

**MINUTES OF March 27, 2012
COMMISSION CONFERENCE**
COMMENCED: 9:32 am
RECESSED: 10:34 am
RECONVENED: 1:02 pm
RECESSED: 2:27 pm
RECONVENED: 2:43 pm
RECESSED: 4:08 pm
RECONVENED: 4:17 pm
RECESSED: 5:06 pm
RECONVENED: 5:09 pm
ADJOURNED: 5:16 pm

COMMISSIONERS PARTICIPATING: Chairman Brisé
Commissioner Edgar
Commissioner Graham
Commissioner Balbis
Commissioner Brown

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

1

Approval of Minutes

January 24, 2012 Regular Commission Conference
February 27, 2012 Special Commission Conference
March 12, 2012 Special Commission Conference

DECISION: The minutes were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

2**

Docket No. 120050-TP – Proposed amendment of Rule 25-4.020, F.A.C., Location and Preservation of Records, and Rule 25-4.0201, F.A.C., Audit Access to Records.

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: GCL: Gervasi
APA: Mailhot
ECR: McNulty
RAD: Salak

Issue 1: Should the Commission propose the amendment of Rule 25-4.020, F.A.C., Location and Preservation of Records, and of Rule 25-4.0201, F.A.C., Audit Access to Records?

Recommendation: Yes, the Commission should propose the amendment of Rules 25-4.020 and 25-4.0201, F.A.C., as set forth in Attachment A of staff's memorandum dated March 15, 2012.

Issue 2: Should this docket be closed?

Recommendation: Yes, if no requests for hearing or comments are filed, the rule amendments as proposed should be filed for adoption with the Secretary of State and the docket should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

3**PAA

Docket No. 120052-TP – Florida Link-Up and Lifeline Program Modernization.

Critical Date(s): April 2, 2012, FCC Effective Date of Changes

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: GCL: Harris

RAD: Casey

Issue 1: Should the Florida Public Service Commission (FPSC or Commission) remove non-Tribal Link Up from the Florida Lifeline program ~~effective April 2, 2012?~~

Recommendation: Yes, the Commission should remove non-Tribal Link Up from the Florida Lifeline program ~~effective April 2, 2012.~~ The effective date for removal of non-Tribal Link Up from the Florida Lifeline program should be the effective date set by the FCC.

Issue 2: Should the monthly amount of Lifeline credit provided to Florida Lifeline customers be changed from \$13.50 to \$12.75 ~~effective April 2, 2012,~~ for Florida's Lifeline program?

Recommendation: Yes, staff recommends that the monthly amount of Lifeline credit provided to Florida Lifeline customers be changed from \$13.50 to \$12.75 ~~effective April 2, 2012,~~ for Florida's Lifeline program. The effective date for the change in the amount of Lifeline credit for the Florida Lifeline program should be the effective date set by the FCC.

Issue 3: Should the Florida Lifeline Simplified Certification process be eliminated as of June 1, 2012?

Recommendation: Yes, staff recommends that the Florida Lifeline Simplified Certification process be eliminated as of June 1, 2012.

Issue 4: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. This docket should remain open to address any additional changes that need to be made to Florida's Lifeline program due to the FCC Lifeline Reform and Modernization.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

4**

Docket No. 110082-TP – Initiation of show cause proceedings against American Dial Tone, Inc., All American Telecom, Inc., Bellerud Communications, LLC, BLC Management LLC d/b/a Angles Communication Solutions, and LifeConnex Telecom, LLC for apparent violations of Chapter 364, F.S., Chapters 25-4 and 25-24, F.A.C., and FPSC Orders.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: GCL: Harris

RAD: Williams

Issue 1: Should this docket be closed?

Recommendation: Yes. Because there is no further action to be taken, this docket should be closed.

DECISION: The recommendation was approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

5

Docket No. 110309-EI – Petition to determine need for modernization of Port Everglades Plant, by Florida Power & Light Company.

Critical Date(s): 135 day deadline per statute - April 4, 2012

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: RAD: Graves, Ballinger

ECR: Buys, Stallcup, Watts, Wu

GCL: Murphy

(Post Hearing Decision. Participation limited to Commissioners and Staff.)

