

**MINUTES OF July 10, 2007
COMMISSION CONFERENCE**

COMMENCED: 9:45 a.m.
ADJOURNED: 10:40 a.m.
COMMENCED: 11:05 a.m.
ADJOURNED: 1:05 p.m.
COMMENCED: 1:45 p.m.
ADJOURNED: 1:55 p.m.

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

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

1

Approval of Minutes
May 22, 2007, Regular Commission Conference
June 5, 2007, Regular Commission Conference

DECISION: The minutes were approved.

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

ITEM NO. **CASE**

2** **Consent Agenda**

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
070342-TX	DG-TEC, LLC

PAA B) Request for cancellation of a competitive local exchange telecommunications certificate.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>
070306-TX	ALLTEL Communications, Inc.	5/11/2007

PAA C) Request for two-year exemption from requirement of Rule 25-24.515(13), F.A.C., that each pay telephone station shall allow incoming calls.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>PHONE # & LOCATION</u>
070340-TC	Coin-Tel, Inc.	904-928-9199 Lil Champ #6182 12020 Ft. Caroline Rd. Jacksonville, FL 32225

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, Carter, McMurrian, Argenziano, Skop

ITEM NO.

CASE

3

Docket No. 070263-TP – Petition for declaratory statement regarding 911 fee and TASA charges to Florida counties and agencies, by BellSouth Telecommunications, Inc. d/b/a AT&T Florida.

Critical Date(s): 07/13/07 (statutory deadline - order must be issued)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: GCL: Scott

CMP: Beard, Casey

Issue 1: Should the Commission grant AT&T's Petition for Declaratory Statement?

Recommendation: No. AT&T's Petition for Declaratory Statement should be denied.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, the docket should be closed.

DECISION: This item was deferred. AT&T waived statutory timeframe. Staff is directed to continue further discussion with company.

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

ITEM NO.

CASE

4**

Docket No. 060684-TP – Complaint and petition for declaratory relief against BellSouth Telecommunications, Inc. for refusal to provide telephone service to a new development, by Litestream Holdings, LLC. (Deferred from June 19, 2007, conference.)

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: GCL: Teitzman

CMP: Buys, Kennedy

Issue 1: Should the Second Amended Complaint by Litestream Holdings, LLC against BellSouth Telecommunications, Inc., d/b/a AT&T Florida be granted?

Recommendation: No. The Petition should be dismissed without prejudice to sufficiently plead standing.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

5

Docket No. 070127-TX – Petition for interconnection with Level 3 Communications and request for expedited resolution, by Neutral Tandem, Inc.

Critical Date(s): 07/10/07 (Date level 3 will terminate interconnection agreement with Neutral Tandem.)

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrin

Staff: GCL: Teitzman, Mann

CMP: Lee, King

Issue 1: Does the Commission have jurisdiction over Neutral Tandem’s Petition? If so, what is the source of the Commission’s authority?

Recommendation: Yes. Pursuant to §364.16(2), Florida Statutes, the Commission has authority to ensure that a CLEC provides access to and interconnection with its telecommunications service to any other provider of local exchange telecommunications service.

Issue 2: If the Commission has jurisdiction over Neutral Tandem’s Petition, does Neutral Tandem have standing to seek relief under §§364.16 and 364.162, Florida Statutes?

Recommendation: No. Staff does not believe Neutral Tandem’s delivery of transit traffic constitutes provision of local exchange telecommunications service for the purposes of §364.16(2), Florida Statutes. Accordingly, staff recommends the Petition be dismissed without prejudice for lack of standing.

Issue 3(a): If the Commission has jurisdiction over Neutral Tandem’s Petition and determines that Neutral Tandem has standing to bring its Petition:

- a. Can the Commission require direct interconnection between Level 3 and Neutral Tandem, for the purpose of terminating transit traffic from originating carriers, delivered by Neutral Tandem to Level 3?

Recommendation: If the Commission approves staff’s recommendation in Issue 2, this issue will be rendered moot.

Issue 4: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff’s recommendation in Issue 2, this docket should be closed.

DECISION: This item was withdrawn.

ITEM NO.

CASE

6**PAA

Docket No. 070126-TL – Petition for relief from carrier-of-last-resort (COLR) obligations pursuant to Section 364.025(6)(d), F.S., for Villages of Avalon, Phase II, in Hernando County, by BellSouth Telecommunications, Inc. d/b/a AT&T Florida.

