

MINUTES OF September 19, 2006

COMMISSION CONFERENCE

COMMENCED: 9:35 a.m.

ADJOURNED: 9:40 a.m.

COMMISSIONERS PARTICIPATING: Chairman Edgar
Commissioner Deason
Commissioner Arriaga
Commissioner Carter
Commissioner Tew

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

1

Approval of Minutes

August 15, 2006 Regular Commission Conference

DECISION: The minutes were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

2**

Consent Agenda

PAA

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

DOCKET NO.

COMPANY NAME

060542-TX

MOA Business Corporation d/b/a ZStar
Communications

060557-TX

Hybrid Networks, LLC

PAA

B) Application for certificate to provide pay telephone service.

DOCKET NO.

COMPANY NAME

060548-TC

OCS Communications, Inc.

Recommendation: The Commission should approve the action requested in the dockets referenced above and close these dockets.

DECISION: The recommendation was approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

3**PAA

Docket No. 060276-WS – Application for certificates to provide water and wastewater service in Putnam County by Mariposa Utility Company, LLC.

Critical Date(s): 9/19/06 (90-day rule waiver deadline waived by petitioner.)

Commissioners Assigned: All Commissioners

Prehearing Officer: Arriaga

Staff: GCL: Fleming

ECR: Brady, Rieger

Issue 1: Should the Commission grant Mariposa's petition for a temporary waiver of Rules 25-30.033 (1)(j), (k), (m), (r), (t), (u), (v), and (w), Florida Administrative Code?

Recommendation: Yes. Mariposa's petition for a temporary waiver of Rules 25-30.033(1)(j), (k), (m), (r), (t), (u), (v), and (w), Florida Administrative Code, should be granted.

Issue 2: Should this docket be closed?

Recommendation: No. If no timely protest is received to the proposed agency action, the Order will become final upon the issuance of a Consummating Order. However, the docket should remain open pending Commission action on Mariposa's application for original water and wastewater certificates and the filing of the information necessary to establish rates and charges.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

4**PAA

Docket No. 060553-TL – Investigation and determination of appropriate method for issuing Service Guarantee Credits to all affected customers of Embarq Florida, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Curry, Lewis

ECR: Springer

GCL: Tan

Issue 1: Should the Commission accept Embarq Florida, Inc.'s proposal to issue credits as required by Embarq Florida, Inc.'s Service Guarantee Program, to all affected customers in the amount of \$46,950, plus interest of \$2,130.16, for a total of \$49,080.16, for missed commitments for installation of primary service?

Recommendation: Yes. The Commission should accept Embarq Florida, Inc.'s proposal to issue credits, as required by Embarq Florida, Inc.'s Service Guarantee Program, to all affected customers in the amount of \$46,950, plus interest of \$2,130.16, for a total of \$49,080.16, for missed commitments for installation of primary service.

ITEM NO.

CASE

4**PAA

Docket No. 060553-TL – Investigation and determination of appropriate method for issuing Service Guarantee Credits to all affected customers of Embarq Florida, Inc.

(Continued from previous page)

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 interest 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 Commission's Order is not protested, Embarq shall issue the SGP credits, plus interest, for missed installation commitments no later than 30 days after the issuance of the Consummating Order. If the customer is no longer with Embarq, but has an outstanding final bill, the company will apply the credit plus interest towards the final bill. If the customer is no longer with Embarq and there is no outstanding final bill, the company will mail a check for the credit amount, plus interest, to the last known address on file for the customer. Embarq shall contribute all unclaimed funds to the Community Service Fund. Embarq shall provide the Commission with a final report no later than 90 days after the issuance of the Consummating Order, identifying the total number of customers that actually received the credit, the total amount of money that was actually credited, including interest, the total number of customers who did not receive the credit, and the total amount of unclaimed funds, including interest, that were placed in the Community Service Fund. If staff determines that Embarq has complied with the provisions of the Commission's Order, then this docket will be closed administratively. If Embarq fails to demonstrate that it has complied with the provisions of the Commission's Order, then this docket will remain open pending further action.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

5**PAA

Docket No. 060549-TI – Request for waiver of carrier selection requirements of Rule 25-4.118, FAC, due to transfer of long distance resale customers of Acceris Management and Acquisition LLC to First Communications, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Watts

GCL: Tan

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 Acceris Management and Acquisition LLC's customers to First Communications, LLC?

