

MINUTES OF DECEMBER 7, 2004

COMMISSION CONFERENCE

COMMENCED: 9:40 a.m.

ADJOURNED: 11:15 a.m.

COMMISSIONERS PARTICIPATING: Chairman Baez
Commissioner Deason
Commissioner Bradley
Commissioner Davidson

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

1**Consent Agenda

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
041268-TX	UCN, Inc.
041313-TX	The Hamilton Telephone Company d/b/a Hamilton Telecommunications

PAA B) Application for certificate to provide pay telephone service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
041209-TC	Caribbean Payphone Services, 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: Baez, Deason, Bradley, Davidson

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

2**Docket No. 991473-TP - Review and revision of Rules 25-4.002, 4.003, 4.0185, 4.023, 4.038, 4.039, 4.066, 4.070, 4.072, 4.073, 4.0770, 4.080, and 4.085, F.A.C. (Deferred from October 19, 2004 conference; revised recommendation filed.)

Critical Date(s): None

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Deason

Staff: GCL: Stern
CMP: Moses, McDonald
ECR: Hewitt

Issue 1: Should the Commission propose the revisions shown in Attachment A of staff's November 23, 2004 memorandum to Rules 25-4.002, 25-4.003, 25-4.0185, 25-4.023, 25-4.038, 25-4.039, 25-4.066, 25-4.070, 25-4.072, 25-4.073, 25-4.0770, 25-4.080, and 25-4.085, Florida Administrative Code?

Recommendation: Yes. The Commission should propose the revisions.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no comments or requests for hearing are filed, the rule 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: Baez, Deason, Bradley, Davidson

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

3**Docket No. 041017-TI - Revisions to intrastate interexchange telecommunications company rules in Chapters 25-4 and 25-24, F.A.C., to reflect 2003 statutory changes.

Critical Date(s): None

Rule Status: Proposed

Commissioners Assigned: All Commissioners

Prehearing Officer: Deason

Staff: GCL: Stern
CMP: Pruitt, Watts
ECR: Hewitt

Issue 1: Should the Commission propose the rule revisions to Chapters 25-4 and 25-24, Florida Administrative Code, contained in Attachment B of staff's November 23, 2004 memorandum?

Recommendation: Yes. The Commission should propose the rule revisions because they implement the 2003 amendments to Chapter 364, Florida Statutes.

Issue 2: Should the docket be closed?

Recommendation: Yes. If no request for hearing or comments are filed, the rules as proposed should be filed for adoption with the Secretary of State and the docket should be closed.

DECISION: This item was deferred.

ITEM NO.

CASE

4**PAADocket No. 040977-EI - Complaint by John Aseere against Florida Power & Light Company regarding backbilling for alleged meter tampering.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: GCL: Rodan
RCA: Plescow

Issue 1: Is there sufficient evidence to demonstrate that meter tampering occurred at the residence of John Aseere at 3939 NW 18th Avenue, Fort Lauderdale, Florida, to allow FPL to backbill Mr. Aseere's account for unmetered kilowatt hour consumption?

Recommendation: Yes. Prima facie evidence of meter tampering outlined in FPL's reports demonstrates that meter tampering occurred at Mr. Aseere's residence. As the customer of record during the entire period in question, Mr. Aseere should be held responsible for a reasonable amount of backbilling.

Issue 2: Is FPL's calculation of the backbilled amount of \$4,747.50, which includes investigation charges of \$350.61, reasonable?

Recommendation: Yes.

Issue 3: Should this docket be closed?

Recommendation: Yes. 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: Baez, Deason, Bradley, Davidson

ITEM NO.

CASE

5**PAACompliance investigations for apparent violation of Rule 25-4.0161, FAC, Regulatory Assessment Fees; Telecommunications Companies.