Critical Date(s): None (Statutory deadline waived.)

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrin

Staff: CMP: Buys, Kennedy

GCL: Wiggins, Mann

Issue 1: Should the Commission grant AT&T Florida's Petition for relief from its carrier-of-last-resort obligation, pursuant to Section 364.025(6)(d), Florida Statutes, for the provision of service at the Villages of Avalon, Phase II in the development known as Villages of Avalon located in Hernando County, Florida?

Recommendation: No. AT&T Florida has not made a prima facie case for good cause, and the Commission should deny AT&T Florida's Petition for relief from its carrier-of-last-resort obligations for the provision of basic local telecommunications service to Phase II of the development known as Villages of Avalon, located in Hernando County.

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. If the Commission's Order is not protested this docket should be closed administratively upon issuance of the Consummating Order.

DECISION: The recommendations were moot. The docket shall remain open. Staff is directed to set the matter for hearing.

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

ITEM NO.

CASE

7**PAA

Docket No. 070367-TP – Joint petition for waiver of carrier selection requirements of Rule 25-4.118, F.A.C., for migration of residential local service customers from AT&T Communications of the Southern States, LLC, holder of AAV Certificate No. 4037, to BellSouth Telecommunications, Inc. d/b/a AT&T Florida, holder of ILEC Certificate No. 8, and request for expedited treatment.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Watts

GCL: Mann

Issue 1: 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 AT&T Communications of the Southern States, LLC's residential local customers to BellSouth Telecommunications, Inc., d/b/a AT&T Florida?

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

Issue 2: Should this docket be closed?

Recommendation: The Order issued from this recommendation will be a proposed agency action. Thus, the Order will become final and effective upon issuance of the Consummating Order if no person whose substantial interests are affected timely files a protest within 21 days of issuance of this Order.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

8**PAA

Docket No. 070335-TP – Joint application for approval of pro forma reorganization whereby OnFiber Carrier Services, Inc., holder of CLEC Certificate No. 7521 and IXC Registration No. TJ391, will merge with and into Qwest Communications Corporation, holder of CLEC Certificate No. 5801 and IXC Registration No. TI215; request for waiver of carrier selection requirements of Rule 25-4.118, F.A.C.; request for cancellation of CLEC Certificate No. 7521 and IXC tariff and Registration No. TJ391; and request for other necessary relief.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Watts

GCL: Mann

Issue 1: 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 OnFiber Carrier Services, Inc.'s customers to Qwest Communications Corporation?

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

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending notification from the company of the completion of its merger transaction and the cancellation of CLEC Certificate No. 7521 and IXC Registration No. TJ391. Upon completion of these actions, this docket should be closed administratively.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

9**PAA

Docket No. 070328-TI – Acknowledgment of cancellation of IXC Registration No. TK016 and tariff by MBI Services Group, LLC, effective May 21, 2007.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Isler

GCL: McKay

Issue 1: Should the Commission deny MBI Services Group, LLC, a voluntary cancellation of its IXC tariff and Registration No. TK016 and cancel the tariff and remove the company's name from the register on the Commission's own motion with an effective date of May 21, 2007?

Recommendation: Yes. The company should be denied a voluntary cancellation as listed on Attachment A of staff's June 27, 2007, memorandum.

ITEM NO.

CASE

9**PAA

Docket No. 070328-TI – Acknowledgment of cancellation of IXC Registration No. TK016 and tariff by MBI Services Group, LLC, effective May 21, 2007.

(Continued from previous page)

Issue 2: Should this docket be closed?

Recommendation: Staff recommends that 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 the company fails to timely file a protest and to request a Section 120.57, Florida Statutes, hearing, the facts should be deemed admitted and the right to a hearing waived. If the company pays the Regulatory Assessment Fees, including statutory late payment charges, prior to the expiration of the Proposed Agency Action Order, then the cancellation of the company's tariff and the removal of its name from the register will be voluntary. If the company fails to pay the Regulatory Assessment Fees, including statutory late payment charges, prior to the expiration of the Proposed Agency Action Order, then the company's IXC tariff should be cancelled administratively and its name removed from the register, and the collection of the past due Regulatory Assessment Fees, including statutory late payment charges, should be referred to the Florida Department of Financial Services for further collection efforts. If the company's IXC tariff is cancelled and its name removed from the register in accordance with the Commission's Order from this recommendation, the company should be required to immediately cease and desist providing intrastate interexchange telecommunications service in Florida. This docket should be closed administratively either upon receipt of the payment of the Regulatory Assessment Fees, including statutory late payment charges, or upon cancellation of the company's IXC tariff and removal of its name from the register.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

10**PAA

Docket No. 070278-TI – Acknowledgment of cancellation of IXC Registration No. TJ285 by Affordable Voice Communications Inc., effective April 30, 2007.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Isler

GCL: McKay

Issue 1: Should the Commission deny Affordable Voice Communications Inc. a voluntary cancellation of its IXC tariff and Registration No. TJ285 and cancel the tariff and remove the company's name from the register on the Commission's own motion with an effective date of April 30, 2007?