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 upon the issuance of a consummating order.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

6**

Docket No. 010492-WS – Application for rate increase in Orange County by Zellwood Station Co-Op, Inc.

Docket No. 030682-WS – Dual application by Zellwood Station Co-Op, Inc. for transfer of portion of water and wastewater facilities to City of Apopka, for transfer of remaining facilities to Zellwood Station Community Association, Inc., and request for cancellation of Certificate Nos. 602-W and 518-S.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Carter

Staff: ECR: Brady, Biggins, Romig

GCL: Brubaker

Issue 1: Should the transfers of Zellwood Station Co-Op, Inc.'s water and wastewater treatment services to the City of Apopka be approved?

Recommendation: Yes. The transfers should be approved as a matter of right pursuant to Section 367.071(4)(a), Florida Statutes, effective the date of the transfers.

Issue 2: Should the transfers of Zellwood Station Co-Op, Inc.'s water distribution and wastewater collection systems to Zellwood Station Community Association, Inc. be approved and Certificate Nos. 602-W and 518-S cancelled?

Recommendation: Yes. The transfers are in the public interest and should be approved. Certificate Nos. 602-W and 518-S should be cancelled administratively upon notification to the Commission of the transfer dates and verification of the payment of regulatory assessment fees up through the date of the transfers. The effective dates for the cancellation of the utility's certificates should be the date of the transfers. Zellwood should continue to be responsible for regulatory assessment fees for any part of the utility that remains jurisdictional until the related certificate is cancelled. Further, the jurisdictional entity, if any, at December 31, 2006, and December 31st of any future year, should be responsible for filing the Annual Report. Zellwood Station Community Association, Inc., or any successors in interest, should be put on notice that if there is a change in circumstance or method of operation which causes it to no longer qualify for exemption pursuant to Section 367.022(7), Florida Statutes, it should inform the Commission within 30 days.

Issue 3: What should be the disposition of Docket No. 010492-WS?

Recommendation: If the Commission approves the transfers in Issues 1 and 2, Zellwood Station Co-Op, Inc.'s request for rate relief pending in Docket No. 010492-WS should be deemed withdrawn pursuant to Section 367.0814(8), Florida Statutes, the security for any possible overearnings pursuant to Order No. PSC-01-2471-PCO-WS should be released, and Docket No. 010492-WS should be administratively closed upon the closing of Docket No. 030682-WS.

ITEM NO.

CASE

6**

Docket No. 010492-WS – Application for rate increase in Orange County by Zellwood Station Co-Op, Inc.

Docket No. 030682-WS – Dual application by Zellwood Station Co-Op, Inc. for transfer of portion of water and wastewater facilities to City of Apopka, for transfer of remaining facilities to Zellwood Station Community Association, Inc., and request for cancellation of Certificate Nos. 602-W and 518-S.

(Continued from previous page)

Issue 4: Should Docket Nos. 010492-WS and 030682-WS be closed?

Recommendation: No. The dockets should remain open pending confirmation of the transfers of the utility's water and wastewater treatment services to the City of Apopka and the utility's water distribution and wastewater collection systems to Zellwood Station Community Association, Inc. Upon confirmation of these transfers and verification of the payment of water and wastewater RAFs up through the transfer dates, Docket Nos. 010492-WS and 030682-WS should be administratively closed and the security being held pursuant to Order No. PSC-02-2471-PCO-WS released.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

7**PAA

Docket No. 050563-WU – Application for increase in water rates in Polk County by Park Water Company Inc.

