

# FLORIDA PUBLIC SERVICE COMMISSION

## COMMISSION CONFERENCE AGENDA

**CONFERENCE DATE AND TIME:** Tuesday, July 9, 2019, 9:30 a.m.

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

**DATE ISSUED:** June 26, 2019

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### 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).

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**ITEM NO.**

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**CASE**

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1\*\*

**Consent Agenda**

PAA

A) Application for Certificate of Authority to Provide Telecommunications Service.

DOCKET NO.

COMPANY NAME

20190117-TX

Luxury Telecommunications LLC d/b/a Luxury  
Telecommunications

20190126-TX

QCSTelecom, Inc.

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

**ITEM NO.**

**CASE**

2\*\*

**Docket No. 20190055-WS** – Proposed amendment of Rule 25-30.420, F.A.C., Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings After Adjustment; Notice to Customers.

**Rule Status:** Proposed

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Polmann

**Staff:** GCL: Davis  
AFD: Norris  
ECO: Guffey

**(Proposal May Be Deferred)**

**Issue 1:** Should the Commission propose the amendment of Rule 25-30.420, F.A.C., Establishment of Price Index, Adjustment of Rates; Requirement of Bond; Filings After Adjustment; Notice to Customers?

**Recommendation:** Yes, the Commission should propose the amendment of Rule 25-30.420, F.A.C., as set forth in Attachment A of staff's memorandum date June 26, 2019. The Commission should also certify that Rule 25-30.420, F.A.C., is not a rule that the violation of which would be a minor violation pursuant to Section 120.695, F.S.

**Issue 2:** Should this docket be closed?

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

**ITEM NO.**

**CASE**

3\*\*PAA

**Docket No. 20190091-GU** – Petition for authority to accrue AFUDC, by Peoples Gas System.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** AFD: Richards, D. Buys, Cicchetti

GCL: Schrader

**Issue 1:** Should the Commission authorize Peoples Gas to accrue an Allowance for Funds Used During Construction (AFUDC)?

**Recommendation:** Yes. The Commission should authorize Peoples Gas to accrue AFUDC.

**Issue 2:** Should the Commission approve Peoples Gas's requested AFUDC rate of 5.97 percent?

**Recommendation:** Yes. The appropriate AFUDC rate for Peoples Gas is 5.97 percent based on a 13-month average capital structure for the period ended December 31, 2018.

**Issue 3:** What is the appropriate monthly compounding rate to achieve the requested 5.97 percent annual AFUDC rate?

**Recommendation:** The appropriate monthly compounding rate to maintain an annual rate of 5.97 percent is 0.484385 percent.

**Issue 4:** Should the Commission approve Peoples Gas' requested effective date of January 1, 2019, for implementing the AFUDC rate?

**Recommendation:** Yes. The AFUDC rate should be effective as of January 1, 2019.

**Issue 5:** 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 issuance of the order, this docket should be closed upon the issuance of a consummating order.

**ITEM NO.**

**CASE**

4\*\*

**Docket No. 20190109-GU** – Petition for recovery of costs associated with Hurricane Michael and replenishment of storm reserve, by Peoples Gas System.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Clark

**Staff:** AFD: Snyder, M. Andrews, Mouring, L. Smith, D. Buys

ECO: Doherty, Draper

ENG: Graves, King, Knoblauch, Lewis

GCL: Trierweiler, J. Crawford, Schrader

**Issue 1:** Should the Commission authorize Peoples Gas System to implement an interim storm restoration recovery charge?

**Recommendation:** Yes, the Commission should authorize Peoples Gas System to implement an interim storm restoration recovery charge. After the actual costs are reviewed for prudence and reasonableness, and are compared to the actual amount recovered through the interim storm restoration recovery charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over/under recovery, and associated interest, will be considered by the Commission at a later date.

**Issue 2:** Should the Commission approve Peoples Gas System's proposed tariffs and associated charges?

**Recommendation:** Yes. The Commission should approve Peoples Gas System's tariffs as proposed in the petition to go into effect with the first billing cycle in August 2019.

**Issue 3:** What is the appropriate security to guarantee the amount collected subject to refund through the interim storm restoration recovery charge?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking.

**Issue 4:** Should this docket be closed?

**Recommendation:** No, this docket should remain open pending final reconciliation of actual recoverable Hurricane Michael storm costs with the amount collected pursuant to the interim storm restoration recovery charge. The disposition of any over or under recovery, and associated interest, should be considered by the Commission at a later date.

