

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, September 13, 2016, 9:30 a.m.

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

DATE ISSUED: August 31, 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*.

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ITEM NO.

CASE

1**

Consent Agenda

PAA

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
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160087-TX	GigaMonster, LLC
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160161-TX	WAHL TV INC.
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Recommendation: The Commission should approve the actions requested in the dockets referenced above and close these dockets.

ITEM NO.

CASE

2**PAA

Docket No. 160049-EU – Petition for modification of territorial order based on changed legal circumstances emanating from Article VIII, Section 2(c) of the Florida Constitution, by the Town of Indian River Shores.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: GCL: Cowdery

ECO: Draper, Guffey

(Issues 1-4 - Oral Argument Not Requested - Participation at Commission's Discretion; Issue 5 is Proposed Agency Action - Interested Persons May Participate.)

Issue 1: Should the Commission grant the City of Vero Beach's Motion to Intervene and Florida Power & Light Company's Petition to Intervene?

Recommendation: No. The Commission should deny Vero Beach's Motion to Intervene and FPL's Petition to Intervene because intervention is premature and unnecessary at this time.

Issue 2: Should the Commission grant Vero Beach's Motion to Dismiss the Petition for failure to meet the pleading requirements of Rule 28-106.201, F.A.C.?

Recommendation: No. The Commission should deny the Motion to Dismiss the Petition for failing to meet pleading requirements because the Petition is in substantial compliance with Rule 28-106.201, F.A.C.

Issue 3: Should the Commission grant Indian River Shores' Motion to Strike?

Recommendation: No. The Commission should deny Indian River Shores' Motion to Strike.

Issue 4: Should the City of Vero Beach's Motion to Dismiss Indian River Shores' Petition for lack of standing be granted?

Recommendation: The Commission should grant in part and deny in part Vero Beach's Motion to Dismiss for lack of standing. The Commission should grant the Motion to Dismiss on the grounds that Indian River Shores does not have standing to request modification of the Territorial Orders based on allegations of injury from abuses of monopoly powers and excessive rates. The Commission should also grant the Motion to Dismiss on the grounds that Indian River Shores does not have standing to represent Vero Beach's electric customers who reside in Indian River Shores. Dismissal on these grounds should be with prejudice because it conclusively appears from the face of the Petition that these defects in standing cannot be cured. The Commission should deny the Motion to Dismiss on the grounds that Indian River Shores has standing as a municipality to request modification of the Territorial Orders based on changed legal circumstances emanating from Article VIII, Section 2(c), Florida Constitution.

ITEM NO.

CASE

2**PAA

Docket No. 160049-EU – Petition for modification of territorial order based on changed legal circumstances emanating from Article VIII, Section 2(c) of the Florida Constitution, by the Town of Indian River Shores.

(Continued from previous page)

Issue 5: Should the Commission grant Indian River Shores’ Petition for Modification of Territorial Order Based on Changed Legal Circumstances Emanating from Article VIII, Section 2(c) of the Florida Constitution?

Recommendation: No. The Commission should deny on the merits Indian River Shores’ Petition for Modification of Territorial Order Based on Changed Legal Circumstances Emanating from Article VIII, Section 2(c) of the Florida Constitution because: (1) it fails to demonstrate that modification of the Territorial Orders is necessary in the public interest due to changed circumstances not present in the proceedings which led to the Territorial Orders; and (2) it fails to show that modification would not be detrimental to the public interest.

Issue 6: Should this docket be closed?

Recommendation: If the Commission approves staff’s recommendation, and if no person whose substantial interests are affected by the proposed agency action in Issue 5 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. 160129-TX – Request for cancellation of CLEC Certificate No. 7031, effective May 24, 2016, and request for relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Budget PrePay, Inc. d/b/a Budget Phone.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: TEL: Beard

GCL: Murphy

Issue 1: Should the Commission grant Budget’s request for relinquishment of its ETC designation?

