

**MINUTES OF August 29, 2006
COMMISSION CONFERENCE**

COMMENCED: 9:45 a.m.
ADJOURNED: 11:00 a.m.
COMMENCED: 11:10 a.m.
ADJOURNED: 12:40 p.m.
COMMENCED: 1:40 p.m.
ADJOURNED: 2:55 p.m.
COMMENCED: 3:10 p.m.
ADJOURNED: 4:50 p.m.

COMMISSIONERS PARTICIPATING: Chairman Edgar
Commissioner Deason
Commissioner Arriaga
Commissioner Carter
Commissioner Tew

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

1**

Consent Agenda

PAA A) Application for certificate to provide competitive local exchange telecommunications service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
060513-TX	Common Pointe Networks of Florida, LLC

PAA B) Application for certificate to provide pay telephone service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
060461-TC	A.C.T. Advanced Communication Technologies Inc.

Minutes of
Commission Conference
August 29, 2006

ITEM NO. CASE

1** Consent Agenda

(Continued from previous page)

PAA C) Request for cancellation of an alternative access vendor certificate.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>
050641-TP	KMC Telecom III LLC	9/22/2005

PAA D) Requests for cancellation of competitive local exchange telecommunications certificates.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>
050641-TP	KMC Telecom III LLC	9/22/2005
060427-TP	Mpower Communications Corp.	5/30/2006
060432-TP	H C Phone Service, LLC	6/5/2006
060448-TP	Sail Telecom, Inc.	5/22/2006

PAA E) Request for approval of transfer and name change on an incumbent local exchange telecommunications certificate.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
060519-TL	Frontier Communications of the South, Inc. Frontier Communications of the South, LLC

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

DECISION: The recommendation was approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

2**PAA

Docket No. 060503-EU – Joint petition to reopen and extend term of previous territorial agreement in Orange County, by Orlando Utilities Commission and Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Arriaga

Staff: GCL: Brown

ECR: Redemann, Rieger

Issue 1: Should the Commission approve the stipulation between Orlando Utilities Commission and Progress Energy Florida, Inc. that reopens their recently expired territorial agreement and extends its expiration date through January 31, 2007?

Recommendation: Yes. The stipulation reopening the Territorial Agreement between Orlando Utilities Commission and Progress Energy Florida, Inc. and extending its expiration date through January 31, 2007, is in the public interest and should be approved. By November 30, 2006, the parties should file with the Commission a status report on their negotiations toward a new territorial agreement that describes the status of the negotiations and provides an estimate of when the new agreement will be submitted for approval.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending receipt of the parties' status report and conclusion of a new territorial agreement.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

3

Docket No. 060455-TP – Complaint against AT&T Communications of the Southern States, LLC d/b/a AT&T d/b/a Lucky Dog Phone Co. d/b/a ACC Business d/b/a SmarTalk d/b/a Unispeaksm Service d/b/a www.prepaidserviceguide.com d/b/a CONQUEST for failure to pay intrastate access charges pursuant to Embarq's tariffs, by Embarq Florida, Inc., f/k/a Sprint-Florida, Incorporated.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Tew

Staff: GCL: Teitzman, Scott

CMP: Pruitt

Issue 1: Should AT&T's request for oral argument be granted?

Recommendation: Yes. Staff recommends that AT&T's request for oral argument be granted. If the Commission grants oral argument, staff recommends that each party be allowed ten minutes to present oral argument.

DECISION: The recommendation was approved.

Issue 2: Should the Commission grant AT&T's Motion to Dismiss or, in the alternative, Stay the Proceeding?

Recommendation: No. The Commission should deny AT&T's Motion to Dismiss or, in the alternative, Stay the Proceeding because the Motion fails to raise arguments sufficient to support dismissal of the Complaint and pursuant to Florida Statutes, the Commission is charged with enforcing the statutes raised in Embarq's complaint.

DECISION: The recommendations were approved. Additionally, on the Commission's own motion, the docket will be abated 60 days to allow the parties to conduct mandatory mediation. The parties are to provide status reports on the mediation at which point it will be determined how to proceed. The parties are also encouraged to allocate the issues among different forums and make the appropriate filings to get the issues to these forums.

Issue 3: Should this docket be closed?

Recommendation: No. If the Commission approves staff's recommendation in Issue 2, this docket should remain open and be set for hearing.