Recommendation: Yes. The company should be denied a voluntary cancellation as listed on Attachment A of staff's June 27, 2007, memorandum.

ITEM NO.

CASE

10**PAA

Docket No. 070278-TI – Acknowledgment of cancellation of IXC Registration No. TJ285 by Affordable Voice Communications Inc., effective April 30, 2007.

(Continued from previous page)

Issue 2: Should this docket be closed?

Recommendation: Staff recommends that 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 the company fails to timely file a protest and to request a Section 120.57, Florida Statutes, hearing, the facts should be deemed admitted and the right to a hearing waived. If the company pays the Regulatory Assessment Fees prior to the expiration of the Proposed Agency Action Order, then the cancellation of the company's tariff and the removal of its name from the register will be voluntary. If the company fails to pay the Regulatory Assessment Fees prior to the expiration of the Proposed Agency Action Order, then the company's IXC tariff should be cancelled administratively and its name removed from the register, and the collection of the past due Regulatory Assessment Fees should be referred to the Florida Department of Financial Services for further collection efforts. If the company's IXC tariff is cancelled and its name removed from the register in accordance with the Commission's Order from this recommendation, the company should be required to immediately cease and desist providing intrastate interexchange telecommunications service in Florida. This docket should be closed administratively either upon receipt of the payment of the Regulatory Assessment Fees or upon cancellation of the company's IXC tariff and removal of its name from the register.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

11**

Docket No. 070187-TX – Request for cancellation of CLEC Certificate No. 7910 by VGM International, Inc., effective December 31, 2006.

Critical Date(s): None

Commissioners Assigned: Edgar, Carter, McMurrian (For purposes of this decision.)

Prehearing Officer: Administrative

Staff: CMP: Isler

GCL: McKay

Issue 1: Should the Commission vacate Order No. PSC-07-0430-PAA-TX, issued on May 16, 2007, and close this docket?

Recommendation: Yes. Order No. PSC-07-0430-PAA-TX should be vacated and this docket should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Carter, McMurrian

ITEM NO.

CASE

12**PAA

Docket No. 070258-TC – Request for cancellation of PATS Certificate No. 5146 by Pay Telephone of Florida, Inc., effective April 13, 2007.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Isler

GCL: McKay

Issue 1: Should the Commission deny Pay Telephone of Florida, Inc. a voluntary cancellation of its Pay Telephone Certificate No. 5146 and cancel the certificate on the Commission's own motion with an effective date of April 13, 2007?

Recommendation: Yes. The company should be denied a voluntary cancellation as listed on Attachment A of staff's June 27, 2007, memorandum.

Issue 2: Should this docket be closed?

Recommendation: Staff recommends that 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 the company fails to timely file a protest and to request a Section 120.57, Florida Statutes, hearing, the facts should be deemed admitted and the right to a hearing waived. If the company pays the Regulatory Assessment Fees prior to the expiration of the Proposed Agency Action Order, then the cancellation of the company's pay telephone company certificate will be voluntary. If the company fails to pay the Regulatory Assessment Fees prior to the expiration of the Proposed Agency Action Order, then the company's pay telephone company certificate should be cancelled administratively, and the collection of the past due Regulatory Assessment Fees should be referred to the Florida Department of Financial Services for further collection efforts. If the company's pay telephone company certificate is cancelled in accordance with the Commission's Order from this recommendation, the company should be required to immediately cease and desist providing pay telephone service in Florida. This docket should be closed administratively either upon receipt of the payment of the Regulatory Assessment Fees or upon cancellation of the company's pay telephone company certificate.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

13**

Docket No. 070327-EI – Petition for approval of contributions-in-aid-of-construction tariff revision, by Progress Energy Florida, Inc.

