

FLORIDA PUBLIC SERVICE COMMISSION

COMMISSION CONFERENCE AGENDA

CONFERENCE DATE AND TIME: Thursday, October 11, 2018, 9:00 a.m.

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

DATE ISSUED: September 28, 2018

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 item number.

To participate informally, affected persons need only appear at the conference and request the opportunity to address the Commission on an item listed on the 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 Florida Administrative Code Rules 25-22.0021 (agenda conference participation) and 25-22.0022 (oral argument).

Conference agendas, staff recommendations, vote sheets, and transcripts are available online at <http://www.floridapsc.com>, by selecting *Conferences & Meeting Agendas* and *Commission Conferences of the FPSC*. An official vote of "move staff" denotes that the Item's recommendations were approved.

In accordance with the Americans with Disabilities Act, persons needing a special accommodation to participate at this proceeding should contact the Office of Commission Clerk no later than five days prior to the conference at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850 or 850-413-6770 (Florida Relay Service, 1-800-955-8770 Voice or 1-800-955-8771 TDD). Assistive Listening Devices are available upon request from the Office of Commission Clerk, Gerald L. Gunter Building, Room 152.

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EMERGENCY CANCELLATION OF CONFERENCE: If a named storm or other disaster requires cancellation of the Conference, Commission staff will attempt to give timely notice. Notice of cancellation will be provided on the Commission's website (<http://www.floridapsc.com>) under the Hot Topics link on the home page. Cancellation can also be confirmed by calling the Office of Commission Clerk at 850-413-6770.

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ITEM NO.

CASE

1**

Docket No. 20180121-EG – Amendment of Rule 25-17.015, F.A.C., Energy Conservation Cost Recovery Clause.

Rule Status: Proposal Me Be Deferred

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: GCL: Harper
ECO: Coston, Guffey

Issue 1: Should the Commission propose the amendment of Rule 25-17.015, F.A.C., Energy Conservation Cost Recovery?

Recommendation: Yes. The Commission should propose the amendment of Rule 25-17.015, F.A.C., as set forth in Attachment A of staff's memorandum dated September 28, 2018. Staff recommends that the Commission certify amended Rule 25-17.015, F.A.C., as a minor violation rule.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and this docket should be closed.

ITEM NO.

CASE

2**

Docket No. 20180141-WS – Proposed adoption of Rule 25-30.4575, F.A.C., Operating Ratio Methodology.

Rule Status: Proposal May Be Deferred

Commissioners Assigned: All Commissioners

Prehearing Officer: Polmann

Staff: GCL: Harper
AFD: Galloway, Wilson
ECO: Guffey

Issue 1: Should the Commission propose the adoption of Rule 25-30.4575, F.A.C., Operating Ratio Methodology?

Recommendation: Yes, the Commission should propose the adoption of Rule 25-30.4575, F.A.C., as set forth in Attachment A of staff's memorandum dated September 28, 2018. The Commission should certify Rule 25-30.4575, F.A.C., as a minor violation rule.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing or comments are filed, the rule may be filed with the Department of State, and this docket should be closed.

ITEM NO.

CASE

3**PAA

Docket No. 20180021-WU – Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.

Critical Date(s): 5/16/2019 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: AFD: Smith II, D. Buys, Cicchetti, Hightower

ECO: Sibley

ENG: Lewis, Salvador, Wright

GCL: Murphy

(Proposed Agency Action - Except for Issue Nos. 12, 13, and 14)

Issue 1: Is the quality of service provided by Country Walk satisfactory?

Recommendation: Country Walk is currently working to incorporate Department of Environmental Protection (DEP) guidance into its operating methodology and is expected to return to compliance with disinfection byproduct standards following third quarter sampling results. Country Walk has worked, and continues to work closely with its customers to address complaints in a timely manner and to discuss potential operational solutions to its customers' needs. Finally, Country Walk's water treatment plant was found to be in sound operating condition during the recent site visit. However, because Country Walk is not currently in compliance with DEP standards, staff recommends that the overall quality of service should be considered marginal.

Issue 2: What is the used and useful percentage (U&U) of Country Walk's water treatment plant, storage, and distribution system?

Recommendation: Country Walk's water treatment plant, storage, and distribution system should be considered 100 percent U&U. There appears to be no excessive unaccounted for water; therefore, no adjustment should be made to operating expenses for chemicals and purchased power.