Docket No. 040994-TC - Ralph Andre d/b/a Buddy's Café
Docket No. 040997-TC - Hasan Akhtar
Docket No. 040999-TC - FAST WASH
Docket No. 041018-TC - J.C. Vending, Inc.
Docket No. 041019-TC - Ronnie Preston Williams d/b/a Visions Vending
Docket No. 041021-TC - Nutrend Communications, Inc.
Docket No. 041024-TC - Florida Coast Systems Inc.
Docket No. 041026-TC - South Line Telephone Company, Inc.
Docket No. 041030-TC - Phonexpert, Inc.
Docket No. 041050-TC - Colony 14 Communications, Inc.
Docket No. 041093-TC - Southern Telecom Communications, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Deason

Staff: CMP: Isler
GCL: Scott

Issue 1: Should the Commission impose a penalty and a cost of collection, together totaling \$1,000, or cancel each entity's pay telephone company certificate as identified in Attachment A of staff's November 23, 2004 memorandum, with an effective date of December 31, 2004, for an apparent second violation of Rule 25-4.0161, Florida Administrative Code, Regulatory Assessment Fees; Telecommunications Companies, incorporated by Rule 25-24.505, Florida Administrative Code?

Recommendation: Yes.

Issue 2: Should these dockets be closed?

Recommendation: Staff recommends that the Order issued from this recommendation will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80(13)(b), Florida Statutes, any issues not in dispute should be deemed stipulated. If any company fails to timely file a protest and to request a Section 120.57, Florida Statutes, hearing, the facts should be deemed admitted and the right to a hearing waived. If any company fails to pay the penalty and cost of

ITEM NO.

CASE

5**PAA

Compliance investigations for apparent violation of Rule 25-4.0161, FAC, Regulatory Assessment Fees; Telecommunications Companies.

(Continued from previous page)

collection, together totaling \$1,000, and Regulatory Assessment Fees, including statutory late payment charges, within fourteen (14) calendar days after the issuance of the Consummating Order, the company's certificate should be cancelled administratively and the collection of the past due Regulatory Assessment Fees, including statutory late payment charges, should be referred to the Florida Department of Financial Services for further collection efforts. If any company's certificate is cancelled in accordance with the Commission's Order from this recommendation, the company should be required to immediately cease and desist providing pay telephone service in Florida. These dockets should be closed administratively either upon receipt of the payment of the penalty and cost of collection, and Regulatory Assessment Fees, including statutory late payment charges, or upon cancellation of the company's certificate.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

6**PAACompliance investigations for apparent violation of Rule 25-4.0161, FAC, Regulatory Assessment Fees; Telecommunications Companies.

- Docket No. 040991-TC - Daytona International Speedway, Inc.
- Docket No. 040992-TC - Hollywood Billiards, Inc.
- Docket No. 040993-TC - Richard A. Kral
- Docket No. 040996-TC - Quality Wholesale Florist Supply, Inc.
- Docket No. 040998-TC - U.S. Payphones, Inc.
- Docket No. 041020-TC - Ron Kain
- Docket No. 041022-TC - Hans L. Singh d/b/a Southwest Communications
- Docket No. 041023-TC - Frentel Communications, Inc.
- Docket No. 041025-TC - Paytel USA, Inc.
- Docket No. 041027-TC - Mar-Tina Petroleum Corp. d/b/a Texaco of Stuart
- Docket No. 041028-TC - First Coast Hospitality One, Inc. d/b/a Johnny Leverock's Seafood House
- Docket No. 041029-TC - Nations Communication, Inc.
- Docket No. 041031-TC - Bay Public Communications, Inc.
- Docket No. 041032-TC - Kerstin K Krieger d/b/a All American Warrior Vending
- Docket No. 041033-TC - Gracia Inzerillo
- Docket No. 041034-TC - Concepts for Advanced Technology Inc.
- Docket No. 041035-TC - Thair Y. Said d/b/a Crossroads Texaco
- Docket No. 041036-TC - Robert James Durkin
- Docket No. 041037-TC - Morden Properties, Inc.
- Docket No. 041045-TC - Sarasota Jungle Gardens Inc.
- Docket No. 041046-TC - Sandra T. Avant d/b/a Avant Telcom
- Docket No. 041047-TC - Donald R. Peterson and Myrna A. Peterson d/b/a F.C. Communications
- Docket No. 041048-TC - Gilbert Green
- Docket No. 041051-TC - William Reilly
- Docket No. 041052-TC - Rose Manor, A.L.F., Inc.
- Docket No. 041053-TC - Chris Oconnell
- Docket No. 041054-TC - T & P Enterprises of Bay County, Inc. d/b/a Laguna Beach Christian Retreat
- Docket No. 041058-TC - A & G Investment Property, Inc.
- Docket No. 041059-TC - Public Telephone Corporation

