

Table of Contents
Commission Conference Agenda
November 1, 2022

1**	Consent Agenda	1
2**PAA	Docket No. 20220162-EI – Request for approval of change in rate used to account for allowance for funds used during construction (AFUDC) from 5.98% to 6.09%, effective July 1, 2022, by Tampa Electric Company.	2
3**	Docket No. 20220165-EI – Petition for limited proceeding to approve refund and rate reduction resulting from implementation of Inflation Reduction Act, by Florida Power & Light Company.	3
4	Docket No. 20200241-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Sally, by Gulf Power Company. Docket No. 20210178-EI – Petition for evaluation of Hurricane Isaias and Tropical Storm Eta storm costs, by Florida Power & Light Company. Docket No. 20210179-EI – Petition for limited proceeding for recovery of incremental storm restoration costs and associated true-up process related to Hurricane Zeta, by Gulf Power Company.	5
5**PAA	Docket No. 20200185-WS – Application for certificates to provide water and wastewater service in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.	17
6**	Docket No. 20220092-WS – Notice of abandonment of water and wastewater systems in Charlotte County by Sun River Utilities, Inc.	19
7**	Docket No. 20220161-EI – Petition to adjust clean energy transition mechanism to reflect revised authorized return on equity, by Tampa Electric Company.	20
8**PAA	Docket No. 20220144-GU – Joint petition for approval of firm transportation between Florida Public Utilities Company and Peninsula Pipeline Company, Inc. to reflect expansion of Wildlight development in Nassau County.	21
9**	Docket No. 20220155-GU – Joint petition for approval of GRIP cost recovery factors, by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.	22
10**	Docket No. 20220153-GU – Petition for approval of safety, access, and facility enhancement program true-up and 2023 cost recovery factors, by Florida City Gas.	23
11**	Docket No. 20220152-GU – Petition for approval of 2021 true-up, projected 2022 true-up, and 2023 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System.	24
12**PAA	Docket No. 20220159-GU – Joint petition by Peoples Gas System and Florida Public Utilities Company for approval of special contract.	25

Table of Contents
Commission Conference Agenda
November 1, 2022

13**	Docket No. 20220154-GU – Joint petition for approval of swing service rider rates for January through December 2023, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.	26
14**	Docket No. 20220147-SU – Application for approval of a new classes of service for bulk wastewater service in Pasco County, by Ni Florida, Inc.....	27

Item 1

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (D. Buys, Mouring) *ALM*
Office of the General Counsel (Sandy, Watros) *JSC*

RE: Docket No. 20220160-EI - Application for authority to issue and sell securities during 12 months ending December 31, 2023, by Duke Energy Florida, LLC.

AGENDA: 11/1/2022 - Consent Agenda - Final Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following application for authority to issue and sell securities on the consent agenda for approval:

Docket No. 20220160-EI - Application for authority to issue and sell securities during 12 months ending December 31, 2023, by Duke Energy Florida, LLC.

Duke Energy Florida, LLC (DEF or Company) seeks authority to issue, sell, or otherwise incur during 2023 up to \$1.5 billion of any combination of equity securities, long-term debt securities, and other long-term obligations. Additionally, the Company requests authority to issue, sell, or otherwise incur during 2022 and 2023, up to \$2.0 billion outstanding at any time of short-term debt securities and other obligations.

In connection with this application, DEF confirms that the capital raised pursuant to this application will be used in connection with the regulated activities of the Company and not the unregulated activities of its unregulated affiliates.

Staff has reviewed the Company's projected capital expenditures. The amount requested by the Company (\$3.5 billion) exceeds its expected capital expenditures (\$2.4 billion). The additional amount requested exceeding the projected capital expenditures allows for financial flexibility with regard to unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends DEF's application for authority to issue and sell securities be approved.

For monitoring purposes, this docket should remain open until May 3, 2024, to allow the Company time to file the required Consummation Report.

Item 2

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (D. Buys, Mouring) *ALM*
Office of the General Counsel (Dose) *JSC*

RE: Docket No. 20220162-EI – Request for approval of change in rate used to account for allowance for funds used during construction (AFUDC) from 5.98% to 6.09%, effective July 1, 2022, by Tampa Electric Company.

AGENDA: 11/01/22 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Tampa Electric Company's (Tampa Electric or Company) current Allowance for Funds Used During Construction (AFUDC) rate of 5.98 percent was approved by Order No. PSC-2022-0245-PAA-EI, issued June 27, 2022.¹ On September 12, 2022, the Commission issued Order No. PSC-2022-0322-FOF-EI approving Tampa Electric's petition for a limited proceeding to implement the return on equity (ROE) trigger provision in Section 2(b) of the 2021 Rate Case Settlement. The ROE trigger provision increased the Company's currently authorized ROE of 9.95 percent

¹Order No. PSC-2022-0245-PAA-EI, issued June 27, 2022, in Docket No. 20220076-EI, *In re: Request for approval of change in rate used during construction (AFUDC) from 6.46% to 5.97%, effective January 1, 2022, by Tampa Electric Company.*

by 25 basis points to 10.20 percent, effective July 1, 2022.² On September 22, 2022, Tampa Electric filed a petition for approval to change its AFUDC rate from 5.98 percent to 6.07 percent, effective July 1, 2022. As required by Rule 25-6.0141(5), Florida Administrative Code (F.A.C.), Tampa Electric filed with its petition Schedules A, B, and C identifying the capital structure, capital structure adjustments, and the methodology used to calculate the monthly AFUDC rate. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

²Order No. PSC-2022-0322-FOF-EI, issued September 12, 2022, in Docket No. 20220122-EI, *In re: Petition for limited proceeding rate increase to implement return on equity provisions in 2021 agreement, by Tampa Electric Company*.

Date: October 20, 2022

Discussion of Issues

Issue 1: Should the Commission approve Tampa Electric's request to increase its AFUDC rate from 5.98 percent to 6.07 percent?

Recommendation: Yes. The appropriate AFUDC rate for Tampa Electric is 6.07 percent based on a 13-month average capital structure for the period ended June 30, 2022.

Staff Analysis: Tampa Electric requested an increase in its AFUDC rate from 5.98 percent to 6.07 percent. Rule 25-6.0141(3), F.A.C., Allowance for Funds Used During Construction, provides the following guidance:

(3) The applicable AFUDC rate will be determined as follows:

(a) The most recent 13-month average embedded cost of capital, except as noted below, will be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the utility's last rate case.

(b) The cost rates for the components in the capital structure will be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short-term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax credits. The cost of long-term debt and preferred stock will be based on end of period cost. The annual percentage rate must be calculated to two decimal places.

In support of its requested AFUDC rate of 6.07 percent, Tampa Electric provided its calculations and capital structure in Schedules A and B attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-6.0141(3), F.A.C. The requested increase in the AFUDC rate is due principally to an increase of 10 basis points in the weighted cost of common equity, offset slightly by a decrease of 1 basis points in the weighted cost of long-term and short-term debt. In its calculation, the Company appropriately used the mid-point return on equity of 10.20 percent, which was approved by the Commission in Order No. PSC-2022-0322-FOF-EI.³

³Order No. PSC-2022-0322-FOF-EI, issued September 12, 2022, in Docket No. 20220122-EI, *In re: Petition for limited proceeding rate increase to implement return on equity provisions in 2021 agreement, by Tampa Electric Company*.

Date: October 20, 2022

Issue 2: What is the appropriate monthly compounding rate to achieve the requested 6.07 percent annual AFUDC rate?

Recommendation: The appropriate monthly compounding rate to achieve an annual AFUDC rate of 6.07 percent is 0.004923. (D. Buys)

Staff Analysis: Tampa Electric requested a monthly compounding rate of 0.004923 to achieve an annual AFUDC rate of 6.07 percent. In support of the requested monthly compounding rate of 0.004923, the Company provided its calculations in Schedule C attached to its request. Rule 25-6.0141(4), F.A.C., provides a formula for discounting the annual AFUDC rate to reflect monthly compounding. The rule also requires that the monthly compounding rate be calculated to six decimal places.

Staff reviewed the Company's calculations and determined that they comply with the requirements of Rule 25-6.0141(4), F.A.C. Therefore, staff recommends that a monthly compounding AFUDC rate of 0.004923 be approved.

Date: October 20, 2022

Issue 3: Should the Commission approve Tampa Electric's requested effective date of July 1, 2022, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective July 1, 2022, for all purposes. (D. Buys)

Staff Analysis: Tampa Electric's proposed AFUDC rate was calculated using a 13-month average capital structure for the period ended June 30, 2022. Rule 25-6.0141(6), F.A.C., provides that:

No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate will be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

The Company's requested effective date of July 1, 2022, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore should be approved.

Issue 4: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order. (Dose)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, this docket should be closed upon the issuance of a consummating order.

Item 3

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (D. Buys, Cordell, Higgins, Mouring) *ALM*
Division of Economics (Draper) *JDG*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20220165-EI – Petition for limited proceeding to approve refund and rate reduction resulting from implementation of Inflation Reduction Act, by Florida Power & Light Company.

AGENDA: 11/01/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: *All Commissioners* *At 10/20/22*

PREHEARING OFFICER: Graham

CRITICAL DATES: Tariff 60-Day Suspension Date 11/22/22
2021 Settlement Agreement Date 11/14/22

SPECIAL INSTRUCTIONS: None

Case Background

Florida Power & Light Company (FPL or Company) is an investor-owned utility providing electric service to approximately 5.8 million customers in Florida. On September 23, 2022, FPL filed a petition requesting Commission approval of a refund and rate reduction resulting from the Inflation Reduction Act (IRA or Tax Reform) that was signed into law on August 16, 2022. The Company's request is being made pursuant to Paragraph 13 of the 2021 Settlement that was approved on December 2, 2021, in Docket No. 20210015-EI.¹ Paragraph 13 of the 2021 Settlement requires, in part, that the impacts of any tax reform on base revenue requirements be

¹ Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *Petition for rate increase by Florida Power & Light Company*; and Order No. PSC-2021-0446A-S-EI, issued December 9, 2021, in Docket No. 20210015-EI, *Petition for rate increase by Florida Power & Light Company*.

Docket No. 20220165-EI

Date: October 20, 2022

adjusted for retail customers within 90 days of when the tax reform becomes law. The Commission has jurisdiction over this matter pursuant to Sections 366.05 and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve FPL's calculation of the tax savings associated with the IRA for 2022?

Recommendation: Yes. The Commission should approve FPL's calculations for the net tax savings of \$25,043,705 for 2022 resulting from the Company's election to use PTCs instead of ITCs as allowed by the IRA. (D. Buys, Mouring)

Staff Analysis: Effective January 1, 2022, the IRA expanded federal income tax benefits for renewable energy by allowing owners of solar projects which begin construction before 2025 the option to elect to receive Production Tax Credits (PTCs) instead of Investment Tax Credits (ITCs). FPL has elected to use PTCs instead of ITCs because it provides a greater tax benefit and customer savings. The application of PTCs to FPL's six rate base solar facilities results in a tax savings of \$31,195,561. In comparison, the amortization of ITCs is \$1,773,277 per year. The ITC amortization, and a \$3,155,569 adjustment to account for the impact to the capital structure due to a net decrease of unamortized ITCs and accumulated deferred income taxes (ADITs), is deducted from the PTC balance. In addition, State income tax expense increased by \$1,223,010 due to the removal of the ITCs and is also offset against PTC tax savings. In total, the net change in FPL's jurisdictional adjusted base revenue requirement is a reduction of \$25,043,705.² Staff reviewed FPL's calculations in the direct testimony of Ina P. Laney filed on September 23, 2022, in the instant docket, and believes they are reasonable and appropriate. FPL's calculations are summarized in Table 1-1. Based on the aforementioned, staff recommends the Commission approve FPL's calculations of net tax savings of \$25,043,705 for 2022 resulting from the Company's election to use PTCs instead of ITCs as allowed by the IRA.

Table 1-1
Calculation of PTC impact on 2022 Revenue Requirement

Production Tax Credits	\$31,195,561
ITC Amortization Removal	(1,773,277)
State Income Tax Expense	(1,223,010)
ITC Capital Structure Impact	(3,155,569)
Net Reduction in 2022 Revenue Requirement	<u>\$25,043,705</u>

Source: DN 07679-2022.

²Document No. 07679-2022, Exhibit IPL-5, page 1 of 1, Line 5.

Date: October 20, 2022

Issue 2: Should the Commission approve FPL's request to flow back to customers the full 2022 tax reform impact through a one-time reduction to its Capacity Cost Recovery Clause (CCR) factors in January 2023?

Recommendation: Yes. Staff recommends the Commission approve a refund of \$25,043,705 in January 2023 through a one-time reduction to FPL's CCR factors. (Cordell)

Staff Analysis: As discussed in Issue 1, FPL's application of PTCs has reduced its 2022 jurisdictional adjusted revenue requirement by \$25,043,705. Paragraph 13(a) of the 2021 Settlement states: "[a]ny effects of tax reform on the retail revenue requirements (but no earlier than January 1, 2022) through the date of the base rate adjustment shall be flowed back to, or collected from, customers through the [CCR] Clause on the same basis as used in any base rate adjustment."³

The impact of this refund on the capacity cost portion of a 1,000 kilowatt-hour (kWh) residential bill for January 2023 will be a credit of \$0.75 on the 1,000 kWh residential bill. The Company believes applying the entire 2022 refund to a single month, with a commensurate one-month rate impact, will provide a more noticeable reduction to customers' bills than spreading the refund over a full twelve months. After January, or from February through December 2023, the proposed residential capacity charge will be \$2.12 per 1,000 kWh.⁴ Staff has reviewed the Company's calculation of the net tax savings from the effective date of the IRA, through the base rate adjustment, and recommends the Commission approve a refund of \$25,043,705 in January 2023 through a one-time reduction to FPL's CCR factors.

³Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *Petition for rate increase by Florida Power & Light Company*; and Order No. PSC-2021-0446A-S-EI, issued December 9, 2021, in Docket No. 20210015-EI, *Petition for rate increase by Florida Power & Light Company*.

⁴ Proposed in Docket No. 20220001-EI.

Issue 3: Should the Commission approve FPL's calculation of the projected tax savings associated with the IRA for 2023?

Recommendation: Yes. The Commission should approve FPL's calculations of net tax savings of \$69,743,460 for 2023 resulting from the Company's election to use PTCs instead of ITCs as allowed by the IRA. (D. Buys, Mouring)

Staff Analysis: As discussed in Issue 1, FPL has selected the option to receive PTCs instead of ITCs as allowed by the IRA. The application of PTCs to FPL's ten solar facilities results in a tax savings of \$82,432,142, which is offset by a reduction to the ITC amortization balance of \$12,688,682, for a net tax savings of \$69,743,460. The incremental change in 2023 jurisdictional adjusted base revenue requirement is a reduction of \$44,699,755, in addition to the 2022 net tax savings of \$25,043,705, for a total reduction in base revenue requirement of \$69,743,460.⁵ FPL will not finalize its 2023 Forecast Earnings Surveillance Report until early 2023, and consequently, did not take into account the impacts to the capital structure which would likely decrease the 2023 tax savings. FPL did not include the 2023 State income tax impact which may also slightly decrease the tax savings similar to its effect on the 2022 calculation. The projected change in FPL's base revenue requirements is comprised of a \$82.4 million reduction due to lower operating income tax expense resulting from the inclusion of PTCs associated with the Company's base rate solar plants, offset by a \$12.7 million increase due to the removal of ITC amortization associated with the 2022 and 2023 solar plants. FPL's calculations are summarized in Table 3-1. Staff reviewed FPL's calculations in the direct testimony of Ina P. Laney filed on September 23, 2022, in the instant docket, and believe they are reasonable and appropriate. Based on the aforementioned, staff recommends the Commission approve FPL's calculations of net tax savings of \$69,743,460 for 2023 resulting from the Company's election to use PTCs instead of ITCs as allowed by the IRA.

Table 3-1
Calculation of PTC impact on 2023 Revenue Requirement

Production Tax Credits	\$82,432,142
ITC Amortization Removal	(12,688,682)
Net Reduction in 2023 Revenue Requirement	\$69,743,460
Decrease in 2022 Revenue Requirement	(25,043,705)
Incremental Reduction in 2023 Revenue Requirement	<u>\$44,699,755</u>

Source: DN 07679-2022.

⁵Document No. 07679-2022, Exhibit IPL-6, page 1 of 1, Line 3.

Date: October 20, 2022

Issue 4: Should the Commission approve FPL's request to flow back to customers the projected 2023 tax savings through a reduction to base rates beginning January 1, 2023?

Recommendation: Yes. The Commission should approve FPL's request to flow back to customers the projected net \$69,743,460 tax savings through a reduction to base rates beginning January 1, 2023. (D. Buys, Mouring)

Staff Analysis: As discussed in Issue 3, the Company's election to utilize PTCs instead of ITCs under the IRA has resulted in a projected net tax savings of approximately \$69.7 million. Under the provisions of Paragraph 13 of the 2021 Settlement, the Company is required to quantify the impacts of federal or state tax reform on its jurisdictional base revenue requirement as projected in its Forecast Earnings Surveillance Report and adjust its jurisdictional base revenue requirement through a uniform percentage decrease or increase to customer, demand, and energy base rates for all retail customer classes. Staff has reviewed the Company's calculation of the projected net tax savings associated with the IRA and the proposed method to flow back those tax savings to customers and recommends that the proposed permanent reduction in jurisdictional base rates is consistent with the terms of the 2021 Settlement and should be approved.

Date: October 20, 2022

Issue 5: Should the Commission approve FPL's revised tariffs to implement the IRA base revenue decrease effective January 2023?

Recommendation: Yes. The Commission should approve FPL's revised tariffs to implement the IRA base revenue decrease effective January 2023. The revised tariffs are shown in Attachment A to the recommendation. (Draper)

Staff Analysis: FPL's petition includes the proposed tariff sheets (Exhibit D to the petition) and the calculation of the IRA adjustment factor of (0.775) percent (Exhibit C to the petition). The IRA adjustment factor was calculated by dividing the \$69.7 million reduction in the 2023 base revenue requirement by the 2023 projected retail base revenue sales of electricity (\$8,999.9 million). The IRA adjustment factor was applied to the base rates for all rate classes (Exhibit C to the petition, Part 2).

In Order No. PSC-2021-0446-S-EI, the Commission approved an increase of \$560 million in FPL's base rates effective January 2023. This Commission-approved increase is also reflected in the revised tariffs, as both the approved \$560 million base rate increase and the proposed IRA base revenue decrease are effective January 2023.

A residential customer who uses 1,000 kWh per month currently pays \$75.82 on the base rate portion of their monthly bill. Without the IRA adjustment, the base rate portion on the 1,000 kWh residential bill would be \$80.73 effective January 2023. As a result of the IRA adjustment, the base rate portion of the 1,000 kWh residential bill will be \$80.11 effective January 2023, an increase of \$4.29 from the current \$75.82.

Staff has reviewed FPL's tariff sheets and supporting documentation. The calculations are accurate. The Commission should approve FPL's revised tariffs to implement the IRA base revenue decrease effective January 2023. The revised tariffs are shown in Attachment A to the recommendation.

Issue 6: Should this docket be closed?

Recommendation: Yes. At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, subject to adjustment, pending the resolution of the protest. (Brownless)

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, subject to adjustment, pending the resolution of the protest.

FLORIDA POWER & LIGHT COMPANY

Fifty-Seventh Revised Sheet No. 8.101
Cancels Fifty-Sixth Revised Sheet No. 8.101

GENERAL SERVICE - NON DEMAND

RATE SCHEDULE: GS-1

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose with a demand of less than 25 kW.

SERVICE:

Single phase, 60 hertz and at any available standard distribution voltage. Three phase service will be provided without additional charge unless the Company's line extension policy is applicable thereto. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$12.68

Non-Fuel Energy Charges:

Base Energy Charge 7.180¢ per kWh

Additional Charges:

General Service Load Management Program (if applicable), See Sheet No. 8.109

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: \$25.00

Non-Metered Accounts: A Base Charge of \$6.35 will apply to those accounts which are billed on an estimated basis and, at the Company's option, do not have an installed meter for measuring electric service. The minimum charge shall be \$6.35.

SPECIAL PROVISIONS:

Energy used by commonly owned facilities of condominium, cooperative and homeowners' associations may qualify for the residential rate schedule as set forth on Sheet No. 8.211, Rider CU.

TERM OF SERVICE:

Not less than one (1) billing period.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Fifth Revised Sheet No. 8.103
Cancels Forty-Fourth Revised Sheet No. 8.103

GENERAL SERVICE - NON DEMAND - TIME OF USE
(OPTIONAL)

RATE SCHEDULE: GST-1

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose with a demand of less than 25 kW. This is an optional rate available to General Service - Non Demand customers upon request subject to availability of meters.

SERVICE:

Single phase, 60 hertz and at any available standard distribution voltage. Three phase service will be provided without additional charge unless the Company's line extension policy is applicable thereto. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$12.68

Non-Fuel Energy Charges:	<u>On-Peak Period</u>	<u>Off-Peak Period</u>
Base Energy Charge	13.289¢ per kWh	4.542¢ per kWh

Additional Charges:

General Service Load Management Program (if applicable). See Sheet No. 8.109
See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: \$25.00

Initial service under this rate schedule shall begin on the first scheduled meter reading date following the installation of the time of use meter.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.104)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fifty-First Revised Sheet No. 8.105
Cancels Fiftieth Revised Sheet No. 8.105

GENERAL SERVICE DEMAND

RATE SCHEDULE: GSD-1

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose with a measured Demand of at least 25 kW and less than 500 kW. Customers with a Demand of less than 25 kW may enter an agreement for service under this schedule based on a Demand Charge for a minimum of 25 kW.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customers shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge:	\$29.98
Demand Charges:	
Base Demand Charge	\$11.29 per kW
Non-Fuel Energy Charges:	
Base Energy Charge	2.513¢ per kWh

Additional Charges:

General Service Load Management Program (if applicable), See Sheet No. 8.109
See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a Demand less than 25 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 25 kW times the Base Demand Charge; therefore the minimum charge is \$312.23.

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use during the month as adjusted for power factor.

TERM OF SERVICE:

Not less than one year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Sixth Revised Sheet No. 8.107
Cancels Forty-Fifth Revised Sheet No. 8.107

GENERAL SERVICE DEMAND - TIME OF USE

(OPTIONAL)

RATE SCHEDULE: GSDT-1

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose with a measured Demand of at least 25 kW and less than 500 kW. Customers with Demands of less than 25 kW may enter an agreement for service under this schedule based on a Demand Charge for a minimum of 25 kW. This is an optional rate available to General Service Demand customers upon request subject to availability of meters.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$29.98

Demand Charges:

Base Demand Charge \$10.59 per kW of Demand occurring during the On-Peak period.
Maximum Demand Charge \$0.70 per kW of Maximum Demand.

Non-Fuel Energy Charges:	<u>On-Peak Period</u>	<u>Off-Peak Period</u>
Base Energy Charge	5.380¢ per kWh	1.356¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a Demand of less than 25 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 25 kW times the Base Demand Charge, therefore the minimum charge is \$294.73.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.108)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-Fourth Revised Sheet No. 8.122
Cancels Twenty-Third Revised Sheet No. 8.122

GENERAL SERVICE CONSTANT USAGE

RATE SCHEDULE: GSCU-1

AVAILABLE:

In all areas served.

APPLICATION:

Available to General Service - Non Demand customers that maintain a relatively constant kWh usage, and a demand of less than 25 kW. Eligibility is restricted to General Service customers whose Maximum kWh Per Service Day, over the current and prior 23 months, is within 5% of their average monthly kWh per service days calculated over the same 24-month period. This is an optional Rate Schedule available to General Service customers upon request.

SERVICE:

Single phase, 60 hertz and at any available standard distribution voltage. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge:	\$17.14
Non-Fuel Energy Charges:	
Base Energy Charge	4.302¢ per Constant Usage kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

TERM OF SERVICE:

Not less than one (1) billing period.

DEFINITIONS:

kWh Per Service Day – the total kWh in billing month divided by the number of days in the billing month

Maximum kWh Per Service Day - the highest kWh Per Service Day experienced over the current and prior 23 month

billing periods Constant Usage kWh – the Maximum kWh Per Service Day multiplied by the number of service days in the current billing period.

(Continued on Sheet 8.123)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Sixtieth Revised Sheet No. 8.201
Cancels Fifty-Ninth Revised Sheet No. 8.201

RESIDENTIAL SERVICE

RATE SCHEDULE: RS-1

AVAILABLE:

In all areas served.

APPLICATION:

For service for all domestic purposes in individually metered dwelling units and in duplexes and triplexes, including the separately-metered non-commercial facilities of a residential Customer (i.e., garages, water pumps, etc.). Also for service to commonly-owned facilities of condominium, cooperative and homeowners' associations as set forth on Sheet No. 8.211, Rider CU.

SERVICE:

Single phase, 60 hertz at available standard distribution voltage. Three phase service may be furnished but only under special arrangements. All residential service required on the premises by Customer shall be supplied through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$9.48

Non-Fuel Charges:

Base Energy Charge:

First 1,000 kWh	7.063¢ per kWh
All additional kWh	8.055¢ per kWh

Additional Charges:

Residential Load Management Program (if applicable), See Sheet No. 8.217
See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: \$25.00

TERM OF SERVICE:

Not less than one (1) billing period.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fifteenth Revised Sheet No. 8.203
Cancels Fourteenth Revised Sheet No. 8.203

RESIDENTIAL TIME OF USE RIDER—RTR-1
(OPTIONAL)

RIDER: RTR-1

AVAILABLE:

In all areas served.

APPLICATION:

For service for all domestic purposes in individually metered dwelling units and in duplexes and triplexes, including the separately-metered non-commercial facilities of a residential Customer (i.e., garages, water pumps, etc.). Also for service to commonly-owned facilities of condominium, cooperative and homeowners' associations as set forth on Sheet No. 8.211, Rider CU. This is an optional rider available to residential customers served under the RS-1 Rate Schedule subject to availability of meters. Customers taking service under RTR-1 are not eligible for service under Rate Schedule ROC.

SERVICE:

Single phase, 60 hertz at a available standard distribution voltage. Three phase may be supplied but only under special arrangements. All residential service required on the premises by Customer shall be supplied through one meter. Resale of service is not permitted hereunder.

Initial service under this rate schedule shall begin on the first scheduled meter reading date following the installation of the time of use meter. The Customer's first bill will reflect the lesser of the charges under Rate Schedule RS-1 or RTR-1.

MONTHLY RATE:

All rates and charges under Rate Schedule RS-1 shall apply. In addition, the RTR-1 Base Energy and Fuel Charges and Credits Billing Adjustments applicable to on and off peak usages shall apply.

Base Charge: \$9.48

RTR Base Energy: Charges/Credits:	<u>On-Peak Period</u>	<u>Off-Peak Period</u>
Base Energy Charge	12.697¢ per kWh	(5.552)¢ per kWh

Additional Charges/Credits:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: \$25.00

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.204)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.213
Cancels Original Sheet No. 8.213

RESIDENTIAL ELECTRIC VEHICLE CHARGING SERVICES RIDER PILOT
(OPTIONAL)

RATE SCHEDULE: RS-1EV

AVAILABLE:

In all areas served. This optional rider ("Rider") is available on a voluntary basis to residential Customers who desire an in-home electric vehicle charging service ("Service") through the installation of Company owned, operated, and maintained electric vehicle charging equipment, including a Level 2 charger ("Equipment"). This Rider shall expire four years from the effective date of this program, unless extended by approval of the FPSC. Service under this Rider shall continue to be provided under the terms specified in the Optional Residential Electric Vehicle Charging Agreement ("Agreement") that is in effect at such time as the Rider expires. No new Agreements may be executed following the expiration of this Rider.

APPLICATION:

Service is provided through the installation of Equipment by the Company at the Customer's premise in accordance with Scope of Services set forth in the Agreement. The Customer will have the option to select a Full Installation or Equipment Only Installation Service offering.

LIMITATION OF SERVICE:

Installation of Equipment shall be made only when, in the judgment of the Company, the location and the type of the Equipment are, and will continue to be, accessible and viable. Service shall be limited to Customers with no delinquent balances with the Company that own and reside in a single-family home or townhome with an attached garage that is a premise already being served at the RS-1 rate schedule. The Company will own, operate and maintain the Equipment for the term of the Agreement. The Company reserves the right to remotely control charging session schedules and/or curtail the energy delivered by the Equipment.

MONTHLY SERVICE PAYMENT:

The Company will design, procure, install, own, operate, and provide maintenance to the Equipment included in the Monthly Service Payment. The Monthly Service Payment under this Rider is in addition to the monthly billing determined under the Customer's otherwise applicable rate schedule and any other applicable charges. The Customer will have the option to select a Full Installation or Equipment Only Installation Service offering where the corresponding installation costs are included as part of the Monthly Program Charge. The total Monthly Service Payment is equal to the sum of the fixed Monthly Program Charge + Monthly Off-Peak Energy Charge as follows:

	Full Installation	Equipment Only Installation
Monthly Program Charge	\$25.57	\$18.41
Monthly Off-Peak Energy Charge	\$12.81	\$12.81
Total Monthly Service Payment	\$38.38	\$31.22

For energy used exclusively for electric vehicle charging, the following charges and rates shall apply:

EV Energy Charges/Credits:	On-Peak Period	Off-Peak Period
Energy Charge	23.71¢ per kWh	N/A

(Continue on Sheet No. 8.214)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fortieth Revised Sheet No. 8.310
Cancels Thirty-Ninth Revised Sheet No. 8.310

GENERAL SERVICE LARGE DEMAND

RATE SCHEDULE: GSLD-1

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose to any Customer with a measured demand of at least 500 kW and less than 2,000 kW. Customers with demands of less than 500 kW may enter an agreement for service under this Rate Schedule based on a Demand Charge for a minimum of 500 kW.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge:	\$88.00
Demand Charges:	
Base Demand Charge	\$13.49 per kW of Demand
Non-Fuel Energy Charges:	
Base Energy Charge	1.943 ¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a Demand of less than 500 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 500 kW times the Base Demand Charge; therefore the minimum charge is \$6,833.00.

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use during the month as adjusted for power factor.

TERM OF SERVICE:

Not less than one year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-First Revised Sheet No. 8.320
Cancels Fortieth Revised Sheet No. 8.320

GENERAL SERVICE LARGE DEMAND - TIME OF USE
(OPTIONAL)

RATE SCHEDULE GSLDT-1

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose to any Customer with a measured demand of at least 500 kW and less than 2,000 kW. Customers with demands of less than 500 kW may enter an agreement for service under this schedule based on a Demand Charge for a minimum of 500 kW. This is an optional rate available to General Service Large Demand customers upon request subject to availability of meters.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customers shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge:	\$88.00	
Demand Charges:		
Base Demand Charge	\$12.71 per kW of Demand occurring during the On-Peak period.	
Maximum Demand Charge	\$0.78 per kW of Maximum Demand.	
Non-Fuel Energy Charges:	<u>On-Peak Period</u>	<u>Off-Peak Period</u>
Base Energy Charge	3.229¢ per kWh	1.402¢ per kWh
kWh		

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for currently effective Base Demand. For those Customers with a Demand of less than 500 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 500 kW times the Base Demand Charge; therefore the minimum charge is \$6,443.00.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.321)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Third Revised Sheet No. 8.330
Cancels Forty-Second Revised Sheet No. 8.330

CURTAINABLE SERVICE
(OPTIONAL)
(Closed Schedule)

RATE SCHEDULE: CS-1

AVAILABLE:

In all areas served.

APPLICATION:

For any general service or industrial Customer who qualifies for Rate Schedule GSLD-1 (500 kW - 1,999 kW), will curtail this Demand by 200 kW or more upon request of the Company from time to time, and as of January 9, 2018 was taking service pursuant to this schedule. Customers with demands of at least 200 kW but less than 500 kW may enter an agreement for service under this Rate Schedule based on a Demand Charge for a minimum of 500kW.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$117.34

Demand Charges:

Base Demand Charge \$13.49 per kW of Demand

Non-Fuel Energy Charges:

Base Energy Charge 1.943¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a Demand of less than 500 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 500 kW times the Base Demand Charge; therefore the minimum charge is \$6,862.34.

CURTAINMENT CREDITS:

A monthly credit of (\$2.27) per kW is allowed based on the current Non-Firm Demand. The Customer has the option to revise the Firm Demand once during the initial twelve (12) month period. Thereafter, subject to the Term of Service and/or the Provisions for Early Termination, a change to the Firm Demand may be made provided that the revision does not decrease the total amount of Non-Firm Demand during the lesser of: (i) the average of the previous 12 months, or (ii) the average of the number of billing months under this Rate Schedule.

CHARGES FOR NON-COMPLIANCE OF CURTAILMENT DEMAND:

If the Customer records a higher Demand during the current Curtailment Period than the Firm Demand, the Customer will be:

1. Rebilled at \$2.27/kW for the prior 36 months or the number of months since the prior Curtailment Period, whichever is less, and
2. Billed a penalty charge of \$4.85 kW for the current month.

The kW used for both the rebilling and penalty charge calculations is determined by taking the difference between the maximum Demand during the current Curtailment Period and the Firm Demand for a Curtailment Period.

(Continued on Sheet No. 8.331)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fourteenth Revised Sheet No. 8.333
Cancels Thirteenth Revised Sheet No. 8.333

(Continued from Sheet No. 8.332)

PROVISIONS FOR EARLY TERMINATION (continued):

In the event the Customer pays the Charges for Early Termination because no replacement Customer(s) is (are) available as specified in paragraph c. above, but the replacement Customer(s) does (do) become available within twelve (12) months from the date of termination of service under this Rate Schedule or FPL later determines that there is no need for the MW reduction in accordance with the FPL Curtailable Rate Schedule, then the Customer will be refunded all or part of the rebilling and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any Curtailment Periods which may occur before the replacement Customer(s) became available.

Charges for Early Termination:

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service rate schedule, or under this schedule with a shift from curtailable demand to firm service,
 - i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite three (3) years advance written notice, or
- c) the Customer transfers the curtailable demand portion of the Customer's load to "Firm Demand" or to a firm service rate schedule without providing at least three (3) years advance written notice,

then the Customer will be:

- 1. rebilled under the otherwise applicable firm service rate schedule for the shorter of (a) the prior thirty-six (36) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
- 2. billed a penalty charge of \$1.43 per kW times the number of months rebilled in No. 1 above times the highest curtailable Demand occurring during the current month or the prior thirty-six (36) months.

RULES AND REGULATIONS:

Service under this Rate Schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this Rate Schedule and said "General Rules and Regulations for Electric Service" the provision of this Rate Schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Second Revised Sheet No. 8.340
Cancels Forty-First Revised Sheet No. 8.340

CURTAINABLE SERVICE - TIME OF USE
(OPTIONAL)
(Closed Schedule)

RATE SCHEDULE: CST-1

AVAILABLE:

In all areas served.