Issue 1: Is there a need for the proposed modernization of Florida Power & Light's Port Everglades plant, taking into account the need for electric system reliability and integrity, as this criterion is used in Section 403.519(3), F.S.?

Recommendation: Yes. There is a need for Port Everglades Next Generation Energy Center, taking into account the need for electric system reliability and integrity. Based on the 20 percent reserve margin criterion adopted by FPL pursuant to a stipulation with the Commission, FPL projected in its filing that additional capacity to meet firm peak demand will be needed by the summer of 2016. If FPL did not construct PEEC until 2019, the Company's projected reserve margin would drop to 18.2 percent in 2017 and 2018 and would be primarily made up of Demand Side Management (DSM) resources.

After accounting for all projected DSM from cost-effective programs approved by the Commission, FPL's projections at the time of the filing indicate that by 2016, the Company will have a capacity need of 284 MW in order to adhere to FPL's minimum reserve margin criterion of 20 percent. The timing of FPL's projected need was largely driven by the expiration of existing purchased power agreements totaling 1,306 MW of summer capacity and the decision to place certain units into inactive reserve mode. PEEC would provide 1,277 MW of capacity to help satisfy the Company's capacity needs through 2020.

PEEC will also enhance reliability in terms of fuel supply because its coastal location facilitates the receipt of light oil backup fuel via both truck delivery and waterborne transportation. The two delivery alternatives will allow for flexible re-supply of light fuel oil to PEEC in emergency situations. Such deliveries would augment the 72 hour on-site fuel supply. Additionally, PEEC is favorable from a transmission reliability perspective because it reduces the load-to-generation imbalance in the Miami-Dade and Broward County area and also provides voltage support.

ITEM NO.

CASE

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Docket No. 110309-EI – Petition to determine need for modernization of Port Everglades Plant, by Florida Power & Light Company.

(Continued from previous page)

Issue 2: Are there any renewable energy sources and technologies or conservation measures taken by or reasonably available to Florida Power & Light Company which might mitigate the need for the proposed modernization of Florida Power & Light's Port Everglades plant?

Recommendation: No. FPL's forecast of resource needs takes into account all projected DSM from cost-effective programs approved by the Commission. No additional cost-effective DSM has been identified in this proceeding which could mitigate the need for new generation. Similarly, all anticipated cost-effective firm generating capacity, that will be available from renewable resources and qualifying facilities through 2016, is already reflected in FPL's resource plan. In addition to existing contracts, FPL anticipates that it will secure approximately 110 MW of additional firm purchased power from renewable resources for a total of 740 MW by 2016. FPL is currently in negotiations for firm purchased power from renewable resources potentially totaling up to 180 MW, however, it is unlikely that these negotiations would result in firm capacity any earlier than 2019.

Issue 3: Is there a need for the proposed modernization of Florida Power & Light's Port Everglades plant, taking into account the need for adequate electricity at a reasonable cost, as this criterion is used in Section 403.519(3), F.S.?

Recommendation: Yes. There is a need for PEEC, taking into account the need for adequate electricity at a reasonable cost. The estimated total installed cost for PEEC is \$1,185 million, in 2016 dollars. PEEC will take advantage of an existing site, existing infrastructure and existing connectivity to FPL's transmission system, thereby eliminating the costs for those components. Furthermore, FPL's analyses show that the resource plan that includes PEEC in 2016 is projected to save customers \$425 million to \$838 million CPVRR as compared to the other available self-build alternatives, and at least \$900 million CPVRR compared to third party-build alternatives. Accordingly, PEEC is projected to provide needed electricity at a reasonable cost.

FPL is considering a number of advanced combustion turbine designs which could impact the overall cost of the PEEC project. For this proceeding, FPL used projected costs and operating characteristics of the "J" combustion turbine technology, with which FPL has no direct experience. Therefore, Staff recommends that FPL report annually to the Commission the budgeted and actual costs compared to the estimated total in-service costs of the proposed PEEC project relied upon in this proceeding. If FPL decides to utilize a different combustion turbine design from the one presented in this proceeding, then FPL should include in its annual report the comparative cost advantage of the alternative design chosen. Such a selection would only be made if the projected costs to FPL's customers would be lower as a result of the alternate design.

