

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Thursday, August 3, 2017, 9:30 a.m.

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

DATE ISSUED: July 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 <http://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.

The Commission Conference has a live video broadcast the day of the conference, which is available from the FPSC 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*.

EMERGENCY CANCELLATION OF CONFERENCE: If a named storm or other disaster requires cancellation of the Conference, Commission staff will attempt to give timely notice. Notice of cancellation will be provided on the Commission's website (<http://www.floridapsc.com>) under the Hot Topics link on the home page. Cancellation can also be confirmed by calling the Office of Commission Clerk at 850-413-6770.

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. 20170127-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for BellSouth Telecommunications, LLC d/b/a AT&T Florida d/b/a AT&T Southeast.

Docket No. 20170128-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Embarq Florida, Inc. d/b/a CenturyLink.

Docket No. 20170129-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Frontier Florida LLC.

Docket No. 20170130-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Frontier Communications of the South, LLC.

Docket No. 20170131-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for GTC, Inc. d/b/a FairPoint Communications.

Docket No. 20170132-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for ITS Telecommunications Systems, Inc.

Docket No. 20170133-TX – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Knology of Florida, Inc. d/b/a WOW! Internet, Cable and Phone.

Docket No. 20170134-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Northeast Florida Telephone Company d/b/a NEFCOM.

Docket No. 20170135-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Quincy Telephone Company d/b/a TDS Telecom.

Docket No. 20170136-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Smart City Telecommunications LLC d/b/a Smart City Telecom.

Docket No. 20170137-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Windstream Florida, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: TEL: Curry, Bates, Long

GCL: Cuello, Murphy

ITEM NO.

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Docket No. 20170136-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Smart City Telecommunications LLC d/b/a Smart City Telecom.

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Issue 1: Should the Commission certify to the FCC and to USAC, by letter from the Chairman and through USAC’s online portal, that BellSouth Telecommunications, LLC d/b/a AT&T Florida; Embarq Florida, Inc. d/b/a CenturyLink; Frontier Florida LLC; Frontier Communications of the South, LLC; GTC, Inc. d/b/a FairPoint Communications; ITS Telecommunications Systems, Inc.; Knology of Florida, Inc. d/b/a WOW! Internet, Cable, and Phone; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; Smart City Telecommunications, LLC d/b/a Smart City; and Windstream Florida, Inc. are eligible to receive federal high-cost support, that they have used the federal high-cost support in the preceding calendar year, and they will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended?

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Docket No. 20170136-TL – 2018 State certification under 47 C.F.R. §54.313 and §54.314 for Smart City Telecommunications LLC d/b/a Smart City Telecom.

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Recommendation: Yes. The Commission should certify to the FCC and to USAC, by letter from the Chairman and through USAC’s online portal, that BellSouth Telecommunications, LLC d/b/a AT&T Florida; Embarq Florida, Inc. d/b/a CenturyLink; Frontier Florida LLC; Frontier Communications of the South, LLC; GTC, Inc. d/b/a FairPoint Communications; ITS Telecommunications Systems, Inc.; Knology of Florida, Inc. d/b/a WOW! Internet, Cable, and Phone; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone; Smart City Telecommunications, LLC d/b/a Smart City; and Windstream Florida, Inc. are eligible to receive federal high-cost support, that they have used the federal high-cost support in the preceding calendar year, and they will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a Final Order.

ITEM NO.

CASE

2**PAA

Docket No. 20160222-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

Critical Date(s): 01/22/2018 (15-Month Statutory Deadline (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Polmann

Staff: AFD: Cicchetti, D. Buys, Richards

ECO: Friedrich, Hudson

ENG: Ellis, Wooten

GCL: Murphy

(Proposed Agency Action - Except Issue Nos. 9, 13, and 14)

Issue 1: Is the quality of service provided by LP Waterworks, Inc. satisfactory?

Recommendation: Yes. Staff recommends that the overall quality of service provided by the Utility be considered satisfactory.

Issue 2: What are the used and useful percentages (U&U) of LP Waterworks, Inc. water treatment plant (WTP), water storage, wastewater treatment plant (WWTP), and distribution and collection systems?

Recommendation: The Utility's WTP, WWTP, water storage, water distribution system and wastewater collection system should all be considered 100 percent U&U. Staff recommends a 24 percent adjustment to purchased power and chemical expenses be made for excessive unaccounted for water.

