

**MINUTES OF August 18, 2009**  
**COMMISSION CONFERENCE**  
**COMMENCED: 9:34 am**  
**RECESSED: 10:36 am**  
**RECONVENED: 10:52 am**  
**RECESSED: 12:55 pm**  
**RECONVENED: 1:18 pm**  
**RECESSED: 1:19 pm**  
**RECONVENED: 2:36 pm**  
**RECESSED: 3:41 pm**  
**RECONVENED: 3:54 pm**  
**RECESSED: 5:31 pm**  
**RECONVENED: 5:41 pm**  
**ADJOURNED: 5:49 pm**

**COMMISSIONERS PARTICIPATING:** Chairman Carter  
Commissioner Edgar  
Commissioner McMurrian  
Commissioner Argenziano (via telephone)  
Commissioner Skop

Parties were allowed to address the Commission on items designated by double asterisks (\*\*).

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1                    **Approval of Minutes**  
June 16, 2009 Regular Commission Conference  
June 30, 2009 Regular Commission Conference

DECISION: The minutes were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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2\*\*

**Consent Agenda**

PAA

A) Applications for certificates to provide competitive local exchange telecommunications service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
080694-TX	Micro-Comm, Inc.
090339-TX	Entelegent Solutions, Inc.
090340-TX	Velocity The Greatest Phone Company Ever, Inc.
090369-TX	Linkup Telecom, Inc.
090387-TX	SAVE PLUS, INC.

PAA

B) Applications for certificates to provide pay telephone service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
090347-TC	Hospitality Vending, Inc.
090379-TC	Jedi, Inc. d/b/a Omega One Telecommunications

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

**DECISION:** The recommendation was approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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3

**Docket No. 080677-EI** – Petition for increase in rates by Florida Power & Light Company.

**Docket No. 090130-EI** – 2009 depreciation and dismantlement study by Florida Power & Light Company.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** McMurrin

**Staff:** GCL: Brown, Bennett

ECR: Slemkewicz

**(No request for Oral Argument Filed)**

**Issue 1:** Should the Commission grant FPL's Motion to Strike South Daytona's Reply to FPL's Response in Opposition to the Motion to Dismiss?

**Recommendation:** Yes. The Commission should grant FPL's Motion to Strike. A reply to a response to a motion is not contemplated by Florida's Uniform Rules of Administrative Procedure, or the Commission's prior practice. The Commission should not consider it in its consideration of South Daytona's Motion to Dismiss and FPL's Response.

**Issue 2:** Should the Commission grant South Daytona's Motion to Dismiss?

**Recommendation:** No. The Commission should deny South Daytona's Motion to Dismiss. The appropriate test year for FPL's rate request is identified as an issue in the proceeding, and South Daytona will have full opportunity to address the matter at the hearing and in its post-hearing filings.

**Issue 3:** Should these dockets be closed?

**Recommendation:** No. These dockets should remain open to consider FPL's rate request and depreciation and dismantlement study.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrin, Argenziano, Skop

**ITEM NO.**

**CASE**

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4\*\*

**Docket No. 080677-EI** – Petition for increase in rates by Florida Power & Light Company.

**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** McMurrian (080677-EI)

Skop (090079-EI)

**Staff:** GCL: Gervasi, Bennett, Fleming

RCP: Salak

ECR: Slemkewicz

**Issue 1:** Should PEF and FPL's Requests for Determination by Full Commission be granted?

**Recommendation:** Yes, PEF and FPL's Requests for Determination by Full Commission should be granted. PEF did not request a full Commission ruling on its Second Request for Confidential Classification pertaining to certain salary information provided in response to Interrogatory No. 1 from Staff's First Set of Interrogatories (Nos. 1-2). The full Commission should also consider that request, which is addressed within Issue 2 of this recommendation.

**Issue 2:** Should the portion of PEF's Second Request for Confidential Classification pertaining to the information provided in response to Interrogatory No. 1 from Staff's First Set of Interrogatories (Nos. 1-2) (contained within, but not comprising all of DN 04092-09), PEF's Fifth Request for Confidential Classification for Portions of its Response to Interrogatory Nos. 123-124 from Staff's Tenth Set of Interrogatories (Nos. 123-126) (DN 07388-09), and PEF's Sixth Request for Confidential Classification for Portions of its Response to Staff's Eighteenth Set of Interrogatories (Nos. 197-198) (DN 07595-09) be granted?

**Recommendation:** No, the portion of PEF's Second Request for Confidential Classification pertaining to the information provided in response to Interrogatory No. 1 from Staff's First Set of Interrogatories (Nos. 1-2) (contained within, but not comprising all of DN 04092-09), PEF's Fifth Request for Confidential Classification for Portions of its Response to Interrogatory Nos. 123-124 from Staff's Tenth Set of Interrogatories (Nos. 123-126) (DN 07388-09), and PEF's Sixth Request for Confidential Classification for Portions of its Response to Staff's Eighteenth Set of Interrogatories (Nos. 197-198) (DN 07595-09) should be denied. PEF should be required to provide in a publicly available manner, spreadsheets which, at a minimum, match the compensation information at issue to the specific job titles previously provided.

**ITEM NO.**

**CASE**

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4\*\*

**Docket No. 080677-EI** – Petition for increase in rates by Florida Power & Light Company.

**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc.

(Continued from previous page)

**Issue 3:** Should FPL’s Revised Request for Confidential Classification of Staff’s Third Set of Interrogatories No. 16, Staff’s Fourth Set of Interrogatories No. 32, and Staff’s Eighth Set of Interrogatories No. 97 (DN 07400-09 and DN 07694-09) be granted?

**Recommendation:** No, FPL’s Revised Request for Confidential Classification of Staff’s Third Set of Interrogatories No. 16, Staff’s Fourth Set of Interrogatories No. 32, and Staff’s Eighth Set of Interrogatories No. 97 (DN 07400-09 and DN 07694-09) should be denied. FPL should be required to provide in a publicly available manner, spreadsheets which, at a minimum, match the compensation information at issue to the specific job titles previously provided.

**Issue 4:** Should these dockets be closed?

**Recommendation:** No, these dockets should remain open to process PEF and FPL’s pending rate cases.

**DECISION:** The recommendations were approved. Staff made an oral modification to Issue 3.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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4A\*\*

**Docket No. 080677-EI** – Petition for increase in rates by Florida Power & Light Company.

**Docket No. 090079-EI** – Petition for increase in rates by Progress Energy Florida, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** McMurrian (080677-EI)

Skop (090079-EI)

**Staff:** GCL: Gervasi, Bennett, Fleming

RCP: Salak

ECR: Slemkewicz

**Issue 1:** Should Staff's Motion for Order Compelling FPL to Respond to Interrogatory Nos. 16-17, 32 and 97 be granted?

**Recommendation:** Yes, Staff's Motion for Order Compelling Responses to Interrogatories should be granted. FPL should be directed to fully and completely respond to the interrogatories as revised by staff in Attachment B of its Motion within two days of the issuance date of the order arising from this recommendation.

**Issue 2:** Should Staff's Motion for Order Compelling PEF to Respond to Interrogatory Nos. 123-126 and 197-198 be granted?

**Recommendation:** Yes. PEF should be required to provide its full and complete responses to Interrogatory Nos. 123-126 and 197-198 within seven days from the issuance date of the order arising from this recommendation, and PEF and its employee intervenors' Motion for Protective Order and Conditional Motion for Stay should be denied.

**Issue 3:** Should these dockets be closed?

**Recommendation:** No, these dockets should remain open in order to process FPL and PEF's pending rate cases.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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5

**Docket No. 080641-TP** – Initiation of rulemaking to amend and repeal rules in Chapters 25-4 and 25-9, F.A.C., pertaining to telecommunications.

**Rule Status:** Adoption - Adoption should not be deferred.

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Skop

**Staff:** GCL: Cowdery, Miller, Cibula  
RCP: Mailhot, Salak, Kennedy  
ECR: Hewitt  
SSC: Moses

**Issue 1:** Should the Commission adopt changes to proposed Rules 25-4.0185, Periodic Reports, 25-4.066, Availability of Residential Service, 25-4.070, Customer Trouble Reports for Residential Service, 25-4.073, Answering Time for Residential Service, and 25-4.110, Customer Billing for Local Exchange Telecommunications Companies, F.A.C., based on comments filed by Joint Petitioners and by CWA?

**Recommendation:** The Commission should adopt some, but not all, of Joint Petitioners' suggested changes to proposed Rules 25-4.0185, 25-4.066, 25-4.070, 25-4.073, and 25-4.110, as set forth in Attachment A in staff's memorandum dated August 6, 2009. The Commission should not adopt CWA's suggested changes to proposed Rule 25-4.070.

**DECISION:** The recommendation was approved.

**Issue 2:** Should the Commission adopt changes to proposed Rule 25-4.083, Florida Administrative Code, as suggested by the FCTA?

**Recommendation:** No, the Commission should not adopt FCTA's suggested changes to proposed Rule 25-4.083, F.A.C.

**DECISION:** This issue was deferred to the September 15, 2009, Commission Conference.

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

**Recommendation:** Yes.

**DECISION:** The recommendation was denied.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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6\*\*PAA

**Docket No. 090246-TP** – Notice of adoption of existing interconnection agreement between BellSouth Telecommunications, Inc. d/b/a AT&T Florida d/b/a AT&T Southeast and Cbeyond Communications, LLC by Clective Telecom Florida, LLC. (Deferred from the July 14, 2009, Commission Conference, revised recommendation filed.)

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** RCP: Bates, Watts

GCL: McKay, Tan

**Issue 1:** Does AT&T have standing to request the cancellation of Clective's CLEC certificate?

**Recommendation:** No, AT&T does not have standing to request the cancellation of Clective's CLEC certificate.

**Issue 2:** Can Clective adopt the BellSouth/AT&T and Cbeyond Interconnection Agreement?

**Recommendation:** Yes, there is nothing precluding Clective from adoption of the BellSouth/AT&T and Cbeyond Interconnection Agreement, pursuant to 47 U.S.C. §252(i) and 47 C.F.R. §51.809. The parties should file an executed interconnection agreement within ten days after the Consummating Order is issued. The effective date of the agreement should be the date upon which Clective filed its Notice of Adoption, April 29, 2009.