APPLICATION:

For any general service or industrial Customer who qualifies for Rate Schedule GSLD-1 (500 kW - 1,999 kW) will curtail this Demand by 200 kW or more upon request of the Company from time to time, and as of January 9, 2018 was taking service pursuant to this schedule. This is an optional Rate Schedule available to Curtailable General Service Customers upon request. Customers with demands of at least 200 kW but less than 500 kW may enter an agreement for service under this Rate Schedule based on a Demand Charge for a minimum of 500 kW.

SERVICE:

Single or three phase, 60 hertz and at any available distribution standard voltage. All service required on premises by Customers shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$117.34

Demand Charges:

Base Demand Charge \$12.71 per kW of Demand occurring during the On-Peak Period.
Maximum Demand Charge \$0.78 per kW of Maximum Demand.

Non-Fuel Energy Charges:	<u>On-Peak Period</u>	<u>Off-Peak Period</u>
Base Energy Charge	3.229¢ per kWh	1.402¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a Demand of less than 500 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 500 kW times the Base Demand Charge; therefore the minimum charge is \$6,472.34.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.341)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-First Revised Sheet No. 8.341
Cancels Twentieth Revised Sheet No. 8.341

(Continued from Sheet No. 8.340)

PROVISIONS FOR ENERGY USE DURING CURTAILMENT PERIODS:

When requested to curtail load, customers should reduce their load to their Firm Demand for the duration of the Curtailment Period, except under the following conditions:

1. Force Majeure events (see Definitions) which can be demonstrated to the satisfaction of the Company, or
2. maintenance of generation equipment which is performed at a pre-arranged time and date mutually agreeable to the Company and the Customer and which is necessary for the Customer's implementation of load curtailment, or
3. an event affecting local, state or national security.

If one or more of these exemptions apply, then the charges for Non-Compliance of Curtailment Demand will not apply. However, the Customer will be billed, in addition to the normal charges provided hereunder, the greater of the Company's As-Available Energy cost, or the most expensive energy (calculated on a cents per kilowatt-hour basis) that FPL is purchasing during that period, less the applicable fuel charge. As-Available Energy cost is the cost calculated for Schedule COG-1 in accordance with FPSC Rule 25-17.0825, F.A.C. If the Company determines that the Customer has utilized one or more of the exceptions above in an excessive manner, the Company will terminate service under this Rate Schedule.

CURTAILMENT CREDITS:

A monthly credit of (\$2.27) per kW is allowed based on the current Non-Firm Demand. The Customer has the option to revise the Firm Demand once during the initial twelve (12) month period. Thereafter, subject to the Term of Service and/or the Provisions for Early Termination, a change to the Firm Demand may be made provided that the revision does not decrease the total amount of Non-Firm Demand during the lesser of: (i) the average of the previous 12 months; or (ii) the average of the number of billing months under this Rate Schedule.

CHARGES FOR NON-COMPLIANCE OF CURTAILMENT DEMAND:

If the Customer records a higher Demand during the current curtailment period than the contracted maximum demand, then the Customer will be:

1. Rebilled at \$2.27/kW for the prior 36 months or the number of months since the prior curtailment period, whichever is less, and
2. Billed a penalty charge of \$4.85/kW for the current month.

The kW used for both the rebilling and penalty charge calculations is determined by taking the difference between the maximum Demand during the current Curtailment Period and the Firm Demand for a Curtailment Period.

CURTAILMENT PERIOD:

All hours established by the Company during a monthly billing period in which the Customer is requested to curtail Demand.

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use for the designated On-Peak periods during the month as adjusted for power factor.

MAXIMUM DEMAND:

Maximum Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use during the month as adjusted for power factor.

DEFINITIONS:Force Majeure

For the purposes of this schedule Force Majeure means causes not within the reasonable control of the Customer affected and not caused by the negligence or lack of due diligence of the Customer. Such events or circumstances may include acts of God, strikes, lockouts or other labor disputes or difficulties, wars, blockades, insurrections, riots, environmental constraints lawfully imposed by federal, state, or local governmental bodies, explosions, fires, floods, lightning, wind, accidents to equipment or machinery, or similar occurrences.

Non-Firm Demand

The current Demand less the amount of Firm Demand specified below.

Firm Demand

The contracted maximum demand level to which the Customer agrees to curtail as specified in the Customer's Agreement for Curtailable Service. This is the maximum amount of the Customer's Demand that will be served during a Curtailment Period.

(Continued on Sheet No. 8.342)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirteenth Revised Sheet No. 8.343
Cancels Twelfth Revised Sheet No. 8.343

(Continued from Sheet No. 8.342)

PROVISIONS FOR EARLY TERMINATION (continued):

In the event the Customer pays the Charges for Early Termination because no replacement Customer(s) is (are) available as specified in paragraph c. above, but the replacement Customer(s) does (do) become available within twelve (12) months from the date of termination of service under this Rate Schedule or FPL later determines that there is no need for the MW reduction in accordance with the FPL Curtailable Rate Schedule, then the Customer will be refunded all or part of the rebilling and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any Curtailment Periods which may occur before the replacement Customer(s) became available.

Charges for Early Termination:

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service rate schedule, or under this schedule with a shift from curtailable demand to firm service,
 - i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite three (3) years advance written notice, or
- c) the Customer transfers the curtailable demand portion of the Customer's load to "Firm Demand" or to a firm service rate schedule without providing at least three (3) years advance written notice,

then the Customer will be:

- 1. rebilled under the otherwise applicable firm service rate schedule for the shorter of (a) the prior thirty-six (36) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
- 2. billed a penalty charge of \$1.43 per kW times the number of months rebilled in No. 1 above times the highest curtailable Demand occurring during the current month or the prior thirty-six (36) months.

RULES AND REGULATIONS:

Service under this Rate Schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this Rate Schedule and said "General Rules and Regulations for Electric Service" the provision of this Rate Schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Fifth Revised Sheet No. 8.412
Cancels Thirty-Fourth Revised Sheet No. 8.412

GENERAL SERVICE LARGE DEMAND

RATE SCHEDULE: GSLD-2

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose to any Customer with a measured demand of 2,000 kW or more. Customers with demands of less than 2,000 kW may enter an agreement for service under this schedule based on a demand charge for a minimum of 2,000 kW.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$254.90

Demand Charges:
Base Demand Charge \$13.57 per kW of Demand

Non-Fuel Energy Charges:
Base Energy Charge 1.689¢ per kWh

Additional Charges:
See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a demand of less than 2,000 kW who enter an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 2,000 kW times the Base Demand Charge; therefore the minimum charge is \$27,394.90.

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use during the month as adjusted for power factor.

TERM OF SERVICE:

Not less than one year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-First Revised Sheet No. 8.420
Cancels Fortieth Revised Sheet No. 8.420

GENERAL SERVICE LARGE DEMAND - TIME OF USE
(OPTIONAL)

RATE SCHEDULE: GSLDT-2

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose to any Customer who has established a measured demand of 2,000 kW or more. Customers with demands of less than 2,000 kW may enter an agreement for service under this schedule based on a demand charge for a minimum of 2,000 kW.

SERVICE:

Three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$254.90

Demand Charges:

Base Demand Charge \$12.89 per kW of Demand occurring during the On-Peak Period.
Maximum Demand Charge \$0.68 per kW of Maximum Demand.

Non-Fuel Energy Charges:	<u>On-Peak Period</u>	<u>Off-Peak Period</u>
Base Energy Charge	2.700¢ per kWh	1.324¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a demand of less than 2,000 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 2,000 kW times the Base Demand Charge; therefore the minimum charge is \$26,034.90.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.421)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-Fifth Revised Sheet No. 8.425
Cancels Twenty-Fourth Revised Sheet No. 8.425

HIGH LOAD FACTOR – TIME OF USE
(OPTIONAL)

RATE SCHEDULE: HLEF

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose with a measured Demand of 25 kW or more. This is an optional rates schedule available to customers otherwise served under the GSD-1, GSDT-1, GSLD-1, GSLDT-1, GSLD-2, or GSLDT-2 Rate Schedules.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

	<u>HLEF-1</u> <u>25-499 kW</u>	<u>HLEF-2</u> <u>500-1,999 kW</u>	<u>HLEF-3</u> <u>2,000 kW or greater</u>
Annual Maximum Demand			
Base Charge:	\$29.98	\$88.00	\$254.90
Demand Charges:			
On-Peak Demand Charge	\$13.31	\$14.19	\$13.80
Maximum Demand Charge	\$2.76	\$3.05	\$2.94
Non-Fuel Energy Charges:			
On-Peak Period per kWh	2.162¢	1.242¢	1.072¢
Off-Peak Period per kWh	1.356¢	1.201¢	1.070¢

Additional Charges

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum Charge: The Base Charge plus the currently effective Demand Charges.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.426)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Seventh Revised Sheet No. 8.432
Cancels Thirty-Sixth Revised Sheet No. 8.432

CURTAINABLE SERVICE
(OPTIONAL)
(Closed Schedule)

RATE SCHEDULE: CS-2

AVAILABLE:

In all areas served.

APPLICATION:

For any general service or industrial Customer who qualifies for Rate Schedule GSLD-2 (2,000 kW and above) will curtail this Demand by 200 kW or more upon request of the Company from time to time, and as of January 9, 2018 was taking service pursuant to this schedule. Customers with demands of less than 2,000 kW may enter an Agreement for service under this schedule based on a Demand Charge for a minimum of 2,000 kW.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge:	\$283.22
Demand Charges:	
Base Demand Charge	\$13.57 per kW of Demand
Non-Fuel Energy Charges:	
Base Energy Charge	1.689¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a Demand of less than 2,000 kW who enter an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 2,000 kW times the Base Demand Charge; therefore the minimum charge is \$27,423.22.

CURTAILMENT CREDITS:

A monthly credit of (\$2.19) per kW is allowed based on the current Non-Firm Demand. The Customer has the option to revise the Firm Demand once during the initial twelve (12) month period. Thereafter, subject to the Term of Service and/or the Provisions for Early Termination, a change to the Firm Demand may be made provided that the revision does not decrease the total amount of Non-Firm Demand during the lesser of: (i) the average of the previous 12 months; or (ii) the average of the number of billing months under this Rate Schedule.

CHARGES FOR NON-COMPLIANCE OF CURTAILMENT DEMAND:

If the Customer records a higher Demand during the current period than the Firm Demand, then the Customer will be:

1. Rebilled at \$2.19/kW for the prior 36 months or the number of months since the prior Curtailment Period, whichever is less, and
2. Billed a penalty charge of \$4.68/kW for the current month.

The kW used for both the rebilling and penalty charge calculations is determined by taking the difference between the maximum Demand during the current Curtailment Period and the contracted Firm Demand for a Curtailment Period.

(Continued on Sheet No. 8.433)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fourteenth Revised Sheet No. 8.435
Cancels Thirteenth Revised Sheet No. 8.435

(Continued from Sheet No. 8.434)

PROVISIONS FOR EARLY TERMINATION (continued):

In the event the Customer pays the Charges for Early Termination because no replacement Customer(s) is (are) available as specified in paragraph c. above, but the replacement Customer(s) does (do) become available within twelve (12) months from the date of termination of service under this Rate Schedule or FPL later determines that there is no need for the MW reduction in accordance with the FPL Curtailable Rate Schedule, then the Customer will be refunded all or part of the billing and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any Curtailment Periods which may occur before the replacement Customer(s) became available.

Charges for Early Termination:

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service rate schedule, or under this schedule with a shift from curtailable demand to firm service,
 - i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite three (3) years advance written notice, or
- c) the Customer transfers the curtailable demand portion of the Customer's load to "Firm Demand" or to a firm service rate schedule without providing at least three (3) years advance written notice,

then the Customer will be:

- 1. rebilled under the otherwise applicable firm service rate schedule for the shorter of (a) the prior thirty-six (36) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
- 2. billed a penalty charge of \$1.38 per kW times the number of months rebilled in No. 1 above times the highest curtailable Demand occurring during the current month or the prior thirty-six (36) months.

RULES AND REGULATIONS:

Service under this Rate Schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this Rate Schedule and said "General Rules and Regulations for Electric Service" the provision of this Rate Schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Second Revised Sheet No. 8.440
Cancels Forty-First Revised Sheet No. 8.440

CURTAINABLE SERVICE - TIME OF USE
(OPTIONAL)
(Closed Schedule)

RATE SCHEDULE: CST-2

AVAILABLE:

In all areas served.

APPLICATION:

For any general service or industrial Customer who qualifies for Rate Schedule GSLDT-2 (2,000 kW and above) will curtail this Demand by 200 kW or more upon request of the Company from time to time, and as of January 9, 2018 was taking service pursuant to this schedule. Customers with demands of less than 2,000 kW may enter an agreement for service under this schedule based on a Demand Charge for a minimum of 2,000 kW.

SERVICE:

Single or three phase, 60 hertz and at any available standard distribution voltage. All service required on premises by Customers shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge:	\$283.22	
Demand Charges:		
Base Demand Charge	\$13.57 per kW of Demand occurring during the On-Peak Period.	
Maximum Demand Charge	\$0.68 per kW of Maximum Demand.	
Non-Fuel Energy Charges:	<u>On-Peak Period</u>	<u>Off-Peak Period</u>
Base Energy Charge	2.700¢ per kWh	1.324¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand. For those Customers with a Demand of less than 2,000 kW who have entered an agreement for service under this schedule, the minimum charge shall be the Base Charge plus 2,000 kW times the Base Demand Charge; therefore the minimum charge is \$27,423.22.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.441)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-Fourth Revised Sheet No. 8.441
Cancels Twenty-Third Revised Sheet No. 8.441

(Continued from Sheet No. 8.440)

PROVISIONS FOR ENERGY USE DURING CURTAILMENT PERIODS:

When requested to curtail load, customers should reduce their load to their Firm Demand for the duration of the Curtailment Period, except under the following conditions:

1. Force Majeure events (see Definitions) which can be demonstrated to the satisfaction of the Company, or
2. maintenance of generation equipment which is performed at a pre-arranged time and date mutually agreeable to the Company and the Customer and which is necessary for the Customer's implementation of load curtailment, or
3. an event affecting local, state or national security.

If one or more of these exemptions apply, then the charges for Non-Compliance of Curtailment Demand will not apply. However, the Customer will be billed, in addition to the normal charges provided hereunder, the greater of the Company's As-Available Energy cost, or the most expensive energy (calculated on a cents per kilowatt-hour basis) that FPL is purchasing during that period, less the applicable fuel charge. As-Available Energy cost is the cost calculated for Schedule COG-1 in accordance with FPSC Rule 25-17.0825, F.A.C. If the Company determines that the Customer has utilized one or more of the exceptions above in an excessive manner, the Company will terminate service under this Rate Schedule.

CURTAILMENT CREDITS:

A monthly credit of (\$2.19) per kW is allowed based on the current Non-Firm demand. The Customer has the option to revise the Firm Demand once during the initial twelve (12) month period. Thereafter subject to the Term of Service and/or the Provisions for Early Terminations, a change to the Firm Demand may be made provided that the revision does not decrease the total amount of Non-Firm Demand during the lesser of: (i) the average of the previous 12 months; or (ii) the average of the number of billing months under this Rate Schedule.

CHARGES FOR NON-COMPLIANCE OF CURTAILMENT DEMAND:

If the Customer records a higher Demand during the current curtailment period than the Firm Demand, then the Customer will be:

1. Rebilled at \$2.19/kW for the prior 36 months or the number of months since the prior Curtailment Period, whichever is less, and
2. Billed a penalty charge of \$4.68/kW for the current month.

The kW used for both the rebilling and penalty charge calculations is determined by taking the difference between the maximum Demand during the current Curtailment Period and the Firm Demand for a Curtailment Period.

CURTAILMENT PERIOD:

All hours established by the Company during a monthly billing period in which the Customer is requested to curtail Demand.

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use for the designated On-Peak periods during the month as adjusted for power factor.

MAXIMUM DEMAND:

Maximum Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use during the month as adjusted for power factor.

DEFINITIONS:

Force Majeure

For the purposes of this schedule Force Majeure means causes not within the reasonable control of the Customer affected and not caused by the negligence or lack of due diligence of the Customer. Such events or circumstances may include acts of God, strikes, lockouts or other labor disputes or difficulties, wars, blockades, insurrections, riots, environmental constraints lawfully imposed by federal, state, or local governmental bodies, explosions, fires, floods, lightning, wind, accidents to equipment or machinery, or similar occurrences.

(Continued on Sheet No. 8.442)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fourteenth Revised Sheet No. 8.443
Cancels Thirteenth Revised Sheet No. 8.443

(Continued from Sheet No. 8.442)

PROVISIONS FOR EARLY TERMINATION (continued):

In the event the Customer pays the Charges for Early Termination because no replacement Customer(s) is (are) available as specified in paragraph c. above, but the replacement Customer(s) does (do) become available within twelve (12) months from the date of termination of service under this Rate Schedule or FPL later determines that there is no need for the MW reduction in accordance with the FPL Curtailable Rate Schedule, then the Customer will be refunded all or part of the rebilling and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any Curtailment Periods which may occur before the replacement Customer(s) became available.

Charges for Early Termination:

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service rate schedule, or under this schedule with a shift from curtailable demand to firm service,
 - i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite three (3) years advance written notice, or
- c) the Customer transfers the curtailable demand portion of the Customer's load to "Firm Demand" or to a firm service rate schedule without providing at least three (3) years advance written notice,

then the Customer will be:

- 1. rebilled under the otherwise applicable firm service rate schedule for the shorter of (a) the prior thirty-six (36) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
- 2. billed a penalty charge of \$1.38 per kW times the number of months rebilled in No. 1 above times the highest curtailable Demand occurring during the current month or the prior thirty-six (36) months.

RULES AND REGULATIONS:

Service under this Rate Schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this Rate Schedule and said "General Rules and Regulations for Electric Service" the provision of this Rate Schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Fourth Revised Sheet No. 8.542
Cancels Forty-Third Revised Sheet No. 8.542

CURTAINABLE SERVICE - TIME OF USE
(OPTIONAL)
(Closed Schedule)

RATE SCHEDULE: CST-3

AVAILABLE:

In all areas served.

APPLICATION:

For any general service or industrial Customer who qualifies for Rate Schedule GS LDT-3 will curtail this Demand by 200 kW or more upon request of the Company from time to time, and as of January 9, 2018 was taking service pursuant to this schedule.

SERVICE:

Three phase, 60 hertz at the available transmission voltage of 69 kV or higher. The Customer will provide and maintain all transformers and related facilities necessary for handling and utilizing the power and energy delivered hereunder. All service required by the Customer at each separate point of delivery served hereunder shall be furnished through one meter at, or compensated to, the available transmission voltage. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$2,327.34

Demand Charges:

Base Demand Charge \$10.69 per kW of Demand occurring during the On-Peak Period.

Non-Fuel Energy Charges:

Base Energy Charge

On-Peak Period

1.406¢ per kWh

Off-Peak Period

1.171¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.543)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-Sixth Revised Sheet No. 8.543
Cancels Twenty-Fifth Revised Sheet No. 8.543

(Continued from Sheet No. 8.542)

PROVISIONS FOR ENERGY USE DURING CURTAILMENT PERIODS:

When requested to curtail load, customers should reduce their load to their Firm Demand for the duration of the Curtailment Period, except under the following conditions:

1. Force Majeure events (see Definitions) which can be demonstrated to the satisfaction of the Company, or
2. maintenance of generation equipment which is performed at a pre-arranged time and date mutually agreeable to the Company and the Customer and which is necessary for the Customer's implementation of load curtailment, or
3. an event affecting local, state or national security.

If one or more of these exemptions apply, then the charges for Non-Compliance of Curtailment Demand will not apply. However, the Customer will be billed, in addition to the normal charges provided hereunder, the greater of the Company's As-Available Energy cost, or the most expensive energy (calculated on a cents per kilowatt-hour basis) that FPL is purchasing during that period, less the applicable fuel charge. As-Available Energy cost is the cost calculated for Schedule COG-1 in accordance with FPSC Rule 25-17.0825, F.A.C. If the Company determines that the Customer has utilized one or more of the exceptions above in an excessive manner, the Company will terminate service under this Rate Schedule.

CURTAILMENT CREDITS:

A monthly credit of (\$2.23) per kW is allowed based on the current Non-Firm Demand. The Customer has the option to revise the Firm Demand once during the initial twelve (12) month period. Thereafter, subject to the Term of Service and/or the Provisions for Early Termination, a change to the Firm Demand may be made provided that the revision does not decrease the total amount of Non-Firm Demand during the lesser of: (i) the average of the previous 12 months; or (ii) the average of the number of billing months under this Rate Schedule.

CHARGES FOR NON-COMPLIANCE OF CURTAILMENT DEMAND:

If the Customer records a higher Demand during the current Curtailment Period than the Firm Demand, then the Customer will be:

1. Rebilled at \$2.23/kW for the prior 36 months or the number of months since the prior Curtailment Period, whichever is less, and
2. Billed a penalty charge of \$4.75/kW for the current month.

The kW used for both the rebilling and penalty charge calculations is determined by taking the difference between the maximum Demand during the current Curtailment Period and the Firm Demand for a Curtailment Period.

CURTAILMENT PERIOD:

All hours established by the Company during a monthly billing period in which the Customer is requested to curtail Demand.

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use for the designated On-Peak periods during the month as adjusted for power factor.

(Continued on Sheet No. 8.544)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirteenth Revised Sheet No. 8.544.1
Cancels Twelfth Revised Sheet No. 8.544.1

(Continued from Sheet No. 8.544)

PROVISIONS FOR EARLY TERMINATION (continued):

In the event the Customer pays the Charges for Early Termination because no replacement Customer(s) is (are) available as specified in paragraph c. above, but the replacement Customer(s) does (do) become available within twelve (12) months from the date of termination of service under this Rate Schedule or FPL later determines that there is no need for the MW reduction in accordance with the FPL Curtailable Rate Schedule, then the Customer will be refunded all or part of the rebilling and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any Curtailment Periods which may occur before the replacement Customer(s) became available.

Charges for Early Termination:

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service rate schedule, or under this schedule with a shift from curtailable demand to firm service,
 - i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite three (3) years advance written notice, or
- c) the Customer transfers the curtailable demand portion of the Customer's load to "Firm Demand" or to a firm service rate schedule without providing at least three (3) years advance written notice,

then the Customer will be:

1. rebilled under the otherwise applicable firm service rate schedule for the shorter of (a) the prior thirty-six (36) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
2. billed a penalty charge of \$1.40 per kW times the number of months rebilled in No. 1 above times the highest curtailable Demand occurring during the current month or the prior thirty-six (36) months.

RULES AND REGULATIONS:

Service under this Rate Schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this Rate Schedule and said "General Rules and Regulations for Electric Service" the provision of this Rate Schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-First Revised Sheet No. 8.545
Cancels Thirtieth Revised Sheet No. 8.545

CURTAILABLE SERVICE

(OPTIONAL)

(Closed Schedule)

RATE SCHEDULE: CS-3

AVAILABLE:

In all areas served.

APPLICATION:

For any general service or industrial Customer who qualifies for Rate Schedule GSLD-3 will curtail this Demand by 200 kW or more upon request of the Company from time to time, and as of January 9, 2018 was taking service pursuant to this schedule.

SERVICE:

Three phase, 60 hertz at the available transmission voltage of 69 kV or higher. The Customer will provide and maintain all transformers and related facilities necessary for handling and utilizing the power and energy delivered hereunder. All service required by the Customer at each separate point of delivery served hereunder shall be furnished through one meter at, or compensated to, the available transmission voltage. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$2,327.34

Demand Charges:

Base Demand Charge \$10.69 per kW of Demand

Non-Fuel Energy Charges:

Base Energy Charge 1.232¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum Charge: The Base Charge plus the charge for the currently effective Base Demand.

CURTAILMENT CREDITS:

A monthly credit of (\$2.23) per kW is allowed based on the current Non-Firm Demand. The Customer has the option to revise the Firm Demand once during the initial twelve (12) month period. Thereafter, subject to the Term of Service and/or the Provisions for Early Termination, a change to the Firm Demand may be made provided that the revision does not decrease the total amount of Non-Firm Demand during the lesser of: (i) the average of the previous 12 months; or (ii) the average of the number of billing months under this Rate Schedule.

CHARGES FOR NON-COMPLIANCE OF CURTAILMENT DEMAND:

If the Customer records a higher Demand during the current Curtailment Period than the Firm Demand, then the Customer will be:

1. Rebilled at \$2.23/kW for the prior 36 months or the number of months since the prior Curtailment Period, whichever is less, and
2. Billed a penalty charge of \$4.75/kW for the current month.

The kW used for both the rebilling and penalty charge calculations is determined by taking the difference between the maximum Demand during the current Curtailment Period and the Firm Demand for a Curtailment Period.

(Continued on Sheet No. 8.546)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fourteenth Revised Sheet No. 8.548
Cancels Thirteenth Revised Sheet No. 8.548

(Continued from Sheet No. 8.547)

PROVISIONS FOR EARLY TERMINATION (continued):

In the event the Customer pays the Charges for Early Termination because no replacement Customer(s) is (are) available as specified in paragraph c. above, but the replacement Customer(s) does (do) become available within twelve (12) months from the date of termination of service under this schedule or FPL later determines that there is no need for the MW reduction in accordance with the FPL Curtailment Program, then the Customer will be refunded all or part of the rebilling and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any Curtailment Periods which may occur before the replacement Customer(s) became available.

Charges for Early Termination:

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service rate schedule, or under this schedule with a shift from curtailable demand to firm service,
 - i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite three (3) years advance written notice, or
- c) the Customer transfers the curtailable demand portion of the Customer's load to "Firm Demand" or to a firm service rate schedule without providing at least three (3) years advance written notice,

then the Customer will be:

- 1. rebilled under the otherwise applicable firm service rate schedule for the shorter of (a) the prior thirty-six (36) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
- 2. billed a penalty charge of \$1.40 per kW times the number of months rebilled in No. 1 above times the highest curtailable Demand occurring during the current month or the prior thirty-six (36) months.

RULES AND REGULATIONS:

Service under this Rate Schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this Rate Schedule and said "General Rules and Regulations for Electric Service" the provision of this Rate Schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Seventh Revised Sheet No. 8.551
Cancels Thirty-Sixth Revised Sheet No. 8.551

GENERAL SERVICE LARGE DEMAND

RATE SCHEDULE: GSLD-3

AVAILABLE:

In all areas served.

APPLICATION:

For service required for general service or industrial lighting, power and any other purpose to any Customer who has service supplied at a transmission voltage of 69 kV or higher.

SERVICE:

Three phase, 60 hertz at the available transmission voltage of 69 kV or higher. The Customer will provide and maintain all transformers and related facilities necessary for handling and utilizing the power and energy delivered hereunder. All service required by the Customer at each separate point of delivery served hereunder shall be furnished through one meter at, or compensated to, the available transmission voltage. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge:	\$2,244.59
Demand Charges:	
Base Demand Charge	\$10.69 per kW of Demand
Non-Fuel Energy Charges:	
Base Energy Charge	1.232¢ per kWh
Additional Charges:	
See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.	
Minimum: The Base Charge plus the charge for the currently effective Base Demand.	

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use during the month as adjusted for power factor.

TERM OF SERVICE:

Not less than one year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Third Revised Sheet No. 8.552
Cancels Forty-Second Revised Sheet No. 8.552

GENERAL SERVICE LARGE DEMAND - TIME OF USE
(OPTIONAL)

RATE SCHEDULE: GSLDT-3

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose to any Customer who has service supplied at a transmission voltage of 69 kV or higher.

SERVICE:

Three phase, 60 hertz at the available transmission voltage of 69 kV or higher. The Customer will provide and maintain all transformers and related facilities necessary for handling and utilizing the power and energy delivered hereunder. All service required by the Customer at each separate point of delivery served hereunder shall be furnished through one meter at, or compensated to, the available transmission voltage. Resale of service is not permitted hereunder.

MONTHLY RATE:

Base Charge: \$2,244.59

Demand Charges:

Base Demand Charge \$10.69 per kW of Demand occurring during the On-Peak Period.

Non-Fuel Energy Charges:

Base Energy Charge

On-Peak Period
1.406¢ per kWh

Off-Peak Period

1.171¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the charge for the currently effective Base Demand.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

(Continued on Sheet No. 8.553)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fifty-First Revised Sheet No. 8.602
Cancels Fiftieth Revised Sheet No. 8.602

SPORTS FIELD SERVICE
(Closed Schedule)

RATE SCHEDULE: OS-2

AVAILABLE:

In all areas served.

APPLICATION:

This is a transitional rate available to municipal, county and school board accounts for the operation of a football, baseball or other playground, or civic or community auditorium, when all such service is taken at the available primary distribution voltage at a single point of delivery and measured through one meter, and who were active as of October 4, 1981. Customer may also elect to receive service from other appropriate rate schedules.

LIMITATION OF SERVICE:

Offices, concessions, businesses or space occupied by tenants, other than areas directly related to the operations above specified, are excluded hereunder and shall be separately served by the Company at utilization voltage. Not applicable when Rider TR is used.

MONTHLY RATE:

Base Charge: \$154.24

Non-Fuel Energy Charges:

Base Energy Charge 9.705¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum Charge: \$154.24

TERM OF SERVICE:

Pending termination by Florida Public Service Commission Order.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Seventh Revised Sheet No. 8.610
Cancels Thirty-Sixth Revised Sheet No. 8.610

METROPOLITAN TRANSIT SERVICE

RATE SCHEDULE: MET

AVAILABLE:

For electric service to Metropolitan Miami-Dade County Electric Transit System (METRORAIL) at each point of delivery required for the operation of an electric transit system on continuous and contiguous rights-of-way.

APPLICATION:

Service to be supplied will be three phase, 60 hertz and at the standard primary distribution voltage of 13,200 volts. All service required by Customer at each separate point of delivery served hereunder shall be furnished through one meter reflecting delivery at primary voltage. Resale of service is not permitted hereunder. Rider TR or a voltage discount is not applicable.

MONTHLY RATE:

Base Charge:	\$800.50
Demand Charges:	
Base Demand Charge	\$16.94 per kW of Demand
Non-Fuel Energy Charges:	
Base Energy Charge	2.259¢ per kWh
Additional Charges:	
See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.	
Minimum: The Base Charge plus the charge for the currently effective Base Demand.	

DEMAND:

The Demand is the kW to the nearest whole kW, as determined from the Company's metering equipment and systems, for the 30-minute period of Customer's greatest use during the month as adjusted for power factor.

BILLING:

Each point of delivery shall be separately billed according to the monthly charges as stated herein. All billing units related to charges under this rate schedule shall be determined from metering data on a monthly basis and determined for each point of delivery on the same monthly billing cycle day.

TERMS OF SERVICE

Not less than one year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Sixth Revised Sheet No. 8.651
Cancels Thirty-Fifth Revised Sheet No. 8.651

(Continued from Sheet No. 8.650)

MONTHLY RATE:

Delivery Voltage Level	<u>Distribution below 69 kV</u>		<u>69 kV & above</u>
	CILC-1(G)	CILC-1(D)	CILC-1(T)
Maximum Demand Level	<u>200-499 kW</u>	<u>500 kW & above</u>	
Base Charge:	\$189.65	\$319.67	\$2,795.74
Demand Charges:			
Base Demand Charges:			
per kW of Maximum Demand	\$5.06	\$5.38	None
per kW of Load Control On-Peak Demand	\$3.32	\$3.84	\$4.03
per kW of Firm On-Peak Demand	\$12.64	\$13.92	\$14.69
Non-Fuel Energy Charges:			
Base Energy Charges:			
On-Peak Period charge per kWh	1.882¢	1.283¢	1.173¢
Off-Peak Period charge per kWh	1.882¢	1.283¢	1.173¢

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the Base Demand Charges.

(Continued on Sheet No. 8.652)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fourteenth Revised Sheet No. 8.654
Cancels Thirteenth Revised Sheet No. 8.654

(Continued from Sheet No. 8.653)

LOAD CONTROL ON-PEAK DEMAND:

Load Control On-Peak Demand shall be the Customer's highest demand for the designated on-peak periods during the month less the Customer's "Firm Demand".

PROVISIONS FOR ENERGY USE DURING CONTROL PERIODS FOR CUSTOMERS DESIGNATING A FIRM DEMAND LEVEL:

Customers notified of a load control event should meet their Firm Demand during periods when the Company is controlling load. However, energy will be made available during control periods if the Customer's failure to meet its Firm Demand is a result of one of the following conditions:

1. Force Majeure events (see Definitions) which can be demonstrated to the satisfaction of the Company, or
2. maintenance of generation equipment necessary for the implementation of load control which is performed at a pre-arranged time and date mutually agreeable to the Company and the Customer (See Special Provisions), or
3. adding firm load that was not previously non-firm load to the Customer's facility, or
4. an event affecting local, state or national security, or
5. an event whose nature requires that space launch activities be placed in the critical mode (requiring a closed-loop configuration of FPL's transmission system) as designated and documented by the NASA Test Director at Kennedy Space Center and/or the USAF Range Safety Officer at Cape Canaveral Air Force Station.

The Customer's energy use (in excess of the "Firm Demand") for the conditions listed above will be billed pursuant to the Continuity of Service Provision. For periods during which power under the Continuity of Service Provision is no longer available, the Customer will be billed, in addition to the normal charges provided hereunder, the greater of the Company's As-Available Energy cost, or the most expensive energy (calculated on a cent per kilowatt-hour basis) that FPL is purchasing or selling during that period, less the applicable class fuel charge. As-Available Energy cost is the cost calculated for Schedule COG-1 in accordance with FPSC Rule 25-17.0825, F.A.C.

If the Company determines that the Customer has utilized one or more of the exceptions above in an excessive manner, then the Company will terminate service under this rate schedule as described in TERM OF SERVICE.

If the Customer exceeds the "Firm Demand" during a period when the Company is controlling load for any reason other than those specified above, then the Customer will be:

1. billed the difference between the Firm On-Peak Demand Charge and the Load Control On-Peak Demand Charge for the excess kw for the prior sixty (60) months or the number of months the Customer has been billed under this rate schedule, whichever is less, and
2. billed a penalty charge of \$1.35 per kw of excess kw for each month of rebilling.

Excess kw for rebilling and penalty charges is determined by taking the difference between the maximum demand during the Load Control Period and the Customer's "Firm Demand".

(Continued on Sheet No. 8.655)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 8.656
Cancels Sixth Revised Sheet No. 8.656

(Continued from Sheet No. 8.655)

2. billed a penalty charge of \$1.35 per kw of excess kw for each month of rebilling.

The kw for rebilling and penalty charges is determined by taking the difference between the Controllable Demand and the maximum demand actually reduced during the Load Control Period. The Customer will not be rebilled or penalized twice for the same excess kw in the calculation described above.

As long as the Customer's load reduction from the operation of the control circuit results in a demand during the Load Control Period that is at or below the calculated Firm Demand for that billing period, the Customer will not be required to pay the penalty and rebilling charges.