Critical Date(s): 9/29/06 (5-month effective date extended by utility - PAA Rate Case.)

Commissioners Assigned: All Commissioners

Prehearing Officer: Arriaga

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

GCL: Jaeger

(All issues proposed agency action except Issues 25 and 26.)

Issue 1: Is the quality of service provided by Park Water Company, Inc. considered satisfactory?

Recommendation: Yes. The utility's overall quality of service is satisfactory.

Issue 2: Should Park Water's requested increase, if any, be approved in two phases?

Recommendation: Yes. The increase, if any, should be approved in two phases.

Issue 3: Should the audit rate base adjustments to which the utility agrees be made?

Recommendation: Yes. Based on audit adjustments which the utility agrees with, plant should be increased by \$245,698 and accumulated depreciation should be increased by \$21,665. In addition, CIAC should be increased by \$261,565, and accumulated amortization of CIAC should be increased by \$40,708.

Issue 4: Should other adjustments be made in calculating Phase I rates?

Recommendation: Yes. For the calculation of Phase I rates, staff has removed the requested pro forma plant of \$2,496,382. Staff has also removed \$75,586 in pro forma depreciation expense and \$72,500 in pro forma property tax expense. The requested pro forma plant and expenses included in the calculation of Phase II rates will be addressed in Issue 18.

Issue 5: Should an adjustment be made for excessive unaccounted for water?

Recommendation: Yes. Park Water has 22.30% excessive unaccounted for water for Phase I. Therefore, purchased power and chemicals should be reduced by \$3,329. For Phase II, staff recommends zero excessive unaccounted for water data because of an anticipated zero excessive unaccounted for water.

ITEM NO.

CASE

7**PAA

Docket No. 050563-WU – Application for increase in water rates in Polk County by Park Water Company Inc.

(Continued from previous page)

Issue 6: What are the used and useful percentages of the utility's water treatment plant and water distribution system?

Recommendation: The water treatment plant should be considered 39.80% used and useful (U&U), and the water distribution system should be considered 64.26% U&U for the Phase I period. For Phase I, rate base should be reduced by \$13,265 to reflect that 60.20% of sources of water treatment plant and 35.74% of transmission and distribution plant should be considered non-used and useful. The water treatment plant should be considered 45.85% U&U for the Phase II period which is for the pro forma improvements. For Phase II, rate base should be reduced by \$880,970 to reflect that 54.15% of water treatment plant and 35.74% of transmission and distribution plant should be considered non-used and useful. Corresponding adjustments should also be made to reduce Phase I depreciation expense and property tax expense by \$1,742 and \$2,203, respectively. Phase II depreciation expense and property tax expense adjustments will be addressed in Issue 18.

Issue 7: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance is \$22,368.

Issue 8: What is the appropriate Phase I rate base?

Recommendation: The appropriate average rate base for the test year ended December 31, 2004, is \$436,776.

Issue 9: Are any adjustments necessary to Park Water's Phase I capital structure?

Recommendation: Yes. The utility's common equity balance should be reduced by \$29,500 and set at zero (\$0), and short term debt should be increased by \$4,145. Additionally, long term debt of \$2,496,382 should be removed. Pro forma plant will be addressed in Issue 18.

Issue 10: What is the appropriate return on common equity and weighted average cost of capital for the test year ended December 31, 2004?

Recommendation: The appropriate return on common equity is 11.55%, with an allowed range of plus or minus 100 basis points. Staff also recommends that the appropriate Phase I weighted average cost of capital be set at 5.99%.

Issue 11: What adjustments, if any, should be made to the utility's test year revenue?

Recommendation: Staff recommends that annual revenues be increased by \$6,909 to cover the costs for non-utility billing services, and reduced for pro forma reductions of \$38,972 reflecting lost revenues from two customers. Overall, this results in a net reduction of revenues of \$32,063.

