

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Thursday, May 4, 2017, 9:30 a.m.

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

DATE ISSUED: April 21, 2017

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 item number.

To participate informally, affected persons need only appear at the conference and request the opportunity to address the Commission on an item listed on the 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 Florida Administrative Code Rules 25-22.0021 (agenda conference participation) and 25-22.0022 (oral argument).

Conference agendas, staff recommendations, vote sheets, and transcripts are available online at www.floridapsc.com, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. An official vote of "move staff" denotes that the Item's recommendations were approved.

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 or 850-413-6770 (Florida Relay Service, 1-800-955-8770 Voice or 1-800-955-8771 TDD). Assistive Listening Devices are available upon request from the Office of Commission Clerk, Gerald L. Gunter Building, Room 152.

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If you have any questions, contact the Office of Commission Clerk at 850-413-6770 or Clerk@psc.state.fl.us.

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ITEM NO.

CASE

1**

Docket No. 160246-WS – Proposed adoption of Rule 25-30.444, F.A.C., Utility Reserve Fund, and 25-30.4445, F.A.C., Notice of Application for Utility Reserve Fund.

Rule Status: May Not Be Deferred. Rules must be filed for adoption by June 7, 2017.

Commissioners Assigned: All Commissioners

Prehearing Officer: Polmann

Staff: GCL: Harper

AFD: Golden

ECO: Rome

Issue 1: Should the Commission change proposed Rule 25-30.444, F.A.C., based on JAPC's comments?

Recommendation: Yes. Staff recommends changing proposed Rule 25-30.444, F.A.C., as set forth in Attachment B of staff's memorandum dated April 21, 2017.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, a Notice of Change will be published in the Florida Administrative Register. The rules may be then filed for adoption with the Department of State 21 days after the Notice of Change is published in Florida Administrative Register, and this docket should be closed.

ITEM NO.

CASE

2**

Docket No. 170039-TP – Request for submission of proposals for relay service, beginning in March 2018, for the deaf, hard of hearing, deaf/blind, or speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

Critical Date(s): The current contract with Sprint expires February 28, 2018. Significant time is needed to issue the RFP, evaluate proposals, and to set-up the system.

Commissioners Assigned: All Commissioners

Prehearing Officer: Patronis

Staff: TEL: Bates, Fogleman, Long, Williams

GCL: Page

Issue 1: Should the RFP be issued?

Recommendation: Yes. The Commission should issue the RFP, as set forth in Attachment A of staff's memorandum dated April 21, 2017.

Issue 2: Should this docket be closed?

Recommendation: No.

ITEM NO.

CASE

3**PAA

Docket No. 170014-EI – Petition for approval of ENERGY STAR program for new multi-family residences, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Thompson

ECO: Whitchurch

GCL: Murphy

Issue 1: Should the Commission approve TECO’s petition for approval of its ENERGY STAR Program for New Multi-Family Residences?

Recommendation: Yes. The Multi-Family Program advances the policy objectives of FEECA, is directly monitorable and yields measurable results, and is cost-effective. The Program Participation Standards were submitted concurrently with the program description. Staff has reviewed these standards and believes that they are sufficient. Therefore, staff recommends that costs associated with the Multi-Family Program are eligible for cost recovery through TECO’s Energy Conservation Cost Recovery factor.

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 PAA Order, a Consummating Order should be issued and the docket should be closed.

ITEM NO.

CASE

4**PAA

Docket No. 170015-EI – Petition to amend energy education, awareness and agency outreach program, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Thompson

ECO: Whitchurch

GCL: Murphy, Cuello

RECOMMENDATION TO BE FILED BY 5:00 PM ON MONDAY, APRIL 24, 2017.

ITEM NO.

CASE

5**PAA

Docket No. 160065-WU – Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

Critical Date(s): 05/04/17 (5-Month Effective Date Waived Through May 4, 2017)

Commissioners Assigned: All Commissioners

Prehearing Officer: Polmann

Staff: ENG: Hill, Graves, King

AFD: Frank, Norris

ECO: Hudson, Johnson

GCL: Leathers, Crawford

(Proposed Agency Action – Except for Issue Nos. 21 and 23.)

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

Recommendation: Yes. Staff recommends that the quality of Bocilla’s product and the condition of the water treatment facilities is satisfactory. It appears that the Utility has attempted to address customers’ concerns. Therefore, staff recommends that the overall quality of service for the Bocilla water system in Charlotte County is satisfactory.

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

Recommendation: Yes. Accumulated amortization of Contributions-in-aid-of-Construction (CIAC) should be decreased by \$44,625, and CIAC amortization expense should be decreased by \$3,538. Further, Operations and Maintenance (O&M) expense should be decreased by \$5,048.

Issue 3: Should the full amount of the original cost study provided by the Utility be accepted as a factor in determining Utility Plant in Service?

