

MINUTES OF JUNE 3, 2003

COMMISSION CONFERENCE

COMMENCED: 9:35 a.m.

ADJOURNED: 12:35 p.m.

COMMISSIONERS PARTICIPATING: Chairman Jaber
Commissioner Deason
Commissioner Baez
Commissioner Bradley
Commissioner Davidson

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

1Approval of Minutes

May 6, 2003 Regular Commission Conference

DECISION: The minutes were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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<u>ITEM NO.</u>	<u>CASE</u>
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2**Consent Agenda

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
030433-TX	BAK Communications, LLC

PAA B) Applications for certificates to provide interexchange telecommunications service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
030348-TI	T3 Communications, LLC d/b/a Tier 3 Communications d/b/a Naples Telephone and d/b/a Fort Myers Telephone
030327-TI	Fox Communications Corporation
030441-TI	Azul Tel, Inc.
030198-TI	Nexxtworks Long Distance, Inc.
030229-TI	Smart Tech Services, Inc. d/b/a Smartel, Inc.

PAA C) Applications for certificates to provide pay telephone service.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>
030401-TC	Northside Church of Christ of Jacksonville, Inc.
030342-TC	E-Cyberkey, LLC
030435-TC	Thousand Trails, Inc.

PAA D) DOCKET NO. 030431-TA - Request for approval of seamless transfer of control and for name change on AAV Certificate No. 4822 from KMC Telecom III, Inc. to KMC Telecom III LLC.

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2**	Consent Agenda
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(Continued from previous page)

PAA	E) DOCKET NO. 030308-TP - Joint application for approval of pro forma transfer of control of KMC Data LLC (holder of IXC Certificate No. 7956 and ALEC Certificate No. 7955) from KMC Data Holdco, LLC to KMC Data Sub Holdings IV LLC.
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DOCKET NO. 030310-TP - Joint application for approval of pro forma transfer of control of KMC Telecom V, Inc. (holder of IXC Certificate No. 7531 and ALEC Certificate No. 7530) from KMC Data Holdco, LLC to KMC Data Sub Holdings I LLC.

PAA	F) Requests for two-year exemption from requirement of Rule 25-24.515(13), F.A.C., that each pay telephone station shall allow incoming calls.
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DOCKET NO.	COMPANY NAME	PHONE NO. & LOCATION
030427-TC	BellSouth Public Communications, Inc.	305-919-8102 305-919-8309 North Miami Beach Public Library 1601 NE 164th Street North Miami Beach 561-483-9977 Timberwalk Assoc., Inc. 22546 Vistawood Way Boca Raton
030439-TC	Qwest Interprise America, Inc.	954-757-9308 954-255-8944 Amoco Store #5243 11655 W. Sample Road Coral Springs

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<u>ITEM NO.</u>	<u>CASE</u>
2**	Consent Agenda (Continued from previous page)
PAA	G) DOCKET NO. 030286-TC - Request for cancellation of Pay Telephone Certificate No. 7811 by Florida NSA, Inc., and application for certificate to provide pay telephone service by TNT Communication Services, Inc.

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

DECISION: The recommendation was approved with the exception of Items 2A, 2B, and 2E which were deferred.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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CASE

3**Docket No. 030304-PU - Proposed adoption of Rule 25-14.014,
F.A.C., Accounting for Asset Retirement Obligations under
SFAS 143.

Critical Date(s): None

Commissioners Assigned: Full Commission
Prehearing Officer: Deason

Staff: GCL: Stern
ECR: Romig, Hewitt

ISSUE 1: Should the Commission propose Rule 25-14.014,
Florida Administrative Code, titled "Accounting for Asset
Retirement Obligations Under SFAS 143"?

RECOMMENDATION: Yes. The Commission should propose the rule
as shown in the attachment to this recommendation.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If no requests for hearing or comments
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: Jaber, Deason, Baez, Bradley, Davidson

ITEM NO.

CASE

3A**Docket No. 981834-TP - Petition of Competitive Carriers for Commission action to support local competition in BellSouth Telecommunications, Inc.'s service territory.
Docket No. 990321-TP - Petition of ACI Corp. d/b/a Accelerated Connections, Inc. for generic investigation to ensure that BellSouth Telecommunications, Inc., Sprint-Florida, Incorporated, and GTE Florida Incorporated comply with obligation to provide alternative local exchange carriers with flexible, timely, and cost-efficient physical collocation.