ITEM NO.

CASE

6**PAA

Compliance investigations for apparent violation of Rule 25-4.0161, FAC, Regulatory Assessment Fees; Telecommunications Companies.

(Continued from previous page)

Docket No. 041060-TC - Brothers Services Corporation

Docket No. 041061-TC - Jestel Corporation

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Deason

Staff: CMP: Isler

GCL: Rockette-Gray

Issue 1: Should the Commission impose a penalty and a cost of collection, together totaling \$500, or cancel each entity's pay telephone company certificate as identified in Attachment A of staff's November 23, 2004 memorandum, with an effective date of December 31, 2004, for an apparent first violation of Rule 25-4.0161, Florida Administrative Code, Regulatory Assessment Fees; Telecommunications Companies, incorporated by Rule 25-24.505, Florida Administrative Code?

Recommendation: Yes.

Issue 2: Should these dockets be closed?

Recommendation: Staff recommends that the Order issued from this recommendation will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80(13)(b), Florida Statutes, any issues not in dispute should be deemed stipulated. If any company fails to timely file a protest and to request a Section 120.57, Florida Statutes, hearing, the facts should be deemed admitted and the right to a hearing waived. If any company fails to pay the penalty and cost of collection, together totaling \$500, and Regulatory Assessment Fees, including statutory late payment charges, within fourteen (14) calendar days after the issuance of the Consummating Order, the company's certificate should be cancelled administratively and the collection of the past due Regulatory Assessment Fees, including statutory late payment charges, should be referred to the Florida Department of Financial Services for further collection efforts. If any company's certificate is cancelled in accordance with the Commission's Order from this recommendation, the company should be required to immediately cease and desist providing pay telephone service in Florida. These dockets should be closed administratively either upon receipt of the payment of the penalty and

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

6**PAA

Compliance investigations for apparent violation of Rule 25-4.0161, FAC, Regulatory Assessment Fees; Telecommunications Companies.

(Continued from previous page)

cost of collection, and Regulatory Assessment Fees, including statutory late payment charges, or upon cancellation of the company's certificate.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson

ITEM NO.

CASE

7**PAADocket No. 040990-TA - Compliance investigation of NUMINA COMMUNICATIONS CORP. for apparent violation of Rule 25-4.0161, FAC, Regulatory Assessment Fees; Telecommunications Companies.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Deason

Staff: CMP: Isler
GCL: Rockette-Gray

Issue 1: Should the Commission impose a penalty and a cost of collection, together totaling \$500, or cancel the alternative access vendor (AAV) Certificate No. 8342 issued to NUMINA COMMUNICATIONS CORP., with an effective date of December 31, 2004, for an apparent first violation of Rule 25-4.0161, Florida Administrative Code, Regulatory Assessment Fees; Telecommunications Companies, incorporated by Rule 25-24.745, Florida Administrative Code?

Recommendation: Yes.

Issue 2: Should this docket be closed?