**Issue 3:** 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, ~~the order should become final and the docket should remain open. Upon filing of the parties executed interconnection agreement, this docket should be closed administratively.~~ the order should become final and the docket should be closed upon issuance of a Consummating Order. If the Commission denies staff's recommendation in Issue 2, the docket should remain open for additional Commission action.

**DECISION:** This item was deferred. Staff is to do further analysis on issues discussed at the Commission Conference.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop



**ITEM NO.**

**CASE**

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7\*\*PAA

**Docket No. 090086-TS** – Compliance investigation of Roberta L. Marcus, Inc. d/b/a Marcus Centre, for apparent violation of Rule 25-24.565, F.A.C., Certificate of Public Convenience and Necessity Required.

**Docket No. 090187-TS** – Application for certificate to provide shared tenant telecommunications service by Roberta L. Marcus, Inc. d/b/a Marcus Centre.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** RCP: Curry, Earnhart  
GCL: Morrow, McKay

**Issue 1:** Should the Commission accept Roberta L. Marcus, Inc. d/b/a Marcus Centre's proposed settlement offer to submit a payment in the amount of \$500 to resolve the company's apparent violation of Rule 25-24.565, Florida Administrative Code, Certificate of Public Convenience and Necessity Required?

**Recommendation:** Yes, the Commission should accept Roberta L. Marcus, Inc. d/b/a Marcus Centre's proposed settlement offer to submit a payment in the amount of \$500 to resolve the company's apparent violation of Rule 25-24.565, Florida Administrative Code, Certificate of Public Convenience and Necessity Required.

**Issue 2:** Should the Commission grant Roberta L. Marcus Inc. d/b/a Marcus Centre a Certificate of Public Convenience and Necessity, STS Certificate No. 8761, to provide shared tenant services at 9990 S.W. 77<sup>th</sup> Avenue, Miami, Florida?

**Recommendation:** Yes, the Commission should grant Roberta L. Marcus, Inc. d/b/a Marcus Centre a Certificate of Public Convenience and Necessity, STS Certificate No. 8761, to provide shared tenant services at 9990 S.W. 77<sup>th</sup> Avenue, Miami, Florida.

**ITEM NO.**

**CASE**

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7\*\*PAA

**Docket No. 090086-TS** – Compliance investigation of Roberta L. Marcus, Inc. d/b/a Marcus Centre, for apparent violation of Rule 25-24.565, F.A.C., Certificate of Public Convenience and Necessity Required.

**Docket No. 090187-TS** – Application for certificate to provide shared tenant telecommunications service by Roberta L. Marcus, Inc. d/b/a Marcus Centre.

(Continued from previous page)

**Issue 3:** Should these dockets be closed?

**Recommendation:** If the Commission approves staff's recommendation in Issues 1 and 2, these dockets should remain open pending the receipt of the \$500 settlement payment. The payment should be received by the Commission within fourteen (14) calendar days after the issuance of the Consummating Order. The payment should be made payable to the Florida Public Service Commission and should identify the docket number and the company's name. Upon receipt of payment, the Commission shall forward it to the Division of Financial Services to be deposited into the General Revenue Fund. If Marcus Centre fails to pay the \$500 within fourteen (14) calendar days after the issuance of the Consummating Order, staff should provide a copy of the Commission's Order to Marcus Centre's underlying carrier and notify the carrier to discontinue provisioning telephone service at 9990 S.W. 77<sup>th</sup> Avenue, Miami, Florida. These dockets should be closed administratively upon receipt of the \$500 settlement payment or upon disconnection of telephone service at 9990 S.W. 77<sup>th</sup> Avenue, Miami, Florida.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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8\*\*

**Docket No. 080579-TI** – Compliance investigation of Astrocom Corporation for apparent violation of Rule 25-24.470, F.A.C., Registration Required.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** RCP: Curry

GCL: Brooks

**Issue 1:** Should the Commission issue a Consummating Order, making Order No. PSC-09-0059-PAA-TI, final and effective?

**Recommendation:** Yes, the Commission should issue a Consummating Order, making Order No. PSC-09-0059-PAA-TI, final and effective.

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

**Recommendation:** If the Commission approves staff's recommendation in Issue 1, a Consummating Order should be issued making Order No. PSC-09-0059-PAA-TI, final and effective. If payment of the \$25,000 penalty is not received within fourteen (14) calendar days after the issuance of the Consummating Order, the penalty should be referred to the Department of Financial Services for collection. This docket shall be closed administratively upon receipt of the company's current contact information, tariff, and payment of the penalty, or upon the referral of the penalty to the Department of Financial Services.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

**Critical Date(s):** 5-Month Effective Date Waived Through 08/18/09

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Argenziano

**Staff:** RCP: Mann, Casey

ECR: Daniel, Lingo, Redemann

GCL: Brown

**(Proposed Agency Action Except Issues 21 and 22)**

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

**Recommendation:** Yes. The overall quality of service provided by Southlake is satisfactory.

DECISION: The recommendation was approved.

**Issue 2:** What are the used and useful percentages of Southlake's water treatment plant, ground storage tanks, and water distribution lines?

**Recommendation:** The Southlake water treatment plant, ground storage tanks, and water distribution system are 100 percent used and useful.

DECISION: The recommendation was approved.

**Issue 3:** What are the used and useful percentages of the utility's wastewater treatment plant and wastewater collection system?

**Recommendation:** The Southlake wastewater treatment plant is 76 percent used and useful. The used and useful adjustment should be made to Account No. 354.4, Structures and Improvements, and Account No. 380.4, Treatment and Disposal Equipment. The wastewater collection system should be considered 100 percent used and useful.

DECISION: The recommendation was approved.

**ITEM NO.**

**CASE**

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9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 4:** Should the audit adjustments to rate base to which the utility agrees be made?

**Recommendation:** Yes. Based on audit adjustments agreed to by the utility and staff, plant in service should be increased \$114,555 for water and decreased \$307,196 for wastewater, Land and Land Rights should be decreased by \$57,386 for water and \$207,861 for wastewater, Construction Work in Progress should be reduced by \$58,895 for water, and Accumulated Depreciation should be decreased \$31,105 for water and decreased \$65,867 for wastewater.

**DECISION:** The recommendation was approved.

**Issue 5:** Should any additional adjustments be made to the utility's test year rate base?

**Recommendation:** Yes. Staff recommends that Plant in Service be reduced by an additional \$26,869 for water and increased by \$263,228 for wastewater, Construction Work in Progress should be reduced by an additional \$134,895 for water, Non-Used and Useful Plant in Service should be \$1,052,860, Accumulated Depreciation should be increased by an additional \$346,922 for water and \$348,671 for wastewater, and Average Unamortized Project Costs should be reduced by \$117,088 for water and \$67,088 for wastewater.

**DECISION:** The recommendation was approved.

**Issue 6:** What is the appropriate working capital allowance?

**Recommendation:** The appropriate amount of working capital should be \$60,965 for water and \$93,214 for wastewater.

**DECISION:** The recommendation was approved.

**Issue 7:** Should any adjustments be made to the Contributions in Aid of Construction balances ending December 31, 2008?

**Recommendation:** Yes. Contributions in Aid of Construction (CIAC) should be increased by \$8,958 for water and \$7,525 for wastewater and the associated Accumulated Amortization of CIAC should be decreased by \$66,597 for water and \$162,935 for wastewater.

**DECISION:** The recommendation was approved.

**ITEM NO.**

**CASE**

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9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 8:** What is the appropriate rate base for the December 31, 2008, test year?

**Recommendation:** Based on staff's recommended adjustments, addressed in previous issues, the appropriate average rate base for the test year ending December 31, 2008, is \$3,312,594 for water and \$534,143 for wastewater.

DECISION: The recommendation was approved.

**Issue 9:** What is the appropriate return on equity?

**Recommendation:** Based on the Commission's approved 2009 leverage formula and an equity ratio of 100 percent, the appropriate return on equity (ROE) is 9.67 percent for the wastewater rate base. However, due to the utility's noncompliance with the SJRWMD, the ROE for the water rate base should be reduced 100 basis points to 8.67 percent. At such time as the utility is in compliance with all conditions listed in its current CUP, the utility may petition the Commission for removal of the 100 basis points reduction to ROE.

DECISION: The recommendation was modified as discussed at the Commission Conference. ROE will not be reduced by 100 basis points. Staff is to continue to work with the Water Management District.

**Issue 10:** What is the appropriate overall weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ending December 31, 2008?

**Recommendation:** The appropriate overall weighted average cost of capital for the test year ending December 31, 2008, is 8.52 percent for water and 9.47 percent for wastewater.

DECISION: The recommendation was approved.

**Issue 11:** Should any adjustments be made to operation and maintenance expenses?

**Recommendation:** Yes, adjustments should be made to reduce water O&M by \$137,243 and reduce wastewater O&M by \$181,305.

DECISION: The recommendation was approved.

**ITEM NO.**

**CASE**

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9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 12:** What is the appropriate amount of rate case expense?

**Recommendation:** The appropriate amount of rate case expense for this docket is \$249,131. This expense should be recovered over four years for an annual expense of \$62,283 allocated \$31,141 for water and \$31,141 for wastewater.

DECISION: The recommendation was approved.

**Issue 13:** Should any adjustments be made to the 2008 test year taxes other than income for water and wastewater?

**Recommendation:** Yes. Taxes other than income for the 2008 test year should be ~~decreased~~ increased by ~~\$351~~ \$4,611 for water and decreased by ~~\$15,268~~ \$10,348 for wastewater.

DECISION: The recommendation was approved as orally modified by staff.

**Issue 14:** Should any adjustments be made to net depreciation expense for 2008 for water and wastewater?

**Recommendation:** Yes. Net depreciation expense for water should be increased by \$101,340 and net depreciation expense for wastewater should be increased by \$158,456.

DECISION: The recommendation was approved.

**Issue 15:** What is the test year water and wastewater operating income before any revenue increases?

**Recommendation:** The test year operating income should be ~~\$119,027~~ \$114,065 for water and ~~(\$334,724)~~ (\$339,644) for wastewater.

DECISION: The recommendation was approved as orally modified by staff.

**ITEM NO.**

**CASE**

9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 16:** What is the appropriate pre-repression revenue requirement for the December 31, 2008 test year?