Recommendation: Yes, the Commission should grant Budget’s request for relinquishment of its ETC designation.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

4**PAA

Docket No. 160150-TX – Petition for designation as eligible telecommunications carrier (ETC) by Phone Club Corporation.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: TEL: Williams

GCL: Lherisson

Issue 1: Should Phone Club be granted landline ETC designation in the State of Florida?

Recommendation: Yes. Staff recommends that Phone Club be granted landline ETC designation status in all non-rural AT&T wire centers listed in Attachment B of staff's memorandum dated August 31, 2016. If there is a future change of company ownership, the new owners should be required to file a petition with the FPSC and make a showing of public interest to maintain the company's ETC designation.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the Proposed Agency Action files a protest within 21 days of the issuance of the Order, a Consummating Order should be issued and the docket closed upon issuance of a Consummating Order.

ITEM NO.

CASE

5**PAA

Docket No. 160162-TX – Bankruptcy cancellation by Florida Public Service Commission of CLEC Certificate No. 7269, issued to Primus Telecommunications, Inc., effective July 19, 2016.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: TEL: Deas, Fogleman

GCL: Corbari

Issue 1: Should the Commission cancel Primus Telecommunications, Inc.'s local exchange telecommunications company Certificate No. 7269, effective July 19, 2016, due to bankruptcy for the reasons set out in Attachment A of staff's memorandum dated August 31, 2016?

Recommendation: Yes, the Commission should cancel Primus Telecommunications Inc.'s local exchange telecommunications company Certificate No. 7269, effective July 19, 2016, due to bankruptcy, for the reasons set out in Attachment A of staff's memorandum dated August 31, 2016. In addition, the Commission should direct the Division of Administrative and Information Technology Services to request permission from the Florida Department of Financial Services to write off any outstanding Regulatory Assessment Fees owed by Primus Telecommunications Inc., including any statutory interest and penalties, rather than referring the company to collection services due to bankruptcy. Finally, the Commission should order Primus Telecommunications Inc. to immediately cease and desist providing competitive local exchange services in Florida.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

6**

Docket No. 160134-EI – Petition for accounting recognition of Gulf Power Company's ownership in Plant Scherer as being in service to retail customers.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Mouring

ENG: Lee

GCL: Janjic

Issue 1: How should the Commission recognize Gulf's request to acknowledge the change in status of Scherer Unit 3?

Recommendation: The Commission should order Gulf to file two separate monthly Earning Surveillance Reports (ESRs). Pursuant to Rule 25-6.1352, Florida Administrative Code, (F.A.C.), and in accordance with Order No. 23573, the Company should continue to make adjustments to its monthly ESRs to remove Scherer Unit 3's related investment and expenses from the retail jurisdictional rate base. In addition, Gulf should recognize its share of Scherer Unit 3's related investment and expenses that are not currently committed to off-system sales in a separate concurrently filed monthly ESR. Gulf retains the opportunity to seek approval to include its share of Scherer Unit 3 in retail jurisdictional rate base in a future regulatory proceeding.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

7**PAA

Docket No. 150269-WS – Application for limited proceeding water rate increase in Marion, Pasco, and Seminole Counties, by Utilities, Inc. of Florida.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: AFD: Slemkewicz, D. Buys, Mouring

ECO: Hudson, Johnson

ENG: King, Mtenga

GCL: Mapp

Issue 1: Should the Utility's requested increase associated with the Pasco County Interconnect Phase II be approved?

Recommendation: Yes, as modified by staff.

The Commission should approve a water rate increase of \$46,944 (or 5.35 percent) for Pasco County Phase II.

In addition, the estimated \$200,000 net cost to retire the abandoned wells should be reviewed in the forthcoming consolidated rate case in Docket No. 160161-WS.

Further, UIF should be directed to provide secondary water quality results for portions of its Summertree distribution system at least every six months. Samples should be taken from the same sites labeled “nearby system site” shown in Appendix A of the CPH Engineering Report for consistency purposes. Such results should be filed with the Commission for informational purposes. The first report should be filed no later than two months after the completion of the interconnection with Pasco County.