Issue 3: What is the appropriate simple average rate base for the test year ended August 31, 2016 for LP Waterworks, Inc.?

Recommendation: The appropriate simple average rate base for the test year ended August 31, 2016 is \$109,264 for water and \$162,724 for wastewater.

Issue 4: What is the appropriate rate of return on equity (ROE) and overall rate of return for LP Waterworks, Inc.?

Recommendation: The appropriate mid-point ROE is 9.27 percent with a range of 8.27 percent to 10.27 percent. The appropriate overall rate of return is 7.89 percent.

Issue 5: What are the appropriate test year revenues for the water and wastewater systems of LP Waterworks, Inc.?

Recommendation: The appropriate test year revenues for LP's water and wastewater systems are \$105,065 and \$85,659, respectively.

Issue 6: What is the appropriate amount of Operating Expense for the test year ended August 31, 2016?

Recommendation: The appropriate amount of operating expense for the LP Waterworks, Inc. is \$110,945 for water and \$96,863 for wastewater.

ITEM NO.

CASE

2**PAA

Docket No. 20160222-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

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Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$119,566 for water and \$109,702 for wastewater, resulting in an annual increase of \$14,501 (13.80 percent) for water and an annual increase of \$24,043 (28.07 percent) for wastewater.

Issue 8: What are the appropriate rate structures and rates for the water and wastewater systems of LP Waterworks, Inc.?

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 July 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 this 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 367.081(8), F.S.?

Recommendation: The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B, respectively, of staff’s memorandum dated July 21, 2017, 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 367.081(8), F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If 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

2**PAA

Docket No. 20160222-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

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Issue 10: What are the appropriate miscellaneous service charges for LP Waterworks, Inc.?

Recommendation: The miscellaneous service charges identified in Table 10-5 of staff's memorandum dated July 21, 2017, are appropriate and should be approved. 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 changes 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: Should LP Waterworks, Inc. be authorized to collect Non-Sufficient Funds Charges (NSF)?

Recommendation: Yes. LP should be authorized to collect NSF charges. 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 changes 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 12: What are the appropriate main extension charges for the water and wastewater systems of LP Waterworks, Inc.?

Recommendation: The appropriate main extension charges for LP's water and wastewater systems are \$510 and \$390 per equivalent residential connection (ERC), respectively. The recommended service availability charge should be based on an estimated 350 gallons per day of water. The Utility should file revised tariff sheets and a proposed customer notice. LP should provide notice to customers who have requested service within the 12 calendar months prior to the month the application was filed to the present. The approved charges should be effective for connections made on or after the stamped approval date on the tariff sheets. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

ITEM NO.

CASE

2**PAA

Docket No. 20160222-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

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Issue 13: Should the recommended rates be approved for LP Waterworks, Inc. 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. LP 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 July 21, 2017. 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 14: Should LP Waterworks, Inc. be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission’s decision?

Recommendation: Yes. LP should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the final order in this docket confirming that the adjustments to all applicable NARUC USOA primary 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 the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO.

CASE

2**PAA

Docket No. 20160222-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

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Issue 15: Should this docket be closed?

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

ITEM NO.

CASE

3**

Docket No. 20170072-EQ – Petition for approval of amended standard offer contract and amended interconnection agreement, by Duke Energy Florida, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ENG: Ellis, Thompson

GCL: Cuello

Issue 1: Should the Commission approve the amended standard offer contract, filed on July 14, 2017, and associated rate schedule and amended interconnection agreement filed by Duke Energy Florida?

Recommendation: Yes. The provisions of the amended standard offer contract and associated rate schedule, along with the updated interconnection agreement, conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. and address the concerns raised at the July 13, 2017 Commission Conference. The amended 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. The updated interconnection agreement provides the Utility an opportunity to limit the physical capacity of any new connection based on testing results. Staff recommends that the revisions to the rate schedule and standard offer contract, as well as the updated interconnection agreement be approved as filed.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

4**

Docket No. 20170148-EI – Petition for determination under Rule 25-6.115, F.A.C., and approval of associated revised tariff sheet 6.300, by Florida Power & Light Company.

Critical Date(s): 08/23/17 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Draper, Guffey

GCL: Brownless

Issue 1: Should FPL's proposed revisions to Tariff Sheet No. 6.300 be suspended?

Recommendation: Yes. Staff recommends that the proposed revisions to Tariff Sheet No. 6.300 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff revisions.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed revisions to Tariff Sheet No. 6.300.