Recommendation: No. Staff recommends that the original cost study is sufficient to support the amount of Utility Plant in Service (UPIS) presented in the MFRs; however, errors and discrepancies discovered by staff suggest that the original cost study is not sufficiently reliable to support the higher plant values. Staff recommends that UPIS balances should be based on the MFRs, with adjustments described in the analysis portion of staff’s memorandum dated April 21, 2017. Accordingly, UPIS should be increased by \$9,848. A corresponding adjustment should be made to decrease accumulated depreciation by \$49,695 and depreciation expense by \$1,025.

Issue 4: Should further adjustments be made to the Utility’s rate base?

Recommendation: Yes. UPIS should be reduced by \$44,000 to remove double counting of land. Land should be further reduced by \$44,000 to reflect the removal of land from rate base. CIAC should be increased by \$83 associated with the meter installation charges collected by the Utility. Corresponding adjustments should be made to increase both accumulated amortization of CIAC and CIAC amortization expense by \$8 and to decrease property taxes by \$3,179.

ITEM NO.

CASE

5**PAA

Docket No. 160065-WU – Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

(Continued from previous page)

Issue 5: Should any adjustments be made to the Utility’s pro forma plant?

Recommendation: Yes. The appropriate amount of pro forma plant additions is \$139,708. This results in a decrease of \$50,067 from the Utility’s requested amount. Therefore, UPIS should be increased by \$139,708. Corresponding adjustments should also be made to increase accumulated depreciation by \$11,709 and increase depreciation expense by \$11,709. Additionally, property taxes should be increased by \$2,136.

Issue 6: What is the used and useful (U&U) percentage of the Utility’s water transmission and distribution system?

Recommendation: Bocilla’s water transmission and distribution system should be considered 100 percent U&U. There appears to be no excessive unaccounted for water (EUW). Therefore, staff recommends that no adjustment be made to operating expenses for purchased water.

Issue 7: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance is \$46,996. As such, the working capital allowance should be increased by \$1,530.

Issue 8: What is the appropriate rate base for the test year period ended December 31, 2015?

Recommendation: Consistent with staff’s other recommended adjustments, the appropriate rate base for the test year ended December 31, 2015, is \$746,527.

Issue 9: What is the appropriate return on equity?

Recommendation: Based on the Commission’s leverage formula currently in effect, the appropriate return on equity (ROE) is 11.16 percent with an allowed range of plus or minus 100 basis points.

Issue 10: What is the appropriate weighted average cost of capital based on the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2015?

Recommendation: The appropriate weighted average cost of capital for the test year ended December 31, 2015, is 6.03 percent.

Issue 11: What is the appropriate amount of test year revenues?

Recommendation: The appropriate test year revenues for Bocilla’s water system are \$398,153.

Issue 12: Should any adjustments be made to the Utility’s pro forma expenses?

Recommendation: Yes. Bocilla’s requested pro forma O&M expenses should be reduced by \$29,402. A corresponding adjustment should be made to increase payroll taxes by \$765.

ITEM NO.

CASE

5**PAA

Docket No. 160065-WU – Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

(Continued from previous page)

Issue 13: Should any adjustments be made to the Utility’s salaries and wages expense?
Recommendation: Yes. Salaries and wages expense should be reduced by \$13,896. Pensions and benefits should be decreased by \$1,510. A corresponding adjustment should be made to reduce payroll taxes by \$1,103.

Issue 14: Should further adjustments be made to the Utility’s O&M expense?
Recommendation: Yes. O&M expense should be further decreased by \$18,520.

Issue 15: What is the appropriate amount of rate case expense?
Recommendation: The appropriate amount of rate case expense is \$99,588. This expense should be recovered over four years for an annual expense of \$24,897. Therefore, annual rate case expense should be increased by \$3,797.

Issue 16: What is the appropriate revenue requirement for the test year ended December 31, 2015?

Recommendation: Staff recommends the following revenue requirement be approved.

Test Year Revenue	\$ Increase	Revenue Requirement	% Increase
\$398,153	\$99,573	\$497,726	25.01%

Issue 17: What are the appropriate rate structures and rates for Bocilla’s water system?
Recommendation: The recommended rate structure and monthly water rates are attached as Schedule No. 4 of staff’s memorandum dated April 21, 2017. 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 18: Should Bocilla’s request to implement a late payment charge be approved?
Recommendation: Yes. Bocilla’s request to implement a late payment charge of \$7.12 should be approved. Bocilla should be required to file a proposed customer notice and tariff 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 10 days after the date of the notice.

ITEM NO.

CASE

5**PAA

Docket No. 160065-WU – Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

(Continued from previous page)

Issue 19: Should the Utility’s approved service availability policy and charges be revised?