Issue 12: Should audit NOI adjustments be made?

Recommendation: Yes. O&M expense should be increased by \$3,293, depreciation expense should be increased by \$3,612, amortization expense should be increased by \$2,868, and taxes other than income should be reduced by \$6,707.

ITEM NO.

CASE

7**PAA

Docket No. 050563-WU – Application for increase in water rates in Polk County by Park Water Company Inc.

(Continued from previous page)

Issue 13: Should adjustments be made to employee salaries or pension benefits?

Recommendation: Yes. Employee salaries and pension benefits should be reduced by \$28,313.

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

Recommendation: The appropriate amount of rate case expense for this docket is \$18,175. This expense should be recovered over four years for an annual expense of \$4,544.

Issue 15: Should water expenses be adjusted due to repression?

Recommendation: Yes. It is Commission practice to reduce chemicals and purchased power for repression of water gallons. Thus, chemicals and purchased power should be reduced by \$409.

Issue 16: What is the test year water operating income before any revenue increase?

Recommendation: Based on the adjustments discussed in previous issues, the test year operating loss before any provision for increased revenues is \$8,203.

Issue 17: What is the appropriate Phase I revenue requirement?

Recommendation: The following Phase I revenue requirement should be approved:

	<u>Test Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue Requirement</u>	<u>% Increase</u>
Phase I	\$238,504	\$35,965	\$274,469	15.08%

ITEM NO.

CASE

7**PAA

Docket No. 050563-WU – Application for increase in water rates in Polk County by Park Water Company Inc.

(Continued from previous page)

Issue 18: Should the Commission approve pro forma plant additions and other related pro forma adjustments for the utility, and if so, what is the appropriate return on equity, overall rate of return, and revenue requirement?

Recommendation: Yes. Pro forma plant should be increased by \$15,955, resulting in total recommended pro forma plant additions of \$2,512,337. In addition, accumulated depreciation should be increased by \$62,402, and depreciation expense on pro forma plant should be decreased by \$13,184. Also, plant and accumulated depreciation should be reduced by \$147,229, depreciation expense on retired plant should be reduced by \$3,430, and loss on retired plant of \$21,552 should be amortized over eight years at \$2,694 yearly.

In addition, purchased power and chemicals should be reduced by \$1,133 for repression. Additionally, depreciation expense should be reduced by \$18,782 due to staff's U&U calculation, and property taxes related to the pro forma plant should be reduced by \$31,887.

The appropriate rate of return on equity for Phase II should be 11.55%, with a range of plus or minus 100 basis points. The appropriate weighted average cost of capital should be 3.36%. Staff recommends a Phase II revenue requirement of \$393,145.

Additionally, Park Water should be required to file with the Commission all progress reports it files with, or receives from, DEP concerning its construction project.

Issue 19: Should an Allowance for Funds Used During Construction (AFUDC) rate be established and, if so, what is the appropriate rate?

Recommendation: Yes. An annual AFUDC rate of 6.00% should be approved. The discounted monthly rate is 0.499863%. The approved rate shall be applicable for eligible construction projects beginning January 1, 2006.

Issue 20: What are the appropriate rate structures for the utility's various customer classes for Phase I and Phase II?

Recommendation: In Phase I, the appropriate rate structure for the residential class is a continuation of the current four-tier inclining-block rate structure. The usage blocks should be changed to monthly usage of: a) 0 – 5 kgal; b) 5.001 – 10 kgal; c) 10.001 – 15 kgal; and d) usage in excess of 15 kgal. The current usage block rate factors should be changed to 1.0, 1.25, 1.5 and 2.0, respectively. The four-tier inclining-block rate structure currently applicable to both general service and multi-residential customers should be eliminated and replaced with the traditional base facility charge (BFC)/uniform gallonage charge rate structure. The multi-residential BFC charges should be equal to those BFC charges assigned to general service customers of equivalent meter size. The Phase I and Phase II post-repression BFC cost recovery percentage should be set at 35%. There should be no rate structure changes between Phase I and Phase II.