TERM OF SERVICE:

During the first year of service under this Rate Schedule, the Customer will determine whether or not this program is appropriate for the Customer and may request to exit the program subject to the Provisions for Early Termination. It is intended that the Company will continue to provide and the Customer will continue to take service under this Rate Schedule for the life of the generating unit which has been avoided by the rate. There is, however, a five-year termination notice provision which will allow either the Customer or the Company to terminate service under this Rate Schedule should there be circumstances under which the termination of the Customer's participation or the Company's offering of the program is desired.

Service under this Rate Schedule shall continue, subject to Limitation of Availability, until terminated by either the Company or the Customer upon written notice given at least five (5) years prior to termination. Should a Customer terminate service or be removed by the Company and later desire to resume service under this Rate Schedule, the Customer must provide five (5) years' written notice prior to resuming service under this Rate Schedule.

The Company may terminate service under this Rate Schedule at any time for the Customer's failure to comply with the terms and conditions of this Rate Schedule or the Commercial/Industrial Load Control Program Agreement. Prior to any such termination, the Company shall notify the Customer at least ninety (90) days in advance and describe the Customer's failure to comply. The Company may then terminate service under this Rate Schedule at the end of the 90-day notice period unless the Customer takes measures necessary to eliminate, to the Company's satisfaction, the compliance deficiencies described by the Company. Notwithstanding the foregoing, if, at any time during the 90-day period, the Customer either refuses or fails to initiate and pursue corrective action, the Company shall be entitled to suspend forthwith the monthly billing under this Rate Schedule and bill the Customer under the otherwise applicable firm service rate schedule.

PROVISIONS FOR EARLY TERMINATION:

Transfers, with less than five (5) years' written notice, to any firm retail rate schedule for which the Customer would qualify, may be permitted if it can be shown that such transfer is in the best interests of the Customer, the Company and the Company's other customers.

If the Customer no longer wishes to receive electric service in any form from the Company, or decides to cogenerate to serve all of the previously controlled Load Control On-Peak Demand and to take interruptible standby service from the Company, the Customer may terminate the Commercial/Industrial Load Control Program Agreement by giving at least thirty (30) days' advance written notice to the Company.

(Continued on Sheet No. 8.657)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Seventh Revised Sheet No. 8.658
Cancels Sixth Revised Sheet No. 8.658

(Continued on Sheet No. 8.657)

then the Customer will be:

1. rebilled under the otherwise applicable firm or curtailable service rate schedule for the shorter of (a) the prior sixty (60) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
2. billed a penalty charge of \$1.35 per kw times the number of months rebilled in No. 1 above times the highest Load Control On-Peak Demand occurring during the current month or the prior twenty-three (23) months.

SPECIAL PROVISIONS:

1. Control of the Customer's load shall be accomplished through the Company's load management systems by use of control circuits connected directly to the Customer's switching equipment or the Customer's load may be controlled by use of an energy management system where the firm demand or controllable demand level can be established or modified only by means of joint access by the Customer and the Company.
2. The Customer shall grant the Company reasonable access for installing, maintaining, inspecting, testing and/or removing Company-owned load control equipment.
3. It shall be the responsibility of the Customer to determine that all electrical equipment to be controlled is in good repair and working condition. The Company will not be responsible for the repair, maintenance or replacement of the Customer's electrical equipment.
4. The Company is not required to install load control equipment if the installation cannot be economically justified.
5. Billing under this schedule will commence after the installation, inspection and successful testing of the load control equipment.
6. Maintenance of generation equipment necessary for the implementation of load control will not be scheduled during periods where the Company projects that it would not be able to withstand the loss of its largest unit and continue to serve firm service customers.

CONTINUITY OF SERVICE PROVISION:

In order to minimize the frequency and duration of interruptions or requests that the Customer operate its backup generation equipment, the Company will attempt to obtain reasonably available additional capacity and/or energy during periods for which interruptions or operation of the Customer's backup generation equipment may be requested. The Company's obligation in this regard is no different than its obligation in general to purchase power to serve its Customers during a capacity shortage; in other words, the Company is not obligated to account for, or otherwise reflect in its generation planning and construction, the possibility of providing capacity and/or energy under this Continuity of Service Provision. Any non-firm customers so electing to receive capacity and/or energy which enable(s) the Company to continue service to the Customer's non-firm loads during these periods will be subject to the additional charges set forth below.

(Continued on Sheet No. 8.659)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-Fourth Revised Sheet No. 8.680
Cancels Twenty-Third Revised Sheet No. 8.680

COMMERCIAL/INDUSTRIAL DEMAND REDUCTION RIDER (CDR)
(OPTIONAL)

AVAILABLE:

In all areas served. Available to any commercial or industrial customer receiving service under Rate Schedules GSD-1, GSDT-1, GSLD-1, GSLDT-1, GSLD-2, GSLDT-2, GSLD-3, GSLDT-3, or HLFT through the execution of a Commercial/Industrial Demand Reduction Rider Agreement in which the load control provisions of this rider can feasibly be applied.

LIMITATION OF AVAILABILITY:

This Rider may be modified or withdrawn subject to determinations made under Commission Rules 25-17.0021(4), F.A.C., Goals for Electric Utilities and 25-6.0438, F.A.C., Non-Firm Electric Service - Terms and Conditions or any other Commission determination.

APPLICATION:

For electric service provided to any commercial or industrial customer receiving service under Rate Schedule GSD-1, GSDT-1, GSLD-1, GSLDT-1, GSLD-2, GSLDT-2, GSLD-3, GSLDT-3, or HLFT who as a part of the Commercial/Industrial Demand Reduction Rider Agreement between the Customer and the Company, agrees to allow the Company to control at least 200 kW of the Customer's load, or agrees to operate Backup Generation Equipment (see Definitions) and designate (if applicable) additional controllable demand to serve at least 200 kW of the Customer's own load during periods when the Company is controlling load. A Customer shall enter into a Commercial/Industrial Demand Reduction Rider Agreement with the Company to be eligible for this Rider. To establish and maintain qualification for this Rider, the Customer must have had a Utility Controlled Demand during the summer Controllable Rating Period (April 1 through October 31) for at least three out of seven months of at least 200 kW greater than the Firm Demand level specified in Section 4 of the Commercial/Industrial Demand Reduction Rider Agreement. The Utility Controlled Demand shall not be served on a firm service basis until service has been terminated under this Rider.

LIMITATION OF SERVICE:

Customers participating in the General Service Load Management Program (FPL "Business On Call" Program) or Economic Development programs are not eligible for this Rider.

MONTHLY RATE:

All rates and charges under Rate Schedules GSD-1, GSDT-1, GSLD-1, GSLDT-1, GSLD-2, GSLDT-2, GSLD-3, GSLDT-3, HLFT shall apply. In addition, the applicable Monthly Administrative Adder and Utility Controlled Demand Credit shall apply.

MONTHLY ADMINISTRATIVE ADDER:

<u>Rate Schedule</u>	<u>Adder</u>
GSD-1	\$149.95
GSDT-1, HLFT (25-499 kW)	\$149.95
GSLD-1, GSLDT-1, HLFT (500-1,999 kW)	\$205.35
GSLD-2, GSLDT-2, HLFT (2,000 kW or greater)	\$84.97
GSLD-3, GSLDT-3	\$258.59

UTILITY CONTROLLED DEMAND CREDIT:

A monthly credit of (\$8.63) per kW is allowed based on the Customer's Utility Controlled Demand.

UTILITY CONTROLLED DEMAND:

The Utility Controlled Demand for a month in which there are no load control events during the Controllable Rating Period shall be the sum of the Customer's kWh usage during the hours of the applicable Controllable Rating Period, divided by the total number of hours in the applicable Controllable Rating Period, less the Customer's Firm Demand.

In the event of Load Control occurring during the Controllable Rating Period, the Utility Controlled Demand shall be the sum of the Customer's kWh usage during the hours of the applicable Controllable Rating Period less the sum of the Customer's kWh usage during the Load Control Period, divided by the number of non-load control hours occurring during the applicable Controllable Rating Period, less the Customer's Firm Demand.

(Continued on Sheet No. 8.681)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Sixteenth Revised Sheet No. 8.682
Cancels Fifteenth Revised Sheet No. 8.682

(Continued from Sheet No. 8.681)

PROVISIONS FOR ENERGY USE DURING CONTROL PERIODS:

Customers notified of a load control event should not exceed their Firm Demand during periods when the Company is controlling load. However, electricity will be made available during control periods if the Customer's failure to meet its Firm Demand is a result of one of the following conditions:

1. Force Majeure events (see Definitions) which can be demonstrated to the satisfaction of the Company, or
2. maintenance of generation equipment necessary for the implementation of load control which is performed at a pre-arranged time and date mutually agreeable to the Company and the Customer (See Special Provisions), or
3. adding firm load that was not previously non-firm load to the Customer's facility, or
4. an event affecting local, state or national security, or
5. an event whose nature requires that space launch activities be placed in the critical mode (requiring a closed-loop configuration of FPL's transmission system) as designated and documented by the NASA Test Director at Kennedy Space Center and/or the USAF Range Safety Officer at Cape Canaveral Air Force Station.

The Customer's energy use (in excess of the Firm Demand) for the conditions listed above will be billed pursuant to the Continuity of Service Provision. For periods during which power under the Continuity of Service Provision is no longer available, the Customer will be billed, in addition to the normal charges provided hereunder, the greater of the Company's As-Available Energy cost, or the most expensive energy (calculated on a cent per kilowatt-hour basis) that FPL is purchasing or selling during that period, less the applicable class fuel charge. As-Available Energy cost is the cost calculated for Schedule COG-1 in accordance with FPSC Rule 25-17.0825, F.A.C.

If the Company determines that the Customer has utilized one or more of the exceptions above in an excessive manner, the Company will terminate service under this rider as described in TERM OF SERVICE.

If the Customer exceeds the Firm Demand during a period when the Company is controlling load for any reason other than those specified above, then the Customer will be:

1. billed a \$8.63 charge per kW of excess kW for the prior sixty (60) months or the number of months the Customer has been billed under this rider, whichever is less, and
2. billed a penalty charge of \$1.28 per kW of excess kW for each month of rebilling.

Excess kW for rebilling and penalty charges is determined by taking the difference between the Customer's kWh usage during the load control period divided by the number of hours in the load control period and the Customer's "Firm Demand". The Customer will not be rebilled or penalized twice for the same excess kW in the calculation described above.

(Continued on Sheet No. 8.683)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twelfth Revised Sheet No. 8.684
Cancels Eleventh Revised Sheet No. 8.684

(Continued from Sheet No. 8.683)

In the event the Customer pays the Charges for Early Termination because no replacement Customer(s) is (are) available as specified in paragraph d. above, but the replacement Customer(s) does (do) become available within twelve (12) months from the date of termination of service under this Rider or FPL, later determines that there is no need for the MW reduction in accordance with the FPL, Numeric Commercial/Industrial Conservation Goals, then the Customer will be refunded all or part of the rebilling and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any load control periods which may occur before the replacement Customer(s) became available.

Charges for Early Termination:

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service or a curtailable service rate schedule, or under this rider with a shift from non-firm load to firm service,
 - i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite five (5) years' advance written notice, or
- c) the Customer transfers the controllable portion of the Customer's load to "Firm Demand" or to a firm or a curtailable service rate schedule without providing at least five (5) years' advance written notice,

then the Customer will be:

 1. rebilled \$8.63 per kW of Utility Controlled Demand for the shorter of (a) the most recent prior sixty (60) months during which the Customer was billed for service under this Rider, or (b) the number of months the Customer has been billed under this Rider, and
 2. billed a penalty charge of \$1.28 per kW of Utility Controlled Demand times the number of months rebilled in No. 1 above.

SPECIAL PROVISIONS:

1. Control of the Customer's load shall be accomplished through the Company's load management systems by use of control circuits connected directly to the Customer's switching equipment or the Customer's load may be controlled by use of an energy management system where the firm demand level can be established or modified only by means of joint access by the Customer and the Company.
2. The Customer shall grant the Company reasonable access for installing, maintaining, inspecting, testing and/or removing Company-owned load control equipment.
3. It shall be the responsibility of the Customer to determine that all electrical equipment to be controlled is in good repair and working condition. The Company will not be responsible for the repair, maintenance or replacement of the Customer's electrical equipment.
4. The Company is not required to install load control equipment if the installation cannot be economically justified.
5. Credits under this Rider will commence after the installation, inspection and successful testing of the load control equipment.
6. Maintenance of equipment (including generators) necessary for the implementation of load control will not be scheduled during periods where the Company projects that it would not be able to withstand the loss of its largest unit and continue to serve firm service customers.

(Continued on Sheet No. 8.685)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Forty-Second Revised Sheet No. 8.716
Cancels Forty-First Revised Sheet No. 8.716

(Continued from Sheet No. 8.715)

These costs shall be paid by the Customer prior to the initiation of any construction work by FPL. The Customer shall also pay any additional costs associated with design modifications requested after the original estimate has been made.

REMOVAL OF FACILITIES:

If Street Lighting facilities are removed by either Customer request or termination or breach of the agreement, the Customer shall pay FPL an amount equal to the original installed cost of the removed facilities less any salvage value and any depreciation (based on current depreciation rates as approved by the Florida Public Service Commission) plus removal cost.

MONTHLY RATE:

Luminaire Type	Lamp Size Initial Lumens / Watts	kWh/Mo. Estimate	Fixtures	Charge for FPL-Owned Unit (\$)			Total ***	Charge for Customer- Owned Unit (\$) ****	
				Mainte- nance	Energy Non-Fuel **			Relamping/ Energy	Energy Only
High Pressure Sodium Vapor	6,300	70	29	\$5.30	\$2.16	\$0.99	\$8.45	\$3.16	\$0.99
"	9,500	100	41	\$4.92	\$2.17	\$1.40	\$8.49	\$3.57	\$1.40
"	16,000	150	60	\$5.07	\$2.20	\$2.04	\$9.31	\$4.25	\$2.04
"	22,000	200	88	\$7.69	\$2.81	\$3.00	\$13.50	\$5.80	\$3.00
"	50,000	400	168	\$7.77	\$2.80	\$5.73	\$16.30	\$8.54	\$5.73
"	27,500	250	116	\$8.18	\$3.05	\$3.96	\$15.19	\$7.01	\$3.96
"	140,000	1,000	411	\$12.30	\$5.48	\$14.02	\$31.80	\$19.50	\$14.02
Mercury Vapor	6,000	140	62	\$3.82	\$1.93	\$2.11	\$7.86	\$4.05	\$2.11
"	8,600	175	77	\$3.89	\$1.93	\$2.63	\$8.45	\$4.56	\$2.63
"	11,500	250	104	\$6.48	\$2.79	\$3.54	\$12.81	\$6.86	\$3.54
"	21,500	400	160	\$6.45	\$2.75	\$5.46	\$14.66	\$8.83	\$5.46

** The non-fuel energy charge is 3.410¢ per kWh.

*** Bills rendered based on "Total" charge. Unbundling of charges is not permitted.

**** New customer-owned facilities are closed to this rate effective January 1, 2017.

Charges for other FPL-owned facilities:

Wood pole used only for the street lighting system	\$5.94
Concrete pole used only for the street lighting system	\$8.14
Fiberglass pole used only for the street lighting system	\$9.61
Steel pole used only for the street lighting system	\$8.14
Underground conductors not under paving	4.865¢ per foot
Underground conductors under paving	11.884¢ per foot

The Underground conductors under paving charge will not apply where a CIAC is paid pursuant to section "a)" under "Customer Contributions." The Underground conductors not under paving charge will apply in these situations.

SPECIAL PROVISION:

Where the Company provides facilities other than those listed above, the monthly charges, as applicable shall be computed as follows:

Facilities Charge: 1.28% of the Company's average installed cost of the pole, light fixture, or both.

Maintenance Charge: FPL shall use the maintenance charges in this tariff for fixtures that fall under the special provision based on wattage. If a special provision fixture falls between two wattages, the maintenance charge will be averaged between two existing wattages.

Non-Fuel Energy Charge: 3.410¢/kWh

(Continued on Sheet No. 8.717)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-First Revised Sheet No. 8.717
Cancels Thirtieth Revised Sheet No. 8.717

(Continued from Sheet No. 8.716)

On Customer-owned Street Lighting Systems, where Customer contracts to relamp at no cost to FPL, the Monthly Rate for non-fuel energy shall be 3.410¢ per kWh of estimated usage of each unit plus adjustments. On Street Lighting Systems, where the Customer elects to install Customer-owned monitoring systems, the Monthly Rate for non-fuel energy shall be 3.273¢ per kWh of estimated usage of each monitoring unit plus adjustments. The minimum monthly kWh per monitoring device will be 1 kilowatt-hour per month, and the maximum monthly kWh per monitoring device will be 5 kilowatt-hours per month.

During the initial installation period:

- Facilities in service for 15 days or less will not be billed;
- Facilities in service for 16 days or more will be billed for a full month.

WILLFUL DAMAGE:

Upon the **second** occurrence of willful damage to any FPL-owned facilities, the Customer will be responsible for the cost incurred for repair or replacement. If the lighting fixture is damaged, based on prior written instructions from the Customer, FPL will:

- a) Replace the fixture with a shielded cutoff cobra head. The Customer shall pay \$280.00 for the shield plus all associated costs. However, if the Customer chooses to have the shield installed after the first occurrence, the Customer shall only pay the \$280.00 cost of the shield; or
- b) Replace with a like unshielded fixture. For this, and each subsequent occurrence, the Customer shall pay the costs specified under "Removal of Facilities"; or
- c) Terminate service to the fixture.

Option selection shall be made by the Customer in writing and apply to all fixtures which FPL has installed on the Customer's behalf. Selection changes may be made by the Customer at any time and will become effective ninety (90) days after written notice is received.

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

SPECIAL CONDITIONS:

Customers whose lights are turned off during sea turtle nesting season will receive a credit equal to the fuel charges associated with the fixtures that are turned off.

TERM OF SERVICE:

Initial term of ten (10) years with automatic, successive five (5) year extensions unless terminated in writing by either FPL or the Customer at least ninety (90) days prior to the current term's expiration.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service", the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Eleventh Revised Sheet No. 8.718
Cancels Tenth Revised Sheet No. 8.718

STREET LIGHTING METERED SERVICE

RATE SCHEDULE: SL-1M

AVAILABLE:

In all areas served.

APPLICATION:

For customer-owned lighting of streets and roadways, whether public or private, which are thoroughfares for normal flow of vehicular traffic. Lighting for other applications such as: municipally and privately-owned parking lots; parks and recreational areas; or any other area not expressly defined above, is not permitted under this schedule.

SERVICE:

Single phase, 60 hertz and at any available standard voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder. This service is specific for only customer owned roadway or area lighting. The Company will determine at its discretion a single point of service at the Company's supply lines for the customer owned circuits. The Customer will provide the necessary equipment, including the permitted meter can and disconnect panel, and all circuits servicing the customers lighting system up to the point of service. The distribution system shall serve no other electrical loads except the lighting equipment eligible for this rate.

MONTHLY RATE:

Base Charge: \$17.06

Non-Fuel Energy Charges:

Base Energy Charge 3.445¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges

Minimum: \$17.06

TERM OF SERVICE:

Not less than one (1) year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Seventh Revised Sheet No. 8.721
Cancels Thirty-Sixth Revised Sheet No. 8.721

(Continued from Sheet No. 8.720)

MONTHLY RATE:

Facilities:

Paid in full: Monthly rate is zero, for Customer's who have executed a Premium Lighting Agreement before March 1, 2010:
10 years payment option: 1.265% of total work order cost.
20 years payment option: 0.848% of total work order cost.

Maintenance: FPL's estimated costs of maintaining lighting facilities.

Billing: FPL reserves the right to assess a charge for the recovery of any dedicated billing system developed solely for this rate.

Energy: KWH Consumption for fixtures shall be estimated using the following formula:

$$\text{KWH} = \text{Unit} \frac{\text{Wattage (usage)} \times 353.3 \text{ hours per month}}{1000}$$

Non-Fuel Energy 3.410¢/kWh

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

During the initial installation period:

Facilities in service for 15 days or less will not be billed;
Facilities in service for 16 days or more will be billed for a full month.

MINIMUM MONTHLY BILL:

The minimum monthly bill shall be the applicable Facilities Maintenance and Billing charges.

(Continued on Sheet No. 8.722)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Seventh Revised Sheet No. 8.725
Cancels Thirty-Sixth Revised Sheet No. 8.725

OUTDOOR LIGHTING
(Closed Schedule)

RATE SCHEDULE OL-1

AVAILABLE:

In all areas served.

APPLICATION:

For year-round outdoor security lighting of yards, walkways and other areas. Lights to be served hereunder shall be at locations which are easily and economically accessible to Company vehicles and personnel for construction and maintenance.

It is intended that Company-owned security lights will be installed on existing Company-owned electric facilities, or short extension thereto, in areas where a street lighting system is not provided or is not sufficient to cover the security lighting needs of a particular individual or location. Where more extensive security lighting is required, such as for large parking lots or other commercial areas, the Customer will provide the fixtures, supports and connecting wiring; the Company will connect to the Customer's system and provide the services indicated below. All services will be applicable to Customers who were active prior to January 1, 2022. All new Outdoor Lighting will now be offered in the lighting tariff LT-1.

SERVICE:

Service includes lamp renewals, energy from approximately dusk each day until approximately dawn the following day, and maintenance of Company-owned facilities. The Company will replace all burned-out lamps and will maintain its facilities during regular daytime working hours as soon as practicable following notification by the Customer that such work is necessary. The Company shall be permitted to enter the Customer's premises at all reasonable times for the purpose of inspecting, maintaining, installing and removing any or all of its equipment and facilities.

The Company, while exercising reasonable diligence at all times to furnish service hereunder, does not guarantee continuous lighting and will not be liable for damages for any interruption, deficiency or failure of service, and reserves the right to interrupt service at any time for necessary repairs to lines or equipment.

The Company has the right at any time to remove the light for non-payment and decline new request to customers with prior non-payment activity.

LIMITATION OF SERVICE:

This schedule is not available for service normally supplied on the Company's standard street lighting schedules. Company-owned facilities will be installed only on Company-owned poles. Customer-owned facilities will be installed only on Customer-owned poles. Overhead conductors will not be installed in any area designated as an underground distribution area, or any area, premises or location served from an underground source. Customer must have an active house or premise account associated with this service. Stand-by or resale service not permitted hereunder.

MONTHLY RATE:

Luminaire Type	Lamp Size		KWH/Mo Estimate	Charge for Company-Owned				Charge for Customer-Owned	
	Initial Lumens/Watts			Fixtures	Unit (\$) Maintenance	Energy Non-Fuel **	Total	Relamping/Energy	Unit (\$) Only
High Pressure Sodium Vapor	6,300	70	29	\$5.90	\$2.19	\$1.03	\$9.12	\$3.09	\$1.03
" "	9,500	100	41	\$6.02	\$2.19	\$1.47	\$9.68	\$3.52	\$1.47
" "	16,000	150	60	\$6.24	\$2.23	\$2.14	\$10.61	\$4.23	\$2.14
" "	22,000	200	88	\$9.07	\$2.87	\$3.15	\$15.09	\$5.79	\$3.15
" "	50,000	400	168	\$9.65	\$2.82	\$6.00	\$18.47	\$8.61	\$6.00
" "	12,000	150	60	\$6.80	\$2.48	\$2.14	\$11.42	\$5.09	\$2.14
Mercury Vapor	6,000	140	62	\$4.52	\$1.96	\$2.21	\$8.69	\$4.54	\$2.21
" "	8,600	175	77	\$4.56	\$1.96	\$2.75	\$9.27	\$4.63	\$2.75
" "	21,500	400	160	\$7.46	\$2.76	\$5.72	\$15.94	\$8.06	\$5.72

** The non-fuel energy charge is 3.571¢ per kWh.

(Continued on Sheet No. 8.726)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Eighth Revised Sheet No. 8.726
Cancels Thirty-Seventh Revised Sheet No. 8.726

(Continued from Sheet No. 8.725)

Charges for other Company-owned facilities:

Wood pole and span of conductors:	\$12.92
Concrete pole and span of conductors:	\$17.46
Fiberglass pole and span of conductors:	\$20.51
Steel pole used only for the street lighting system	\$17.46
Underground conductors (excluding trenching)	\$0.099 per foot
Down-guy, Anchor and Protector	\$11.75

For Customer-owned outdoor lights, where the Customer contracts to relamp at no cost to FPL, the monthly rate for non-fuel energy shall be 3.571¢ per kWh of estimated usage of each unit plus adjustments.

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

SPECIAL PROVISION:

Where the Company provides facilities other than those listed above, the monthly charges, as applicable shall be computed as follows:

Facilities Charge:	1.28% of the Company's average installed cost of the pole, light fixture, or both.
Maintenance Charge:	FPL shall use the maintenance charges in this tariff for fixtures that fall under the special provision based on wattage. If a special provision fixture falls between two wattages, the maintenance charge will be averaged between two existing wattages.
Non-Fuel Energy Charge:	3.571¢ per kWh

TERM OF SERVICE:

Not less than one year. In the event the Company installs any facilities for which there is an added monthly charge, the Term of Service shall be for not less than three years.

If the Customer terminates service before the expiration of the initial term of the agreement, the Company may require reimbursement for the total expenditures made to provide such service, plus the cost of removal of the facilities installed less the salvage value thereof, and less credit for all monthly payments made for Company-owned facilities.

WILLFUL DAMAGE:

In the event of willful damage to these facilities, FPL will provide the initial repair of each installed item at its expense. Upon the second occurrence of willful damage, and subsequent occurrence to these FPL-owned facilities, the Customer will be responsible for the cost for repair or replacement.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service", the provision of this schedule shall apply.

COMPANY-OWNED FACILITIES:

Company-owned luminaires normally will be mounted on Company's existing distribution poles and served from existing overhead wires. The Company will provide one span of secondary conductor from existing secondary facilities to a Company-owned light at the Company's expense. When requested by the Customer, and at the option of the Company, additional spans of wire or additional poles or underground conductors may be installed by the Company upon agreement by the Customer to use the facilities for a minimum of three years and pay each month the charges specified under MONTHLY RATE.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Fifty-Third Revised Sheet No. 8.730
Cancels Fifty-Second Revised Sheet No. 8.730

TRAFFIC SIGNAL SERVICE
(Closed Schedule)

RATE SCHEDULE: SL-2

AVAILABLE:

In all areas served.

APPLICATION:

Service for traffic signal lighting where the signal system and the circuit to connect with Company's existing supply lines are installed, owned and maintained by Customer and were active prior to January 1, 2017.

All new or modifications on existing Customer-owned traffic signal lights are to be metered under SL-2M Traffic Signal Metered Service tariff.

SERVICE:

Single phase, 60 hertz and approximately 120/240 volts or higher, at Company's option.

MONTHLY RATE:

Non-Fuel Energy Charges:

Base Energy Charge 5.769¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: \$4.31 at each point of delivery.

Note: During the initial installation period of facilities:

Lights and facilities in service for 15 days or less will not be billed;

Lights and facilities in service for 16 days or more will be billed for a full month.

CALCULATED USAGE:

The Calculated Usage at each point of delivery shall be determined by operating tests or utilization of manufacturers' ratings and specifications. The monthly operation shall be based on a standard of 730 hours; however, that portion of the operation which is on a noncontinuous basis shall be adjusted to reflect such operation.

TERM OF SERVICE:

Not less than one (1) billing period.

NOTICE OF CHANGES:

The Customer shall notify the Company at least 30 days prior to any change in rating of the equipment served or the period of operation.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Eleventh Revised Sheet No. 8.731
Cancels Tenth Revised Sheet No. 8.731

TRAFFIC SIGNAL METERED SERVICE

RATE SCHEDULE: SL-2M

AVAILABLE:

In all areas served.

APPLICATION:

Service for traffic signal lighting where the signal system and the circuit to connect with Company's existing supply lines are installed, owned and maintained by Customer.

Traffic signals active prior to January 1, 2017 may be operating under the closed SL-2 Traffic Signal Service tariff; however, any modifications on existing Customer-owned traffic signal lights under SL-2 will require the customer to convert to a metered service under this tariff.

SERVICE:

Single phase, 60 hertz and approximately 120/240 volts or higher, at Company's option.

MONTHLY RATE:

Base Charge: \$7.78

Non-Fuel Energy Charges:

Base Energy Charge 5.939¢ per kWh

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges

Minimum: \$7.78

TERM OF SERVICE:

Not less than one (1) year.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 8.736.1
Cancels Second Revised Sheet No. 8.736.1

MONTHLY RATES FOR MAINTENANCE AND CONVERSION:

Maintenance per Fixture (FPL Owned Fixture and Pole)	\$1.45
Maintenance per Fixture for FPL fixtures on Customer Pole	\$1.16
LED Conversion Recovery	\$2.08

MONTHLY RATES FOR POLES USED ONLY FOR LIGHTING SYSTEM:

Standard Wood pole	\$5.94
Standard Concrete pole	\$8.14
Standard Fiberglass pole	\$9.61
Decorative Concrete pole	\$17.46

MONTHLY RATES FOR LED FIXTURES*:

Energy Tier	Charge	Fixture Tier														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	\$ -	1.50	4.50	7.50	10.50	13.50	16.50	19.50	22.50	25.50	28.50	31.50	34.50	37.50	40.50	43.50
B	\$ 0.20	1.70	4.70	7.70	10.70	13.70	16.70	19.70	22.70	25.70	28.70	31.70	34.70	37.70	40.70	43.70
C	\$ 0.40	1.90	4.90	7.90	10.90	13.90	16.90	19.90	22.90	25.90	28.90	31.90	34.90	37.90	40.90	43.90
D	\$ 0.60	2.10	5.10	8.10	11.10	14.10	17.10	20.10	23.10	26.10	29.10	32.10	35.10	38.10	41.10	44.10
E	\$ 0.80	2.30	5.30	8.30	11.30	14.30	17.30	20.30	23.30	26.30	29.30	32.30	35.30	38.30	41.30	44.30
F	\$ 1.00	2.50	5.50	8.50	11.50	14.50	17.50	20.50	23.50	26.50	29.50	32.50	35.50	38.50	41.50	44.50
G	\$ 1.20	2.70	5.70	8.70	11.70	14.70	17.70	20.70	23.70	26.70	29.70	32.70	35.70	38.70	41.70	44.70
H	\$ 1.40	2.90	5.90	8.90	11.90	14.90	17.90	20.90	23.90	26.90	29.90	32.90	35.90	38.90	41.90	44.90
I	\$ 1.60	3.10	6.10	9.10	12.10	15.10	18.10	21.10	24.10	27.10	30.10	33.10	36.10	39.10	42.10	45.10
J	\$ 1.80	3.30	6.30	9.30	12.30	15.30	18.30	21.30	24.30	27.30	30.30	33.30	36.30	39.30	42.30	45.30
K	\$ 2.00	3.50	6.50	9.50	12.50	15.50	18.50	21.50	24.50	27.50	30.50	33.50	36.50	39.50	42.50	45.50
L	\$ 2.20	3.70	6.70	9.70	12.70	15.70	18.70	21.70	24.70	27.70	30.70	33.70	36.70	39.70	42.70	45.70
M	\$ 2.40	3.90	6.90	9.90	12.90	15.90	18.90	21.90	24.90	27.90	30.90	33.90	36.90	39.90	42.90	45.90
N	\$ 2.60	4.10	7.10	10.10	13.10	16.10	19.10	22.10	25.10	28.10	31.10	34.10	37.10	40.10	43.10	46.10
O	\$ 2.80	4.30	7.30	10.30	13.30	16.30	19.30	22.30	25.30	28.30	31.30	34.30	37.30	40.30	43.30	46.30
P	\$ 3.00	4.50	7.50	10.50	13.50	16.50	19.50	22.50	25.50	28.50	31.50	34.50	37.50	40.50	43.50	46.50
Q	\$ 3.20	4.70	7.70	10.70	13.70	16.70	19.70	22.70	25.70	28.70	31.70	34.70	37.70	40.70	43.70	46.70
R	\$ 3.40	4.90	7.90	10.90	13.90	16.90	19.90	22.90	25.90	28.90	31.90	34.90	37.90	40.90	43.90	46.90
S	\$ 3.60	5.10	8.10	11.10	14.10	17.10	20.10	23.10	26.10	29.10	32.10	35.10	38.10	41.10	44.10	47.10
T	\$ 3.80	5.30	8.30	11.30	14.30	17.30	20.30	23.30	26.30	29.30	32.30	35.30	38.30	41.30	44.30	47.30
U	\$ 4.00	5.50	8.50	11.50	14.50	17.50	20.50	23.50	26.50	29.50	32.50	35.50	38.50	41.50	44.50	47.50
V	\$ 4.20	5.70	8.70	11.70	14.70	17.70	20.70	23.70	26.70	29.70	32.70	35.70	38.70	41.70	44.70	47.70
W	\$ 4.40	5.90	8.90	11.90	14.90	17.90	20.90	23.90	26.90	29.90	32.90	35.90	38.90	41.90	44.90	47.90
X	\$ 4.60	6.10	9.10	12.10	15.10	18.10	21.10	24.10	27.10	30.10	33.10	36.10	39.10	42.10	45.10	48.10
Y	\$ 4.80	6.30	9.30	12.30	15.30	18.30	21.30	24.30	27.30	30.30	33.30	36.30	39.30	42.30	45.30	48.30
Z	\$ 5.00	6.50	9.50	12.50	15.50	18.50	21.50	24.50	27.50	30.50	33.50	36.50	39.50	42.50	45.50	48.50
AA	\$ 5.20	6.70	9.70	12.70	15.70	18.70	21.70	24.70	27.70	30.70	33.70	36.70	39.70	42.70	45.70	48.70
BB	\$ 5.40	6.90	9.90	12.90	15.90	18.90	21.90	24.90	27.90	30.90	33.90	36.90	39.90	42.90	45.90	48.90
CC	\$ 5.60	7.10	10.10	13.10	16.10	19.10	22.10	25.10	28.10	31.10	34.10	37.10	40.10	43.10	46.10	49.10
DD	\$ 5.80	7.30	10.30	13.30	16.30	19.30	22.30	25.30	28.30	31.30	34.30	37.30	40.30	43.30	46.30	49.30
EE	\$ 6.00	7.50	10.50	13.50	16.50	19.50	22.50	25.50	28.50	31.50	34.50	37.50	40.50	43.50	46.50	49.50

* Catalog of available fixtures and the assigned billing tier for each can be viewed at www.FPL.com/partner/builders/lighting.html

The non-fuel energy charge is 3.410¢ per kWh; where the kWh is calculated as (wattage x 353.3 hours per month) / 1000

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Third Revised Sheet No. 8.736.2
Cancels Second Revised Sheet No. 8.736.2

SPECIAL PROVISIONS:

Where the Company provides fixtures or poles other than those referenced above, the monthly charges, as applicable shall be computed as follows:

Charge: 1.28% of the Company's average installed cost of the pole, light fixture, or both.