Recommendation: Yes. Bocilla’s existing water system capacity charge should be discontinued. Staff recommends a new meter installation charge of \$365 and a main extension charge of \$1,421 per ERC. The Utility’s existing AFPI charge should be collected from the remaining 315 ERCs the system was originally designed to serve. The approved service availability charges may only be collected from new connections to the Utility’s water system. The approved service availability 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 20: What are the appropriate initial customer deposits for Bocilla?

Recommendation: The appropriate water initial customer deposit should be \$183 for the residential 5/8 inch x 3/4 inch 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.

Issue 21: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?¹

Recommendation: The water rates should be reduced as shown on Schedule No. 4 of staff’s memorandum dated April 21, 2017, to remove rate case expense grossed up for regulatory assessment fees (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. Bocilla 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, pursuant to Ch. 2016-226, Laws of Florida, effective July 1, 2016. However, the Statute was in effect when Bocilla’s application was filed, and therefore shall remain applicable in this case.

ITEM NO.

CASE

5**PAA

Docket No. 160065-WU – Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.

(Continued from previous page)

Issue 22: In determining whether any portion of the interim water revenue increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The appropriate refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. The revised revenue requirements for the interim collection period should be compared to the amount of interim revenues granted. This results in a refund of 7.8 percent. The refund should be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility should be required to submit proper refund reports, pursuant to Rule 25-30.360(7), F.A.C. The Utility should treat any unclaimed refunds as Contributions in Aid of Construction (CIAC), pursuant to Rule 25-30.360(8), F.A.C. Further, the letter of credit should be released upon staff's verification that the required refunds have been made.

Issue 23: Should the Utility be required to notify, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable 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. Bocilla 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.

Issue 24: 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, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

6**

Docket No. 170073-EI – Petition for approval of revised underground residential distribution tariffs, by Tampa Electric Company.

Critical Date(s): 05/30/17 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Rome

GCL: Mapp

Issue 1: Should TECO's proposed URD tariff revisions be suspended?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariff revisions.

ITEM NO.

CASE

7**

Docket No. 170069-EI – Petition for approval of revised underground residential distribution tariffs, by Duke Energy Florida, Inc.

Critical Date(s): 05/30/17 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ollila

GCL: Leathers

Issue 1: Should Duke's proposed URD tariff revisions be suspended?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariff revisions.

ITEM NO.

CASE

8**

Docket No. 170074-EI – Petition for approval of 2017 revisions to underground residential distribution tariffs, by Gulf Power Company.

Critical Date(s): 05/30/17 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ollila

GCL: Janjic

Issue 1: Should Gulf's proposed URD tariff revisions be suspended?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariff revisions.

ITEM NO.

CASE

9**PAA

Docket No. 170036-GU – Joint petition for approval of territorial agreement in DeSoto County by Florida Division of Chesapeake Utilities Corporation and Sebring Gas System, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ECO: Ollila

GCL: Taylor

Issue 1: Should the Commission approve the proposed agreement between Chesapeake and Sebring?

Recommendation: Yes, the Commission should approve the proposed agreement between Chesapeake and Sebring.

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

10**

Docket No. 170062-GU – Petition for approval to amend gas reliability infrastructure program (GRIP) cost recovery factor, by Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): 05/08/17 (60 day suspension deadline)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Ollila

GCL: Janjic

Issue 1: Should the Commission approve Chesapeake's petition to amend the 2017 GRIP factor for rate class FTS-9 customers and issue refunds to FTS-9 customers?

Recommendation: Yes, the Commission should approve Chesapeake's petition to amend the 2017 GRIP factor for rate class FTS-9 customers effective on the date of the Commission's decision and issue refunds in the form of bill credits to the FTS-9 customers. Within 30 days of the issuance of the bill credits, Chesapeake should notify staff that the refunds have been completed.

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 administratively after Chesapeake notifies staff that the refunds are complete.

ITEM NO.

CASE

11**

Docket No. 170038-GU – Request for approval of tariff modifications related to natural gas vehicles and fueling facilities by Peoples Gas System.

Critical Date(s): 10/20/17 (8-Month Effective Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Guffey

GCL: Janjic

Issue 1: Should the Commission approve Peoples’ petition to modify the NGVS-2 rate schedule and approve the new NGVS-3 rate schedule?

Recommendation: Yes. The Commission should approve Peoples’ petition to modify the NGVS-2 rate schedule and approve the new NGVS-3 rate schedule effective May 4, 2017.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved the tariffs should become effective on May 4, 2017. If 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**

Docket No. 170071-GU – Petition for approval of tariff modifications relating to relocation or modification of gas service facilities, by Peoples Gas System.

Critical Date(s): 05/29/17 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Rome

GCL: Janjic

Issue 1: Should the Commission approve Peoples' proposed modifications relating to the Company's gas service facilities tariff?

Recommendation: Yes, the Commission should approve Peoples' proposed modifications relating to the Company's gas service facilities tariff, as reflected in Attachment A of staff's memorandum dated April 21, 2017, effective May 4, 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.