**Recommendation:** The following pre-repression revenue requirement should be approved.

	<u>Test Year</u> <u>Revenues</u>	<u>Increase</u>	<u>Revenue</u> <u>Requirement</u>	<u>Increase</u>
Water	\$890,217	\$170,900	\$1,061,117	19.20%
		<u>\$176,096</u>	<u>\$1,066,313</u>	<u>19.78%</u>
Wastewater	\$695,973	\$403,436	\$1,099,409	57.97%
		<u>\$408,587</u>	<u>\$1,104,560</u>	<u>58.71%</u>

**DECISION:** The recommendation was approved as orally modified by staff.

**Issue 17:** What are the appropriate rate structures for the utility’s respective water and wastewater systems?

**Recommendation:** The appropriate rate structure for the utility’s water system is a three-tiered inclining-block rate structure applicable to residential customers. The appropriate usage blocks should be for monthly consumption of: 1) 0-10,000 gallons (10 kgals); 2) 10.001-20 kgals; and 3) consumption in excess of 20 kgals. The usage block rate factors should be 1.0, 1.5, and 2.0, respectively. The base facility charge (BFC)/uniform gallonage charge rate structure should be applied to the utility’s general service water customers. The BFC cost recovery allocation for the water system should be set at ~~34.8~~ 36.0 percent. The appropriate rate structure for the utility’s wastewater customers is the BFC/gallonage charge rate structure. Residential wastewater consumption should be capped for billing purposes at 10 kgal per month. The general service wastewater gallonage charge should be 1.2 times the corresponding residential gallonage charge. The BFC cost recovery allocation for the wastewater system should be set at 50 percent.

**DECISION:** The recommendation was approved as orally modified by staff.



**ITEM NO.**

**CASE**

9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 18:** Are repression adjustments to the utility's water and wastewater systems appropriate in this case, and, if so, what are the appropriate adjustments to make for this utility?

**Recommendation:** Yes, repression adjustments are appropriate. Residential water consumption should be reduced by ~~3.1~~ 2.9 percent, resulting in a consumption reduction of approximately ~~7,960~~ 7,308 kgals. Total residential water consumption for ratesetting is ~~246,880~~ 247,532 kgals. Total water consumption for ratesetting is ~~531,728~~ 532,380 kgals, which represents a ~~1.5~~ 1.4 percent reduction in overall consumption. The resulting water system reductions to revenue requirements are ~~\$1,013~~ \$930 in purchased power expense, ~~\$417~~ \$383 in chemicals expense and ~~\$67~~ \$62 in RAFs. The post-repression revenue requirement for the water system is ~~\$1,045,475~~ \$1,050,793.

Residential wastewater consumption should be reduced by ~~1.1~~ 1.0 percent, resulting in a consumption reduction of approximately ~~1,492.0~~ 1,383.4 kgals. Total residential wastewater consumption for ratesetting is ~~133,409.0~~ 133,517.6 kgals. Total wastewater consumption for ratesetting is ~~355,678.0~~ 355,786.6 kgals, which represents a 0.4 percent reduction in overall consumption. The resulting wastewater system reductions to revenue requirements are ~~\$897~~ \$832 in sludge removal expense, ~~\$492~~ \$456 in purchased power expense, ~~\$134~~ \$124 in chemicals expense, and ~~\$72~~ \$67 in RAFs. The post-repression revenue requirement for the wastewater system is ~~\$1,097,813~~ \$1,103,081.

In order to monitor the effects of both the changes in revenues and rate structure, the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenues billed for each system. In addition, the reports should be prepared, for both the water and wastewater systems, by customer class and meter size. **The reports should be filed with staff, on a semi-annual basis, for a period of two years beginning the first billing period after the approved rates go into effect.** To the extent the utility makes adjustments to consumption in any month during the reporting period, the utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

DECISION: The recommendation was approved as orally modified by staff.

**ITEM NO.**

**CASE**

---

9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 19:** What are the appropriate rates for this utility?

**Recommendation:** The appropriate monthly water rates are shown on Schedule 4-A in staff's memorandum dated August 6, 2009, and the corresponding appropriate monthly wastewater rates are shown on Schedule 4-B in staff's memorandum dated August 6, 2009. Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of ~~\$1,045,475~~, \$1,050,793 while the recommended wastewater rates are design to produce revenues of ~~\$1,096,980~~ \$1,103,081. 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 of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given no less than 10 days after the date of the notice

**DECISION:** The recommendation was approved as orally modified by staff.

**Issue 20:** In determining whether any portion of the water and wastewater interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

**Recommendation:** The proper 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. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, a water refund is required in the amount of ~~\$5,214~~ \$2,616. For wastewater, no refund is required

**DECISION:** The recommendation was approved as orally modified by staff.

**ITEM NO.**

**CASE**

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9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**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.?

**Recommendation:** The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B in staff's memorandum dated August 6, 2009, to remove \$31,141 of water and \$31,141 of wastewater rate case expense, grossed up for RAFs, which is being amortized over a four-year period. The grossed up amount, factoring in a RAF of 4.5 percent, equals \$32,608 for both water and wastewater. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than 30 days prior to the actual date of the required rate reduction. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. Southlake should provide proof of the date notice was given, no less than 10 days after the date of the notice.

DECISION: The recommendation was approved.

**Issue 22:** Should the utility be required to provide proof, within 90 days of the final order issued in this docket, that it has adjusted its books for all applicable National Association of Regulatory Commissioners Uniform System of Accounts (NARUC USOA) associated with Commission approved adjustments?

**Recommendation:** Yes. To ensure that the utility adjusts its books in accordance with the Commission decision, Southlake should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

DECISION: The recommendation was approved.

**ITEM NO.**

**CASE**

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9\*\*PAA

**Docket No. 080597-WS** – Application for general rate increase in water and wastewater systems in Lake County by Southlake Utilities, Inc. (Deferred from the 6/30/09 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 23:** Should this docket be closed?

**Recommendation:** Yes. If no person whose substantial interests are affected by the proposed agency action files a protest within twenty-one 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 that the interim refund has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively, and the corporate undertaking should be released.

**DECISION:** The recommendation was approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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10\*\*

**Docket No. 090166-EQ** – Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

**Critical Date(s):** 12/01/09 (8-Month Effective Date)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** SGA: Sickel, Ellis

GCL: Hartman

**Issue 1:** Should the standard offer contract filed by Florida Power & Light Company be approved?

**Recommendation:** Yes. The standard offer contract and related tariff, as modified on May 29, 2009, complies with Rules 25-17.200 through 25-17.310, F.A.C., and Order No. PSC-09-0394-FOF-EQ.

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

**Recommendation:** Yes. If the Commission approves staff's recommendation to approve the proposed standard offer contract filed by FPL, and no person whose substantial interests are affected requests a hearing to address this matter, then Docket No. 090166-EQ should be closed, and the standard offer contract filed by FPL should be effective as of the date of the Commission's vote. If a protest is filed within 21 days of the issuance of the Commission's order, the tariffs should remain in effect pending resolution of the protest. Potential signatories to the standard offer contract should be aware that FPL's tariffs and standard offer contract may be subject to a request for hearing, and if a hearing is held, may subsequently be revised.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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11\*\*

**Docket No. 060614-TC** – Compliance investigation of TCG Public Communications, Inc. for apparent violation of Section 364.183(1), F.S., Access to Company Records, and determination of amount and appropriate method for refunding overcharges for collect calls made from inmate pay telephones.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Carter

**Staff:** SSC: Moses

RCP: Curry, Kennedy

GCL: Tan

**(Portions of this recommendation are based on confidential material and access to material is controlled.)**

**Issue 1:** Should the Commission accept TCG Public Communications, Inc.'s proposed settlement offer to submit a payment in the amount of \$1,250,000 for deposit into the General Revenue Fund and to implement specific monitoring commitments, for 18 months, to ensure continuing compliance of the inmate telephone operations at the Miami-Dade Correctional Facilities?

**Recommendation:** Yes, the Commission should accept TCG Public Communications, Inc.'s proposed settlement offer to submit a payment in the amount of \$1,250,000 for deposit into the General Revenue Fund and to implement specific monitoring commitments, for 18 months, to ensure continuing compliance of the inmate telephone operations at the Miami-Dade Correctional Facilities.

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

**Recommendation:** If the Commission approves staff's recommendation in Issue 1, this docket should remain open pending the receipt of the \$1,250,000 payment. The payment should be received by the Commission within thirty (30) calendar days after the issuance of the Final Order. The payment should be made payable to the Florida Public Service Commission and should identify the docket number and the company's name. Upon receipt of payment, the Commission shall forward it to the Department of Financial Services to be deposited into the General Revenue Fund. If TCG fails to remit the payment within thirty (30) calendar days after the issuance of the Final Order, this docket should remain open pending further proceedings. This docket should be closed administratively upon receipt of the settlement payment.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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12\*\*

**Docket No. 080719-EI** – Petition to modify Tariff Sheet Nos. 4.113 and 4.122 regarding conversion of and construction of underground residential facilities by Progress Energy Florida, Inc.

**Critical Date(s):** 08/19/09 (8-Month Effective Date)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ECR: Draper

GCL: Brubaker, Williams

**Issue 1:** Should the Commission approve PEF's proposed URD tariff (Tariff Sheet No. 4.113) and its associated charges?

**Recommendation:** Yes. PEF revised its URD charges to include lost pole rental revenues in the calculation of operational costs between underground and overhead as required by Order No. PSC-08-0786-TRF-EI.

**Issue 2:** Should the Commission approve PEF's proposed underground conversion tariff (Tariff Sheet No. 4.122)?

**Recommendation:** Yes. The proposed tariff revision implements the requirements of Rule 25-6.115(11)(a), F.A.C.

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

**Recommendation:** Yes. If Issues 1 and 2 are approved, this tariff should become effective on August 18, 2009. 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.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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13                            **Docket No. 080318-GU** – Petition for rate increase by Peoples Gas System.

**Critical Date(s):** August 11, 2009 (12 month deadline for final agency action, pursuant to Section 366.06(3), F.S., has been waived through August 18, 2009)

**Commissioners Assigned:** All Commissioners  
**Prehearing Officer:** Skop

**Staff:** ECR: Slemkewicz, Draper, Kummer, Maurey  
GCL: Brubaker, Fleming, Klancke

**(Oral Argument Has Not Been Requested)**

**Issue 1:** Should the Commission grant PGS’ Motion for Reconsideration requesting recalculation of the Company’s weighted average cost of capital?