Standard maintenance fees to apply
Standard non-fuel Energy Charge to apply

ADDITIONAL LIGHTING CHARGE:

Any special or additional lighting charges, which are required by the Company, will be billed in addition to the above rates.

Charge: 1.28% of the Company's average installed cost of the additional lighting facilities.

As of January 1, 2022, the factor pertaining to Underground Conductor will be closed to new customers.
Underground Conductor 4.865¢ per foot

BILLING

During the initial installation period:

Facilities in service for 15 days or less will not be billed;
Facilities in service for 16 days or more will be billed for a full month.

For outdoor lights only, the Company has the right at any time to remove the light for non-payment and decline new request to customers with prior non-payment activity.

WILLFUL DAMAGE:

Upon the second occurrence of willful damage to any Company-owned facilities, the Customer will be responsible for the cost incurred for repair or replacement. If the lighting fixture is damaged, based on prior written instructions from the Customer, the Company will:

- a) If a commercially available and Company approved device exists, install a protective shield. The Customer shall pay \$280.00 for the shield plus all associated costs. However, if the Customer chooses to have the shield installed before the second occurrence, the Customer shall only pay the cost of the shield; or
- b) Replace with a like unshielded fixture. For this, and each subsequent occurrence, the Customer shall pay the estimated costs of the replacement fixture; or
- c) Terminate service to the fixture. In this case, the lighting facilities will be removed from the field and from billing; the Customer will pay the lighting facilities charges for the remaining period of the currently active term of service plus the cost to remove the facilities.

Option selection shall be made by the Customer in writing and apply to all fixtures which the Company has installed on the Customer's behalf on the same account. Selection changes may be made by the Customer at any time and will become effective ninety (90) days after written notice is received.

(Continued on Sheet No. 8.738)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.739
Cancels Original Sheet No. 8.739

OUTDOOR SERVICE
(Closed Schedule)

RATE SCHEDULE: OS I/II

AVAILABLE:

In all areas served. Available to any lighting customer, who, as of December 31, 2021, was taking service pursuant to this schedule or had a fully executed copy of a Lighting Agreement with the Company.

OS-I/II STREET, ROADWAY, AND GENERAL AREA LIGHTING:

APPLICATION:

Applicable for street, roadway, and general area lighting service under the provisions of the Company's standard contract for such service. Service hereunder includes power supply and may include lamp renewals and regular maintenance. All modifications to existing or new Customer-owned circuits to be metered under SL-1M Street Light Metered tariff.

LIMITATION OF SERVICE:

Company-owned fixtures will be mounted on Company-owned poles of the Company's distribution system. Customer-owned fixtures will be mounted on Customer-owned poles, of a standard type and design, permitting service and maintenance at no abnormal cost to the Company. Existing company owned LED and non-LED fixtures such as high-pressure sodium vapor (HPSV), mercury vapor or metal halide luminaires permitted in closed tariffs prior to January 1, 2022 will be considered legacy fixtures. All new lighting installations will be covered under the lighting tariff LT-1. Service will remain as lamp renewals and fixture replacement until such time when the Company decides to no longer make available. The Company will communicate a plan to replace non-LED fixtures with LED fixtures at current applicable rates.

Stand-by or resale service is not permitted hereunder.

MONTHLY RATES:

<u>High Pressure Sodium Vapor</u>								
<u>Initial</u> <u>Lamp</u> <u>Rating</u> <u>(Lumen)</u>	<u>Description</u>	<u>Lamp</u> <u>Wattage</u>	<u>Line</u> <u>Wattage</u>	<u>Est.</u> <u>kWh</u>	<u>Fixture</u> <u>Charge</u>	<u>Maint.</u> <u>Charge</u>	<u>Energy</u> <u>Charge</u>	<u>Total</u> <u>Charge</u>
				AA			***	
5400	Open Bottom	70	84	29	\$3.72	\$1.95	\$0.99	\$6.66
8800	Open Bottom	100	120	41	\$3.20	\$1.79	\$1.40	\$6.39
8800	Open Bottom w/Shield	100	120	41	\$4.37	\$2.07	\$1.40	\$7.84
8800	Acorn	100	120	41	\$15.92	\$5.24	\$1.40	\$22.56
8800	Colonial	100	120	41	\$4.30	\$2.05	\$1.40	\$7.75
8800	English Coach	100	120	41	\$17.37	\$5.62	\$1.40	\$24.39
8800	Destin Single	100	120	41	\$29.90	\$9.03	\$1.40	\$40.33
17600	Destin Double	200	240	82	\$59.59	\$17.40	\$2.80	\$79.79
5400	Cobrahead	70	84	29	\$5.24	\$2.36	\$0.99	\$8.59
8800	Cobrahead	100	120	41	\$4.37	\$2.07	\$1.40	\$7.84
20000	Cobrahead	200	233	80	\$6.03	\$2.56	\$2.73	\$11.32
25000	Cobrahead	250	292	100	\$5.87	\$2.52	\$3.41	\$11.80
46000	Cobrahead	400	477	164	\$6.17	\$2.60	\$5.60	\$14.37
8800	Cutoff Cobrahead	100	120	41	\$4.83	\$2.20	\$1.40	\$8.43
25000	Cutoff Cobrahead	250	292	100	\$5.93	\$2.54	\$3.41	\$11.88
46000	Cutoff Cobrahead	400	477	164	\$6.18	\$2.60	\$5.60	\$14.38
25000	Bracket Mount CIS	250	292	100	\$13.59	\$4.61	\$3.41	\$21.61
25000	Tenon Top CIS	250	292	100	\$13.60	\$4.61	\$3.41	\$21.62

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet Not. 8.739.1
Cancels Original Sheet No. 8.739.1

High Pressure Sodium Vapor (continued)								
<u>Initial Lamp Rating (Lumen)</u>	<u>Description</u>	<u>Lamp Wattage</u>	<u>Line Wattage</u>	<u>Est. kWh</u>	<u>Fixture Charge</u>	<u>Maint. Charge</u>	<u>Energy Charge</u>	<u>Total Charge</u>
				**		***		
46000	Bracket Mount CIS	400	468	161	\$14.49	\$4.84	\$5.49	\$24.82
20000	Small ORL	200	233	80	\$13.93	\$4.69	\$2.73	\$21.35
25000	Small ORL	250	292	100	\$13.42	\$4.56	\$3.41	\$21.39
46000	Small ORL	400	477	164	\$14.03	\$4.72	\$5.60	\$24.35
20000	Large ORL	200	233	80	\$22.69	\$7.07	\$2.73	\$32.49
46000	Large ORL	400	477	164	\$25.56	\$7.86	\$5.60	\$39.02
46000	Shoebox	400	477	164	\$11.71	\$4.10	\$5.60	\$21.41
16000	Directional	150	197	68	\$6.59	\$2.66	\$2.32	\$11.57
20000	Directional	200	233	80	\$9.52	\$3.51	\$2.73	\$15.76
46000	Directional	400	477	164	\$7.06	\$2.85	\$5.60	\$15.51
125000	Large Flood	1000	1105	379	\$11.22	\$4.19	\$12.93	\$28.34
Metal Halide								
<u>Initial Lamp Rating (Lumen)</u>	<u>Description</u>	<u>Lamp Wattage</u>	<u>Line Wattage</u>	<u>Est. kWh</u>	<u>Fixture Charge</u>	<u>Maint. Charge</u>	<u>Energy Charge</u>	<u>Total Charge</u>
12000	Acorn	175	210	72	\$16.08	\$6.57	\$2.45	\$25.10
12000	Colonial	175	210	72	\$4.45	\$3.44	\$2.45	\$10.34
12000	English Coach	175	210	72	\$17.71	\$7.24	\$2.45	\$27.40
12000	Destin Single	175	210	72	\$30.37	\$10.77	\$2.45	\$43.59
24000	Destin Double	350	420	144	\$60.56	\$20.16	\$4.91	\$85.63
32000	Small Flood	400	476	163	\$7.22	\$3.03	\$5.56	\$15.81
32000	Small Parking Lot	400	476	163	\$13.35	\$4.70	\$5.56	\$23.61
100000	Large Flood	1000	1100	378	\$10.36	\$6.01	\$12.89	\$29.26
100000	Large Parking Lot	1000	1100	378	\$23.03	\$8.34	\$12.89	\$44.26
Metal Halide Pulse Start								
<u>Initial Lamp Rating (Lumen)</u>	<u>Description</u>	<u>Lamp Wattage</u>	<u>Line Wattage</u>	<u>Est. kWh</u>	<u>Fixture Charge</u>	<u>Maint. Charge</u>	<u>Energy Charge</u>	<u>Total Charge</u>
13000	Acorn	150	190	65	\$18.24	\$6.40	\$2.21	\$26.85
13000	Colonial	150	190	65	\$5.67	\$3.01	\$2.21	\$10.89
13000	English Coach	150	190	65	\$18.64	\$6.52	\$2.21	\$27.37
13000	Destin Single	150	190	65	\$39.54	\$12.18	\$2.21	\$53.93
26000	Destin Double	300	380	130	\$79.77	\$24.36	\$4.44	\$108.57
33000	Small Flood	350	400	137	\$8.09	\$3.87	\$4.67	\$16.63
33000	Shoebox	350	400	137	\$9.68	\$4.32	\$4.67	\$18.67
68000	Flood	750	840	288	\$8.34	\$6.51	\$9.82	\$24.67

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.739.2
Cancels Original Sheet No. 8.739.2

Mercury Vapor								
<u>Initial</u> <u>Lamp</u> <u>Rating</u> <u>(Lumen)</u>	<u>Description</u>	<u>Lamp</u> <u>Wattage</u>	<u>Line</u> <u>Wattage</u>	<u>Est.</u> <u>kWh</u>	<u>Fixture</u> <u>Charge</u>	<u>Maint.</u> <u>Charge</u>	<u>Energy</u> <u>Charge</u>	<u>Total</u> <u>Charge</u>
7000	Open Bottom	175	195	67	\$2.59	\$1.56	\$2.28	\$6.43
3200	Cobrahead	100	114	39	\$4.79	\$2.18	\$1.33	\$8.30
7000	Cobrahead	175	195	67	\$4.35	\$2.03	\$2.28	\$8.66
9400	Cobrahead	250	277	95	\$5.73	\$2.49	\$3.24	\$11.46
17000	Cobrahead	400	442	152	\$6.25	\$2.59	\$5.18	\$14.02
48000	Cobrahead	1000	1084	372	\$12.53	\$4.48	\$12.69	\$29.70
17000	Directional	400	474	163	\$9.40	\$3.46	\$5.56	\$18.42
LED								
<u>Nominal</u> <u>Delivered</u> <u>Lumen</u>	<u>Description</u>	<u>Lamp</u> <u>Wattage</u>	<u>Line</u> <u>Wattage</u>	<u>Est.</u> <u>kWh</u>	<u>Fixture</u> <u>Charge</u>	<u>Maint.</u> <u>Charge</u>	<u>Energy</u> <u>Charge</u>	<u>Total Charge</u>
				**			***	
3776	Acorn	75	75	26	\$21.64	\$11.17	\$0.88	\$33.69
4440	Streetlight	72	72	25	\$16.79	\$5.74	\$0.85	\$23.38
2820	Acorn A5	56	56	19	\$28.81	\$8.91	\$0.64	\$38.36
5100	Cobrahead S2	73	73	25	\$6.82	\$4.45	\$0.85	\$12.12
10200	Cobrahead S3	135	135	46	\$8.39	\$5.13	\$1.57	\$15.09
6320	ATB071 S2/S3	71	71	24	\$8.50	\$5.79	\$0.81	\$15.10
9200	ATB1 105 S3	105	105	36	\$12.42	\$6.98	\$1.23	\$20.63
23240	ATB2 280 S4	280	280	96	\$14.05	\$8.10	\$3.27	\$25.42
7200	E132 A3	132	132	45	\$33.57	\$9.81	\$1.54	\$44.92
9600	E157 SAW	157	157	54	\$22.72	\$6.78	\$1.85	\$31.35
7377	WP9 A2/S2	140	140	48	\$51.06	\$16.92	\$1.64	\$69.62
15228	Destin Double	210	210	72	\$78.13	\$37.37	\$2.45	\$117.95
9336	ATB0 108	108	108	37	\$7.86	\$5.12	\$1.26	\$14.24
3640	Colonial	45	45	15	\$9.13	\$5.86	\$0.52	\$15.51
5032	LG Colonial	72	72	25	\$10.63	\$6.39	\$0.85	\$17.87
4204	Security Lt	43	43	15	\$5.15	\$3.09	\$0.52	\$8.76
5510	Roadway 1	62	62	21	\$6.20	\$3.94	\$0.71	\$10.85
32327	Galleon 6sq	315	315	108	\$24.13	\$12.77	\$3.68	\$40.58
38230	Galleon 7sq	370	370	127	\$26.76	\$14.23	\$4.33	\$45.32
53499	Galleon 10sq	528	528	181	\$37.00	\$19.04	\$6.17	\$62.21
36000	Flood 421 W	421	421	145	\$19.36	\$10.69	\$4.94	\$34.99
5355	Wildlife Cert	106	106	36	\$18.99	\$10.08	\$1.23	\$30.30
8300	Evolve Area	72	72	25	\$15.39	\$8.28	\$0.85	\$24.52
8022	ATB0 70	72	72	25	\$8.33	\$5.01	\$0.85	\$14.19
11619	ATB0 100	104	104	36	\$8.94	\$5.28	\$1.23	\$15.45
30979	ATB2 270	274	274	94	\$16.14	\$8.77	\$3.20	\$28.11
9514	Roadway 2	95	95	33	\$6.77	\$4.19	\$1.12	\$12.08
15311	Roadway 3	149	149	51	\$9.34	\$5.37	\$1.74	\$16.45
28557	Roadway 4	285	285	98	\$12.75	\$7.10	\$3.34	\$23.19
5963	Colonial Large	72	72	25	\$9.93	\$5.61	\$0.85	\$16.39
4339	Colonial Small	45	45	15	\$9.50	\$5.40	\$0.52	\$15.42
8704	Acorn A	81	81	28	\$20.96	\$10.46	\$0.95	\$32.37
7026	Destin I	99	99	34	\$35.23	\$16.72	\$1.16	\$53.11
37400	Flood Large	297	297	102	\$18.59	\$9.26	\$3.48	\$31.33
28700	Flood Medium	218	218	75	\$15.87	\$8.06	\$2.56	\$26.49
18600	Flood Small	150	150	52	\$13.68	\$6.96	\$1.78	\$22.42

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.739.3
Cancels Original Sheet No. 8.739.3

LED (Continued)

<u>Nominal Delivered Lumen</u>	<u>Description</u>	<u>Lamp Wattage</u>	<u>Line Wattage</u>	<u>Est. kWh</u>	<u>Fixture Charge</u>	<u>Maint. Charge</u>	<u>Energy Charge</u>	<u>Total Charge</u>
23588	ATB2 210	208	208	71	\$13.93	\$7.73	\$2.32	\$23.98
8575	Destin	77	77	26	\$26.91	\$13.12	\$0.92	\$40.95
1958	Destin Wildlife	56	56	19	\$32.29	\$15.50	\$0.64	\$48.43
8212	AEL Roadway ATBS 3K	76	76	26	\$4.61	\$3.65	\$0.88	\$9.14
8653	AEL Roadway ATBS 4K	76	76	26	\$4.61	\$3.65	\$0.88	\$9.14
5300	Cree RSW Amber – XL	144	144	49	\$13.02	\$7.43	\$1.67	\$22.12
3715	Cree RSW Amber – Large	92	92	32	\$9.49	\$5.88	\$1.09	\$16.46
7300	EPTC	65	65	22	\$15.16	\$7.86	\$0.75	\$23.77
3358	Cont American Elect 3K	38	38	13	\$6.36	\$4.12	\$0.45	\$10.93
3615	Cont American Elect 4k	38	38	13	\$6.36	\$4.12	\$0.45	\$10.93
16593	AEL ATB2 Gray	133	133	46	\$7.69	\$4.83	\$1.57	\$14.09
6586	Holophane Granville 3K	51	51	18	\$15.13	\$8.28	\$0.62	\$24.03
12000	Cree XSPM	95	95	33	\$6.77	\$4.49	\$1.12	\$12.38

** Estimated Monthly kWh = (Line Wattage x Annual Operating Hours)/(1000x 12)

*** Energy Charge = 3.410¢/kWh x Estimated Monthly kWh Usage

ADDITIONAL FACILITIES CHARGES:

The above rates apply to lighting installations made on the Company's existing overhead distribution system. Any special or additional facilities, which may be installed at the Company's option, will be billed in addition to the above rates.

- 13 ft. decorative concrete pole used only for decorative lights (Colonial, Acorn, or English Coach) \$21.15.
- 13 ft. decorative high gloss concrete pole used only for decorative lights (Colonial, Acorn, or English Coach) \$18.58.
- 16 ft. decorative base aluminum pole with 6" Tenon used only for decorative lights (Destin Single or Double) \$14.73.
- 17 ft. decorative base aluminum pole used only for decorative lights (Colonial, Acorn, or English Coach) \$21.52.
- 18 ft. (14 ft. mounting height) aluminum decorative York pole \$19.56.
- 20 ft. (16 ft. mounting height) aluminum decorative Grand pole \$15.99.
- 20 ft. fiberglass pole used only for decorative lights (Colonial) \$7.62.
- 20 ft. (16 ft. mounting height) aluminum, round, tapered pole (Spun Tenon) \$6.70.
- 20 ft. (16 ft. mounting height) aluminum, round, tapered pole (Welded Tenon) \$22.81.
- 25 ft. (20 ft. mounting height) aluminum, round, tapered pole \$23.84.
- 30 ft. wood pole \$4.94.
- 30 ft. concrete pole \$10.33.
- 30 ft. fiberglass pole with concrete, anchor-based pedestal used primarily for the 100,000 Lumen Large Parking Lot fixture \$48.90.
- 30 ft. (25 ft. mounting height) aluminum, round, tapered pole \$26.43.
- 30 ft. aluminum pole used with concrete adjustable base \$24.16.
- 35 ft. concrete pole \$15.05.
- 35 ft. concrete pole (Tenon Top) \$20.78.
- Charge for 35 ft. wood pole \$7.17.
- 35 ft. (30 ft. mounting height) aluminum, round, tapered pole \$29.64.
- 40 ft. wood pole \$8.82.
- 45 ft. concrete pole (Tenon Top) \$27.27.
- 22 ft. aluminum pole \$17.04.
- 25 ft. aluminum pole \$17.72.
- 30 ft. aluminum pole with 8' arm \$44.33.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.739.4
Cancels Original Sheet No. 8.739.4

ADDITIONAL FACILITIES CHARGES (Continued):

30 ft. aluminum pole with 10' arm \$46.45.
30 ft. aluminum pole with 12' arm \$43.00.
35 ft. aluminum pole with 8' arm \$48.81.
35 ft. aluminum pole with 10' arm \$48.22.
35 ft. aluminum pole with 12' arm \$49.36.
40 ft. aluminum pole with 8' arm \$50.52.
40 ft. aluminum pole with 10' arm \$53.35.
40 ft. aluminum pole with 12' arm \$55.10.
16 ft. aluminum decorative arlen pole \$18.58.
16 ft. aluminum decorative arlen pole with banner arms \$22.94.
40 ft. concrete pole \$36.99.
45 ft. wood pole \$9.07.
50 ft. wood pole \$10.86.
18 ft. aluminum, round tapered pole \$8.76.
14.5 ft. concrete, round tapered pole \$20.58.
Single arm for Shoebox/Small Parking Lot fixture \$2.87.
Double arm for Shoebox/Small Parking Lot fixture \$3.18.
Triple arm for Shoebox/Small Parking Lot fixture \$4.44.
Quadruple arm for Shoebox/Small Parking Lot fixture \$5.61.
Tenon Top adapter for 100,000 Lumen Large Parking Lot fixture \$5.27.
Charge for optional 100 amp relay \$29.54.
25 kVA transformer (non-coastal) for 46,000 Lumen Shoebox, 32,000 Lumen Small Parking Lot, or 100,000 Lumen Large Parking Lot fixture(s) \$42.19.
25 kVA transformer (coastal) for 46,000 Lumen Shoebox, 32,000 Lumen Small Parking Lot, or 100,000 Lumen Large Parking Lot fixture(s) \$60.15.

All other additional facilities shall be billed at 1.28% per month of the Company's cost. Such facilities may include, but are not limited to, additional overhead or underground wiring and special poles approved by the Company.

VANDALISM (WILLFUL DAMAGE):

The Customer will have the following three options on the second occurrence of vandalism (willful damage) to a Company fixture:

1. Pay (a) the total repair costs of the fixture or the original total installed cost of the fixture less any depreciation and salvage value plus the removal cost if the fixture cannot be repaired and (b) the total installed cost of a luminaire protective shield. If the fixture is not compatible with the shield, then the fixture will be replaced with either a compatible 100 watt or 250 watt cobrahead fixture,
2. Request that the damaged fixture be replaced with the same type of unshielded fixture. For this and any subsequent occurrence, the Customer will pay either (a) the total repair costs of the fixture or (b) the original total installed cost of the fixture less any depreciation and salvage value plus the removal cost if the fixture cannot be repaired, or
3. Discontinue the service to the fixture.

The Customer must notify the Company in writing of its selected option. The Customer may choose to pay the total installed cost of a luminaire protective shield after the first occurrence of vandalism (willful damage) to a Company fixture and save the costs incurred in 1(a) above.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.739.5
Cancels Original Sheet No. 8.739.5

MONTHLY RATES - CUSTOMER OWNED WITHOUT RELAMPING SERVICE AGREEMENT:

Customer-owned street, roadway, and general area lighting fixtures which conform to the specifications of Company-owned fixtures may receive energy at the appropriate charges for each size light above. Customer-owned street, roadway, and general area lighting systems which do not conform to specifications of the Company-owned fixtures shall be charged the monthly rate of 3.410¢/kWh of the estimated kWh usage of each unit. Customer-owned equipment must be approved in advance as to accessibility to be eligible to receive service. The Customer will provide all pole(s), fixture(s), lamp(s), photoelectric control(s), and circuit(s) up to the point of connection to the Company's supply lines (point of service), and an adequate support for the Company-owned service conductors. The Company will provide an overhead service drop from its existing secondary conductors to the point of service designated by the Company for Customer-owned lights. Underground service conductors will be installed in lieu of the overhead conductors at the Customer's request, and upon payment by the Customer of the installed cost of the underground conductors after allowance for the cost of equivalent overhead service conductors and any trenching and backfilling provided by the Customer. The distribution system shall serve no other electrical loads except the lighting equipment eligible for this rate.

MONTHLY RATES - CUSTOMER OWNED WITH RELAMPING SERVICE AGREEMENT:

The monthly rates set forth below cover both the electric service (if unmetered) and the replacement of lamps and photoelectric controls upon routine failure. Lamps or photoelectric controls damaged or destroyed due to vandalism or willful abuse are not covered by the agreement and will only be replaced at the Customer's expense. Customer-owned equipment must be approved in advance as to compatibility with Company-owned lamps and photoelectric controls and accessibility to be eligible to receive service. The Customer will provide all pole(s), fixture(s), initial lamp(s) and photoelectric control(s), and circuit(s) up to the point of connection to the Company's supply lines (point of service), and an adequate support for the Company-owned service conductors. The Company will provide an overhead service drop from its existing secondary conductors to the point of service designated by the Company for Customer-owned lights. Underground service conductors will be installed in lieu of the overhead conductors at the Customer's request, and upon payment by the Customer of the installed cost of the underground conductors after allowance for the cost of equivalent overhead service conductors and any trenching and backfilling provided by the Customer. The distribution system shall serve no other electrical loads except the lighting equipment eligible for this rate. The Customer remains responsible for all maintenance other than the replacement of lamps and photoelectric controls.

MONTHLY RATES - CUSTOMER OWNED WITH RELAMPING SERVICE AGREEMENT:

High Pressure Sodium Vapor

<u>Initial Lamp Rating (Lumen)</u>	<u>Lamp Wattage</u>	<u>Line Wattage</u>	<u>Est. kWh</u>	<u>Relamping Charge</u>	<u>Energy Charge</u>	<u>Total Charge</u>
			**		***	
8800	100	120	41	\$0.80	\$1.40	\$2.20
16000	150	197	68	\$0.82	\$2.32	\$3.14
20000	200	233	80	\$0.81	\$2.73	\$3.54
25000	250	292	100	\$0.82	\$3.41	\$4.23
46000	400	477	164	\$0.81	\$5.60	\$6.41
125000	1000	1105	379	\$1.08	\$12.93	\$14.01

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

First Revised Sheet No. 8.739.6
Cancels Original Sheet No. 8.739.6

<u>Metal Halide</u>						
<u>Initial</u> <u>Lamp</u> <u>Rating</u> <u>(Lumen)</u>	<u>Lamp</u> <u>Wattage</u>	<u>Line</u> <u>Wattage</u>	<u>Est.</u> <u>kWh</u>	<u>Relampin</u> <u>g Charge</u>	<u>Energy</u> <u>Charge</u>	<u>Total</u> <u>Charge</u>
			**		***	
32000	400	476	163	\$0.97	\$5.56	\$6.53
100000	1000	1100	378	\$3.71	\$12.89	\$16.60

** Estimated Monthly kWh = (Line Wattage x Annual Operating Hours)/(1000 x 12)
*** Energy Charge = 3.410¢/kWh x Estimated Monthly kWh Usage

The Total Charge shown above is for an unmetered fixture. If the service is metered, there will be no Energy Charge billed under this rate.

ADDITIONAL FACILITIES CHARGES FOR CUSTOMER OWNED:

Any special or additional facilities, which may be installed at the Company's option, will be billed in addition to the above Customer-owned rates.

Charge for 35 ft. wood pole \$7.17.

All other additional facilities shall be billed at 1.28 percent per month of the Company's cost.

PROVISION FOR UP FRONT PAYMENT OF ADDITIONAL FACILITIES:

At the Customer's option, the cost of the additional facilities may be paid up front in lieu of a monthly charge. Should the Customer choose this method of payment, the amount will be the Company's total installed cost for these additional facilities for overhead or underground distribution electric service. The Company will retain ownership of these additional facilities.

The useful life of the pole(s) is 30 years from the installation date; and the useful life of the wire, eyebolts, and other miscellaneous additional facilities is 15 years from the installation date. If the pole(s), wire, eyebolts and/or other miscellaneous additional facilities must be changed out prior to this date, the facilities will be changed out at no cost to the Customer; and the billing of these facilities will remain as is. However, if any of these facilities have to be changed out on or after this date, then the Customer will have the option of one of three billing methods for the additional facilities that are replaced: (1) paying up front for the total installed cost of the replacement of the additional facilities, (2) paying a monthly charge as provided in the tariff, or (3) discontinuing the unmetered electric service.

PROVISION FOR UP FRONT PAYMENT OF FIXTURES:

At the Customer's option, the cost of the fixture(s) may be paid up front in lieu of paying the monthly Total Charge of the fixture(s). Should the Customer choose this method of payment, the amount will be the Company's total installed cost for the fixture(s). The Company will retain ownership of the fixture(s) and will provide for any routine maintenance. On a monthly basis, the Customer will pay only the Maintenance and Energy Charges for the fixture(s) in lieu of the total of the Fixture, Maintenance, and Energy Charges.

The useful life of the fixture(s) is 15 years from the installation date. If the fixture(s) fails prior to this date, the fixture(s) will be changed out at no cost to the Customer; and the billing of fixture(s) will remain as is. However, if the fixture(s) fails on or after this date, then the Customer will have the option of one of three billing methods for the fixture(s) that is replaced: (1) paying up front for the total installed cost of the replacement of the fixture(s) and continuing to pay on a monthly basis the Maintenance and Energy Charges for the fixture(s), (2) paying the monthly Total Charge of the fixture(s) as provided in the tariff, or (3) discontinuing the unmetered electric service.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-Sixth Revised Sheet No. 8.750
Cancels Twenty-Fifth Revised Sheet No. 8.750

STANDBY AND SUPPLEMENTAL SERVICE

RATE SCHEDULE: SST-1

AVAILABLE:

In all areas served. Service under this rate schedule is on a customer by customer basis subject to the completion of arrangements necessary for implementation.

APPLICATION:

For electric service to any Customer, at a point of delivery, whose electric service requirements for the Customer's load are supplied or supplemented from the Customer's generation equipment at that point of service and require standby and/or supplemental service. For purposes of determining applicability of this rate schedule, the following definitions shall be used:

- (1) "Standby Service" means electric energy or capacity supplied by the Company to replace energy or capacity ordinarily generated by the Customer's own generation equipment during periods of either scheduled (maintenance) or unscheduled (backup) outages of all or a portion of the Customer's generation.
- (2) "Supplemental Service" means electric energy or capacity supplied by the Company in addition to that which is normally provided by the Customer's own generation equipment.

A Customer is required to take service under this rate schedule if the Customer's total generation capacity is more than 20% of the Customer's total electrical load and the Customer's generators are not for emergency purposes only.

Customers taking service under this rate schedule shall enter into a Standby and Supplemental Service Agreement ("Agreement"); however, failure to execute such an agreement will not pre-empt the application of this rate schedule for service.

SERVICE:

Three phase, 60 hertz, and at the available standard voltage. All service supplied by the Company shall be furnished through one metering point. Resale of service is not permitted hereunder.

Transformation Rider - TR, Sheet No. 8.820, does not apply to Standby Service.

MONTHLY RATE:

STANDBY SERVICE

Delivery Voltage:	<u>Below 69 kV</u>			<u>69 kV & Above</u>
	<u>SST-1(D1)</u>	<u>SST-1(D2)</u>	<u>SST-1(D3)</u>	<u>SST-1(T)</u>
Contract Standby Demand:	<u>Below 500 kW</u>	<u>500 to 1,999 kW</u>	<u>2,000 kW & Above</u>	<u>All Levels</u>
Base Charge: Demand	\$173.82	\$173.82	\$591.00	\$2,506.23
Charges:				
Base Demand Charges:				
Distribution Demand Charge per kW of Contract Standby Demand	\$4.17	\$4.17	\$4.17	N/A
Reservation Demand Charge per kW	\$2.05	\$2.05	\$2.05	\$1.88
Daily Demand Charge per kW for each daily maximum On-Peak Standby Demand	\$0.99	\$0.99	\$0.99	\$0.59

(Continued on Sheet No. 8.751)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-Second Revised Sheet No. 8.751
Cancels Thirty-First Revised Sheet No. 8.751

(Continued from Sheet No. 8.750)

Delivery Voltage:	SST-1(D1) Below 500 kW	Below 69 kV SST-1(D2) 500 to 1,999 kW	SST-1(D3) 2,000 kW & Above	69 kV & Above SST-1(T) All Levels
Contract Standby Demand:				
Non-Fuel Energy Charges:				
Base Energy Charges:				
On-Peak Period charge per kWh	0.990¢	0.990¢	0.990¢	0.986¢
Off-Peak Period charge per kWh	0.990¢	0.990¢	0.990¢	0.986¢

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum: The Base Charge plus the Base Demand Charges.

DEMAND CALCULATION:

The Demand Charge for Standby Service shall be (1) the charge for Distribution Demand plus (2) the greater of the sum of the Daily Demand Charges or the Reservation Demand Charge times the maximum On-Peak Standby Demand actually registered during the month plus (3) the Reservation Demand Charge times the difference between the Contract Standby Demand and the maximum On-Peak Standby Demand actually registered during the month.

SUPPLEMENTAL SERVICE:

Supplemental Service shall be the total power supplied by the Company minus the Standby Service supplied by the Company during the same metering period. The charge for all Supplemental Service shall be calculated by applying the applicable retail rate schedule, excluding the Base charge.

RATING PERIODS:

On-Peak:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day, Independence Day, and Labor Day.

Off-Peak:

All other hours.

CONTRACT STANDBY DEMAND:

The level of Customer's generation requiring Standby Service as specified in the Agreement. This Contract Standby Demand will not be less than the maximum load actually served by the Customer's generation during the current month or prior 23-month period less the amount specified as the Customer's load which would not have to be served by the Company in the event of an outage of the Customer's generation equipment. For a Customer receiving only Standby Service as identified under Special Provisions, the Contract Standby Demand shall be maximum load actually served by the Company during the current month or prior 23-month period.

A Customer's Contract Standby Demand may be re-established to allow for the following adjustments:

1. Demand reduction resulting from the installation of FPL Demand Side Management Measures or FPL Research Project efficiency measures; or

(Continued on Sheet No. 8.752)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Thirty-First Revised Sheet No. 8.760
Cancels Thirtieth Revised Sheet No. 8.760

INTERRUPTIBLE STANDBY AND SUPPLEMENTAL SERVICE
(OPTIONAL)

RATE SCHEDULE: ISST-1

AVAILABLE:

In all areas served. Service under this rate schedule is on a customer by customer basis subject to the completion of arrangements necessary for implementation.

LIMITATION OF AVAILABILITY:

This schedule may be modified or withdrawn subject to determinations made under Commission Rule 25-6.0438, F.A.C., Non-Firm Electric Service - Terms and Conditions or any other Commission determination.

APPLICATION:

A Customer who is eligible to receive service under the Standby and Supplemental Service (SST-1) rate schedule may, as an option, take service under this rate schedule, unless the Customer has entered into a contract to sell firm capacity and/or energy to the Company, and the Customer cannot restart its generation equipment without power supplied by the Company, in which case the Customer may only receive Standby and Supplemental Service under the Company's SST-1 rate schedule.

Customers taking service under this rate schedule shall enter into an Interruptible Standby and Supplemental Service Agreement ("Agreement"). This interruptible load shall not be served on a firm service basis until service has been terminated under this rate schedule.

SERVICE:

Three phase, 60 hertz, and at the available standard voltage.

A designated portion of the Customer's load served under this schedule is subject to interruption by the Company. Transformation Rider-TR, where applicable, shall only apply to the Customer's Contract Standby Demand for delivery voltage below 69 kV. Resale of service is not permitted hereunder.

MONTHLY RATE:
STANDBY SERVICE

Delivery Voltage:	Distribution Below 69 kV ISST-1(D)	Transmission 69 kV & Above ISST-1(T)
Base Charge:	\$675.97	\$2,764.83
Demand Charges:		
Base Demand Charges:		
Distribution Demand Charge per kW of Contract Standby Demand	\$4.17	N/A
Reservation Demand Charge per kW of Interruptible Standby Demand	\$0.36	\$0.41
Reservation Demand Charge per kW of Firm Standby Demand	\$2.05	\$1.88
Daily Demand Charge per kW for each daily maximum On-Peak Interruptible Standby Demand	\$0.17	\$0.16
Daily Demand Charge per kW for each daily maximum On-Peak Firm Standby Demand	\$0.99	\$0.59
Non-Fuel Energy Charges: Base Energy Charges:		
On-Peak Period charge per kWh	0.990¢	0.986¢
Off-Peak Period charge per kWh	0.990¢	0.986¢

(Continued on Sheet No. 8.761)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Eleventh Revised Sheet No. 8.763
Cancels Tenth Revised Sheet No. 8.763

(Continued from Sheet No. 8.762)

INTERRUPTIBLE STANDBY DEMAND:

The Customer's Interruptible Standby Demand shall be the Customer's Standby Demand less the Customer's Firm Standby Demand.