Pursuant to Order No. PSC-14-0025-PAA-WS, the 100-basis point reduction in return on equity and water testing requirement should remain in place until the water quality is deemed satisfactory by the Commission.

ITEM NO.

CASE

7**PAA

Docket No. 150269-WS – Application for limited proceeding water rate increase in Marion, Pasco, and Seminole Counties, by Utilities, Inc. of Florida.

(Continued from previous page)

Issue 2: What is the appropriate application of the recommended rate increase and the effective date and implementation date?

Recommendation:

Staff's recommended rate increase of 5.35 percent for Pasco County should be applied as an across-the-board increase to existing service rates for the Orangewood and Summertree systems.

The rates, as shown on Schedule No. 4 of staff's memorandum dated August 31, 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 interconnection is in-service and 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.

The rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated August 31, 2016, to remove rate case expense grossed up for regulatory assessment fees and amortized over a 4-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.

ITEM NO.

CASE

7**PAA

Docket No. 150269-WS – Application for limited proceeding water rate increase in Marion, Pasco, and Seminole Counties, by Utilities, Inc. of Florida.

(Continued from previous page)

Issue 3: Should the recommended rates be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party whose interests are substantially affected other than the Utility?

Recommendation: Yes. 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 whose interests are substantially affected other than the Utility. UIF 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 after the interconnection is in-service, staff has approved the proposed notice, the notice has been received by the customers, and only after the Utility has provided written guarantee of its corporate undertaking in a cumulative amount of \$72,846. 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 August 31, 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 each month indicating the monthly and total amount of money subject to refund at the end of the preceding month.

Issue 4: Should this docket be closed?

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

ITEM NO.

CASE

8**PAA

Docket No. 160070-EQ – Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Lee

GCL: Lherisson

Issue 1: Should the Commission approve the revised renewable energy tariff and standard offer contract filed by Florida Power & Light Company?

Recommendation: Yes. The provisions of FPL’s revised renewable energy tariff and standard offer contract conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. FPL’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, FPL’s standard offer contract may subsequently be revised.

ITEM NO.

CASE

9**PAA

Docket No. 160151-EI – Petition for approval of stipulation to amend revised and restated stipulation and settlement agreement by Duke Energy Florida, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ENG: Ellis

AFD: Barrett, Lester

GCL: Janjic

Issue 1: Should DEF’s petition to approve the Third Stipulation to Amend the RRSSA (Third RRSSA Amendment) be approved?

Recommendation: Yes. The Third RRSSA Amendment contained in Attachment A of staff’s recommendation dated August 31, 2016, is in the public interest and should be approved. Recovery of the Dry Cask Storage (DCS) facility costs through the Capacity Cost Recovery Clause (CCR Clause) would allow annual review and adjustment, including potential credits from Department of Energy (DOE) awards.

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.

ITEM NO.

CASE

10**

Docket No. 160095-SU – Application for amendment of Certificate No. 164-S to extend territory in Duval County by Commercial Utilities/ A Division of Grace & Company, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Watts, Knoblauch

ECO: Johnson

GCL: Leathers

Issue 1: Should the Commission approve Commercial Utilities' application for amendment of Certificate No. 164-S to extend its wastewater territory in Duval County?

Recommendation: Yes. It is in the public interest to amend Certificate No. 164-S to include the territory as described in Attachment A of staff's memorandum dated August 31, 2016, effective the date of the Commission's vote. The resultant order should serve as Commercial Utilities' amended certificate and should be retained by the Utility. The Utility should charge the customers in the territory added herein the rates and charges contained in its current tariff until a change is authorized by the Commission in a subsequent proceeding.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, no further action will be necessary, and this docket should be closed upon issuance of the order.

ITEM NO.

CASE

11**

Docket No. 160071-EI – Petition for approval of 2016 revisions to underground residential and commercial differential tariffs, by Florida Power & Light Company.

