

MINUTES OF July 1, 2008

COMMISSION CONFERENCE

COMMENCED: 9:26 a.m.
RECESSED: 9:54 a.m.
RECONVENED: 10:39 a.m.
RECESSED: 12:18 p.m.
RECONVENED: 1:37 p.m.
RECESSED: 2:55 p.m.
RECONVENED: 3:16 p.m.
RECESSED: 4:30 p.m.
RECONVENED: 4:38 p.m.
RECESSED: 5:10 p.m.
RECONVENED: 5:18 p.m.
RECESSED: 6:37 p.m.
RECONVENED: 6:44 p.m.
ADJOURNED: 8:03 p.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

May 20, 2008 and June 3, 2008 Regular Commission Conferences

DECISION: The minutes were approved.

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

ITEM NO.

CASE

2**

Consent Agenda

PAA

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

DOCKET NO.

COMPANY NAME

080227-TX

OneTone Telecom, Inc.

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

3**

Docket No. 040763-TP – Request for submission of proposals for relay service, beginning in June 2005, for the hearing and speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

Critical Date(s): 07/15/08 - By contract, the Commission is required to notify Sprint of its intent to exercise the requested option period.

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: CMP: Moses, Casey

GCL: Tan

Issue 1: Should the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2009?

Recommendation: Yes. Staff recommends that the Commission approve the contract option to extend the Sprint Relay contract for one year beginning June 1, 2009. Rates for traditional telecommunications relay service (TRS) service should be \$0.80 per session minute and the rate for CapTel captioning service should be \$1.40 per session minute for the 2009-2010 contract year. Staff also recommends that the amount of the Sprint performance bond should be increased to \$7,661,137 for the 2009-2010 contract option year.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open for the duration of the contract.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

4**

Docket No. 080117-EU – Petition to initiate rulemaking to amend Rule 25-17.008, F.A.C., Conservation and Self-Service Wheeling Cost Effectiveness Data Reporting Format, by Mary Wilkerson, Mary Green, Mark Oncavage, Southern Alliance for Clean Energy, and Natural Resources Defense Council.

Critical Date(s): 07/01/08 (30-day statutory deadline to grant or deny petition was waived until this date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: GCL: Gervasi, Cibula

ECR: Ballinger, Futrell

Issue 1: Should the Commission grant the Petition to Initiate Rulemaking filed by Mary Wilkerson, Mary Green, Mark Oncavage, the Southern Alliance for Clean Energy, and the Natural Resources Defense Council?

Recommendation: No, the Petition to Initiate Rulemaking should be denied because moving forward to amend Rule 25-17.008, F.A.C., is premature.

Issue 2: Should this docket be closed?

Recommendation: Yes.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

5**

Docket No. 080254-EI – Petition for approval of standard interconnection agreement for non-export, parallel operators, by Tampa Electric Company.

Critical Date(s): 07/07/08 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Harlow, Futrell, Draper, Kummer

GCL: Brown, Saylor

Issue 1: Should the Commission suspend the standard interconnection agreement for non-export, parallel operators and associated tariffs filed by Tampa Electric Company?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: No.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

6**

Docket No. 080255-EI – Petition for approval of standard interconnection agreements for expedited interconnection of customer-owned renewable generation and associated net metering tariff, by Tampa Electric Company.

Docket No. 080257-EI – Petition for approval of net metering tariff, new interconnection agreements, and modification of various related tariff sheets, by Progress Energy Florida, Inc.

Docket No. 080260-EI – Petition for approval of standard interconnection agreements for Tier 1 through Tier 3 customer-owned renewable generation systems and revisions to tariff sheets iv, 4.2, 4.16, and 9.1, by Gulf Power Company.

Docket No. 080265-EI – Petition for approval of net metering tariff and standard interconnection agreements, by Florida Power & Light Company.

Docket No. 080294-EI – Petition for approval of standard interconnection agreements for customer-owned renewable generation systems, by Florida Public Utilities Company.