Recommendation: Staff recommends that the Order issued from this recommendation will become final and effective upon issuance of a Consummating Order, unless a person whose substantial interests are affected by the Commission's decision files a protest that identifies with specificity the issues in dispute, in the form provided by Rule 28-106.201, Florida Administrative Code, within 21 days of the issuance of the Proposed Agency Action Order. As provided by Section 120.80(13)(b), Florida Statutes, any issues not in dispute should be deemed stipulated. If the company fails to timely file a protest and to request a Section 120.57, Florida Statutes, hearing, the facts should be deemed admitted and the right to a hearing waived. If the company fails to pay the penalty and cost of collection, together totaling \$500, and Regulatory Assessment Fees, including statutory late payment charges, within fourteen (14) calendar days after the issuance of the Consummating Order, the company's certificate should be cancelled administratively and the collection of the past due Regulatory Assessment Fees, including statutory late payment charges, should be referred to the Florida Department of Financial Services for further collection efforts. If the company's certificate is cancelled in accordance with the Commission's Order from this recommendation, the company should be required to immediately cease and desist providing alternative access vendor service in Florida. This

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

7**PAA

Docket No. 040990-TA - Compliance investigation of NUMINA COMMUNICATIONS CORP. for apparent violation of Rule 25-4.0161, FAC, Regulatory Assessment Fees; Telecommunications Companies.

(Continued from previous page)

docket should be closed administratively either upon receipt of the payment of the penalty and cost of collection, and Regulatory Assessment Fees, including statutory late payment charges, or upon cancellation of the company's certificate.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson

ITEM NO.

CASE

8**PAADocket No. 040792-EI - Request to exclude 4/11-12/04 outage event from annual distribution service reliability report by Progress Energy Florida, Inc.

Critical Date(s): 10/25/04 (Petitioner waived 90-day deadline for disposition of Rule Waiver Petition.)

Commissioners Assigned: All Commissioners
Prehearing Officer: Bradley

Staff: ECR: Lee, Breman, Matlock
GCL: C. Keating

Issue 1: Should the Commission grant Progress Energy Florida, Inc.'s petition for waiver of the 30-day filing requirement in Rule 25-6.0455(3), Florida Administrative Code?

Recommendation: Yes. Progress Energy Florida, Inc. has demonstrated that the waiver it requests will achieve the purpose of the statutes underlying the rule and that application of the rule would create a substantial hardship for the company.

Issue 2: Should the Commission grant Progress Energy Florida, Inc.'s request to exclude the outage events caused by a severe weather system on April 11 and 12, 2004, from the company's 2004 Annual Distribution Service Reliability Report?

Recommendation: Yes. Based on Progress Energy Florida, Inc.'s revised position that it seeks to exclude only the outages that were caused by the weather event, with the revised impact on the company's System Average Interruption Duration Index of 2.73 minutes, this severe weather event qualifies for exclusion under Rule 25-6.0455(3). Progress Energy Florida should file its 2004 Annual Distribution Service Reliability Report with and without the requested exclusion. (This issue is moot if the Commission denies the petition for waiver on Issue 1.)

Issue 3: 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: Baez, Deason, Bradley, Davidson

ITEM NO. _____ CASE _____

9**PAADocket No. 030443-WS - Application for rate increase in Pasco County by Labrador Utilities, Inc.

Critical Date(s): 1/3/05 (5-month effective date - PAA rate case)

Commissioners Assigned: All Commissioners
Prehearing Officer: Deason

Staff: ECR: Merchant, Edwards, Greene, Willis, Lingo, Stallcup
GCL: C. Keating

Issue 1: Is the quality of service provided by Labrador Utilities, Inc. satisfactory?

Recommendation: Yes. The utility's overall quality of service is satisfactory. However, staff recommends that Labrador develop a plan and test all of its meters by June 30, 2005, and make any necessary meter repairs or adjustments. Pursuant to Rule 25-30.267, Florida Administrative Code, the utility shall maintain a log of all meters tested. Further, staff also requests that the utility provide a copy of the meter log and a status report that reflects the number of meters tested by month, including the number that were repaired or replaced as a result of the tests. The log and updated reports should be filed with the Commission by April 15, July 15, and October 15, 2005.

Issue 2: Are any adjustments necessary to plant?

