

MINUTES OF October 23, 2007

COMMISSION CONFERENCE

COMMENCED: 9:35 a.m.

ADJOURNED: 9:40 a.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

September 25, 2007 Regular Commission Conference

DECISION: The minutes were approved.

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

ITEM NO.

CASE

2**

Consent Agenda

PAA

A) Request for approval of transfer of a competitive local exchange telecommunications certificate.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
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070555-TX	RNK Telecom, Inc.
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to

RNK Inc. d/b/a RNK Communications Inc.

PAA

B) Applications for certificate to provide competitive local exchange telecommunications service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
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070605-TX	Great American Telephone, Inc.
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070608-TX	Excella Communications Inc.
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070614-TX	Cubic Communications, LLC
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070633-TX	StarVox Communications, Inc.
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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. 070467-EI – Petition to determine need for Polk Unit 6 electrical power plant, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: GCL: Brubaker

ECR: Brown, Graves

Issue 1: Should the Commission acknowledge Tampa Electric Company's voluntary withdrawal of its petition for need, and if so, what effect does the withdrawal have on Docket 070467-EI?

Recommendation: Yes. The Commission should acknowledge TECO's voluntary withdrawal of its petition for need determination as a matter of right. The effect of the voluntary withdrawal is to divest the Commission of further jurisdiction over this matter.

Issue 2: Should the docket be closed?

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

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

4**PAA

Docket No. 070546-EI – Petition for expedited approval of temporary territorial variance by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Carter

Staff: GCL: Bennett

ECR: Redemann, Rieger

Issue 1: Should the Commission approve Tampa Electric Company's petition for expedited approval of a temporary territorial variance?

Recommendation: Yes. The petition for expedited approval of a temporary territorial variance is in the public interest and should be approved. During the period of its retail electric service to the Altman mining facility (Altman facility) in Manatee County, the utility should report to the Commission on an annual basis regarding the status of such temporary service through its conclusion.

Issue 2: Should this docket be closed?

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

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

5**PAA

Docket No. 070630-TP – Joint request of FDN, LLC d/b/a FDN Communications, holder of CLEC Certificate No. 5715 and IXC Registration No. TK146, and NuVox Communications, Inc., holder of CLEC Certificate No. 5638 and IXC Registration No. TJ975, for waiver of carrier selection requirements of Rule 25-4.118, F.A.C., to allow transfer of customers from FDN to NuVox due to an internal corporate reorganization whereby FDN and NuVox will be consolidated into a single operating subsidiary.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Watts

GCL: McKay

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 FDN, LLC d/b/a FDN Communications' local and long distance customers to NuVox Communications, Inc.?

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: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed administratively upon notification from the company that the asset transfer and name change has been completed.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

6**PAA

Docket No. 070634-EI – Staff proposal to revise annual reporting requirements for Commission-ordered wood pole inspections by investor-owned electric utilities.

Docket No. 070635-TL – Staff proposal to revise annual reporting requirements for Commission-ordered wood pole inspections by incumbent local exchange telecommunications carriers.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Vinson, Rich

GCL: Teitzman

Issue 1: Should the Commission revise the annual reporting requirements for the wood pole inspection plan?

Recommendation: Yes.

Issue 2: Should the reporting format, as shown in Attachment 1 of staff's October 11, 2007, memorandum, be adopted as the new standard for reporting companies?

Recommendation: Yes.

Issue 3: Should this docket be closed?

Recommendation: Yes.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

7**PAA

Docket No. 070567-TL – Request to approve lifeline research using community service fund, by BellSouth Telecommunications, Inc. d/b/a AT&T Florida and Embarq Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Williams, Casey

GCL: Teitzman

Issue 1: Should the Commission clarify that in addition to using the Lifeline Community Service Fund to educate and promote Lifeline and Link-Up services, it can be used to support research activities regarding Lifeline?

Recommendation: Yes. The Commission should clarify that in addition to using the Lifeline Community Service Fund to educate and promote Lifeline and Link-Up services, it can be used to support research activities which are in the public interest and designed to benefit Lifeline and Link-Up service. However, the responsibility for approval of specific disbursements from the Community Service Fund should remain with the OPC, AT&T, and Embarq.

Issue 2: Should this docket be closed?

