December 31, 2017.

**<u>Issue 2:</u>** 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 pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

12

ITEM NO. CASE

**Docket No. 160030-WS** – Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.

Critical Date(s): 60-Day Suspension and Interim Date waived until 06/09/16

Commissioners Assigned: All Commissioners

**Prehearing Officer:** Graham

Staff: ECO: Bruce, Hudson

AFD: T. Brown, D. Buys

ENG: Hill GCL: Mapp

## (Participation is at the Discretion of the Commission.)

<u>Issue 1:</u> Should the utility's proposed final water and wastewater rates be suspended? **Recommendation:** Yes. Ni Florida's proposed final water and wastewater rates should be suspended.

**Issue 2:** Should any interim revenue increase be approved?

**Recommendation:** Yes, Ni Florida should be authorized to collect annual water and wastewater revenues as indicated below:

	Adjusted Test Year Revenues	\$ Increase	Revenue <u>Requirement</u>	% Increase
Water	\$223,689	\$87,202	\$310,891	38.98%
Wastewater	\$1,932,151	\$332,619	\$2,264,770	17.21%

**Issue 3:** What are the appropriate interim water and wastewater rates?

**Recommendation:** The recommended interim rate increase of 40.12 percent for water and 17.71 percent for wastewater should be applied as an across-the-board increase to the existing service rates. The rates, as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated May 26, 2016, should be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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.

Docket No. 160030-WS – Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.

(Continued from previous page)

<u>Issue 4:</u> What is the appropriate security to guarantee the interim increase?

**Recommendation:** The utility should be required to secure a letter of credit, or alternately an escrow account or surety bond, to guarantee any potential refund of revenues collected under interim conditions. If the security provided is a letter of credit or surety bond, it should be in the amount of \$245,203. Otherwise, the utility should deposit \$34,985 into the escrow account each month. Pursuant to Rule 25-30.360(6), F.A.C., the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and in accordance with Rule 25-30.360, F.A.C.

**Issue 5:** Should this docket be closed?

**Recommendation:** The docket should remain open pending the Commission's PAA decision on the utility's requested rate increase.

13\*\*

**Docket No. 160104-WS** – Application for NSF and late payment charges in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities Inc. of Florida.

Critical Date(s): 06/20/16 (60-day suspension date)

**Commissioners Assigned:** All Commissioners **Prehearing Officer:** Administrative

Staff: ECO: Johnson, Hudson

GCL: Leathers

<u>Issue 1:</u> Should UIF's current late payment charge of \$5.25 be applied to all of UIF's systems?

**Recommendation:** Yes. UIF's request to uniformly implement a late payment charge of \$5.25 should be approved. UIF should be required to file a proposed customer notice to reflect the Commission-approved charge for those systems where the charge is not currently approved. The approved charge should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). In addition, the approved charge should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date notice was given no less than ten days after the date of the notice.

**<u>Issue 2:</u>** Should UIF's current NSF charge be applied to all of UIF's systems?

**Recommendation:** Yes. UIF's request to uniformly implement a NSF charge should be approved. Staff recommends that UIF revise its tariffs to reflect the NSF charges currently set forth in Section 68.065, F.S. UIF should be required to file a proposed customer notice to reflect the Commission-approved charge for those systems where the charge is not currently approved. 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.

ITEM NO. CASE

13\*\*

**Docket No. 160104-WS** – Application for NSF and late payment charges in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities Inc. of Florida.

(Continued from previous page)

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

**Recommendation:** If Issue 1 and 2 are approved, 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. If a protest is filed within 21 days of the issuance date of the Order, the tariff sheets should remain in effect with all 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.