INTERRUPTION PERIOD:

All hours established by the Company during a monthly billing period in which:

1. the Customer's load is interrupted, or
2. the Customer is billed pursuant to the Continuity of Service Provision.

EXCEPTIONS TO CHARGES FOR EXCEEDING FIRM DEMAND:

If the Customer exceeds the "Firm Standby Demand" during a period when the Company is interrupting load due to:

1. Force Majeure events (see Definitions) which are demonstrated to the satisfaction of the Company to have been beyond the Customer's control, or
2. maintenance of generation equipment necessary for interruption which is performed at a pre-arranged time and date mutually agreed to by the Company and the Customer (See Special Provisions), or
3. adding firm load that was not previously non-firm load to their facility, or
4. an event affecting local, state, or national security and space launch operations, within five (5) days prior to an impending launch,

then the Customer will not be required to pay the Charges for Exceeding Firm Demand during the period of such exceptions, but will be billed pursuant to the Continuity of Service Provision.

If the Company determines that the Customer has utilized one or more of the exceptions above in an excessive manner, then the Company will terminate service under this rate schedule as described in TERM OF SERVICE.

CHARGES FOR EXCEEDING FIRM STANDBY DEMAND:

If the Customer exceeds the "Firm Standby Demand" during a period when the Company is interrupting load for any reason other than those specified in Exceptions to Charges for Exceeding Firm Standby Demand, then the Customer will be:

1. billed the difference between the Reservation Demand Charge for Firm Standby Demand and the Reservation Demand Charge for Interruptible Standby Demand for the excess kw for the prior sixty (60) months or the number of months the Customer has been billed under the rate schedule, whichever is less, and
2. billed a penalty charge of \$1.50 per kw of excess kw for each month of rebilling.

Excess kw for rebilling and penalty charges is determined by taking the difference between the maximum demand during the Interruption Period and the Customer's "Firm Standby Demand". The Customer will not be rebilled or penalized twice for the same excess kw in the calculation described above.

TERM OF SERVICE:

Service under this Rate Schedule shall continue, subject to Limitation of Availability, until terminated by either the Company or the Customer upon written notice given at least five (5) years prior to termination.

Transfers, with less than five (5) years' written notice, to any firm retail rate schedule for which the Customer would qualify may be permitted if it can be shown that such transfer is in the best interests of the Customer, the Company and the Company's other customers.

If the Customer no longer wishes to receive electric service in any form from the Company, the Customer may terminate the Agreement by giving thirty (30) days' advance written notice to the Company.

The Company may terminate service under this Rate Schedule at any time for the Customer's failure to comply with the terms and conditions of this Rate Schedule or the Agreement. Prior to any such termination, the Company shall notify the Customer at least ninety (90) days in advance and describe the Customer's failure to comply. The Company may then terminate this service under this Rate Schedule at the end of the 90-day notice period unless the Customer takes measures necessary to eliminate, to the Company's satisfaction, the compliance deficiencies described by the Company. Notwithstanding the foregoing, if, at any time during the 90-day period, the Customer either refuses or fails to initiate and pursue corrective action, the Company shall be entitled to suspend forthwith the monthly billing under this Rate Schedule and bill the Customer under the otherwise applicable firm service rate schedule.

In the event that:

- a) service is terminated by the Company for any reason(s) specified in this section, or
- b) the Customer transfers the interruptible portion of the Customer's load to "Firm Standby Demand" or to a firm or a curtailable service rate schedule without providing at least five (5) years' advance written notice, or

(Continued on Sheet No. 8.764)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Eleventh Revised Sheet No. 8.764
Cancels Tenth Revised Sheet No. 8.764

(Continued from Sheet No. 8.763)

- c) there is a termination of the Customer's existing service and, within twelve (12) months of such termination of service, the Company receives a request to re-establish service of similar character under a firm service or curtailable service rate schedule, or under this Rate Schedule with a shift from non-firm load to firm service,
- i) at a different location in the Company's service area, or
 - ii) under a different name or different ownership, or
 - iii) under other circumstances whose effect would be to increase firm demand on the Company's system without the requisite five (5) years' advance written notice,

then the Customer will be:

1. rebilled under Rate Schedule SST-1 for the shorter of (a) the most recent prior sixty (60) months during which the Customer was billed for service under this Rate Schedule, or (b) the number of months the Customer has been billed under this Rate Schedule, and
2. billed a penalty charge of \$1.50 per kW times the number of months rebilled in No. 1 above times the Contract Standby Demand.

Except as noted below:

If service under this schedule is terminated by the Customer for any reason, the Customer will not be rebilled as specified in paragraphs 1. and 2. above if:

- a. it has been demonstrated to the satisfaction of the Company that the impact of such transfer of service on the economic cost-effectiveness of the Company's ISST-1 Schedule or is in the best interests of the Customer, the Company, and the Company's other customers, or
- b. the Customer is required to transfer to another retail rate schedule as a result of Commission Rule 25-6.0438, F.A.C., or
- c. the termination of service under this Rate Schedule is the result of either the Customer's ceasing operations at its facility without continuing or establishing similar operations elsewhere in the Company's service area, or,
- d. any other Customer(s) with demand reduction equivalent to, or greater than, that of the existing Customer(s) agrees to take service under this Rate Schedule and the MW demand reduction commitment to the Company's Generation Expansion Plan has been met and the new replacement Customer(s) has(have) the equipment installed and is(are) available for interruption.

In the event the Customer pays the penalty charges because no replacement Customer(s) is(are) available as specified in paragraph d. above, but the replacement Customer(s) does(do) become available within 12 months from the date of termination of service under this Rate Schedule, then the Customer will be refunded all or part of the rebilling and penalty in proportion to the amount of MW obtained to replace the lost capacity less the additional cost incurred by the Company to serve those MW during any load control periods which occur before the replacement Customer(s) became available.

SPECIAL PROVISIONS:

1. Interruption of the Customer's load shall be accomplished through the Company's load management systems by use of control circuits connected directly to the Customer's switching equipment.
2. The Customer shall grant the Company reasonable access for installing, maintaining, inspecting, testing and/or removing Company-owned interruption equipment.
3. It shall be the responsibility of the Customer to determine that all electrical equipment to be interrupted is in good repair and working condition. The Company will not be responsible for the repair, maintenance or replacement of the Customer's electrical equipment.
4. The Company is not required to install interruption equipment if the installation cannot be economically justified.
5. Billing under this Rate Schedule will commence after the installation, inspection and successful testing of the interruption equipment.
6. Maintenance of the Customer's generation equipment necessary for the implementation of load control will not be scheduled during periods where the Company projects that it would not be able to withstand the loss of its largest unit and continue to serve firm service customers.

(Continued on Sheet No. 8.765)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Eighteenth Revised Sheet No. 8.820
Cancels Seventeenth Revised Sheet No. 8.820

TRANSFORMATION RIDER - TR

AVAILABLE:

In all areas served.

APPLICATION:

In conjunction with any general service or industrial rate schedule specifying delivery of service at any available standard voltage when Customer takes service from available primary lines of 2400 volts or higher at a single point of delivery.

MONTHLY CREDIT:

The Company, at its option, will either provide and maintain transformation facilities equivalent to the capacity that would be provided if the load were served at a secondary voltage from transformers at one location or, when Customer furnishes transformers, the Company will allow a monthly credit of \$0.36 per kW of Billing Demand. Any transformer capacity required by the Customer in excess of that provided by the Company hereunder may be rented by the Customer at the Company's standard rental charge.

The credit will be deducted from the monthly bill as computed in accordance with the provisions of the Monthly Rate section of the applicable Rate Schedule before application of any discounts or adjustments. No monthly bill will be rendered for an amount less than the minimum monthly bill called for by the Agreement for Service.

SPECIAL CONDITIONS:

The Company may change its primary voltage at any time after reasonable advance notice to any Customer receiving credit hereunder and affected by such change, and the Customer then has the option of changing its system so as to receive service at the new line voltage or of accepting service (without the benefit of this rider) through transformers supplied by the Company.

RULES AND REGULATIONS:

Service under this schedule is subject to orders of governmental bodies having jurisdiction and to the currently effective "General Rules and Regulations for Electric Service" on file with the Florida Public Service Commission. In case of conflict between any provision of this schedule and said "General Rules and Regulations for Electric Service" the provision of this schedule shall apply.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Seventy-Fourth Revised Sheet No. 8.830
Cancels Seventy-Third Revised Sheet No. 8.830

SEASONAL DEMAND – TIME OF USE RIDER – SDTR
(OPTIONAL)

RIDER: SDTR

AVAILABLE:

In all areas served.

APPLICATION:

For electric service required for general service or industrial lighting, power and any other purpose with a measured Demand in excess of 25 kW. This is an optional rate available to customers otherwise served under the GSD-1, GSDT-1, GSLD-1, GSLDT-1, GSLD-2 or GSLDT-2 Rate Schedules.

SERVICE:

Single or three phase, 60 hertz and at any available standard voltage. All service required on premises by Customer shall be furnished through one meter. Resale of service is not permitted hereunder.

MONTHLY RATE:

OPTION A: Non-Seasonal Standard Rate

	<u>SDTR-1</u> <u>25-499 kW</u>	<u>SDTR-2</u> <u>500-1,999 kW</u>	<u>SDTR-3</u> <u>2,000 kW or greater</u>
Annual Maximum Demand			
Base Charge:	\$29.98	\$88.00	\$254.90
Demand Charges:			
Seasonal On-peak Demand Charge Per kW of Seasonal On-peak Demand	\$11.31	\$12.93	\$13.17
Seasonal Maximum Demand Charge	\$0.70	\$0.78	\$0.68
Non-Seasonal Demand Charge Per kW of Non-Seasonal Maximum Demand	\$11.02	\$13.41	\$13.47
Energy Charges:			
Base Seasonal On-Peak Per kWh of Seasonal On-Peak Energy	10.405¢	6.759¢	5.476¢
Base Seasonal Off-Peak Per kWh of Seasonal Off-Peak Energy	1.666¢	1.402¢	1.324¢
Base Non-Seasonal Energy Charge Per kWh of Non-Seasonal Energy	2.513¢	1.943¢	1.689¢

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

FLORIDA POWER & LIGHT COMPANY

Twenty-Sixth Revised Sheet No. 8.831
Cancels Twenty-Fifth Revised Sheet No. 8.831

(Continued from Sheet No. 8.830)

OPTION B: Non-Seasonal Time of Use Rate

Annual Maximum Demand	<u>SDTR-1</u> <u>25-499 kW</u>	<u>SDTR-2</u> <u>500-1,999 kW</u>	<u>SDTR-3</u> <u>2,000 kW or greater</u>
Base Charge:	\$29.98	\$88.00	\$254.90
Demand Charges:			
Seasonal On-peak Demand Charge Per kW of Seasonal On-peak Demand	\$11.31	\$12.93	\$13.17
Non-Seasonal Demand Charge Per kW of Non-Seasonal Peak Demand	\$10.32	\$12.62	\$12.79
Maximum Demand	\$0.70	\$0.78	\$0.68
Energy Charges:			
Base Seasonal On-Peak Per kWh of Seasonal On-Peak Energy	10.405¢	6.759¢	5.426¢
Base Seasonal Off-Peak Per kWh of Seasonal Off-Peak Energy	1.666¢	1.402¢	1.324¢
Base Non-Seasonal On-Peak Per kWh of Non-Seasonal On-Peak Energy	5.513¢	3.962¢	3.287¢
Base Non-Seasonal Off-Peak Per kWh of Non-Seasonal Off-Peak Energy	1.666¢	1.402¢	1.324¢

Additional Charges:

See Billing Adjustments section, Sheet No. 8.030, for additional applicable charges.

Minimum Charge: The Base Charge plus the currently effective Demand Charges.

NON-SEASONAL RATING PERIODS (OPTION B only):

Non-Seasonal On-Peak Period:

November 1 through March 31: Mondays through Fridays during the hours from 6 a.m. EST to 10 a.m. EST and 6 p.m. EST to 10 p.m. EST excluding Thanksgiving Day, Christmas Day, and New Year's Day.

April 1 through May 31 and October 1 through October 31: Mondays through Fridays during the hours from 12 noon EST to 9 p.m. EST excluding Memorial Day.

Non-Seasonal Off-Peak Period:

All other hours.

(Continued on Sheet No. 8.832)

Issued by: Tiffany Cohen, Executive Director, Rate Development & Strategy
Effective:

Item 4

FILED 10/20/2022
DOCUMENT NO. 09667-2022
FPSC - COMMISSION CLERK

-State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Snyder, Norris) *ALM*
Division of Economics (Draper) *JGH*
Division of Engineering (P. Buys, D. Phillips) *TB*
Office of the General Counsel (Stiller, J. Crawford) *JSC*

RE: Docket No. 20200241-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Sally, by Gulf Power Company.

Docket No. 20210178-EI – Petition for evaluation of Hurricane Isaias and Tropical Storm Eta storm costs, by Florida Power & Light Company.

Docket No. 20210179-EI – Petition for limited proceeding for recovery of incremental storm restoration costs and associated true-up process related to Hurricane Zeta, by Gulf Power Company.

AGENDA: 11/01/22 – Regular Agenda – Post-Hearing Decision – Participation is Limited to Commissioners and Staff

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On November 10, 2020, Gulf Power Company (Gulf) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover

incremental storm restoration costs related to Hurricane Sally. Gulf estimated a total of \$206.0 million for incremental restoration costs related to Hurricane Sally. The Office of Public Counsel (OPC) intervened in this docket, and it was acknowledged by Order No. PSC-2020-0484-PCO-EI, issued December 9, 2020. The Commission approved the interim storm recovery surcharge as proposed by Gulf in Order No. PSC-2021-0112-PCO-EI, issued March 22, 2021.

On November 12, 2021, Gulf filed a petition for approval of final/actual storm restoration costs and associated true-up process related to Hurricane Sally in Docket No. 20200241-EI. In this petition, Gulf requests final reconciliation of actual recoverable costs with the amount it has collected pursuant to the Commission's previous approval of interim recovery in Order No. PSC-2021-0112-PCO-EI.

On November 11, 2021, Florida Power & Light Company (FPL) filed a petition for evaluation of Hurricane Isaias and Tropical Storm Eta storm costs in Docket No. 20210178-EI.¹ In its petition, FPL stated it is not seeking incremental recovery of Hurricane Isaias costs and Tropical Storm Eta costs, and instead recorded those costs to base operation and maintenance (O&M) expense as permitted under Rule 25-6.0143(2)(h), Florida Administrative Code (F.A.C.). As a result, FPL stated that it is seeking an evaluation of storm restoration activities, and the costs incurred by FPL related to Hurricane Isaias and Tropical Storm Eta. The OPC's intervention in this docket was acknowledged by Order No. PSC-2021-0432-PCO-EI, issued November 19, 2021.

On November 12, 2021, Gulf filed a petition for limited proceeding for recovery of incremental storm restoration costs and associated true-up process related to Hurricane Zeta in Docket No. 20210179-EI. Gulf estimated a total of \$10.1 million for incremental restoration costs related to Hurricane Zeta. The OPC's intervention in this docket was acknowledged by Order No. PSC-2021-0433-PCO-EI, issued November 19, 2021.

On January 26, 2022, Order No. PSC-2022-0042-PCO-EI was issued consolidating Docket Nos. 20200241-EI, 20210178-EI, and 20210179-EI. A formal hearing was held on July 7, 2022, in which Gulf witnesses Paul Talley, Carmine Priore, III, Tiffany C. Cohen, FPL witnesses Manuel B. Miranda, Clare Gerard, David Hughes, and OPC witnesses Lane Kollen and Randy Futral testified.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, 366.06, and 366.076, Florida Statutes (F.S.), Chapter 120, F.S., and Rules 25-6.0143, 25-6.0431, and 25-6.044, F.A.C.

¹ Gulf was acquired by NextEra Energy, Inc. (FPL's parent) on January 1, 2019, and merged into FPL on January 1, 2021. Rates were consolidated effective January 1, 2022.

Discussion of Issues

Issue 1: Should the incremental cost and capitalization approach (ICCA) found in Rule 25-6.0143, F.A.C., be used to determine the reasonable and prudent amounts to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Yes, in part. The ICCA found in Rule 25-6.0143, F.A.C., should be used, in part, to determine the reasonable and prudent incremental amounts to be included in the restoration costs. For Gulf, the ICCA in Rule 25-6.0143, F.A.C., should be used to determine the reasonable and prudent amounts to be included in the restoration costs that were charged to Account 228.1 for Hurricanes Sally and Zeta. For FPL, use of the ICCA methodology to determine incremental O&M costs is not applicable in evaluating storm restoration costs that were charged to base O&M expense for Hurricane Isaias and Tropical Storm Eta. (Norris, Snyder)

Position of the Parties

Gulf & FPL: Yes, in part. The applicable ICCA methodology should be used to determine the reasonableness and prudence of storm costs charged to Account 228.1. Previously approved settlement agreements and orders from this Commission should also be used to determine the reasonable and prudent restoration costs. Additionally, certain provisions of the ICCA methodology related to incremental O&M costs are not applicable in calculating storm restoration costs for Hurricane Isaias and Tropical Storm Eta.

OPC:

a. Docket No. 20200241-EI for Gulf's Hurricane Sally.

Yes. Rule 25-6.0143(1)(d), F.A.C., states that "[i]n determining the costs to be charged to cover storm-related damages, the utility shall use an Incremental Cost and Capitalization Approach methodology (ICCA)" and "[u]nder the ICCA methodology, the cost charged to cover storm-related damages shall exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm." These incremental costs are subject to reasonable and prudence review.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

Yes. The Rule requires the utility use an ICCA methodology that excludes costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Under the Rule, a utility may choose to charge these storm-related costs as operating expense, but has only one description of storm-related damages or costs that may be recovered from

customers, despite recovery form. These incremental costs are subject to reasonable and prudence review.

c. Docket No. 20210178-EI for FPL’s Tropical Storm Eta.

Yes. The Rule requires the utility use an ICCA methodology that excludes costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Under the Rule, a utility may choose to charge these storm-related costs as operating expense, but has only one description of storm-related damages or costs that may be recovered from customers, despite recovery form. These incremental costs are subject to reasonable and prudence review.

d. Docket No. 20210179-EI for Gulf’s Hurricane Zeta.

Yes. Rule 25-6.0143(1)(d), F.A.C., states that “[i]n determining the costs to be charged to cover storm-related damages, the utility shall use an Incremental Cost and Capitalization Approach methodology (ICCA)” and “[u]nder the ICCA methodology, the cost charged to cover storm-related damages shall exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm.” These incremental costs are subject to reasonable and prudence review.

Staff Analysis:

PARTIES’ ARGUMENTS

Gulf & FPL

In their brief, Gulf and FPL (the Companies) asserted that the applicable provisions of the ICCA methodology found in Rule 25-6.0143 (the Rule) should be used to calculate Gulf’s incremental restoration costs for Hurricanes Sally and Zeta, along with applicable provisions from the Hurricane Irma Settlement Agreement, the Hurricane Michael Settlement Agreement, the Hurricane Matthew Settlement Agreement, and the 2006 Storm Order.² (Gulf & FPL BR 12; TR 260)

Conversely, the Companies explained that pursuant to Rule 25-6.0143(1)(h), F.A.C., FPL opted to charge all non-capital storm costs associated with Hurricane Isaias and Tropical Storm Eta to base O&M expense. (Gulf & FPL BR 12) Thus, they maintained that certain provisions of the ICCA methodology related to incremental O&M costs are not applicable in calculating storm

² Order Nos. PSC-2019-0319-S-EI issued on August 1, 2019, and PSC-2020-0104-PAA-EI issued on April 14, 2020, in Docket No. 20180049-EI, In re: Evaluation of storm restoration costs for Florida Power & Light Company related to Hurricane Irma (Hurricane Irma Settlement Agreement); Order No. PSC-2020-0349-S-EI issued on October 8, 2020, in Docket No. 20190038-EI, In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Michael, by Gulf Power Company (Hurricane Michael Settlement Agreement); Order No. PSC-2018-0359-FOF-EI issued on July 24, 2018, as amended by Order No. PSC-2018-0359A-FOF-EI issued on August 8, 2018, in Docket No. 20160251-EI, In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricane Matthew by Florida Power & Light Company (Hurricane Matthew Settlement Agreement); and Order No. PSC-2006-0464-FOF-EI issued on May 30, 2006 in Docket No. 20060038-EI, In re: Petition for issuance of a storm recovery financing order, by Florida Power & Light Company (2006 Storm Order).

restoration costs for Hurricane Isaias and Tropical Storm Eta. (Gulf & FPL BR 12) The Companies further clarified this assertion by explaining that any non-capital storm costs considered non-incremental under the ICCA methodology would have been recorded to base O&M expense anyway. (Gulf & FPL BR 12).

OPC

OPC stated the ICCA in Rule 25-6.0143, F.A.C., should be used in determining the costs to be charged to cover storm-related damages. (OPC BR 5) OPC explained that under the ICCA methodology, utilities are allowed to charge to Account 228.1 those incremental costs for non-cost recovery clause operating expense incurred above the level that would ordinarily be incurred in the absence of a storm, with the expectation that these costs are subject to review for reasonableness and prudence. (OPC BR 6; TR 369)

OPC acknowledged that under Rule 25-6.0143(1)(h), a utility may choose to charge storm related costs to base O&M expense rather than charging them to Account 228.1. (OPC BR 6) However, OPC maintained that despite the two forms of recovery provided for in the Rule, it only contains one set of storm related costs that may be recovered from customers and does not contain any exculpatory term that relieves a utility from compliance with the Rule if it opts to charge storm costs to base O&M expense. (OPC BR 6; TR 372)

ANALYSIS

Both parties agreed that the ICCA methodology in Rule 25-6.0143, F.A.C., should be used to determine the costs used to cover storm related damages. (Gulf & FPL BR 12; OPC BR 5) As explained by FPL witness Hughes, when storm restoration costs are charged to the storm reserve, referenced by the Rule as Account 228.1, the ICCA methodology is used to identify and remove non-incremental costs. (TR 265) The non-incremental costs are then debited to base O&M expense. (TR 265) As Gulf charged storm restoration costs for Hurricanes Sally and Zeta to the storm reserve, the ICCA methodology should be applied for determining the reasonable and prudent incremental storm restoration costs that were charged to Account 228.1 for those storms.

As permitted by Rule 25-6.0143(1)(a), FPL elected to forego seeking incremental recovery of Hurricane Isaias and Eta storm restoration costs through a surcharge or depletion of the storm reserve and opted to charge all non-capital storm restoration costs to base O&M expense. (TR 313-314) As such, FPL maintained that the ICCA methodology is not applicable for determining incremental O&M costs because it's not requesting any amounts be charged to the storm reserve. However, OPC contended that despite the two forms of recovery provided for in the Rule, through the storm reserve or charging to base O&M expense, it only contains one set of storm related costs that may be recovered from customers and does not contain any exculpatory term that relieves a utility from compliance with the Rule if it opts to charge storm costs to base O&M expense. (OPC BR 6; TR 372)

Staff agrees with FPL's interpretation of the Rule and does not believe that the specific accounting instructions associated with Account 228.1 should apply to costs that were not recorded or charged to that account. This interpretation is not relieving FPL from compliance with the Rule, as it is following subpart (1)(a) in its decision to charge the storm restoration costs to base O&M expense.

CONCLUSION

The ICCA found in Rule 25-6.0143, F.A.C., should be used, in part, to determine the reasonable and prudent incremental amounts to be included in the restoration costs. For Gulf, the ICCA in Rule 25-6.0143, F.A.C., should be used to determine the reasonable and prudent amounts to be included in the restoration costs that were charged to Account 228.1 for Hurricanes Sally and Zeta. For FPL, use of the ICCA methodology to determine incremental O&M costs is not applicable in evaluating storm restoration costs that were charged to base O&M expense for Hurricane Isaias and Tropical Storm Eta.

Issue 2: What is the reasonable and prudent amount of regular payroll expense to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf’s Hurricane Sally.
- b. Docket No. 20210178-EI for FPL’s Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL’s Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf’s Hurricane Zeta.

Recommendation: Staff recommends the total amounts of regular payroll expense to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental		Capitalized	Non-Incremental (Charged to Base O&M Expense)	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense			
Gulf—Sally	\$986,000	\$-	\$-	\$1,100,000	\$2,086,000
FPL—Isaias	\$-	\$255,000	\$-	\$416,000	\$671,000
FPL—Eta	\$-	\$1,480,000	\$3,000	\$846,000	\$2,329,000
Gulf—Zeta	\$132,000	\$-	\$37,000	\$135,000	\$304,000

(Snyder)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$2.1 million for Hurricane Sally and for Docket No. 20210179-EI, \$304,000 for Hurricane Zeta are the reasonable and prudent amounts of regular payroll expenses spent in direct support of storm-related activities.

FPL: For Docket No. 20210178-EI, \$671,000 for Hurricane Isaias and \$2.3 million for Tropical Storm Eta are the reasonable and prudent amounts of regular payroll expenses spent in direct support of storm-related activities.

OPC:

- a. **Docket No. 20200241-EI for Gulf’s Hurricane Sally.**

Rule 25-6.0143(1)(f), F.A.C., lists the types of storm-related costs that are prohibited from being charged to customers under the ICCA methodology including base rate recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel. The utility failed to limit its request to incremental costs by not removing regular payroll and related costs. Thus, OPC recommends that \$0.957 million (jurisdictional) be disallowed in addition to the costs already removed by the utility.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

Rule 25-6.0143(1)(f), F.A.C., lists the types of storm-related costs that are prohibited from being charged to customers under the ICCA methodology including base rate-recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel. The utility failed to limit its request to incremental costs by not removing all regular payroll and related costs. Thus, OPC recommends that \$0.320 million (jurisdictional) be disallowed in addition to the costs already removed by the utility.

c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

Rule 25-6.0143(1)(f), F.A.C., lists the types of storm-related costs that are prohibited from being charged to customers under the ICCA methodology including base rate-recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel. The utility failed to limit its request to incremental costs by not removing regular payroll and related costs. Thus, OPC recommends that \$1.429 million (jurisdictional) be disallowed in addition to the costs already removed by the utility.

d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Rule 25-6.0143(1)(f), F.A.C., lists the types of storm-related costs that are prohibited from being charged to customers under the ICCA methodology including base rate-recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel. The utility failed to limit its request to incremental costs by not removing all regular payroll and related costs. Thus, OPC recommends that \$0.131 million (jurisdictional) be disallowed in addition to the costs already removed by the utility.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf

Sally

Gulf asserted that the total amount of storm restoration costs related to regular payroll and related overhead costs for Hurricane Sally is \$2.1 million. (EXH 11, 43) After the application of the ICCA methodology, \$1.1 million was deemed as non-incremental and \$968,000 was considered incremental. (Gulf & FPL BR 15) The \$1.1 million was charged to base O&M expenses pursuant to the 2006 Storm Order.³ (TR 456) Gulf determined the total non-incremental payroll by calculating the budgeted base O&M payroll percentage as compared to total budgeted payroll for the month in which the storm occurred, and then multiplied that percentage by the total actual payroll costs incurred for Gulf's employees directly supporting storm restoration. (TR 271-272, 291-292) Gulf contended this is consistent with the intent and purpose of the ICCA methodology. (Gulf & FPL BR 13)

³ Order No. PSC-2006-0464-FOF-E.

Zeta

Gulf asserted that the total amount of storm restoration costs related to regular payroll and related overhead costs for Hurricane Zeta is \$304,000. (EXH 12, 44) Gulf identified \$37,000 as capital and \$135,000 as non-incremental with the remaining \$132,000 deemed incremental. (Gulf & FPL BR 16) The \$135,00 was charged to base O&M expenses pursuant to the 2006 Storm Order.⁴ Gulf determined the total non-incremental payroll by calculating the budgeted base O&M payroll percentage as compared to total budgeted payroll for the month in which the storm occurred, and then multiplied that percentage by the total actual payroll costs incurred for Gulf's employees directly supporting storm restoration. (TR 271-272, 291-292) Gulf contended this is consistent with the intent and purpose of the ICCA methodology. (Gulf & FPL BR 13)

FPL

Isaias

FPL asserted that the total amount of storm restoration costs related to regular payroll and related overhead for Hurricane Isaias is \$671,000. (EXH 25, 46) FPL determined the total non-incremental payroll by calculating the budgeted base O&M payroll percentage as compared to total budgeted payroll for the month in which the storm occurred, and then multiplied that percentage by the total actual payroll costs incurred for FPL's employees directly supporting storm restoration. (TR 271-272, 291-292) FPL contended this is consistent with the intent and purpose of the ICCA methodology. (Gulf & FPL BR 13)

Eta

FPL asserted that the total amount of storm restoration costs related to regular payroll and related overhead for Tropical Storm Eta is \$2.3 million. (EXH 26, 46) FPL identified \$3,000 of this amount that was charged to capital. FPL determined the total non-incremental payroll by calculating the budgeted base O&M payroll percentage as compared to total budgeted payroll for the month in which the storm occurred, and then multiplied that percentage by the total actual payroll costs incurred for FPL's employees directly supporting storm restoration. (TR 271-272, 291-292) FPL contended this is consistent with the intent and purpose of the ICCA methodology. (Gulf & FPL BR 13)

OPC

OPC contended that the Companies failed to limit its costs charged to customers to only those incremental costs above the "costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm." (OPC BR 10; TR 396) Gulf failed to exclude all straight-time labor and related loadings costs as required by the Rule. (OPC BR 10; TR 396) Gulf only excluded a portion of straight-time labor and related loadings for non-cost recovery clause operating expenses included in its 2020 budget. (OPC BR 10; TR 396) Witness Kollen recommended a reduction, on a retail jurisdictional basis, of \$0.957 million for Hurricane Sally, \$0.320 million for Hurricane Isaias, \$1.429 million for Tropical Storm Eta, and \$0.131 million for Hurricane Zeta. (OPC BR 10; TR 399-400)

⁴ Order No. PSC-2006-0464-FOF-EI.

ANALYSIS

Rule 25-6.0143(1)(e)8, F.A.C., states that “overtime payroll and payroll related costs for utility personnel included in storm restoration activities” are allowed to be charged to the reserve under the ICCA methodology. Staff believes that the full amounts calculated by Gulf and FPL are allowable under Rule 25-6.0143, F.A.C.

OPC witness Kollen testified that the Companies failed to limit their costs charged to customers to only those incremental costs above the costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm, and the Companies failed to exclude all straight-time labor and related loadings costs as required by the Rule. (TR 396) OPC argued that Gulf excluded only 45 percent of the distribution straight-time labor costs and 41 percent of the straight-time transmission labor costs related to Hurricane Sally and 40 percent of the distribution straight-time labor costs and 29 percent of the straight-time transmission labor costs for Hurricane Zeta. (TR 396) FPL excluded only 48 percent of the distribution straight-time labor costs and 34 percent of the straight-time transmission labor costs related to Hurricane Isaias and 37 percent of the distribution straight-time labor costs and 16 percent of the straight-time transmission labor costs for Tropical Storm Eta. (TR 396)

The Companies asserted that the total amounts of storm restoration costs related to regular payroll and related overhead costs are \$2.1 million for Hurricane Sally, \$671,000 for Hurricane Isaias, \$2.3 million for Tropical Storm Eta, and \$304,000 for Hurricane Zeta. (EXH 11-12, 25-26, 43-44, 46) FPL witness Hughes testified that the Companies’ regular payroll costs recovered through base O&M expense are non-incremental. (TR 455-456) However, during a storm event, the Companies’ regular payroll normally recovered through capital or cost recovery clauses can be charged to the storm reserve based on the 2006 Storm Order which stated, “otherwise, the costs would effectively be disallowed because there is no provision to recover those costs in base rate operation and maintenance costs....”⁵ (TR 455-456)

The Companies determined the amount of non-incremental payroll by calculating the respective Company’s budgeted base O&M payroll percentage as compared to total budgeted payroll for the month in which the storm occurred, including cost recovery clauses and capital by cost center. That percentage was then multiplied by the total actual payroll costs incurred (excluding overtime) for the Companies’ employees directly supporting storm restoration. (TR 271-272, 291-292) The Companies argued that while Rule 25-6.0143, F.A.C., does not expressly state how the ICCA methodology should be applied to regular payroll, the Rule does provide guidance on this issue. (TR 457) FPL witness Hughes testified that Rules 25-6.0143(1)(f)1 & 25-6.0143(1)(d), F.A.C., read in conjunction with Rule 25-6.0143(1)(f)7, F.A.C., shows that the Rule should be applied to exclude the normal regular base payroll O&M expense that would have been incurred in the absence of the storm. (TR 457)

Staff agrees with witness Hughes’ application of the Rule. Therefore, staff believes that the regular payroll and related overhead costs to be included in storm restoration costs are \$2.1 million for Hurricane Sally, \$671,000 for Hurricane Isaias, \$2.3 million for Tropical Storm Eta,

⁵ Order No. PSC-2006-0464-FOF-EI.

and \$304,000 for Hurricane Zeta; these costs should be recovered through a surcharge, charged to base O&M expense, or capitalized, as specified in the table below.

CONCLUSION

Staff recommends the total amounts of regular payroll expense to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental		Capitalized	Non-Incremental (Charged to Base O&M Expense)	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense			
Gulf—Sally	\$986,000	\$-	\$-	\$1,100,000	\$2,086,000
FPL—Isaias	\$-	\$255,000	\$-	\$416,000	\$671,000
FPL—Eta	\$-	\$1,480,000	\$3,000	\$846,000	\$2,329,000
Gulf—Zeta	\$132,000	\$-	\$37,000	\$135,000	\$304,000

Issue 3: What is the reasonable and prudent amount of overtime payroll expense to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Staff recommends the total amounts of overtime payroll expense to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental	
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense
Gulf—Sally	\$3,200,000	\$-
FPL—Isaias	\$-	\$4,700,000
FPL—Eta	\$-	\$8,800,000
Gulf—Zeta	\$339,000	\$-

(Snyder)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$3.2 million for Hurricane Sally and for Docket No. 20210179-EI, \$339,000 for Hurricane Zeta are the reasonable and prudent amounts of overtime payroll expenses spent in direct support of storm-related activities.

FPL: For Docket No. 20210178-EI, \$4.7 million for Hurricane Isaias and \$8.8 million for Tropical Storm Eta are the reasonable and prudent amounts of overtime payroll expenses spent in direct support of storm-related activities.

OPC:

a. Docket No. 20200241-EI for Gulf's Hurricane Sally.