DECISION: The docket will remain open consistent with the decision in Issue 2.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

Docket No. 050125-TP – Petition and complaint for suspension and cancellation of Transit Traffic Service Tariff No. FL2004-284 filed by BellSouth Telecommunications, Inc., by AT&T Communications of the Southern States, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Tew

Staff: CMP: Barrett, Higgins, P. Lee, Trueblood, Vickery

GCL: Scott

(Participation is limited to Commissioners and staff.)

Issue 1: Is BellSouth's Transit Service Tariff an appropriate mechanism to address transit service provided by BellSouth?

Recommendation: No. Staff believes that BellSouth's Transit Service Tariff is not an appropriate mechanism to address transit service in the absence of an interconnection agreement or transit arrangement because it is invalid under Florida law. Furthermore, staff recommends that the Commission require the parties to establish an interconnection agreement or transit arrangement containing the rates, terms and conditions for use of BellSouth's transit service. Accordingly, staff recommends that BellSouth's Transit Service Tariff be cancelled.

DECISION: The recommendation was approved.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

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(Continued from previous page)

Issue 2: If an originating carrier utilizes the services of BellSouth as a tandem provider to switch and transport traffic to a third party not affiliated with BellSouth, what are the responsibilities of the originating carrier?

Recommendation: Staff recommends that the originating carrier should enter into a transit arrangement with BellSouth, and should compensate BellSouth for providing the transit service. Additionally, the originating carrier is responsible for delivering its traffic to BellSouth in such a manner that it can be identified, routed, and billed. The originating carrier is also responsible for compensating the terminating carrier for terminating the traffic to the end user.

DECISION: The recommendation was approved.

Issue 3: Which carrier should be responsible for providing compensation to BellSouth for the provision of the transit transport and switching services?

Recommendation: This issue is subsumed in the recommendation for Issue 2 and no vote is necessary.

DECISION: Issue 3 was approved within the decision in Issue 2.

Issue 4: What is BellSouth's network arrangement for transit traffic and how is it typically routed from an originating party to a terminating third party?

Recommendation: No party disputed this issue; accordingly, BellSouth's current network arrangement for transit traffic and its typical routing from an originating party to a terminating third party is appropriate.

DECISION: The recommendation was approved.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

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(Continued from previous page)

Issue 5: Should the FPSC establish the terms and conditions that govern the relationship between an originating carrier and the terminating carrier, where BellSouth is providing transit service and the originating carrier is not interconnected with, and has no interconnection agreement with, the terminating carrier? If so, what are the appropriate terms and conditions that should be established?

Recommendation: No. The FPSC should not establish the terms and conditions governing the relationship between the originating carrier and the terminating carrier where BellSouth is providing transit service. The relationship should continue to be defined within bilateral interconnection agreements. Additionally, those situations involving Small LECs as originators and terminators utilizing BellSouth's transit service are best defined within bilateral transit arrangements.

DECISION: The recommendation was approved.

Issue 6: Should the FPSC determine whether and at what traffic threshold level an originating carrier should be required to forego use of BellSouth's transit service and obtain direct interconnection with a terminating carrier? If so, at what traffic level should an originating carrier be required to obtain direct interconnection with a terminating carrier?

Recommendation: No. The FPSC should not set a traffic threshold level.

DECISION: The recommendation was approved.

Issue 7: How should transit traffic be delivered to the Small LEC's networks?

Recommendation: Transit traffic should be delivered to the Small LECs' networks utilizing efficient network engineering developed through mutual agreement between BellSouth and the Small LECs.

DECISION: The recommendation was approved.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

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Issue 8: Should the FPSC establish the terms and conditions that govern the relationship between BellSouth and a terminating carrier, where BellSouth is providing transit service and the originating carrier is not interconnected with, and has no interconnection agreement with, the terminating carrier? If so, what are the appropriate terms and conditions that should be established?

Recommendation: This issue is subsumed in the recommendation for Issue 5 and no vote is necessary.

DECISION: Issue 8 was approved within the decision in Issue 5.

Issue 9: Should the FPSC establish the terms and conditions of transit traffic between the transit service provider and the Small LECs that originate and terminate transit traffic? If so, what are the terms and conditions?

Recommendation: This issue is subsumed in the recommendation for Issue 5 and no vote is necessary.

DECISION: Issue 9 was approved within the decision in Issue 5.

Issue 10: What effect does transit service have on ISP-bound traffic?

Recommendation: Transiting ISP-bound traffic is no different than transiting voice traffic. In both cases, the intermediary carrier's facilities being used to route or transit the traffic to a third-party terminating carrier are the same. Therefore, transiting has no effect on ISP-bound traffic.

