

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Tuesday, December 6, 2016, 9:30 a.m.

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

DATE ISSUED: November 22, 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

- A) Docket No. 160227-GU – Application for authority to issue debt security during calendar year 2017, pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida City Gas.

Florida City Gas (Company) seeks authority to finance its on-going cash requirements through its participation and borrowings from, and investments in, Southern Gas Company's (formerly AGL Resources Inc.'s) Utility Money Pool during 2017. Florida City Gas is a division of Pivotal Utility Holdings, Inc., which is a wholly-owned subsidiary of Southern Gas Company. The maximum aggregate short-term borrowings by Pivotal Utility Holdings, Inc.'s three utilities (Elizabethtown Gas, Elkton Gas, and Florida City Gas) from the Utility Money Pool during 2017 will not exceed \$800 million. Florida City Gas states that its share of these borrowings will not exceed \$250 million.

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

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

Recommendation: The Commission should approve the action requested in the docket referenced above. For monitoring purposes, this docket should remain open until April 26, 2018, to allow the Company time to file the required Consummation Report.

ITEM NO.

CASE

2**

Docket No. 160121-GU – Proposed adoption of Rules 25-6.0346, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, and 25-12.085, F.A.C.

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: GCL: Harper

ECO: Rome

ENG: Matthews, Moses

(Proposal May Be Deferred)

Issue 1: Should the Commission propose the amendment of Rules 25-6.0346, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, and 25-12.085, F.A.C.?

Recommendation: Yes. The Commission should propose the amendment of Rules 25-6.0346, 25-12.005, 25-12.008, 25-12.022, 25-12.027, 25-12.040, and 25-12.085, F.A.C., as set forth in Attachment A of staff's memorandum dated November 22, 2016.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

3**

Docket No. 160223-WS – Proposed amendments for Rules 25-30.425 and 25-30.455, F.A.C.

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: GCL: Harper

AFD: Golden

ECO: Rome

(Proposal May Not Be Deferred)

Issue 1: Should the Commission propose the amendment of Rules 25-30.425 and 25-30.455, F.A.C.?

Recommendation: Yes. The Commission should propose the amendment of Rules 25-30.425 and 25-30.455, F.A.C., as set forth in Attachment A of staff's memorandum dated November 22, 2016.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

4**PAA

Docket No. 160153-GU – Petition for approval of final true-up of environmental surcharge by Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Passett, Mouring

GCL: Leathers

Issue 1: Should the Commission approve Chesapeake’s petition to establish a regulatory liability related to funds collected through the Environmental Surcharge in order to address the expected future remediation costs?

Recommendation: Yes. The Commission should approve Chesapeake’s petition to retain the over-collected balance as a regulatory liability in Account 254 for purposes of addressing the future expected remediation costs. The status of the remediation efforts and costs should be subject to review in the Company's next rate case.

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

5**

Docket No. 160005-WS – Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

Critical Date(s): 3/31/16 (Statutory Reestablishment Deadline)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: AFD: Sowards, Norris

GCL: Taylor

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

Recommendation: The Gross Domestic Product Implicit Price Deflator Index is recommended for use in calculating price level adjustments. Staff recommends calculating the 2017 price index by using a fiscal year, four quarter comparison of the Implicit Price Deflator Index ending with the third quarter of 2016.

Issue 2: What rate should be used by water and wastewater utilities for the 2017 Price Index?

Recommendation: The 2017 Price Index for water and wastewater utilities should be 1.51 percent.

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

Recommendation: Pursuant to Rule 25-30.420(1), F.A.C., the Office of Commission Clerk, after the expiration of the Proposed Agency Action (PAA) protest period, should mail each regulated water and wastewater utility a copy of the PAA order establishing the index containing the information presented in Form PSC/ECR 15 (4/99) and Appendix A (Attachment 1 of staff's memorandum dated November 22, 2016). A cover letter from the Director of the Division of Accounting and Finance should be included with the mailing of the order (Attachment 2 of staff's memorandum dated November 22, 2016). The entire package will also be made available on the Commission's website.

Issue 4: Should this docket be closed?

Recommendation: No. Upon expiration of the 14-day protest period, if a timely protest is not received, the decision should become final and effective upon the issuance of a Consummating Order. Any party filing a protest should be required to prefile testimony with the protest. However, this docket should remain open through the end of the year and be closed upon the establishment of the new docket on January 3, 2017.

ITEM NO.

CASE

6**PAA

Docket No. 160105-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Tampa Electric Company.
Docket No. 160106-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Florida Public Utilities Company.
Docket No. 160107-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Duke Energy Florida, LLC.
Docket No. 160108-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Gulf Power Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Brisé

Staff: ENG: P. Buys, Graves
GCL: Leathers

Issue 1: Should the Commission approve Tampa Electric Company’s 2016-2018 storm hardening plan filed in Docket No. 160105-EI?