Critical Date(s): 07/17/07 (60-day suspension date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Draper

GCL: Holley

Issue 1: Should the Commission approve PEF's proposed CIAC tariff revisions?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, this tariff should become effective on July 10, 2007. If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

14

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, Maurey, Sickel, Slemkewicz, Springer
CMP: Coston, Fisher, Vinson
GCL: Bennett, Holley, Young

Issue 1: Did PEF act prudently in purchasing coal for Crystal River Units 4 and 5 beginning in 1996 and continuing to 2005?

Primary Recommendation: No. PEF did not act prudently in purchasing coal for CR4 and CR5 during the period 2001 through 2005. As discussed in Issues 2 and 4, the Commission should require PEF to refund to customers the amount of \$12,453,457, plus interest. In addition, the Commission should direct PEF to supplement its 2006 Final True-Up Testimony in Docket No. 070001-EI to address whether the Company was prudent in its 2006 and 2007 coal purchases for CR4 and CR5.

Alternative Recommendation: Yes. PEF acted prudently in purchasing coal for CR4 and CR5 during the period 1996 through 2005.

Issue 2: If the Commission determines that PEF acted imprudently in its coal purchases, should PEF be required to refund customers for coal purchased to run Crystal River Units 4 and 5 during the time period of 1996 - 2005?

Primary Recommendation: If the Commission approves primary staff's recommendation on Issue 1, the Commission should require PEF to refund customers \$12,453,457, plus interest. In addition, the Commission should encourage the parties of Docket No. 070001-EI to address, in their projection testimony to be filed in September 2007, the issue of whether and how the Commission should conduct prudence reviews of fuel and purchased power costs approved for cost recovery in the fuel docket.

Alternative Recommendation: If the Commission approves the alternative staff recommendation on Issue 1, then this issue is moot. The Commission may address the issue of policy raised by Issue 2.

Issue 3: Under the circumstances of this case, does the Commission have the authority to grant the relief requested by OPC?

Recommendation: The Commission has the authority to grant the relief requested by OPC.

ITEM NO.

CASE

14

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.

(Continued from previous page)

Issue 4: If the Commission determines that PEF should be required to refund customers for coal purchased to run Crystal River Units 4 and 5, what amount should be refunded, and how and when should such refund be accomplished?

Primary Recommendation: If the Commission finds that PEF was imprudent in procuring fuel costs in 2003 - 2005 (Issue 1) and further finds that the Company should be required to make a refund to customers (Issue 2), then the Commission should require PEF to refund to PEF's ratepayers \$13,796,073 in excessive coal costs, SO2 allowance costs, and interest incurred during 2003, 2004, and 2005. Interest should continue to accrue until the refund has been completed. This refund should be made through the utility's 2008 fuel factors.

Alternative Recommendation: Consistent with the alternative staff's recommendation for Issue 1, staff does not recommend a refund.

Issue 5: If the Commission determines that PEF willfully violated any lawful rule or order of the Commission or any provision of Chapter 366, Florida Statutes, should the Commission impose a penalty on PEF, and what should be the amount of such penalty?

Recommendation: No. No party identified a rule, order or statute administered by the Commission that PEF failed to implement or comply with for the period 1996 through 2005. Therefore, the Commission should not impose any fines or penalties.

Issue 6: Should this docket be closed?

Recommendation: The docket should be closed after the time for filing an appeal has run.

DECISION: This item was deferred.

ITEM NO.

CASE

15**PAA

Docket No. 050862-WU – Application for staff-assisted rate case in Marion County by County-Wide Utility Co., Inc. (Deferred from May 22, 2007, conference; revised recommendation filed.)

Critical Date(s): 08/05/07 (15-month effective date - SARC)

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: ECR: Hudson, Edwards, Fletcher, Lingo, Rendell

GCL: Gervasi

Issue 1: Should the quality of service provided by County-Wide Utility be considered satisfactory?

Recommendation: Yes. The quality of service should be considered satisfactory.

Issue 2: Was it prudent for the utility to interconnect to the City of Ocala to serve current customers?

Recommendation: No. It was not prudent for the utility to interconnect to the City of Ocala to serve current customers; however, it was prudent to interconnect to provide water service to future customers.

Issue 3: What are the used and useful percentages for the utility's water distribution system?

Recommendation: The water distribution system should be considered 100% used and useful.

Issue 4: What is the appropriate test year rate base for the utility?

Recommendation: The appropriate test year rate base for the utility is \$44,768.