ITEM NO.

CASE

7**PAA

Docket No. 050563-WU – Application for increase in water rates in Polk County by Park Water Company Inc.

(Continued from previous page)

Issue 21: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for Phases I and II for this utility?

Recommendation: Yes. Repression adjustments are appropriate. For Phase I, residential consumption should be reduced by 3.5%, resulting in a consumption reduction of approximately 1,801.2 kgals. The resulting total water consumption for Phase I ratesetting is 75,351.8 kgals, which represents a 2.3% reduction in overall consumption. For Phase II, residential consumption should be reduced by 6.5%, resulting in a consumption reduction of approximately 3,184.6 kgals. The resulting total water consumption for Phase II ratesetting is 72,167.2 kgals, which represents a 4.2% reduction in overall consumption. 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 for each phase 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 22: What are the appropriate monthly water rates for Phase I and Phase II for this utility?

Recommendation: The appropriate monthly water rates for Phase I and Phase II are shown on Schedule No. 4 and Schedule No. 8 in staff's September 7, 2006 memorandum, respectively.

ITEM NO.

CASE

7**PAA

Docket No. 050563-WU – Application for increase in water rates in Polk County by Park Water Company Inc.

(Continued from previous page)

Issue 23: What are the appropriate effective dates for Phase I and Phase II rates?

Recommendation: The utility should be allowed to implement Phase I rates after the utility has filed 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 25-40.475(1), F.A.C. The 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.

The utility should not be allowed to implement Phase II rates until the construction has been completed and approved by DEP, and the completed pro forma additions have been verified by staff. The utility should provide staff with the approval documentation no later than 15 days after the utility receives the final approval from DEP. At that time, the utility should also 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 25-40.475(1), F.A.C. The 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.

Issue 24: Should Park Water's main extension charge be increased and, if so, what is the appropriate charge?

Recommendation: Yes. The Commission should increase the main extension charge per ERC from \$423 to \$2,370, and the effective date of the increase should apply to all connections after the implementation of Phase II rates. The utility should file the appropriate tariff sheets no later than 15 days after the utility receives notice of final approval from DEP. It should become effective for service rendered on or after staff's approval of the stamped tariff sheet pursuant to Rule 25-30.475(2) F.A.C., provided the customers have received notice and after staff has verified that the proposed customer notice is adequate. The utility should provide proof that the customers have received notice within 10 days after the date of the notice. The revised tariff sheet should be submitted with sufficient time for staff to verify that the tariff is consistent with the Commission's decision. Staff should be permitted to administratively approve the tariff sheet upon verification of the above.

ITEM NO.

CASE

7**PAA

Docket No. 050563-WU – Application for increase in water rates in Polk County by Park Water Company Inc.

(Continued from previous page)

Issue 25: 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 rates should be reduced as shown on Schedule No. 4 of staff's September 7, 2006 memorandum to remove \$4,758 of rate case expense, grossed up for regulatory assessment fees, 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.

Issue 26: Should the utility be required to provide proof, within 90 days of the date of the Consummating Order finalizing this docket, that it has adjusted its books for all of the applicable NARUC USOA primary accounts associated with the Commission-approved Phase I adjustments?

Recommendation: Yes. To ensure that the utility adjusts its books in accordance with the Commission's decision, Park Water should provide proof, within 90 days of an effective order finalizing this docket, that the Phase I adjustments for all the applicable NARUC USOA primary accounts have been made.

Issue 27: Should this docket be closed?

Recommendation: No. If no timely protest is filed by a substantially affected person within 21 days of the Proposed Agency Action Order, a Consummating Order should be issued. However, the docket should remain open to allow staff to monitor completion of the pro forma items and the appropriate implementation of Phase II rates.

DECISION: The item was deferred.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

8**

Docket No. 060416-WU – Petition for limited alternative rate increase in Polk County by Pinecrest Ranches, Inc.