Recommendation: Yes. The following adjustments should be made:

	<u>Plant</u>	<u>Accumulated Depreciation</u>	<u>Depreciation Expense</u>
Misc. Plant (AE 1 & 2) - Water	(\$16,684)	(\$1,628)	(\$3,680)
Misc. Plant (AE 1 & 2) - Wastewater	(\$6,654)	\$11,954	(\$559)
Remove Averaging Adjustment & Correct 2003 year end balance - Water	(\$41,566)	(\$32,563)	\$0
Remove Averaging Adjustment & Correct 2003 year end balance - Wastewater	\$18,676	(\$22,324)	\$0
Reflect 2004 Pro forma Expense - Water	\$0	\$600	(\$1,200)
Reflect 2004 Pro forma Exp. - Wastewater	\$0	(\$1,479)	\$2,959

ITEM NO.

CASE

9**PAA

Docket No. 030443-WS - Application for rate increase in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 3: Should any adjustments be made to the utility's common plant allocations?

Recommendation: Yes. To properly reflect Labrador's portion of Water Services Corporation's (WSC) allocated rate base, plant should be decreased by \$895 and \$860 for water and wastewater, respectively. Additionally, Utilities, Inc. of Florida's (UIF) allocated common plant should be decreased by \$2,841 for water and \$3,341 for wastewater, and accumulated depreciation should be decreased by \$791 and \$922 for water and wastewater, respectively. WSC's common operation and maintenance (O&M) expenses should be reduced by \$3,940 and \$3,785 for water and wastewater, respectively.

Issue 4: What are the used and useful percentages of the utility's water and wastewater facilities?

Recommendation: Labrador's used and useful percentages should be as follows:

Water Treatment Plant	100.00%
Wastewater Treatment Plant	79.94%
Reuse Facilities	100.00%
Water Distribution and Wastewater Collection Systems	100.00%

Wastewater rate base should be reduced by \$146,215 to reflect that 20.06% of treatment and disposal equipment should be considered non-used and useful. Corresponding adjustments should also be made to reduce wastewater depreciation expense and property tax expense by \$10,985 and \$2,292, respectively.

Issue 5: What is the appropriate working capital allowance?

Recommendation: The appropriate amount of working capital is \$9,968 for water and \$16,321 for wastewater.

Issue 6: What is the appropriate rate base?

Recommendation: Consistent with staff's recommended adjustments in other issues, the appropriate simple average rate base for the test year ended December 31, 2003, is \$379,797 for water and \$939,190 for wastewater.

Issue 7: Are any adjustments necessary to Labrador's capital structure and what is the appropriate return on equity and weighted cost of capital for the test year ended December 31, 2003?

Recommendation: Total UI short-term debt of \$1,047,000 at a cost rate of 4.95% should be included in Labrador's capital structure at its prorated share. Deferred taxes should be increased by \$30,746 to reflect the special tax depreciation allowance on historical and recommended pro forma plant. The appropriate cost of equity should be 11.35%, with a

ITEM NO.

CASE

9**PAA

Docket No. 030443-WS - Application for rate increase in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

range of 10.35% to 12.35%, and the overall cost of capital should be 8.63%, with a range of 8.24% to 9.02%.

Issue 8: Should an adjustment be made to employee salaries and benefits?

Recommendation: Yes. Employee salaries should be decreased by \$4,197 for water and \$4,032 for wastewater. Corresponding adjustments should also be made to reduce pensions and benefits by \$122 for water and \$117 for wastewater and employee insurance costs by \$625 and \$600 for water and wastewater, respectively. Corresponding reductions of \$255 and \$245 should also be made to payroll taxes for water and wastewater, respectively.

Issue 9: Should adjustments be made to purchased power expense?

Recommendation: Yes. To remove out-of-period costs from test year expenses, the utility should reduce purchased power expense by \$514 for water and \$1,471 for wastewater. Wastewater purchased power should also be reduced by \$4,045 to reflect the cost savings associated with combining two electric meters into one service meter for the wastewater treatment plant.

Issue 10: Should an adjustment be made for excessive unaccounted water?