Recommendation: Yes. Tampa Electric Company’s (TECO) updated plan is largely a continuation of its current Commission-approved plan. A review of TECO’s plan shows that it has the information required by Commission’s Rule and Orders. Staff notes that approval of TECO’s plan does not mean approval for cost recovery. TECO should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

Issue 2: Should the Commission approve Florida Public Utilities Company’s 2016-2018 storm hardening plan filed in Docket No. 160106-EI?

Recommendation: Yes. Florida Public Utilities Company’s (FPUC) updated plan is largely a continuation of its current Commission-approved plan. A review of FPUC’s plan shows that it has the information required by Commission’s Rule and Orders. Staff notes that approval of FPUC’s plan does not mean approval for cost recovery. FPUC should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

Issue 3: Should the Commission approve Duke Energy Florida, LLC’s 2016-2018 storm hardening plan filed in Docket No. 160107-EI?

Recommendation: Yes. Duke Energy Florida, LLC’s (DEF) updated plan is largely a continuation of its current Commission-approved plan. A review of DEF’s plan shows that it has the information required by Commission’s Rule and Orders. Staff notes that approval of DEF’s plan does not mean approval for cost recovery. DEF should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

ITEM NO.

CASE

6**PAA

Docket No. 160105-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Tampa Electric Company.

Docket No. 160106-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Florida Public Utilities Company.

Docket No. 160107-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Duke Energy Florida, LLC.

Docket No. 160108-EI – Petition for approval of 2016-2018 storm hardening plan, pursuant to Rule 25-6.0342, F.A.C., by Gulf Power Company.

(Continued from previous page)

Issue 4: Should the Commission approve Gulf Power Company’s 2016-2018 storm hardening plan filed in Docket No. 160108-EI?

Recommendation: Yes. Gulf Power Company’s (Gulf) updated plan is largely a continuation of its current Commission-approved plan. A review of Gulf’s plan shows that it has the information required by Commission’s Rule and Orders. Staff notes that approval of Gulf’s plan does not mean approval for the cost recovery. Gulf should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

Issue 5: Should these dockets 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 orders, these dockets should be closed upon the issuance of the consummating orders. A protest by an affected person in a docket will not preclude the non-protested dockets from closing.

ITEM NO.

CASE

7**

Docket No. 160186-EI – Petition for rate increase by Gulf Power Company.
Docket No. 160170-EI – Petition for approval of 2016 depreciation and dismantlement studies, approval of proposed depreciation rates and annual dismantlement accruals and Plant Smith Units 1 and 2 regulatory asset amortization, by Gulf Power Company.

Critical Date(s): 12/12/16 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ENG: King

GCL: Tan, Corbari, Cuello, Lherisson

Issue 1: Should Gulf's request for a \$106,782,000 permanent base rate increase and the associated tariff revisions be suspended pending a final decision in this docket?

Recommendation: Yes. The \$106,782,000 permanent base rate increase and its associated tariff revisions requested by Gulf should be suspended in order to allow staff and any intervenors sufficient time to adequately and thoroughly examine whether the request for permanent rate relief is appropriate.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open to process Gulf's revenue increase request.

ITEM NO.

CASE

8**PAA

Docket No. 150010-WS – Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

Critical Date(s): Waived (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ENG: Lewis, King

AFD: Fletcher, Mouring, Smith II

ECO: Bruce

GCL: Murphy

(Proposed Agency Action - Except for Issue Nos. 11, 17, and 18.)

Issue 10: What are the appropriate rate structures and rates for Aquarina’s water and wastewater systems?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated October 20, 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 11: What is the appropriate amount by which rates should be reduced in four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S?¹

Recommendation: The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff’s memorandum dated October 20, 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. Aquarina 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.

¹Section 367.0816, F.S., was repealed effective July 1, 2016. The Statute was in effect at the time Aquarina filed its staff-assisted rate case, therefore, the Statute applies.

ITEM NO.

CASE

8**PAA

Docket No. 150010-WS – Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

(Continued from previous page)

Issue 12: Should Aquarina’s miscellaneous service charges be revised?

Recommendation: Yes. Aquarina’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.

Issue 13: Should Aquarina’s request for direct debit charge be approved?

Recommendation: Yes. Aquarina’s request for a direct debit charge should be approved. The direct debit charge 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 charge 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 14: Should Aquarina be authorized to collect Non-Sufficient Funds (NSF) charges?

Recommendation: Yes. Aquarina should be authorized to collect NSF charges for both systems. Staff recommends that Aquarina 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: Should Aquarina’s existing service availability charges be revised, and if so, what are the appropriate charges?