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

Recommendation: The appropriate return on equity is 12.01% with a range of 11.01% - 13.01%. The appropriate overall rate of return is 8.06%.

Issue 6: What are the appropriate test year revenues?

Recommendation: The appropriate test year revenue for this utility is \$112,099 for water.

Issue 7: What is the appropriate amount of operating expenses?

Recommendation: The appropriate amount of operating expenses for the utility is \$146,051 for water.

Issue 8: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$149,659 for water.

ITEM NO.

CASE

15**PAA

Docket No. 050862-WU – Application for staff-assisted rate case in Marion County by County-Wide Utility Co., Inc. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 9: Is a continuation of the utility's current rate structure for its water system appropriate, and, if not, what is the appropriate rate structure?

Recommendation: No. A continuation of the utility's current rate structure is not appropriate. Specifically, the utility's current gallonage allotments should be removed from both the residential and general service base facility charges (BFCs), and the declining block rate structure should be eliminated. The residential rate structure should be replaced with a three-tier inclining block rate structure, with usage blocks of: 1) 0 – 10 kgals; 2) 10.001 – 20 kgals; and 3) in excess of 20 kgals. The usage block rate factors should be 1.0, 1.25, and 1.5, respectively. The general service rate structure should be replaced with a BFC/uniform gallonage charge. The appropriate post-repression BFC cost recovery should be set at 40%. The utility's standby class of service should be eliminated.

Issue 10: Is a repression adjustment appropriate in this case, and, if so, what is the appropriate adjustment to make for this utility?

Recommendation: Yes. A repression adjustment is appropriate. Residential consumption should be reduced by 7.8%, resulting in a consumption reduction of approximately 2,570 kgal. The resulting total water consumption for ratesetting is 34,373 kgal, which represents a 7.0% reduction in overall consumption, a reduction in purchased water expense of \$2,487, and a reduction in regulatory assessment fees (RAFs) of \$117. The post-repression revenue requirement is \$144,846. In order to monitor the effects of both the changes in revenue 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. In addition, the reports should be prepared, by customer class, usage block, 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.

ITEM NO.

CASE

15**PAA

Docket No. 050862-WU – Application for staff-assisted rate case in Marion County by County-Wide Utility Co., Inc. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 11: What are the appropriate rates for this utility?

Recommendation: The appropriate monthly water rates are shown on Schedule 4 of staff's June 27, 2007, memorandum. Excluding miscellaneous service revenues, the recommended water rates are designed to produce revenues of \$144,846. 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 12: Should the utility be authorized to revise its miscellaneous service charges, and, if so, what are the appropriate charges?

Recommendation: Yes. The utility should be authorized to revise its miscellaneous service charges. The appropriate charges are reflected in the analysis portion of staff's June 27, 2007, memorandum. The utility should file proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide proof the customers have received notice within 10 days after the date that the notice was sent.

Issue 13: Should the utility be authorized to collect a \$5.00 late payment fee?

Recommendation: Yes. The utility should be authorized to collect a \$5.00 late payment fee. The utility should file revised tariff sheets that are consistent with the Commission's decision within one month of the Commission's vote. The tariff sheet should be implemented on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(2), Florida Administrative Code, provided the customers have received notice.

Issue 14: Should the utility's meter test fees be changed to allow the actual cost to the utility?

Recommendation: No. The utility's meter test fees should not be changed. The utility's meter test fees should be allowed as prescribed in Rule 25-30.266, F.A.C.

ITEM NO.

CASE

15**PAA

Docket No. 050862-WU – Application for staff-assisted rate case in Marion County by County-Wide Utility Co., Inc. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 15: In determining whether any portion of the emergency increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the revised revenue requirement for the emergency rate collection period and comparing it to the amount of emergency revenues granted. Based on this calculation, the utility should be required to refund 41% of water revenues collected under emergency rates. The refund should be made with interest in accordance with Rule 25-30.360(4) F.A.C. The utility should be required to submit proper reports, pursuant to Rule 25-30.360(7), F.A.C. The utility should treat any unclaimed refunds as CIAC, pursuant to Rule 25-30.360(8), F.A.C.

Issue 16: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, Florida Statutes?

Recommendation: The water rates should be reduced as shown on Schedule No. 4 of staff's June 27, 2007, memorandum, 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.

ITEM NO.