ITEM NO.

CASE

5

Docket No. 110309-EI – Petition to determine need for modernization of Port Everglades Plant, by Florida Power & Light Company.

(Continued from previous page)

Issue 4: Is there a need for the proposed modernization of Florida Power & Light’s Port Everglades plant, taking into account the need for fuel diversity, as this criterion is used in Section 403.519(3), F.S.?

Recommendation: Yes. There is a need for PEEC, taking into account the need for fuel diversity. PEEC will be fueled by natural gas, and to enhance fuel supply reliability, it will use light oil as a backup fuel. Compared to returning to service the existing units at Port Everglades, adding PEEC will improve the plant’s heat rate by 35 percent and will improve FPL’s overall system heat rate by 1.3 percent. The improved heat rate is projected to reduce FPL’s use of natural gas by about 90 million MMBtu and fuel oil by about 10.4 million barrels over a 30-year period. The PEEC project is also projected to reduce emissions of SO₂, NO_x, and CO₂ from FPL’s system by approximately 40 thousand, 33 thousand, and 22 million tons, respectively, over the life of the project. Regardless of the modernization of PEEC, FPL projects that it will need additional natural gas supply and transportation to meet its overall system requirements by 2017. FPL is currently preparing a request for proposals to meet its future gas transportation needs.

ITEM NO.

CASE

5

Docket No. 110309-EI – Petition to determine need for modernization of Port Everglades Plant, by Florida Power & Light Company.

(Continued from previous page)

Issue 5: Will the proposed modernization of Florida Power & Light's Port Everglades plant provide the most cost-effective source of power, as this criterion is used in Section 403.519(3), F.S.?

Recommendation: Yes. PEEC is the most cost-effective alternative available, as this criterion is used in Section 403.519, F.S. FPL's economic analyses demonstrate that adding PEEC in 2016 is projected to result in customer savings of: (i) \$469 million CPVRR when compared to returning to service the existing Port Everglades units, (ii) \$838 million CPVRR when compared to adding a combined cycle unit at a greenfield site, and (iii) \$425 million CPVRR when compared to adding a combustion turbine unit at a greenfield site in 2016 and deferring PEEC to 2019. In addition, when compared to third party-build alternatives, customer savings are projected to amount to at least \$900 million and may exceed \$1.1 billion.

If FPL did not construct PEEC until 2019, the Company's projected reserve margin would drop to 18.2 percent in 2017 and 2018 and would be primarily made up of DSM resources. Such a scenario was also projected to produce near-term savings as well as overall long-term savings. However, since this scenario does not consider equal levels of system reliability, this scenario may not provide a meaningful economic comparison. FPL's analyses indicate that a short-term purchased power agreement for the years 2016 through 2019, which is projected to maintain the Company's 20 percent reserve margin criterion, could result in near-term savings, but would have net costs over the analysis period ending in 2047. These analyses reflect only a standard assumed escalation rate of 3 percent and do not take into account factors specific to the current PEEC project that could substantially increase PEEC's costs if it is deferred.

Issue 6: Based on the resolution of the foregoing issues, should the Commission grant Florida Power & Light Company's petition to determine the need for the proposed modernization of Florida Power & Light's Port Everglades plant?

Recommendation: Yes. The addition of PEEC in 2016 will optimize the use of an existing site and is consistent with the Commission's belief that before a utility constructs a new generating unit at a greenfield site, it must consider the feasibility of modernization of existing units.

ITEM NO.

CASE

5

Docket No. 110309-EI – Petition to determine need for modernization of Port Everglades Plant, by Florida Power & Light Company.

(Continued from previous page)

Issue 7: Should this docket be closed?