Issue 3: Should the Commission approve a year-end rate base for Country Walk, and if so, what is the appropriate water rate base for the year-end test year?

Recommendation: Yes, the Commission should approve a year-end rate base. The appropriate water rate base is \$167,783 for the test year ended December 31, 2017.

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

Recommendation: The appropriate return on equity (ROE) is 8.11 percent with a range of 7.11 percent to 9.11 percent. The appropriate overall rate of return is 8.08 percent.

Issue 5: What are the appropriate test year revenues for Country Walk Utilities, Inc.?

Recommendation: The appropriate test year revenues are \$29,364.

ITEM NO.

CASE

3**PAA

Docket No. 20180021-WU – Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.

(Continued from previous page)

Issue 6: What are the appropriate test year operating expenses for Country Walk?

Recommendation: The appropriate amount of test year total operating expenses for the Utility is \$48,358.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$61,914, resulting in an annual increase of \$32,550 or 110.85 percent.

Issue 8: What are the appropriate rate structure and rates for Country Walk?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated September 28, 2018. 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 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 and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of this notice.

Issue 9: What are the appropriate initial customer deposits for Country Walk?

Recommendation: The appropriate initial customer deposits should be \$129 for the residential 5/8 inch x 3/4 inch meter size. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated monthly bill. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

Issue 10: Should Country Walk's request to implement a \$6.50 late payment charge be approved?

Recommendation: Yes. The Utility's request to implement a \$6.50 late payment charge should be approved. Country Walk should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. 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

3**PAA

Docket No. 20180021-WU – Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.

(Continued from previous page)

Issue 11: What are the appropriate miscellaneous service charges for Country Walk?

Recommendation: The miscellaneous service charges identified in Table 11-5 of staff's memorandum dated September 28, 2018, are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 12: What is the appropriate amount by which rates should be reduced in four years after the published 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-A of staff's memorandum dated September 28, 2018, to remove rate case expense grossed-up for RAFs and amortized over a 4-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 367.081, F.S. Country Walk 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

3**PAA

Docket No. 20180021-WU – Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.

(Continued from previous page)

Issue 13: Should the recommended rates be approved for the Utility on a temporary basis subject to refund with interest, in the event of a protest filed 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 with interest, in the event of a protest filed by a party other than the Utility. Country Walk 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), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. 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 analysis portion of staff's memorandum dated September 28, 2018. 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 Office of Commission Clerk 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 14: Should the Utility be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books consistent with the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) for all Commission-approved adjustments?

Recommendation: Yes. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Country Walk should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice should be provided within seven days prior to deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO.

CASE

3**PAA

Docket No. 20180021-WU – Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.

(Continued from previous page)

Issue 15: Should this docket be closed?

Recommendation: No. 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, a consummating order should be issued. 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 the Utility has submitted a letter to staff confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Attachment A of staff's memorandum dated September 28, 2018, have been made to the Utility's books and records. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

4**

Docket No. 20180134-WU – Application for quick-take amendment of Certificate No. 450-W in Lake County by Pine Harbour Waterworks, Inc.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Polmann

Staff: ENG: Salvador, Watts

GCL: Schrader

Issue 1: Should Pine Harbour be required to show cause why it should not be fined for an apparent violation of Section 367.045(2), F.S., for serving customers outside of its Commission approved territory?

Recommendation: No. A show cause proceeding for Pine Harbour's potential violation of Section 367.045, F.S., should not be initiated as it appears that the Utility unknowingly serviced customers outside of its certificated territory. Such conduct would not be a willful violation of Chapter 367, F.S., or a lawful rule or order of the Commission, and thus, would not be subject to penalties pursuant to Section 367.161, F.S.

Issue 2: Should the Commission acknowledge Pine Harbour Waterworks, Inc.'s quick-take application to amend Certificate No. 450-W to extend its service territory in Lake County?

Recommendation: Yes. The Commission should acknowledge Pine Harbour's application to extend its service territory. The rates and charges approved by the Commission for Pine Harbour's service area should be applied to the customers in the new service territory. The resultant order should serve as Pine Harbour's amended certificate and it should be retained by the Utility.

Issue 3: Should this docket be closed?

Recommendation: Yes. No further action is necessary in this docket; it should be closed upon issuance of a Final Order.

ITEM NO.

CASE

5**PAA

Docket No. 20180022-WU – Application for staff-assisted rate case in Lake County by Pine Harbour Waterworks, Inc.