**Recommendation:** PGS’ Motion for Reconsideration should be granted in part. In addition, staff recommends the Commission correct a separate error related to rate base discovered during staff’s review of the merits of PGS’ request. As a result, the appropriate weighted average cost of capital for PGS should be revised from 8.50 percent to 8.51 percent. This revised rate of return reflects the net effect of the recommended adjustment related to the Company’s Motion for Reconsideration and the correction of the unrelated error discovered during staff’s review of this matter.

**Issue 2:** Should the annual base rate revenue increase granted in Order No. PSC-09-0411-FOF-GU be revised to reflect the revised weighted average cost of capital?

**Recommendation:** Yes. Staff recommends that the approved annual base rate revenue increase should be reduced from \$19,152,365 to \$19,137,019, a \$15,346 decrease, to reflect the revised weighted average cost of capital.

**Issue 3:** How should the Commission account for the annual base rate revenue decrease of \$15,346?

**Recommendation:** Base rates should not be reduced. Instead, the annual base rate revenue decrease of \$15,346 should be added to the annual storm damage accrual effective September 1, 2009.

**Issue 4:** Should this docket be closed?

**Recommendation:** Yes. This docket should be closed upon the expiration of the time for appeal.

**DECISION:** This item was deferred to a later Commission Conference.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop



**ITEM NO.**

**CASE**

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14

**Docket No. 090125-GU** – Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation.

**Critical Date(s):** 09/14/09 (60-Day Suspension Date)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** McMurrian

**Staff:** ECR: Kaproth, D. Buys, Davis, Draper

GCL: Saylor

**(Decision on Interim Rates – Participation is limited to Commissioners and Staff)**

**Issue 1:** Should the \$2,965,398 permanent base rate increase and the associated tariff revisions requested by the Florida Division of Chesapeake Utilities Corporation be suspended pending a final decision in this docket?

**Recommendation:** Yes. The \$2,965,398 permanent base rate increase and the associated tariff revisions requested by Chesapeake should be suspended pending a final decision in this docket.

**Issue 2:** Is Chesapeake's proposed 2008 interim test year rate base of \$37,868,590 appropriate?

**Recommendation:** Yes. Chesapeake's proposed 2008 interim test year rate base of \$37,868,590 is appropriate.

**Issue 3:** Are Chesapeake's proposed return on equity of 10.50 percent and its overall cost of capital of 6.88 percent appropriate for purposes of determining interim rates?

**Recommendation:** Yes. Chesapeake's proposed return on equity of 10.50 percent and its overall cost of capital of 6.88 percent for purposes of determining interim rates are appropriate.

**Issue 4:** Is Chesapeake's proposed 2008 interim test year net operating income of \$2,346,483 appropriate?

**Recommendation:** Yes. Chesapeake's proposed 2008 interim test year net operating income of \$2,346,483 is appropriate.

**Issue 5:** Is Chesapeake's proposed net operating income multiplier of 1.6114 appropriate?

**Recommendation:** Yes. The appropriate net operating income multiplier for interim rate purposes is 1.6114.

**Issue 6:** Should Chesapeake's requested interim rate increase of \$417,555 and percentage increase factor of 4.08 percent be granted?

**Recommendation:** Yes. Chesapeake's requested interim rate increase of \$417,555 and percentage increase factor of 4.08 percent should be granted.

**ITEM NO.**

**CASE**

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14

**Docket No. 090125-GU** – Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation.

(Continued from previous page)

**Issue 7:** How should the interim revenue increase for Chesapeake be distributed among the rate classes?

**Recommendation:** Any interim revenue increase approved should be applied evenly across the board to all rate classes based on their base rate revenues, as required by Rule 25-7.040, F.A.C., and should be recovered on a cents-per-therm basis. The interim rates should be made effective for all meter readings made on or after 30 days from the date of the vote approving any interim increase. The Company should give notice to customers of the interim increase commencing with the first bill for service that reflects the increase.

**Issue 8:** What is the appropriate security to guarantee the amount collected subject to refund?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking contingent upon receipt of the written guarantee by Chesapeake Utilities Corporation.

**Issue 9:** Should this docket be closed?

**Recommendation:** No, this docket should remain open to process the Company's revenue increase request.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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15\*\*

**Docket No. 080366-GU** – Petition for rate increase by Florida Public Utilities Company.

**Critical Date(s):** 02/17/2010 (Final Decision)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Skop

**Staff:** ECR: Springer, Prestwood

GCL: Jaeger

**Issue 1:** What is the appropriate security to guarantee the amount collected subject to refund?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund by the Gas Division of FPUC is a corporate undertaking guaranteed by FPUC, the consolidated entity.

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

**Recommendation:** No. This docket should remain open pending the Commission's final resolution of the Company's requested rate increase.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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16\*\*PAA

**Docket No. 080714-WS** – Application for staff-assisted rate case in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake Utilities.

**Critical Date(s):** 03/24/10 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Argenziano

**Staff:** ECR: Deason, Bruce, Bulecza-Banks, Fletcher, Redemann

GCL: Hartman

**(Proposed Agency Action except for Issues 13, 14, and 15)**

**Issue 1:** Is the quality of service provided by Orange Lake satisfactory?

**Recommendation:** Yes. The overall quality of service provided by Orange Lake is satisfactory.

DECISION: The recommendations were approved. Commissioner Argenziano dissented.

**Issue 2:** What are the used and useful percentages of Orange Lake's water treatment plant, ground storage tank, water distribution lines, wastewater treatment plant, and wastewater collection system?

**Recommendation:** The Orange Lake water treatment plant, ground storage tank, water distribution system, wastewater treatment plant, and wastewater collection system are 100 percent used and useful.

DECISION: The recommendations were approved. Commissioner Argenziano dissented.

**Issue 3:** Should the 2009 pro forma adjustment to water treatment plant be included?

**Recommendation:** Yes. The pro forma adjustment of \$1,875 for the replacement of valves should be included in rate base, and the corresponding retirement of the old valves should be removed from rate base.

DECISION: The recommendations were approved. Commissioner Argenziano dissented.

**Issue 4:** What is the appropriate average test year rate base for the Utility?

**Recommendation:** The appropriate average test year rate base for the Utility is \$281,950 for water and \$181,769 for wastewater.

DECISION: The recommendations were approved. Commissioner Argenziano dissented.

**ITEM NO.**

**CASE**

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16\*\*PAA

**Docket No. 080714-WS** – Application for staff-assisted rate case in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake Utilities.

(Continued from previous page)

**Issue 5:** What is the appropriate rate of return on equity and overall rate of return for this utility?

**Recommendation:** The appropriate return on equity is 11.14 percent with a range of 10.14 percent - 12.14 percent. The appropriate overall rate of return is 7.90 percent.

**DECISION:** The recommendations were approved. Commissioner Argenziano dissented.

**Issue 6:** What are the appropriate amounts of test year revenues in this case?

**Recommendation:** The appropriate amounts of test year revenues in this case are \$47,049 for the water system and \$47,452 for the wastewater system.

**DECISION:** The recommendations were approved. Commissioner Argenziano dissented.

**Issue 7:** What are the appropriate operating expenses?

**Recommendation:** The appropriate amount of operating expense for the Utility is ~~\$63,805~~~~\$69,131~~ for water and ~~\$88,265~~~~\$97,805~~ for wastewater.

**DECISION:** The recommendation was approved as orally modified by staff. Commissioner Argenziano dissented.

**Issue 8:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is ~~\$87,918~~~~\$93,495~~ for water and ~~\$105,224~~~~\$115,214~~ for wastewater.

**DECISION:** The recommendation was approved as orally modified by staff. Commissioner Argenziano dissented.

**Issue 9:** Does Orange Lake have excessive unaccounted for water and, if so, what adjustments are necessary?

**Recommendation:** Yes. Pursuant to Rule 25-30.4325(1)(e), F.A.C. Orange Lake has unaccounted for water in excess of 10 percent of the amount produced. A reduction of \$697 should be made to Purchased Power Acct. No. 615.

**DECISION:** The recommendation was approved. Commissioner Argenziano dissented.

**ITEM NO.**

**CASE**

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16\*\*PAA

**Docket No. 080714-WS** – Application for staff-assisted rate case in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake Utilities.

(Continued from previous page)

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

**Recommendation:** The appropriate rate structure for the water system’s residential class is a monthly base facility charge (BFC) which includes a two-tier inclining block rate structure, with usage blocks set at 0-10 kgals and usage in excess of 10 kgals, and rate factors of 1.0 and 1.50. The appropriate rate structure for the water system’s non-residential class is a traditional BFC/uniform gallonage charge. The water system’s BFC cost recovery should be set at 35 percent. The appropriate rate structure for the wastewater system’s residential and non-residential class is a monthly BFC/uniform gallonage. The non-residential gallonage charge should be 1.2 times greater than the corresponding residential charge, and the BFC cost recovery percentage for the wastewater system should be set at 50 percent. The residential wastewater cap should remain set at 8,000 gallons (8 kgals).

**DECISION:** The recommendation was approved. Commissioner Argenziano dissented.

**ITEM NO.**

**CASE**

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16\*\*PAA

**Docket No. 080714-WS** – Application for staff-assisted rate case in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake Utilities.

(Continued from previous page)

**Issue 11:** Is a repression adjustment appropriate in this case, and if so, what are the appropriate adjustments to make for this utility, what are the appropriate corresponding expense adjustments to make, and what are the final revenue requirements?

**Recommendation:** Yes, a repression adjustment is appropriate for this Utility. Test year consumption should be reduced by 8 ~~9~~ percent resulting in a consumption reduction of approximately 1,154 ~~1,317~~ kgals. Purchased power expense should be reduced by \$363 ~~\$414~~, chemical expense should be reduced by \$206 ~~\$235~~, and regulatory assessment fees (RAFS) should be reduced by \$26 ~~\$31~~. The final post-repression revenue requirement for the water system should be \$87,323 ~~\$92,815~~. For the wastewater system, test year kgals sold should be reduced by 8 ~~9~~ percent, resulting in a consumption reduction of approximately 958 ~~1,093~~ kgals. Sludge removal expense should be reduced by \$1,369 ~~\$1,557~~, purchased power expense should be reduced by \$808 ~~\$909~~, and RAFs should be reduced by \$98.00 ~~\$111~~. The final post-repression revenue requirement for the wastewater system should be \$102,948 ~~\$112,636~~.

