

MINUTES OF January 29, 2008

COMMISSION CONFERENCE

COMMENCED: 9:35 a.m.

ADJOURNED: 10:30 a.m.

COMMENCED: 10:35 a.m.

ADJOURNED: 11:00 a.m.

COMMISSIONERS PARTICIPATING: Chairman Carter
Commissioner Edgar
Commissioner McMurrian
Commissioner Argenziano
Commissioner Skop

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

1

Approval of Minutes

December 18, 2007 Regular Commission Conference

DECISION: The minutes were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO. **CASE**

2** **Consent Agenda**

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
070702-TX	Mextel Communications Inc. d/b/a The Dunnellon Phone Company d/b/a The Florida Phone Company d/b/a The Phone Company
070712-TX	WTI Communications, Inc.

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>
070701-TX	Time Warner Telecom of Florida, L.P.	11/27/2007
070742-TX	Credit Loans, Inc. d/b/a Lone Star State Telephone Co.	12/27/2007
070743-TX	US South Communications, Inc.	12/31/2007

PAA C) Request for cancellation of a shared tenant services certificate.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>
080020-TS	Jerome I. Davis	12/27/2007

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 (via telephone), Skop

ITEM NO.

CASE

3**

Docket No. 070642-EI – Proposed amendment of Rule 25-6.0183, F.A.C., Electric Utility Procedures for Generating Capacity Shortage Emergencies.

Critical Date(s): None

Rule Status: Proposed - Rule Proposal may be deferred

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: GCL: Bellak

ECR: Lewis

Issue 1: Should the Commission propose amendments to Rule 25-6.0183, F.A.C., Electric Utility Procedures for Generating Capacity Shortage Emergencies?

Recommendation: Yes. The Commission should propose the amendments to Rule 25-6.0183, F.A.C., as set forth in Attachment A of staff's memorandum dated January 16, 2008.

Issue 2: If no requests for hearing or comments are filed, should the proposed rule be filed for adoption with the Secretary of State and the docket be closed?

Recommendation: Yes.

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

4**PAA

Docket No. 070669-EU – Joint petition for approval of territorial agreement in Bradford County by Clay Electric Cooperative, Inc. and City of Starke, Florida.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: GCL: Klancke

ECR: Redemann, Rieger

Issue 1: Should the Commission approve the joint petition for approval of the territorial agreement between Clay Electric Cooperative, Inc. and the City of Starke?

Recommendation: Yes. The joint petition for approval of the territorial agreement between Clay Electric Cooperative, Inc. and the City of Starke as Attachment A of staff's memorandum dated January 16, 2008, is in the public interest and should be approved.

Issue 2: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected files a protest to the Commission's proposed agency action order within 21 days, the docket may be closed upon issuance of a consummating order.

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

5

Docket No. 070649-TL – Petition for declaratory statement regarding implementation of Order PSC-07-0311-FOF-TL, Rule 25-4.094, F.A.C., and general exchange tariff Section A5, G by Embarq Florida, Inc.

Critical Date(s): 1/14/08 - 90 day limit provided by Section 120.565 F.S., extended to January 29, 2008

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: GCL: Bellak

CMP: Buys, Ollila

Issue 1: Should Treviso Bay’s Petition to Intervene be granted?

Recommendation: Yes, the Petition to Intervene should be granted.

Issue 2: Should Treviso Bay’s Request for Oral Argument or Alternative Request for Leave to Address the Commission be granted?

Recommendation: Treviso Bay’s Alternative Request for Leave to Address the Commission should be granted.

Issue 3: Should the Commission issue a declaratory statement to the effect that Embarq is not required to place facilities in Treviso Bay if the developer fails to pay the advance deposit requested by Embarq?

Recommendation: Yes, the Commission should issue the requested declaratory statement in the affirmative and declare that Embarq can require a deposit pursuant to Rule 25-4.094, F.A.C., as a condition to serving Treviso Bay.

Issue 4: Should this docket be closed?

Recommendation: Yes, the docket should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

6

Docket No. 050257-TL – Complaint of BellSouth Telecommunications, Inc. against Miami-Dade County for alleged operation of a telecommunications company in violation of Florida Statutes and Commission rules.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Carter

Staff: GCL: Teitzman

CMP: Buys, Kennedy

Issue 1: Is Miami-Dade County operating as a telecommunications company at any County-owned airports?