**ITEM NO.**

**CASE**

5

**Docket No. 20190116-SU** – Application for staff-assisted rate case in Brevard County, and request for interim rate increase by Merritt Island Utility Company.

**Critical Date(s):** 07/15/19 (60-Day Decision on Interim Rates)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Clark

**Staff:** AFD: Wilson, Golden, Hightower

ECO: Sibley

GCL: Dziechciarz

**(Participation is at the Discretion of the Commission)**

**Issue 1:** Should an interim revenue increase be approved?

**Recommendation:** Yes, Merritt Island should be authorized to collect interim revenues as indicated below:

	<b>Test Year Revenues</b>	<b>\$ Increase</b>	<b>Revenue Requirement</b>	<b>% Increase</b>
Wastewater	\$66,595	\$3,584	\$70,179	5.38%

**Issue 2:** What are the appropriate interim water rates?

**Recommendation:** The interim rate increase of 5.38 percent should be applied as an across-the-board increase to the service rates in effect as of March 31, 2019. The rates, as shown on Schedule No. 1, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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 3:** What is the appropriate security to guarantee the interim increase?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking.

**Issue 4:** Should this docket be closed?

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

**ITEM NO.**

**CASE**

6\*\*PAA

**Docket No. 20180144-EI** – Review of 2019-2021 storm hardening plan, Florida Power & Light Company.

**Docket No. 20180145-EI** – Review of 2019-2021 storm hardening plan, Tampa Electric Company.

**Docket No. 20180146-EI** – Review of 2019-2021 storm hardening plan, Duke Energy Florida, LLC.

**Docket No. 20180147-EI** – Review of 2019-2021 storm hardening plan, Gulf Power Company.

**Docket No. 20180148-EI** – Review of 2019-2021 storm hardening plan, Florida Public Utilities Company.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Fay

**Staff:** ENG: P. Buys, Graves, King, Knoblauch, Salvador

GCL: Trierweiler, J. Crawford

IDM: Breman, Eastmond, Wendel, Eichler

**Issue 1:** Should the Commission approve Florida Power and Light's 2019-2021 storm hardening plan filed in Docket No. 20180144-EI?

**Recommendation:** Yes. FPL's updated plan is largely a continuation of its current Commission-approved plan. A review of FPL's plan shows that it has the information required by the Commission's rule and orders. Staff notes that approval of FPL's plan does not mean approval for cost recovery. FPL should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

**Issue 2:** Should the Commission approve Tampa Electric Company's 2019-2021 storm hardening plan filed in Docket No. 20180145-EI?

**Recommendation:** Yes. TECO updated plan is largely a continuation of its current Commission-approved plan. A review of TECO's plan shows that it has the information required by the Commission's rule and orders. Staff notes that approval of TECO's plan does not mean approval for cost recovery. TECO should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

**Issue 3:** Should the Commission approve Duke Energy Florida, LLC's 2019-2021 storm hardening plan filed in Docket No. 20180146-EI?

**Recommendation:** Yes. DEF's updated plan is largely a continuation of its current Commission-approved plan. A review of DEF's plan shows that it has the information required by the Commission's rule and orders. Staff notes that approval of DEF's plan does not mean approval for cost recovery. DEF should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.



ITEM NO.

CASE

6\*\*PAA

**Docket No. 20180144-EI** – Review of 2019-2021 storm hardening plan, Florida Power & Light Company.

**Docket No. 20180145-EI** – Review of 2019-2021 storm hardening plan, Tampa Electric Company.

**Docket No. 20180146-EI** – Review of 2019-2021 storm hardening plan, Duke Energy Florida, LLC.

**Docket No. 20180147-EI** – Review of 2019-2021 storm hardening plan, Gulf Power Company.

**Docket No. 20180148-EI** – Review of 2019-2021 storm hardening plan, Florida Public Utilities Company.

(Continued from previous page)

**Issue 4:** Should the Commission approve Gulf Power Company's 2019-2021 storm hardening plan filed in Docket No. 20180147-EI?

**Recommendation:** Yes. Gulf's updated plan is largely a continuation of its current Commission-approved plan. A review of Gulf's plan shows that it has the information required by the Commission's rule and orders. Staff notes that approval of Gulf's plan does not mean approval for cost recovery. Gulf should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

**Issue 5:** Should the Commission approve Florida Public Utilities Company's 2019-2021 storm hardening plan filed in Docket No. 20180148-EI?