Recommendation: Yes. Upon issuance of an order granting FPL's petition to determine the need for PEEC, this docket shall be closed. Pursuant to Section 403.519, F.S., the Commission is the sole forum for the determination of need for major new power plants. In making its determination, the Commission must take into account the need for electric system reliability and integrity, the need for adequate electricity at a reasonable cost, the need for fuel diversity and supply reliability, and whether the proposed plant is the most cost-effective alternative available. The Commission must also expressly consider whether renewable generation or conservation measures taken by or reasonably available to the utility might mitigate the need for the proposed plant. The Commission's decision on a need determination petition must be based on the facts as they exist at the time of the filing with the underlying assumptions tested for reasonableness. It is prudent for a utility to continue to evaluate whether it is in the best interests of its ratepayers for a utility to participate in a proposed power plant before, during, and after construction of a generating unit. If conditions change from what was presented at the need determination proceeding, then a prudent utility would be expected to respond appropriately. In addition, the Commission has an ongoing authority and obligation to ensure fair, just, and reasonable rates for Florida's utilities and ratepayers. FPL should continue to report the status of the PEEC to the Commission in the annual report required under Issue 3.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

6**

Docket No. 110312-EQ – Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: RAD: Garl, S. Brown

GCL: Robinson

Issue 1: Should the Commission approve the standard offer contract and associated renewable energy tariff filed by Florida Power & Light Company?

Recommendation: Yes. The revised standard offer contract and tariff filed on November 28, 2011, comply with Rules 25-17.200 through 25-17.310, F.A.C., and should be approved.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation to approve the proposed standard offer contract and tariff filed by FPL, and no person whose substantial interests are affected requests a hearing to address this matter, then Docket No. 110312-EQ should be closed upon issuance of a consummating order, and the standard offer contract and tariff filed by FPL should be effective as of the date of the Commission's vote. If a protest is filed within 21 days of the issuance of the Commission's Order, the tariff should remain in effect pending resolution of the protest. Potential signatories to the standard offer contract should be aware that FPL's tariff and standard offer contract may be subject to a request for hearing, and if a hearing is held, may subsequently be revised.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

7**

Docket No. 120031-WS – Request for Regulatory Assessment Fee installment payment plan by Water Management Services, Inc. (Deferred from the March 13, 2012 Commission Conference.)

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Gardner, Kaproth

GCL: Robinson

Issue 1: Should Water Management Services, Inc.'s motion be granted and WMSI be permitted to pay its July 1 through December 31, 2011 regulatory assessment fees in accordance with a payment schedule?

Recommendation: Yes. The Commission should grant WMSI's motion and the Utility should be allowed to pay its RAFs that were due on January 30, 2012 at a minimum of \$6,651 per month, plus penalties and interest, until all fees for the second six-month period for 2011 have been paid. Payments should be made, at a minimum, in accordance with the schedule set out by staff.

Issue 2: Should this docket be closed?

Recommendation: Yes. The RAF payments are due in accordance with the schedule contained in the body of the recommendation by staff dated March 1, 2012.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

8**

Docket No. 120036-GU – Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): 04/02/12 (60-Day Suspension Date)
10/02/12 (8-Month Effective Date)

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: ECR: Draper, Kummer
GCL: Brown

Issue 1: Should the proposed tariffs associate with the proposed GRIP program be suspended?

Recommendation: Yes.

Issue 2: Should this docket be closed

Recommendation: No. The docket should remain open to allow further review and a subsequent recommendation on final action by the Commission.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

9**PAA

Docket No. 110264-WS – Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

Critical Date(s): 03/30/12 (5-Month Effective Date (PAA Rate Case))

Commissioners Assigned: All Commissioners

Prehearing Officer: Graham

Staff: ECR: Springer, Daniel, Fletcher, McRoy, Stallcup, Thompson
GCL: Brown

(Proposed Agency Action – Except for Issue Nos. 19 & 20.)

Issue 1: Should the Commission grant Forest Lake Estates Co-op, Inc.’s Motion to Dismiss or Abate this case?

Recommendation: No, the Commission should deny the Motion to Dismiss or Abate this case. Labrador should provide the Commission quarterly status reports on the course of Circuit Court Case No. 51-08-CA-4033-ES/B.

DECISION: The recommendation was approved.

Issue 2: Is the quality of service provided by Labrador satisfactory?