DECISION: The recommendation was approved.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

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Issue 11: How should charges for BellSouth's transit service be determined?

(a) What is the appropriate rate for transit service?

(b) What type of traffic do the rates identified in (a) apply?

Recommendation: BellSouth's transit charges should be calculated by applying the transit rate to the local usage transited between the carriers.

(a) Staff recommends that an appropriate rate for transit service is no higher than \$0.0023 per MOU.

(b) The transit rate is applicable to local traffic and local ISP-bound traffic that transits BellSouth's network to a third party.

DECISION: The recommendation was denied. The parties should negotiate a rate for transit service.

Issue 12: Consistent with Order Nos. PSC-05-0517-PAA-TP and PSC-05-0623-CO-TP, have the parties to this docket ("parties") paid BellSouth for transit service provided on or after February 11, 2005? If not, what amounts if any are owed to BellSouth for transit service provided since February 11, 2005?

Recommendation: Yes. All parties have paid, and continue to pay, BellSouth for transit service provided on or after February 11, 2005. No amounts are owed to BellSouth for transit service provided on or after the Tariff effective date of February 11, 2005.

DECISION: The recommendation was approved.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

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Issue 13: Have parties paid BellSouth for transit service provided before February 11, 2005? If not, should the parties pay BellSouth for transit service provided before February 11, 2005, and if so, what amounts, if any, are owed to BellSouth for transit service provided before February 11, 2005?

Recommendation: All parties except the Small LECs paid BellSouth for the provision of transit service prior to February 11, 2005. However, the Small LECs were not required to pay BellSouth for transit service prior to February 11, 2005, and thus no amounts are owed.

DECISION: The recommendation was approved.

Issue 14: What action, if any, should the FPSC undertake at this time to allow the Small LECs to recover the costs incurred or associated with BellSouth's provision of transit service?

Recommendation: None. Staff recommends that the Commission refrain from making a determination as to whether the imposition of a transit rate on the Small LECs constitutes a substantial change in circumstances under Section 364.051(4), Florida Statutes. Staff believes that this issue is not ripe and a determination at this time would be premature.

DECISION: The recommendation was approved.

Issue 15: Should BellSouth issue an invoice for transit services and if so, in what detail and to whom?

Recommendation: No. BellSouth's current settlements system for transit service is appropriate. If applicable, carriers should follow the terms and conditions of current interconnection agreements to address invoicing for transit services.

DECISION: The recommendation was approved.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

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Issue 16: Should BellSouth provide to the terminating carrier sufficiently detailed call records to accurately bill the originating carrier for call termination? If so, what information should be provided by BellSouth?

Recommendation: Yes. BellSouth should continue to provide to terminating carriers sufficiently detailed call records with as much information as it has available to it from originating carriers. Such call records should be delivered unaltered in the EMI Category 11 format. Nothing precludes individual parties from agreeing to other arrangements, and if applicable, carriers should follow the terms and conditions of current interconnection agreements that address the provision of call records.

DECISION: The recommendation was approved.

Issue 17: How should billing disputes concerning transit service be addressed?

Recommendation: Billing disputes concerning transit service should be addressed in one of two ways, based on how transit service was purchased: 1) for carriers that have IAs or contractual arrangements with BellSouth that contain billing dispute provisions, such provisions should be followed to resolve transit service billing disputes; and 2) for carriers that have purchased transit services from BellSouth pursuant to the Transit Tariff, the billing dispute provisions therein should govern the resolution of billing disputes. BellSouth's role in billing disputes between OCs and TCs should be to provide to such carriers the support material for traffic or records-related data it supplied.

DECISION: The recommendation was approved.

ITEM NO.

CASE

4

Docket No. 050119-TP – Joint petition by TDS Telecom d/b/a TDS Telecom/Quincy Telephone; ALLTEL Florida, Inc.; Northeast Florida Telephone Company d/b/a NEFCOM; GTC, Inc. d/b/a GT Com; Smart City Telecommunications, LLC d/b/a Smart City Telecom; ITS Telecommunications Systems, Inc.; and Frontier Communications of the South, LLC ["Joint Petitioners"] objecting to and requesting suspension and cancellation of proposed transit traffic service tariff filed by BellSouth Telecommunications, Inc.