**Recommendation:** Yes. FPUC's updated plan is largely a continuation of its current Commission-approved plan. A review of FPUC's plan shows that it has the information required by the Commission's rule and orders. Staff notes that approval of FPUC's plan does not mean approval for cost recovery. FPUC should consider the rate impact before taking proactive steps to improve its system to withstand severe weather events.

**Issue 6:** Should these dockets be closed?

**Recommendation:** Yes. At the conclusion of the protest period, if no protest is filed these dockets should be closed upon the issuance of the consummating orders. Separate orders will be issued for each docket to reflect the Commission's vote. For each such order, if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the respective docket's order, that docket should be closed upon issuance of a separate consummating order. A protest by an affected person in a docket will not preclude the non-protested dockets from closing.

**ITEM NO.**

**CASE**

7\*\*PAA

**Docket No. 20190079-EQ** – Petition for approval of amended standard offer contract (Schedule COG-2) and amended interconnection agreement, by Duke Energy Florida, LLC.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Administrative

**Staff:** ENG: Thompson, Doehling, Ellis

GCL: Murphy

**Issue 1:** Should the Commission approve the amended standard offer contract (Schedule COG-2) and amended interconnection agreement filed by Duke Energy Florida, LLC?

**Recommendation:** Yes. The provisions of DEF's amended standard offer contract and associated rate schedule COG-2, as revised on June 7, 2019, and amended interconnection agreement, as filed on April 1, 2019, conform to all requirements of Rules 25-17.200 through 25-17.310, F.A.C. The amended standard offer contract attached to staff's memorandum dated June 26, 2019, provides flexibility in the arrangements for payments so that a developer of renewable generation may select the payment stream best suited to its financial needs.

**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 Commission's Proposed Agency Action Order. Potential signatories should be aware that, if a timely protest is filed, DEF's standard offer contract may subsequently be revised.

**ITEM NO.**

**CASE**

8\*\*PAA

**Docket No. 20160165-SU** – Application for staff-assisted rate case in Gulf County by ESAD Enterprises, Inc. d/b/a Beaches Sewer Systems, Inc.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Polmann

**Staff:** ENG: Wright, Ellis

AFD: T. Brown

ECO: Ramos

GCL: Murphy

**Issue 1:** What is the appropriate Phase II revenue requirement for Beaches?

**Recommendation:** The appropriate Phase II revenue requirement is \$185,819. This represents an increase of \$33,095, which equates to an increase of 21.67 percent. The increase includes staff's recommended pro forma plant and O&M expense additions, as well as the billing determinant change and corresponding adjustment to test year revenues discussed in Issues 2 and 3. Phase II rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B. The operating income for Phase II is shown on Schedule No. 2-A. The related adjustments are shown on Schedule No. 2-B.

**Issue 2:** What are the appropriate test year revenues for Phase II?

**Recommendation:** The appropriate test year revenues for Beaches' Phase II rates are \$152,724.

**Issue 3:** What are the appropriate rates for Phase II?

**Recommendation:** The recommended rates and charges are shown on Schedule No. 3. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates and charges. The approved rates and charges should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). In addition, the approved rates and 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 4:** 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 will be issued. The docket should remain open for staff's verification that the revised tariff sheets and the customer notice have been filed by the Utility and approved by staff. When the tariff and notice actions are complete, this docket may be closed administratively.

**ITEM NO.**

**CASE**

9\*\*PAA

**Docket No. 20180174-WU** – Application to transfer facilities and Certificate No. 627-W in Polk County from Sunrise Utilities, LLC to Sunrise Water, LLC.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Brown

**Staff:** ENG: Lewis, Knoblauch, Graves

AFD: Sowards, Bennett, Norris

ECO: Bruce, Hudson

GCL: J. Crawford

**(Proposed Agency Action for Issue 2)**

**Issue 1:** Should the application for transfer of Certificate No. 627-W in Polk County from Sunrise Utilities, LLC to Sunrise Water, LLC be approved?

**Recommendation:** Yes. The transfer of the water system and Certificate No. 627-W 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, Florida Administrative Code (F.A.C.). The Buyer will be responsible for paying Regulatory Assessment Fees (RAFs) for 2019 and all subsequent years. The Buyer has filed the 2018 Annual Report, and will be responsible for filing all future annual reports.

**Issue 2:** What is the appropriate net book value (NBV) for the Sunrise Utilities water system for transfer purposes and should an acquisition adjustment be approved?

**Recommendation:** The NBV of the water system for transfer purposes is \$24,258 as of June 15, 2018. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, Sunrise Water, LLC 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 2019 Annual Report.