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

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

8**

Docket No. 000121C-TP – Investigation into the establishment of operations support systems permanent performance measures for incumbent local exchange telecommunications companies. (VERIZON FLORIDA TRACK)

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Carter

Staff: CMP: Hallenstein

GCL: Teitzman

Issue 1: Should the Commission approve Verizon's proposed revisions to its Florida wholesale Performance Measurement Plan presented in Attachments 1 and 2 of staff's October 11, 2007, memorandum?

Recommendation: Yes. Staff recommends that the Commission approve Verizon's Florida revisions to the Performance Measurement Plan as shown in Attachment 1 and summarized in Attachment 2 of staff's October 11, 2007, memorandum. Staff further recommends that implementation of the revisions to Verizon's Florida Performance Measurement Plan becomes effective beginning with the March 2008 data month to enable simultaneous implementation of changes with Verizon's California Performance Measurement Plan.

DECISION: The recommendation was approved.

Issue 2: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected files a protest within 21 days of the issuance date of the Order, the Order should become final upon the issuance of a Consummating Order. Thereafter, this This docket should remain open for the Commission to conduct periodic reviews of Verizon's Performance Measurement Plan and to complete any initial third-party audit outlined in Order No. PSC-03-0761-PAA-TP.

DECISION: The recommendation was approved, with oral modification.

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

ITEM NO.

CASE

9**PAA

Docket No. 070561-EQ – Petition for approval of negotiated power purchase contract for purchase of firm capacity and energy with BG&E of Florida, LLC, by Progress Energy Florida.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop

Staff: ECR: Colson, Garl, Matlock

GCL: Fleming

Issue 1: Should the petition submitted by Progress Energy Florida (PEF) requesting approval of a contract with a qualifying facility, BG&E of Florida, LLC (BG&E), be approved?

Recommendation: Yes. The rates, terms, and conditions of the contract can reasonably be expected to contribute toward the deferral or avoidance of additional capacity construction by PEF. Payments pursuant to the contract produce an estimated net present value savings of \$41 million over a 20-year term based on current fuel forecasts.

Issue 2: Should this docket be closed?

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

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

9A**PAA

Docket No. 070290-EI – Petition to increase base rates to recover full revenue requirements of Hines Unit 2 and Unit 4 power plants pursuant to Order PSC-05-0945-S-EI, by Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Argenziano

Staff: ECR: Slemkewicz, Bulecza-Banks, Draper, Kyle, Lester, Maurey, Sickel,
Springer

GCL: Brown

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

Recommendation: Yes. The Commission should approve the proposed Stipulation and Settlement Agreement. In addition, starting with the first billing cycle in December 2007, PEF should include bill inserts to notify its customers of the proposed base rate increase.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves the Stipulation and Settlement Agreement and no protest is filed within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. If a protest is timely filed, the revised rates should remain in effect, with revenues held subject to refund pending resolution of the protest.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

10**

Docket No. 070304-EI – Petition for rate increase by Florida Public Utilities Company.

Critical Date(s): 10/29/07 (60-day suspension date)
04/30/08 (8-month effective date)

Commissioners Assigned: All Commissioners
Prehearing Officer: Argenziano

Staff: ECR: Slemkewicz, Draper, Maurey, Springer
GCL: Brown, Fleming

Issue 1: Should the \$5,249,895 permanent base rate increase and its associated tariff revisions requested by Florida Public Utilities Company be suspended pending a final decision in this docket?

Recommendation: Yes. The \$5,249,895 permanent base rate increase and its associated tariff revisions requested by Florida Public Utilities Company should be suspended pending a final decision in this docket.

Issue 2: Is FPUC's proposed 2006 interim test year rate base of \$38,057,241 appropriate?

Recommendation: Yes. FPUC's proposed 2006 interim test year rate base of \$38,057,241 is appropriate.

Issue 3: Are FPUC's proposed return on equity of 10.50 percent and overall cost of capital of 7.80 percent appropriate for the purpose of determining interim rates?

Recommendation: Yes. FPUC's proposed return on equity of 10.50 percent and overall cost of capital of 7.80 percent are appropriate for purposes of determining interim rates.

Issue 4: Is FPUC's proposed 2006 interim test year net operating income of \$2,476,531 appropriate?

Recommendation: Yes. FPUC's proposed 2006 interim test year net operating income of \$2,476,531 is appropriate.

Issue 5: Is FPUC's proposed net operating income multiplier of 1.6075 appropriate?

Recommendation: Yes. The appropriate net operating income multiplier for interim rate purposes is 1.6075.

Issue 6: Should FPUC's requested interim rate increase of \$790,784 and percentage increase factor of 5.86 percent be granted?