Recommendation: No. The appropriate service availability charges are the Utility’s existing charges for the potable and non-potable water systems. The wastewater main extension charge should be discontinued.

ITEM NO.

CASE

8**PAA

Docket No. 150010-WS – Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

(Continued from previous page)

Issue 16: Should the Commission approve a Phase II increase for pro forma items for Aquarina?

Recommendation: Yes. The Commission should approve a Phase II revenue requirement associated with pro forma items. The Utility's Phase II revenue requirement is \$171,277 for potable water, \$252,165 for non-potable water, and \$185,657 for wastewater, which equates to increases of 8.23 percent, 2.18 percent, and 3.34 percent, respectively, over the Phase I revenue requirements. Staff recommends that the potable water rates remain unchanged for Phase II. The Phase II wastewater rates should be designed to produce revenues of \$185,002, excluding miscellaneous revenues.

Implementation of the Phase II rates is conditioned upon Aquarina completing the pro forma items within 12 months of the issuance of a consummating order in this docket. The Utility should be required to submit a copy of the final invoices and cancelled checks or other payment confirmation documentation for all pro forma plant items. The Utility should be allowed to implement the above rates once all pro forma items have been completed and documentation provided showing that the improvements have been made. Once verified by staff, the rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until notice has been received by the customers. Aquarina should provide proof of the date notice was given within 10 days of the date of the notice. If the Utility encounters any unforeseen events that will impede the completion of the pro forma items, the Utility should immediately notify the Commission in writing.

ITEM NO.

CASE

8**PAA

Docket No. 150010-WS – Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

(Continued from previous page)

Issue 17: 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. Aquarina 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 October 20, 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 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. Aquarina should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the Utility’s books and records. In the event the Utility needs additional time to complete the adjustments, notice should be provided within seven days prior to deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO.

CASE

8**PAA

Docket No. 150010-WS – Application for staff-assisted rate case in Brevard County by Aquarina Utilities, Inc.

(Continued from previous page)

Issue 19: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the outstanding Phase I pro forma items have been completed, the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Also, the docket should remain open to allow staff to verify that the Phase II pro forma items have been completed, and the Phase II rates properly implemented. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

9**PAA

Docket No. 160174-GU – Request for approval of 2016 depreciation study by Sebring Gas System, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ECO: Higgins

AFD: Cicchetti, Wolmers

GCL: Leathers

Issue 1: Should currently prescribed depreciation rates for Sebring Gas System be revised?

Recommendation: Yes. The review of Sebring’s plant depreciation information indicates a need for revising the company’s currently prescribed depreciation rates.

Issue 2: What should be the implementation date for newly proposed depreciation rates?

Recommendation: Staff recommends January 1, 2017, for implementing newly proposed depreciation rates as shown on Attachments A and B of staff’s memorandum dated November 22, 2016.

Issue 3: What are the appropriate depreciation parameters and resulting rates?

Recommendation: Staff recommends the Commission approve the lives, reserve percentages, net salvage percentages, and resulting remaining life depreciation rates for Sebring that are shown on Attachment A of staff’s memorandum dated November 22, 2016. As shown on Attachment B of staff’s memorandum dated November 22, 2016, the corresponding depreciation expense effect of staff’s rate recommendations is a decrease of \$6,980 annually, or 3.8 percent, based on December 31, 2016 investments.

Issue 4: Should the current amortization of investment tax credits (ITCs) and flow back of excess deferred income taxes (EDITs) be revised to reflect the approved depreciation rates and amortization schedules?

Recommendation: Yes. The current amortization of ITCs should be revised to match the actual recovery periods for the related property. The company should file detailed calculations of the revised ITC amortization at the same time it files its earnings surveillance report covering period ending December 31, 2017, as specified in rule 27-7.1352, F.A.C.

Issue 5: 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

10**

Docket No. 160175-GU – Petition for review and determination on the project construction and gas transportation agreement between NUI Utilities, Inc. d/b/a City Gas Company of Florida and Florida Crystals Corporation, and approval of an interim service arrangement.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: ECO: Rome, Guffey, Draper

AFD: D. Buys

GCL: Leathers

Issue 1: Should the Commission grant Florida Crystals’ Motion to be Designated a Party or in the Alternative Motion to Intervene?

Recommendation: No. The Commission should deny Florida Crystals’ Motion to be Designated a Party or in the Alternative Motion to Intervene because intervention is premature and unnecessary at this time.

Issue 2: Should the Commission grant Florida Crystals’ Request for Oral Argument on its Motion to Dismiss Petition?

Recommendation: Yes. The Commission should grant Florida Crystals’ Request for Oral Argument on its Motion to Dismiss Petition. Staff recommends allowing each side 10 minutes to address this matter.