In order to monitor the effect of the changes to rate structure and revenue, the Utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenues billed on a monthly basis. In addition, the reports should be prepared, by customer class and meter size. The reports should be filed with staff, on a semi-annual basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

**DECISION:** The recommendation was approved as orally modified by staff. Commissioner Argenziano dissented.

**ITEM NO.**

**CASE**

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16\*\*PAA

**Docket No. 080714-WS** – Application for staff-assisted rate case in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake Utilities.

(Continued from previous page)

**Issue 12:** What are the appropriate rates for this Utility?

**Recommendation:** The appropriate monthly water and wastewater rates are shown on Schedules Nos. 4-A and 4-B, respectively, in staff's memorandum dated August 6, 2009. The recommended rates should be designed to produce revenues of ~~\$87,323~~ ~~\$92,815~~ for water and ~~\$102,948~~ ~~\$112,636~~ for wastewater, excluding miscellaneous service charges. 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 no less than 10 days after the date of the notice.

**DECISION:** The recommendation was approved as orally modified by staff. Commissioner Argenziano dissented.

**Issue 13:** 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, Florida Statutes?

**Recommendation:** The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B, respectively, in staff's memorandum dated August 6, 2009, to remove rate case expense grossed up for regulatory assessment fees and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If 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.

**DECISION:** The recommendation was approved. Commissioner Argenziano dissented.



**ITEM NO.**

**CASE**

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16\*\*PAA

**Docket No. 080714-WS** – Application for staff-assisted rate case in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake Utilities.

(Continued from previous page)

**Issue 14:** Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. 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 6, 2009. 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 Division of Economic Regulation 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.

**DECISION:** The recommendation was approved. Commissioner Argenziano dissented.

**Issue 15:** Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Orange Lake should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

**DECISION:** The recommendation was approved. Commissioner Argenziano dissented.

**Issue 16:** Should this docket be closed?

**Recommendation:** No. The docket should remain open until a final order has been issued, staff has approved the revised tariffs sheets and customer notices, the Utility has sent the notices to its customers, staff has received proof that the customers have received notice within 10 days after the date of the notice, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once staff has verified all of the above actions are complete, this docket should be closed administratively.

**DECISION:** The recommendation was approved. Commissioner Argenziano dissented.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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17\*\*PAA

**Docket No. 080715-WU** – Application for staff-assisted rate case in Lake County by CWS Communities LP.

**Critical Date(s):** 03/24/10 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Argenziano

**Staff:** ECR: Deason, Bruce, Bulecza-Banks, Fletcher, Rieger

GCL: Jaeger

**(Proposed Agency Action Except for Issues 12 and 14)**

**Issue 1:** Is the quality of service provided by CWS Communities LP satisfactory?

**Recommendation:** The overall quality of service provided by CWS Communities LP is satisfactory.

**Issue 2:** What are the used and useful percentages of the Utility's water system?

**Recommendation:** The treatment plant and distribution system should be considered 100 percent used and useful.

**Issue 3:** Should the 2009 pro forma adjustment for meter installations be included?

**Recommendation:** Yes, the 2009 pro forma adjustment of \$900 for meter installations should be included in the Utility's rate base.

**Issue 4:** What is the appropriate average test year rate base for the Utility?

**Recommendation:** The appropriate average test year water rate base for the Utility is \$33,004.

**Issue 5:** What is the appropriate rate of return on equity and overall rate of return for this Utility?

**Recommendation:** The appropriate return on equity is 11.14 percent with a range of 10.14-12.14 percent. The appropriate overall rate of return is 7.90 percent.

**Issue 6:** What is the appropriate amount of test year revenues in this case?

**Recommendation:** The appropriate amount of test year revenues in this case is \$26,413.

**Issue 7:** What are the appropriate operating expenses?

**Recommendation:** The appropriate amount of operating expense for the Utility is \$38,543.

**Issue 8:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$41,845 for water.

**Issue 9:** Should the Utility's current rate structure be changed, and if so, what is the appropriate rate structure for the Utility's water system?

**Recommendation:** No. The Utility's current dual flat rate structure which includes rates for occupied and unoccupied residence should be continued for the water system's residential and non-residential class.

**Issue 10:** Is an adjustment to reflect repression of consumption appropriate at this time?

**Recommendation:** No, a repression adjustment is not appropriate at this time.

**ITEM NO.**

**CASE**

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17\*\*PAA

**Docket No. 080715-WU** – Application for staff-assisted rate case in Lake County by CWS Communities LP.

(Continued from previous page)

**Issue 11:** What are the appropriate rates for each system?

**Recommendation:** The appropriate monthly water rates are shown on Schedule No. 4-A in staff's memorandum dated August 6, 2009. The recommended rates should be designed to produce revenues of \$41,845, excluding miscellaneous service charges. 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 no less than 10 days after the date of the notice.

**Issue 12:** 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, Florida Statutes?

**Recommendation:** The water rates should be reduced as shown on Schedule No. 4 in staff's memorandum dated August 6, 2009, to remove rate case expense grossed up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If 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**

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17\*\*PAA

**Docket No. 080715-WU** – Application for staff-assisted rate case in Lake County by CWS Communities LP.

(Continued from previous page)

**Issue 13:** Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. 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 6, 2009. 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 Division of Economic Regulation 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 the Utility be required to provide proof, within 90 days of a final order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, CWS should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

**Issue 15:** Should this docket be closed?

**Recommendation:** No. The docket should remain open until a final order has been issued, staff has approved the revised tariffs sheets and customer notices, the Utility has sent the notices to its customers, staff has received proof that the customers have received notice within 10 days after the date of the notice, and the Utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Once staff has verified all of the above actions are complete, this docket should be closed administratively.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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18\*\*PAA

**Docket No. 080353-WU** – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc. (Deferred from the June 30, 2009 Commission Conference, revised recommendation filed.)

**Critical Date(s):** 5-Month Effective Date Waived Through August 18, 2009

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** McMurrian

**Staff:** ECR: Fletcher, Bulecza-Banks, Lingo, Walden

GCL: Young

**(Proposed Agency Action Except for Issues 15 and 17)**

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

**Recommendation:** Yes. The overall quality of service provided by Placid Lakes Utilities, Inc. is satisfactory. The Utility should be ordered to install an additional water line to loop two existing water lines on Thurman Avenue to improve water quality. This creates an increase to plant of \$3,978. Accordingly, corresponding adjustments should be made to increase depreciation expense and accumulated depreciation both by \$93.

**Issue 2:** What should the used and useful percentages be for the Utility's water facilities?

**Recommendation:** The water treatment plant is 100 percent used and useful, and the distribution system is 79.09 percent used and useful. As such, water rate base should be reduced by ~~\$15,363~~ ~~\$125,032~~ to reflect the 20.91 percent of the distribution system which is non-used and useful. Accordingly, corresponding adjustments should be made to reduce depreciation expense by ~~\$305~~ ~~\$5,715~~ and property tax expense by \$700.

**Issue 3:** Should adjustments be made to Placid Lakes' requested pro-forma plant additions?

**Recommendation:** Yes. Plant-in-service should be reduced by \$65,450 to reflect pro-forma plant adjustments. Corresponding adjustments should also be made to decrease accumulated depreciation and depreciation expense by \$65,450 and 3,593, respectively.

**Issue 4:** What is the appropriate working capital?

**Recommendation:** The appropriate amount of working capital is \$59,853.

**Issue 5:** What is the appropriate rate base?

**Recommendation:** The appropriate rate base for the test year ended December 31, 2008 is ~~\$535,134~~ ~~\$425,464~~ for the water system.

**Issue 6:** What is the appropriate return on equity?

**Recommendation:** The appropriate return on equity (ROE) is ~~9.67~~ ~~9.48~~ percent, based on staff's recommended ~~2009~~ ~~2008~~ leverage formula and an equity ratio of 100 percent. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

**ITEM NO.**

**CASE**

18\*\*PAA

**Docket No. 080353-WU** – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc. (Deferred from the June 30, 2009 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 7:** What is the weighted average cost of capital including the proper components, amounts, and cost rates associated with the appropriate capital structure?

**Recommendation:** The recommended weighted average cost of capital is 9.58 ~~9.42~~ percent for the test year ended December 31, 2008.

**Issue 8:** Should adjustments be made to O&M expenses?

**Recommendation:** Yes, adjustments should be made to reduce O&M by \$8,204.

**Issue 9:** What is the appropriate amount of rate case expense?

**Recommendation:** The appropriate amount of rate case expense for this docket is \$94,164. This expense should be recovered over four years for an annual expense of \$23,791. Thus, rate case expense should be reduced by \$9,872.

**Issue 10:** What is the test year water operating income or loss before any revenue increase?

**Recommendation:** Based on the operating expense adjustments discussed in previous issues, the test year operating loss is \$29,694 ~~\$26,365~~ before any revenue increase.

**Issue 11:** What is the appropriate revenue requirement?

**Recommendation:** The following revenue requirement should be approved:

	Test		Revenue	
	<u>Year Revenues</u>	<u>\$ Increase</u>	<u>Requirement</u>	<u>% Increase</u>
Water	\$536,400	<u>\$136,093</u>	<u>\$672,493</u>	<u>25.37%</u>
		<u>\$111,540</u>	<u>\$647,940</u>	<u>20.79%</u>

**Issue 12:** Should the utility’s current three-tiered inclining-block rate structure, with monthly usage blocks of: a) 0-10,000 gallons (10 kgals); b) 10.001-20 kgals; and c) usage in excess of 20 kgals, with usage block rate factors of 1.0, 1.5, and 2.0, respectively, be continued for its water system?

**Recommendation:** Yes. Furthermore, the base facility charge (BFC) cost recovery allocation should be set at 40 percent.

**ITEM NO.**

**CASE**

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18\*\*PAA

**Docket No. 080353-WU** – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc. (Deferred from the June 30, 2009 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 13:** Is a repression adjustment to the utility's water system appropriate in this case, and, if so, what is the appropriate adjustment to make for this utility?

**Recommendation:** Yes, a repression adjustment is appropriate. Residential water consumption should be reduced by 5.0 ~~2.2~~ percent, resulting in a consumption reduction of approximately 4,789.1 ~~2,058.4~~ kgals. Total residential water consumption for ratesetting is 90,225.5 ~~92,956.2~~ kgals, which represents a 4.9 ~~2.4~~ percent reduction in overall consumption. The resulting water system reductions to revenue requirements are \$836 ~~\$359~~ in purchased power expense, \$546 ~~\$235~~ in chemicals expense, and \$65 ~~\$28~~ in regulatory assessment fees (RAFs). The post-repression revenue requirement for the water system is \$664,977 ~~\$641,527~~.