Critical Date(s): 07/07/08 (60-Day Suspension Date)
FPUC - 07/28/08

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Chase, Clemence, Futrell, Montford, Webb, Draper, Kummer
GCL: Brown, Saylor

Issue 1: Should the Commission suspend the standard interconnection agreements and associated net metering tariffs filed by Florida Power & Light Company, Florida Public Utilities Company, Gulf Power Company, Progress Energy Florida, Inc., and Tampa Electric Company?

Recommendation: Yes.

Issue 2: Should these dockets be closed?

Recommendation: No.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

7**

Docket No. 080283-EQ – Petition for approval of revisions to renewable energy tariff, by Florida Public Utilities Company.

Critical Date(s): 07/18/08 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Sickel, Kummer

GCL: Hartman

Issue 1: Should the Commission suspend the renewable standard offer contract filed by Florida Public Utilities Company?

Recommendation: Yes, the renewable standard offer contract should be suspended.

Issue 2: Should this docket be closed?

Recommendation: No. If the Commission approves Issue 1, the docket should remain open to allow staff adequate time to review the filing and bring a recommendation back to the Commission on the merits of the filing.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

8**

Docket No. 080001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor. (Florida Public Utility Company)

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

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

GCL: Bennett, Young

Issue 1: Should the Commission approve FPUC's petition for mid-course corrections to its authorized fuel and purchased power cost recovery factors allowing FPUC to collect its estimated 2008 under-recoveries for the Fernandina Beach Division (\$1,843,597) and the Marianna Division (\$1,484,023) before 2009?

Recommendation: Yes. The Commission should approve FPUC's petition. Accordingly, the Commission should approve FPUC's increases to its cost recovery factors to collect its estimated 2008 under-recoveries for the Fernandina Beach Division (\$1,843,597) and the Marianna Division (\$1,484,023). Staff recommends that the Commission approve FPUC's proposed rate class recovery factors shown in Attachment A of staff's memorandum dated June 23, 2008.

Issue 2: What is the appropriate effective date for FPUC's revised cost-recovery factors?

Recommendation: If the Commission approves Issue 1, the effective date of the revised cost-recovery factors should be July 29, 2008.

Issue 3: Should this docket be closed?

Recommendation: No. The Fuel and Purchased Power Cost Recovery Clause is an on-going docket and should remain open.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

9

Docket No. 080001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor. (Progress Energy Florida, Inc.)

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Lester, Draper, Matlock, McNulty, Slemkewicz
GCL: Bennett, Young

Issue 1: Should the Commission grant the Motions to Dismiss or Alternatively to Abate filed by the Florida Industrial Power Users Group?

Recommendation: No. The Commission should deny the Motions to Dismiss or Abate filed by the Florida Industrial Power Users Group. Staff recommends that the Commission deny FIPUG's Motion to Dismiss or Alternately to Abate the proceedings. PEF has complied with Order No. 07-0333-PAA-EI in calculating its under-recovery. Procedural due process is built into the fuel clause proceedings so that ratepayer's interests remain protected. FIPUG's request to extend the under-recovery payment over the projected year is addressed in Issue 2 of staff's memorandum dated June 23, 2008.

DECISION: The recommendation was approved.

Issue 2: Should the Commission approve PEF's request to eliminate the storm cost recovery surcharge?

Recommendation: Yes. The storm cost recovery surcharge should be eliminated effective ~~with~~ after the last billing cycle in July 2008.

DECISION: The recommendation was approved as modified by staff at the Commission Conference Agenda.

ITEM NO.

CASE

9

Docket No. 080001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

(Continued from previous page)

Issue 3: Should the Commission approve PEF's petition for mid-course correction to its 2008 fuel and purchased power cost recovery factors?

Recommendation: The Commission should approve PEF's petition for a mid-course correction to its 2008 fuel and purchased power cost recovery factors. The factors are shown on Attachment C of staff's memorandum dated June 23, 2008. If the Commission approves an alternative to PEF's petition, PEF should file revised fuel and purchased power cost recovery factors for administrative approval by staff.