Critical Date(s): 12/01/16 (8-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ECO: Ollila
ENG: Wooten
GCL: Janjic

Issue 1: Should the Commission approve FPL's proposed URD tariff and associated charges filed in the amended petition?

Recommendation: Yes. The Commission should approve FPL's proposed URD tariffs and associated charges filed in the amended petition, effective October 13, 2016.

Issue 2: Should the Commission approve FPL's proposed UCD tariffs and associated charges filed in the amended petition?

Recommendation: Yes. The Commission should approve FPL's proposed UCD tariffs and associated charges filed in the amended petition, effective October 13, 2016.

Issue 3: Should this docket be closed?

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

ITEM NO.

CASE

12**

Docket No. 160173-EI – Petition for approval of modification to and extension of the approved economic development and re-development rider experimental pilot tariffs, by Duke Energy Florida, LLC.

Critical Date(s): 09/19/16 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Guffey

GCL: Mapp

Issue 1: Should the Commission approve DEF's petition to extend its economic development riders until October 17, 2019, and approve the revised service agreement forms?

Recommendation: Yes, the Commission should approve DEF's petition to extend its economic development riders until October 17, 2019, and approve the revised service agreement forms.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

13**

Docket No. 160085-GU – Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): 12/11/16 (8-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Rome

GCL: Mapp

Issue 1: Should the Commission approve the Companies' joint amended petition for approval of a swing service rider tariff and associated rates?

Recommendation: Yes. Staff recommends approval of the proposed swing service rider tariff and associated rates as shown in Attachment A of staff's memorandum dated August 31, 2016. The effective date of the proposed swing service rider tariff should be six months after the date of the Commission's vote. Beginning September 1, 2017, the Companies should submit by September 1 of each year for each of the next four years included in the stepped implementation period, revised swing service rider tariffs for Commission approval. The Companies should incorporate the calculated offset of revenues from the swing service rider as a credit into the PGA proceeding for that concurrent year.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

14**PAA

Docket No. 140186-WU – Application for staff-assisted rate case in Brevard County by Brevard Waterworks, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ECO: Hudson, Johnson

AFD: Norris

ENG: P. Buys, King

GCL: Murphy

Issue 1: What is the appropriate revenue requirement for Phase II?

Recommendation: The appropriate revenue requirement for Phase II is \$140,321.

Issue 2: What is the appropriate rate structure and rates for Phase II?

Recommendation: The Phase II rate decrease of 15 percent for water should be applied as an across-the-board decrease to the existing Phase I rates. The rates, as shown on Schedule No. 4 of staff’s memorandum dated August 31, 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 staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date that the notice was given within 10 days of the date of the notice.

Issue 3: Should this docket be closed?

Recommendation: No. In the event of a protest, the recommended rates should be implemented and staff will file a subsequent recommendation to address the appropriate monies to be held subject to refund, if any. Brevard should file revised tariffs 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. 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

15**PAA

Docket No. 150181-WU – Application for staff-assisted rate case in Duval County by Neighborhood Utilities, Inc.

Critical Date(s): 01/12/17 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECO: Hudson, Daniel, Johnson

AFD: Bulecza-Banks, Mouring, L. Smith II

ENG: P. Buys, King

GCL: Corbari

(Proposed Agency Action - Except for Issue Nos. 9, 10, and 18 - Interested Persons May Participate.)

Issue 1: Is the quality of service provided by Neighborhood Utilities, Inc. satisfactory?

Recommendation: Yes. The overall quality of service provided by Neighborhood should be considered satisfactory.

Issue 2: What is the used and useful percentage (U&U) of Neighborhood Utilities, Inc.'s water treatment plant and distribution system?

Recommendation: Neighborhood's water treatment plant (WTP) and distribution system should be considered 100 percent U&U. Additionally, there appears to be no excessive unaccounted for water. Therefore, staff does recommend an adjustment be made to operating expenses for chemicals and purchased power.

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

Recommendation: The appropriate average test year water rate base is \$160,840.

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

Recommendation: The appropriate return on equity (ROE) is 11.16 percent with a range of 10.16 percent to 12.16 percent. The appropriate overall rate of return is 6.62 percent.