Docket No. 050125-TP – Petition and complaint for suspension and cancellation of Transit Traffic Service Tariff No. FL2004-284 filed by BellSouth Telecommunications, Inc., by AT&T Communications of the Southern States, LLC.

(Continued from previous page)

Issue 18: Should these dockets be closed?

Recommendation: If the Commission approves staff's recommendation in Issue 1, then:

- (1) These dockets should remain open to allow parties in this proceeding who do not have rates, terms and conditions in place for BellSouth's transit service additional time to establish a transit arrangement prior to cancellation of the Tariff. Staff recommends that the Commission require BellSouth and any party without a transit arrangement to establish such an arrangement within 70 days of the issuance of the Final Order from this recommendation.
- (2) The Tariff should be cancelled on the 71st day after the issuance of the Final Order from this recommendation.
- (3) Staff recommends that BellSouth be required to issue a partial refund, including interest, to those parties who paid under BellSouth's Tariff during the period beginning February 11, 2005 and ending upon cancellation of the Tariff.
- (4) If the Commission does not approve staff's recommendation in Issue 1, then these dockets should be closed.

DECISION: Staff's recommendation was approved with the understanding that language will be included in the order that prohibits the blocking of transit service during the 70 days after issuance of the order and during the processing of a statutorily authorized arbitration if a negotiated settlement cannot be reached, and with the understanding that BellSouth can file an arbitration.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

5**PAA

Docket No. 060530-TP – Joint petition for transfer of CLEC Certificate 4861 and PATS Certificate 5922 from Supra Telecommunications and Information Systems, Inc. to Supra Telecommunications and Information Systems Acquisition Corp.; for acknowledgment of registration of Supra Telecommunications and Information Systems Acquisition Corp. as an interexchange telecommunications company effective 8/1/06; for name change on CLEC Certificate 4861, PATS Certificate 5922, and IXC Registration TK091 from Supra Telecommunications and Information Systems Acquisition Corp. to Supra Telecommunications and Information Systems, Inc.; and request for waiver of carrier selection requirements of Rule 25-4.118, F.A.C., due to acquisition of assets, including operations and local exchange and interexchange customers, of Supra Telecommunications and Information Systems, Inc. by Supra Telecommunications and Information Systems Acquisition Corp., a newly created, wholly owned subsidiary of Cleartel Communications, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Watts, McCoy

GCL: Tan, McKay

Issue 1: Should the Commission approve the name change and transfer of CLEC Certificate No. 4861 and PATS Certificate No. 5922 from Supra Telecommunications and Information Systems, Inc. to Supra Telecommunications and Information Systems Acquisition Corp.?

Recommendation: Yes. The Commission should approve the proposed certificate transfers and name changes.

Issue 2: Should the Commission approve the request for waiver of the carrier selection requirements of Rule 25-4.118, Florida Administrative Code, in the transfer of customers from Supra Telecommunications and Information Systems, Inc. to Supra Telecommunications and Information Systems Acquisition Corp.?

Recommendation: Yes. The Commission should approve the request for waiver of the carrier selection requirements of Rule 25-4.118, Florida Administrative Code.

ITEM NO.

CASE

5**PAA

Docket No. 060530-TP – Joint petition for transfer of CLEC Certificate 4861 and PATS Certificate 5922 from Supra Telecommunications and Information Systems, Inc. to Supra Telecommunications and Information Systems Acquisition Corp.; for acknowledgment of registration of Supra Telecommunications and Information Systems Acquisition Corp. as an interexchange telecommunications company effective 8/1/06; for name change on CLEC Certificate 4861, PATS Certificate 5922, and IXC Registration TK091 from Supra Telecommunications and Information Systems Acquisition Corp. to Supra Telecommunications and Information Systems, Inc.; and request for waiver of carrier selection requirements of Rule 25-4.118, F.A.C., due to acquisition of assets, including operations and local exchange and interexchange customers, of Supra Telecommunications and Information Systems, Inc. by Supra Telecommunications and Information Systems Acquisition Corp., a newly created, wholly owned subsidiary of Cleartel Communications, Inc.

(Continued from previous page)

Issue 3: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the Proposed Agency Action files a protest within 21 days of the issuance of the Proposed Agency Action order, this docket should be closed upon the issuance of the Consummating Order. If Old Supra fails to pay its 2006 regulatory assessment fees for its CLEC, PATS and IXC operations as required by Rule 25-4.0161, Florida Administrative Code, staff will bring this matter back before the Commission for resolution.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

6**PAA

Docket No. 041272-EI – Petition for approval of storm cost recovery clause for recovery of extraordinary expenditures related to Hurricanes Charley, Frances, Jeanne, and Ivan, by Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Deason

Staff: ECR: Slemkewicz, Maurey, Draper, Kummer

GCL: Brubaker

Issue 1: Should the Commission approve the implementation of the proposed Stipulation and Settlement Agreement?