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

DECISION: The recommendation was denied. The utility’s water quality of service was found to be satisfactory and the wastewater quality of service was found to be marginal.

Issue 3: Should the audit adjustments to rate base and operating expense to which the Utility and staff agree be made?

Recommendation: Yes. Based on the audit adjustments agreed to by the Utility and staff, the following adjustments should be made to rate base and net operating expense as set forth in the analysis portion of staff’s memorandum dated March 15, 2012.

DECISION: The recommendation was approved.

Issue 4: Should any adjustment be made to the Utility's Project Phoenix Financial / Customer Care Billing System (Phoenix Project)?

Recommendation: Yes. Plant should be reduced by \$6,578 for water and \$6,473 for wastewater. In addition, accumulated depreciation should be reduced by \$4,077 for water and \$4,011 for wastewater. Depreciation expense should be decreased by \$2,320 for water and \$2,285 for wastewater.

DECISION: The recommendation was approved.

ITEM NO.

CASE

9**PAA

Docket No. 110264-WS – Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 5: Should any adjustments be made to the Utility's requested adjustments to accumulated depreciation?

Recommendation: Yes. Accumulated depreciation should be decreased by \$179 for water and \$1,826 for wastewater. Corresponding adjustments should be made to decrease depreciation expense by \$179 and \$1,826 for water and wastewater, respectively.

DECISION: The recommendation was approved.

Issue 6: What are the used and useful percentages of the Utility's water and wastewater system?

Recommendation: The Utility's WTP, storage, WWTP, and distribution and collection systems should be considered 100 percent used and useful.

DECISION: The recommendation was modified, the Commissioners determined that the wastewater used and useful should be changed to 79.94% and the water used and useful at 100%. Commissioner Graham dissented.

Issue 7: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance is \$19,736 ~~\$19,653~~ for water and \$26,327 ~~\$26,245~~ for wastewater. As such, the working capital allowance should be decreased by \$5,938 ~~\$6,021~~ for water and \$6,196 ~~\$6,278~~ for wastewater.

DECISION: The recommendation was approved. Oral modification, DN 01718-12, was filed.

Issue 8: What is the appropriate rate base for the test year ended December 31, 2010?

Recommendation: The appropriate simple average rate base for the test year ended December 31, 2010, is \$695,728 ~~\$695,645~~ for water and \$1,351,775 ~~\$1,351,693~~ for wastewater.

DECISION: The recommendation was approved. Oral modification, DN 01718-12, was filed.

Issue 9: What is the appropriate return on equity?

Recommendation: Based on the Commission leverage formula currently in effect, the appropriate return on equity (ROE) is 10.51 percent with an allowed range of plus or minus 100 basis points.

DECISION: The recommendation was denied. The Commissioners voted to reduce the ROE by 25 basis points for the wastewater.

ITEM NO.

CASE

9**PAA

Docket No. 110264-WS – Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 10: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2010?

Recommendation: The appropriate weighted average cost of capital for the test year ended December 31, 2010 is 8.26 percent.

DECISION: The recommendation was approved.

Issue 11: Should any adjustments be made to the Utility's requested water O&M expense related to tank maintenance and repair?

Recommendation: Yes. Water O&M expense should be decreased by \$3,213 to reflect the appropriate amount of water tank maintenance and repair expense.

DECISION: The recommendation was approved.

Issue 12: Should any adjustment be made to the Utility's salaries and wages expense?

Recommendation: Yes. Salaries and wages expense should be decreased by \$1,704 for water and \$1,677 for wastewater.

DECISION: The recommendation was approved.

Issue 13: Should further adjustments be made to the Utility's O&M expense?

Recommendation: Yes. O&M expense should be reduced by \$640 for water and \$3,330 for wastewater to reflect the appropriate level of miscellaneous and sludge removal expenses.

DECISION: The recommendation was modified to give staff administrative authority to calculate the proper numbers for a five year plan, removing the phoenix portion of the expenses, and as further discussed at the Commission Conference.