Recommendation: Yes. Pursuant to the definition of a telecommunications company under §364.02(14), Florida Statutes, Miami-Dade County is operating as a telecommunications company at MIA because it is “offering two-way telecommunications service to the public for hire within this state by use of a telecommunications facility.”

Issue 2: If Miami-Dade County is operating as a telecommunications company, is it subject to the jurisdiction of the Commission?

Recommendation: Yes. If the Commission finds that Miami-Dade County is operating as a telecommunications company at MIA, then pursuant to §§364.01(1) and (2), 364.339(1)(a), Florida Statutes, Miami-Dade County’s telecommunication operations are subject to the jurisdiction of the Commission.

Issue 3: Is Miami-Dade County's operation and provision of shared tenant services at Miami International Airport by the Miami-Dade Aviation Department exempt from the STS rules pursuant to applicable Florida Statutes and Commission rules?

Recommendation: Yes. Miami-Dade County’s provision of shared tenant services at the Miami International Airport is exempt from STS certification pursuant to Rule 25-24.580, F.A.C., Airport Exemption.

Issue 4: Should the Commission require Miami-Dade County to obtain a certificate of public convenience and necessity as an STS provider?

Recommendation: If the Commission approves staff’s recommendation in Issue 3, this issue is moot. If the Commission determines that Miami-Dade County is not exempt from the STS rules, the Commission should require Miami-Dade County to obtain a STS certificate.

Issue 5: Should this docket be closed?

Recommendation: Yes, this docket should be closed upon issuance of the final order.

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

7**PAA

Docket No. 070646-TL – Petition for approval to revise customer contact protocol by BellSouth Telecommunications, Inc. d/b/a AT&T Florida.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: CMP: Lee, King

GCL: McKay, Teitzman

Issue 1: Should AT&T Florida's petition to revise its customer contact protocol be approved?

Recommendation: Yes. AT&T Florida should be permitted to revise its customer contact protocol by eliminating the scripting requirement for intraLATA long distance service.

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: This item was deferred to the February 12, 2008, Conference Agenda.

ITEM NO.

CASE

8**PAA

Docket No. 070678-TL – Petition by Embarq Florida, under Section 364.025(6)(d), Florida Statutes, for relief from its carrier of last resort obligations at the Greater Lakes/Sawgrass Bay subdivisions located in Lake County, Florida.

Critical Date(s): 90 - Day Statutory Deadline: 2/5/2008

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrin

Staff: CMP: Higgins, Dowds

GCL: Mann, Poblete

Issue 1: Should the Commission grant Embarq’s Petition for relief of its carrier-of-last-resort obligations pursuant to Section 364.025(6)(d), Florida Statutes, for the provision of basic local telecommunications service to the Sawgrass Bay subdivisions located in Lake County, Florida?

Recommendation: Yes. The Commission should approve Embarq’s Petition for relief of its carrier-of-last-resort obligations for the provision of basic local telecommunications service to the residents of the Sawgrass Bay subdivisions located in Lake County, Florida.

Issue 2: Should this docket be closed?

Recommendation: The Order issued from this recommendation will become final and effective 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 Order, in the form delineated in Rule 28-106.201, Florida Administrative Code, and that identifies with specificity the issues in dispute.

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrin, Argenziano (via telephone), Skop

ITEM NO.

CASE

9**PAA

Docket No. 070711-TI – Compliance investigation of NCOM Networks, LLC 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: CMP: Curry
GCL: Poblete

Issue 1: Should the Commission impose a penalty in the amount of \$25,000 upon NCOM Networks, LLC for its apparent violation of Rule 25-24.470, F.A.C., Registration Required, to be paid to the Florida Public Service Commission within fourteen calendar days after the issuance of the Consummating Order?

Recommendation: Yes, the Commission should impose a penalty in the amount of \$25,000 upon NCOM Networks, LLC for its apparent violation of Rule 25-24.470, F.A.C., Registration Required, to be paid to the Florida Public Service Commission within fourteen calendar days after the issuance of the Consummating Order.

Issue 2: Should this docket be closed?

Recommendation: The Order issued from this recommendation will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80(13) (b), Florida Statutes, any issues not in dispute should be deemed stipulated. If NCOM fails to timely file a protest and request a Section 120.57, Florida Statutes, hearing, the facts should be deemed admitted, the right to a hearing waived, and the penalty should be deemed assessed. If payment of the 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 and the company should be required to immediately cease and desist providing intrastate interexchange telecommunications service in Florida. This docket should 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 (via telephone), Skop

ITEM NO.