Critical Date(s): 06/19/19 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Clark

Staff: AFD: Golden, Wilson

ECO: Friedrich

ENG: Lewis, Salvador

GCL: DuVal

(Proposed Agency Action - Except for Issue Nos. 10, 11, and 12)

Issue 1: Is the quality of service provided by Pine Harbour satisfactory?

Recommendation: Yes. Pine Harbour is in compliance with the Department of Environmental Protection (DEP) rules and regulations. Additionally, the Utility appears to be responding adequately to the water quality concerns of its customers. Therefore, staff recommends that the overall quality of service provided by Pine Harbour be considered satisfactory.

Issue 2: What is the used and useful (U&U) percentage of Pine Harbour's water treatment plant, storage, and distribution system?

Recommendation: Pine Harbour's water treatment plant, storage and water distribution system should be considered 100 percent U&U. Staff recommends that a 10.1 percent adjustment to operating expenses for chemicals and purchased power should be made for excessive unaccounted for water (EUW).

Issue 3: What is the appropriate average test year rate base for Pine Harbour?

Recommendation: The appropriate average test year rate base for Pine Harbour is \$36,616.

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

Recommendation: The appropriate return on equity (ROE) is 8.11 percent with a range of 7.11 percent to 9.11 percent. The appropriate overall rate of return is 8.10 percent.

Issue 5: What are the appropriate test year revenues for Pine Harbour?

Recommendation: The appropriate test year revenues for Pine Harbour are \$23,887.

Issue 6: What is the appropriate amount of operating expense?

Recommendation: The appropriate amount of operating expense for the Utility is \$31,327.

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirement is \$34,292, resulting in an annual increase of \$10,405 (43.56 percent).

ITEM NO.

CASE

5**PAA

Docket No. 20180022-WU – Application for staff-assisted rate case in Lake County by Pine Harbour Waterworks, Inc.

(Continued from previous page)

Issue 8: What are the appropriate rate structure and rates for Pine Harbour?

Recommendation: The recommended rate structure and monthly water rates are shown on Schedule No. 4 of staff's memorandum dated September 28, 2018. 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 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 and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 9: What are the appropriate initial customer deposits for Pine Harbour?

Recommendation: The appropriate initial customer deposit is \$80 for the residential 5/8" x 3/4" meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved initial customer deposits should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

Issue 10: What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense?

Recommendation: The water rates should be reduced as shown on Schedule No. 4 of staff's memorandum dated September 28, 2018, 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. 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 Pine Harbour 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

5**PAA

Docket No. 20180022-WU – Application for staff-assisted rate case in Lake County by Pine Harbour Waterworks, Inc.

(Continued from previous page)

Issue 11: Should the recommended rates be approved for Pine Harbour 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), 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. 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), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. 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 analysis portion of staff's memorandum dated September 28, 2018. 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 Office of Commission Clerk no later than the 20th of every 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: Should Pine Harbour be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. The Utility should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Pine Harbour should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts as shown on Schedule No. 5 of staff's memorandum dated September 28, 2018, have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice should be provided within seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

ITEM NO.

CASE

5**PAA

Docket No. 20180022-WU – Application for staff-assisted rate case in Lake County by Pine Harbour Waterworks, Inc.

(Continued from previous page)

Issue 13: Should this docket be closed?

Recommendation: No. 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, a consummating order should be issued. 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 the Utility has submitted a letter to staff confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Schedule No. 5 of staff's memorandum dated September 28, 2018, have been made to the Utility's books and records. Once these actions are complete, this docket should be closed administratively.

ITEM NO.

CASE

6**PAA

Docket No. 20180152-EQ – Petition for approval to terminate qualifying facility power purchase agreement with Ridge Generating Station, L.P., by Duke Energy Florida, LLC.

Critical Date(s): December 31, 2018 (Termination Agreement Closing Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Clark

Staff: ENG: Lee

AFD: M. Andrews

ECO: Higgins

GCL: DuVal

Issue 1: Should the Commission approve the Termination Agreement and the requested regulatory treatment of the termination payment?

Recommendation: Yes. Based on staff's review, the Termination Agreement is expected to save DEF and its customers between \$30 and \$35 million in net present value (NPV) and should be approved. Recovery of the termination payment as a regulatory asset through the Capacity Clause should also be approved.

Issue 2: Should this docket be closed?