Recommendation: The Commission should approve the implementation of the proposed Stipulation and Settlement Agreement with Paragraph 3 modified to include a streamlined formal interim request procedure, an interim surcharge cap, a defined interim surcharge period, and a Paragraph 3 termination date.

Issue 2: If the Commission approves the extension of the Storm Cost Recovery Surcharge, should PEF file a revision to Tariff Sheet No. 6.106?

Recommendation: Yes.

Issue 3: Should this docket be closed?

Recommendation: No. This docket should remain open to address the true-up of the actual storm restoration costs previously approved for recovery in this docket by Order No. PSC-05-0748-FOF-EI. That order also authorized that this docket be closed administratively once the staff has verified that the true-up is complete.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

7**PAA

Docket No. 060198-EI – Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Breman, Daniel, Jopling, Kummer, Lee, Matlock, McNulty, Redemann, Rieger, Swearingen, Trapp
GCL: Gervasi, Helton

Issue 1: Are each of the investor-owned electric utility plans for vegetation management for distribution equivalent to or better than a three-year trim cycle in terms of cost and reliability for purposes of preparing for future storms?

Recommendation: The plans filed by Tampa Electric Company and Florida Public Utilities Company comply with the three-year trim cycle requirement of Order No. PSC-06-0351-PAA-EI. Staff believes the proposed alternative plan filed by Florida Power & Light Company is reasonably consistent with the compliance options provided by the Order. In addition, staff believes the phase-in approach proposed by Tampa Electric Company and Florida Power & Light Company is reasonable for initial implementation. The alternative plans filed by Progress Energy Florida and Gulf Power Company are based on their current vegetation management programs and do not contain a method or sufficient data for staff to conduct the necessary ongoing review to ensure that the alternative plans are equivalent to or better than a three-year trim cycle in terms of cost and reliability for purposes of preparing for future storms. Staff believes their current plans should be revised and staff will work with the companies to bring their plans to full compliance with the Order. Staff recommends that all plans and plan implementation should be re-evaluated annually to assess the need for any adjustment. This annual assessment should be conducted consistent with the discussion in Issues 5 and 9.

DECISION: The recommendation was approved with the clarification that Progress and GPC's plans will be filed within 30 days.

Issue 2: Does each investor-owned electric utility's plans for auditing its joint-use attachment agreements include pole strength assessments and attachment verification?

Recommendation: Yes. Each utility's plan for auditing its joint-use attachment agreements includes pole strength assessments, but plans should be re-evaluated annually to assess the need for any adjustment. This annual assessment should be conducted consistent with the discussion in Issue 9.

DECISION: The recommendation was approved.

ITEM NO.

CASE

7**PAA

Docket No. 060198-EI – Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

(Continued from previous page)

Issue 3: Is each investor-owned electric utility's plan for a transmission structure inspection program equivalent to a six-year inspection cycle methodology in terms of cost and reliability?

Recommendation: Yes. Each utility's transmission structure inspection plan is consistent with the intent of the Order. Staff recommends continued monitoring of each utility's transmission structure inspection program. This annual assessment should be conducted consistent with the discussion in Issue 9.

DECISION: The recommendation was approved.

Issue 4: Is each investor-owned electric utility's plan for hardening existing transmission structures adequate for purposes of preparing for future storms?

Recommendation: Yes. Based on the available information, the Commission should find that each utility's transmission plan for hardening existing transmission structures is consistent with the intent of Order No. PSC-06-0351-PAA-EI. As utilities implement their forensic data collection procedures, each utility will become better able to address the adequacy of its efforts to prepare for future storms. Staff recommends continued monitoring of each utility's plans for hardening existing transmission structures consistent with the discussion in Issue 9.

DECISION: The recommendation was approved.

Issue 5: Are each investor-owned electric utility's plans for a transmission and distribution geographic information system (Initiative 5), post-storm data collection, and forensic reviews (Initiative 6), and assessing performance of overhead and underground systems (Initiative 7) adequate for purposes of improving its storm restoration activities and evaluation of its storm hardening options?