Critical Date(s): 11/17/06 (90-day deadline pursuant to Rule 25-30.457(12), F.A.C.)

Commissioners Assigned: All Commissioners

Prehearing Officer: Tew

Staff: ECR: Biggins, Bulecza-Banks, Rendell

GCL: Jaeger

PAA

Issue 1: Should the Commission approve Pinecrest Ranches, Inc.'s application for a limited alternative rate increase?

Recommendation: Yes. The Commission should approve Pinecrest Ranches, Inc.'s application for a limited alternative rate increase in the amount of 20 percent. Pursuant to Rule 25-30.457(13), F.A.C., the utility should be required to hold any revenue increase granted subject to refund with interest for a period of 15 months after the filing of its annual report for the year the adjustment in rates was implemented. If overearnings occur, such overearnings, up to the amount held subject to refund, with interest, should be disposed of for the benefit of the customers.

PAA

Issue 2: What are the appropriate monthly service rates?

Recommendation: The water service rates for Pinecrest in effect as of May 31, 2004, should be increased by 20 percent to generate the recommended revenue increase. 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 on 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 notice was given no less than 10 days after the date of the notice.

Issue 3: Should the recommended rates be approved for the utility on a temporary basis in the event of a protest filed by a party other than the utility?

Recommendation: Yes. Pursuant to Rule 25-30.457(16), F.A.C., in the event of a protest of the Proposed Agency Action (PAA) Order by a substantially affected person other than the utility, the utility should be authorized to implement the rates established in the PAA order on a temporary basis upon the utility filing a staff-assisted rate case application within 21 days of the date the protest is filed. Pursuant to Rule 25-30.457(18), F.A.C., if the utility fails to file a staff-assisted rate case application within 21 days in the event there is a protest, the application for a limited alternative rate increase should be deemed withdrawn.

ITEM NO.

CASE

8**

Docket No. 060416-WU – Petition for limited alternative rate increase in Polk County by Pinecrest Ranches, Inc.

(Continued from previous page)

Issue 4: Should this docket be closed?

Recommendation: Yes. If no timely protest is filed by a substantially affected person within 21 days of the Order, a Consummating Order should be issued and the docket should be closed. If a protest is filed within 21 days of the issuance of the Order, the docket should remain open pending resolution of the protest.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

9**

Docket No. 060506-WU – Request for approval of tariff amendment to include a late payment fee of \$5 in Osceola County by O&S Water Company, Inc.

Critical Date(s): 9/24/06 (60-day suspension date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Biggins, Bulecza-Banks, Rendell

GCL: Jaeger

Issue 1: Should O&S Water Company, Inc.'s proposed tariff to implement a \$5 late payment charge be approved?

Recommendation: Yes. Third Revised Sheet No. 16.0 filed on July 24, 2006 should be approved as filed. 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 2: Should this docket be closed?

Recommendation: If Issue 1 is approved, this tariff should become effective on or after the stamped approval date of the tariff sheets, pursuant to Rule 25-30.475, Florida Administrative Code, provided the customers have received notice. If a protest is filed within 21 days of the issuance of the Order by a substantially affected person, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest, and the docket should remain open. 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, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

10**

Docket No. 060400-SU – Application for amendment of Certificates No. 379-S to extend service area in Seminole County by Alafaya Utilities, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Deason

Staff: ECR: Redemann

GCL: Jaeger

Issue 1: Should the Commission approve the application to amend Certificate No. 379-S in Seminole County by Alafaya Utilities, Inc.?

Recommendation: Yes. The objection by Banc of America has been withdrawn, and Alafaya Utilities, Inc.'s amendment application to add the River Pines Estates, LLC area described in Attachment A of staff's September 7, 2006 memorandum should be approved. The resultant order should serve as Alafaya Utilities, Inc.'s amended certificate and it should be retained by the utility. The utility should charge the customers in the territory added herein the monthly service rates and charges contained in its current tariff until authorized to change by the Commission.