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

ITEM NO.

CASE

7**PAA

Docket No. 20170151-WS – Application for authority to transfer water and wastewater Certificate Nos. 577-W and 498-S in Manatee County, from Heather Hills Estates Utilities, LLC to Heather Hills Utilities, LLC.

Critical Date(s): None

Commissioners Assigned: All Commissioners

Prehearing Officer: Brown

Staff: ENG: Watts, O. Wooten

AFD: Sowards

ECO: Sibley

GCL: Trierweiler

(Proposed Agency Action for Issues 2 and 3)

Issue 1: Should the application for transfer of Certificate Nos. 577-W and 498-S in Manatee County, from Heather Hills Estate Utilities, LLC to Heather Hills Utilities, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 577-W and 498-S is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C. The Seller paid all Regulatory Assessment Fees (RAFs) through December 31, 2017. The Buyer should be responsible for paying RAFs after December 31, 2017, and all future years. The Buyer has filed the 2017 Annual Report, and should be responsible for filing all future annual reports.

Issue 2: What is the appropriate net book value for the Heather Hills Utilities, LLC water and wastewater systems for transfer purposes and should an acquisition adjustment be approved?

Recommendation: For transfer purposes, the net book value (NBV) of the water system is \$40,553, and for the wastewater system is \$389, as of April 7, 2017. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, Heather Hills should be required to notify the Commission in writing, that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the 2018 Annual Report when filed.

ITEM NO.

CASE

7**PAA

Docket No. 20170151-WS – Application for authority to transfer water and wastewater Certificate Nos. 577-W and 498-S in Manatee County, from Heather Hills Estates Utilities, LLC to Heather Hills Utilities, LLC.

(Continued from previous page)

Issue 3: Should the requested initial customer deposits for Heather Hills Utilities, LLC be approved?

Recommendation: Yes. The appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size are approximately \$78 for water and \$124 for wastewater. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated quarterly bill for water and wastewater. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

Issue 4: Should the corrected legal description of the original Heather Hills water and wastewater service territory shown in Attachment A of staff's memorandum dated September 28, 2018, be approved?

Recommendation: Yes. The corrected legal description of the original Heather Hills water and wastewater service territory shown in Attachment A of staff's memorandum dated September 28, 2018, which removes the golf course clubhouse/restaurant, should be approved. The resulting order should serve as Certificate Nos. 577-W and 498-S and should be retained by Heather Hills Utilities, LLC.

Issue 5: Should this docket be closed?

Recommendation: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed and the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision.

ITEM NO.

CASE

8**PAA

Docket No. 20170219-WS – Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

Critical Date(s): 03/11/19 (15-Month Effective Date (SARC))

Commissioners Assigned: All Commissioners

Prehearing Officer: Clark

Staff: ECO: Bruce
AFD: Galloway
ENG: Mtenga
GCL: DuVal, Dziechciarz

(Proposed Agency Action - Except for Issue Nos. 13, 14, and 15)

Issue 1: Is the quality of service provided by River Ranch satisfactory?

Recommendation: Yes. Staff recommends that the overall quality of service provided by River Ranch is satisfactory.

Issue 2: What are the used and useful (U&U) percentages of River Ranch's water treatment plant (WTP), water distribution system, water storage, WWTP, and wastewater collection system?

Recommendation: Staff recommends that River Ranch's WTP, water distribution system, water storage, WWTP, and wastewater collection system should be considered 100 percent U&U. Staff does not recommend an adjustment to chemicals and purchased power for excessive unaccounted for water (EUW) or excessive inflow and infiltration (I&I).

Issue 3: What is the appropriate average test year water rate base and wastewater rate base for River Ranch?

Recommendation: The appropriate average test year water rate base for River Ranch is \$639,343 and the appropriate average test year wastewater rate base is \$375,275.

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

Recommendation: The appropriate return on equity (ROE) is 8.11 percent with a range of 7.11 percent to 9.11 percent. The appropriate overall rate of return is 8.11 percent.

Issue 5: What are the appropriate amounts of test year revenues for the water and wastewater systems?

Recommendation: The appropriate test year revenues are \$137,305 for the water system and \$167,826 for the wastewater system.

Issue 6: What is the appropriate amount of operating expenses for River Ranch?

Recommendation: The appropriate amounts of operating expenses are \$119,229 for water and \$197,694 for wastewater.

ITEM NO.