Recommendation: Yes. FPUC's requested interim rate increase of \$790,784 and percentage increase factor of 5.86 percent should be granted.

ITEM NO.

CASE

10**

Docket No. 070304-EI – Petition for rate increase by Florida Public Utilities Company.

(Continued from previous page)

Issue 7: How should the interim revenue increase for FPUC be distributed among the rate classes?

Recommendation: The percentage increase factor approved in Issue 6 should be applied uniformly to all existing base rates and charges to derive the interim base rates and charges, as required by Rule 25-6.0435, Florida Administrative Code. The interim rates should be made effective for all meter readings made on or after thirty days from the date of the vote approving any interim increase. FPUC should also file tariff sheets for administrative approval that reflect the Commission-approved interim base rates and charges. The company should give notice to customers of the interim increase commencing with the first bill for service that reflects the increase.

Issue 8: What is the appropriate security to guarantee the amount collected subject to refund?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking.

Issue 9: Should this docket be closed?

Recommendation: No. This docket should remain open to process the Company's revenue increase request.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

11**

Docket No. 070570-GP – Petition for approval of natural gas transmission pipeline tariff by Peninsula Pipeline Company, Inc.

Critical Date(s): 10/27/07 (60-day suspension date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Draper, Kummer

GCL: Fleming

Issue 1: Should the Commission suspend the proposed tariff for further review?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's decision on the proposed tariff.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

12**PAA

Docket No. 060657-GU – Petition for approval of acquisition adjustment and recognition of regulatory asset to reflect purchase of Florida City Gas by AGL Resources, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Marsh, Bulecza-Banks, Kyle, Lee, Maurey, Slemkewicz
GCL: Jaeger
RCA: Hicks

Issue 1: Should the Commission accept Florida City Gas' proposal to amortize a \$21,656,835 positive acquisition adjustment over a 30-year period, beginning November 2004?

Recommendation: Yes. Florida City Gas should be allowed to record the \$21,656,835 purchase price premium as a positive acquisition adjustment to be amortized over a 30-year period beginning November 2004. The amortization should be recorded in Account 406, Amortization of Gas Plant Acquisition Adjustments. The permanence of the cost savings supporting FCG's request should be subject to continuing review. The Company should file its earnings surveillance reports with and without the effect of the acquisition adjustment. In the Company's next rate proceeding, if it is determined that the cost savings no longer exist, the acquisition adjustment may be partially or totally removed as deemed appropriate by the Commission.

DECISION: The recommendation was approved, with the inclusion of language recommended by staff at the conference to be placed in the order.

Issue 2: Should the Commission accept Florida City Gas' proposal to include \$1,615,149 in transaction costs and \$1,991,998 in transition costs to be amortized over five years, beginning November 2004?

Recommendation: Yes. Transaction and transition costs should be recorded as a regulatory asset and amortized over five years beginning November 2004. The amounts should be \$1,615,149 and \$1,991,998, respectively. The Commission should find that the approval to record the regulatory asset for accounting purposes does not limit the Commission's ability to review the amounts for reasonableness in future rate proceedings.

DECISION: The recommendation was approved.

ITEM NO.

CASE

12**PAA

Docket No. 060657-GU – Petition for approval of acquisition adjustment and recognition of regulatory asset to reflect purchase of Florida City Gas by AGL Resources, Inc.

(Continued from previous page)

Issue 3: Should the Commission accept Florida City Gas' proposal to recognize a net regulatory asset for pensions of \$1,365,897 (\$2,189,990 (gross) less \$824,093 (accumulated deferred income taxes)), to be amortized over 13.3 years, beginning November 2004?

Recommendation: Yes. The Commission should authorize FCG to use deferral accounting to create a regulatory asset to recognize and offset the accelerated treatment for pension costs the company must record in accordance with Statement of Financial Accounting Standards (FAS) 87. The amount of the net regulatory asset should be \$1,365,897 (\$2,189,990 gross, less \$824,093 accumulated deferred income taxes). This amount should be amortized over a period of 13.3 years, beginning November 2004. Finally, the Commission should find that the approval to record the regulatory asset or liability for accounting purposes does not limit the Commission's ability to review the amounts for reasonableness in future rate proceedings.

DECISION: The recommendation was approved.

Issue 4: Should the Commission accept FCG's proposal for a base rate stay-out period?