**Issue 3:** 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**

10\*\*PAA

**Docket No. 20180175-WU** – Application to transfer facilities and Certificate No. 628-W in Polk County from Alturas Utilities, L.L.C. to Alturas Water, LLC.

**Critical Date(s):** None

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Brown

**Staff:** ENG: Lewis, Knoblauch, Graves

AFD: Sowards, Bennett, Norris

ECO: Bruce, Hudson

GCL: J. Crawford

**(Proposed Agency Action for Issue 2)**

**Issue 1:** Should the application for transfer of Certificate No. 628-W in Polk County, from Alturas Utilities, L.L.C. to Alturas Water, LLC be approved?

**Recommendation:** Yes. The transfer of the water system and Certificate No. 628-W 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, Florida Administrative Code (F.A.C). The Buyer will be responsible for paying Regulatory Assessment Fees (RAFs) for 2019 and all subsequent years. The Buyer has filed the 2018 Annual Report, and will be responsible for filing all future annual reports.

**Issue 2:** What is the appropriate net book value for the Alturas Utilities water system for transfer purposes and should an acquisition adjustment be approved?

**Recommendation:** The net book value (NBV) of the water system for transfer purposes is \$22,035, as of June 15, 2018. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, Alturas Water, LLC 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 2019 Annual Report.

**ITEM NO.**

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**CASE**

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10\*\*PAA

**Docket No. 20180175-WU** – Application to transfer facilities and Certificate No. 628-W in Polk County from Alturas Utilities, L.L.C. to Alturas Water, LLC.

(Continued from previous page)

**Issue 3:** 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**

11

**Docket No. 20190031-WU** – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

**Critical Date(s):** 07/12/19 (60-Day Suspension and Decision on Interim Rates)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Clark

**Staff:** ECO: Ramos

AFD: D. Buys, Smith II

ENG: Knoblauch, Salvador

GCL: Simmons, J. Crawford

**(Participation is at the Discretion of the Commission)**

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

**Recommendation:** Yes. Placid Lakes' proposed final water rates should be suspended.

**Issue 2:** Should any interim revenue increase be approved?

**Recommendation:** Yes, Placid Lakes should be authorized to collect annual water revenues as indicated below:

	Adjusted Test Year Revenues	\$ Increase	Revenue Requirement	% Increase
Water	\$685,384	\$30,646	\$716,030	4.47%

**Issue 3:** What are the appropriate interim water rates?

**Recommendation:** Staff recommends an interim rate increase of 4.52 percent should be applied as an across-the-board increase to the existing service rates. The rates, as shown on Schedule No. 4, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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.

**ITEM NO.**

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**CASE**

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11

**Docket No. 20190031-WU** – Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.

(Continued from previous page)

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

**Recommendation:** A corporate undertaking of \$20,594 is acceptable, contingent upon receipt of the written guarantee of the parent company, Lake Placid Holding Company, (LPHC or Company). LPHC should be required to file a corporate undertaking on behalf of Placid Lakes Utilities, Inc. to guarantee any potential refund of revenues collected under interim conditions. Pursuant to Rule 25-30.360(6), F.A.C., the utility should provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and in accordance with Rule 25-30.360, F.A.C.

**Issue 5:** Should this docket be closed?

**Recommendation:** The docket should remain open pending the Commission's PAA decision on the utility's requested rate increase.



**ITEM NO.**

**CASE**

12

**Docket No. 20190114-WU** – Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.

**Critical Date(s):** 07/12/19 (60-Day Decision on Interim Rates)

**Commissioners Assigned:** All Commissioners

**Prehearing Officer:** Clark

**Staff:** ECO: Bruce, Hudson

AFD: Wilson, Golden, Hightower

ENG: Knoblauch, Lewis

GCL: DuVal

**(Participation is at the Discretion of the Commission)**

**Issue 1:** Should an interim revenue increase be approved?

**Recommendation:** Yes, Gator Waterworks should be authorized to collect interim revenues as indicated below:

	<b>Test Year Revenues</b>	<b>\$ Increase</b>	<b>Revenue Requirement</b>	<b>% Increase</b>
Water	\$56,351	\$21,089	\$77,440	37.42%

**Issue 2:** What are the appropriate interim water rates?

**Recommendation:** The interim rate increase of 40.69 percent should be applied as an across-the-board increase to the existing service rates. The rates, as shown on Schedule No. 1, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, 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 3:** What is the appropriate security to guarantee the interim increase?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking.

**Issue 4:** Should this docket be closed?

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