CASE

15**PAA

Docket No. 050862-WU – Application for staff-assisted rate case in Marion County by County-Wide Utility Co., Inc. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 17: Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of protest filed by a party other than the utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility. Prior to implementation of any temporary rates, the utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the utility should be subject to the refund provisions discussed in the analysis portion of staff's June 27, 2007, memorandum. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission's Division of Economic Regulation no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Issue 18: What are the appropriate service availability charges?

Recommendation: The appropriate service availability charge for the utility is a main extension charge of \$1,540. The utility's system capacity charge should be discontinued. If the Commission approves these charges, the utility should file revised tariff sheets which are consistent with the Commission's vote. Staff recommends that it be given administrative authority to approve the revised tariff sheets upon staff's verification that the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the revised service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets.

Issue 19: Should County-Wide be authorized to collect Allowance for Funds Prudently Invested (AFPI) charges, and, if so, what are the appropriate charges?

Recommendation: Yes. County-Wide should be authorized to collect water AFPI charges. The beginning date of the AFPI charges should be January 1, 2006. After December 31, 2010, the utility should be allowed to collect the constant charge until all projected 422 water ERCs in the calculation have been added, at which time the charge should be discontinued. The utility should file revised tariff sheets which are consistent with the Commission's vote within 30 days of the issuance of the Consummating Order. The revised tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and provided future customers have been noticed, pursuant to Rule 25-30.475(2), F.A.C. In no event should the rates be effective for services rendered prior to the stamped approval date.

ITEM NO.

CASE

15**PAA

Docket No. 050862-WU – Application for staff-assisted rate case in Marion County by County-Wide Utility Co., Inc. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 20: 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 appropriate refund of a portion of the emergency rates 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: Edgar, Carter, McMurrian, Argenziano, Skop

ITEM NO.

CASE

16**PAA

Docket No. 060246-WS – Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp. (Deferred from May 22, 2007, conference; revised recommendation filed.)

Critical Date(s): 07/10/07 (Gold Coast has waived the 5-month effective date of 04/02/07 - PAA Rate Case.)

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: ECR: Rendell, Bulecza-Banks, Edwards, Lingo

GCL: Fleming

Issue 1: Is the quality of service provided by Gold Coast Utilities Corp., satisfactory?

Recommendation: Gold Coast's overall quality of service should be considered satisfactory.

Issue 2: Should adjustments be made to remove plant additions for which the Utility failed to provide supporting documentation?

Recommendation: Yes. Gold Coast's average water utility plant in service balance should be reduced by \$5,835 and its average wastewater plant in service balance should be reduced by \$4,727. Associated reductions should be made to accumulated depreciation of \$1,606 for water and \$1,538 for wastewater. Depreciation expense for water and wastewater should be reduced by \$494 and \$445, respectively.

Issue 3: Should adjustments be made to Gold Coast's accumulated amortization of Contributions in Aid of Construction (CIAC) for water to correct the composite rate used to amortize CIAC?

Recommendation: Yes. Gold Coast's Accumulated Amortization of CIAC should be reduced by \$4,780 for its water system.

Issue 4: What is the appropriate amount of pro forma plant?

Recommendation: The appropriate amount of pro forma plant is \$312,814 for water and \$343,269 for wastewater. The appropriate pro forma land is \$25,000 for wastewater. The respective retirements associated with these pro forma plant items are \$83,612 for water and \$108,216 for wastewater. To arrive at staff's recommended amounts, net adjustments should be made to reduce water plant in the amount of \$122,590 and wastewater plant in the amount of \$195,538. Accumulated depreciation should be increased by \$4,866 for water and \$55,652 for wastewater. Depreciation expense should also be reduced by \$9,259.85 for water and \$8,286.55 for wastewater. Corresponding adjustments should also be made to reduce taxes other than income by \$1,404 for water and \$8,592 for wastewater. The utility should be required to complete all recommended pro forma items by December 31, 2007. The utility should be required to file monthly reports with the Commission that identifies each pro forma plant addition, the amount and the date of completion.

ITEM NO.

CASE

16**PAA

Docket No. 060246-WS – Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 5: What is the appropriate used and useful percentage for the utility's water treatment plant and storage?

Recommendation: The utility's water treatment plant should be considered 63.67% used and useful, and the storage should be considered 100% used and useful. As a result, net water rate base should be reduced by \$119,666. Corresponding adjustments should be made to reduce water depreciation expense by \$3,650 and property taxes by \$824 for water.

Issue 6: What is the appropriate used and useful percentage for the utility's wastewater treatment plant?