CASE

8**PAA

Docket No. 20170219-WS – Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

(Continued from previous page)

Issue 7: What is the appropriate revenue requirement?

Recommendation: The appropriate revenue requirements are \$171,080 for water and \$228,129 for wastewater, resulting in an annual increase of \$33,775 for water (24.60 percent) and \$60,303 for wastewater (35.93 percent).

Issue 8: What are the appropriate rate structures and rates for River Ranch's water and wastewater systems?

Recommendation: The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated September 28, 2018. 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 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 and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice. Furthermore, the utility should provide the additional monthly usage reporting and notification requirements.

Issue 9: What are the appropriate initial customer deposits for River Ranch's water and wastewater systems?

Recommendation: The appropriate initial customer deposits should be \$37 for the single family residential 5/8 inch x 3/4 inch meter size for water and \$45 for the single family residential 5/8 inch x 3/4 inch meter size for wastewater. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water and wastewater. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

Issue 10: Should River Ranch be authorized to collect Non-Sufficient Funds (NSF) charges?

Recommendation: Yes. However, River Ranch's request to implement a \$26 NSF charge should be denied. River Ranch should be authorized to collect NSF charges set forth in Section 68.065, F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date the notice was given within 10 days of the date of the notice.

ITEM NO.

CASE

8**PAA

Docket No. 20170219-WS – Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

(Continued from previous page)

Issue 11: Should River Ranch's request to implement a \$6.00 late payment charge be approved?

Recommendation: Yes. River Ranch's request to implement a \$6.00 late payment charge should be approved. The utility should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice. The utility should provide proof of the date notice was given within 10 days after the date of the notice.

Issue 12: What are the appropriate miscellaneous service charges for River Ranch?

Recommendation: The miscellaneous service charges identified in Table 12-5 of staff's memorandum dated September 28, 2018, are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariffs pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 13: What is the appropriate amount by which the rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.081(8), F.S.?

Recommendation: The water and wastewater rates for River Ranch should be reduced, as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated September 28, 2018, 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 367.081(8), F.S. The utility should be required to file revised tariff sheets 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 River Ranch 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.

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8**PAA

Docket No. 20170219-WS – Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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Issue 14: Should the recommended rates be approved for River Ranch 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), 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. 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), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. 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 analysis portion of staff's memorandum dated September 28, 2018. 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 Clerk's office no later than the 20th of every 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 15: Should the utility be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision?

Recommendation: Yes. River Ranch should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. River Ranch should submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts have been made to the utility's books and records. In the event the utility needs additional time to complete the adjustments, notice should be provided not less than seven days prior to the deadline. Upon providing good cause, staff should be given administrative authority to grant an extension of up to 60 days.

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8**PAA

Docket No. 20170219-WS – Application for staff-assisted rate case in Polk County by River Ranch Water Management, L.L.C.

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Issue 16: Should this docket be closed?

Recommendation: No. 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, a consummating order should be issued. 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 the utility has provided staff with proof that the adjustments for all the applicable NARUC USOA primary accounts have been made. Also, this docket should remain open to allow the utility to provide the recommended reporting information and to allow staff to bring this item back to the Commission for further action upon evaluation of the 12 months of monthly usage data.

ITEM NO.

CASE

9**

Docket No. 20180161-WS – Application for approval of tariff for the gross-up of CIAC for water and wastewater rates in Polk County, by Gold Coast Utility Corp.

Critical Date(s): 10/30/18 (60-Day Suspension Date)

Commissioners Assigned: All Commissioners

Prehearing Officer: Administrative

Staff: ECO: Bethea, Hudson

AFD: Cicchetti

GCL: J. Crawford

Issue 1: Should GCUC's request for approval of a tariff to allow the gross-up of CIAC be approved?

Recommendation: Yes, the tariffs filed on August 31, 2018, should be approved. The utility should provide notice to all persons in the service areas included in the application who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the application was filed. The approved gross-up charges should be effective for connections made on or after the stamped approval date on the tariff sheets. The utility should provide proof of noticing within 10 days of rendering its approved notice.

Issue 2: Should this docket be closed?

Recommendation: If a protest is filed by a substantially affected person within 21 days of issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, the order should become final upon the issuance of a consummating order. However, the docket should remain open to allow staff to verify that the appropriate notice has been filed by the utility and approved by staff. Once the utility has provided proof of noticing, the docket should be closed administratively.