Issue 2: Should the docket be closed?

Recommendation: Yes. There are no further actions to be taken in this docket, and the docket should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

11**

Docket No. 060539-WS – Application for transfer of water and wastewater facilities to City of Leesburg and for cancellation of Certificate Nos. 627-W and 461-S in Lake County, by Lake Utility Company.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Johnson, Kaproth

GCL: Brown

Issue 1: Should the Commission approve the transfer of facilities from Lake Utility Company to City of Leesburg and the cancellation of Certificate Nos. 627-W and 461-S?

Recommendation: Yes. The Commission should approve the transfer of the Lake Utility Company water and wastewater facilities to the City of Leesburg (City) as a matter of right, pursuant to Section 367.071(4)(a), Florida Statutes, and Certificate Nos. 627-W and 461-S should be cancelled effective July 31, 2006.

Issue 2: Should this docket be closed?

Recommendation: Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of a final order.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

12**

Docket No. 060520-WU – Application for transfer of majority organizational control of Town and Country Utilities Company, holder of Certificate No. 613-W in Charlotte and Lee Counties, from Babcock Florida Company to MSKP III, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Carter

Staff: ECR: Clapp, Kaproth, Walden

GCL: Fleming

Issue 1: Should the transfer of majority organizational control be approved?

Recommendation: Yes. The transfer of majority organizational control of Town and Country as a result of the merger of Babcock Florida Company with MSKP III, Inc. is in the public interest and should be approved effective the date of the Commission vote. The resultant order should serve as the utility's water certificate and should be retained by the utility. Town and Country should remain responsible for all regulatory assessment fees and annual reports for 2006 and the future. The tariff pages reflecting the transfer should be effective for services provided or connections made on or after the stamped approval date on the tariff sheets.

Issue 2: Should this docket be closed?

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

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

13**

Docket No. 060536-WU – Application for transfer of portion of water facilities operated under Certificate No. 613-W in Charlotte and Lee Counties from Town and Country Utilities Company to State of Florida and Lee County.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Carter

Staff: ECR: Clapp, Kaproth, Walden

GCL: Fleming

Issue 1: Should the partial transfer of Town and Country territory and facilities to the State of Florida and Lee County be approved as a matter of right?

Recommendation: Yes. The partial transfer of Town and Country territory and facilities in Charlotte and Lee Counties to the State of Florida and Lee County should be approved, as a matter of right, pursuant to section 367.071(4)(a), Florida Statutes, effective July 31, 2006. The resultant order should serve as Town and Country's amended certificate and it should be retained by the utility. Regulatory assessment fees for January 1 through July 31, 2006, should be submitted within 20 days after the issuance of the order approving the transfer.

Issue 2: Should this docket be closed?

Recommendation: Yes. No further action need be taken and the docket may be closed.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew

ITEM NO.

CASE

14**PAA

Docket No. 060478-EG – Petition for approval of modifications to approved energy conservation programs, by Peoples Gas System.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Arriaga

Staff: ECR: S. Brown

GCL: Fleming

Issue 1: Should the Commission approve Peoples' Petition for Approval of Modifications to Approved Energy Conservation Programs?

Recommendation: Yes. Each of the proposed residential programs are cost-effective. The proposed increase in appliance allowances could decrease the cost to customers when purchasing new appliances. Also, as a result of the higher appliance allowances, it is possible to see an increase in customer participation resulting in more customer savings. Finally, by merging the West Florida and Non-West Florida programs, the company will reduce time and expense that would otherwise be used if the programs were still filed separately.

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 proposed agency action files a protest within 21 days from the issuance of the Order. If a protest is filed within 21 days from the issuance of the Order, the modifications should not be implemented until after a resolution of the protest.

DECISION: The recommendations were approved.

Commissioners participating: Edgar, Deason, Arriaga, Carter, Tew