Recommendation: The wastewater treatment plant should be considered 62.65% used and useful. As a result, net wastewater rate base should be reduced by \$201,396. Corresponding adjustments should be made to reduce wastewater depreciation expense by \$12,531 and property taxes by \$1,903. In addition, an adjustment should be made to reduce wastewater O&M expense by \$8,759 for excessive inflow and infiltration.

Issue 7: What is the appropriate used and useful percentages for the utility's water distribution and wastewater collection systems?

Recommendation: The wastewater collection and water distribution systems should be considered 100% used and useful.

Issue 8: What is the appropriate working capital allowance?

Recommendation: The appropriate amount of working capital is \$24,767 for water and \$40,146 for wastewater.

Issue 9: What are the appropriate water and wastewater rate bases?

Recommendation: The appropriate water and wastewater rate bases for the test year ending December 31, 2005, are \$218,202 and \$274,815, respectively.

Issue 10: What is the appropriate return on common equity and the appropriate overall rate of return for this utility?

Recommendation: The appropriate return on equity is 12.00% based on the Commission leverage formula currently in effect. The overall rate of return is 7.48%.

Issue 11: What is the appropriate amount of pro forma salaries for Gold Coast?

Recommendation: The appropriate pro forma salaries for Gold Coast are \$130,300 for employees and \$72,000 for officers. Adjustments should be made to reduce Account 601 by \$30,668 and Account 701 by \$39,032. Further, to correct a utility error, adjustments should be made to reduce Account 603 by \$8,483 for water and Account 703 by \$9,517. In addition, payroll taxes should be reduced by \$2,995 for water and \$3,714 for wastewater, to reflect these reductions.

ITEM NO.

CASE

16**PAA

Docket No. 060246-WS – Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 12: What, if any, adjustment should be made to pensions and benefits?

Recommendation: Adjustments should be made to Accounts 604 and 704, pensions and benefits to remove the pro forma request for Individual Retirement Account (IRA) contributions and to reflect the appropriate amount of insurance. The total adjustments to reduce these accounts are \$8,164 for water and \$10,520 for wastewater.

Issue 13: Should Gold Coast's wastewater Operation and Maintenance (O&M) expense be reduced by \$128 for unsupported expenses and reduced by \$3,837 to remove non-recurring expenses related to periodic permit renewal fees and periodic permits for engineering studies?

Recommendation: Yes. Gold Coast's wastewater O&M expense should be reduced by \$128 for unsupported expenses and by \$3,837 for non-recurring expenses.

Issue 14: What is the appropriate amount of rate case expense?

Recommendation: The appropriate amount of rate case expense is \$101,923 (\$44,846 for water and \$57,077 for wastewater). This expense should be recovered over four years for an annual expense of \$11,212 for water and \$14,269 for wastewater. Thus, rate case expense should be reduced by \$1,194 for water and increased by \$2,050 for wastewater.

Issue 15: Should an adjustment be made to Taxes Other than Income to remove unsupported amounts and to correct the allocation of taxes between water and wastewater?

Recommendation: Yes. Taxes Other than Income for water should be reduced by \$1,558 and Taxes Other than Income for wastewater should be increased by \$458.

Issue 16: What is the test year operating income?

Recommendation: Based on the adjustments discussed in previous issues, the test year operating loss before any provision for increased revenues is \$45,664 and \$85,656 for water and wastewater, respectively.

ITEM NO.

CASE

16**PAA

Docket No. 060246-WS – Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 17: What are the appropriate pre-repression revenue requirements for water and wastewater?

Recommendation: The following pre-repression revenue requirements should be approved:

	<u>Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water	\$140,385	\$104,066	\$244,451	74.13%
Wastewater	\$214,728	\$178,316	\$393,044	83.04%

Issue 18: What are the appropriate rate structures for the water and wastewater systems?

Recommendation: The appropriate rate structure for the water system is the base facility charge (BFC)/uniform gallonage charge rate structure. The current residential flat rates, as well as the 5,000 gallon (5 kgal) allotment in the residential metered base facility charge, should be discontinued. Customers located in the Nalcrest, Lakeshore and Village Green service areas should be reclassified from the residential to the multi-residential service customer class. The BFC cost recovery percentage for the water system should be set at 60%. The appropriate rate structure for the wastewater system is the BFC/gallonage charge rate structure. Residential flat rates should be eliminated, and the residential wastewater monthly gallonage cap should be set at 10 kgal. Customers located in the Nalcrest, Lakeshore and Village Green service areas should be reclassified from the residential to the multi-residential service customer class. The general service gallonage charge should be 1.2 times greater than the corresponding residential charge, and the BFC cost recovery percentage for the wastewater system should be set at 64%.