DECISION: The recommendation was denied and, on the Commission's own motion, Option C was substituted for Option A. Commissioners McMurrian and Argenziano dissented.

Issue 4: If the Commission approves PEF's petition for a mid-course correction, when should the new fuel and purchased power cost recovery factors become effective?

Recommendation: If the Commission approves staff's recommendation in Issue 3, the new factors should become effective with the Company's first billing cycle in August 2008.

DECISION: The recommendation was approved.

Issue 5: Should this docket be closed?

Recommendation: This docket is an on-going docket and should remain open.

DECISION: The recommendation was approved.

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

ITEM NO.

CASE

10

Docket No. 080001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor. (Florida Power & Light Company)

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Lester, Draper, Matlock, McNulty, Slemkewicz
GCL: Bennett, Young

Issue 1: Should the Commission grant the Motion to Dismiss or Alternatively to Abate filed by the Florida Industrial Power Users Group?

Recommendation: No. The Commission should deny the Motion to Dismiss or Alternatively Abate filed by the Florida Industrial Power Users Group (FIPUG). Florida Power & Light Company has complied with Order No. 07-0333-PAA-EI in calculating its under-recovery. Procedural due process is built into the fuel clause proceedings so that ratepayer's interests remain protected. FIPUG's request to extend the under-recovery payment over the projected year is addressed in Issue 2 of staff's memorandum dated June 23, 2008.

DECISION: The recommendation was approved.

Issue 2: Should the Commission approve FPL's petition for mid-course correction to its 2008 fuel and purchased power cost recovery factors?

Recommendation: Yes. The Commission should approve FPL's petition for a mid-course correction to its 2008 fuel and purchased power cost recovery factors. The proposed factors are shown on Attachment C of staff's memorandum dated June 23, 2008. If the Commission approves an alternative to FPL's petition, FPL should file revised fuel and purchased power cost recovery factors for administrative approval by staff.

DECISION: The recommendation was denied and, on the Commission's own motion, Option C was substituted for Option A. Commissioners McMurrian and Argenziano dissented.

ITEM NO.

CASE

10**

Docket No. 080001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

(Continued from previous page)

Issue 3: If the Commission approves FPL's petition for a mid-course correction, when should the new fuel and purchased power cost recovery factors become effective?

Recommendation: If the Commission approves staff's recommendation in Issue 2, the effective date of the revised cost-recovery factors should be August 4, 2008.

DECISION: The recommendation was approved.

Issue 4: Should this docket be closed?

Recommendation: The fuel docket is an on-going docket and should remain open.

DECISION: The recommendation was approved.

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

ITEM NO.

CASE

11**PAA

Docket No. 070626-EI – Review of Florida Power & Light Company's Sunshine Energy Program.

Critical Date(s): 08/04/08 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Harlow, Devlin, Futrell

GCL: Fleming, Hartman

Issue 1: Does FPL's Sunshine Energy Program, as currently designed and administered, continue to be in the best interest of the program's participants?

Recommendation: No. The Sunshine Energy Program does not currently serve the interest of the program's participants and it does not align with current state renewable energy policies. FPL should redesign the program along the following guidelines: (1) limit the level of administrative and marketing cost to 20 percent of the overall voluntary contributions with the remaining portion to be used for project costs; (2) provide semi-annual reports to the Commission in order to improve monitoring of program expenses and progress toward meeting program goals; (3) funds for renewable energy should facilitate the construction of new renewable energy projects in the state; (4) excess revenues should be directed to support additional renewable energy projects in Florida; (5) stronger provisions to ensure that renewable projects are installed in a timely manner; and, (6) provisions that allow for greater Commission oversight in the development of renewable projects.

FPL should modify the program following the above guidelines within 60 days of the issuance of the order codifying the Commission's vote. If FPL cannot or chooses not to modify the program to meet the guidelines by the established deadline, the Commission may choose to terminate the program.