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

Recommendation: The appropriate amount of rate case expense is ~~\$88,662~~ ~~\$83,374~~. This expense should be recovered over four years for an annual expense of ~~\$22,166~~ ~~\$20,844~~, or ~~\$11,171~~ ~~\$10,505~~ for water and ~~\$10,994~~ ~~\$10,338~~ for wastewater. Therefore, annual rate case expense should be reduced by ~~\$22,547~~ ~~\$23,213~~ for water and ~~\$22,189~~ ~~\$22,844~~ for wastewater from the amounts requested in the Utility's MFRs.

DECISION: The recommendation was approved. Oral modification, DN 01718-12, was filed.

ITEM NO.

CASE

9**PAA

Docket No. 110264-WS – Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 15: What is the appropriate revenue requirement for the test year ended December 31, 2010?

Recommendation: The following revenue requirement should be approved.

	<u>Test Year Revenue</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Water		<u>\$52,363</u>	<u>\$301,937</u>	<u>20.98%</u>
	\$249,568	\$51,655	\$301,223	20.70%
Wastewater		<u>\$46,146</u>	<u>\$491,790</u>	<u>10.35%</u>
	\$445,644	45,449	\$491,093	10.20%

DECISION: The recommendation was approved. Oral modification, DN 01718-12, was filed.

Issue 16: 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 BFC cost recovery allocations should be set at 40 percent. The appropriate rate structure for the utility’s wastewater system is the BFC/gallonage charge rate structure. The BFC cost recovery allocation should be set at 50 percent. Residential wastewater consumption should remain capped for billing purposes at 6 kgal per month. The general service wastewater gallonage charge should be 1.2 times the corresponding residential gallonage charge.

DECISION: The recommendation was approved.

ITEM NO.

CASE

9**PAA

Docket No. 110264-WS – Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 17: What are the appropriate rates for this utility?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A, of staff's memorandum dated March 15, 2012, and the corresponding appropriate monthly wastewater rates are shown on Schedule No. 4-B of staff's memorandum dated March 15, 2012. Excluding miscellaneous service revenue, the recommended water rates are designed to produce revenue of \$300,975 ~~\$300,268~~ while the recommended wastewater rates are designed to produce revenue of \$491,212 ~~\$490,515~~. 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 within 10 days of the date of the notice.

DECISION: The recommendation was approved. Oral modification, DN 01718-12, was filed.

Issue 18: In determining whether any portion of the interim water and wastewater revenue increase granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period should be compared to the amount of interim revenue requirement granted. Based on this calculation, there is no refund required for water, and the Utility should be required to refund ~~3.08 percent, or \$8,838, of water annual revenue and 3.15 5.71 percent, or \$28,358, of wastewater annual revenue granted under interim 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 refund 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. Further, the corporate undertaking should be released upon staff's verification that the required refunds have been made.

DECISION: The recommendation was approved. Oral modification, DN 01718-12, was filed.

ITEM NO.

CASE

9**PAA

Docket No. 110264-WS – Application for increase in water and wastewater rates in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 19: 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 rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated March 15, 2012, to remove ~~\$11,819~~ ~~\$11,114~~ for water and ~~\$11,631~~ ~~\$10,937~~ for wastewater related the annual rate case expense, grossed up for RAFs, which is being amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, F.S. The Utility should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction.

DECISION: The recommendation was approved. Oral modification, DN 01718-12, was filed.

Issue 20: Should the Utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (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, Labrador should provide proof, within 90 days of the final order in this docket, that the adjustments for all the applicable NARUC USOA primary accounts have been made.

DECISION: The recommendation was approved.

Issue 21: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order will be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the interim refund has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively.

DECISION: The recommendation was approved. The docket will remain open per the quality of service wastewater issues discussed at the Commission Conference.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

10**PAA

Docket No. 090445-WS – Application for original certificates for proposed water and wastewater system and request for initial rates and charges in Indian River, Okeechobee and St. Lucie counties by Grove Land Utilities, LLC.

Critical Date(s): 04/12/12 (Statutory deadline for original certificate, pursuant to Section 367.031, Florida Statutes)

Commissioners Assigned: All Commissioners

Prehearing Officer: Brisé

Staff: ECR: Brady, Rieger

GCL: Jaeger

(Proposed Agency Action for Issues 2-5.)