ITEM NO.

CASE

16**PAA

Docket No. 060246-WS – Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 19: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for the water and wastewater systems, what are the corresponding expense adjustments to make, and what are the resulting final revenue requirements for the respective systems?

Recommendation: Yes. Repression adjustments are appropriate for this utility. For the water system, test year kgals sold should be reduced by 3,267 kgals, purchased power expense should be reduced by \$1,025, chemicals expense should be reduced by \$94, and regulatory assessment fees (RAFs) should be reduced by \$53. The final post-repression revenue requirement for the water system should be \$243,280. For the wastewater system, test year kgals sold should be reduced by 2,548 kgals, purchased power expense should be reduced by \$1,133, chemicals expense should be reduced by \$59, and RAFs should be reduced by \$54. The final post-repression revenue requirement for the wastewater system should be \$391,796.

In order to monitor the effect of the rate changes, the utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenues billed on a monthly basis. In addition, the reports should be prepared by customer class, usage block, 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 20: What are the appropriate monthly service rates for the water and wastewater systems?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A of staff's June 27, 2007, memorandum, and the appropriate wastewater monthly rates are shown on Schedule No. 4-B of staff's memorandum. The recommended water rates produce revenues of \$243,280, and the recommended wastewater rates produce revenues of \$391,796. The utility should file revised water and wastewater tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. 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 approved rates should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date notice was given, no less than 10 days after the date of the notice.

ITEM NO.

CASE

16**PAA

Docket No. 060246-WS – Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 21: In determining whether any portion of the interim increases granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenues granted. Based on this calculation, no refund is required. Further, upon issuance of the Consummating Order in this docket, the irrevocable letter of credit should be released.

Issue 22: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, F.S.?

Recommendation: The water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's June 27, 2007, memorandum, to remove rate case expense, grossed up for regulatory assessment fees, which is being amortized over a four-year period. The decrease in water rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction.

Issue 23: Should the utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission-approved adjustments?

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

ITEM NO.

CASE

16**PAA

Docket No. 060246-WS – Application for increase in water and wastewater rates in Polk County by Gold Coast Utility Corp. (Deferred from May 22, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 24: 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: The recommendations for Issues 1 through 23 were approved. Issue 24 was approved with the modifications noted.

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

ITEM NO.

CASE

17**

Docket No. 060257-WS – Application for increase in water and wastewater rates in Polk County by Cypress Lakes Utilities, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners (For purposes of this decision.)

Prehearing Officer: Argenziano

Staff: ECR: Springer, Revell, Rendell, Bulecza-Banks

GCL: Fleming

Issue 1: Should Order No. PSC-07-0454-PCO-WS be modified to allow Cypress Lakes Utilities, Inc. to use a corporate undertaking to secure any refund resulting from its implementation of PAA rates in this docket?

Recommendation: Yes. Order No. PSC-07-0454-PCO-WS should be modified to allow Cypress Lakes Utilities, Inc. to use a corporate undertaking to secure any refund resulting from the implementation of PAA rates in this docket.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open to complete the hearing process.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

18

Docket No. 060763-TL – Petition for waiver of carrier of last resort obligations for multitenant property in Collier County known as Treviso Bay, by Embarq Florida, Inc.

Critical Date(s): None

Commissioners Assigned: Edgar, Carter, McMurrian

Prehearing Officer: Carter

Staff: GCL: Wiggins

CMP: Buys

Issue 1: Should Embarq's Request for Oral Argument be granted?

Recommendation: No. The Request for Oral Argument should be denied.

Issue 2: Should Embarq's Motion for Reconsideration be granted?

Recommendation: No. Embarq's Motion for Reconsideration does not point out any point of law or material facts that the Commission overlooked, failed to consider, or misapprehended. While Embarq obviously believes that the Commission's decision is fundamentally flawed, Embarq is simply rearguing the merits. Embarq's petition should be denied.

Issue 3: Should this docket be closed?

Recommendation: Yes. Staff recommends that if the Commission approves staff's recommendation in Issue 2, this docket should be closed as no other issues need to be addressed by the Commission.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Carter, McMurrian