ITEM NO.

CASE

11**PAA

Docket No. 070626-EI – Review of Florida Power & Light Company's Sunshine Energy Program.

(Continued from previous page)

Issue 2: Should the Commission direct FPL to provide additional information regarding the modifications to the Sunshine Energy Program proposed in its June 5, 2008 petition?

Recommendation: Yes. The Commission should direct FPL to provide detailed information on (1) how projects will be selected and financed, (2) any payments or ongoing obligations between FPL and other parties, (3) documentation for the estimated proportion of revenues to be spent on marketing and administrative expenses, (4) any obligation FPL holds with respect to existing projects, and (5) any impacts associated with terminating the Sterling Planet contract. FPL should provide this information within 30 days of the issuance of the order codifying the Commission's vote. FPL should follow the guidelines established in Issue 1 in developing its responses concerning the modifications or any further modifications to the program presented for the Commission's approval.

Issue 3: Should the Commission suspend FPL's revised tariff for the Sunshine Energy Program?

Recommendation: Yes.

Issue 4: Should this docket be closed?

Recommendation: No. If no substantially affected person files a protest to Issue 1, this issue will become final upon the issuance of a consummating order. If the Commission approves staff's recommendation on Issue 2, FPL should provide the required information within 30 days of the Commission's order. However, the docket should remain open pending the Commission's decision on the proposed tariff and staff's verification that the required information has been provided.

DECISION: This item was deferred.

ITEM NO.

CASE

12**PAA

Docket No. 080164-WU – Application for quick-take amendment of Certificate 439-W to extend water service territory in Brevard County by San Sebastian Water, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Rieger

GCL: Young

Issue 1: Should the Commission approve San Sebastian's "Quick Take" application to amend Certificate 439-W?

Recommendation: Yes, the Commission should approve San Sebastian's amendment application to expand its territory. The proposed territory is described in Attachment A of staff's memorandum dated June 19, 2008. The resultant order should serve as San Sebastian's amended certificate and it should be retained by the utility. The utility should charge the general service customer in the proposed territory the general service rates recommended in Issue 2 of the staff recommendation dated June 19, 2008. Also, other existing charges contained in its tariff should be applied to the customer in the new territory until it is authorized by the Commission to change them in a subsequent proceeding.

Issue 2: Should the utility's requested new class of service be approved?

Recommendation: Yes. The utility's proposed new class of service for general service customers should be approved. The rates for the new class of service, shown on Attachment B of staff's memorandum dated June 19, 2008, should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code.

Issue 3: Should San Sebastian's special service availability contract and developer's agreement with Sebastian Inlet Marina, LLC be approved?

Recommendation: Yes. San Sebastian's special service availability contract and developer's agreement with Sebastian Inlet Marina, LLC should be approved.

Issue 4: Should this docket be closed?

Recommendation: No. This docket should remain open pending expiration of the protest period. If a timely protest is not filed, a Consummating Order should be issued and the docket should be closed.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

13**PAA

Docket No. 080168-WS – Petition for establishment of allowance for funds used during construction (AFUDC) rate for system located in Lake County, effective January 1, 2008, by Southlake Utilities, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrin

Staff: ECR: Billingslea, Bulecza-Banks, Fletcher

GCL: Jaeger

Issue 1: Should Southlake Utilities, Inc's requested AFUDC rate of 9.04 percent be approved?

Recommendation: No, an annual AFUDC rate of 9.04 percent should not be approved. As reflected on Attachment No. 1 of staff's memorandum dated June 19, 2008, the appropriate AFUDC rate should be 8.98 percent. The appropriate discounted monthly rate should be .71919213 percent. The approved rate should be applicable for eligible construction projects beginning January 1, 2008.

Issue 2: Should this docket be closed?

Recommendation: Yes. 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 and the docket should be closed.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

14**PAA

Docket No. 070416-WS – Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd.