In order to monitor the effects of the change in revenues, the utility should be ordered to prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenues billed for each system. In addition, the reports should be prepared by customer class and meter size. These reports should be filed with staff, on a semi-annual basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the utility makes adjustments to consumption in any month during the reporting period, the utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

**Issue 14:** What are the appropriate rates for this utility?

**Recommendation:** The appropriate monthly water rates are shown on Schedule 4, in staff's memorandum dated August 6, 2009. Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of \$664,977 ~~\$641,527~~. 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 of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given no less than 10 days after the date of the notice.

**ITEM NO.**

**CASE**

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18\*\*PAA

**Docket No. 080353-WU** – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc. (Deferred from the June 30, 2009 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 15:** 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?

**Recommendation:** The rates should be reduced as shown on Schedule No. 4 in staff's memorandum dated August 6, 2009, to remove the rate case expense, grossed up for RAFs, which is being amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-40.475(1), F.A.C. The rates should not be implemented until staff has approved the proposed customer notice. Placid Lakes should provide proof of the date notice was given no less than 10 days after the date of the notice. 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 for the reduction in the rates due to the amortized rate case expense.

**Issue 16:** In determining whether any portion of the interim increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund if any?

**Recommendation:** The proper 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. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Using these principals, staff recommends that no interim refund is required.

**Issue 17:** Should the Utility be required to provide proof that it has adjusted its books for all Commission approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Placid Lakes should provide proof, within 90 days of the final order in this docket, that the adjustments for all the applicable National Association of Regulatory Utility Commissioners Uniform System of Accounts primary accounts have been made.



**ITEM NO.**

**CASE**

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18\*\*PAA

**Docket No. 080353-WU** – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc. (Deferred from the June 30, 2009 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 18:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within twenty-one 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, and the corporate undertaking should be released.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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19\*\*PAA

**Docket No. 080709-WS** – Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

**Critical Date(s):** 05/11/10 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Argenziano

**Staff:** ECR: Roberts, Bulecza-Banks, Fletcher, Hudson, Walden  
GCL: Williams

**(Proposed Agency Action Except for Issues 12, 13, and 14)**

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

**Recommendation:** The overall quality of service provided by the Utility should be considered satisfactory.

**Issue 2:** What are the used and useful percentages of the Utility's water treatment plant and distribution system?

**Recommendation:** The water plant and distribution system should be considered 100 percent used and useful.

**Issue 3:** What are the used and useful percentages of the Utility's wastewater treatment plant and collection system?

**Recommendation:** The wastewater treatment plant and collection system should be considered 100 percent used and useful.

**Issue 4:** What is the appropriate average test year rate base for the Utility?

**Recommendation:** The appropriate average test year rate base for the Utility is \$37,564 for water and \$42,795 for wastewater.

**Issue 5:** What is the appropriate return on equity and overall rate of return for this utility?

**Recommendation:** The appropriate return on equity (ROE) is 9.87 percent with a range of 8.87 percent to 10.87 percent. The appropriate overall rate of return is 9.10 percent.

**Issue 6:** What are the appropriate amount of test year revenues?

**Recommendation:** The appropriate test year revenue for this Utility is \$49,364 for water and \$39,157 for wastewater.

**Issue 7:** What are the appropriate operating expenses?

**Recommendation:** The appropriate amount of operating expenses for the Utility is \$65,589 for water and \$37,996 for wastewater.

**Issue 8:** What is the appropriate revenue requirement?

**Recommendation:** The appropriate revenue requirement is \$69,933 for water and \$42,019 for wastewater.

**ITEM NO.**

**CASE**

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19\*\*PAA

**Docket No. 080709-WS** – Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

**Issue 9:** What is the appropriate rate structure for the Utility’s water and wastewater system?

**Recommendation:** The appropriate rate structure for the water system’s residential and non-residential class is a continuation of the monthly base facility charge (BFC)/uniform gallonage charge rate structure. The water system’s BFC cost recovery should be set at 50 percent. The appropriate rate structure for the wastewater system’s residential and non-residential class should also be a continuation of the monthly BFC/uniform gallonage charge rate structure. The non-residential gallonage charge should be 1.2 times greater than the corresponding residential charge, and the BFC cost recovery percentage for the wastewater system should be set at 51 percent. The residential wastewater cap should be changed to 6,000 gallons (6 kgal).

**Issue 10:** Is a repression adjustment appropriate in this case, and, if so, what is the appropriate adjustment?

**Recommendation:** No, a repression adjustment is not appropriate for this Utility. However, in order to monitor the effects resulting from the changes in revenues, the Utility should prepare monthly reports for the water system, detailing the number of bills rendered, the consumption billed and revenues billed. In addition, the reports should be prepared by customer class and meter size. The reports should be filed with staff, on a quarterly basis, for a period of two years beginning the first billing period after the approved rates go into effect. To the extent the Utility makes adjustments to consumption in any month during the reporting period, the Utility should be ordered to file a revised monthly report for that month within 30 days of any revision.

**Issue 11:** What are the appropriate rates for the Utility?

**Recommendation:** The appropriate monthly water and wastewater rates are shown on Schedules Nos. 4-A and 4-B, respectively, in staff’s memorandum dated August 6, 2009. The recommended rates should be designed to produce revenues of \$69,933 for water and \$42,019 for wastewater, excluding miscellaneous service charges. 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 no less than 10 days after the date of the notice.

**ITEM NO.**

**CASE**

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19\*\*PAA

**Docket No. 080709-WS** – Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

**Issue 12:** 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, Florida Statutes?

**Recommendation:** The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B in staff's memorandum dated August 6, 2009, to remove rate case expense grossed up for regulatory assessment fees 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. Damon 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.

**Issue 13:** Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than Damon?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. Prior to implementation of any temporary rates, Damon 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. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Damon should file reports with the Commission's Division of Economic Regulation 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 the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Damon should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

**ITEM NO.**

**CASE**

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19\*\*PAA

**Docket No. 080709-WS** – Application for staff-assisted rate case in Highlands County by Damon Utilities, Inc.

(Continued from previous page)

**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 twenty-one 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. Once these actions are complete, this docket should be closed administratively

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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20\*\*

**Docket No. 090232-WS** – Joint application for authority to transfer assets and Certificate Nos. 404-W and 341-S in Orange County from Wedgefield Utilities, Inc. to Pluris Wedgefield, LLC.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ECR: Clapp, Kaproth

GCL: Klancke

**Issue 1:** Should the transfer of the Wedgefield facilities and Certificate Nos. 404-W and 341-S to Pluris Wedgefield be approved?

**Recommendation:** Yes. The transfer of the Wedgefield facilities and Certificate Nos. 404-W and 341-S to Pluris Wedgefield is in the public interest and should be approved. The territory being transferred is described in Attachment A in staff's memorandum dated August 6, 2009. The resultant order should serve as Pluris Wedgefield's water and wastewater certificates and should be retained by the buyer. Pluris Wedgefield should file an executed and recorded special warranty deed within 60 days of the order approving the transfer in this docket. Pursuant to Rule 25-9.044(1), Florida Administrative Code (F.A.C.), the rates and charges approved for the utility should be continued until authorized to change by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective for services provided or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C.

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

**Recommendation:** No. If the Commission approves staff's recommendation in Issue 1, Pluris Wedgefield should file an executed and recorded special warranty deed within 60 days of the order approving the transfer in this docket. Following receipt of the special warranty deed, this docket should be closed administratively.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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21\*\*

**Docket No. 090184-WS** – Application for grandfather certificate to operate water and wastewater utilities in St. Johns County by North Beach Utilities, Inc.

**Critical Date(s):** September 2, 2009, statutory deadline for certificate of authorization

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Edgar

**Staff:** ECR: Johnson, Kaproth, Simpson

GCL: Bennett

**Issue 1:** Should the application of North Beach Utilities, Inc., for grandfather certificates in St. Johns County be granted?

**Recommendation:** Yes, North Beach Utilities, Inc. should be granted Water and Wastewater Certificate Nos. 645-W and 553-S to serve the territory described in Attachment A in staff's memorandum dated August 6, 2009. North Beach should be required to pay regulatory assessment fees and file an annual report from the jurisdictional date, January 16, 2009, through December 31, 2009, by March 31, 2010.

**Issue 2:** What rates and charges should be approved for North Beach Utilities, Inc.?

**Recommendation:** The utility's rates and charges that were in effect when St. Johns County rescinded jurisdiction, shown on Schedule No. 1 in staff's memorandum dated August 6, 2009, should be approved. North Beach should be required to charge the approved rates, including the pass-through rate increase, until authorized to change by this Commission in a subsequent proceeding. The rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C.

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

**Recommendation:** Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of a final order.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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22

**Docket No. 090244-WU** – Application for staff-assisted rate case in Lake County by TLP Water, Inc.

**Critical Date(s):** 60-Day Suspension Date Waived Through 08/18/09

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Argenziano

**Staff:** ECR: Hudson, Bulecza-Banks, Fletcher

GCL: Klancke

**(Decision on Interim Rates - Participation is at the Discretion of the Commission)**

**Issue 1:** Should TLP Water's request for interim rates be approved?

**Recommendation:** Yes, TLP's request for interim water rates should be approved. The Utility should be granted an 80.57 percent interim water rate increase. If TLP submits revised tariffs reflecting the Commission's decision on interim rates, staff should be given administrative authority to approve the tariffs. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.), provided customers have received notice. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission's decision, the proposed customer notice is adequate, and the required security has been filed. The Utility should provide proof of the date notice was given within 10 days after the date the notice is provided to the customers.

**Issue 2:** What is the appropriate security to guarantee the interim rate increase?

**Recommendation:** The Utility should be required to file a bond, letter of credit, or escrow agreement as security to guarantee any potential refunds of revenues collected under interim conditions. Pursuant to Rule 25-30.360(6), F.A.C., the Utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund as of the end of the proceeding month.

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

**Recommendation:** No. This docket should remain open pending the final resolution of the Utility's staff-assisted rate case.