Recommendation: Yes. Labrador has 6.33% excessive unaccounted water. Therefore, purchased power and chemicals should be reduced by \$814.

Issue 11: Should an adjustment be made to the utility's land lease expense?

Recommendation: Yes. For rate setting purposes, the utility's annual land lease expense should be \$25,920. The utility's test year land lease expense should be reduced by \$7,811 for water and \$8,419 for wastewater.

Issue 12: What is the appropriate amount of rate case expense?

Recommendation: The appropriate rate case expense for this docket is \$68,988. This expense is to be recovered over four years for an annual expense of \$17,247. Thus, rate case expense should be reduced by \$3,861 and \$4,260 for water and wastewater, respectively.

Issue 13: Are any adjustments necessary to taxes other than income?

Recommendation: Yes. Test year regulatory assessment fees should be increased by \$151 and \$350 for water and wastewater, respectively. Also, property taxes should be increased by \$2,810 for water and \$7,213 for wastewater.

Issue 14: What is the test year water and wastewater operating income before any revenue increase?

Recommendation: Based on the adjustments discussed in previous issues, staff recommends that test year water and wastewater operating income before any provision for increased revenues should be (\$27,725) and (\$35,010) for water and wastewater, respectively.

ITEM NO.

CASE

9**PAA

Docket No. 030443-WS - Application for rate increase in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 15: What is the appropriate revenue requirement?

Recommendation: The following revenue requirement should be approved.

	Test Year <u>Revenues</u>	<u>\$ Increase</u>	Revenue <u>Requirement</u>	<u>% Increase</u>
Water	\$55,451	\$101,594	\$157,075	183.12%
Wastewater	\$129,095	\$194,905	\$324,000	150.98%

Issue 16: What are the appropriate equivalent residential connections (ERCs) and gallons to be used for ratesetting for the water and wastewater systems?

Recommendation: The appropriate ERCs to be used for ratesetting purposes for the water and wastewater systems are 10,806 ERCs and 10,554 ERCs, respectively. The appropriate consumption, before repression, to be used for ratesetting purposes is 35,780.027 thousand gallons (kgals) for the water system and 26,252.130 kgals for the wastewater system.

Issue 17: Should the utility's current rate structures for its water and wastewater systems be changed, and, if so, what are the appropriate rate structures for the respective systems?

Recommendation: The current flat rate structures for the water and wastewater systems should both be changed to the traditional base facility charge (BFC) / gallonage charge rate structure. The BFC cost recovery for the water system (pre-repression) should be set at 43%, while the BFC cost recovery for the wastewater system should be set at 40%. The water system should have uniform gallonage charges, while the wastewater system's General Service gallonage charges should be 20% greater than the corresponding rates for Residential Service.

Issue 18: Are adjustments to reflect repression of consumption appropriate, and, if so, what are the appropriate adjustments for the respective water and wastewater systems?

Recommendation: Yes. Adjustments to reflect repression of consumption are appropriate. For the water system, staff recommends a consumption reduction of approximately 7,684.4 kgals, resulting in total water consumption for ratesetting of 28,095.6 kgals. For the wastewater system, consumption should be reduced by 5,824.8 kgals; resulting in appropriate wastewater consumption to be used for ratesetting of 20,741.6 kgals. In order to monitor the effects of both the changes in rate structures and the revenue changes, the utility should prepare monthly reports detailing the number of bills rendered, the consumption billed and the revenues billed. These reports should be provided, by customer class and meter size, on a quarterly basis for a period of two years, beginning the first billing period after the approved rates go into effect.

ITEM NO.

CASE

9**PAA

Docket No. 030443-WS - Application for rate increase in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 19: What are the appropriate monthly rates for service for this utility?

Recommendation: The appropriate monthly rates are shown on Schedules Nos. 4-A and 4-B of staff's November 23, 2004 memorandum. Staff's recommended rates are designed to produce revenues of \$155,928 for water and \$321,337 for wastewater, excluding miscellaneous service charge revenues. 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), Florida Administrative Code. 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 20: In determining whether any portion of the interim revenue increases granted should be refunded, how should the refund be calculated, and what is the amount of the refund, if any?