Critical Date(s): 6/18/03 (Current due date for surrebuttal testimony.)

Commissioners Assigned: Full Commission
Prehearing Officer: Deason

Staff: GCL: Teitzman
CMP: T. Brown

ISSUE 1: Should the Commission grant Verizon and Sprint's Emergency Joint Motion to Strike, or in the Alternative for an Extension of Time?

RECOMMENDATION: No. The Commission should not grant Sprint and Verizon's request to strike certain portions of AT&T witness Turner's testimony. The testimony the Joint Movants seek to have stricken, which discusses imposition of a single cost model on all ILECs operating in the state of Florida, is relevant to the issues being addressed in this proceeding and therefore should not be stricken from the record. However, staff recommends the Commission extend the deadline for filing surrebuttal testimony to June 30, 2003, and prehearing statements to July 7, 2003, so that parties may have adequate time to file surrebuttal testimony. If the date to file surrebuttal testimony is extended, staff recommends the Commission order that all further discovery responses be due fifteen (15) days after service of the request, with no additional time for mailing.

DECISION: Staff's modified recommendation was approved. The parties withdrew the motion to strike. Issues 1 through 8 will be taken up at the August hearing, and Issues 9 and 10 will be set for hearing with

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3A**

Docket No. 981834-TP - Petition of Competitive Carriers for Commission action to support local competition in BellSouth Telecommunications, Inc.'s service territory.
Docket No. 990321-TP - Petition of ACI Corp. d/b/a Accelerated Connections, Inc. for generic investigation to ensure that BellSouth Telecommunications, Inc., Sprint-Florida, Incorporated, and GTE Florida Incorporated comply with obligation to provide alternative local exchange carriers with flexible, timely, and cost-efficient physical collocation.

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surrebuttal testimony and discovery dates established by the prehearing officer.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open pending further proceedings.

DECISION: The recommendation was approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

ITEM NO.

CASE

4**PAADocket No. 011333-EU - Petition of City of Bartow to modify territorial agreement or, in the alternative, to resolve territorial dispute with Tampa Electric Company in Polk County.

Critical Date(s): None

Commissioners Assigned: Full Commission
Prehearing Officer: Baez

Staff: GCL: Vining
ECR: Breman, D. Lee

ISSUE 1: Should the Commission grant the City's Petition to modify the territorial agreement adjusting the current boundary lines to include all of the OFP development in the City's retail service area?

RECOMMENDATION: No. Only a minor boundary modification is necessary in this instance to ensure reliable electric service to protect the public interest. The new boundary should follow the primary entrance road into OFP, and then cross a conservation area. Within 60 days of the Commission vote in this matter, the parties should file a metes and bounds description of the new boundary through the OFP development, as well as a map delineating the modification to the service areas of TECO and Bartow.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. The docket should remain open to allow for the review of the pending territorial modification.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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5**PAADocket No. 030330-EU - Joint petition for approval of addendum to 1995 territorial agreement between Orlando Utilities Commission and Progress Energy Florida, Inc. to modify territorial boundary line in certain areas of Orange County.

Critical Date(s): None

Commissioners Assigned: Full Commission
Prehearing Officer: Administrative

Staff: GCL: Jaeger
ECR: D. Lee, Breman

ISSUE 1: Should the Commission approve the joint petition for approval of the Addendum to 1995 Territorial Agreement?
RECOMMENDATION: Yes. The Addendum is in the public interest and should be approved, effective upon the issuance of a Consummating Order.

ISSUE 2: Should this docket be closed?
RECOMMENDATION: Yes. This docket should be closed upon issuance of the Consummating Order unless a person whose substantial interests are affected by the Commission's decision files a protest and request for hearing within 21 days of the issuance of the Proposed Agency Action Order.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

ITEM NO.

CASE

6**PAADocket No. 030314-TI - Request for approval of indirect acquisition of Local Telcom Holdings, LLC (holder of IXC Certificate No. 7808) by WorldxChange Corp. d/b/a Acceris Communications Partners d/b/a Acceris Communications Solutions (holder of IXC Certificate No. 7570); request for waiver of carrier selection requirements of Rule 25-4.118, F.A.C.; and request for cancellation of IXC Certificate No. 7808.

Critical Date(s): None

Commissioners Assigned: Full Commission
Prehearing Officer: Administrative

Staff: CMP: Williams
GCL: Dodson

ISSUE 1: Should the Commission approve the request for transfer of the assets and the entire customer base from Local Telcom Holdings, LLC to WorldxChange Corp. d/b/a Acceris Communications Partners d/b/a Acceris Communications Solutions and the cancellation of Local Telcom Holdings, LLC's IXC Certificate No. 7808?

RECOMMENDATION: Yes.

ISSUE 2: Should the Commission approve the waiver of the carrier selection requirements of Rule 25-4.118, Florida Administrative Code, in the transfer of long distance customers from Local Telcom Holdings, LLC to WorldxChange Corp. d/b/a Acceris Communications Partners d/b/a Acceris Communications Solutions?

RECOMMENDATION: Yes.

ISSUE 3: 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: This item was deferred.

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7**Docket No. 030409-EI - Petition for approval of 2003 depreciation study by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: Full Commission

Prehearing Officer: Deason

Staff: ECR: P. Lee, Harlow, Lester

GCL: Holley

ISSUE 1: Should Tampa Electric Company be allowed to implement its proposed depreciation rates, amortizations, recovery schedules, and provision for dismantlement on a preliminary basis?

RECOMMENDATION: Yes. Staff recommends that Tampa Electric be allowed to implement, on a preliminary basis, its proposed depreciation rates, amortizations, recovery schedules, and provision for dismantlement as shown on Attachments A and C of staff's May 22, 2003 memorandum. The effect of this proposal would increase depreciation expenses as shown on Attachments B and C by an estimated \$48.5 million for 2003. The resultant expenses should be tried up when final action, expected to occur in November 2003, is taken by the Commission in this docket.

ISSUE 2: What should be the implementation date for new depreciation rates, amortizations, recovery schedules, and dismantlement accruals?

RECOMMENDATION: Staff recommends a January 1, 2003, implementation date for Tampa Electric's proposed depreciation rates, amortizations, recovery schedules, and dismantlement provision.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: No. This docket should remain open, pending staff review, analysis, and final Commission action concerning the depreciation rates, amortizations, recovery schedules, and dismantlement provision.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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8**Docket No. 030241-EI - Petition for approval of revisions to interruptible rate schedules S-2 and IST-2 limiting service to certain types of premises, by Progress Energy Florida, Inc.

Critical Date(s): None

Commissioners Assigned: Full Commission
Prehearing Officer: Administrative

Staff: ECR: Wheeler
GCL: Vining

ISSUE 1: Should the Commission approve Progress Energy Florida, Inc.'s proposed revision to its IS-2 and IST-2 Interruptible General Service Rate Schedules?

RECOMMENDATION: Yes.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. If Issue 1 is approved, this tariff should become effective on June 3, 2003. If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect with any increase held subject to refund pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

ITEM NO.

CASE

9**PAADocket No. 030006-WS - Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4) (f), F.S.

Critical Date(s): 12/31/03 (Pursuant to Section 367.081(4) (f), Florida Statutes)

Commissioners Assigned: Full Commission
Prehearing Officer: Deason

Staff: ECR: Lester
GCL: Vining

ISSUE 1: What is the appropriate range of returns on common equity for water and wastewater (WAW) utilities pursuant to Section 367.081(4) (f), Florida Statutes?

RECOMMENDATION: Staff recommends that the current leverage formula methodology be applied using updated financial data. Staff recommends the following leverage formula:

$$\text{Return on Common Equity} = 8.16\% + 1.518/\text{Equity Ratio}$$

Where the Equity Ratio = Common Equity / (Common Equity + Preferred Equity + Long-Term and Short-Term Debt)

Range: 9.68% @ 100% equity to 11.96% @ 40% equity

ISSUE 2: Should this docket be closed?

RECOMMENDATION: No. Upon expiration of the protest period, if a timely protest is not received from a substantially affected person, the decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open to allow staff to monitor the movement in capital costs and to readdress the reasonableness of the leverage formula as conditions warrant.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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10**Docket No. 030226-EI - Petition for approval of proposed Big Bend Unit 4 Separated Overfire Air (SOFA) project and recovery of costs through environmental cost recovery clause, by Tampa Electric Company.

Critical Date(s): None

Commissioners Assigned: Full Commission
Prehearing Officer: Davidson

Staff: ECR: Breman
GCL: Stern, Vining

ISSUE 1: Should the Commission approve TECO's petition for the Big Bend Unit 4 Separated Overfire Air project as a new activity for cost recovery through the ECRC?

RECOMMENDATION: The cost of the SOFA system should be passed through the ECRC at this time, provided at least one of the following conditions is met: 1) TECO ultimately elects to run Unit 4 on coal; or, 2) EPA clearly states that Section 52.C.(1)(ii) of the Consent Decree is intended to apply before June 1, 2007, and identifies the applicable NOx limit. If neither condition is met by June 1, 2007, then the money passed through the ECRC should be refunded with interest to the ratepayers.

ISSUE 2: Should this docket be closed?

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

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

<u>ITEM NO.</u>	<u>CASE</u>
11**Docket No.	030423-WU - Investigation into 2002 earnings of Residential Water Systems, Inc. in Marion County.
	Critical Date(s): None
	Commissioners Assigned: Full Commission Prehearing Officer: Deason
	Staff: ECR: Merta, Rendell GCL: Jaeger
	<p><u>ISSUE 1:</u> Should the Commission initiate an earnings investigation of Residential Water Systems, Inc.?</p> <p><u>RECOMMENDATION:</u> Yes. The Commission should initiate an investigation of Residential Water Systems, Inc. to determine potential overearnings.</p> <p><u>ISSUE 2:</u> Should any amount of annual water revenues be held subject to refund, and, if so, what is the appropriate amount?</p> <p><u>RECOMMENDATION:</u> Yes. RWS should hold annual water revenues of \$19,365 subject to refund.</p> <p><u>ISSUE 3:</u> What is the appropriate security to guarantee the amount subject to refund?</p> <p><u>RECOMMENDATION:</u> The utility should be required to file a bond, letter of credit or escrow agreement to guarantee the amount subject to refund. The letter of credit or bond should be in the amount of \$12,910. In lieu of a letter of credit or bond, the utility should obtain an escrow agreement which requires the utility to deposit an amount monthly, as discussed below in the analysis portion of staff's May 22, 2003 memorandum, until completion of the overearnings investigation and the resolution of the other outstanding matters as discussed previously. Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility should be required to provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. The utility should be put on notice that failure to comply with these requirements will result in the initiation of a show cause proceeding.</p>

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11**	Docket No. 030423-WU - Investigation into 2002 earnings of Residential Water Systems, Inc. in Marion County. (Continued from previous page) <u>ISSUE 4</u> : Should this docket be closed? <u>RECOMMENDATION</u> : No. This docket should remain open pending staff's investigation of the utility's earnings for 2002.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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12**PAADocket No. 021067-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

Critical Date(s): 3/19/04 (15-month effective date)

Commissioners Assigned: Full Commission
Prehearing Officer: Baez

Staff: ECR: Stone, Fitch, Massoudi, Bruce, Lingo
GCL: Holley

ISSUE 1: Should the quality of service provided by River Ranch Water Management, L.L.C. (River Ranch or Utility), be considered satisfactory?

RECOMMENDATION: Yes. The quality of service provided by River Ranch should be considered satisfactory. Although the utility currently is not in full compliance status for wastewater, DEP's inspector believes that the utility's new owner is cooperating and currently bringing the plant into compliance status. Therefore, the utility should complete any and all improvements to the system that are necessary to satisfy the standards set by the DEP. Also, the utility should be required to provide a local emergency phone number and the number should be posted at the plant and at each lift station. The emergency phone number should be posted at all locations no later than 90 days from the date of the Consummating Order for this rate case.

ISSUE 2: Should the Commission approve a year-end rate base for this utility?

RECOMMENDATION: Yes. The Commission should approve a year-end rate base for this utility to allow it an opportunity to earn a fair return on the utility investment made during the test year and to insure compensatory rates on a prospective basis.

ISSUE 3: What portions of River Ranch Water Management, L.L.C., are used and useful?

RECOMMENDATION: The water treatment plant should be considered 100% used and useful, water distribution system should be considered 79.8% used and useful, wastewater treatment plant should be considered 17.5% used and useful, and the wastewater collection system should be considered 79.7% used and useful.

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Docket No. 021067-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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ISSUE 4: What is the appropriate year-end test year rate base for this utility?

RECOMMENDATION: The appropriate year-end test year rate base for this utility is \$245,608 for water and \$427,090 for wastewater. The utility should be required to complete the pro forma fence installation, meter installation, and line lining within 180 days from the date of the Consummating Order.

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

RECOMMENDATION: The appropriate rate of return on equity is 10.97% with a range of 9.97% - 11.97%. The appropriate overall rate of return for the utility is 10.43%.

ISSUE 6: What are the appropriate year-end test year revenues?

RECOMMENDATION: The appropriate year-end test year revenues for this utility are \$51,877 for water and \$39,838 for wastewater.

ISSUE 7: What is the appropriate amount of operating expense?

RECOMMENDATION: The appropriate amount of operating expense for this utility is \$103,578 for water and \$111,321 for wastewater. The utility should be required to provide staff with proof of insurance and billing contract within 90 days of the Consummating Order.

ISSUE 8: What are the appropriate revenue requirements?

RECOMMENDATION: The appropriate revenue requirements for water and wastewater are \$129,194 and \$155,866, respectively.

ISSUE 9: Should all connections be individually metered, and what is the appropriate resulting rate structure for the utility at this time?

RECOMMENDATION: No. Not all connections should be individually metered. Staff recommends that only general service customers, plus the residential customers of the Countryside subdivision, be individually metered. Due to the lack of metered data, the appropriate rate structure for

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12**PAA

Docket No. 021067-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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the utility at this time is a continuation of the flat rate structure.

ISSUE 10: Is an adjustment to reflect repression of consumption appropriate at this time?

RECOMMENDATION: No. A repression adjustment is not appropriate at this time.

ISSUE 11: Should the utility be ordered to file a rate restructuring case with the Commission, and, if so, when should this case be filed and what reports should be filed with the Commission in preparation of the rate restructuring case?

RECOMMENDATION: In order to eliminate the recommended flat rate structure in favor of the Commission's preferred BFC/gallonage charge rate structure, the utility should be ordered to file a rate restructuring case with the Commission during the first quarter of 2005. In order to obtain actual consumption data for use in the rate restructuring case, the utility should be ordered to provide actual monthly consumption reports, by meter, for the 15-month period of October 2003 - December 2004. A conservation adjustment and a repression adjustment will be reconsidered in the rate restructuring case.

ISSUE 12: Should the Commission approve a guaranteed revenue charge for this utility?

RECOMMENDATION: No. The Commission should not approve a guaranteed revenue charge for this utility.

ISSUE 13: What are the appropriate rates for each system?

RECOMMENDATION: The recommended rates should be designed to produce revenue of \$129,194 for water and \$155,866 for wastewater excluding miscellaneous service charges, as shown in the analysis portion of staff's memorandum. 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. The rates should not be implemented until staff has approved the proposed customer notice, the notice has been received by the customers, and staff has verified that the tariffs are

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Docket No. 021067-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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consistent with the Commission's decision. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice. Customers should be billed in accordance with Rule 25-30.335(1), Florida Administrative Code.

ISSUE 14: What is the appropriate amount by which rates should be reduced four years after the established effective date to reflect the removal of the amortized rate case expense as required by Section 367.0816, Florida Statutes?

RECOMMENDATION: The water and wastewater rates should be reduced as shown on Schedule 4 of staff's memorandum, to remove rate case expense grossed up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.0816, 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. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

ISSUE 15: What are the appropriate customer deposits for this utility?

RECOMMENDATION: The appropriate customer deposits should be as specified in the staff analysis. The utility should file revised tariff sheets and proposed notice which are consistent with the Commission's vote. The customer deposits should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed and provided customers have been noticed.

ISSUE 16: Should the utility's service availability charges be revised?

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Docket No. 021067-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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RECOMMENDATION: Yes. The utility's existing service availability charges should be revised to reflect a plant capacity charge of \$335 for water and \$1,073 for wastewater and a main extension charge of \$522 for water and \$891 for wastewater. The utility should also be granted a \$250 meter installation fee. The utility should file revised tariff sheets and proposed notice which are consistent with the Commission's vote. The service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets, if no protest is filed and provided that customers have been noticed.

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

RECOMMENDATION: Yes. Pursuant to Section 367.0814(7), Florida Statutes, the recommended rates should be approved for the utility on a temporary basis, subject to refund, in the event of a protest filed by a party other than the utility. Prior to implementation of any temporary rates, the utility should provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by the utility should be subject to the refund provisions discussed in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(7), Florida Administrative Code, the utility should file reports with the Division of the Commission Clerk and Administrative Services no later than 20 days after each monthly billing. These reports should indicate the amount of revenue collected under the increased rates subject to refund.

ISSUE 18: Should the docket be closed?

RECOMMENDATION: No. If no timely protest is received upon expiration of the protest period, the PAA Order will become final upon the issuance of a Consummating Order. However, this docket should remain open for an additional 270 days from the effective date of the Order to allow staff time to

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12**PAA	Docket No. 021067-WS - Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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verify the utility has completed the pro forma improvements, posted emergency phone number at the plant and lift stations, and provide staff with proof of insurance and billing contract. Upon verification of the above by staff, the docket may be administratively closed.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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<u>ITEM NO.</u>	<u>CASE</u>
13**Docket No.	020892-WS - Application for transfer of facilities and Certificates Nos. 431-W and 364-S in Highlands County from Buttonwood Bay Water & Sewer Company, LLC to Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities.
	Critical Date(s): None
	Commissioners Assigned: Full Commission Prehearing Officer: Bradley
	Staff: ECR: Johnson, Redemann, Kaproth GCL: Crosby, Helton
	<u>ISSUE 1</u> : Should Buttonwood Bay Water & Sewer Company, LLC, be ordered to show cause, in writing within 21 days, why it should not be fined for its apparent violation of Section 367.071, Florida Statutes?
	<u>RECOMMENDATION</u> : No. A show cause proceeding should not be initiated.
	<u>ISSUE 2</u> : Should the transfer of the facilities and Certificate Nos. 431-W and 364-S from Buttonwood to Sun Communities be approved?
	<u>RECOMMENDATION</u> : Yes. The transfer of the facilities and Certificate Nos. 431-W and 364-S from Buttonwood to Sun Communities is in the public interest and should be approved. The utility is current on its 2002 regulatory assessment fees (RAFs) and annual report. Sun Communities should be responsible for remitting all future RAFs and annual reports to the Commission. A description of the territory served by the utility is shown on Attachment A of staff's May 22, 2003 memorandum.
PAA	<u>ISSUE 3</u> : What is the rate base of Buttonwood at the time of transfer?
	<u>RECOMMENDATION</u> : The rate bases, which for transfer purposes reflect the net book value, are \$81,947 for the water system and \$214,331 for the wastewater system as of January 1, 2002.
PAA	<u>ISSUE 4</u> : Should an acquisition adjustment be included in the calculation of rate base?

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13**

Docket No. 020892-WS - Application for transfer of facilities and Certificates Nos. 431-W and 364-S in Highlands County from Buttonwood Bay Water & Sewer Company, LLC to Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities.

(Continued from previous page)

RECOMMENDATION: No. An acquisition adjustment should not be included in the calculation of rate base for transfer purposes.

ISSUE 5: Should the rates and charges approved for this utility be continued?

RECOMMENDATION: Yes. Sun Communities should continue charging the rates and charges approved for this utility system until authorized to change by the Commission in a subsequent proceeding. The tariff reflecting the change in ownership should be effective for services provided or connections made on or after the stamped approval date on the tariff sheets.

ISSUE 6: Should this docket be closed?

RECOMMENDATION: Yes. If no timely protest is received to the proposed agency action issues, upon the expiration of the protest period a Consummating Order should be issued and the docket should be closed.

DECISION: The recommendations were approved.

Commissioners participating: Jaber, Deason, Baez, Bradley, Davidson

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14**Docket No. 030102-WS - Application for authority to transfer Certificate Nos. 620-W and 533-S in Highlands County from The Woodlands of Lake Placid, L.P. to L. P. Utilities Corporation. (Deferred from May 20, 2003 Commission conference.)

Critical Date(s): None

Commissioners Assigned: Full Commission
Prehearing Officer: Baez

Staff: ECR: Clapp, E. Bass, Redemann
GCL: Harris

ISSUE 1: Should the transfer of Water Certificate No. 620-W and No. 533-S from Woodlands to LPUC be approved?

RECOMMENDATION: No. The transfer of Certificates No. 620-W and No. 533-S from Woodlands to LPUC should be denied. Instead the application should be treated as a request for approval of the reorganization and name change of The Woodlands of Lake Placid, L.P. to L.P. Utilities Corporation. The reorganization and name change should be approved. The revised tariff should be effective for services rendered or connections made on or after the stamped approval date. LPUC is responsible for submitting the utility's regulatory assessment fees for the period January 1, 2002 through September 30, 2002.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes. The docket should be closed.

DECISION: This item was deferred.

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15**Docket No. 030430-TL - Petition for approval of limited waiver of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(c) and (1)(d), and 25-4.110(2), F.A.C.; and for approval of modification and extension of Service Guarantee Plan (SGP) approved by Order PSC-00-2462-PAA-TL, by Sprint-Florida, Incorporated.

Critical Date(s): None

Commissioners Assigned: Deason, Baez
Prehearing Officer: Deason

Staff: CMP: Vickery
GCL: Christensen

ISSUE 1: Should the Commission approve the modification and extension of Sprint's Service Guarantee Program previously approved by Order No. PSC-00-2462-PAA-TL in Docket No. 991377-TL?

RECOMMENDATION: Yes. The Commission should approve the modifications and extension of the SGP for two years, or until new service rules are implemented, or the SGP is terminated by the Commission or by Sprint-Florida, Incorporated.

ISSUE 2: Should the Commission grant Sprint-Florida, Incorporated's Amended Petition for Extension of Limited Waiver of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(c), 25-4.073(1)(d), and 25-4.110(6), Florida Administrative Code?

RECOMMENDATION: Yes. Staff recommends that the Commission grant the limited waiver of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(c) and (1)(d), and 25-4.110(6), Florida Administrative Code, for the duration of the SGP contingent upon no protest being filed.

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Docket No. 030430-TL - Petition for approval of limited waiver of Rules 25-4.066(2), 25-4.070(3)(a), 25-4.073(1)(c) and (1)(d), and 25-4.110(2), F.A.C.; and for approval of modification and extension of Service Guarantee Plan (SGP) approved by Order PSC-00-2462-PAA-TL, by Sprint-Florida, Incorporated.

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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 order will become final upon issuance of a consummating order. Staff recommends that this docket should be administratively closed upon issuance of a consummating order.

DECISION: The recommendations were approved.

Commissioners participating: Deason, Baez

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16	Docket No. 011666-TP - Petition by Global NAPS, Inc. for arbitration pursuant to 47 U.S.C. 252(b) of interconnection rates, terms and conditions with Verizon Florida Inc.
	Critical Date(s): None
	Commissioners Assigned: Deason, Baez, Davidson Prehearing Officer: Deason
	Staff: GCL: Fordham CMP: Marsh
	<u>ISSUE 1</u> : Should the Commission grant Verizon's Motion to Strike?
	<u>RECOMMENDATION</u> : The Commission should grant in part and deny in part Verizon's Motion to Strike, as discussed in the analysis portion of staff's May 22, 2003 memorandum.
	<u>ISSUE 2</u> : Should this docket be closed?
	<u>RECOMMENDATION</u> : No. This docket should remain open pending resolution of all remaining issues.

DECISION: The recommendations were approved.

Commissioners participating: Deason, Baez, Davidson

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17Docket No. 020412-TP - Petition for arbitration of unresolved issues in negotiation of interconnection agreement with Verizon Florida Inc. by US LEC of Florida Inc.

Critical Date(s): None

Commissioners Assigned: Baez, Bradley, Davidson
Prehearing Officer: Baez

Staff: CMP: J-E Brown
GCL: Teitzman

ISSUE 1: Is US LEC permitted to select a single interconnection point(IP) per local access and transport area (LATA), to select the interconnection method, and to require Verizon to bear the financial responsibility to deliver its originating traffic to the IP chosen by US LEC?

RECOMMENDATION: Yes. Staff recommends that US LEC is permitted to select a single interconnection point(IP) per local access and transport area (LATA), to select the interconnection method, and to require Verizon to bear the financial responsibility to deliver its originating traffic to the IP chosen by US LEC, as long as that IP is within Verizon's network.

ISSUE 2: If US LEC establishes its own collocation site at a Verizon end office, can Verizon request US LEC to designate that site as a US LEC IP and impose additional charges on US LEC if US LEC declines that request?

RECOMMENDATION: No. If US LEC establishes a collocation site at a Verizon end office, staff recommends that Verizon should not be permitted to require that US LEC designate that site as a US LEC IP and impose additional charges on US LEC if US LEC declines that request. However, Verizon should only be required to bear the financial responsibility to deliver its originating traffic to an IP chosen by US LEC, if that IP is on Verizon's network, within a LATA.

ISSUE 3: Is US LEC entitled to reciprocal compensation for terminating and/or delivering "Voice Information Services" traffic?

RECOMMENDATION: Yes. US LEC is entitled to reciprocal compensation for terminating or delivering "Voice

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Docket No. 020412-TP - Petition for arbitration of unresolved issues in negotiation of interconnection agreement with Verizon Florida Inc. by US LEC of Florida Inc.

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Information Services" traffic, when the call is to a service that provides a vocal discussion program open to the public; however, when the traffic is to a service that provides recorded voice announcement information, such traffic falls into the category of information access and is therefore not subject to reciprocal compensation.

ISSUE 5: Should the term "terminating party" or the term "receiving party" be employed for the purpose of traffic measurement and billing over interconnection trunks?

RECOMMENDATION: Staff recommends that all references in the Agreement to a party that is terminating traffic should refer to that party as the "terminating party." Further, all references to the party "receiving" traffic or to the "receiving party" should refer instead to the party "terminating" traffic and to the "terminating party" with terms or notations added solely for purposes of clarification.

ISSUE 6: (A) Should the parties pay reciprocal compensation for calls that originate in one local calling area and are delivered to a customer located in a different local calling area, if the NXX of the called number is associated with the same local calling area as the NXX of the calling number?

(B) Should the originating carrier be able to charge originating access for the traffic described in Issue 6(A)?

RECOMMENDATION: (A) No. The parties should not pay reciprocal compensation for calls that originate in one local calling area and are delivered to a customer located in a different local calling area, if the NXX of the called number is associated with the same local calling area as the NXX of the calling number.

(B) Staff recommends that the originating carrier should be able to charge originating access on the traffic described in Issue 6(A). Staff recommends that this treatment should also apply to FX numbers.

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ISSUE 7: What compensation framework should govern the parties' exchange of ISP-bound traffic in the event the interim compensation framework set forth in the FCC's Internet Order is vacated or reversed on appeal?

RECOMMENDATION: Staff recommends the parties' agreed upon change of law clause should govern the parties' obligations in the event the interim compensation framework set forth in the FCC's ISP Remand Order is vacated or reversed on appeal. Thus, the parties should renegotiate in good faith and amend their final interconnection agreement if the interim compensation framework for ISP-bound traffic is vacated or reversed on appeal.

ISSUE 8: Under what circumstances, if any, should tariffed charges which take effect after the agreement becomes effective take precedence over non-tariffed charges previously established in the agreement for the same or similar services or facilities?

RECOMMENDATION: Staff recommends non-tariffed charges must remain fixed for the term of the agreement, unless changed pursuant to a valid Commission order. If, during the term of the final interconnection agreement, Verizon seeks to assess a new tariffed rate, it must first enter into a negotiated amendment to the final interconnection agreement with US LEC.

ISSUE 9: Should this docket be closed?

RECOMMENDATION: No. The parties should be required to submit a signed agreement that complies with the Commission's decisions in this docket for approval within 30 days of issuance of the Commission's Order. This docket

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<u>ITEM NO.</u>	<u>CASE</u>
17	Docket No. 020412-TP - Petition for arbitration of unresolved issues in negotiation of interconnection agreement with Verizon Florida Inc. by US LEC of Florida Inc. (Continued from previous page) should remain open pending Commission approval of the final arbitrated agreement in accordance with Section 252 of the Telecommunications Act of 1996.

DECISION: The recommendations were approved.

Commissioners participating: Baez, Bradley, Davidson