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop



**ITEM NO.**

**CASE**

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23\*\*

**Docket No. 080272-WS** – Application for certificates to provide water and wastewater service in Charlotte and DeSoto Counties by Sun River Utilities, Inc.

**Critical Date(s):** 09/10/09 (Statutory Deadline for original certificate, pursuant to Section 367.031, Florida Statutes)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Argenziano

**Staff:** ECR: Clapp, Marsh, Walden

GCL: Klancke, Saylor

**Issue 1:** Should the application of Sun River for water and wastewater certificates be approved?

**Recommendation:** Yes. Staff recommends that it is in the public interest, pursuant to Section 367.031, F.S., to grant Sun River Utilities, Inc. Certificate Nos. 646-W and No. 554-S to serve the territory described in Attachment A in staff's memorandum dated August 6, 2009, effective the date of the Commission's vote. The resultant order should serve as Sun River's water and wastewater certificates and it should be retained by the utility.

**Issue 2:** What rates and charges should be approved for Sun River Utilities, Inc?

**Recommendation:** The rates and charges as detailed in the analysis portion of staff's memorandum dated August 6, 2009, should be approved. Staff recommends that Sun River be required to continue to charge these rates and charges until authorized to change by the Commission. The tariff should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets.

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

**Recommendation:** Yes. If the Commission approves staff's recommendations in Issues 1 and 2, this docket should be closed because no further action is necessary.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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24\*\*PAA

**Docket No. 080517-WS** – Application for approval of transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 441-S and 507-W, in Sumter County. (Deferred from the April 7, 2009 Commission Conference, revised recommendation filed.)

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Edgar

**Staff:** ECR: Johnson, Kaproth, Walden

GCL: Sayler

**Issue 1:** Should the transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 507-W and 441-S in Sumter County be approved?

**Recommendation:** No. The transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's Jumper Creek's water and wastewater facilities to Aqua Utilities Florida, Inc. is not in the public interest and should not be approved.

**Issue 2:** What is net book value for the water and wastewater systems as of December 31, 2007?

**Recommendation:** If the Commission approves staff's recommendation in Issue 1, this issue is moot. However, if the Commission denies staff's recommendation in Issue 1, then staff recommends that as of December 31, 2007, net book value for transfer purposes is \$327,494 for Jumper Creek's water system and \$176,581 for the wastewater system, as shown on Schedule No. 1 in staff's memorandum dated August 6, 2009. Schedule No. 1-A shows the recommended balances for Jumper Creek's water and wastewater plant and accumulated depreciation accounts as of December 31, 2007, using the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA). Staff notes that net book value for transfer purposes does not include the normal rate making adjustments for used and useful or working capital. Within 60 days of the date of the final order, the Utility should be required to provide a statement that AUF's books have been updated to reflect the Commission-approved net book value adjustments and balances and that these numbers will also be reflected in the Utility's annual report.

**ITEM NO.**

**CASE**

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24\*\*PAA

**Docket No. 080517-WS** – Application for approval of transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 441-S and 507-W, in Sumter County. (Deferred from the April 7, 2009 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 3:** Should an acquisition adjustment be recognized for rate-making purposes?

**Recommendation:** If the Commission approves staff's recommendation in Issue 1, this issue is moot. However, if the Commission denies staff's recommendation in Issue 1, then staff recommends that, pursuant to Rule 25-30.0371(3)(b), F.A.C., a negative acquisition adjustment of \$303,260 should be recognized for rate-making purposes, amortized over a five-year period beginning with the date of the issuance of the order approving the transfer of assets. The negative acquisition adjustment should not be recorded on the books for rate-making purposes nor used for any earnings review unless AUF files for a rate increase, pursuant to Sections 367.081(2), 367.0814, 367.0817, or 367.0822, F.S.

**Issue 4:** Should the Utility's existing rates and charges be approved?

**Recommendation:** If the Commission approves staff's recommendation in Issue 1, this issue is moot. However, if the Commission denies staff's recommendation in Issue 1, then staff recommends that the water and wastewater rates shown on Schedule No. 2 in staff's memorandum dated August 6, 2009, should be approved for the Jumper Creek water and wastewater customers. AUF should be required to charge the approved rates until authorized to change by this Commission in a subsequent proceeding. The rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C.

**Issue 5:** Should AUF's request for a meter installation charge be approved?

**Recommendation:** If the Commission approves staff's recommendation in Issue 1, this issue is moot. However, if the Commission denies staff's recommendation in Issue 1, then staff recommends that AUF's request for a meter installation charge shown on Schedule No. 3 in staff's memorandum dated August 6, 2009, should be approved. The service charges should be effective for connections made on or after the stamped approval date on the tariff sheets.

**ITEM NO.**

**CASE**

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24\*\*PAA

**Docket No. 080517-WS** – Application for approval of transfer of Horizon Homes of Central Florida, Inc. and Five Land Group LLC's water and wastewater systems to Aqua Utilities Florida, Inc., and for amendment of Certificate Nos. 441-S and 507-W, in Sumter County. (Deferred from the April 7, 2009 Commission Conference, revised recommendation filed.)

(Continued from previous page)

**Issue 6:** Should AUF's request for customer deposits, miscellaneous service charges, and a late fee be approved?

**Recommendation:** If the Commission approves staff's recommendation in Issue 1, this issue is moot. However, if the Commission denies staff's recommendation in Issue 1, then staff recommends that AUF's request for customer deposits, miscellaneous service charges, and a late fee shown on Schedule No. 3 in staff's memorandum dated August 6, 2009, are consistent with Commission rules and should be approved. Within ten days of the issuance of the consummating order, staff recommends that AUF be required to file a proposed customer notice of the Commission-approved miscellaneous service charges. Once staff has approved the proposed customer notice, the Utility may mail the notice to its customers. The tariffs approving the miscellaneous service charges should not be stamped approved by staff until after AUF files an affidavit that notice has been given to customers of the Commission-approved charges. The tariff sheets containing customer deposits, miscellaneous service charges, and a late fee should become effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475, F.A.C.

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

**Recommendation:** No. If the Commission approves staff's recommendation in Issue 1 and if no protest to the proposed agency action issues is filed by a substantially affected person within 21 days of the date of the order, a consummating order should be issued and the docket should be closed. However, if the transfer is approved, the docket should be closed administratively upon receipt of a statement that AUF's books have been updated for Jumper Creek's systems to reflect the Commission-approved net book value adjustments and balances and that these numbers will also be reflected in the Utility's annual report.

**DECISION:** This item was withdrawn.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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25\*\*

**Docket No. 090315-SU** – Application for quick-take amendment of Certificate No. 379-S in Seminole County by Alafaya Utilities, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Argenziano

**Staff:** ECR: Redemann

GCL: Klancke

**Issue 1:** Should the Commission acknowledge Alafaya Utilities, Inc.’s “Quick Take” application to amend Certificate No. 379-S in Seminole County?

**Recommendation:** Yes, the Commission should acknowledge Alafaya amendment application to expand its territory. The proposed territory amendment is described in Attachment A in staff’s memorandum dated August 6, 2009. The resultant order should serve as Alafaya Utilities, Inc.’s amended certificate and it should be retained by the utility. The utility should charge the customers in the territory added herein the monthly service rates and charges contained in its current tariff until authorized to change by the Commission.

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

**Recommendation:** Yes. There are no further actions to be taken in this docket, and the docket should be closed.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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26\*\*

**Docket No. 090154-SU** – Notice of abandonment of wastewater system for The Village of Lakeland Mobile Home Park in Polk County, by West Lakeland Wastewater, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ECR: Clapp, Kaproth, Walden

GCL: Saylor

**Issue 1:** Should the Commission acknowledge the abandonment of the utility and the appointment of Mr. Michael Smallridge as receiver?

**Recommendation:** Yes, the Commission should acknowledge the abandonment of the utility and the appointment of Mr. Smallridge as receiver effective June 22, 2009, pursuant to Section 367.165, F.S. The territory previously approved for this utility is described in Attachment A in staff's memorandum dated August 6, 2009. Certificate No. 515-S should remain effective. Pursuant to Rule 25-30.120, F.A.C., the receiver should file the utility's 2009 regulatory assessment fees. The resultant order should serve as West Lakeland's wastewater certificate and it should be retained by the utility. Pursuant to Rule 25-9.044(1), Florida Administrative Code (F.A.C.), the rates and charges approved for the utility should be continued until authorized to change by the Commission in a subsequent proceeding.

**Issue 2:** Should the Commission require the utility to show cause within 21 days, why it should not be fined for failure to pay regulatory assessment fees and file annual reports, pursuant to Rules 25-30.110 and 25-30.120, F.A.C.

**Recommendation:** No. The Commission should decline to show cause the utility for failure to pay regulatory assessment fees and file annual reports now that it is in receivership, and request that the Department of Financial Services write off \$6,219.95 owed by the utility's former owners.

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

**Recommendation:** Yes. If the Commission approves Staff's recommendation, upon referral of the unpaid regulatory assessment fees, penalties, and interest to the Department of Financial Services regarding authority to write off the account as uncollectible, this docket should be closed administratively.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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27\*\*PAA

**Docket No. 090121-SU** – Application for limited proceeding rate increase in Seminole County by Alafaya Utilities, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** McMurrian

**Staff:** ECR: Wright, Fletcher, Bulecza-Banks, Redemann, Springer  
GCL: Brown

**(All Issues Proposed Agency Action Except Issues 3 and 4)**

**Issue 1:** What is the appropriate increase in wastewater revenues for this Utility?

**Recommendation:** The appropriate increase in wastewater revenues should be implemented in two phases. The phase one increase should be \$654,085 or 17.51 percent, and the phase two increase should be \$307,070 or 6.99 percent.

**Issue 2:** What are the appropriate rates for Alafaya Utilities, Inc.?

**Recommendation:** The appropriate rates are shown on Schedules 2 and 3 in staff's memorandum dated August 6, 2009. The rates should be designed to allow the Utility the opportunity to generate additional revenues of \$654,085 for wastewater service for phase one and \$307,070 for phase two. The Utility should be required to file revised tariff sheets and a proposed customer notice to reflect the appropriate rates. The approved rates should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. Within 10 days of the date the order is final, the Utility should be required to provide notice of the tariff changes to all customers. The Utility should provide proof the customers have received notice within 10 days after the date that the notice was sent.