Recommendation: Yes. The Commission should find that each utility's plans are consistent with the Order. Each utility's implementation of its plan should be monitored consistent with the discussion in Issue 9.

DECISION: The recommendation was approved.

ITEM NO.

CASE

7**PAA

Docket No. 060198-EI – Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

(Continued from previous page)

Issue 6: Are the utility plans for increased coordination with local governments adequate to foster better communication between the utilities and the cities and counties they serve, not only prior to and immediately after a storm, but year-round to identify and address issues of common concern?

Recommendation: Yes. While no objective metrics exist to quantify community coordination, the investor-owned electric utilities have filed draft plans which appear to inform and encourage joint participation with cities and counties and resolve common issues. Staff recommends continued monitoring of the implementation of the plans as discussed in Issue 9.

DECISION: The recommendation was approved.

Issue 7: Is each investor-owned electric utility’s plan for collaborative research on effects of hurricane winds and storm surge adequate to further the development of storm resilient electric utility infrastructure and technologies that reduce storm restoration costs and outages to customers reasonable?

Recommendation: While efforts are underway, the collaborative research plans of the investor-owned electric utilities are incomplete at this time. The plans do not establish a sufficiently detailed schedule for selecting collaborative research activities and establishing funding levels. Staff will keep the Commission informed on the progress of these activities.

DECISION: The recommendation was approved with the understanding that what the companies have filed to date is approved, and that staff will continue to work with the companies on this issue.

Issue 8: Is each of the investor-owned electric utilities’ natural disaster preparedness and recovery plan adequate?

Recommendation: The Commission should find that each utility natural disaster preparedness and recovery plan is consistent with the intent of Order No. PSC-06-0351-PAA-EI. The plans are “living documents” and subject to constant revision as new lessons are learned. They will be reviewed and updated annually with lessons learned from storms and forensics data that is collected and analyzed. The plans will be relied on by EOC and PSC staff during training and actual emergencies.

DECISION: The recommendation was approved.

ITEM NO.

CASE

7**PAA

Docket No. 060198-EI – Requirement for investor-owned electric utilities to file ongoing storm preparedness plans and implementation cost estimates.

(Continued from previous page)

Issue 9: Should the Commission authorize staff to monitor and report on the investor-owned electric utility storm hardening plans?

Recommendation: Yes. The storm hardening initiatives should be monitored and reported in the following manner:

Initiatives 1 through 7 – These initiatives should be monitored through the Commission’s annual review of distribution service reliability performance because the storm hardening initiatives involve reliability performance activities.

Initiative 8 – This initiative for increased coordination with local governments should be monitored through Commission’s review of electric utilities’ dialogue with local governments and selected review of utility activities in this area.

Initiative 9 – This initiative for collaborative research on effects of hurricane winds and storm surge should be monitored by the Commission by reviewing the electric utilities’ participation in studies and projects undertaken by the collaborative research efforts.

Initiative 10 – This initiative regarding the electric utilities’ natural disaster preparedness and recovery plans should be monitored by the Commission by reviewing and maintaining current copies of the plans.

Each utility should file updates of its storm hardening plans by March 1, 2007. Staff’s 2007 review of investor-owned electric utility reliability performance should include an additional section addressing utility ongoing storm hardening initiatives.

DECISION: The recommendation was approved.

Issue 10: What information has been provided to the Commission regarding each municipal electric utility’s and each rural electric cooperative utility’s ongoing storm hardening plans?

Recommendation: INFORMATIONAL ISSUE ONLY – NO DECISION REQUIRED.

Issue 11: Should this docket be closed?

Recommendation: No. If no timely protest is filed by a person whose substantial interests are affected by the proposed agency action portions of the order arising from this recommendation, a consummating order will be issued. If the Commission approves staff’s recommendation in Issue 1, the docket should remain open for PEF and GULF to file an updated vegetation management plan which includes appropriate means of evaluating the effectiveness of their programs.

DECISION: The recommendation was approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

8**PAA

Docket No. 060531-EU – Review of all electric utility wooden pole inspection programs.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Swearingen, Breman, Matlock, McNulty

GCL: Gervasi, Helton

Issue 1: Are each of the electric IOUs' plans for an eight-year wood pole inspection program in compliance with the requirements of Order No. PSC-06-0144-PAA-EI?