CASE

10

Docket No. 060658-EI – Petition on behalf of Citizens of the State of Florida to require Progress Energy Florida, Inc. to refund customers \$143 million.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: McNulty, Draper, Lester, Matlock, Sickel

CMP: Coston, Fisher, Vinson

GCL: Bennett, Young

Issue 1: Should the Commission grant OPC's Request for Oral Argument?

Recommendation: No. The Commission should deny OPC's request for oral argument on its motion for reconsideration. The issues are thoroughly addressed in the parties' pleadings and oral argument would not aid the Commission in its decision.

Issue 2: Should the Commission grant OPC's Motion for Reconsideration of Order No. PSC-07-0816-FOF-EI?

Recommendation: No. The Commission should deny the motion for reconsideration. OPC has failed to identify a point of fact or law that was overlooked or which the Commission failed to consider in Order No. PSC-07-0816-FOF-EI.

Issue 3: 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 the February 12, 2008, Conference Agenda.

ITEM NO.

CASE

11**PAA

Docket No. 070677-EQ – Petition for approval of negotiated renewable energy contract with Manatee Green Power, LLC, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Sickel, Graves

GCL: Hartman

Issue 1: Should the Commission approve the requested clause recovery for capacity and energy payments incurred under the negotiated contract between Florida Power & Light Company (FPL) and Manatee Green Power, LLC (Manatee)?

Recommendation: Yes. When consideration is given to the baseload characteristics of the capacity and energy to be delivered under the contract, payments for capacity and energy are not expected to exceed FPL's avoided costs. The performance requirements under the contract are uniquely suited to the Manatee project. As part of the approval process, the Commission may consider the "characteristics of the capacity and energy to be delivered under the contract" pursuant to Rule 25-17.240(2), F.A.C.

DECISION: The recommendation was approved.

Issue 2: Should the Commission approve FPL's request for recovery through the fuel clause for costs associated with payment for "Green Attributes" under terms of the negotiated contract?

Recommendation: No. It would not be appropriate for the general body of ratepayers to be obligated to pay the cost to purchase speculative "Green Attributes" that may be associated with the Manatee project. Such an obligation would require FPL's general body of ratepayers to pay in excess of avoided cost and therefore be contrary to Order No. PSC-02-1059-DS-EQ. Staff recommends that FPL be authorized to go forward with the contract and that the cost associated with purchase of "Green Attributes" should be booked below the line. The "Green Attributes" purchased should be the property of FPL, and any profit or loss resulting from the sale of such attributes should also be booked below the line.

DECISION: The Commission approved the staff recommendation, as amended, with the proposal by FPL to grant administrative authority to staff to approve the contract without the purchase of "Green Attributes."

ITEM NO.

CASE

11**PAA

Docket No. 070677-EQ – Petition for approval of negotiated renewable energy contract with Manatee Green Power, LLC, by Florida Power & Light Company.

(Continued from previous page)

Issue 3: 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: The recommendation was approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

12**PAA

Docket No. 070723-EQ – Petition for certification as a qualifying facility pursuant to Rule 25-17.080, F.A.C., by Innovative Energy Group of Florida, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Garl

GCL: Brown

Issue 1: Should the Commission grant the request of IEG for certification as a qualifying facility (QF)?

Recommendation: Yes. Pursuant to Rule 25-17.220, Florida Administrative Code, a renewable generating facility shall be deemed a qualifying facility. The IEG facility will continue to use biomass as the primary energy source. Since a potential change in location of the biomass farm may impact the feasibility of the project, PEF, the contracted buyer of IEG's generated power, should closely monitor the development of the project to ensure the facility remains a reliable generation source.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the proposed 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: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

13**PAA

Docket No. 070378-EI – Petition for approval of revised fossil dismantlement accrual by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: ECR: Gardner, Bulecza-Banks, Springer

GCL: Brown

Issue 1: Should the preliminary approved annual provision for fossil dismantlement be changed?

Recommendation: Yes. Staff recommends that the annual dismantlement accruals approved on a preliminary basis by Order No. PSC-07-0641-PCO-EI, issued August 7, 2007, be decreased by an additional \$226,202 and \$229,026, respectively, as shown on Attachments A and B of staff's memorandum dated January 16, 2008. The effect of this proposal would decrease the current annual dismantlement accrual of \$18,674,395 by an estimated \$3,549,716 for 2007 and \$3,353,282 per year from 2008 through 2010. The change in accruals for 2007 results from the treatment of Turkey Point Unit 5. This unit was placed in service on May 1, 2007, and for 2007, the company applied a half year's dismantlement accrual. These accruals reflect current estimates of dismantlement costs on a site-specific basis using September 2007 inflation forecasts, impact of life extensions, and a 16% contingency factor.