Issue 5: What are the appropriate test year revenues for Neighborhood's water system?

Recommendation: The appropriate test year revenues for Neighborhood's water system are \$141,920.

Issue 6: What are the appropriate test year operating expenses for Neighborhood?

Recommendation: The appropriate amount of operating expenses for the utility is \$176,221.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$186,869, resulting in an annual increase of \$44,949 (or 31.67 percent).

ITEM NO.

CASE

15**PAA

Docket No. 150181-WU – Application for staff-assisted rate case in Duval County by Neighborhood Utilities, Inc.

(Continued from previous page)

Issue 8: What are the appropriate rate structure and rates for Neighborhood's water system?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated August 31, 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.

Issue 9: What is the appropriate amount by which rates should be reduced in four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816 F.S.?

Recommendation: The water rates should be reduced to remove rate case expense grossed up for RAFs and amortized over a four-year period, as shown on Schedule No. 4-A of staff's memorandum dated August 31, 2016. 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. Neighborhood should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

ITEM NO.

CASE

15**PAA

Docket No. 150181-WU – Application for staff-assisted rate case in Duval County by Neighborhood Utilities, Inc.

(Continued from previous page)

Issue 10: Should the recommended rates be approved for the utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility. Neighborhood 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 August 31, 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’s Office of Commission Clerk no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Issue 11: What are the appropriate amount, terms, and conditions for the escrow account established for the meter replacement program?

Recommendation: The utility should be required to escrow \$1,030 every month. The appropriate terms and conditions of the escrow account are set forth in the analysis portion of staff’s memorandum dated August 31, 2016.

Issue 12: Should Neighborhood's miscellaneous service charges be revised?

Recommendation: Yes. Neighborhood’s miscellaneous service charges should be revised. The charges should be effective on or after the stamped approval date on the tariff, pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges 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.

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Issue 13: Should Neighborhood's request to implement a late payment charge be approved?

Recommendation: Yes. Neighborhood's request to implement a late payment charge should be approved. Neighborhood should be allowed to implement a late payment charge of \$4.30. Neighborhood should be required to file a proposed customer notice to reflect the Commission-approved charge. 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), 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.

Issue 14: Should Neighborhood be authorized to collect Non-Sufficient Funds Charges (NSF)?

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

Issue 15: What are the appropriate initial customer deposits for Neighborhood's water service?

Recommendation: The appropriate water initial customer deposit should be \$58 for the residential 5/8" x 3/4" meter size based on staff's recommended rates. 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. In addition, the utility should refund those deposits that have met the refund requirements of Rule 25-30.311(5), F.A.C., within 60 days of the issuance of a consummating order in this matter. The utility should file a refund report within 30 days of the completion of the customer deposit refunds. Neighborhood should be on notice that it may be subject to a show cause proceeding by the Commission, including penalties, if customer deposits are not refunded pursuant to Commission rules.

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Issue 16: What are the appropriate meter installation charges?

Recommendation: The appropriate meter installation charges of \$206 for the 5/8" x 3/4" meters and all other meter sizes should be at actual cost. The meter installation charge may only be collected from new connections to the utility's water system. The approved meter installation charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475, F.A.C.

Issue 17: What is the appropriate manner in which the utility should handle estimated bills?

Recommendation: The utility should handle estimated bills in the manner prescribed in Rule 25-30.335, F.A.C. The utility should submit a sample bill displaying the appropriate designation for estimated bills within 30 days of the consummating order. In addition, Neighborhood should be put on notice that, in the future, it may be subject to a show cause proceeding by the Commission, including penalties.

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

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

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Issue 19: Should this docket be closed?

Recommendation: No. Except for the granting of temporary rates in the event of protest, the four year rate reduction, and proof of adjustments of books and records, which are final actions, 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 will be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Also, the docket should remain open to allow staff to verify that the customer deposits have been properly refunded. Once the above actions are completed this docket will be closed administratively.