Issue 3: Should the Commission grant Florida Crystals’ Motion to Dismiss Petition?

Recommendation: No. The Commission should deny Florida Crystals’ Motion to Dismiss Petition because the Petition states a cause of action upon which relief may be granted.

Issue 4: Should the Commission grant Florida Crystals’ Request for Oral Argument on its Response in Opposition to Motion for Approval of a Temporary Interim Service Arrangement?

Recommendation: No. The Commission should not grant Florida Crystals’ Request for Oral Argument on its Response in Opposition to Motion for Approval of a Temporary Interim Service Arrangement. However, staff recommends that the parties be permitted to participate informally on this issue.

ITEM NO.

CASE

10**

Docket No. 160175-GU – Petition for review and determination on the project construction and gas transportation agreement between NUI Utilities, Inc. d/b/a City Gas Company of Florida and Florida Crystals Corporation, and approval of an interim service arrangement.

(Continued from previous page)

Issue 5: Should the Commission approve City Gas's Motion for Approval of the Temporary Interim Service Arrangement including the revised Interim Rates filed on November 1, 2016 in Confidential Exhibit 3A?

Recommendation: No. The Make-Up Period GTA rates should be in effect for a transition period beginning on the date of the Commission vote on this recommendation until a final Commission decision in this docket. If City Gas and Crystals are able to negotiate within the transition period a mutually agreeable operating agreement, it should be brought before the Commission for a decision. If City Gas and Crystals are unable to negotiate a mutually agreeable operating arrangement within the transition period, City Gas should be required to file a limited proceeding by July 31, 2017, for the purpose of determining the appropriate cost basis for contract rates. Revenues collected via the temporary rates during the transition period should be subject to refund with interest based on the Commission's final order in this docket.

Issue 6: Should this docket be closed?

Recommendation: No. This docket should remain open to allow City Gas and Crystals an opportunity to negotiate a mutually agreeable operating arrangement and until the Commission makes a final decision on the arrangement. If City Gas and Crystals are unable to negotiate an arrangement, this docket should continue to remain open until a limited proceeding to resolve the matter can be completed and a consummating order is issued.

ITEM NO.

CASE

11**

Docket No. 160199-GU – Joint petition for approval of gas reliability infrastructure program cost recovery factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): 8-Month Effective Date: 05/01/17 (60-day suspension date waived by the utility to the December 6, 2016 Agenda)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Guffey

GCL: Leathers

Issue 1: Should the Commission approve FPUC, Fort Meade, and Chesapeake's proposed GRIP surcharge factors for 2017?

Recommendation: Yes. The Commission should approve FPUC, Fort Meade, and Chesapeake's proposed GRIP surcharge factors for 2017 commencing with bills rendered for meter readings taken on or after January 6, 2017.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

12**PAA

Docket No. 110200-WU – Application for increase in water rates in Franklin County by Water Management Services, Inc.

Critical Date(s): None

Commissioners Assigned: Brown, Edgar, Patronis

Prehearing Officer: Brown

Staff: AFD: Galloway, Norris

ECO: Daniel, Hudson

ENG: Graves, King

GCL: Leathers

Issue 1: Should any adjustments be made to WMSI's revenue requirement based on the true-up of costs associated with the pro forma plant project previously authorized by the Commission?

Recommendation: Yes. Adjustments should be made to reflect the true-up costs for the pro forma plant project previously authorized by the Commission. Land and plant should be decreased collectively by \$6,006. Corresponding adjustments should be made to increase accumulated depreciation and depreciation expense both by \$5,969. This results in a true-up revenue increase of \$5,547 or 0.29 percent. Due to the low percentage increase, the rates should remain unchanged. In addition, service availability charges should remain unchanged. Further, the Utility should notify the Commission of any future sale, transfer, or reassignment of the 12 remaining lots to any person or entity within 60 days of such a transaction. At the time that it notifies the Commission, the Utility should also submit all documentation regarding the transaction, including, but not limited to, the market value of the land and calculation of any gain on sale. Finally, the escrow account should be closed and any remaining funds in the escrow account should be released to the Utility.

Issue 2: Is WMSI in substantial compliance with Order No. PSC-12-0641-PCO-WU; and, if not, should WMSI be ordered to show cause why it is not in substantial compliance with Order No. PSC-12-0641-PCO-WU?

Recommendation: Yes, WMSI is in substantial compliance with Order No. PSC-12-0641-PCO-WU, and should not be ordered to show cause.

Issue 3: Should this docket be closed?

Recommendation: If a protest is filed within 21 days of the issuance date of the Order, the docket should remain open pending resolution of the protest. If no timely protest is filed, a consummating order should be issued and the docket should be closed.