Recommendation: Yes. A five-year base rate stay-out period should be accepted, subject to approval of the acquisition adjustment. The stay-out period should not include annual cost recovery proceedings, and should begin on the date of the Commission vote, if there is no protest. Exceptions to the base rate stay-out should include items such as unforeseen acts, force majeure, acts of God, and terror-related events.

DECISION: The recommendation was approved.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no person whose substantial interests are affected by this Proposed Agency Action files a protest within 21 days of the Order, a Consummating Order will be issued and the docket will be closed.

DECISION: The recommendation was approved.

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

ITEM NO.

CASE

13**

Docket No. 060653-WS – Application for transfer of facilities of St. Johns Landing of Putnam County Utilities Services, Inc. d/b/a St. Johns Landing Utilities Services, holder of Certificate Nos. 541-W and 649-S in Putnam County, to Frank J. Uddo and Dolores Uddo.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Johnson

GCL: Brown

Issue 1: Should the Commission acknowledge the utility's withdrawal of its application and refund the filing fee?

Recommendation: The Commission should acknowledge withdrawal of the application, but the filing fee paid by St. Johns Landing should not be refunded due to the amount of time and effort expended in processing the application.

Issue 2: Should this docket be closed?

Recommendation: Yes. This docket should be closed because the utility has withdrawn its application and no further action is required.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

14**

Docket No. 070325-WU – Application for quick-take amendment of Certificate No. 278-W to extend water service to certain territory in Seminole County, by Utilities, Inc. of Florida.

Docket No. 070360-WS – Application for amendment of Certificates 278-W and 225-S to extend water service area to include Ravenna Park/Lincoln Heights, Park Ridge, and Jansen systems, and to extend wastewater service area to include Ravenna Park/Lincoln Heights system in Seminole County, by Utilities, Inc. of Florida.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Skop (070325)
Administrative (070360)

Staff: ECR: Redemann
GCL: Jaeger

Issue 1: Should the Commission acknowledge Utilities, Inc. of Florida’s “Quick Take” application to amend Certificate No. 278-W in Seminole County?

Recommendation: Yes. The Commission should acknowledge Utilities, Inc. of Florida’s amendment application to expand its territory. The proposed territory amendment is described in Attachment A to staff’s October 11, 2007, memorandum. The resultant order should serve as Utilities, Inc. of Florida’s amended certificate and it should be retained by the utility. Utilities, Inc. of Florida should charge the customers in the added territory the rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding.

Issue 2: Should the Commission approve the application to amend Certificate No. 278-W and 225-S in Seminole County by Utilities, Inc. of Florida?

Recommendation: Yes. The Commission should approve Utilities, Inc. of Florida’s amendment application to expand its territory. The proposed territory amendment is described in Attachment A to staff’s October 11, 2007, memorandum. The resultant order should serve as Utilities, Inc. of Florida’s amended certificate and it should be retained by the utility. Utilities, Inc. of Florida should charge the customers in the added territory the rates and charges contained in its tariff until authorized to change by this Commission in a subsequent proceeding.

Issue 3: Should this docket be closed?

Recommendation: Yes. No further action is required and the docket should be closed.

DECISION: The recommendations were approved.

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

ITEM NO.

CASE

15**

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

Critical Date(s): 11/26/07 (8-month effective date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Argenziano

Staff: ECR: Revell, Rendell, Bulecza-Banks

GCL: Fleming

Issue 1: Should the Commission approve the Motion To Approve Settlement Agreement?

Recommendation: Yes. The Motion To Approve Settlement Agreement should be approved. Additionally, the PAA rates previously implemented by Cypress Lakes should be considered final. The utility should file a proposed customer notice and revised tariff sheets reflecting the appropriate service availability charges which are consistent with the Commission's decision within 30 days of the Final Order. The approved plant capacity charges should be effective for connections made on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), Florida Administrative Code, if staff has verified that the proposed customer notice is adequate and the notice has been provided to the customers. The utility should provide proof that the customers have received notice within 10 days after the date of the notice. The customer notice should be mailed to all persons in the service area who have filed a written request for service or who have been provided a written estimate for service within the prior 12 calendar months from the effective date of the Order.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, CLA's petition and OPC's cross-petition for hearing shall be deemed withdrawn pursuant to the Settlement Agreement. Thus, PAA Order No. PSC-07-0199-PAA-WS will become final and the corporate undertaking amounts approved by the Commission for interim and PAA rates should be released. 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 tariff and notice actions are complete, this docket may be closed administratively.

DECISION: The recommendations were approved.

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