Issue 2: What should be the implementation date for the revised annual dismantlement accruals?

Recommendation: Staff recommends January 1, 2007 and January 1, 2008, implementation dates for FPL's proposed dismantlement provisions as shown on Attachments A and B of staff's memorandum dated January 16, 2008.

Issue 3: Should any corrective reserve allocations be made?

Recommendation: Yes. Staff recommends the corrective reserve allocations for the imbalances that affect FPL's dismantlement reserves for certain plant sites/units as shown in the table in the analysis portion of staff's memorandum dated January 16, 2008.

Issue 4: When should FPL be required to file its future fossil fuel dismantlement studies?

Recommendation: FPL should be required to file its future fossil fuel dismantlement studies concurrently with the filing of its future comprehensive depreciation studies. FPL's next fossil dismantlement study should be filed on or about March 17, 2009.

ITEM NO.

CASE

13**PAA

Docket No. 070378-EI – Petition for approval of revised fossil dismantlement accrual by Florida Power & Light Company.

(Continued from previous page)

Issue 5: Should this docket be closed?

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

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

14**PAA

Docket No. 070382-EI – 2007 depreciation study by Florida Public Utilities Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: ECR: Marsh

GCL: Brown

Issue 1: Should the current depreciation rates for Florida Public Utilities Company be changed?

Recommendation: Yes. A review of the company's plans and activities indicates a need for a revision to the currently prescribed depreciation rates.

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

Recommendation: Staff recommends approval of the company's proposed January 1, 2008, date of implementation for revised depreciation rates.

Issue 3: What are the appropriate depreciation rates?

Recommendation: The recommended lives, net salvages, reserves, resultant depreciation rates, and recovery schedules are shown on Attachment A of staff's memorandum dated January 16, 2008. Attachment B, of staff's memorandum dated January 16, 2008, shows an increase in annual expenses of approximately \$125,247 based on January 1, 2008, investments.

Issue 4: Should the Commission make any corrective reserve allocations between accounts?

Recommendation: Yes. Staff recommends the reserve allocations as shown in the analysis portion of staff's memorandum dated January 16, 2008. These allocations bring each account more in line with its theoretically correct reserve level.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by the Commission's 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: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

15**

Docket No. 070688-GU – Petition for approval of tariff modifications relating to main and service extension amortization surcharge, by Peoples Gas System.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Baxter

GCL: Klancke

Issue 1: Should the Commission approve Peoples' revisions to its Main and Service Extension Amortization surcharge?

Recommendation: Yes, the proposed changes to the Main and Service Extension Amortization surcharge more equitably distributes the costs to be recovered among the customers who are paying for the extension of facilities.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, this tariff should become effective on ~~January 29, 2008~~ ~~January 16, 2008~~. 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 with the modification noted in Issue 2.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

16**PAA

Docket No. 080005-WS – Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

Critical Date(s): March 31, 2008 - Statutory Reestablishment Deadline

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Roberts, Bulecza-Banks

GCL: Klancke

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

Recommendation: The Gross Domestic Product Implicit Price Deflator Index is recommended for use in calculating price level adjustments. Staff recommends calculating the 2008 price index by using a fiscal year, four quarter comparison of the Implicit Price Deflator Index ending with the third quarter 2007.

Issue 2: What percentage should be used by water and wastewater utilities for the 2008 Price Index?

Recommendation: The 2008 Price Index for water and wastewater utilities should be 2.39%.

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

Recommendation: Pursuant to Rule 25-30.420(1), F.A.C., the Office of Commission Clerk, after the expiration of the Proposed Agency Action (PAA) protest period, should mail each regulated water and wastewater utility a copy of the PAA order establishing the index containing the information presented in Form PSC/ECR 15 (4/99) and Appendix A (Attachment 1 of staff's memorandum dated January 16, 2008). A cover letter from the Director of the Division of Economic Regulation should be included with the mailing of the order (Attachment 2 of staff's memorandum dated January 16, 2008). If a protest is filed and a hearing is held, the Office of Commission Clerk should mail each regulated water and wastewater utility a copy of the final order establishing the index which should contain the information presented in Form PSC/ECR 15 (4/99) and Appendix A (Attachment 1 of staff's memorandum dated January 16, 2008). A cover letter from the Director of the Division of Economic Regulation should be included with the mailing of the order (Attachment 2 of staff's memorandum dated January 16, 2008).