Critical Date(s): 01/02/09 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Argenziano

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

GCL: Brown

Issue 1: Is the quality of service provided by Plantation Landings, Ltd. considered satisfactory?

Recommendation: Yes. The quality of service provided by Plantation Landings should be considered satisfactory.

Issue 2: Does the Utility have excessive unaccounted for water and, if so, what adjustments should be made?

Recommendation: Yes. The Utility had approximately 9.72% excessive unaccounted for water during the test year period. Therefore, allowable expenses for purchased electricity and chemicals should be reduced by 9.72% for the WTP during the test year period.

Issue 3: What portions of Plantation Landings' systems are used and useful?

Recommendation: The following used and useful percentages are appropriate for the Utility's water and wastewater systems:

Water Treatment Plant	100 percent
Water Distribution System	100 percent
Wastewater Treatment Plant	100 percent
Wastewater Collection Systems	100 percent

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 \$105,270 for water and \$170,190 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 is 12.01% with a range of 11.01% to 13.01%. The appropriate overall rate of return is 6.02%.

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 \$43,261 for the water system and \$33,719 for the wastewater system.

Issue 7: What are the appropriate operating expenses?

Recommendation: The appropriate amount of operating expenses for the Utility are \$53,344 for water and \$79,894 for wastewater.

ITEM NO.

CASE

14**PAA

Docket No. 070416-WS – Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd.

(Continued from previous page)

Issue 8: What are the appropriate revenue requirements?

Recommendation: The appropriate revenue requirement is \$60,462 for water and \$92,792 for wastewater.

Issue 9: What are the appropriate pre-repression billing determinants for ratesetting purposes for the respective water and wastewater systems?

Recommendation: The appropriate pre-repression billing determinants for ratesetting are 5,040 equivalent residential connections (ERCs) and 24,329.6 thousand gallons (24,329.6 kgals) for the water system and 4,812 ERCs and 7,639.2 kgals for the wastewater system.

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

Recommendation: The appropriate rate structure for the Utility's water system is the base facility charge (BFC)/uniform gallonage charge rate structure. The water system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 40%. The appropriate rate structure for the Utility's wastewater system is the BFC/gallonage charge rate structure. The wastewater system's 3 kgals allotment should be removed from the BFC, and the BFC cost recovery allocation should be set at 75%. The general service gallonage charge should be set at 1.2 times the corresponding residential gallonage charge. Charges for residential wastewater service should be capped at 6 kgals of consumption.

ITEM NO.

CASE

14**PAA

Docket No. 070416-WS – Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd.

(Continued from previous page)

Issue 11: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for this utility?

Recommendation: Yes, repression adjustments to both the water and wastewater systems are appropriate. Residential water consumption should be reduced by 19.2%, resulting in a consumption reduction of approximately 4,421.4 kgals. Total water consumption for ratesetting is 19,908.3 kgals. The corresponding residential wastewater consumption should be reduced by 15.4%, resulting in a consumption reduction of approximately 1,109.2 kgals. Total wastewater consumption for ratesetting is 6,529.9 kgals. The resulting water system reductions to revenue requirements are \$576 in purchased power expense, \$870 in chemicals expense and \$65 in regulatory assessment fees (RAFs). The resulting wastewater system reductions to revenue requirements are \$1,441 in purchased power expense, \$1,284 in chemicals expense, \$922 in sludge removal, and \$164 in RAFs. The post-repression revenue requirements are \$58,952 for the water system and \$88,981 for the wastewater system.

In order to monitor the effects of both the changes in revenues and rate structure, the Utility should be ordered to file 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. 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 12: What are the appropriate rates for this utility?

Recommendation: The appropriate monthly water rates are shown on Schedule 4-A of staff's memorandum dated June 19, 2008, and the appropriate monthly wastewater rates are shown on Schedule 4-B of staff's memorandum dated June 19, 2008. Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of \$58,952, and the recommended wastewater rates are designed to produce revenues of \$88,981. 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

14**PAA

Docket No. 070416-WS – Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd.