The Utility should not be allowed to implement phase-two rates until construction of the EQ Tank has been completed and approved by the Department of Environmental Protection (DEP). The Utility should provide staff with the approval documentation no later than 15 days after the Utility receives the final approval from DEP. At that time, the Utility should also 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 of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The rates 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.

**ITEM NO.**

**CASE**

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27\*\*PAA

**Docket No. 090121-SU** – Application for limited proceeding rate increase in Seminole County by Alafaya Utilities, Inc.

(Continued from previous page)

**Issue 3:** What is the appropriate amount by which rates should be reduced four years after established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

**Recommendation:** The rates should be reduced as shown on Schedule No. 2 in staff's memorandum dated August 6, 2009, to remove \$8,717 for rate case expense, grossed up for regulatory assessment fees (RAFs), which is being amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction.

**Issue 4:** Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a substantially affected person?

**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 substantially affected person. Prior to implementation of any temporary rates, the Utility should provide appropriate security. UI's total guarantee should be the amount of \$436,419. 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. 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 Division of Economic Regulation 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. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.

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

**Recommendation:** If a protest is not received from a substantially affected person within 21 days of issuance of the Proposed Agency Action Order, a Consummating Order will be issued. If a Consummating Order is issued, the docket should be closed upon its issuance and upon staff's approval of the revised tariff sheets.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop



**ITEM NO.**

**CASE**

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28\*\*PAA

**Docket No. 080668-SU** – Application for staff-assisted rate case in Highlands County by Fairmount Utilities, The 2nd Inc.

**Critical Date(s):** 06/09/10 (15-Month Effective Date (SARC))

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Edgar

**Staff:** ECR: Hudson, Bulecza-Banks, Daniel, Fletcher, Simpson

GCL: Brubaker, Williams

**(Proposed Agency Except for Issues 10, 12, and 13)**

**Issue 1:** Is the quality of service provided by Fairmount in Highlands County satisfactory?

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

**Issue 2:** What are the used and useful percentages of the Utility's wastewater treatment plant and collection system?

**Recommendation:** Fairmount's wastewater treatment plant and collection system should be considered 100 percent used and useful.

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

**Recommendation:** The appropriate average test year rate base for Fairmount should be \$45,974.

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

**Recommendation:** The appropriate return on equity is 11.30 percent with a range of 10.30 percent to 12.30 percent. The appropriate overall rate of return is 7.25 percent.

**Issue 5:** What are the appropriate amount of test year revenues?

**Recommendation:** The appropriate test year revenue for this Utility is \$109,062.

**Issue 6:** What are the appropriate operating expenses?

**Recommendation:** The appropriate amount of operating expenses for Fairmount is \$117,343.

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

**Recommendation:** The appropriate revenue requirement is \$121,223 for wastewater.

**ITEM NO.**

**CASE**

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28\*\*PAA

**Docket No. 080668-SU** – Application for staff-assisted rate case in Highlands County by Fairmount Utilities, The 2nd Inc.

(Continued from previous page)

**Issue 8:** What are the appropriate rates for this Utility?

**Recommendation:** The appropriate monthly wastewater rates are shown on Schedule No. 4-A in staff's memorandum dated August 6, 2009. Excluding miscellaneous service revenues, the recommended wastewater rates are designed to produce revenues of \$121,223. Fairmount 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 of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date the notice was given no less than 10 days after the date of the notice.

**Issue 9:** Should the Commission approve pro forma plant and expenses for the Utility, and if so, what is the appropriate return on equity, overall rate of return, revenue requirement and when should the resulting rates be implemented?

**Recommendation:** Yes. The Commission should approve a Phase II revenue requirement associated with pro forma plant additions. With the pro forma items, Fairmount's appropriate return on equity should be 11.30 percent with a range of 10.30 to 12.30 percent. The appropriate overall rate of return is 7.25 percent. The Utility's revenue requirement should be \$125,359. Fairmount should complete the pro forma additions within 12 months of the issuance of the consummating order. The Utility should be allowed to implement the resulting rates once the pro forma additions have been completed and verified by staff. However, Fairmount should not implement the revised rates until they have submitted revised tariff sheets reflecting the Commission-approved rates. 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. Fairmount should provide proof of the date notice was given within 10 days after the date of the notice. If the Utility encounters any unforeseen events that will impede the completion of the pro forma additions, the Utility should immediately notify the Commission.

**ITEM NO.**

**CASE**

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28\*\*PAA

**Docket No. 080668-SU** – Application for staff-assisted rate case in Highlands County by Fairmount Utilities, The 2nd Inc.

(Continued from previous page)

**Issue 10:** 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.?

**Recommendation:** The water rates should be reduced as shown on Schedule No. 4 in staff's memorandum dated August 6, 2009, 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. Fairmount 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.

**Issue 11:** Should the Utility be authorized to collect customer deposits, and, if so, what are the appropriate charges?

**Recommendation:** Yes. The Utility should be authorized to collect customer deposits. The appropriate customer deposit should be the recommended charge as specified in the analysis portion of staff's memorandum dated August 6, 2009. Fairmount should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the customer deposit should become effective for connections made on or after the stamped approval date of the revised tariff sheets.

**Issue 12:** Should the recommended rates be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than Fairmount?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the Utility. Prior to implementation of any temporary rates, Fairmount should provide appropriate security. If the recommended rates are approved on a temporary basis, the Utility should collect rates subject to the refund provisions discussed in the analysis portion of staff's memorandum dated August 6, 2009. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Fairmount should file reports with the Commission's Division of Economic Regulation 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.

**ITEM NO.**

**CASE**

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28\*\*PAA

**Docket No. 080668-SU** – Application for staff-assisted rate case in Highlands County by Fairmount Utilities, The 2nd Inc.

(Continued from previous page)

**Issue 13:** Should the Utility be required to provide proof, 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 Uniform System of Accounts (NARUC USOA) primary accounts associated with the Commission-approved adjustments?

**Recommendation:** Yes. To ensure that the Utility adjusts its books in accordance with the Commission's decision, Fairmount should provide proof, within 90 days of the final order issued in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

**Issue 14:** Should this docket be closed?

**Recommendation:** No. If no timely protest is received from a substantially affected person upon expiration of the protest period, the PAA Order will become final upon the issuance of a Consummating Order. However, this docket should remain open for an additional 12 months from the date of the Consummating Order to allow staff to verify completion of pro forma plant items described in Issue No. 9. Once staff has verified that the pro forma items have been completed, the docket should be closed administratively.

**DECISION:** The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano, Skop

**ITEM NO.**

**CASE**

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29

**Docket No. 080501-EI** – Petition for waiver of Rule 25-17.250(1) and (2)(a), F.A.C., which requires Progress Energy Florida to have a standard offer contract open until a request for proposal is issued for same avoided unit in standard offer contract, and for approval of standard offer contract.

**Docket No. 070235-EQ** – Petition for approval of standard offer contract for purchase of firm capacity and energy from renewable energy producer or qualifying facility less than 100 kW tariff, by Progress Energy Florida, Inc.

**Critical Date(s):** 90-Day Deadline Waived

**Commissioners Assigned:** McMurrian, Edgar, Argenziano

**Prehearing Officer:** Argenziano

**Staff:** SGA: Sickel

ECR: Kummer

GCL: Hartman

**(Participation is limited to Commissioners and Staff only)**

**Issue 1:** Is the standard offer contract filed by PEF on July 15, 2008 in compliance with Rules 25-17.200 through 25-17.310, F.A.C.?

**Recommendation:** Yes. If the Commission approves staff's recommendation, any changes agreed to by the parties in their post-hearing briefs should be incorporated in PEF's standard offer contract filed in Docket No. 090162-EQ.

**Issue 2:** Does the standard offer contract filed by PEF on July 15, 2008, contain terms and conditions that are not consistent with Rules 25-17.001 and 25-17.200 through 25-17.310, F.A.C.?

**Recommendation:** No. As discussed in Issue 1, including the changes suggested by PEF in its post hearing comment, the standard offer contract filed by PEF on July 15, 2008 is in compliance with Rules 25-17.200 through 25-17.310, F.A.C.

**Issue 3:** Do the non-price terms and conditions of PEF's standard offer contract that are specifically addressed by Florida Statutes or regulations comply with the policies and purposes set forth in Section 366.91, F.S., and Rules 25-17.001 and 25-17.200, F.A.C.?

**Recommendation:** Yes. As discussed in Issue 1, the non-price terms and conditions relating to the use of interruptible power, the capacity testing periods, the arrangements for maintenance outage, and the credit and collateral provisions are in compliance with Section 366.91, F.S., and Rules 25-17.001 and 25-17.200, F.A.C.

**Issue 4:** Does the standard offer contract's methodology for determining a RF/QF's capacity payments comply with the requirements of Rules 25-17.200 through 25-17.310, F.A.C.?

**Recommendation:** Yes. As discussed in Issues 1 and 2, the evaluation of avoided costs in PEF's 2008 standard offer contract is in compliance with Rules 25-17.200 through 25-17.310, F.A.C.

**ITEM NO.**

**CASE**

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29

**Docket No. 080501-EI** – Petition for waiver of Rule 25-17.250(1) and (2)(a), F.A.C., which requires Progress Energy Florida to have a standard offer contract open until a request for proposal is issued for same avoided unit in standard offer contract, and for approval of standard offer contract.

**Docket No. 070235-EQ** – Petition for approval of standard offer contract for purchase of firm capacity and energy from renewable energy producer or qualifying facility less than 100 kW tariff, by Progress Energy Florida, Inc.

(Continued from previous page)

**Issue 5:** Should Docket No. 070235-EQ, Petition for approval of standard offer contract for purchase of firm capacity and energy from renewable energy producer or qualifying facility less than 100 kW tariff, by PEF, be closed?

**Recommendation:** Yes. Docket No. 070235-EQ, Petition for approval of standard offer contract for purchase of firm capacity and energy from renewable energy producer or qualifying facility less than 100 kW tariff, by PEF, should be closed.

**Issue 6:** Should this docket be closed?

**Recommendation:** Yes. As PEF has already filed its 2009 renewable energy tariff and standard offer contract, and in the interest of administrative efficiency, the Commission should direct PEF to file within 30 days of the Commission's vote at the Agenda Conference, a revised 2009 renewable energy tariff and standard offer contract in accord with the Commission's decision herein.

**DECISION:** The recommendations were approved.

Commissioners participating: Edgar, McMurrian, Argenziano