The utility failed to limit its request to incremental costs by simply claiming that the entire overtime payroll and related costs were incremental, although the base revenue requirement includes overtime payroll and related costs. It failed to provide the amounts included in the base revenue requirement which results in overstating overtime. OPC recommends 25% disallowance in the absence of necessary detail being provided by the utility. Thus, \$0.802 million (jurisdictional) should be disallowed.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

The utility failed to limit its request to incremental costs by not removing all non-incremental overtime payroll costs by simply claiming that the entire overtime payroll and related costs were

incremental, although the base revenue requirement includes overtime payroll and related costs. It failed to provide the amounts included in the base revenue requirement which results in overstating overtime. OPC recommends 25% disallowance in the absence of necessary detail being provided by the utility. Thus, \$1.146 million (jurisdictional) should be disallowed.

c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

The utility failed to limit its request to incremental costs by not removing all non-incremental overtime payroll costs by simply claiming that the entire overtime payroll and related costs were incremental, although the base revenue requirement includes overtime payroll and related costs. It failed to provide the amounts included in the base revenue requirement which results in overstating overtime. OPC recommends 25% disallowance in the absence of necessary detail being provided by the utility. Thus, \$2.097 million (jurisdictional) should be disallowed.

d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

The utility failed to limit its request to incremental costs by not removing all non-incremental overtime payroll costs by simply claiming that the entire overtime payroll and related costs were incremental, although the base revenue requirement includes overtime payroll and related costs. It failed to provide the amounts included in the base revenue requirement which results in overstating overtime. OPC recommends 25% disallowance in the absence of necessary detail being provided by the utility. Thus, \$0.084 million (jurisdictional) should be disallowed.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf

The Companies stated that its accounting for overtime payroll storm restoration costs for Hurricane Sally is consistent with the ICCA methodology under Rule 25-6.0143, F.A.C. (Gulf & FPL BR 16) Gulf & FPL contended that the overtime payroll for the storm events was neither budgeted nor planned and is therefore incremental. (Gulf & FPL BR 18; TR 460, 503-504) The Companies asserted that the total amount of overtime payroll and related overhead costs is \$3.2 million for Hurricane Sally, \$4.7 million for Hurricane Isaias, \$8.8 million for Tropical Storm Eta, and \$339,000 for Hurricane Zeta. (Gulf & FPL BR 18; EXH 11, 12, 25, 43, 44, 45, 46)

OPC

OPC argued that the Companies made no adjustments to remove storm costs that were non-incremental or capitalizable, thus failing to limit storm costs to those that are incremental. (OPC BR 13) OPC also argued that the Companies failed to provide the amount of overtime payroll and related expenses that was included in Gulf's base rates. (OPC BR 13-14; TR 401) OPC recommended a 25-percent disallowance on all incremental amounts of overtime costs. (OPC BR 13-14; TR 402) Witness Kollen recommended a disallowance for claimed overtime payroll and related costs of \$0.802 million for Hurricane Sally, \$1.146 million for Hurricane Isaias, \$2.097 million for Tropical Storm Eta, and \$0.084 million for Hurricane Zeta. (OPC BR 13-14; TR 402)

ANALYSIS

Rule 25-6.0143(1)(e)8, F.A.C., states “overtime payroll and payroll related costs for utility personnel included in storm restoration activities” are allowed to be charged to the reserve under the ICCA methodology. Staff believes that the full amount calculated by Gulf and FPL is allowable under Rule 25-6.0143, F.A.C.

OPC witness Kollen testified that the Companies failed to provide the amount of overtime payroll and related expenses that was included in base rates and without the overtime payroll and related amounts in base rates, it is not possible to quantify the amount normally incurred. (TR 401) He asserted that because all overtime payroll and related costs were claimed by the Companies, without excluding the amount of overtime payroll and related costs normally included in base rates, the claimed overtime payroll and related costs amounts are overstated. (TR 401) Witness Kollen recommended a 25-percent disallowance for all overtime expenses in absence of the information to calculate the non-incremental amount more precisely. (TR 402)

The Companies stated the total amount of overtime payroll and related overhead costs is \$3.2 million for Hurricane Sally, \$4.7 million for Hurricane Isaias, \$8.8 million for Tropical Storm Eta, and \$339,000 for Hurricane Zeta. (EXH 11-12, 25-26, 43-46) The Companies argued that they do not budget for overtime payroll expenses for qualifying storm events and thus these costs are unplanned and incremental as they relate to the ICCA methodology. (Gulf & FPL BR 16-17) FPL witness Hughes explained that base rates in effect during 2020 were the result of Commissioned-approved settlement agreements entered into by both Gulf and FPL in separate rate case dockets, and in these settlement agreements, overtime payroll for the storm events were neither budgeted nor planned. (TR 460, 503-504; EXH 28) Thus, witness Hughes argued that any and all associated overtime payroll is incremental. (TR 460) Staff agrees with FPL witness Hughes, as the overtime costs for storm events are not budgeted nor planned and are therefore incremental and should be included in storm restoration costs. These costs should be recovered through a surcharge or charged to base O&M expense, as specified in the table below

CONCLUSION

Staff recommends the total amounts of overtime payroll expense to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental	
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense
Gulf—Sally	\$3,200,000	\$-
FPL—Isaias	\$-	\$4,700,000
FPL—Eta	\$-	\$8,800,000
Gulf—Zeta	\$339,000	\$-

Issue 4: What is the reasonable and prudent amount of contractor costs to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Staff recommends the total amounts of contractor costs to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental		Capitalized	Insurance	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense			
Gulf—Sally	\$93,100,000	\$-	\$16,400,000	\$16,100,000	\$125,600,000
FPL—Isaias	\$-	\$36,300,000	\$-	\$-	\$36,300,000
FPL—Eta	\$-	\$77,370,000	\$30,000	\$-	\$77,400,000
Gulf—Zeta	\$5,730,000	\$-	\$70,000	\$-	\$5,800,000

(P. Buys)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$125.6 million for Hurricane Sally and for Docket No. 20210179-EI, \$5.8 million for Hurricane Zeta are the reasonable and prudent amounts of contractor that were necessary to support Gulf's storm restoration effort.

FPL: For Docket No. 20210178-EI, \$36.3 million for Hurricane Isaias and \$77.4 million for Tropical Storm Eta are the reasonable and prudent amounts of contractor costs that were necessary to support storm restoration effort.

OPC:

- a. **Docket No. 20200241-EI for Gulf's Hurricane Sally.**

The base revenue requirement includes costs for embedded line contractors that normally work for the utility and were used for storm restoration. The utility did not provide the information necessary to exclude these costs based on the historic three-year average resulting in overstating contract labor. OPC recommends 2% of the requested contract labor be disallowed in the absence of necessary detail being provided by the utility. Thus, \$1.416 million (jurisdictional) should be disallowed.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

The base revenue requirement includes costs for embedded line contractors that normally work for the utility and were used for storm restoration. The utility did not provide the information necessary to exclude these costs based on the historic three-year average resulting in overstating contract labor. OPC recommends 2% of the requested contract labor be disallowed in the absence of necessary detail being provided by the utility. Thus, \$0.612 million (jurisdictional) should be disallowed.

c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

The base revenue requirement includes costs for embedded line contractors that normally work for the utility and were used for storm restoration. The utility did not provide the information necessary to exclude these costs based on the historic three-year average resulting in overstating contract labor. OPC recommends 2% of the requested contract labor be disallowed in the absence of necessary detail being provided by the utility. Thus, \$1.325 million (jurisdictional) should be disallowed.

d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

The base revenue requirement includes costs for embedded line contractors that normally work for the utility and were used for storm restoration. The utility did not provide the information necessary to exclude these costs based on the historic three-year average resulting in overstating contract labor. OPC recommends 2% of the requested contract labor be disallowed in the absence of necessary detail being provided by the utility. Thus, \$0.109 million (jurisdictional) should be disallowed.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf & FPL

The Companies argued that their accounting for contractor storm restoration costs for Hurricanes Sally, Zeta, and Isaias, and Tropical Storm Eta, was consistent with the ICCA methodology under Rule 25-6.0143, F.A.C., and prior Commission Orders. The Companies opined that OPC's recommendation to reduce the amount by 2 percent without detailed justification is unsupported and should be rejected. (Gulf & FPL BR 19)

In their brief, the Companies described the model used for estimating the amount of construction man-hours needed to restore service. Information such as travel distance, relative labor costs, and resource availability is considered when decisions are made regarding final contractor and mutual-aid resources. The Companies argued that each storm is different and that the cheapest restoration costs are not always equivalent to the safest and most timely restoration options. (Gulf & FPL BR 19-20)

In response to OPC's argument, the Companies opined that they are permitted to charge costs for additional contractor labor for storm restoration activities to the service reserve pursuant to Rule

25-6.0143(e)(1), F.A.C. Contractor costs are incremental in nature because if the storm event did not happen, the Companies would not need to hire additional contractor labor. (Gulf & FPL BR 20) Further, the Companies argued that any contractor costs not recovered through normal base rates are eligible to be recovered through the storm reserve. OPC alleges that the Companies refused to give a three-year historical average on the embedded line contractor costs; however, as the Companies argued, OPC ignored the fact that the 2007 version of Rule 25-6.0143, F.A.C., applies to these storms and that version does not require historical average data to be given to justify the costs. (Gulf & FPL BR 20) In addition, the Companies argued the base rates in effect during 2020 were the result of settlement agreements approved by the Commission, and did not specify an amount for embedded line contractors and embedded line contractor costs because storm events are neither budgeted nor planned, and by definition, incremental. (Gulf & FPL BR 20-21)

OPC

OPC argued that the Companies failed to demonstrate that its line contractor costs are all incremental. As a result, OPC proposed a 2 percent disallowance for claimed line contractor costs. In support of its position, OPC cited Rule 25-6.0143, F.A.C., which describes the ICCA methodology, and states that utilities are only allowed to charge costs to the storm account if the costs are incremental. The Rule also allows for additional contract labor that complies with the ICCA methodology. Additionally, OPC believes FPL charged storm costs to its base O&M rather than its storm reserve, due to its reserve surplus amortization mechanism (RSAM). (OPC BR 15-16)

OPC is concerned that the Companies will be permitted to recover their contractor costs twice, both through base rates and a storm surcharge or through the RSAM. OPC was unable to calculate the non-incremental amount of contractor costs because the Companies refused to provide historical data to quantify the embedded costs included in base rates. (OPC BR 16-17) Not all contractor costs are incremental since some are budgeted and planned for through base rates; however, costs recovered through the storm account should all be incremental pursuant to the Rule. Therefore, OPC argued that the Companies failed to meet their burden of demonstrating that all contractor costs included in storm cost recovery are incremental. As a result, OPC argued a 2 percent disallowance should be applied. (OPC BR 17-18)

ANALYSIS

Pursuant to Rule 25-6.0143, F.A.C., the ICCA methodology is to be used to determine costs for storm-related damages. The Rule also lists types of storm related costs that are allowed, such as additional contractor labor and transportation of crews for storm restoration. Table 4-1 identifies the revised contractor costs that Gulf and FPL are requesting to be recovered for Hurricanes Sally, Zeta, and Isaias and Tropical Storm Eta.

Table 4-1
Gulf and FPL Original and Revised Contractor Costs Per Storm (\$million)

	Hurricane Sally (Gulf)		Hurricane Zeta (Gulf)		Hurricane Isaias (FPL)		Tropical Storm Eta (FPL)	
	Original Request	Revised Request	Original Request	Revised Request	Original Request	Revised Request	Original Request	Revised Request
Contractor Costs	\$126.6	\$125.6	\$5.8	\$5.8	\$36.4	\$36.3	\$78.2	\$77.4
Capital Cost	16.4	16.4	0.07	0.07	0.0	0.0	0.03	0.03
Insurance Receivable	<u>16.1</u>	<u>16.1</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	<u>\$94.1</u>	<u>\$93.1</u>	<u>\$5.7</u>	<u>\$5.7</u>	<u>\$36.4</u>	<u>\$36.3</u>	<u>\$78.2</u>	<u>\$77.4</u>

Source: EXH 11; EXH 12; EXH 25; EXH 26; EXH 43; EXH 44; EXH 45; & EXH 46

OPC witness Futral testified that certain amounts associated with various vendors were accrued as estimates and posted to the general ledger, but that the invoices were either double posted, not received and paid, or consisted of different amounts compared to the original estimates. (TR 419) In response, Gulf and FPL agreed to reduce the amounts of the contractors' costs as shown in Table 4-1 as the Revised Request.

OPC Witness Kollen testified that the Companies used embedded line contractors to respond to storms. He argued that the costs of embedded contractors are recovered in the Companies' base revenues. Witness Kollen further testified that neither FPL or Gulf reduced its contractor costs by "the costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm" as required by Rule 25-6.0143(1)(d), F.A.C. He stated that as a result, the contractor costs are overstated. Witness Kollen argued that the Companies are not entitled to recover these costs twice, once in the base revenues and then again either through a storm surcharge or through a charge to base O&M expense under the RSAM. He stated that the Companies objected and refused to provide the historic information necessary to quantify the embedded contractor costs. (TR 403) Moreover, according to witness Kollen the historic information would be used to determine a three-year historic average similar to what is used to exclude vegetation management. Because he did not have the information at the time he filed his testimony, witness Kollen recommended a disallowance of 2 percent for the contractor costs in addition to the revisions already agreed to by Gulf and FPL. This recommended 2 percent adjustment results in the following disallowances to contractor costs: \$1.46 million for Hurricane Sally, \$0.612 million for Hurricane Isaias, \$1.325 million for Tropical Storm Eta, and \$0.109 million for Hurricane Zeta. (TR 404)

In rebuttal, FPL witness Hughes testified that witness Kollen's proposed adjustments are based entirely on his erroneous application of the ICCA methodology. (TR 455) Witness Hughes testified that the Companies followed Rule 25-6.0143(1)(e)1., F.A.C., which states "additional contractor labor hired for storm restoration activities" are allowed to be recovered. He further testified that the contractor costs are neither budgeted nor planned and that they are therefore

Date: October 20, 2022

incremental in nature. The Companies would not have incurred these contractor expenses if it were not for the storms. (TR 461)

The base rates in effect for 2020 were the result of settlement agreements, as such they did not fix or otherwise specify the amounts attributed to embedded line contractors. The Companies noted that the actual amount of embedded line contractor expense to be charged to base rates fluctuates from year to year, but the fluctuations do not alter the fixed base rates charged to customers under the settlement agreements. (EXH 47, BSP 00007; EXH 48, BSP 00031; EXH 49, BSP 00056) The Companies also stated that embedded contractors are paid for “day-to-day services” pursuant to their contracts for blue-sky work. When the embedded contractors are mobilized for storm restoration work, a storm rate goes into effect, which applies to both embedded and non-embedded contractors. (EXH 47, BSP 00015; EXH 48, BSP 00046; EXH 49, BSP 00063) In addition, as witness Hughes testified, Commission staff conducted an audit to determine if the storm costs were properly stated and recorded, and the final audit report reflected no findings regarding the costs incurred during the restoration of the storms. (TR 454)

As discussed in Issue 1, it appears that Gulf and FPL followed the 2007 version of Rule 25-6.0143, F.A.C., which was in place during Hurricanes Sally, Isaias, and Zeta, and Tropical Storm Eta. The storms took place during the 2020 hurricane season, which was prior to the 2021 revision of the Rule. (Gulf & FPL BR 12) Staff disagrees with OPC that costs for the use of embedded contractors deployed for storm restoration are charged to base rates. During the hearing, FPL witness Hughes demonstrated that the costs for embedded line crews that are redeployed from normal operations to storm activities are not recovered in FPL’s base rates. (TR 325) He further explained that any contractor costs which are not recovered through normal base rates would be eligible to be recovered as part of the storm reserve, as they are incremental. (TR 326) Therefore, it appears that the Companies are not double-recovering these costs as OPC alleges. Further, OPC witness Futral testified that the Companies’ resulting “audit and verification processes for all overhead line and vegetation management contractor invoices were systematic, comprehensive, and effective in auditing all submitted costs elements.” (TR 418) It appears that the Companies’ adjustments are consistent with the ICCA methodology and therefore appropriate for recovery. Based on the above information, staff recommends the reasonable and prudent contractor costs to be included in storm restoration costs are the Companies’ revised costs shown in Table 4-1; these costs should be recovered through a surcharge, charged to base O&M expense, or offset by an insurance receivable, as specified in the table below.

CONCLUSION

Staff recommends the total amounts of contractor costs to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental		Capitalized	Insurance	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense			
Gulf—Sally	\$93,100,000	\$-	\$16,400,000	\$16,100,000	\$125,600,000
FPL—Isaias	\$-	\$36,300,000	\$-	\$-	\$36,300,000
FPL—Eta	\$-	\$77,370,000	\$30,000	\$-	\$77,400,000
Gulf—Zeta	\$5,730,000	\$-	\$70,000	\$-	\$5,800,000

Issue 5: What is the reasonable and prudent amount of vegetation and line clearing costs to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Staff recommends the total amounts of vegetation and line clearing costs to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental		Non-Incremental (Charged to Base O&M Expense)	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense		
Gulf—Sally	\$26,600,000	\$-	\$700,000	\$27,300,000
FPL—Isaias	\$-	\$11,800,000	\$1,200,000	\$13,000,000
FPL—Eta	\$-	\$11,200,000	\$-	\$11,200,000
Gulf—Zeta	\$1,200,000	\$-	\$700,000	\$1,900,000

(P. Buys)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$27.3 million for Hurricane Sally and for Docket No. 20210179-EI, \$1.9 million for Hurricane Zeta are the reasonable and prudent amounts of vegetation and line clearing costs associated Gulf's storm restoration effort.

FPL: For Docket No. 20210178-EI, \$13.0 million for Hurricane Isaias and \$11.2 million for Tropical Storm Eta are the reasonable and prudent amounts of vegetation and line clearing costs associated with its storm restoration effort.

OPC:

- a. **Docket No. 20200241-EI for Gulf's Hurricane Sally.**

Rule 25-6.0143(1)(d), F.A.C., requires storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Costs for various overhead line and vegetation management contractors were accrued as estimates and posted to the general ledger, but the invoices were either double posted, not received and paid, or differed in amount compared to the original estimates. OPC is recommending \$0.229 million (jurisdictional) be disallowed.

b. Docket No. 20210178-EI for FPL’s Hurricane Isaias.

Rule 25-6.0143(1)(d), F.A.C., requires storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Costs for various overhead line and vegetation management contractors were accrued as estimates and posted to the general ledger, but the invoices were either double posted, not received and paid, or differed in amount compared to the original estimates. OPC is recommending \$0.081 million (jurisdictional) be disallowed.

c. Docket No. 20210178-EI for FPL’s Tropical Storm Eta.

Rule 25-6.0143(1)(d), F.A.C., requires storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Costs for various overhead line and vegetation management contractors were accrued as estimates and posted to the general ledger, but the invoices were either double posted, not received and paid, or differed in amount compared to the original estimates. OPC is recommending \$0.116 million (jurisdictional) be disallowed.

d. Docket No. 20210179-EI for Gulf’s Hurricane Zeta.

Rule 25-6.0143(1)(d), F.A.C., requires storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Costs for various overhead line and vegetation management contractors were accrued as estimates and posted to the general ledger, but the invoices were either double posted, not received and paid, or differed in amount compared to the original estimates. OPC is recommending \$0.005 million (jurisdictional) be disallowed.

Staff Analysis:

PARTIES’ ARGUMENTS

Gulf & FPL

The Companies argued that their accounting for vegetation and line clearing costs is consistent with the ICCA methodology under Rule 25-6.0143, F.A.C., the Hurricane Irma Settlement Agreement, and the Hurricane Michael Settlement Agreement. The Companies opined that the costs were reasonable and prudent and noted that OPC praised their accounting, auditing and verification process. Further, the Companies argued that OPC’s recommendation to reduce vegetation and line clearing costs for Hurricanes Sally, Zeta, and Isaias, and Tropical Storm Eta, is unsupported and should be rejected. (Gulf & FPL BR 22)

In 2019, FPL entered into the Hurricane Irma Settlement Agreement with OPC. In 2020, Gulf entered into the Hurricane Michael Settlement Agreement with OPC. Based on procedures implemented in both settlements, the Companies provided OPC with records for overhead line and vegetation crews in “flat files” that are electronic and searchable. In addition, the Companies implemented their iStormed Application (the App), which contains electronic timesheets and expense information for overhead line and vegetation crews contractors. All of the contractor

invoices were reviewed by FPL's cost finalization team and any applicable adjustments and exceptions were documented in the flat files. (Gulf & FPL BR 22-23)

The Companies noted that OPC praised the App and its accounting processes. (TR 441-442) However, OPC alleged that certain amounts associated with various vendors were posted to the general ledger incorrectly. The Companies provided additional cost support, work papers, contracts, and invoices to support the payments, and also made the appropriate minor adjustments. The Companies argued these adjustments were reflected in witness Hughes' rebuttal testimony and that the Commission should reject OPC's recommendation to disallow these adjustments. (Gulf & FPL BR 23-24)

The Companies further argued that OPC made several recommendations that fall outside the scope of this proceeding. OPC recommended that the Companies expand the App to include underground crews, arborists, transmission storm restoration contractors, and damage assessors. OPC also recommended that the Commission direct the Companies to institute a binder file structure where a physical binder would be provided to OPC. The Companies argued that the Prehearing Officer determined this was beyond the scope of this proceeding and the appropriate relief is to disallow the disputed costs and not to impose new procedural requirements.⁶ (Gulf & FPL BR 24)

OPC

OPC stated that Rule 25-6.0143, F.A.C., describes the ICCA methodology, which only allows utilities to charge costs to the storm account if the costs are incremental. The Rule also allows for additional vegetation management costs that comply with the ICCA methodology. OPC further stated that the Rule allows utilities to charge storm costs to base O&M expense instead of the storm reserve, and pointed out that FPL charged storm costs to its O&M expense because of its RSAM. OPC argued the Rule only has one description of storm-related damages or storm costs that may be recovered and that description is not dependent on the method of recovery, i.e., storm surcharge or O&M expense. (OPC BR 19)

OPC stated that witness Futral's audit team reviewed copies of all invoices over \$10,000 provided by the Companies and verified the timing of costs incurred, whether the costs were appropriate for storm cost recovery by storm, line item costs matching contract and purchase order pricing, and the total invoice levels matching the general ledger, and that there were no duplications of individual costs items. The audit results, as confirmed through discovery, showed that certain amounts were based on estimated amounts due, invoices that were not received, or the amount paid differed from original estimates. Therefore, OPC recommends disallowing \$0.2229 million for Hurricane Sally, \$0.005 million for Hurricane Zeta, \$0.081 million for Hurricane Isaias, and \$0.116 million for Tropical Storm Eta. (OPC BR 19-20)

OPC recommended that copies of all relevant invoice documentation related to all contractors and vendors that do not use the App be provided with the Notice of Filings to assist in the review process. OPC also recommended that the App be expanded to include underground line crews,

⁶ Pursuant to Order No. PSC-2022-0242-PHO-EI, the Prehearing Officer determined that OPC's proposed issue, to evaluate what changes should be made to FPL's hurricane processes, is beyond the scope of this proceeding and will not be included.

arborists, transmission storm restoration contractors, and damage assessors. In addition, OPC recommended that the Companies provide a binder file structure where each vendor is assigned a binder in which all relative information (invoices, timesheets) is included. OPC argued that, currently, FPL puts each invoice in individual files and the individual files are not grouped or identified by vendor. OPC further opined that this existing process is unnecessarily burdensome, time consuming, and costly, and thus is neither reasonable nor prudent. (OPC BR 20-21).

ANALYSIS

Pursuant to Rule 25-6.0143, F.A.C., the ICCA methodology is to be used to determine costs to cover storm-related damages. The Rule also explains that if tree trimming expenses are incurred in the same month as storm restoration, and are less than the actual monthly average for the same month in the three previous calendar years, then those tree trimming expenses are excluded from storm related costs. Table 5-1 identifies the revised vegetation and line clearing costs that Gulf and FPL are requesting to be recovered for Hurricanes Sally, Zeta, and Isaias, and Tropical Storm Eta.

Table 5-1
Gulf and FPL Original and Revised Vegetation and Line Clearing Costs Per Storm (\$million)

	Hurricane Sally (Gulf)		Hurricane Zeta (Gulf)		Hurricane Isaias (FPL)		Tropical Storm Eta (FPL)	
	Original Request	Revised Request	Original Request	Revised Request	Original Request	Revised Request	Original Request	Revised Request
Vegetation and Line Clearing Costs	\$26.2	\$27.3	\$1.9	\$1.9	\$12.8	\$13.0	\$10.4	\$11.2
ICCA Adjustments	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>0.7</u>	<u>1.2</u>	<u>1.2</u>	<u>0.0</u>	<u>0.0</u>
Total	<u>\$25.5</u>	<u>\$26.6</u>	<u>\$1.2</u>	<u>\$1.2</u>	<u>\$11.6</u>	<u>\$11.8</u>	<u>\$10.4</u>	<u>\$11.2</u>

Source: EXH 11; EXH 12; EXH 25; EXH 26; EXH 43; EXH 44; EXH 45; & EXH 46

OPC witness Futral testified that his team found the Companies' iStormed App and resulting audit and verification process for all overhead line and vegetation management contractor invoices to be systematic, comprehensive, and effective in auditing all submitted costs elements. He further testified that the process was effective in auditing the vendor invoices, documenting exceptions, making reductions where appropriate, and ultimately in authorizing payments. (TR 418-419) In addition, witness Futral testified that certain amounts associated with various vendors were accrued as estimates and posted to the general ledger. However, the invoices were either double posted, not received and paid, or the amounts differed when compared to the original estimate. As such, he recommended the following disallowances: \$0.229 million for Hurricane Sally, \$0.005 million for Hurricane Zeta, \$0.081 million for Hurricane Isaias, and \$0.116 million for Tropical Storm Eta. (TR 419) It is unclear if witness Futral's recommended adjustments apply to all categories (e.g., payroll, contractor costs, logistics) or just the vegetation

Date: October 20, 2022

and line clearing category. However, the Companies testified that they incorporated all adjustments to the final storm costs, which included adjustments identified by the Companies in their responses to discovery. Table 5-1 reflects the revised adjustments to the vegetation and line clearing costs and are shown as the Revised Request.

In addition, witness Futral recommended that the Companies provide copies of all contracts and invoices for overhead line and vegetation management contractors, as well as other vendors, with their Notice of Filings. Witness Futral testified this would avoid unnecessary delays for the reviewers. He also recommended that the Companies institute a Binder file structure to help streamline the auditing process. Witness Futral testified that currently the Companies provide an accounts payable detail list of all invoices. The details as well as the invoices are saved as individual pdf files with a document number as the file name. He further testified that a reviewer is required to first determine the document number for each vendor invoice, and then locate the associated pdf file. Finally, Witness Futral's final recommendation was for the Companies to expand the iStorm App to include underground line contractors, arborists, transmission storm restoration contractor, and damage assessors. (TR 419-420)

In rebuttal, FPL witness Hughes testified that the Companies updated their costs as identified in responses to discovery requests and as shown in Table 5-1. (TR 465) While these updates slightly reduced vegetation and line clearing costs, FPL found that it inadvertently added some costs to contractor costs instead of vegetation and line clearing costs which resulted in a net increase to some vegetation and line clearing costs. (EXH 48, BSP 00040-00041) The contractor costs were also adjusted accordingly as discussed in Issue 4. Witness Hughes testified that instituting a Binder file structure is not required under the Storm Rule nor does it fall under the provisions of FPL's Hurricane Irma settlement. He testified that the Companies provided searchable electronic files for each of the storm events with their petitions for this proceeding. Witness Hughes further testified that searchable electronic files are more efficient when reviewing a large volume of data. (TR 454)

It appears that the Companies made adjustments that were identified by OPC and in discovery. As such, staff recommends the revised vegetation and line clearing costs, as shown in Table 5-1, are reasonable and prudent. However, staff disagrees with OPC's process improvement recommendations. As FPL argued in its brief, the Prehearing Officer determined this request was beyond the scope of this proceeding. The Prehearing Office further stated that the appropriate relief is to disallow the disputed costs and not to impose new procedural requirements.⁷ (Gulf & FPL BR 24) Based on the above information, staff recommends the reasonable and prudent vegetation and line clearing costs to be included in storm restoration costs are the Companies' revised costs shown in Table 5-1; these costs should be recovered through a surcharge or charged to base O&M expense, as specified in the table below

⁷ See Order No. PSC-2022-0242-PHO-EI, issued June 27, 2022, in Docket No. 20200241-EI.

CONCLUSION

Staff recommends the total amounts of vegetation and line clearing costs to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental		Non-Incremental (Charged to Base O&M Expense)	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense		
Gulf—Sally	\$26,600,000	\$-	\$700,000	\$27,300,000
FPL—Isaias	\$-	\$11,800,000	\$1,200,000	\$13,000,000
FPL—Eta	\$-	\$11,200,000	\$-	\$11,200,000
Gulf—Zeta	\$1,200,000	\$-	\$700,000	\$1,900,000

Issue 6: What is the reasonable and prudent amount of employee expenses to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Staff recommends that the total amount of employee expenses to be included in storm restoration costs is \$278,000 for Hurricane Sally, \$14,000 for Hurricane Isaias, \$37,000 for Tropical Storm Eta, and \$53,000 for Hurricane Zeta. All employee expenses are non-incremental costs, are not recoverable under the ICCA methodology, and should be charged to base O&M expense. (Norris, Snyder)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$278,000 for Hurricane Sally and for Docket No. 20210179-EI, \$53,000 for Hurricane Zeta are the reasonable and prudent amounts of employee assistance expenses associated with Gulf's storm restoration effort.

FPL: For Docket No. 20210178-EI, \$14,000 for Hurricane Isaias and \$37,000 for Tropical Storm Eta are the reasonable and prudent amounts of employee assistance associated with its storm restoration effort.

OPC:

- a. **Docket No. 20200241-EI for Gulf's Hurricane Sally.**

The employee expenses included in the utility's request should be reduced consistent with OPC's positions on the disallowance of non-incremental regular payroll and overtime payroll.

- b. **Docket No. 20210178-EI for FPL's Hurricane Isaias.**

The employee expenses included in the utility's request should be reduced consistent with OPC's positions on the disallowance of non-incremental regular payroll and overtime payroll.

- c. **Docket No. 20210178-EI for FPL's Tropical Storm Eta.**

The employee expenses included in the utility's request should be reduced consistent with OPC's positions on the disallowance of non-incremental regular payroll and overtime payroll.

- d. **Docket No. 20210179-EI for Gulf's Hurricane Zeta.**

The employee expenses included in the utility's request should be reduced consistent with OPC's positions on the disallowance of non-incremental regular payroll and overtime payroll.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf & FPL

Witness Hughes testified that employee assistance expenses are not recoverable under the ICCA methodology pursuant to Rule 25-6.0143(1)(f), F.A.C., and are considered non-incremental costs. (TR 273, 293, 310) However, the Companies disagreed with OPC's recommendation to completely disallow these costs, because they are non-incremental. (Gulf & FPL BR 25) Gulf & FPL argued that a storm cost is not disallowed as a base O&M expense solely because it is non-incremental under the ICCA methodology rather the costs would have to be found imprudent or unreasonable to make such an adjustment. (Gulf & FPL BR 25-26) The Companies also noted that OPC did not characterize or claim that the employee assistance expenses were unreasonable or imprudent. (OPC BR 25) The Companies maintained that the total amount of employee assistance expenses is \$278,000 for Hurricane Sally, \$37,000 for Hurricane Isaias, and \$10,000 for Hurricane Zeta, all of which are considered non-incremental. (OPC BR 26; EXH 11, 12, 25, 26, 43, 44, 45, 46)

OPC

OPC argued that employee expenses should be reduced consistent with OPC's positions on the disallowance of non-incremental regular payroll and overtime payroll. (OPC BR 22)

ANALYSIS

As testified by FPL witness Hughes, Rule 25-6.0143(1)(f)4, F.A.C., prohibits employee assistance costs from being charged to the reserve under the ICCA methodology, thus making them non-incremental. (TR 273, 293, 310) Gulf chose to seek recovery for Hurricane Sally and Hurricane Zeta storm restoration costs through separate storm recovery surcharges. (TR 317) As such, Gulf removed employee assistance expense from the total incremental amount of storm restoration costs for each storm pursuant to ICCA methodology and charged them to base O&M expense. (TR 271, 271, 308, 310; EXH 43, 44) Although FPL is not seeking recovery of any incremental storm restoration costs for Hurricane Isaias or Tropical Storm Eta through a surcharge or depletion of the storm reserve, it identified the storm restoration costs charged to base O&M expense that would be considered non-incremental costs under the ICCA methodology and employee assistance expense was included. (TR 291, 293) Staff agrees with FPL witness Hughes regarding the amounts and treatment of employee assistance expenses for the four storms.

In its post-hearing brief, OPC recommended the disallowance of employee expense, consistent with its position on the disallowance of non-incremental regular payroll and overtime payroll. (OPC BR 22) It referred to the same reasons discussed in other issues without explaining how they applied to this specific expense category and cited the same summary of its interpretation of Rule 25.6-0143 that was included in each issue of its post-hearing brief. (OPC BR 21-22) Employee assistance expense was not addressed as being imprudent or unreasonable in OPC's testimony, and the arguments in its post-hearing brief are not clear. Thus, staff believes OPC's proposed disallowance is unsupported.

CONCLUSION

Staff recommends that the total amount of employee expenses to be included in storm restoration costs is \$278,000 for Hurricane Sally, \$14,000 for Hurricane Isaias, \$37,000 for Tropical Storm Eta, and \$53,000 for Hurricane Zeta. All employee expenses are non-incremental costs, are not recoverable under the ICCA methodology, and should be charged to base O&M expense.

Issue 7: What is the reasonable and prudent amount of materials and supplies expense to be included in the restoration costs?

- Docket No. 20200241-EI for Gulf's Hurricane Sally.
- Docket No. 20210178-EI for FPL's Hurricane Isaias.
- Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: The Companies properly applied the ICCA methodology when expensing the cost of material and supplies and have removed all non-incremental costs. Staff recommends that the total amount of materials and supplies expense to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental		Capitalized	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense		
Gulf—Sally	\$7,300,000	\$-	\$3,000,000	\$10,300,000
FPL—Isaias	\$-	\$39,000	\$3,000	\$42,000
FPL—Eta	\$-	\$185,000	\$347,000	\$532,000
Gulf—Zeta	\$75,000	\$-	\$104,000	\$179,000

(D. Phillips)

Position of the Parties

Gulf: \$10.3 million for Docket No. 20200241-EI and \$179,000 for Docket No. 20210179-EI are the reasonable and prudent amounts of material and supplies expenses associated with Gulf's storm restoration effort.

FPL: For Docket No. 20210178-EI, \$42,000 for Hurricane Isaias and \$532,000 for Tropical Storm Eta are the reasonable and prudent amounts of material and supplies expenses associated with its storm restoration effort.