(Continued from previous page)

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 No. 4 of staff's memorandum dated June 19, 2008, 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.

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 Plantation?

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 Plantation 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 June 19, 2008. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Plantation 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 15: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the order, a Consummating Order will be issued. However, 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. When the PAA issues are final and the tariff and notice actions are complete, this docket may be closed administratively.

DECISION: This item was deferred.

ITEM NO.

CASE

15**PAA

Docket No. 070627-WU – Application for staff-assisted rate case in Lake County by Raintree Utilities, Inc.

Critical Date(s): 02/23/09 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: ECR: Roberts, Bulecza-Banks, Fletcher

GCL: Hartman

Issue 1: Should the quality of service provided by Raintree Utilities, Inc. be considered satisfactory?

Recommendation: Yes. The quality of service provided by Raintree Utilities, Inc. should be considered satisfactory.

Issue 2: What portions of Raintree Utility’s treatment plants and distribution systems are considered used and useful?

Recommendation: The Raintree Harbor water treatment plant and water distribution systems should be considered 100 percent used and useful.

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

Recommendation: The appropriate average test year rate base for the Utility is \$57,852 for Raintree Harbor and \$213,163 for Bentwood.

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

Recommendation: The appropriate return on equity is 12.01 percent for Raintree with a range of 11.01 percent - 13.01 percent. The appropriate overall rate of return is 8.25 percent.

Issue 5: What are the appropriate test year revenues?

Recommendation: The appropriate amount of test year revenue is \$47,425 for the Raintree Harbor system and \$21,991 for the Bentwood system.

Issue 6: What are the appropriate test year operating expense?

Recommendation: The appropriate amount of operating expense for the Utility is \$49,498 for Raintree Harbor and \$43,924 for Bentwood.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate test year revenue requirement in this case is \$54,594 for Raintree Harbor and \$63,372 for Bentwood.

ITEM NO.

CASE

15**PAA

Docket No. 070627-WU – Application for staff-assisted rate case in Lake County by Raintree Utilities, Inc.

(Continued from previous page)

Issue 8: What are the appropriate rate structures for the utility’s Raintree Harbor and Bentwood water systems?

Recommendation: The appropriate rate structure for both the Raintree Harbor and Bentwood water systems is a two-tier inclining-block rate structure. The appropriate usage blocks are for monthly consumption of: 1) 0-8,000 (8 kgal); and 2) usage in excess of 8 kgal. The usage block rate factors should be 1.0 and 1.25, respectively. The base facility charge (BFC) cost recovery allocations should be set at 36.82 percent for the Raintree Harbor system and 25 percent for the Bentwood system. The billing cycle for both systems should be on a monthly basis.

Issue 9: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for this utility, and what are the appropriate post-repression revenue requirements for the Raintree Harbor and Bentwood systems?

Recommendation: Yes, a repression adjustment to the Raintree Harbor system is appropriate. Residential water consumption should be reduced by 2.8 percent, resulting in a consumption reduction of approximately 573 kgal. Total water consumption for ratesetting is 20,039 kgals, which represents a 2.8 percent reduction in overall consumption. The resulting water system reductions to revenue requirements are \$126 in purchased power expense, \$18 in chemicals and \$7 in regulatory assessment fees (RAFs). The post-repression revenue requirement is \$54,443. Staff recommends no repression adjustment to the Bentwood system; therefore, the appropriate revenue requirement is \$63,372.

In order to monitor the effects of both the changes in revenues and rate structure for the Raintree Harbor system, and to monitor the consumption patterns of the Bentwood system customers resulting from setting initial rates, the utility should be ordered to file monthly reports detailing the number of bills rendered, the consumption billed by usage block, and the revenues billed by usage block for each system. 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.

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CASE

15**PAA

Docket No. 070627-WU – Application for staff-assisted rate case in Lake County by Raintree Utilities, Inc.

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Issue 10: What are the appropriate rates for this utility?