Recommendation: Each electric IOU has filed wood pole inspection plans which are compliant with the requirements of Order No. PSC-06-0144-PAA-EI for most of its wooden poles. However, each electric IOU's proposed wood pole inspection plan includes one or more deviations from the requirements of the Order for some of their wood poles. Each electric IOU should be required to file in this docket additional data that supports their deviation(s) from Order No. PSC-06-0144-PAA-EI within 30 days after the Final Order. Staff will review the filings and issue a recommendation to the Commission at a subsequent Agenda Conference addressing unresolved compliance matters.

DECISION: The recommendation was approved.

Issue 2: What additional information does the Commission need to be able to assess each municipal and cooperative electric utility's wood pole inspection plan?

Recommendation: Each municipal electric utility and each cooperative electric utility has provided information regarding their respective wood pole inspection plans similar to the information required of the electric IOUs' plans filed in response to Order No. PSC-06-0144-PAA-EI. Many of the municipal and cooperative electric utilities' plans appear to deviate from the inspection requirements imposed on the electric IOUs. The Commission should direct staff to solicit a report from each municipal and cooperative electric utility justifying apparent deviations to the Commission by September 28, 2006.

DECISION: The recommendation was approved with the noted modification, as made orally by staff at the conference.

ITEM NO.

CASE

8**PAA

Docket No. 060531-EU – Review of all electric utility wooden pole inspection programs.

(Continued from previous page)

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, a consummating order will be issued. If the Commission approves staff's recommendation in Issues 1 and 2, the docket should remain open for the electric IOUs, municipals and cooperatives to submit additional data to support the deviations.

DECISION: The recommendation was approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

9**PAA

Docket No. 060426-EI – Petition for exemption under Rule 25-22.082(18), F.A.C., from issuing request for proposals (RFPs), by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Tew

Staff: ECR: Harlow

GCL: Keating

Issue 1: Should the Commission grant Florida Power & Light Company's (FPL) petition for exemption from the request for proposal (RFP) requirement of Rule 25-22.082, Florida Administrative Code, for its next planned advanced technology coal generating units, which are currently scheduled to be placed in service in 2012 and 2013?

Recommendation: Yes. An exemption from the RFP requirement will provide FPL with the opportunity to stay on schedule for the first unit's planned 2012 in-service date. Construction of the first unit allows cost-saving measures to be gained from building a second unit, in 2013, at the same site. FPL has estimated that an exemption will save between \$400 to \$600 million and that FPL could file a need determination for both units by May 1, 2007. If FPL does not file a need determination within the estimated time frame, there will be no benefits associated with the RFP exemption. Therefore, the Commission should limit the exemption to May 1, 2007.

Issue 2: Should this docket be closed?

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

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

10**PAA

Docket No. 060162-EI – Petition by Progress Energy Florida, Inc. for approval to recover modular cooling tower costs through fuel cost recovery clause.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Arriaga

Staff: ECR: Von Fossen, Colson

GCL: Brown

Issue 1: Should the Commission approve Progress's request for recovery of the reasonably and prudently incurred costs of its modular cooling tower project through the Environmental Cost Recovery Clause?

Recommendation: Yes. The Commission should approve PEF's modular cooling tower project as eligible for ECRC cost recovery. However, cost recovery should be reviewed annually subject to a prudence evaluation as part of the Commission's ongoing proceedings in the ECRC. To effectively monitor the cost effectiveness of this project, within its annual projection testimony filed in the ECRC docket beginning in 2006, PEF should be required to provide an evaluation of the continued need and prudence of leasing the modular cooling towers. This evaluation should include the following: 1) the frequency and megawatt hour level of both actual and avoided summer de-rates for Crystal River Units 1 and 2; 2) an analysis of the operation of the modular towers in meeting its expected 1.8-degree Fahrenheit thermal decrease; 3) actual inlet water temperatures and, if available, third-party projections of future Gulf water temperatures; 4) the annual and cumulative project costs, fuel cost savings and net fuel cost savings attributable to the project; and 5) an updated cost/benefit analysis of other additional cooling capacity options, including the purchase option within the lease, compared to continuing the modular cooling tower project. Also, PEF should be required to include in its 2008 true-up testimony a detailed analysis determining whether additional cooling capacity is still needed and the utility's timeframe, plan, and projected costs for a permanent solution.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed upon issuance of a consummating order unless a person whose substantial interests are affected by the Commission's decision files a protest within 21 days of the issuance of the proposed agency action.

DECISION: Staff's recommendations were denied. On the Commission's own motion, this docket will be set for hearing, with the scope expanded to review the appropriateness of recovery in the ECRC or fuel clause.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

11**

Docket No. 060139-WU – Application for certificate to operate water utility in Lake County by Colina Bay Water Company, LLC.