OPC:

- Docket No. 20200241-EI for Gulf's Hurricane Sally.**

The utility failed to eliminate all non-incremental costs for materials and supplies. Although the utility objected, they did provide the information necessary to exclude these materials and supplies costs based on the historic three-year average. However, the utility did not remove all non-incremental costs which results in overstating materials and supplies in storm costs. Thus, OPC is recommending \$0.063 million (jurisdictional) be disallowed.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

The utility failed to eliminate all non-incremental costs for materials and supplies. Although the utility objected, they did provide the information necessary to exclude these materials and supplies costs based on the historic three-year average. However, the utility did not remove all non-incremental costs which results in overstating materials and supplies in storm costs. Thus, OPC is recommending \$0.038 million (jurisdictional) be disallowed.

c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

The utility failed to eliminate all non-incremental costs for materials and supplies. Although the utility objected, they did provide the information necessary to exclude these materials and supplies costs based on the historic three-year average. However, the utility did not remove all non-incremental costs which results in overstating materials and supplies in storm costs. Thus, OPC is recommending \$0.182 million (jurisdictional) be disallowed.

d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

The utility failed to eliminate all non-incremental costs for materials and supplies. Although the utility objected, they did provide the information necessary to exclude these materials and supplies costs based on the historic three-year average. However, the utility did not remove all non-incremental costs which results in overstating materials and supplies in storm costs. Thus, OPC is recommending \$0.063 million (jurisdictional) be disallowed.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf & FPL

The Companies stated that Rule 25-6.0143(1)(e), F.A.C., allows the cost of materials and supplies used to restore service to be charged to the storm reserve account for recovery except for those that would normally be charged to the non-cost recovery clause operating expenses in the absence of a storm. (Gulf & FPL BR 27) The Companies asserted that they increased inventory in preparation for storm season but do not expense those supplies as a cost until they are actually used. The Companies argued that since cost for materials and supplies related to recovery from each of the storm events were not considered when setting base rates, they are incremental, and as such are eligible to be recovered through the storm reserve. (Gulf & FPL BR 27) The Companies determined the total amount of material and supplies associated with each storm event, then after application of the ICCA methodology, made a determination of the capital and incremental costs. (Gulf & FPL BR 27, 28)

Sally

Gulf asserted that the total amount of material and supplies expenses associated with Hurricane Sally is \$10.3 million, of which \$3.0 million is identified as capital and \$7.3 million is considered incremental. (Gulf & FPL BR 28)

Date: October 20, 2022

Zeta

Gulf asserted that the total amount of material and supplies expenses associated with Hurricane Zeta is \$179,000, of which \$104,000 is identified as capital while the remaining \$75,000 is considered incremental. (Gulf & FPL BR 28)

Isaias

FPL asserted that the total amount of material and supplies expenses associated with Hurricane Isaias is \$42,000, of which \$3,000 is identified as capital. FPL chose to charge all materials and supplies expenses associated with Hurricane Isaias to base O&M expense. (Gulf & FPL BR 28)

Eta

FPL asserted that the total amount of material and supplies expenses associated with Tropical Storm Eta is \$532,000, of which \$347,000 is identified as capital. FPL chose to charge all materials and supplies expenses associated with Tropical Storm Eta to base O&M expense. (Gulf & FPL BR 28)

OPC

OPC agreed that Rule 25-6.0143(1)(e)7, F.A.C., allows for the utilities to charge the costs for materials used to restore service to the storm account, except those costs that would normally be charged to non-cost recovery clause operating expenses in the absence of a storm. OPC further noted that Rule 25-6.0143(1)(h), F.A.C., allows a utility to charge storm cost to base O&M instead of the storm reserve. (OPC BR 23) OPC argued that while a typical utility would choose not to charge storm cost to base O&M expense unless the cost was minimal, FPL is unique due to the availability of the depreciation reserve under the RSAM, which would allow the utility to earn a return on storm costs until the next base rates are set. (OPC BR 23) OPC averred that the 2007 version of the Rule uses a three-year average to determine non-incremental costs that are not recoverable, and as such is the appropriate way to determine the cost that should be disallowed for storm cost recovery under Rule 25-6.0143(1)(h), F.A.C. (OPC BR 25) OPC agreed that the Companies made appropriate reductions for capitalized costs related to materials and supplies. (OPC BR 23-24) However, OPC argues that the Companies failed to remove costs that normally would be charged to non-cost recovery clause operating expenses in the absence of each storm event as the Rule requires. In order to calculate their proposed adjustment, OPC asserted that the three-year historic average amounts included in non-storm O&M expense for the month each storm event occurred must be subtracted. (OPC BR 24-25)

Sally

OPC recommended subtracting the three-year historic average amounts included in non-storm O&M expense for September, the month Hurricane Sally occurred, and disallowing an additional \$63,000. (OPC BR 24-25)

Isaias

OPC recommended subtracting the three-year historic average amounts included in non-storm O&M expense for August, the month Hurricane Isaias occurred, and disallowing an additional \$38,000. (OPC BR 24-25)

Eta

OPC recommended subtracting the three-year historic average amounts included in non-storm O&M expense for November, the month Tropical Storm Eta occurred, and disallowing an additional \$182,000. (OPC BR 24-25)

Zeta

OPC recommended subtracting the three-year historic average amounts included in non-storm O&M expense for October, the month Hurricane Zeta occurred, and disallowing an additional \$63,000. (OPC BR 24-25)

ANALYSIS

Staff reviewed the Companies' expenses associated with materials and supplies, as well as the relevant rule provisions to determine the material and supplies expense that should be included in restoration costs for each storm event. (EXH 43; EXH 44; EXH 45; EXH 46; EXH 67) Rule 25-6.0143(1)(d), F.A.C., states that when a utility is determining the costs to be charged to cover storm-related damages, it shall use the ICCA methodology, under which costs charged to cover storm-related damages shall exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Rule 25-6.0143(1)(e)7, F.A.C., allows for a utility to charge the costs of materials and supplies used to repair and restore service and facilities to pre-storm conditions to the storm reserve. Rule 25-6.0143(1)(f)10, F.A.C., also specifically prohibits the replenishment of the utility's materials and supplies inventories from being included in materials and supplies expense charged to the storm reserve. (EXH 67)

As testified by the Companies' witness Hughes, inventory is only expensed once it is actually used. In addition, the materials and supplies expensed for specific named storms are not included in the materials and supplies expense included in base rates. (TR 328-329) Staff believes this is consistent with the requirements of Rule 25-6.0143(1)(f)10, F.A.C. OPC witness Kollen argued that the Companies did not properly remove all costs that would normally be charged to non-cost recovery clause operating expenses because they failed to remove the three-year historic average of monthly materials and supplies expenses from their requests. (TR 396-397; TR 405-406) Witness Kollen testified that materials and supplies should be treated the same as vegetation management costs. (TR 397) This is inconsistent with the Commission's Rules, as the requirement to remove a three-year average of historic expenses is specific to tree trimming expenses in Rule 25-6.0143(1)(f)8, F.A.C., and does not apply to materials and supplies. Based on staff's review, the Companies have appropriately excluded non-incremental materials and supplies expenses. Staff agrees with witness Hughes, who argued in rebuttal testimony that tree trimming expenses and materials and supplies expenses are different, and therefore a three-year standard is not an appropriate benchmark for materials and supplies. (TR 505-506).

CONCLUSION

As the Companies have demonstrated, the materials and supplies are expensed based on incremental usage associated with the named storm events and not normal operations or replenishment of inventory. The Companies properly applied the ICCA methodology when expensing the cost of material and supplies and have removed all non-incremental costs. Staff recommends that the total amount of materials and supplies expense to be included in storm

restoration costs, as reflected in the table below. These costs should be recovered through a surcharge, charged to base O&M expense, or capitalized, as specified in the table below.

Utility/Storm	Incremental		Capitalized	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense		
Gulf—Sally	\$7,300,000	\$-	\$3,000,000	\$10,300,000
FPL—Isaias	\$-	\$39,000	\$3,000	\$42,000
FPL—Eta	\$-	\$185,000	\$347,000	\$532,000
Gulf—Zeta	\$75,000	\$-	\$104,000	\$179,000

Issue 8: What is the reasonable and prudent amount of logistics costs to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Staff recommends that the total amount of logistics costs to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental	
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense
Gulf—Sally	\$42,200,000	\$-
FPL—Isaias	\$-	\$9,300,000
FPL—Eta	\$-	\$9,100,000
Gulf—Zeta	\$1,300,000	\$-

(P. Buys)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$42.2 million for Hurricane Sally and for Docket No. 20210179-EI, \$1.4 million for Hurricane Zeta of logistics costs were reasonably and prudently incurred by Gulf with its storm restoration effort.

FPL: For Docket No. 20210178-EI, \$9.3 million for Hurricane Isaias and \$9.1 million for Tropical Storm Eta of logistics costs were reasonably and prudently incurred by FPL with its storm restoration effort.

OPC:

a. Docket No. 20200241-EI for Gulf's Hurricane Sally.

Rule 25-6.0143(1)(d), F.A.C., requires that storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. OPC is not recommending an adjustment to the logistics cost included in the storm restoration costs for this storm.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

Rule 25-6.0143(1)(d), F.A.C., requires that storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. OPC is not recommending an adjustment to the logistics cost included in the storm restoration costs for this storm.

c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

Rule 25-6.0143(1)(d), F.A.C., requires that storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. OPC is not recommending an adjustment to the logistics cost included in the storm restoration costs for this storm.

d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Rule 25-6.0143(1)(d), F.A.C., requires that storm costs must exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. OPC is not recommending an adjustment to the logistics cost included in the storm restoration costs for this storm.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf & FPL

The Companies argued that their logistics costs for Hurricanes Sally, Zeta, and Isaias and Tropical Storm Eta were reasonable and prudent. (Gulf & FPL BR 29) The Companies argued that per Rule 25-6.0143(1)(e)2-3, and 6, F.A.C., the ICCA methodology allows the incremental costs charged related to logistics, transportation of crews, and rental equipment for storm restoration activities to be charged to the storm reserve. The Companies incurred logistics costs for staging and processing sites, meals, lodging, buses, and transportation used by employees and contractors in support of storm restoration. As further argued, logistics functions serve a key role in the restoration effort by ensuring that basic needs and supplies are adequately available and provided to restoration personnel. In addition, agreements with primary vendors are also in place prior to the storm season as part of the Companies' storm-planning process. (Gulf & FPL BR 29)

The Companies noted that OPC did not recommend any adjustments to the logistics costs and the record demonstrated that the Companies have appropriately accounted for the costs consistent with ICCA methodology. The Companies argued that the Commission should determine the logistics costs to be prudently incurred and reasonable. (Gulf & FPL BR 29).

OPC

OPC stated that Rule 25-6.0143, F.A.C., describes the ICCA methodology, which only allows utilities to charge costs to the storm reserve if the costs are incremental. The Rule also allows for additional logistics costs that comply with the ICCA methodology. OPC further stated that the Rule allows utilities to charge storm costs to base O&M expense instead of the storm reserve and pointed out that FPL charged storm costs to its O&M expense because of its RSAM. OPC argued the Rule only has one description of storm-related damages or storm costs that may be recovered and that description is not dependent on the method of recovery, i.e., storm surcharge or O&M expense. (OPC BR 26-27)

OPC stated that witness Futral's audit team reviewed copies of all invoices over \$10,000 provided by the Companies and verified the timing of costs incurred, the costs being appropriate

for storm costs recognition by storm, line item costs matching contract and purchase order pricing, and the total invoice levels matching the general ledger, and that there were no duplications of individual costs items. The audit confirmed through discovery that certain amounts were based on estimated amounts due, invoices that were not received, or the amount paid differed from original estimates. However, OPC does not recommend an adjustment to the logistics costs. (OPC BR 27)

ANALYSIS

Pursuant to Rule 25-6.0143, F.A.C., the ICCA methodology is to be used to determine costs to cover storm-related damages. The Rule also lists types of storm related costs that are allowed, such as logistics and costs of providing meals and lodging for crews performing storm restoration. Table 8-1 identifies the revised logistics costs that Gulf and FPL are requesting to be recovered for Hurricanes Sally, Zeta, and Isaias, and Tropical Storm Eta.

Table 8-1
Gulf and FPL Original and Revised Logistics Costs Per Storm (\$million)

	Hurricane Sally (Gulf)		Hurricane Zeta (Gulf)		Hurricane Isaias (FPL)		Tropical Storm Eta (FPL)	
	Original Request	Revised Request	Original Request	Revised Request	Original Request	Revised Request	Original Request	Revised Request
Logistics Costs	\$42.6	\$42.2	\$1.4	\$1.3	\$9.4	\$9.3	\$9.1	\$9.1

Source: EXH 11; EXH 12; EXH 25; EXH 26; EXH 43; EXH 44; EXH 45; & EXH 46

OPC witness Futral testified that certain amounts associated with various vendors were accrued as estimates and posted to the general ledger, but that the invoices were either double posted, not received and paid, or consisted of different amounts compared to the original estimates. (TR 419) In response, Gulf and FPL agreed to adjust the amounts of the logistics costs as shown in Table 8-1 as the Revised Request. FPL witness Hughes testified that the Companies updated their costs as identified in responses to discovery requests and as shown in Table 8-1. (TR 465) Gulf found that it inadvertently added some vendor costs to logistics costs instead of contractor costs. (EXH 47, BSP 00016; EXH 49, BSP 00064)

Staff agrees with the Companies and OPC that the revised logistics costs as shown in Table 8-1 are reasonable and prudent. OPC did not provide any testimony on this issue, and stated in its brief that it is not recommending an adjustment to the logistics costs included in the storm restoration costs. (OPC BR 27) It appears that the Companies' adjustments are consistent with the ICCA methodology and therefore appropriate for recovery. Based on the above information, staff recommends the reasonable and prudent logistic costs to be included in storm restoration costs are the Companies' revised costs shown in Table 8-1; these costs should be recovered through a surcharge or charged to base O&M, as specified in the table below

CONCLUSION

Staff recommends that the total amount of logistics costs to be included in storm restoration costs, as reflected in the table below.

Utility/Storm	Incremental	
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense
Gulf—Sally	\$42,200,000	\$-
FPL—Isaias	\$-	\$9,300,000
FPL—Eta	\$-	\$9,100,000
Gulf—Zeta	\$1,300,000	\$-

Issue 9: What is the reasonable and prudent total amount of costs to be included in the restoration costs?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Based on staff's recommendations in Issues 2 through 8, the appropriate amounts of prudently incurred storm restoration costs are reflected on the table below, along with how the costs should be recovered. In addition to these costs, Gulf should be allowed recover \$0.311 million and \$0.001 million in interest on the unamortized storm restoration costs for Hurricane Sally and Hurricane Zeta, respectively.

Utility/Storm	Incremental		Capitalized	Non-Incremental (Charged to Base O&M Expense)	Insurance	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense				
Gulf—Sally	\$187,800,000	\$-	\$21,200,000	\$2,300,000	\$16,100,000	\$227,400,000
FPL—Isaias	\$-	\$66,400,000	\$3,000	\$2,020,000	\$-	\$68,423,000
FPL—Eta	\$-	\$113,200,000	\$439,000	\$2,200,000	\$-	\$115,839,000
Gulf—Zeta	\$10,100,000	\$-	\$292,000	\$1,000,000	\$-	\$11,392,000

(Norris, Snyder)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$227.3 million for Hurricane Sally and for Docket No. 20210179-EI, \$11.4 million for Hurricane Zeta are the reasonable and prudent amounts of costs incurred by Gulf with its storm restoration effort.

FPL: For Docket No. 20210178-EI, \$68.5 million for Hurricane Isaias and \$115.8 million for Tropical Storm Eta are the reasonable and prudent amounts costs incurred by FPL with its storm restoration effort.

OPC:

- a. **Docket No. 20200241-EI for Gulf's Hurricane Sally.**

Gulf included \$0.311 million in interest on the unamortized storm cost for this storm. The Rule does not include interest as a recoverable cost. Thus, the total amount of costs to be included in restoration costs should be reduced by the disallowance recommendations in OPC's positions including the \$0.311 million in unauthorized interest.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

The total amount of costs to be included in restoration costs should be reduced by the disallowance recommendations in OPC's positions.

c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

The total amount of costs to be included in restoration costs should be reduced by the disallowance recommendations in OPC's positions.

d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Gulf included \$0.001 million in interest on the unamortized storm cost for this storm. The Rule does not include interest as a recoverable cost. Thus, the total amount of costs to be included in restoration costs should be reduced by the disallowance recommendations in OPC's positions including the \$0.001 million in unauthorized interest.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf

Sally

Gulf stated that the total amount of Hurricane Sally storm-related costs was \$227.3 million. (Gulf & FPL BR 31; EXH 11, 43) After the application of the ICCA methodology, Gulf identified approximately \$21.2 million as capital, \$16.1 million as recoverable under insurance, \$2.3 million as non-incremental, and \$187.8 million was identified as incremental. (Gulf & FPL BR 31) Gulf also maintained that the interest on unamortized storm costs should be included in storm-related costs, based on previous Commission approval in the 2006 Order and the Commission's approval of the Hurricane Matthew and Hurricane Matthew Settlement Agreements.⁸

Zeta

Gulf stated that the total amount of Hurricane Zeta storm-related costs was \$11.4 million. (Gulf & FPL BR 32; EXH 12, 44) After the application of the ICCA methodology, Gulf identified approximately \$292,000 as capital, \$1.0 million as non-incremental, and \$10.1 million as incremental. (Gulf & FPL BR 32) Gulf also maintained that the interest on unamortized storm costs should be included in storm-related costs, based on previous Commission approval in the 2006 Order and the Commission's approval of the Hurricane Matthew and Hurricane Matthew Settlement Agreements.⁹

⁸ Order No. PSC-2006-0464-FOF-EI; Order No. PSC-2020-0349-S-EI; and Order No. PSC-2018-0359-FOF-EI issued on July 24, 2018, as amended by Order No. PSC-2018-0359A-FOF-EI

⁹ Id.

Date: October 20, 2022

FPL***Isaias***

FPL stated that the total amount of Hurricane Isaias storm-related costs was \$68.5 million. (Gulf & FPL BR 32; EXH 25, 45) FPL asserted that it charged all storm restoration costs associated with Hurricane Isaias to base O&M expense, except for \$3,000 that was charged to capital. (Gulf & FPL BR 32) FPL maintained that this was permissible based on its application of Rule 25-6.0143(1)(h), F.A.C., and Section 6 of its 2016 Settlement Agreement.¹⁰ (Gulf & FPL BR 32)

Eta

FPL stated that the total amount of Tropical Storm Eta storm-related costs was \$115.8 million. (Gulf & FPL BR 32; EXH 26, 46) FPL asserted that it charged all storm restoration costs associated with Tropical Storm Eta to base O&M expense except for \$439,000, which was charged to capital. (Gulf & FPL BR 32) FPL maintained that this was permissible based on its application of Rule 25-6.0143(1)(h), F.A.C., and Section 6 of its 2016 Settlement Agreement.¹¹ (Gulf & FPL BR 32)

OPC

OPC asserted that the total amount of costs to be included in restoration costs should be reduced by all of its disallowance recommendations for Hurricane Sally, Hurricane Isaias, Tropical Storm Eta, and Hurricane Zeta. (OPC BR 29) Further, OPC argued that the amount included by Gulf of \$0.311 million and \$0.001 million in interest on the unamortized storm cost for Hurricanes Sally and Zeta, respectively, should also be disallowed. (OPC BR 29; TR 394) OPC witness Kollen maintained that interest is not identified as a recoverable cost in Rule 25-6.0143, F.A.C. (TR 394)

ANALYSIS

Based on staff's recommendations in Issues 2 through 8, the appropriate amounts of prudently incurred storm restoration costs, by cost category, are reflected in the following tables. Table 9-1 below reflects the major costs categories from the previous issues for Hurricane Sally, Gulf's requested amounts, and staff's recommended amounts.

¹⁰ Order No. PSC-2016-0560-AS-EI, issued on 10 December 15, 2016, Docket No. 20160021-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

¹¹ *Id.*

Table 9-1
Gulf's Storm Restoration Costs for Hurricane Sally

Major Cost Category	Gulf Requested	Staff Recommended
Payroll	\$2,100,000	\$2,100,000
Overtime Payroll	3,237,000	3,237,000
Contractor Costs	125,609,000	125,609,000
Line Clearing Costs	27,346,000	27,346,000
Vehicle & Fuel	3,171,000	3,171,000
Materials & Supplies	10,292,000	10,292,000
Logistics	42,230,000	42,230,000
Other	<u>13,316,000</u>	<u>13,316,000</u>
Total Costs	<u>\$227,303,000</u>	<u>\$227,303,000</u>

Source: EXH 43

Table 9-2 below reflects the major costs categories from the previous issues for Hurricane Isaias, FPL's requested amounts, and staff's recommended amounts.

Table 9-2
FPL's Storm Restoration Costs for Hurricane Isaias

Major Cost Category	FPL Requested	Staff Recommended
Payroll	\$671,000	\$671,000
Overtime Payroll	4,694,000	4,694,000
Contractors	36,270,000	36,270,000
Line Clearing Costs	13,027,000	13,027,000
Vehicle & Fuel	2,752,000	2,752,000
Materials & Supplies	42,000	42,000
Logistics	9,332,000	9,332,000
Other	<u>1,677,000</u>	<u>1,677,000</u>
Total Costs	<u>\$68,464,000</u>	<u>\$68,464,000</u>

Source: EXH 45

Table 9-3 below reflects the major costs categories from the previous issues for Tropical Storm Eta, FPL's requested amounts, and staff's recommended amounts.

Table 9-3
FPL's Storm Restoration Costs for Tropical Storm Eta

Major Cost Category	FPL Requested	Staff Recommended
Payroll	\$2,327,000	\$2,327,000
Overtime Payroll	8,750,000	8,750,000
Contractors	77,423,000	77,423,000
Line Clearing Costs	11,204,000	11,204,000
Vehicle & Fuel	4,747,000	4,747,000
Material & Supplies	532,000	532,000
Logistics	9,076,000	9,076,000
Other	<u>1,764,000</u>	<u>1,764,000</u>
Total Costs	<u>\$115,822,000</u>	<u>\$115,822,000</u>

Source: EXH 46

Table 9-4 below reflects the major costs categories from the previous issues for Hurricane Sally, Gulf's requested amounts, and staff's recommended amounts.

Table 9-4
Gulf's Storm Restoration Costs for Hurricane Zeta

Major Cost Category	Gulf Requested	Staff Recommended
Payroll	\$304,000	\$304,000
Overtime Payroll	339,000	309,000
Contractors	5,803,000	5,803,000
Line Clearing Costs	1,864,000	1,864,000
Vehicle & Fuel	327,000	327,000
Materials & Supplies	179,000	179,000
Logistics	1,370,000	1,370,000
Other Costs	<u>1,198,000</u>	<u>1,198,000</u>
Total Costs	<u>\$11,384,000</u>	<u>\$11,384,000</u>

Source: EXH 44

In addition to seeking recovery of storm restoration costs, Gulf's total Retail Recoverable Storm Amount includes \$0.311 million in interest on the unamortized storm costs for Hurricane Sally and \$0.001 million in interest on the unamortized storm cost for Hurricane Zeta. (TR 394; EXH 11, 12) The interest was calculated using the average commercial paper rate and applied to the average balance of unrecovered eligible storm restoration costs over the timeframe the surcharge

is collected. (EXH 11, 12) As such, the interest for Hurricane Zeta was calculated to only reflect the two months it is collected in 2024.(EXH 12).

OPC witness Kollen testified that the Rule does not include interest as a recoverable cost and recommended that the interest be disallowed. (TR 394) FPL witness Hughes countered that although there was nothing in the Storm Rule addressing interest on unamortized storm costs, the Commission had addressed the issue in its approval of the Hurricane Michael and Hurricane Matthew Settlement Agreements. (TR 329, 462) He testified that Gulf should be able to earn interest on the amount of unrecovered incremental storm costs until they are fully recovered from customers based on its inclusion in those prior settlement agreements. (TR 506)

While Rule 25-6.0143, F.A.C., does not address the recovery of interest on unrecovered storm costs, the Commission has previously addressed this issue in previous storms. As OPC emphasized in its brief, both settlements state in their agreements that nothing in the agreement will have precedential value. (OPC BR 28) However, the Commission has also previously approved the inclusion of interest on unamortized storm costs in the 2006 Storm Order. As such, staff agrees that the interest on unamortized storm costs for Hurricane Sally and Hurricane Zeta should be included in Gulf’s total Retail Recoverable Storm Amount for each storm.

CONCLUSION

Based on staff’s recommendations in Issues 2 through 8, the appropriate amounts of prudently incurred storm restoration costs are reflected on the table below, along with how the costs should be recovered. In addition to these costs, Gulf should be allowed to recover \$0.311 million and \$0.001 million in interest on the unamortized storm restoration costs for Hurricane Sally and Hurricane Zeta, respectively.

Utility/Storm	Incremental		Capitalized	Non-Incremental (Charged to Base O&M Expense)	Insurance	Total
	Recovered through Storm Restoration Surcharge	Charged to Base O&M Expense				
Gulf—Sally	\$187,800,000	\$-	\$21,200,000	\$2,300,000	\$16,100,000	\$227,400,000
FPL—Isaias	\$-	\$66,400,000	\$3,000	\$2,020,000	\$-	\$68,423,000
FPL—Eta	\$-	\$113,200,000	\$439,000	\$2,200,000	\$-	\$115,839,000
Gulf—Zeta	\$10,100,000	\$-	\$292,000	\$1,000,000	\$-	\$11,392,000

Issue 10: What is the reasonable and prudent amount of storm-related costs that should be capitalized?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: The total amounts of storm-related costs that should be capitalized are \$21.2 million for Hurricane Sally, \$3,000 for Hurricane Isaias, \$439,000 for Tropical Storm Eta, and \$292,000 for Hurricane Zeta. (P. Buys)

Position of the Parties

Gulf: For Docket No. 20200241-EI, \$21.2 million for Hurricane Sally and for Docket No. 20210179-EI, \$292,000 for Hurricane Zeta are the reasonable and prudent amounts of storm-related costs that should be and were capitalized.

FPL: For Docket No. 20210178-EI, \$3,000 for Hurricane Isaias and \$439,000 for Tropical Storm Eta are the reasonable and prudent amounts of storm-related costs that should be and were capitalized.

OPC:

a. Docket No. 20200241-EI for Gulf's Hurricane Sally.

Rule 25-6.0143(1)(d), F.A.C., requires capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages shall exclude the normal cost for the removal, retirement and replacement of those

facilities in the absence of a storm. OPC is not recommending an adjustment to the capitalized cost included in the storm restoration costs for this storm.

b. Docket No. 20210178-EI for FPL's Hurricane Isaias.

Rule 25-6.0143(1)(d), F.A.C., requires that capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages shall exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm. OPC is not recommending an adjustment to the capitalized cost included in the storm restoration costs for this storm.

c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

Rule 25-6.0143(1)(d), F.A.C., requires capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages shall exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm. OPC is not recommending an adjustment to the capitalized cost included in the storm restoration costs for this storm.

d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Rule 25-6.0143(1)(d), F.A.C., requires that capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages shall exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm. OPC is not recommending an adjustment to the capitalized cost included in the storm restoration costs for this storm.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf & FPL

Gulf and FPL argued that the capitalized costs for Hurricanes Sally, Zeta, and Isaias, and Tropical Storm Eta were reasonable and prudent. The Companies used Rule 25-6.0143(1)(d), F.A.C., to determine the amounts that should be capitalized. In addition, the Companies adhered to the provisions of the Hurricane Irma and Hurricane Michael settlements regarding how to determine amounts to be capitalized. The Companies argued that based on their analysis and the fact that OPC is not disputing these costs, the capitalized costs should be determined prudent and reasonable. (Gulf & FPL BR 32-33)

OPC

OPC stated that Rule 25-6.0143(1)(d), F.A.C., requires that capital expenditures for the removal, retirement, and replacement of damaged facilities charged to cover storm-related damages shall exclude the normal cost for the removal, retirement, and replacement of those facilities in the absence of a storm. OPC stated that witness Futral's audit team reviewed copies of all invoices over \$10,000 provided by the Companies and verified the timing of costs incurred, the costs being appropriate for storm cost recognition by storm, line item costs matching contract and purchase order pricing, and the total invoice levels matching the general ledger, and that there were no duplications of individual costs items. The audit confirmed that the invoice documentation and detailed general ledger were sufficient to justify the costs included in the storm cost summaries, with exception of specific adjustments for reconciling amounts. Therefore, OPC is not recommending an adjustment to the capitalized cost. (OPC BR 30)

ANALYSIS

Rule 25-6.0143(1)(d), F.A.C., requires the ICCA methodology be used to determine the costs to be charged to cover storm-related damages. In addition, the Rule requires that capital expenditures charged to cover storm related damages shall exclude the normal cost of those expenditures in the absence of a storm.

Gulf requested \$21.2 million in capitalized costs for Hurricane Sally and \$292,000 for Hurricane Zeta. FPL requested \$3,000 in capitalized costs for Hurricane Isaias and \$439,000 for Tropical Storm Eta. (EXH 11; EXH 12; EXH 25; EXH 26) OPC witness Futral testified that certain amounts associated with various vendors were accrued as estimates and posted to the general ledger, but that the invoices were either double posted, not received or paid, or differed compared to the original estimates. (TR 419) Even though there were changes to different costs,

the capitalized costs did not change. (EXH 43; EXH 44; EXH 45; EXH 46) Table 10-1 shows a breakdown of the capitalized costs per storm.

Table 10-1
Gulf and FPL's Capitalized Costs per Category per Storm (\$000)

Categories	Hurricane Sally (Gulf)	Hurricane Zeta (Gulf)	Hurricane Isaias (FPL)	Tropical Storm Eta (FPL)
Payroll & Related Costs	\$-	\$37	\$-	\$3
Contractors	16,369	71	-	28
Materials & Supplies	2,976	104	3	347
Other	<u>1,847</u>	<u>80</u>	<u>-</u>	<u>61</u>
Total	<u>\$21,191</u>	<u>\$292</u>	<u>\$3</u>	<u>\$439</u>

Source: EXH 11; EXH 12; EXH 25; EXH 26; EXH 43; EXH 44; EXH 45; & EXH 46

FPL witness Hughes testified that the Companies determined the amount of capital costs for each storm event by applying Rule 25-6.0143(1)(d), F.A.C.,¹² which states that “the normal cost for removal, retirement and replacement of those facilities in the absence of a storm” should be the basis for calculating storm restoration capital. In addition, consistent with the Hurricane Irma Settlement, a blended simple average of internal employee and contractor hourly rate, under non-storm conditions, were used to calculate capital costs. (TR 267; TR 286; TR 303-304)

OPC did not provide any testimony on this issue, and stated in its brief that it is not recommending an adjustment to the capitalized cost included in the storm restoration costs. (OPC BR 30) It appears that the Companies’ calculations are consistent with the ICCA methodology and, therefore, the costs are appropriate for recovery. Based on the evidence in the record and information above, staff recommends the total capital costs shown in Table 10-1 are reasonable and prudent.

CONCLUSION

The total amounts of storm-related costs that should be capitalized are \$21.2 million for Hurricane Sally, \$3,000 for Hurricane Isaias, \$439,000 for Tropical Storm Eta and \$292,000 for Hurricane Zeta.

¹² The 2007 version of Rule 25-6.0143, F.A.C., applied to Hurricanes Sally, Isaias, and Zeta and Tropical Storm Eta, as these storms occurred during the 2020 hurricane season and the 2021 version of the Rule was not adopted at that time.

Issue 11: What is the appropriate accounting treatment associated with any storm costs found to have been imprudently incurred?

- a. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- b. Docket No. 20210178-EI for FPL's Tropical Storm Eta.

Recommendation: All storm costs found to have been imprudently incurred should be charged below-the-line with a corresponding reduction in capital costs or above-the-line base O&M expense. (Snyder)

Position of the Parties

FPL: All of FPL's costs associated with Hurricane Isaias and Tropical Storm Eta have been charged as either capital costs or base O&M expenses. Should the Commission find that any of FPL's storm-related costs charged as either capital or base O&M expense were imprudently incurred based on the actual conditions and circumstances at the time decisions were made, such costs would be charged below-the-line with a corresponding reduction in capital or above-the-line base O&M.

OPC:

- a. **Docket No. 20210178-EI for FPL's Hurricane Isaias.**

The costs improperly charged by FPL to base O&M expense and recovered through the depreciation reserve should be restored to the depreciation reserve. This should be in a manner that ensures the non-incremental costs remain available to customers, but are not available to FPL to increase earnings using the RSAM in the future.

- b. **Docket No. 20210178-EI for FPL's Tropical Storm Eta.**

The charges improperly charged by FPL to base O&M expense and recovered through the depreciation reserve, should be restored to the depreciation reserve. This should be in a manner that ensures the non-incremental costs remain available to customers, but are not available to FPL to increase earnings using the RSAM in the future.

Staff Analysis:

PARTIES' ARGUMENTS

FPL

FPL stated that all of its costs associated with Hurricane Isaias and Tropical Storm Eta have been charged as either capital costs or base O&M expenses. (Gulf & FPL BR 34) FPL also acknowledged that should the Commission find that any of FPL's storm related costs were imprudently incurred, such costs would be charged below-the-line with a corresponding reduction in capital or above-the-line base O&M expense. (Gulf & FPL BR 34) FPL further clarified that an adjustment to above-the-line base O&M expense would also adjust the balance of its RSAM. (Gulf & FPL BR 35)

OPC

OPC contended that costs improperly charged by FPL to base O&M expense and recovered through the depreciation reserve should be restored to the depreciation reserve. (OPC BR 31) OPC specified that this should be done in a manner that ensures the non-incremental costs remain available to customers, but are not available to FPL to increase earnings using the RSAM in the future. (OPC BR 31)

ANALYSIS

As affirmed by both parties, any charges of storm costs found to have been imprudently incurred should be reversed. (OPC BR 31; Gulf & FPL BR 35) As addressed in Issues 1 through 9, staff is recommending that all storm restoration costs associated with Hurricane Isaias and Tropical Storm Eta were prudently incurred. However, should the Commission make a different finding, the identified costs should be charged below-the-line with a corresponding reduction in capital cost or above-the-line base O&M expense. As acknowledged by FPL, an adjustment to its above-the-line base O&M expense would also adjust the balance of its RSAM. (OPC BR 35)

CONCLUSION

All storm costs found to have been imprudently incurred should be charged below-the-line with a corresponding reduction in capital costs or above-the-line base O&M expense.

Issue 12: Should the Commission approve Gulf Power Company's proposed tariffs and associated charges?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Gulf's proposed First Revised Tariff Sheet No. 8.030.5 (Hurricane Sally), Second Revised Tariff Sheet No. 8.030.5 (Hurricane Sally), and Original Sheet No. 8.030.6 (Hurricane Zeta) and associated charges should be approved. If the Commission disallows any storm-related costs, FPL should file revised tariffs that reflect the Commission vote for administrative approval by staff.