ITEM NO.

CASE

16**PAA

Docket No. 080005-WS – Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

(Continued from previous page)

Issue 4: Should this docket be closed?

Recommendation: Yes, this docket should be closed upon the issuance of the Consummating Order if no substantially affected person files a timely protest within the 14-day protest period after issuance of the PAA Order. Any party filing a protest should be required to prefile testimony with the protest.

DECISION: The recommendations were approved.

Commissioners participating: Carter, Edgar, McMurrian, Argenziano (via telephone), Skop

ITEM NO.

CASE

17**PAA

Docket No. 070466-SU – Application for limited proceeding rate increase in Polk County by West Lakeland Wastewater, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrin

Staff: ECR: Revell, Bulecza-Banks

GCL: Jaeger

Issue 1: What is the appropriate increase in revenues for this utility?

Recommendation: The appropriate wastewater increase in revenues should be \$12,880, or 17.40%.

Issue 2: What are the appropriate wastewater rates for West Lakeland Wastewater, Inc.?

Recommendation: The recommended rates should be designed to allow the utility the opportunity to generate additional revenues of \$12,880 for wastewater service. This results in a wastewater increase of \$3.58 per month, or approximately 17.40%, for the average residential customer. 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), Florida Administrative Code, 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.

Issue 3: 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. 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 January 16, 2008. 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.

ITEM NO.

CASE

17**PAA

Docket No. 070466-SU – Application for limited proceeding rate increase in Polk County by West Lakeland Wastewater, Inc.

(Continued from previous page)

Issue 4: 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 (via telephone), Skop

ITEM NO.

CASE

18**PAA

Docket No. 060122-WU – Joint petition for approval of stipulation on procedure with Office of Public Counsel, and application for limited proceeding increase in water rates in Pasco County, by Aloha Utilities, Inc.

Critical Date(s): 1/29/08 (Settlement Order Deadline)

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: ECR: Fletcher, Bulecza-Banks, Walden

GCL: Hartman

Issue 1: Is a phased-in approach appropriate for the limited proceeding?

Recommendation: Yes, this limited proceeding should be trifurcated into three phases as set forth in the analysis portion of staff's memorandum dated January 17, 2008.

Issue 2: Should phase one costs requested in Aloha's limited proceeding application be approved?

Recommendation: Yes. However, several adjustments to the utility's filing are necessary, as detailed in the analysis portion of staff's memorandum dated January 17, 2008.

Issue 3: What is the appropriate cost of capital for this limited proceeding?

Recommendation: Based on the recommended return of equity of 12.01% with an allowed range of plus or minus 100 basis points to be recognized for ratemaking purposes, the appropriate weighted cost of capital is 7.03%.

Issue 4: What are the appropriate 2008 and 2009 revenue increases for phase one?

Recommendation: The appropriate 2008 and 2009 revenue increases for phase one should be \$3,300,173 and \$299,780, respectively, as shown on Schedule No. 1 of staff's memorandum dated January 17, 2008.

Issue 5: What are the appropriate 2008 and 2009 rates for phase one?

Recommendation: The appropriate 2008 and 2009 rates for phase one are shown on Schedule No. 4 of staff's memorandum dated January 17, 2008. The 2008 rates should not be implemented until Aloha provides proof that the Florida Department of Environmental Protection (FDEP) has certified the completion of the tie-in facilities with Pasco County. The utility should be required to file revised tariff sheets and a proposed customer notice to reflect the appropriate rates approved by the Commission, pursuant to Rule 25-22.0407(10), F.A.C. to reflect the appropriate rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C., provided the customers have received notice. The rates should not be implemented until proper notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

ITEM NO.

CASE

18**PAA

Docket No. 060122-WU – Joint petition for approval of stipulation on procedure with Office of Public Counsel, and application for limited proceeding increase in water rates in Pasco County, by Aloha Utilities, Inc.

(Continued from previous page)

Issue 6: Should this docket be closed?

Recommendation: No. This docket should remain open pending the resolution of phase two and phase three requested costs.

DECISION: This item was deferred to the February 12, 2008, Conference Agenda.