Recommendation: The proper refund amount should be calculated by using the same data used to establish final rates, excluding pro forma adjustments and rate case expense. This revised revenue requirements for the interim collection period should be compared to the amount of interim revenues granted. Based on this calculation, the utility should be required to refund 29.84% of water interim revenues. This results in a refund of \$4.87 for each MH Park customer and \$890.38 for the RV Resort per month for the period interim rates have been in effect. Since the revised wastewater revenues for the interim collection period are greater than the interim revenues, no interim refund is required for wastewater. The water refund should be made with interest in accordance with Rule 25-30.360(4), Florida Administrative Code. The utility should treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), Florida Administrative Code.

Issue 21: 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 No. 4 of staff's November 23, 2004 memorandum to remove \$9,210 for water and \$8,849 for wastewater for rate case expense, grossed up for regulatory assessment fees (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, Florida Statutes. 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.

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

9**PAA

Docket No. 030443-WS - Application for rate increase in Pasco County by Labrador Utilities, Inc.

(Continued from previous page)

Issue 22: Should the utility be required to provide proof that it has adjusted its books for all 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 issuance date of a final order in this docket, that the adjustments for all the applicable primary accounts have been made.

Issue 23: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action issues files a protest within twenty-one days of the issuance of the order, a consummating order will be issued. Staff should be given administrative authority to verify that the revised tariff sheets and customer notice have been filed by the utility and approved by staff, and that the refund has been completed and verified by staff. Once these actions are complete, the corporate undertaking should be released. When the PAA issues are final and the refund, tariff, and notice actions are complete, this docket may be closed administratively.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson

ITEM NO.

CASE

10Docket No. 040450-WS - Application for rate increase in Martin County by Indiantown Company, Inc.

Critical Date(s): 1/1/05 (60-day suspension date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Jaber

Staff: ECR: Fletcher, Edwards, Maurey, Merchant, Willis

GCL: Jaeger

Issue 1: Should the utility's proposed final water and wastewater rates be suspended?

Recommendation: Yes. Indiantown's proposed final water and wastewater rates should be suspended.

Issue 2: Should an interim revenue increase be approved?

Recommendation: Yes. On an interim basis, the utility should be authorized to collect annual water and wastewater revenues as indicated below:

	<u>Adjusted Test</u> <u>Year Revenues</u>	<u>\$ Increase</u>	<u>Revenue</u> <u>Requirement</u>	<u>% Increase</u>
Water	\$611,249	\$56,022	\$667,271	9.17%
Wastewater	\$871,052	\$93,702	\$964,754	10.76%

Issue 3: What are the appropriate interim water and wastewater rates?

Recommendation: The service rates for Indiantown in effect as of December 31, 2003, should be increased by 9.58% for water and 10.76% for wastewater to generate the recommended revenue increases for the interim period. The approved rates should be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), Florida Administrative Code. The rates should not be implemented until staff verifies that the tariff sheets are consistent with the Commission decision, the proposed customer notice is adequate, and the required security has been filed. The utility should provide proof of the date notice was given within 10 days after the date of notice.

Issue 4: What is the appropriate security to guarantee the interim increase?

Recommendation: The utility should be required to open an escrow account, file a surety bond or a letter of credit to guarantee any potential refund of revenues collected under interim conditions. If the security provided is an escrow account, the utility should deposit \$12,477 into the escrow account each month. Otherwise, the surety bond or letter of credit should be in the amount of \$75,793. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should provide a report by the 20th of each month

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

10

Docket No. 040450-WS - Application for rate increase in Martin County by Indiantown Company, Inc.

(Continued from previous page)

indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

Issue 5: Should the docket be closed?

Recommendation: No. The docket should remain open pending the Commission's final action on the utility's requested rate increase.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson

ITEM NO.