Critical Date(s): 9/4/06 (Statutory deadline for original certificate pursuant to Section 367.031, Florida Statutes.)

Commissioners Assigned: All Commissioners

Prehearing Officer: Tew

Staff: ECR: Clapp, Redemann

GCL: Jaeger

Issue 1: Should the Colina Bay Water Company, LLC application for a water certificate be granted?

Recommendation: Yes. Colina Bay Water Company, LLC should be granted Certificate No. 632-W to serve the territory described in Attachment A of staff's August 17, 2006 memorandum effective the date of the Commission's vote. The resultant order should serve as Colina's water certificate and it should be retained by the utility. The utility should file an executed and recorded copy of the warranty deed for the land for the water facilities within 30 days of the issuance date of the Order granting the certificate.

PAA

Issue 2: What are the appropriate initial water rates and return on investment for this utility?

Recommendation: The staff recommended water rates, miscellaneous service charges, and late payment charge, shown on Schedule No. 4 of staff's August 17, 2006 memorandum, should be approved. Colina should charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. The rates should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, Florida Administrative Code. A return on equity of 11.78% with a range of plus or minus 100 basis points should be approved.

PAA

Issue 3: What are the appropriate service availability charges for Colina Bay Water Company, LLC?

Recommendation: The service availability policy and charges set forth within the staff analysis are appropriate and should be approved effective for connections made on or after the stamped approval date on the tariff sheets.

PAA

Issue 4: Should the utility's proposed Allowance for Funds Used During Construction (AFUDC) rate be approved?

Recommendation: Yes. The utility's proposed Allowance for Funds Used During Construction rate should be approved. An annual AFUDC rate of 9.32% should be approved with a discounted monthly rate of 0.7453404%. The approved rate should be applicable for eligible construction projects beginning on or after the effective date of the certificate of authorization.

ITEM NO.

CASE

11**

Docket No. 060139-WU – Application for certificate to operate water utility in Lake County by Colina Bay Water Company, LLC.

(Continued from previous page)

Issue 5: Should this docket be closed?

Recommendation: Yes. 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 administratively upon receipt of the executed and recorded copy of the warranty deed.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

12**

Docket No. 060166-WS – Application for amendment of Certificates 590-W and 508-S to extend water and wastewater service areas to include certain land in Polk County by Gold Coast Utility Corp.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Arriaga

Staff: ECR: Walden

GCL: Fleming

Issue 1: Should the utility's request to amend its certificates be granted?

Recommendation: Yes. Water Certificate No. 590-W and Wastewater Certificate No. 508-S held by Gold Coast Utility Corp. should be amended to include the territory listed on Attachment A of staff's August 17, 2006 memorandum. The resultant order should serve as Gold Coast's water and wastewater certificates and should be retained by the utility. Gold Coast should charge the customers in the added territory the same rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding.

Issue 2: Should the docket be closed?

Recommendation: Yes. This docket should be closed because no further action is needed.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

13**

Docket No. 060397-WU – Application for revised tariff sheets, new service availability policy, and new refundable advance agreement, by Placid Lakes Utilities, Inc.

Critical Date(s): 1/2/07 (8-month effective date - tariff filing)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Joyce, Rendell

GCL: Gervasi

Issue 1: Should Placid Lakes' request for a new Service Availability Policy and Refundable Advance Agreement be approved?

Recommendation: Yes. Placid Lakes' request for a new Service Availability Policy and Refundable Advance Agreement should be approved. The utility's Fourth Revised Tariff Sheet No. 2.0, Fifth Revised Tariff Sheet No. 23.0, Sixth Revised Tariff Sheet No. 28.0, Original Sheet Tariff Sheet Nos. 31.0-31.16, and the Refundable Advance Agreement should be approved as filed. The utility should file a proposed notice to reflect the Commission's decision for staff's approval. The approved tariffs should be effective for services rendered on or after the stamped approval date provided all persons in the service area who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the request was filed have received notice. The utility should provide proof that those persons have received notice within 10 days after the date that the notice was sent.

Issue 2: Should this docket be closed?

Recommendation: If no protest is filed by a person whose interests are substantially affected within 21 days of the issuance of the Order, the Tariff Order will become final upon the issuance of a Consummating Order and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect pending the resolution of the protest, and the docket should remain open.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew