

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: April 24, 2007, 9:30 a.m.

LOCATION: Betty Easley Conference Center, Joseph P. Cresse Hearing Room 148

DATE ISSUED: April 13, 2007

NOTICE

Persons affected by Commission action on certain items on this agenda may be allowed to address the Commission, either informally or by oral argument, when those items are taken up for discussion at this conference. These items are designated by double asterisks (**) next to the agenda item number.

To participate informally, affected persons need only appear at the agenda conference and request the opportunity to address the Commission on an item listed on agenda. Informal participation is not permitted: (1) on dispositive motions and motions for reconsideration; (2) when a recommended order is taken up by the Commission; (3) in a rulemaking proceeding after the record has been closed; or (4) when the Commission considers a post-hearing recommendation on the merits of a case after the close of the record. The Commission allows informal participation at its discretion in certain types of cases (such as declaratory statements and interim rate orders) in which an order is issued based on a given set of facts without hearing.

See Rule 25-22.0021, F.A.C., concerning Agenda Conference participation and Rule 25-22.0022, F.A.C., concerning oral argument.

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ITEM NO.	CASE		
1**	Consent Agenda		
PAA	A) Request for approval of transfer of a competitive local exchange telecommunications certificate.		
	<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	
	060785-TP	TelCove Investment, LLC	
		to	
		TelCove Operations, Inc.	
PAA	B) Request for approval of transfer and name change on a shared tenant services certificate.		
	<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	
	070139-TS	NTC Communications, L.L.C.	
		to	
		Shentel Converged Services, Inc. d/b/a NTC Communications	
PAA	C) Requests for cancellation of alternative access vendor certificates.		
	<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>
	060785-TP	TelCove of Jacksonville, Inc.	Upon notification from companies that the asset transfers have been completed.
		TelCove of Florida, Inc.	Upon notification from companies that the asset transfers have been completed.

Agenda for
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April 24, 2007

<u>ITEM NO.</u>	<u>CASE</u>
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1**	Consent Agenda (Continued from previous page)
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PAA	D) Request for cancellation of a competitive local exchange telecommunications certificate.
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<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>EFFECTIVE DATE</u>
070187-TX	VGM International, Inc.	12/31/2006

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

ITEM NO.

CASE

2**PAA

Docket No. 060677-TL – Joint petition to implement practices and procedures with Department of Children and Families to automatically enroll eligible customers in Lifeline telephone program, by Citizens of Florida and AARP.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: CMP: Williams, Casey

GCL: Teitzman

Issue 1: Should the Commission order the local exchange telecommunications companies in Florida to implement practices and procedures with the Department of Children and Families to automatically enroll eligible customers in the Lifeline telephone program?

Recommendation: No. However, this docket should remain open pending analysis of the results of the Lifeline automatic enrollment process being implemented by the Commission and the Department of Children and Families.

Issue 2: Should this docket be closed?

Recommendation: No.

ITEM NO.

CASE

3**PAA

Docket No. 070190-TP – Application of Florida Digital Network, Inc. d/b/a FDN Communications, holder of CLEC Certificate No. 5715 and IXC Registration No. TJ246, and FDN, LLC, d/b/a FDN Communications; for transfer and name change of CLEC Certificate No. 5715 from Florida Digital Network, Inc. d/b/a FDN Communications to FDN, LLC d/b/a FDN Communications; acknowledgment of cancellation of IXC Registration No. TJ246; acknowledgment of registration as an IXC and adoption of Florida Digital Network, Inc. d/b/a FDN Communications' IXC tariff by FDN, LLC d/b/a FDN Communications, effective on notification by companies that merger has been completed; and for waiver of carrier selection requirements of Rule 25-4.118, F.A.C.

Critical Date(s): None

Commissioners Assigned: All Commissioners
Prehearing Officer: Administrative

Staff: CMP: Watts
GCL: Tan

Issue 1: Should the Commission approve the transfer of and name change on CLEC Certificate No. 5715 from Florida Digital Network, Inc. d/b/a FDN Communications to FDN, LLC d/b/a FDN Communications?

Recommendation: Yes. The Commission should approve the requested transfer of and name change on CLEC Certificate No. 5715.

Issue 2: 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 Florida Digital Network, Inc. d/b/a FDN Communications' local and long distance customers to FDN, LLC d/b/a FDN Communications?

Recommendation: Yes. The Commission should approve the request for waiver of the carrier selection requirements of Rule 25-4.118, Florida Administrative Code.

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 administratively upon notification from the company that the asset transfer and name change has been completed.

ITEM NO.

CASE

4**PAA

Docket No. 060781-TP – Request for cancellation of CLEC Certificate Nos. 8371 and 7804 by Acceris Management and Acquisition LLC and New Access Communications LLC, respectively, acknowledgment of cancellation of IXC Registration Nos. TK011 and TJ511 by Acceris Management and Acquisition LLC and New Access Communications LLC, respectively, effective March 1, 2007, and request for waiver of carrier selection requirements of Rule 25-4.118, F.A.C., due to transfer of assets to First Communications, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: CMP: Watts
GCL: McKay

Issue 1: Should the Commission approve Acceris Management and Acquisition LLC d/b/a Acceris Communications d/b/a WorldxChange's request to change the effective date of cancellation of CLEC certificate number 8371 from March 1, 2007, as was approved by the Commission at the March 13, 2007, Agenda Conference, to June 30, 2007?

Recommendation: Yes. The Commission should approve the company's request to change the effective date of cancellation of CLEC certificate number 8371 to June 30, 2007.

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 the consummating order.

ITEM NO.

CASE

5**

Docket No. 060675-GU – Petition for authority to implement phase two of experimental transitional transportation service pilot program and for approval of new tariff to reflect transportation service environment, by Florida Division of Chesapeake Utilities Corporation.

Critical Date(s): 06/10/07 (8-month effective date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Draper, Baxter, Brown, Kummer

GCL: Brubaker

Issue 1: Should the Commission approve Chesapeake's proposed tariffs to implement Phase Two of the company's experimental Transitional Transportation Service (TTS) Program?

Recommendation: Yes.

Issue 2: Should the Commission approve Chesapeake's proposed revision to its extension of distribution facilities policy?

Recommendation: No. The Commission should deny Chesapeake's proposed revision to its extension of distribution facilities policy. The revision to the policy unduly transfers the company's financial risk onto certain types of customers without showing the current policy is causing the company substantial financial hardship meriting the change.

Issue 3: Should the Commission approve Chesapeake's revisions to its Area Extension Program?

Recommendation: Yes. The proposed Area Extension Program Rider more equitably distributes the costs to be recovered among the customers who are paying costs for extension of facilities.

Issue 4: Should the Commission approve Chesapeake's proposed new Shipper of Last Resort Adjustment rate schedule?

Recommendation: Yes.

ITEM NO.

CASE

5**

Docket No. 060675-GU – Petition for authority to implement phase two of experimental transitional transportation service pilot program and for approval of new tariff to reflect transportation service environment, by Florida Division of Chesapeake Utilities Corporation.

(Continued from previous page)

Issue 5: Should the Commission approve Chesapeake's proposed optional fixed charge base rates, Energy Conservation Cost Recovery, Competitive Rate Adjustment (renamed Competitive Firm Transportation Service Adjustment), and any other future cost recovery surcharges for TTS program consumers using less than 10,000 therms annually?

Recommendation: Yes. The proposed experimental program would allow customers that use less than 10,000 therms annually the opportunity to enroll in an experimental fixed Firm Transportation Service (FTS) rate schedule for a one-year period. The experimental fixed rate program will provide consumers the opportunity to take service under a known fixed price for all of their regulated monthly charges. Since customers will choose the rate most advantageous to them, revenues may decline from customers whose usage exceeds the average. In order to track any intra-class cross subsidization, Chesapeake should file annual reports stating the cumulative number of customers by class who have elected to take service under the fixed charge option, and a comparison by rate schedule of the revenues received under the fixed charge option and what the revenues would have been had the customers taken service under the current standard rate.

Issue 6: Should the Commission approve Chesapeake's proposed modifications to its shipper rules and regulations, including the proposed new Off-System Delivery Point Operator Service rate schedule?

Recommendation: Yes.

Issue 7: Should the Commission approve Chesapeake's other proposed changes related to retail service contained in its proposed tariff Volume No. 4?

Recommendation: Yes.

Issue 8: Should this docket be closed?

Recommendation: Yes. If Issues 1-7 are approved, this tariff should become effective on July 1, 2007. If a protest is filed within 21 days of the issuance of the order, this tariff should remain in effect, with any revenues 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.

ITEM NO.

CASE

6**

Docket No. 060150-EI – Petition for approval of revisions to contribution-in-aid-of-construction definition in Section 12.1 of First Revised Tariff Sheet No. 6.300, by Florida Power & Light Company. (Deferred from March 27, 2007, conference; revised recommendation filed.)

Critical Date(s): 05/21/07 (8-month clock)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Draper, Breman, Kummer, Trapp

GCL: Gervasi

Issue 1: Should the Municipal Underground Utilities Consortium's Request for Oral Argument be granted?

Recommendation: No. The Request for Oral Argument should be denied because it does not comport with Rule 25-22.0022, F.A.C. However, interested persons may address the Commission informally on this item at the agenda conference, pursuant to Rule 25-22.0021, F.A.C.

Issue 2: Should the Petition to Intervene of the Municipal Underground Utilities Consortium be granted?

Recommendation: Yes. The Petition to Intervene should be granted and all parties to this proceeding should be required to serve copies of all pleadings, notices, and other documents on the Municipal Underground Utilities Consortium's representatives, as indicated in the Petition. The MUUC's intervention should be limited to issues directly relevant to the proposed tariff that is the subject of this docket.

Issue 3: Should the Stipulation and Settlement between FPL, the Towns of Palm Beach and Jupiter Island, and MUUC be approved in its entirety?

Recommendation: No. The Commission should decline to approve the Stipulation and Settlement in its entirety. However, the Stipulation and Settlement contains minor revisions and clarifications to the eligibility criteria for the GAF waiver, as shown on the proposed tariff pages attached to the Stipulation. In Issue 4, primary staff agrees with those revisions and clarifications and recommends approving them in that issue, if the Commission approves the primary staff recommendation.

ITEM NO.

CASE

6**

Docket No. 060150-EI – Petition for approval of revisions to contribution-in-aid-of-construction definition in Section 12.1 of First Revised Tariff Sheet No. 6.300, by Florida Power & Light Company. (Deferred from March 27, 2007, conference; revised recommendation filed.)

(Continued from previous page)

Issue 4: Should the Commission approve FPL's amended petition and the revised tariff sheets attached to the Stipulation filed on March 23, 2007, for approval to implement a Governmental Adjustment Factor (GAF) for calculation of CIAC?

Primary Staff Recommendation: Yes. However, the GAF and associated tariffs as attached to the Stipulation filed on March 23, 2007, should be effective for only two-and-a-half years from the initial effective date, which is April 4, 2006. Any GAF waiver amounts should be treated as plant-in-service subject to normal ratemaking. At least 60 days prior to the expiration of the GAF and associated tariffs, FPL should be required to file a report with the Commission providing an updated quantification of storm restoration benefits. FPL should also petition the Commission to continue the tariff, modify the tariff, or discontinue the tariff at that time as necessary.

Alternative Recommendation: The Commission should deny the tariff and require FPL to file tariffs implementing the requirements of Rule 25-6.115, F.A.C.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no timely protest is filed within 21 days of the issuance date of the Order, no further action will be necessary and this docket should be closed upon the issuance of a Consummating Order. However, if a protest is filed by a person whose interests are substantially affected within 21 days of the issuance date of the Order, the docket should remain open pending resolution of the protest.

ITEM NO.

CASE

7**

Docket No. 070040-EI – Petition for approval to amend Rate Schedules CS-1 and LS-1, by Progress Energy Florida, Inc.

Critical Date(s): 09/08/07 (8-month effective date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECR: Baxter

GCL: Holley

Issue 1: Should PEF's petition to amend rate schedule SC-1 be approved?

Recommendation: Yes. Staff finds that the proposed change to the SC-1 rate schedule more equitably assigns reconnection costs to customers causing the expenses, and minimizes the amounts being shifted to other rate classes. PEF should notify its lighting customers in a mailing before the change in policy is implemented, and should also provide a sample calculation of the current and proposed reconnection charge amounts.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the revised Tariff Sheets Nos. 6.110 and 7.112 should become effective on June 1, 2007. PEF should notify its lighting customers in a mailing before the revised Tariff Sheets become effective, and also should provide a sample calculation of the current and proposed reconnection charge amounts. If a protest is filed within 21 days of the issuance of the order, the tariffs 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.

ITEM NO.

CASE

8**PAA

Docket No. 030106-SU – Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Merta, Rendell

GCL: Brubaker

(All issues proposed agency action except Issue 3.)

Issue 1: Should Environmental Protection Systems of Pine Island, Inc. be required to refund to customers amounts it collected for a pro forma interconnection project that was not completed within the required time period, and, if so, what amounts?

Recommendation: Yes. Environmental Protection Systems of Pine Island, Inc. should be required to refund 35.64 percent of revenues collected from November 15, 2003, through August 4, 2004; 8.97 percent of revenues collected from August 5, 2004, through December 31, 2004; and 4.77 percent of revenues collected from January 1, 2005, through the date rates are changed. The refunds should be made within 90 days of the effective date of the Consummating Order and include interest as required by Rule 25-30.360(4), Florida Administrative Code (F.A.C.). The utility should be required to submit the proper refund reports, pursuant to Rule 25-30.360(7), F.A.C. The refund should be made to customers of record as of the date of the Consummating Order, pursuant to Rule 25-30.360(3), F.A.C. The utility should treat any unclaimed refunds as CIAC, pursuant to Rule 25-30.360(8), F.A.C.

Issue 2: Should EPS's rates be reduced to remove the rate impact of the difference in projected versus actual cost of the pro forma plant items?

Recommendation: Yes. Wastewater rates should be reduced by 4.77 percent (\$11,003) annually. 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 tariff sheet, pursuant to Rule 25-30.475(1), Florida Administrative Code. The appropriate wastewater rates are reflected on Schedule B of staff's April 12, 2007, memorandum.

Issue 3: Should the utility be ordered to show cause, in writing within 21 days, why it should not be fined for its apparent failure to comply with the requirements of Order No. PSC-03-1119A-PAA-SU to complete the construction of facilities needed to interconnect with PIRTS within nine months of the issuance date of the Consummating Order?

Recommendation: No. Show cause proceedings should not be initiated at this time.

ITEM NO.

CASE

8**PAA

Docket No. 030106-SU – Application for staff-assisted rate case in Lee County by Environmental Protection Systems of Pine Island, Inc.

(Continued from previous page)

Issue 4: Should the 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 for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff and that the refund has been completed and verified by staff. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

9**PAA

Docket No. 060599-WU – Application for staff-assisted rate case in Pasco County by Pasco Utilities, Inc.

Critical Date(s): 02/02/08 (15-month effective date - SARC)

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Merta, Bruce, Lingo, Massoudi, Rendell
GCL: Bennett

(All issues proposed agency action except Issues 11, 12, 15, and 16.)

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

Recommendation: Yes. The quality of service provided by Pasco Utilities, Inc., should be considered satisfactory.

Issue 2: What are the used and useful percentages for Pasco's water system?

Recommendation: The water treatment plant should be considered 100% used and useful and the water distribution system should be considered 81.07% used and useful.

Issue 3: What is the appropriate average test year rate base for this utility?

Recommendation: The appropriate average test year rate base for this utility is \$72,556 for water. The utility should be required to complete the pro forma upgrades within nine months of the issuance date of the Consummating Order.

Issue 4: What is the appropriate rate of return on equity and the appropriate overall rate of return for this utility?

Recommendation: The appropriate return on equity is 11.54% with a range of 10.54% - 12.54%. The appropriate overall rate of return is 8.64%.

Issue 5: What are the appropriate test year revenues?

Recommendation: The appropriate test year revenues are \$135,629.

Issue 6: What is the appropriate amount of pre-repression operating expenses?

Recommendation: The appropriate amount of pre-repression operating expense for the utility is \$148,464. The utility should be required to complete the pro forma repairs within nine months of the issuance date of the Consummating Order.

Issue 7: What is the appropriate pre-repression revenue requirement?

Recommendation: The appropriate pre-repression revenue requirement is \$154,729.

Issue 8: Should the utility's current water system rate structure be changed, and, if so, what is the appropriate rate structure?

Recommendation: Yes. The utility's current water system rate structure, which includes a 3,000 (3 kgal) water allotment in the base facility charge (BFC) should be changed to the traditional BFC/uniform gallonage charge rate structure with no usage allotments. The BFC cost recovery percentage for the water system should be set at 30%.

ITEM NO.

CASE

9**PAA

Docket No. 060599-WU – Application for staff-assisted rate case in Pasco County by Pasco Utilities, Inc.

(Continued from previous page)

Issue 9: Is a repression adjustment appropriate in this case, and, if so, what is the appropriate adjustment, what are the corresponding expense adjustments to make, what are the resulting final revenues from monthly service, and what is the final revenue requirement for the water system?

Recommendation: Yes. A repression adjustment is appropriate for this utility. Test year consumption should be reduced by 839 kgals, or 1.6%. Purchased power expense should be reduced by \$115, chemicals expense should be reduced by \$65, and regulatory assessment fees (RAFs) should be reduced by \$9. The final post-repression revenues from monthly service, which excludes miscellaneous revenues of \$2,631, should be \$151,910. The final revenue requirement should be \$154,541.

In order to monitor the effect of the changes to rate structure and revenue, the utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenues billed on a monthly basis. In addition, the reports should be prepared, by customer class 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 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 10: What are the appropriate monthly rates for the water system for the utility?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A of staff's April 12, 2007, memorandum. Excluding miscellaneous service charges, the recommended water rates produce revenues of \$151,910. The utility should file revised water tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved 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.

ITEM NO.

CASE

9**PAA

Docket No. 060599-WU – Application for staff-assisted rate case in Pasco County by Pasco Utilities, Inc.

(Continued from previous page)

Issue 11: Should the recommended rates be approved for the utility on a temporary basis, subject to refund, in the event of a protest by a party other than the utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., 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 shall be subject to the refund provisions discussed in the analysis portion of staff's April 12, 2007, memorandum. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission's Division of Economic Regulation no later than the 20th of each month, indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Issue 12: 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 water rates should be reduced as shown on Schedule No. 4 of staff's April 12, 2007, memorandum, to remove rate case expense grossed up for regulatory assessment fees 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, 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. 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.

ITEM NO.

CASE

9**PAA

Docket No. 060599-WU – Application for staff-assisted rate case in Pasco County by Pasco Utilities, Inc.

(Continued from previous page)

Issue 13: Should the utility be authorized to revise its miscellaneous service charges, and, if so, what are the appropriate charges?

Recommendation: Yes. The utility should be authorized to revise its miscellaneous service charges. The appropriate charges are reflected in the analysis portion of staff's April 12, 2007, memorandum. The utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide proof the customers have received notice within 10 days after the date that the notice was sent.

Issue 14: Should the utility's service availability charges be revised?

Recommendation: Yes. The utility's existing service availability charges should be revised to include a main extension charge of \$250. The utility should file revised tariff sheets which are consistent with the Commission's vote. Staff should be given administrative authority to approve the revised tariff sheets upon staff's verification the tariffs are consistent with the Commission's decision. If revised tariff sheets are filed and approved, the service availability charges should become effective for connections made on or after the stamped approval date of the revised tariff sheets.

Issue 15: Should the utility be required to show cause, in writing within 21 days, why it should not be fined for assessing main extension charges without an authorized tariff?

Recommendation: No. Show cause proceedings should not be initiated at this time. The utility should be put on notice that, pursuant to Sections 367.081(1) and 367.091(3), F.S., it may only charge rates and charges approved by the Commission.

Issue 16: Should the utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission-Approved adjustments?

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

ITEM NO.	CASE
9**PAA	Docket No. 060599-WU – Application for staff-assisted rate case in Pasco County by Pasco Utilities, Inc.

(Continued from previous page)

Issue 17: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within twenty-one days of the issuance of the order, a consummating order will be issued. The docket should remain open at least nine months after the consummating order for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff, and the pro forma improvements and repairs have been completed. Upon verification by staff, the docket may be closed administratively.

ITEM NO.

CASE

10**PAA

Docket No. 060253-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

Critical Date(s): 05/07/07 (5-month effective date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Pending

Staff: ECR: Kaproth, Bulecza-Banks, Fletcher, Kyle, Lingo, Marsh, Redemann, Romig, Springer, Walden
GCL: Jaeger

(All issues proposed agency action except for Issues 30, 31, 32 and 33.)

Issue 1: Is the quality of service provided by Utilities, Inc. of Florida (UIF) satisfactory?

Recommendation: Yes, except in Pasco County. The overall quality of the water and wastewater service for the UIF systems in Marion, Pasco, Pinellas, Orange and Seminole Counties is satisfactory, except for the Summertree water system in Pasco County. The quality of water and customer satisfaction for the Summertree system is unsatisfactory. The utility should be required to file with the Commission a copy of any response the utility provides to the Department of Environmental Protection (DEP) or the utility's Summertree customers as a result of its noncompliance with the DEP disinfection by-products rule beginning June 1, 2007, until the utility comes into compliance with the DEP disinfection by-products rule.

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Issue 2: Should the audit adjustments to rate base and the corresponding net operating income adjustments with which the utility agrees, be made?

Recommendation: Yes. Based on uncontested audit adjustments, the adjustments in Table 2-1 should be made to rate base and the corresponding net operating income accounts.

Table 2-1

SUMMARY OF UTILITIES, INC. OF FLORIDA (UIF) ADJUSTMENTS								
System	Plant	Accum. Deprec.	CIAC	Accum. Amort. CIAC	Working Capital Allowance	Deprec. Expense	CIAC Amort.	O & M Expenses
Marion Water	(14,829)	16,749				(55)	(527)	1,324
Marion Wastewater	(450)	413				(25)		
Orange Water		958	(9,893)		(32,975)			
Pasco Water	(493,947)	411,628	12,627	(43,574)	2,697	(6,430)	415	
Pasco Wastewater	(156,653)	32,576	17,232	(9,449)		(1,627)		
Pinellas Water	(15,147)	16,776				(396)		
Seminole Water	(103,759)	111,367	(107,000)	16,051	5,055	(4,271)	(3,567)	(6,266)
Seminole Wastewater	(485,393)	353,606				(5,622)		
Adjustment Totals	(1,270,178)	944,073	(87,034)	(36,972)	(25,223)	(18,426)	(3,679)	(4,942)

Issue 3: Should an adjustment be made to the Pasco County Water System to recognize the sale of land known as Parcel No. 6 in Utilities, Inc. of Florida's Bartelt-Wis-Bar purchase?

Recommendation: Yes. For the Pasco County Water System, land should be decreased by \$1,150; wells and springs should be decreased by \$15,174; accumulated depreciation, wells and springs should be decreased by \$15,174; and gain on sale should be increased by \$1,206. In addition, for UIF, the unamortized deferred credits in its working capital allowance should be increased by \$14,875.

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Issue 4: Should an adjustment be made to the Orange County Water System to recognize the dismantlement of the Crescent Heights and Davis Shores water treatment plant?

Recommendation: Yes. For the Orange County Water System, wells and springs should be decreased by \$19,127; accumulated depreciation should be decreased by \$1,594; depreciation expense should be decreased by \$638; amortization expense for the loss on disposition should be increased by \$2,313. In addition, for UIF, the unamortized deferred debits in working capital allowance should be increased by \$24,239.

Issue 5: What are the appropriate Water Service Corporation (WSC) and Utilities, Inc. of Florida rate base allocations for the utility?

Recommendation: The appropriate WSC net rate base allocation for UIF is \$71,813. Accordingly, UIF's rate base and depreciation expense should be increased as follows:

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Table 5-1

County	Water Rate Base	Wastewater Rate Base	Water Deprec. Expense	Wastewater Deprec. Exp.
Marion	\$4,053	\$514	\$598	\$76
Orange	2,392	-	353	-
Pasco	22,105	8,422	3,261	1,242
Pinellas	3,216	-	474	-
Seminole	19,850	11,261	2,928	1,661
Total	\$51,616	\$20,197	\$7,614	\$2,979

Further, the appropriate common rate base allocation for UIF is \$323,304. Accordingly, UIF's plant, accumulated depreciation, and depreciation expense should be adjusted as follows:

Table 5-2

County	Plant	Accum. Deprec.	Deprec. Expense
Marion - Water	\$8,692	(\$5,719)	\$463
Marion - Wastewater	1,125	(739)	58
Orange - Water	7,208	(3,897)	(25)
Pasco - Water	(45,108)	28,431	(21,597)
Pasco - Wastewater	8,314	(5,293)	(996)
Pinellas - Water	9,380	(5,945)	(1,266)
Seminole - Water	81,497	(46,426)	2,387
Seminole - Wastewater	44,494	(24,944)	19,240
Total	\$115,602	(\$64,532)	(\$1,736)
<u>Note:</u> Credits are shown in parenthesis			

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Issue 6: Should adjustments be made to the utility's pro forma plant additions?

Recommendation: Yes. UIF's pro forma plant, accumulated depreciation and depreciation expense should be adjusted as shown in Table 6-1.

Table 6-1
Summary
Utilities, Inc. of Florida Pro Forma Adjustments

Description	Pro forma		Include		Exclude	
County	Water	W/Water	Water	W/Water	Water	W/Water
Marion	10,290	3,180	0	0	(10,290)	(3,180)
Pasco	150,298	190,580	98,127	155,116	(52,171)	(35,464)
Pinellas	4,738	0	0	0	(4,738)	0
Seminole	239,017	60,612	58,233	62,672	(180,784)	2,060
Total Plant	404,343	254,372	156,360	217,788	(247,983)	(36,584)
Acc. Depreciation	6,791	4,450	1,538	3,518	(5,253)	(932)
Net Rate Base Adjustment	411,134	258,822	157,898	221,306	(253,236)	(37,516)
Depreciation Expense	12,425	8,888	5,454	7,412	(6,971)	(1,476)

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Issue 7: What are the used and useful percentages of the utility's water and wastewater systems?

Recommendation: UIF water plants, transmission and distribution systems, and wastewater collection lines and lift stations should be considered to be 100% used and useful, except for the Crownwood wastewater treatment plant which should be 68.65% used and useful. No adjustment should be made for excess unaccounted for water for any of the utility's water systems. The appropriate non-used and useful rate base component, depreciation expense, and property taxes should be \$3,656, \$8, and \$0 respectively. Accordingly, rate base should be decreased by \$3,656 and depreciation expense should be decreased by \$8.

Issue 8: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance for each system is in Table 8-1.

Table 8-1
Working Capital Allowance

County	Water	Wastewater	Total
Marion	28,480	8,826	\$33,306
Orange	24,579		\$24,579
Pasco	140,794	94,006	\$234,800
Pinellas	19,785		\$19,785
Seminole	129,128	139,167	\$268,295
TOTAL	\$338,766	\$241,999	\$580,765

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Issue 9: What is the appropriate rate base for the December 31, 2005, test year?

Recommendation: The appropriate rate bases for the UIF systems for the test year ending December 31, 2005, are as shown in Table 9-1.

Table 9-1
Rate Base

County	Water	Wastewater	Total
Marion	\$337,598	\$109,182	\$446,780
Orange	\$99,049		\$99,049
Pasco	\$1,906,346	\$748,738	\$2,655,084
Pinellas	\$284,269		\$284,269
Seminole	\$2,147,204	\$2,291,055	\$4,438,259
Total	\$4,774,466	\$3,148,975	\$7,923,441

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Issue 10: What is the appropriate return on common equity?

Recommendation: The appropriate return on common equity is 11.46% based on the Commission leverage formula currently in effect. Staff recommends an allowed range of plus or minus 100 basis points be recognized for ratemaking purposes.

Issue 11: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure for the test year ended December 31, 2005?

Recommendation: The appropriate weighted average cost of capital for the test year ended December 31, 2005, is 6.92% for Marion County, 6.93% for Orange County, 7.17% for Pasco County, 7.32% for Pinellas County, and 7.33% for Seminole County.

Issue 12: Should the audit adjustments to net operating income with which the utility agrees, be made?

Recommendation: Yes. O&M expense, depreciation expense and property taxes should be decreased as shown in Tables 12-1 and 12-2.

Table 12-1
O&M Expense

Audit Finding	19	20	21	23	24	26	27	TOTAL
Marion Water				\$80		(\$6,617)	(\$903)	(\$7,440)
Marion Wastewater	(\$431)			(80)		(836)	903	(444)
Orange Water	(586)					(3,900)		(4,486)
Pasco Water	(1,346)	\$1,237		(2,303)		(36,069)		(38,481)
Pasco Wastewater	(935)		(\$14,464)	2,303		(13,745)		(26,841)
Pinellas Water	(755)	(1,237)				(5,247)		(7,239)
Seminole Water				(4,621)	(\$4,800)	(32,389)		(41,810)
Seminole Wastewater			(1,907)	4,621		(17,285)		(14,571)
Total	(\$4,053)	\$0	(\$16,371)	\$0	(\$4,800)	(\$116,088)	\$0	(\$141,312)

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Table 12-2
Property Tax Expense

Audit Finding 32	Decrease	Increase
Marion Water	(\$1,081)	
Marion Wastewater	(137)	
Orange Water	(638)	
Pasco Water	(5,898)	\$17,186
Pasco Wastewater	(2,247)	
Pinellas Water	(858)	354
Seminole Water	(5,295)	1,440
Seminole Wastewater	(2,826)	
Total	(\$18,980)	\$18,980

Issue 13: Should an adjustment be made to Pinellas County's test year operating and maintenance expenses for billing and collection services provided by Utilities, Inc. of Florida?

Recommendation: Yes. The test year operating and maintenance expenses should be decreased by \$2,241 for the receipt of fees received from Pinellas County Utilities (PCU) for the billing and collection services provided to PCU.

Issue 14: Should a pro forma miscellaneous service charge revenue adjustment be made to test year revenues?

Recommendation: Yes. Using the incremental increase from the recommended charges addressed in Issue 32 and the number of after hours initial connections, normal reconnections and premises visits, miscellaneous service revenues should be increased by \$306 in total and as shown by county in Table 14-1.

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Table 14-1
Pro Forma Miscellaneous Service Charges

	Incremental Increase	No. of Reconnections and Premise Visits	Incremental Revenue Increase
Marion			
Initial Connections	\$7.50	0	0
Normal Reconnections	\$7.50	1	\$7.50
Premises Visit	\$5.00	0	0
Total - Marion			\$7.50
Orange			
Initial Connections	\$7.50	0	0
Normal Reconnections	\$7.50	4	\$30.00
Premises Visit	\$5.00	2	\$10.00
Total – Orange			\$40.00
Pasco			
Initial Connections	\$7.50	0	0
Normal Reconnections	\$7.50	12	\$90.00
Premises Visit	\$5.00	3	\$15.00
Total - Pasco			\$105.00
Pinellas			
Initial Connections	\$7.50	0	0
Normal Reconnections	\$7.50	1	\$7.50
Premises Visit	\$5.00	1	\$5.00
Total - Pinellas			\$13.50
Seminole			
Initial Connections	\$7.50	0	
Normal Reconnections	\$7.50	16	\$120.00
Premises Visit	\$5.00	4	\$20.00
Total - Seminole			\$140.00
Total Adjustment			\$306.00

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Issue 15: What is the appropriate amount of allocated WSC and common expenses for Utilities, Inc. of Florida?

Recommendation: The appropriate WSC O&M expenses and taxes other than income (TOTI) for UIF are \$198,176 and \$9,571, respectively. Accordingly, UIF's O&M expenses and taxes other than income should be adjusted as follows:

Table 15-1

County	Water O&M Exp.	Wastewater O&M Exp.	Water TOTI	Wastewater TOTI.
Marion	(\$905)	(\$114)	(\$20)	(\$2)
Orange	(535)	-	(11)	-
Pasco	(4,941)	(1,882)	(107)	(41)
Pinellas	(718)	-	(15)	-
Seminole	(4,441)	(524)	(96)	38
Total	(\$11,540)	(\$2,520)	(\$249)	(\$5)

Further, the appropriate common O&M expenses for UIF are \$125,268. Accordingly, UIF's O&M expenses should also be decreased as follows:

Table 15-2

County	Water O&M Exp.	Wastewater O&M Exp.
Marion	(\$732)	(\$93)
Orange	(432)	-
Pasco	(4,612)	(1,669)
Pinellas	(957)	-
Seminole	(3,613)	(1,948)
Total	(\$10,346)	(\$3,710)

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Issue 16: Should an adjustment be made to the utility's pro forma salaries & wages, pensions & benefits, and payroll taxes?

Recommendation: Yes. UIF's salaries and wages, pensions and benefits, and payroll taxes should be reduced as follows:

Table 16-1

County	Salaries & Wages	Pensions & Benefits	Payroll Taxes
Marion - Water	(\$4,423)	(\$245)	(\$365)
Marion - Wastewater	(562)	(31)	(46)
Orange - Water	(2,611)	(144)	(216)
Pasco - Water	(24,126)	(1,336)	(1,996)
Pasco - Wastewater	(9,192)	(509)	(761)
Pinellas - Water	(3,509)	(194)	(290)
Seminole - Water	(21,663)	(1,200)	(1,792)
Seminole - Wastewater	(11,561)	(640)	(956)
Total	(\$77,647)	(\$4,299)	(\$6,422)

Issue 17: Should an adjustment be made to purchased power expense?

Recommendation: Staff recommends that O&M expenses be reduced by \$10,163 and as indicated for the respective water or wastewater systems as shown in Table 17-1.

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Table 17-1

County	Allocation Percentage	Allocation Error Office	Error Cherry Way	Add back L/S at Weathersfield	Total to Correct
Marion Water	5.70%	(\$636)	N/A	N/A	(\$636)
Marion	0.72%	(81)	N/A	N/A	(81)
Orange Water	3.36%	(375)	N/A	N/A	(375)
Pasco Water	31.07%	(3,469)	N/A	N/A	(3,469)
Pasco Wastewater	11.84%	(1,322)	(\$358)	N/A	(1,680)
Pinellas Water	4.52%	(505)	N/A	N/A	(505)
Seminole Water	27.90%	(3,115)	N/A	N/A	(3,115)
Seminole	14.89%	(1,662)	N/A	\$1,360	(302)
Total		(\$11,165)	(\$358)	\$1,360	(\$10,163)

Issue 18: Should an adjustment be made to transportation expense?

Recommendation: Yes. O&M expense should be reduced by \$15,056, to remove an estimated amount for errors related to the assignment of transportation costs. The adjustments to the respective water or wastewater county systems are shown in Table 18-1.

Table 18-1

County	Allocation Percentage	Correction by County
Marion Water	5.70%	(\$858)
Marion Wastewater	0.72%	(109)
Orange Water	3.36%	(506)
Pasco Water	31.07%	(4,678)
Pasco Wastewater	11.84%	(1,782)
Pinellas Water	4.52%	(680)
Seminole Water	27.90%	(4,201)
Seminole Wastewater	14.89%	(2,242)
TOTAL	100.00%	(\$15,056)

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Issue 19: Should an adjustment be made to vehicle repairs?

Recommendation: Yes. A reduction to test year O&M expenses of \$6,441 should be made as shown in Table 19-1.

Table 19-1
Vehicle Repairs Expense Breakdown by County

County	Allocation Percentage	Reduction by County
Marion Water	5.70%	(\$367)
Marion Wastewater	0.72%	(46)
Orange Water	3.36%	(217)
Pasco Water	31.07%	(2,001)
Pasco Wastewater	11.84%	(763)
Pinellas Water	4.52%	(291)
Seminole Water	27.90%	(1,797)
Seminole Wastewater	14.89%	(959)
TOTAL	100.00%	(\$6,441)

Issue 20: Should adjustments be made to the utility's pro forma expense adjustments?

Recommendation: Yes. UIF's O&M expenses should be decreased by \$21,529 to reflect the removal of the utility's CPI adjustments. Amounts by county are shown in Table 20-1.

Table 20-1
Pro Forma O&M Adjustments

County	CPI
Marion Water	(\$1,261)
Marion Wastewater	(478)
Orange Water	(587)
Pasco Water	(6,552)
Pasco Wastewater	(2,121)
Pinellas Water	(1,018)
Seminole Water	(6,780)
Seminole Wastewater	(2,732)
TOTAL	(\$21,529)

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Issue 21: Does Utilities, Inc. of Florida have excessive infiltration and inflow for any of its wastewater collection systems, and if so, what adjustments should be made?

Recommendation: Yes. UIF had approximately 19.3% excessive infiltration and inflow (I & I) for its Seminole County wastewater collection system of Ravenna Park during the test year period. Staff recommends that the total purchased wastewater should be reduced by \$20,600 due to excessive I & I.

Issue 22: What is the appropriate amount of rate case expense?

Recommendation: The appropriate total rate case expense for the current docket is \$298,364. This expense should be recovered over four years for an annual expense of \$74,591. The allocated portion of the annual expense to water and wastewater is \$53,429 and \$21,162, respectively. As discussed in Issue 24, Orange County rates will remain unchanged. Since no rate increase is appropriate for Orange County, that portion of rate case expense should be disallowed.

Table 22-1
Rate Case Expense Adjustments for Current Case By County

	Requested Amount	Adjustment	Staff Recommended Amount
Marion Water	\$4,621	(\$222)	\$4,399
Marion Wastewater	587	(28)	559
Orange Water	2,728	(2,728)	0
Pasco Water	25,204	(1,210)	23,994
Pasco Wastewater	9,603	(461)	9,142
Pinellas Water	3,666	(176)	3,490
Seminole Water	22,631	(1,087)	21,544
Seminole Wastewater	12,079	(616)	11,463
Total	\$81,119	(\$6,528)	\$74,591

The appropriate amount of amortization to be included for the prior rate proceeding is \$99,400. Rate case expense should be increased by \$62,125 to bring the prior rate case expense to this amount. The amortization adjustments for water and wastewater are \$45,646 and \$16,479, respectively.

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Table 22-2
Prior Rate Case Expense Adjustment By County

	Prior Rate Proceeding	Amount included in requested rate case expense	Amount to be added to test year
Marion Water	\$7,668	\$2,123	\$5,545
Marion Wastewater	597	270	327
Orange Water	2,451	1,253	1,198
Pasco Water	38,060	11,581	26,479
Pasco Wastewater	15,152	4,413	10,739
Pinellas Water	4,226	1,685	2,541
Seminole Water	20,282	10,399	9,883
Seminole Wastewater	10,964	5,551	5,413
Total	\$99,400	\$37,275	\$62,125

Issue 23: What is the test year pre-repression water and wastewater operating income or loss before any revenue increase?

Recommendation: Test year pre-repression operating income for each county, before any provision for increased or decreased revenues, is shown in Table 23-1.

Table 23-1
Pre-repression Water and Wastewater Operating Income
before any Revenue Increases/Decreases.

County	Water	Wastewater
Marion	\$31,284	\$11,679
Orange	\$7,640	
Pasco	\$15,966	\$10,786
Pinellas	\$2,980	
Seminole	\$107,645	\$56,112

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Issue 24: What is the appropriate pre-repression revenue requirements for the December 31, 2005 test year?

Recommendation: The pre-repression revenue requirements as shown in Table 24-1 should be approved.

Table 24-1
Pre-repression Revenue Requirements

	Test Year Revenues	Requested Final Rates	Requested % Increase	Recommended Increase/Decrease	Revenue Requirement	% Increase/Decrease
Marion						
Water	\$164,769	\$179,185	8.75%	(\$13,312)	\$154,700	(7.92%)
Wastewater	45,037	43,661	(3.06)	(6,926)	37,645	(15.54%)
Orange						
Water	\$97,411	\$121,555	24.79%	\$0	\$0	0%
Pasco						
Water	\$585,359	\$967,316	65.25%	\$202,693	\$794,342	34.26%
Wastewater	378,336	532,828	40.84%	\$72,020	\$448,180	19.15%
Pinellas						
Water	\$76,741	\$135,830	77.00%	\$29,923	\$108,013	38.32%
Seminole						
Water	\$679,867	\$960,123	41.22%	\$83,354	\$769,812	12.14%
Wastewater	589,169	891,161	51.26%	187,565	\$777,530	31.79%

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Issue 25: What are the appropriate rate structures for the water and wastewater systems in Marion, Orange, Pasco, Pinellas, and Seminole Counties?

Recommendation: The appropriate rate structures for the system in Marion County are continuations of the current base facility charge (BFC)/uniform gallonage charge rate structure for the water system and the traditional BFC/gallonage charge rate structure for the wastewater system. The general service wastewater gallonage charge should be 1.2 times the corresponding residential charge. The BFC cost recovery percentages should be set at 30% for the water system and 50% for the wastewater system.

The appropriate rate structure for the water system in Orange County is a continuation of the current three-tier inclining block rate structure for its residential customers. The usage blocks and usage block rate factors should remain unchanged. The BFC/uniform gallonage charge rate structure should be continued for the general service customers. The BFC cost recovery percentage for the water system should remain at 26%.

The appropriate rate structures for the systems in Pasco County are continuations of the current BFC/uniform gallonage charge rate structure for the water system and the BFC/gallonage charge rate structure for metered customers on the wastewater system. The flat rate structure for certain Wis-Bar wastewater customers should also be retained. The general service wastewater gallonage charge should be 1.2 times the corresponding residential charge. The BFC cost recovery percentages should be set at 45% for the water system and 40% for the wastewater system.

In Pinellas County, the appropriate rate structure for the water system is the current BFC/uniform gallonage charge rate structure. The BFC cost recovery percentage should be set at 40%.

In Seminole County, the appropriate rate structure for the water system is the current three-tier inclining block rate structure. The usage blocks and usage block rate factors should remain unchanged. The BFC/gallonage charge rate structure should be continued for the wastewater system. The general service wastewater gallonage charge should be 1.2 times the corresponding residential charge. The BFC cost recovery percentages should be set at 40% for the water system and 50% for the wastewater system.

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Docket No. 060253-WS – Application for increase in water and wastewater rates in Marion, Orange, Pasco, Pinellas, and Seminole Counties by Utilities, Inc. of Florida.

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Issue 26: Are repression adjustments appropriate in this case, and, if so, what are the appropriate adjustments to make for the water and wastewater systems, what are the corresponding expense adjustments to make, and what are the resulting final revenue requirements for the respective systems?

Recommendation: Yes. Repression adjustments and the corresponding expense adjustments are appropriate for this utility. The recommended repression and related expense adjustments, plus staff's resulting final revenue requirements for each system and county, are shown in Table 26-1 below.

Table 26-1

ANALYSIS OF REPRESSION EFFECTS ON CONSUMPTION, REVENUE ADJUSTMENTS, AND FINAL REVENUE REQUIREMENTS								
	Marion		Orange	Pasco		Pinellas	Seminole	
	Water	Wwater	Water	Water	Wwater	Water	Water	Wwater
Kgals repr	0	0	0	(2,421)	(2,276)	(494)	(2,662)	(2,263)
Pre repr revs from rates				\$782,146	\$440,201	\$106,798	\$758,709	\$777,582
Purch pwr				(\$319)	(\$43)	(\$64)	(\$434)	(\$69)
Chems				(\$144)	0	(\$36)	(\$303)	
Purch water						(\$45)	(\$22)	
Sludge removal					(\$147)			(\$278)
Purch sewage treatment					(\$2,491)			(\$3,048)
RAFs				(\$23)	(\$121)	(\$6)	(\$36)	(\$153)
Post repr revs from rates	\$152,401	\$37,663	\$96,657	\$781,661	\$437,399	\$106,647	\$757,914	\$774,034
Misc serv chgs	\$2,309	\$0	\$2,856	\$12,197	\$6,657	\$1,215	\$11,151	\$0
Post repr final rev reqmt	\$154,710	\$37,663	\$99,513	\$793,858	\$444,056	\$107,862	\$769,065	\$774,034

In order to monitor the effect of the revenue changes, the utility should be ordered to file reports detailing the number of bills rendered, the consumption billed and the revenues billed on a monthly basis. In addition, the reports should be prepared for Pasco, Pinellas and Seminole Counties, 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 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.

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Issue 27: What are the appropriate rates for monthly service for the water and wastewater systems?

Recommendation: The appropriate monthly water rates are shown on Schedule No. 4-A of staff's April 12, 2007, memorandum and the appropriate monthly wastewater rates are shown on Schedule No. 4-B. Excluding miscellaneous service charges, the recommended water and wastewater rates produce revenues as shown in Table 27-1.

Table 27-1
Revenue Requirements

County	Revenue Requirement
Marion	
Water	152,401
Wastewater	37,663
Orange	
Water	\$96,657
Pasco	
Water	\$781,661
Wastewater	\$437,399
Pinellas	
Water	\$106,647
Seminole	
Water	\$757,914
Wastewater	\$774,034

The utility should file revised water and wastewater tariff sheets and a proposed customer notice to reflect the Commission-approved rates for the respective systems. The approved rates should be effective for service rendered on or after the stamped approval date of the revised tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved 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.

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Issue 28: Should the utility be authorized to revise its water and wastewater miscellaneous service charges, and, if so, what are the appropriate charges?

Recommendation: Yes. The utility should be authorized to revise its water and wastewater miscellaneous service charges as shown in Tables 28-1 and 28-2. The utility should file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered on or after the stamped approval date of the tariff, pursuant to Rule 25-30.475(1), F.A.C., provided the notice has been approved by staff. Within 10 days of the date the order is final, the utility should be required to provide notice of the tariff changes to all customers. The utility should provide proof the customers have received notice within 10 days after the date that the notice was sent.

Table 28-1
Water Miscellaneous Service Charges

For All Counties				
	Current Charges		Recommended Charges	
	Bus. Hrs.	After Hrs.	Bus. Hrs.	After Hrs.
Initial Connection Fee:	15.00	15.00	15.00	22.50
Normal Reconnection Fee:	15.00	15.00	15.00	22.50
Violation Reconnection Fee	15.00	15.00	15.00	22.50
Premises Visit Charge (in lieu of disconnection)	10.00	10.00	10.00	15.00

Table 28-2
Wastewater Miscellaneous Service Charges

For All Counties				
	Current Charges		Recommended Charges	
	Bus. Hrs.	After Hrs.	Bus. Hrs.	After Hrs.
Initial Connection Fee:	15.00	15.00	15.00	22.50
Normal Reconnection Fee:	15.00	15.00	15.00	22.50
Violation Reconnection Fee	Actual	Actual	Actual	Actual
Premises Visit Charge (in lieu of disconnection)	10.00	10.00	10.00	15.00

Issue 29: In determining whether any portion of the water or wastewater interim increases granted should be refunded, how should the refunds be calculated, and what are the amounts of the refunds, if any?

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Recommendation: The appropriate refund amounts should be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirements for the interim collection period should be compared to the amount of interim revenues granted. Based on these calculation, staff recommends the refund percentages for the water systems shown in Table 29-1.

Table 29-1
Recommended Interim Refund Percentages

County	Interim Test Year Revenue Requirement Per Order	Interim Period Revenue Requirement For Collection Period	Refund %
Marion – Water			N/A
Marion – Wastewater			N/A
Orange – Water	\$108,004	\$93,115	100.00%
Pasco – Water	\$796,634	\$767,898	3.46%
Pasco – Wastewater	\$431,317	\$438,607	No Refund
Pinellas - Water	\$114,470	\$103,131	8.94%
Seminole - Water	\$809,835	\$735,962	7.85%
Seminole - Wastewater	\$783,689	\$765,526	No Refund
(1) Refund % removes miscellaneous service charges			

Upon issuance of the consummating order in this docket, the corporate undertaking should be released after the appropriate amounts of interim revenues are refunded and the refund amounts are verified by staff.

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Issue 30: 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 Nos. 4-A and 4-B of staff's April 12, 2007, memorandum, to remove the revenue impact of rate case expense. This amount was calculated by taking the annual amount of rate case expense by system grossed up for regulatory assessment fees as shown below. Because rate case expense is disallowed for Orange County, as discussed in Issue 22, the four-year rate reduction is not appropriate for Orange County.

Table 30-1
Rate Case Expense Including Regulatory Assessment Fees

	Staff Recommended Amount	Amount Including RAF
Marion Water	\$4,399	\$4,606
Marion Wastewater	559	585
Orange Water	0	0
Pasco Water	23,994	25,125
Pasco Wastewater	9,142	9,573
Pinellas Water	3,490	3,655
Seminole Water	21,544	22,559
Seminole Wastewater	11,463	12,003
Total	\$74,591	\$78,106

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 proposed customer notices for each system 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. The rates should not be implemented until staff has approved the proposed customer notices, and the notice has been received by the customers. The utility should provide proof of the date notices were given no less than ten days after the date of the notices. 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 for the reduction in the rates due to the amortized rate case expense.

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Issue 31: Should Utilities, Inc. of Florida be required to show cause, in writing within 21 days, why it should not be fined for serving outside its certificated territory in apparent violation of Section 367.045(2), F.S.?

Recommendation: Yes. UIF should be ordered to show cause in writing, within 21 days, why it should not be fined a total of \$5,250, or \$750 per system, for apparently serving outside its certificated territory in seven separate systems. The order to show cause should incorporate the conditions stated in the analysis portion of staff's April 12, 2007, memorandum. Moreover, UIF should be ordered to file by September 30, 2007, an amendment application for all its systems in which it is serving outside its certificated territory to correct its apparent violation of Subsection 367.045(2), F.S.

Issue 32: Should the utility be required to show cause, in writing within 21 days, why it should not be fined for its apparent failure to comply with the requirements of Rule 25-30.115, F.A.C., and Orders Nos. PSC-03-1440-FOF-WS and PSC-04-1275-AS-WS, to adjust its books to conform with the National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA)?

Recommendation: Yes. Utilities, Inc. of Florida should be ordered to show cause in writing, within 21 days, why it should not be fined \$3,000 for its apparent failure to adjust its books to conform with the NARUC USOA as required by Rule 25-30.115, F.A.C., and Orders Nos. PSC-03-1440-FOF-WS and PSC-04-1275-AS-WS. The order to show cause should incorporate the conditions stated in the analysis portion of staff's April 12, 2007, memorandum.

Issue 33: Should the utility be required to provide proof, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts associated with the Commission-approved adjustments?

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

Issue 34: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action issues files a protest within 21 days of the issuance of the Order, a Consummating Order will be issued. If UIF pays the \$8,250 in fines, the docket should be closed administratively upon staff's verification that there was no timely protest, the proposed fines have been paid, and the appropriate refunds have been made. If there is a timely protest by a substantially affected person or if the utility timely responds in writing to the Order to show cause, the docket should remain open to allow for the processing of either the protest or the response.

ITEM NO.

CASE

11**

Docket No. 060636-SU – Application for transfer of majority organizational control of Colony Park Utilities, Inc., holder of Certificate No. 137-S in Brevard County from Eileen Rogow to Michael Abramowitz.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: McMurrian

Staff: ECR: Johnson, Kaproth

GCL: Jaeger

Issue 1: Should the transfer of majority organizational control of Colony Park Utilities, Inc. from Eileen G. Rogow to Michael Abramowitz be approved?

Recommendation: Yes. The transfer of majority organizational control of Colony Park Utilities, Inc. from Mrs. Eileen G. Rogow to Mr. Michael Abramowitz is in the public interest and should be approved effective the date of the Commission's vote. The subsequent order will serve as the utility's wastewater certificate and should be retained by the utility. Pursuant to Rule 25-9.044(1), Florida Administrative Code, the rates and charges approved for Colony Park should be continued until authorized to change by the Commission in a subsequent proceeding. The buyer is responsible for all regulatory assessment fees and annual reports for 2007 and into the future. In addition, the buyer should be required to update the 2006 annual report and RAFs to reflect actual data by July 2, 2007. A description of the territory being transferred is appended to staff's April 12, 2007, recommendation as Attachment A.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open until the updated 2006 annual report and RAFs are filed. The docket should be closed administratively upon receipt of the updated annual report and RAFs.

ITEM NO.

CASE

12**

Docket No. 060698-SU – Joint application for authority to transfer facilities of Del Tura Phase I, LLC d/b/a Del Tura Utilities and Certificate No. 298-S to North Fort Myers Utility, Inc., request for cancellation of Certificate No. 298-S, amendment of Certificate No. 247-S, and limited proceeding for authority to charge customers of Del Tura Utilities its authorized rates, fees and charges, in Lee County.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Pending

Staff: ECR: Clapp, Kaproth, Walden

GCL: Jaeger

Issue 1: Should the transfer of the Del Tura facilities to NFMU, the amendment of Certificate No. 247-S, and the cancellation of Certificate No. 298-S be approved?

Recommendation: Yes. The transfer of the Del Tura facilities to NFMU is in the public interest and should be approved. Certificate No. 247-S should be amended to include the Del Tura service area and Certificate No. 298-S should be cancelled effective the date of the Commission vote. The resultant order should serve as the utility's wastewater certificate and should be retained by the utility. The territory being transferred is described in Attachment A of staff's April 12, 2007, memorandum.

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Issue 2: Should NFMU's request for a limited proceeding to charge its current rates to the Del Tura customers be approved?

Recommendation: Yes. NFMU's request to charge its current rates and charges to the customers of Del Tura should be approved. The current NFMU rates are shown in Attachment B of staff's April 12, 2007, memorandum. The utility should file 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. In addition, the rates should not be implemented until staff has approved the proposed customer notice. The utility should distribute the notice to the customers no later than with the first bill containing the revised rates and should provide proof of the date the notice was given no less than ten days after the date of the notice.

Issue 3: Should this docket be closed?

Recommendation: Yes. If no timely protest to the proposed agency action order is filed by a substantially affected person within 21 days, a Consummating Order should be issued and the docket should be closed. In the event there is a timely protest, this docket should remain open pending resolution of the protest.