Recommendation: The appropriate monthly water rates are shown on Schedule 4 of staff's memorandum dated June 19, 2008. Excluding miscellaneous service revenues, the recommended water rates for the Raintree Harbor system are designed to produce revenues of \$54,443, while the corresponding rates for the Bentwood system are designed to produce revenues of \$63,372. 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.

Issue 11: What is the appropriate amount the 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 for both Raintree Harbor and Bentwood as shown on Schedule No. 4-A and 4-B of staff's memorandum dated June 19, 2008, 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.

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Issue 12: Should the Utility's proposed plant capacity charge of \$2,900 for its Bentwood water system be approved?

Recommendation: No, the Utility's proposed plant capacity charge should be denied. In accordance with Rule 25-30.580, F.A.C., the appropriate plant capacity charge for the Bentwood water system is \$2,600. Accordingly, staff recommends that the Utility refund the \$300 difference for each temporary approved charge of \$2,900 collected. In addition, the Utility should be authorized to collect meter installation fees of \$193 for 5/8" x 3/4" meters and actual cost for all others. If there is no timely protest by a substantially affected person, the Utility should file the appropriate tariff sheets within ten days of the issuance of the Consummating Order for the Commission-approved tariff changes. Staff should be given administrative authority to approve the tariff sheets upon staff's verification that the tariff is consistent with the Commission's decision. If the tariff sheets are filed and approved, the tariff sheets should become effective on or after the stamped approval date. Within ten days of the issuance of the Consummating Order for the Commission-approved tariff charges, the Utility shall also provide notice of the Commission's decision to all persons in the service area who are affected by the recommended plant capacity charges and meter installation fee and the authorization to collect donated property. The notice should be approved by Commission staff prior to distribution. The Utility should provide proof that the appropriate customers or developers have received notice within ten days of the date of the notice. In the event of a protest, the Utility should be allowed to collect staff's recommended charges, subject to refund. The Utility should file revised tariff sheets and a proposed customer notice prior to implementation. These charges should be implemented on a temporary basis pending resolution of the protest.

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 analysis portion of staff's memorandum dated June 19, 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.

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Docket No. 070627-WU – Application for staff-assisted rate case in Lake County by Raintree Utilities, Inc.

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Issue 14: 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 and that the refund has been completed and verified 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

16**

Docket No. 080199-SU – Application for transfer of wastewater facilities to City of Sanibel in Lee County, and cancellation of Certificate No. 207-S, by Sanibel Bayous Utility Corporation.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECR: Johnson, Marsh

GCL: Hartman

Issue 1: Should the transfer of the wastewater facilities from Sanibel Bayous Utility Corporation to the City of Sanibel and the cancellation of Certificate No. 207-S be approved?

Recommendation: Yes. The transfer of the wastewater facilities from Sanibel Bayous Utility Corporation to the City of Sanibel should be approved as a matter of right, pursuant to Section 367.071(4)(a), Florida Statutes. Certificate No. 207-S should be cancelled effective March 3, 2008.

Issue 2: Should this docket be closed?

Recommendation: Yes. Because no further action is necessary, this docket should be closed.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

17**

Docket No. 000475-TP – Complaint by BellSouth Telecommunications, Inc. against Thrifty Call, Inc. regarding practices in the reporting of percent interstate usage for compensation for jurisdictional access services.

Critical Date(s): None

Commissioners Assigned: Edgar, Argenziano, Skop

Prehearing Officer: Edgar

Staff: GCL: Mann

CMP: Pruitt

Issue 1: Should the Commission accept the parties' Joint Notice of Settlement, which stipulates the voluntary dismissal of this case, in its entirety, with prejudice?

Recommendation: Yes, the Commission should accept the parties' Joint Notice of Settlement, which stipulates the voluntary dismissal of this case, in its entirety, with prejudice.

Issue 2: Should this docket be closed?

Recommendation: Yes, the docket should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Argenziano, Skop