CASE

11**Docket No. 040316-WS - Analysis of Utilities, Inc.'s plan to bring all of its Florida subsidiaries into compliance with Rule 25-30.115, Florida Administrative Code.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Bradley

Staff: ECR: Joyce, Merchant, Willis

GCL: Fleming

RCA: Vandiver

Issue 1: Should the Commission approve UI's Settlement Agreement?

Recommendation: Yes. The settlement agreement should be approved in its entirety.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation on Issue 1, then the docket should be closed upon the issuance of the final order approving the settlement agreement.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson

ITEM NO.

CASE

12**Docket No. 041141-WS - Application for certificates to provide water and wastewater service in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake.

Critical Date(s): 12/23/04 (Statutory deadline for original certificate pursuant to Section 367.031, Florida Statutes.)

Commissioners Assigned: All Commissioners
Prehearing Officer: Jaber

Staff: ECR: Clapp, Lester, Walden
GCL: Rodan

Issue 1: Should the Hidden Valley SPE LLC d/b/a Orange Lake application for water and wastewater certificates be granted?

Recommendation: Yes. Hidden Valley SPE LLC d/b/a Orange Lake should be granted Certificate Nos. 625-W and 536-S to serve the territory described in Attachment A of staff's November 23, 2004 memorandum effective the date of the Commission's vote.

PAA

Issue 2: What are the appropriate initial water and wastewater rates and return on investment for this utility?

Recommendation: The utility's proposed water and wastewater rates and miscellaneous service charges described in the analysis portion of staff's November 23, 2004 memorandum should be approved. Orange Lake should charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. The utility should be required to notice all customers of the approved rates prior to billing for monthly water and wastewater service. The utility should also be required to file a proposed customer notice reflecting the Commission-approved rates within ten days of the date of the consummating order. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code. A return on equity of 11.40% plus or minus 100 basis points should be approved.

PAA

Issue 3: What are the appropriate service availability charges for Hidden Valley SPE LLC d/b/a Orange Lake?

Recommendation: The proposed meter installation charge of \$200 should be approved for new connections made on or after the stamped approval date on the tariff sheets.

Minutes of
Commission Conference
December 7, 2004

ITEM NO.

CASE

12**

Docket No. 041141-WS - Application for certificates to provide water and wastewater service in Lake County by Hidden Valley SPE LLC d/b/a Orange Lake.

(Continued from previous page)

Issue 4: Should this docket be closed?

Recommendation: Yes. If no timely protest is filed by a substantially affected person to proposed agency action Issues 2 and 3, a consummating order should be issued upon expiration of the protest period and the docket should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson

ITEM NO.

CASE

13**Docket No. 981079-SU - Application for amendment of Certificate No. 104-S to extend service territory in Pasco County by Hudson Utilities, Inc., and request for limited proceeding.
Docket No. 041207-SU - Application for amendment of Certificate No. 104-S to delete territory in Pasco County by Hudson Utilities, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Baez (981079-SU)
Administrative (041207-SU)

Staff: ECR: Redemann, Clapp
GCL: Gervasi

Issue 1: Should the Commission approve the Settlement Agreement entered into between the Office of Public Counsel and Hudson Utilities, Inc.?

Recommendation: Yes. Provided the Commission approves Hudson's application for deletion of the Sea Pines territory from its certificate of authorization, which is the subject of Issue 2 of this recommendation, staff recommends that the Settlement Agreement should be approved in its entirety.

Issue 2: Should the Commission approve Hudson Utilities, Inc.'s application to amend Certificate No. 104-S to delete the Sea Pines territory?

Recommendation: Yes. The Commission should approve Hudson Utilities, Inc.'s amendment application to delete the Sea Pines territory. The proposed territory amendment is described in Attachment C of staff's November 30, 2004 memorandum.

Issue 3: Should Docket Nos. 981079-SU and 041207-SU be closed?

Recommendation: Yes. Because no further action is necessary, the dockets should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Deason, Bradley, Davidson