Issue 1: Should the application for original water and wastewater certificates by Grove Land Utilities, LLC be approved?

Recommendation: Yes. Grove Land should be granted Certificate Nos. 658-W and 563-S to serve the territory described in Attachment A of staff's memorandum dated March 15, 2012, effective the date of the Commission's vote. The resultant order should serve as the utility's water and wastewater certificates and it should be retained by the utility. Grove Land should be required to file executed copies of its water and wastewater lease agreements, containing a legal description of the lease sites, within 30 days after the date of the order granting the certificates.

Issue 2: What are the appropriate potable water and wastewater rates and return on investment for Grove Land Utilities, LLC?

Recommendation: Grove Land's potable water and wastewater rates shown on Schedule Nos. 1 and 2, respectively of staff's memorandum dated March 15, 2012, are reasonable and should be approved. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. A return on equity of 11.16 percent plus or minus 100 basis points should also be approved.

Issue 3: What are the appropriate water and wastewater service availability policy and charges for Grove Land Utilities, LLC?

Recommendation: Grove Land's proposed service availability policy and charges shown on Schedule Nos. 1 and 2 of staff's memorandum dated March 15, 2012, should be approved. The approved charges should be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to collect its approved service availability charges until authorized to change them by the Commission in a subsequent proceeding.

ITEM NO.

CASE

10**PAA

Docket No. 090445-WS – Application for original certificates for proposed water and wastewater system and request for initial rates and charges in Indian River, Okeechobee and St. Lucie counties by Grove Land Utilities, LLC.

(Continued from previous page)

Issue 4: Should Grove Land Utilities, LLC’s proposed miscellaneous service charges be approved?

Recommendation: Yes. Grove Land’s proposed miscellaneous service charges should be approved and effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Grove Land should be required to charge its approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 5: What is the appropriate Allowance for Funds Used During Construction (AFUDC) rate for Grove Land Utilities, LLC?

Recommendation: An annual AFUDC rate of 8.06 percent and a discounted monthly rate of 0.64806124 percent should be approved and applied to the qualified construction projects beginning on or after the date the certificates of authorization are issued.

Issue 6: Should this docket be closed?

Recommendation: No. The certification portion of this recommendation will become final agency action upon the Commission's vote. The docket should remain open pending receipt of executed copies of Grove Land’s water and wastewater lease agreements, containing a legal description of the lease sites. If no timely protest to the proposed agency action portion of this recommendation with respect to initial rates and charges is filed with the Commission by a substantially affected person, a Consummating Order should be issued. Following the expiration of the protest period with no timely protest, the issuance of a Consummating Order, and the utility’s submission of the lease agreements, the docket should be closed administratively.

DECISION: Item 10 was deferred to the April 10, 2012, Commission Conference.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

11**

Docket No. 090385-WU – Application for transfer of majority organizational control of Colina Bay Water Company, LLC to Colina Bay Homeowners Association, Inc., and cancellation of Certificate No. 632-W, in Lake County.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Edgar

Staff: ECR: Golden, Kaproth

GCL: Brown

Issue 1: Should the transfer of majority organizational control of Colina Bay Water Company, LLC to Colina Bay Homeowners Association, Inc. and the cancellation of Certificate No. 632-W be approved?

Recommendation: Yes. The transfer of majority organizational control of Colina Bay Water Company, LLC to Colina Bay Homeowners Association, Inc. is in the public interest and should be approved, and Certificate No. 632-W should be cancelled effective December 16, 2011, which was the closing date of the sale. Colina Bay should be required to pay the minimum outstanding regulatory assessment fees (RAFs) of \$25 per year for 2010 and 2011, by March 31, 2012.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

12**PAA

Docket No. 110298-SU – Application for certificate to provide wastewater service in Volusia and Brevard Counties by Farmton Water Resources LLC.

Critical Date(s): April 19, 2012 (Statutory Deadline for Original Certificates, Pursuant to Section 367.031, Florida Statutes)

Commissioners Assigned: All Commissioners

Prehearing Officer: Balbis

Staff: ECR: Jones-Alexis, Kaproth, Simpson

GCL: Klancke

(Proposed Agency Action for Issues 2-4.)

Issue 1: Should the Commission grant Farmton's application for an original wastewater certificate?

Recommendation: Yes. The Commission should grant Farmton Certificate No. 564-S to serve the territory described in Attachment A of staff's memorandum dated March 15, 2012, effective the date of the Commission's vote. The resultant order should serve as the Utility's wastewater certificate and should be retained by the Utility as such. Pursuant to Rule 25-30.033(1)(j), Florida Administrative Code (F.A.C.), the Utility should submit an executed copy of the 99-year Lease Agreement within 30 days after the date of the order granting the certificate.

Issue 2: What are the appropriate initial wastewater and reuse rates and return on investment for Farmton?

Recommendation: The wastewater and reuse rates, as shown on Schedule No. 2 of staff's memorandum dated March 15, 2012, appear reasonable and should be approved. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Farmton should be required to charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. A return on equity (ROE) of 8.74 percent plus or minus 100 basis points should also be approved.

Issue 3: What are the appropriate service availability policy and charges for Farmton?

Recommendation: The service availability policy and charges, as shown on Schedule No. 3 of staff's memorandum dated March 15, 2012, result in contribution levels which are consistent with the guidelines contained in Rule 25-30.580, F.A.C., and should be approved. The approved service availability policy and charges should be effective for connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Farmton should be required to collect the approved charges until authorized to change them by the Commission in a subsequent proceeding.

ITEM NO.

CASE

12**PAA

Docket No. 110298-SU – Application for certificate to provide wastewater service in Volusia and Brevard Counties by Farmton Water Resources LLC.

(Continued from previous page)

Issue 4: What are the appropriate miscellaneous service charges for Farmton?

Recommendation: The miscellaneous service charges, as shown on Schedule No. 3 of staff's memorandum dated March 15, 2012, are reasonable and should be approved. The approved miscellaneous service charges should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475, F.A.C. Farmton should be required to collect the approved charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 5: What is the appropriate allowance for funds used during construction (AFUDC) rate for Farmton?

Recommendation: Farmton's proposed AFUDC rate of 8.74 percent, with a discounted monthly rate of 0.70068947 percent, is appropriate and should be approved. The approved rate should be applicable for eligible construction projects.

Issue 6: Should this docket be closed?

Recommendation: No. The certification portion of this recommendation will become final agency action upon the Commission's vote. The docket should remain open pending receipt of the executed copy of the 99-year Lease Agreement within 30 days after the date of the order granting the certificates. If no timely protest to the proposed agency action portion of the order with respect to initial rates and charges is filed with the Commission by a substantially affected person, a Consummating Order should be issued. Following the expiration of the protest period with no timely protest, the issuance of a Consummating Order, and the Utility's submission of the Agreement, the docket should be closed administratively.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown

ITEM NO.

CASE

13**

Docket No. 090056-SU – Application for authority to transfer the wastewater facilities of Fountain Lakes Sewer Corporation to Bonita Springs Utilities, Inc., and cancellation of Certificate No. 442-S, in Lee County.

Critical Date(s): None

Commissioners Assigned: Brisé, Graham, Brown

Prehearing Officer: Brisé

Staff: ECR: Golden, Kaproth, Simpson

GCL: Crawford, Jaeger

Issue 1: Should the transfer of facilities from Fountain Lakes Sewer Corporation to Bonita Springs Utilities, Inc. and the cancellation of Certificate No. 442-S be approved?

Recommendation: Yes. The transfer of facilities from Fountain Lakes Sewer Corporation to Bonita Springs Utilities, Inc. is in the public interest and should be approved. Certificate No. 442-S should be cancelled administratively upon receipt of the executed agreement confirming the actual date of closing, which is anticipated to be March 31, 2012. Fountain Lakes should be required to pay all outstanding regulatory assessment fees (RAFs) due for January 1, 2012, through the date of closing, by July 30, 2012.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should be closed administratively upon receipt of the executed purchase agreement confirming the actual date of closing.

DECISION: The recommendations were approved.

Commissioners participating: Brisé, Edgar, Graham, Balbis, Brown