First Revised Tariff Sheet No. 8.030.5 should be effective January 1, 2023, Second Revised Tariff Sheet No. 8.030.5 should be effective November 1, 2023, and Original Sheet No. 8.030.6 should be effective November 1, 2024. (Draper)

Position of the Parties

Gulf: Yes. Gulf's proposed tariff and associated charge will allow Gulf to recover the reasonable and prudent storm-related costs, in incurrence and amount.

OPC:

- a. **Docket No. 20200241-EI for Gulf's Hurricane Sally.**

No. Gulf should be required to file new tariffs that reflect the disallowances recommended in OPC's positions and approved by the Commission.

- b. **Docket No. 20210179-EI for Gulf's Hurricane Zeta.**

No. Gulf should be required to file new tariffs that reflect the disallowances recommended in OPC's positions and approved by the Commission.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf

Sally

In Order No. PSC-2021-0112-PCO-EI, the Commission approved an interim storm recovery charge for Hurricane Sally applicable to all customers within the service area previously served by Gulf, or Northwest Florida. (Gulf & FPL BR 35-36) The interim charge for a residential customer using 1,000 kilowatt-hours (kWhs) is \$3 and has been in effect since March 2, 2021. (Gulf & FPL BR 25) Witness Cohen presented revised Hurricane Sally charges to reflect the cost allocations to the various rate classes approved in FPL's recent rate case, Docket No. 20210015-EI. (EXH 13) The Hurricane Sally charge for a residential customer remains at \$3/1,000 kWhs until October 2023. (Gulf & FPL BR 36) The proposed revised Hurricane Sally charges for the non-residential rate classes reflect cost allocations previously approved by the Commission in the

Date: October 20, 2022

rate case docket. (TR 347) The revised Hurricane Sally surcharges are shown on First Revised Tariff Sheet No. 8.030.5. (EXH 14)

Witness Cohen explained that once the current Commission-approved Hurricane Michael surcharge (\$8/1,000 kWhs) terminates in October 2023, FPL proposed to increase the \$3/1,000 kWh residential Hurricane Sally charge to \$10/1,000 kWhs. (TR 348) The increased Hurricane Sally surcharges for all rate classes are shown on Second Revised Tariff Sheet No. 8.030.5. (EXH 15) The Second Revised Tariff Sheet No. 8.030.5 should be effective November 1, 2023. (Gulf & FPL BR 36) Witness Cohen testified that FPL proposed to stage the surcharges to customers in order to provide a fair balance between mitigating bill impacts to customers and timely recovery of costs that have already been spent. (TR 347-348; TR 351)

Zeta

Once recovery of Hurricane Sally storm charges is complete in October 2024 from customers in Northwest Florida, FPL proposed to commence recovery of Hurricane Zeta storm charges. (TR 344) Witness Cohen testified that the proposed recovery period for the Hurricane Zeta costs is two months: November 1, 2024 through December 31, 2024. (TR 345) Witness Cohen testified that the Hurricane Zeta recoverable storm amount has been allocated to each retail rate class based upon cost allocations presented in Exhibit TCC-1 to the direct testimony. (TR 344; EXH 16) The proposed Hurricane Zeta Original Tariff Sheet No. 8.030.6 should be effective November 1, 2024. (EXH 17). The proposed Hurricane Zeta surcharge is \$9.34/1,000 kWhs for a residential customer. (TR 345)

OPC

Sally

OPC stated that Gulf should be required to file new tariffs that reflect the disallowances recommended in OPC's positions and approved by the Commission. (OPC BR 32)

Zeta

OPC stated that Gulf should be required to file new tariffs that reflect the disallowances recommended in OPC's positions and approved by the Commission. (OPC BR 32)

ANALYSIS

OPC did not address the timing of the implementation of the proposed storm charges in Issue 12. However, in its post-hearing brief for Issue 13, OPC stated that the cost for Hurricane Zeta should not be delayed until October 2024. (OPC BR 33) OPC further stated that charges should be collected closer in time when the costs were incurred. (OPC BR 33). Finally, OPC in its post-hearing brief for Issue 13 stated that the combined charge for Gulf's residential customers should not be increased above \$11/1,000 kWh and that the charge should be used to collect \$8/1,000 kWhs for Hurricane Michael, \$2/1,000 kWhs for Hurricane Sally and \$1/1,000 kWh for Hurricane Zeta. (OPC BR 34) Once Hurricane Michael costs are fully recovered, then the surcharge for Hurricane Sally should increase by an amount equivalent to the Hurricane Michael surcharge plus the current Hurricane Sally surcharge until fully recovered. (OPC BR 34) Upon cross examination by OPC, witness Cohen testified that Gulf could start recovery of Hurricane Zeta costs in 2022; however, the way FPL proposed to stagger the surcharges was a thoughtful approach in trying to mitigate bill impacts to customers. (TR 351)

CONCLUSION

Based on the evidence in the record, staff believes that the proposed tariffs and the timing of cost recovery is appropriate and balances the interests of recovery and customer impacts. While staff believes that OPC's argument that hurricane costs should be recovered closer in time when the costs occurred has merit, due to the number of hurricanes (Michael, Sally, and Zeta) and associated storm restoration costs, FPL's proposed timing of cost recovery is reasonable. Gulf's proposed First Revised Tariff Sheet No. 8.030.5 (Hurricane Sally), Second Revised Tariff Sheet No. 8.030.5 (Hurricane Sally), and Original Sheet No. 8.030.6 (Hurricane Zeta) and associated charges should be approved. If the Commission disallows any storm-related costs, FPL should file revised tariffs that reflect the Commission vote for administrative approval by staff.

First Revised Tariff Sheet No. 8.030.5 should be effective January 1, 2023, Second Revised Tariff Sheet No. 8.030.5 should be effective November 1, 2023, and Original Sheet No. 8.030.6 should be effective November 1, 2024.

Issue 13: If applicable, how should any under-recovery or over-recovery be handled?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: At the end of the storm restoration surcharge period for the recovery of Hurricane Sally and Hurricane Zeta, the actual amount recovered through the surcharge should be compared to the appropriate amounts approved by the Commission for each of the storms, and a determination made whether any under/over recovery has occurred. The disposition of any under/over recovery, and associated interest, should be considered by the Commission at a later date. (Norris, Snyder)

Position of the Parties

Gulf: When appropriate, Gulf will make a compliance filing with the Commission to provide notice of its intent to terminate the Proposed Storm Charges. Within 45 days of the charges expiration, Gulf will compare the approved recovery amount to actual revenues received from the storm charges and determine any excess or shortfalls. Gulf will calculate final true-up rates and file it with the Commission for approval to apply those rates to customer bills.

OPC:

- a. **Docket No. 20200241-EI for Gulf's Hurricane Sally.**

The storm surcharge should reflect all disallowances. The combined surcharge for Gulf residential customers should not be increased above the current \$11/1,000 kWh and used to collect \$8/1,000 kWh for Hurricanes Michael, \$2/kWh for Hurricane Sally and \$1/\$1,000 kWh for Hurricane Zeta. Once Hurricane Michael costs are fully recovered, then the surcharge for Hurricane Sally should increase by an amount equivalent to the Hurricane Michael surcharge plus the current Hurricane Sally surcharge until fully recovered.

- b. **Docket No. 20210179-EI for Gulf's Hurricane Zeta.**

The storm surcharge should reflect all disallowances. The combined surcharge for Gulf residential customers should not be increased above the current \$11/1,000 kWh and used to collect \$8/1,000 kWh for Hurricanes Michael, \$2/kWh for Hurricane Sally and \$1/\$1,000 kWh for Hurricane Zeta. Once Hurricane Michael costs are fully recovered, then the surcharge for Hurricane Sally should increase by an amount equivalent to the Hurricane Michael surcharge plus the current Hurricane Sally surcharge until fully recovered.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf

Gulf stated that it will make a compliance filing with the Commission to provide notice of its intent to terminate its proposed storm charges, no fewer than 90 days prior to the date it expects to fully recover its final recoverable storm amounts for Hurricanes Sally and Zeta. (Gulf & FPL BR 37) Gulf affirmed that within 45 days of the charges, it will compare the approved recovery amount to actual revenues received from the storm charges, determine any excess or shortfalls, calculate final true-up rates, and file them with the Commission for approvals. (Gulf & FPL BR 37; TR 339, 345)

OPC

In the event of an over-recovery, OPC proposed that it be reflected as a one-time credit on Gulf's customers' bills. (OPC BR 34) OPC also recommended the disallowance of interest on any variance associated with Hurricane Zeta. (OPC BR 33) OPC asserted that the storm surcharge should reflect all disallowances if the approved storm costs have yet to be collected. (OPC BR 32-33) Additionally, OPC contended that the combined surcharge for Gulf residential customers should not be increased above the current \$11/1,000 kWh and used to collect \$8/1,000 kWh for Hurricane Michael, \$2/kWh for Hurricane Sally and \$1/1,000 kWh for Hurricane Zeta. (OPC BR 32-33) OPC further specified that once Hurricane Michael costs are fully recovered, then the surcharge for Hurricane Sally should increase by an amount equivalent to the Hurricane Michael surcharge plus the current Hurricane Sally surcharge until fully recovered. (OPC BR 32-34)

ANALYSIS

As explained by Gulf witness Cohen, the final Recoverable Storm Amount approved the Commission for Hurricanes Sally and Zeta will be compared to the actual received from the approved surcharges in order to determine whether any over/under recovery has occurred and interest would be applied to the variance at the 30-day commercial paper rate.¹³ (TR 339, 345) Within 45 days after the expiration of the proposed storm charges, Gulf would make a compliance filing with the Commission that sets forth the calculation of the appropriate final true-up rates to apply to customer bills for a one-month period in order to refund the excess or collect the shortfall. (TR 339, 345)

In its post-hearing brief, OPC recommended the disallowance of interest on any variance associated with Hurricane Zeta. (OPC BR 33) OPC's argument against the inclusion of interest was limited to its post-hearing brief and appeared to reference the interest associated with unamortized storm costs, as it made reference to the timing of the Hurricane Zeta surcharge and interest being collected during the timeframe that costs are not collected from customers and cited the same interpretations of Rule 25-6.0143 that it raised in its post-hearing brief on Issue 9. (OPC BR 33) The interest associated with unamortized storm costs addressed in Issue 9 is not the same concept as the interest included in the calculation of an excess or shortfall from the storm surcharges. Gulf's final true-up methodology was not addressed elsewhere in OPC's

13

testimony, and the arguments in its post-hearing brief are not clear. Staff does not agree with the proposed disallowance of interest on any variance associated with Hurricane Zeta.

CONCLUSION

At the end of the storm restoration surcharge period, for the recovery of Hurricane Sally and Hurricane Zeta, the actual amount recovered through the surcharge should be compared to the appropriate amounts approved by the Commission for each of the storms, and a determination made whether any under/over recovery has occurred. The disposition of any under/over recovery, and associated interest, should be considered by the Commission at a later date.

Issue 14: Should this docket be closed?

- a. Docket No. 20200241-EI for Gulf's Hurricane Sally.
- b. Docket No. 20210178-EI for FPL's Hurricane Isaias.
- c. Docket No. 20210178-EI for FPL's Tropical Storm Eta.
- d. Docket No. 20210179-EI for Gulf's Hurricane Zeta.

Recommendation: Yes. If the Commission approves staff's recommendations on Issues 1-10, 12 and 13 relating to Gulf's recovery for Hurricane Sally and Hurricane Zeta storm-related costs, this docket should be closed. If the Commission approves staff's recommendations that FPL's storm-related costs for Hurricane Isaias and Tropical Storm Eta were reasonable and prudent, this docket should be closed. (Stiller)

Position of the Parties

Gulf: Yes. The dockets should be closed following the establishment of a final Recoverable Storm Amount and the approval of final true-up rates to be applied to customer bills for a one-month period starting on Cycle 1 of the first month that is more than 30 days after the date of Commission approval.

FPL: Yes. The dockets should be closed upon the issuance of an order finding that FPL's costs were reasonable and prudent.

OPC:

- a. **Docket No. 20200241-EI for Gulf's Hurricane Sally.**

No position.

- b. **Docket No. 20210178-EI for FPL's Hurricane Isaias.**

No position.

- c. **Docket No. 20210178-EI for FPL's Tropical Storm Eta.**

No position.

- d. **Docket No. 20210179-EI for Gulf's Hurricane Zeta.**

No position.

Staff Analysis:

PARTIES' ARGUMENTS

Gulf

Sally

The docket should be closed following the establishment of a final Recoverable Storm Amount and the approval of final true-up rates to be applied to customer bills for a one-month period starting on Cycle 1 of the first month that is more than 30 days after the date of Commission approval.

Zeta

FPL is not seeking approval in this proceeding to recover any of the Hurricane Isaias storm-related costs through depletion of the storm reserve or through a storm surcharge, because all non-capitalized storm-related costs were charged to base O&M expense as permitted under Rule 25-6.0143(1)(h), F.A.C. Upon the issuance of an order finding that FPL's costs were reasonable and its activities in restoring power following Hurricane Isaias were prudent, this docket should be closed.

FPL

Isaias

FPL is not seeking approval in this proceeding to recover any of the Tropical Storm Eta storm-related costs through depletion of the storm reserve or through a storm surcharge, because all non-capitalized storm-related costs were charged to base O&M expense as permitted under Rule 25-6.0143(1)(h), F.A.C. Upon the issuance of an order finding that FPL's costs were reasonable and its activities in restoring power following Tropical Storm Eta were prudent, this docket should be closed.

Eta

The docket should be closed following the establishment of a final Recoverable Storm Amount and the approval of final true-up rates to be applied to customer bills for a one-month period starting on Cycle 1 of the first month that is more than 30 days after the date of Commission approval.

OPC

Sally

No post-hearing position or argument was provided in its brief.

Isaias

No post-hearing position or argument was provided in its brief.

Eta

No post-hearing position or argument was provided in its brief.

Zeta

No post-hearing position or argument was provided in its brief.

ANALYSIS

If the Commission approves staff's recommendations on Issues 1-10, 12 and 13 relating to Gulf's recovery for Hurricane Sally and Hurricane Zeta storm-related costs, this docket should be closed. If the Commission approves staff's recommendations that FPL's storm-related costs for Hurricane Isaias and Tropical Storm Eta were reasonable and prudent, this docket should be closed.

25-6.0143 Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.

(1) Account No. 228.1 Accumulated Provision for Property Insurance.

(a) This account may be established to provide for losses through accident, fire, flood, storms, nuclear accidents and similar type hazards to the utility's own property or property leased from others, which is not covered by insurance. This account would also include provisions for the deductible amounts contained in property loss insurance policies held by the utility as well as retrospective premium assessments stemming from nuclear accidents under various insurance programs covering nuclear generating plants. A schedule of risks covered shall be maintained, giving a description of the property involved, the character of risks covered and the accrual rates used.

(b) Except as provided in paragraphs (1)(f), (1)(g) and (1)(h) charges to this account shall be made for all occurrences in accordance with the schedule of risks to be covered which are not covered by insurance. Recoveries, insurance proceeds or reimbursements for losses charged to this account shall be credited to the account.

(c) A separate subaccount shall be established for that portion of Account No. 228.1 which is designated to cover storm-related damages to the utility's own property or property leased from others that is not covered by insurance. The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each storm event included in this account.

(d) In determining the costs to be charged to cover storm-related damages, the utility shall use an Incremental Cost and Capitalization Approach methodology (ICCA). Under the ICCA methodology, the costs charged to cover storm-related damages shall exclude those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm. Under the ICCA methodology for determining the allowable costs to be charged to cover storm-related damages, the utility will be allowed to charge to Account No. 228.1 costs that are incremental to costs normally charged to non-cost recovery clause operating expenses in the absence of a storm. All costs charged to Account 228.1 are subject to review for prudence and reasonableness by the Commission. In addition, capital expenditures for the removal, retirement and replacement of damaged facilities charged to cover storm-related damages shall exclude the normal cost for the removal, retirement and replacement of those facilities in the absence of a storm. The utility shall notify the Director of the Commission Clerk in writing for each incident expected to exceed \$10 million.

(e) The types of storm related costs allowed to be charged to the reserve under the ICCA methodology include, but are not limited to, the following:

1. Additional contract labor hired for storm restoration activities;
2. Logistics costs of providing meals, lodging, and linens for tents and other staging areas;
3. Transportation of crews for storm restoration;
4. Vehicle costs for vehicles specifically rented for storm restoration activities;
5. Waste management costs specifically related to storm restoration activities;
6. Rental equipment specifically related to storm restoration activities;
7. Materials and supplies used to repair and restore service and facilities to pre-storm condition, such as poles, transformers, meters, light fixtures, wire, and other electrical equipment, excluding those costs that normally would be charged to non-cost recovery clause operating expenses in the absence of a storm;
8. Overtime payroll and payroll-related costs for utility personnel included in storm restoration activities;
9. Fuel cost for company and contractor vehicles used in storm restoration activities; and
10. Cost of public service announcements regarding key storm-related issues, such as safety and service restoration estimates.

(f) The types of storm related costs prohibited from being charged to the reserve under the ICCA methodology include, but are not limited to, the following:

1. Base rate recoverable regular payroll and regular payroll-related costs for utility managerial and non-managerial personnel;
2. Bonuses or any other special compensation for utility personnel not eligible for overtime pay;
3. Base rate recoverable depreciation expenses, insurance costs and lease expenses for utility-owned or utility-leased vehicles and aircraft;
4. Utility employee assistance costs;
5. Utility employee training costs incurred prior to 72 hours before the storm event;
6. Utility advertising, media relations or public relations costs, except for public service announcements regarding key storm-related issues as listed above in subparagraph (1)(e)10.;
7. Utility call center and customer service costs, except for non-budgeted overtime or other non-budgeted incremental costs associated with the storm event;

8. Tree trimming expenses, incurred in any month in which storm damage restoration activities are conducted, that are less than the actual monthly average of tree trimming costs charged to operation and maintenance expense for the same month in the three previous calendar years;

9. Utility lost revenues from services not provided; and

10. Replenishment of the utility's materials and supplies inventories.

(g) Under the ICCA methodology for determining the allowable costs to be charged to cover storm-related damages, certain costs may be charged to Account 228.1 only after review and approval by the Commission. Prior to the Commission's determination of the appropriateness of including such costs in Account No. 228.1, the costs may be deferred in Account No. 186, Miscellaneous Deferred Debits. The deferred costs must be incurred prior to June 1 of the year following the storm event. By September 30 a utility shall file a petition for the disposition of any costs deferred prior to June 1 of the year following the storm event giving rise to the deferred costs. These costs include, but are not limited to, the following:

1. Costs of normal non-storm related activities which must be performed by employees or contractors not assigned to storm damage restoration activities ("back-fill work") or normal non-storm related activities which must be performed following the restoration of service after a storm by an employee or contractor assigned to storm damage restoration activities in addition to the employee's or contractor's regular activities ("catch-up work"); and

2. Uncollectible accounts expenses.

(h) A utility may, at its own option, charge storm-related costs as operating expenses rather than charging them to Account No. 228.1. The utility shall notify the Director of the Commission Clerk in writing and provide a schedule of the amounts charged to operating expenses for each incident exceeding \$5 million. The schedule shall be filed annually by February 15 of each year for information pertaining to the previous calendar year.

(i) If the charges to Account No. 228.1 exceed the account balance, the excess shall be carried as a debit balance in Account No. 228.1 and no request for a deferral of the excess or for the establishment of a regulatory asset is necessary.

(j) A utility may petition the Commission for the recovery of a debit balance in Account No. 228.1 plus an amount to replenish the storm reserve through a surcharge, securitization or other cost recovery mechanism.

(k) A utility shall not establish or change an annual accrual amount or a target accumulated balance amount for Account No. 228.1 without prior Commission approval.

(l) Each utility shall file a Storm Damage Self-Insurance Reserve Study (Study) with the Commission Clerk by January 15, 2011 and at least once every 5 years thereafter from the submission date of the previously filed study. A Study shall be filed whenever the utility is seeking a change to either the target accumulated balance or the annual accrual amount for Account No. 228.1. At a minimum, the Study shall include data for determining a target balance for, and the annual accrual amount to, Account No. 228.1.

(m) Each utility shall file a report with the Director of the Commission Clerk providing information concerning its efforts to obtain commercial insurance for its transmission and distribution facilities and any other programs or proposals that were considered. The report shall also include a summary of the amounts recorded in Account 228.1. The report shall be filed annually by February 15 of each year for information pertaining to the previous calendar year.

(2) Account No. 228.2 Accumulated Provision for Injuries and Damages.

(a) This account may be established to meet the probable liability, not covered by insurance, for deaths or injuries to employees or others and for damages to property neither owned nor held under lease by the utility. When liability for any injury or damage is admitted or settled by the utility either voluntarily or because of the decision of a Court or other lawful authority, such as a workman's compensation board, the admitted liability or the amount of the settlement shall be charged to this account.

(b) Charges to this account shall be made for all losses covered. Detailed supporting records of charges made to this account shall be maintained in such a way that the year the event occurred which gave rise to the loss can be associated with the settlement. Recoveries or reimbursements for losses charged to the account shall be credited to the account.

(3) Account No. 228.4 Accumulated Miscellaneous Operating Provisions.

(a) This account may be established for operating provisions which are not covered elsewhere. This account shall be maintained in such a manner as to show the amount of each separate provision established by the utility and the nature and amounts of the debits and credits thereto. Each separate provision shall be identified as to purpose and the specific events to be charged to the account to ensure that all such events and only those events are charged to the provision accounts.

(b) Charges to this account shall be made for all costs or losses covered. Recoveries or reimbursements for amounts charged to

this account shall be credited hereto.

(4)(a) The provision level and annual accrual rate for each account listed in subsections (1) through (3) shall be evaluated at the time of a rate proceeding and adjusted as necessary. However, a utility may petition the Commission for a change in the provision level and accrual outside a rate proceeding.

(b) If a utility elects to use any of the above listed accumulated provision accounts, each and every loss or cost which is covered by the account shall be charged to that account and shall not be charged directly to expenses except as provided for in paragraphs (1)(f), (1)(g) and (1)(h). Charges shall be made to accumulated provision accounts regardless of the balance in those accounts.

(c) No utility shall fund any account listed in subsections (1) through (3) unless the Commission approves such funding. Existing funded provisions which have not been approved by the Commission shall be credited by the amount of the funded balance with a corresponding debit to the appropriate current asset account, resulting in an unfunded provision.

Rulemaking Authority 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a) FS. History—New 3-17-88, Amended 6-11-07.

Item 5

REVISED 10-24-2022

FILED 10/25/2022
DOCUMENT NO. 10117-2022
FPSC - COMMISSION CLERK

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850**-M-E-M-O-R-A-N-D-U-M-****DATE:** ~~October 20, 2022~~ October 24, 2022**TO:** Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts, Ramos) *LK*
 Division of Accounting and Finance (Bennett, Sowards) *ALM*
 Division of Economics (Bethea, Hudson) *JGH*
 Office of the General Counsel (Stiller, J. Crawford) *JSC*

RE: Docket No. 20200185-WS – Application for certificates to provide water and wastewater service in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.

AGENDA: 11/01/22 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners**PREHEARING OFFICER:** Clark**CRITICAL DATES:** None**SPECIAL INSTRUCTIONS:** None

Case Background

On July 22, 2020, Gibson Place Utility Company, LLC (GPU, Gibson, or Utility) filed its application for original water and wastewater certificates in Sumter County. The area is in the Southwest Florida Water Management District (SWFWMD) and is not in a water use caution area.

Concurrent with its application for original water and wastewater certificates, the Utility also filed a petition for a temporary waiver of Rules 25-30.033(1)(p) and (q), Florida Administrative Code (F.A.C.), in order to bifurcate the certification and rate setting aspects of the case. The Florida Public Service Commission (Commission) granted Certificate Nos. 677-W and 577-S to

GPU to provide water and wastewater service in Sumter County, and granted its request for temporary rule waiver.¹ In the Order granting the waiver, the Commission required GPU to file a status update every six months from the date of the Order as to: (1) the status of the Utility's permitting with the Florida Department of Environmental Protection (DEP) and the SWFWMD, and (2) the anticipated date of the commencement of the Utility's operations.

On July 27, 2021, GPU filed an application for an amendment of its service territory to delete a portion of the territory that would be developed at a different pace than the remaining territory. This request for territory deletion was granted.² The territory that was deleted will serve two separate areas, one consisting of high-density commercial customers, and the other consisting of some commercial customers with mostly multi-family residential units. The remaining territory, to be served by GPU, will consist of single family age-restricted housing units. On April 25, 2022, Middleton Utility Company, LLC (Middleton) filed an application for original water and wastewater certificates to serve the territory deleted from GPU.³ Middleton and GPU have the same parent company, Holding Company of The Villages, Inc. Staff's recommendation regarding Middleton's application is scheduled to be presented at the December 6, 2022 Agenda Conference.

GPU filed the required status reports on May 24, 2021, November 10, 2021, February 17, 2022, and March 29, 2022. On April 19, 2022, GPU filed the supporting financial information required to establish rates and charges. This recommendation addresses the initial rates and charges for the Utility's water and wastewater services. The Commission has jurisdiction pursuant to Sections 367.031, 367.045, 367.081, 367.091 and 120.452, Florida Statutes (F.S.).

¹Order No. PSC-17-0059-PAA-WS, issued February 24, 2017, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*

²Order No. PSC-2022-0049-FOF-WS, issued January 31, 2022, in Docket No. 20210125-WS, *In re: Application for amendment of Certificate Nos. 677-W and 577-S to delete territory in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.*

³Docket No. 20220088-WS, *In re: Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC.*

Discussion of Issues

Issue 1: What are the appropriate water and wastewater rates and return on investment for Gibson Place Utility Company, LLC?

Recommendation: Staff recommends that the Commission make adjustments to the Utility's proposed rate base calculations and approve the resulting water and wastewater rates as calculated by staff and shown on Schedule Nos. 4-A and 4-B. The overall cost of capital should be 7.76 percent. A return on equity (ROE) of 7.84 percent with a range of plus or minus 100 basis points should also be approved. The approved rates should be effective for services 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 charge the approved rates until authorized to change them by the Commission in a subsequent proceeding. (Sewards, Hudson, Bethea)

Staff Analysis:

Projected Rate Base

Consistent with Commission practice in applications for original certificates, rate base is identified only as a tool to aid in setting initial rates and is not intended to formally establish rate base. Based on GPU's growth projections, the Utility anticipates operating at 80 percent of its design capacity in 2026. The Utility's proposed water and wastewater rate base calculations, as well as staff adjustments, are described below.

The Utility proposed plant in service balances of \$47,755,289 for water and \$111,533,582 for wastewater. On June 30, 2022, GPU filed in this docket an MFR Revised Schedule 5, and new Water Tariff sheet, reflecting the Utility's upcoming installation of mobile read water meters that are more expensive than those included in the original filing.⁴ Based on staff's calculations, water plant in service should be increased by \$5,659,222 to account for the updated water meter costs. Staff does not have any adjustments to GPU's proposed wastewater balances. Therefore, staff recommends a plant in service balance of \$53,414,511 for water and \$111,533,582 for wastewater.

The Utility proposed land balances of \$151,008 for water and \$1,617,500 for wastewater. Staff does not have any adjustments to GPU's proposed balances. Therefore, staff recommends a land balance of \$151,008 for water and \$1,617,500 for wastewater.

GPU proposed an accumulated depreciation balance of \$3,438,665 for water and \$12,114,001 for wastewater. Based on staff's calculations, accumulated depreciation for water should be increased by \$564,150 to account for the adjustment to plant in service discussed above. Staff does not have any adjustments for wastewater. As such, staff recommends an accumulated depreciation balance of \$4,002,815 for water and \$12,114,001 for wastewater.

In its filing, GPU proposed contributions in aid of construction (CIAC) balances of \$20,167,016 for water and \$45,442,029 for wastewater. As discussed further below, staff has recommended

⁴Document No. 04370-2022.

an adjustment to the plant capacity charges, as well as an updated meter installation charge that was not included in GPU's proposed CIAC calculation. As a result, staff recommends an adjustment to increase CIAC by \$5,352,043 for water and \$304,025 for wastewater. Based on these adjustments, staff recommends CIAC balances of \$25,519,059 for water and \$45,746,054 for wastewater.

The Utility proposed an accumulated amortization of CIAC balance of \$1,027,813 for water and \$3,285,601 for wastewater. As discussed further below, staff has recommended an adjustment to the plant capacity charges, as well as an updated meter installation charge that was not included in GPU's proposed CIAC calculation. Additionally, using the depreciation rates pursuant to Rule 25-30.140, F.A.C., staff has adjusted accumulated amortization of CIAC to reflect the use of the proper accounts in determining amortization rates for the plant capacity and main extension charges. As a result, staff recommends adjustments to increase accumulated amortization by \$1,509,405 for water, and \$2,795,268 for wastewater. Based on the adjustments above, staff recommends accumulated amortization of CIAC balances of \$2,537,218 for water and \$6,080,869 for wastewater.

GPU proposed a working capital allowance of \$120,158 for water and \$259,389 for wastewater based on the one-eighth of the estimated operation and maintenance (O&M) expenses methodology for each system. The Commission has previously allowed this methodology in original certificate cases as the O&M expenses are just an estimate.⁵ Staff does not have any adjustments to the Utility's proposed working capital allowance. Therefore, staff recommends a working capital allowance of \$120,158 for water and \$259,389 for wastewater.

In total, the Utility proposed a rate base of \$25,448,587 for water and \$59,140,042 for wastewater. Based on the adjustments discussed above, staff recommends that the rate base be increased by \$1,252,433 for water and \$2,491,242 for wastewater. As such, staff recommends an adjusted rate base of \$26,701,020 for water and \$61,631,284 for wastewater be approved. Rate base calculations for the water and wastewater systems are shown on Schedule Nos. 1-A and 1-B, respectively. Staff's adjustments are shown on Schedule No. 1-C.

Cost of Capital

GPU proposed an ROE of 7.88 percent, based on the leverage formula in effect at the time of filing. However, staff recommends the Utility's ROE be based on the current leverage formula in effect.⁶ Using the current leverage formula, staff recommends an ROE of 7.84 percent. As such, staff recommends an overall cost of capital of 7.76 percent. The appropriate ROE for GPU is 7.84 percent, with a range of plus or minus 100 basis points, as shown on Schedule No. 2.

Net Operating Income

The Utility projected net operating income (NOI) for the water and wastewater systems of \$1,982,444 and \$4,607,009, respectively. Based on the adjustments above, staff calculated an

⁵Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*, p. 4.

⁶Order No. PSC-2022-0208-PAA-WS, issued June 15, 2022, in Docket No. 20220006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity of water and wastewater utilities pursuant to Section 367.081 (4)(f), F.S.*

Date: ~~October 20, 2022~~ October 24, 2022

NOI of \$2,072,064 for water and \$4,782,736 for wastewater. The calculated NOI for the water and wastewater systems are shown on Schedule Nos. 3-A and 3-B, respectively.

Operation and Maintenance Expenses

GPU proposed total O&M expenses of \$961,268 for water and \$2,075,109 for wastewater. Staff believes no adjustments are necessary and therefore recommends O&M expenses of \$961,268 for water and \$2,075,109 for wastewater.

Net Depreciation Expense

The Utility reflected depreciation expense, net of CIAC amortization expense, of \$760,015 for water and \$2,653,855 for wastewater. Based on staff's adjustments to rate base, corresponding adjustments should be made to decrease net depreciation expense by \$196,474 for water and \$591,931 for wastewater. Additionally, GPU reflected amortization expense balance of \$10,681 for water and wastewater to reflect amortization of organization costs. Organization costs are typically recorded in Accounts 301 and 351 and amortized pursuant to Rule 25-30.140, F.A.C. As such, staff has reclassified organization costs for water and wastewater as depreciation expense. These adjustments result in net depreciation expense of \$563,541 ($\$760,015 - \$196,474 + \$10,681$) for water and \$2,061,924 ($\$2,653,855 - \$591,931 + \$10,681$) for wastewater.

Amortization Expense

The Utility reflected amortization expense balance of \$10,681 for water and wastewater to reflect amortization of organization costs. Organization costs are typically recorded in Accounts 301 and 351 and amortized pursuant to Rule 25-30.140, F.A.C. As such, staff has reclassified the organization costs for water and wastewater as depreciation expenses and included them in its calculation of net depreciation expense above.

Taxes Other Than Income

In its filing, GPU included taxes other than income (TOTI) expense of \$803,972 for water and \$1,832,839 for wastewater. GPU's calculation of proposed property tax expense for each system was based on the Sumter County millage rate from 2020. In addition, staff discovered the Utility's calculation of net plant for water was understated. Staff recalculated the property tax expense for each system using the most recent millage rate and net plant totals and recommends an adjustment be made to increase property tax expense by \$65,428 for water and decrease property tax expense by \$61,554 for wastewater. Staff also made a corresponding adjustment to decrease regulatory assessment fees (RAFs) by \$2,455 for water and \$23,015 for wastewater to reflect staff's recommended revenue requirement. Therefore, staff recommends a TOTI balance of \$866,945 for water and \$1,748,270 for wastewater.

Revenue Requirement

The Utility's projected revenues include O&M expenses, net depreciation expense, taxes other than income, as well as a return on investment. As a limited liability company, staff notes that GPU has no income tax expense. The Utility proposed revenue requirements for water and wastewater of \$4,518,380 and \$11,179,493 respectively. Staff recommends adjusted revenue requirements of \$4,463,817 for water and \$10,668,039 for wastewater to be used to set initial rates for service. The calculation of GPU's projected water and wastewater revenue requirements are shown on Schedule Nos. 3-A and 3-B, respectively. Staff's adjustments are shown on Schedule No. 3-C.

Rates and Rate Structure

Gibson structured its proposed rates in accordance with Rule 25-30.033(2), F.A.C., which requires that a base facility and usage rate structure, as defined in Rule 25-30.437(6), F.A.C., be utilized for metered service. The Utility's proposed rates were designed to generate the Utility's requested revenue requirements of \$4,518,380 for its water system and \$11,179,493 for its wastewater system.

Staff's recommended water rates on Schedule No. 4-A reflect staff's recommended revenue requirement of \$4,463,817 for the water system less projected miscellaneous revenues of \$69,904. Consistent with the Utility's proposed rate structure, staff recommends a traditional base facility charge (BFC) and gallonage charge rate structure with an additional gallonage charge for discretionary usage for residential water customers. Gibson proposed a discretionary threshold of 3,000 gallons for its residential water customers. The Utility proposed recovering 40 percent of the revenues through the BFC. Staff believes the Utility's proposed water rate structure is reasonable and consistent with the Commission's methodology in determining water rate structures.

Staff's recommended wastewater rates on Schedule No. 4-B reflect staff's recommended revenue requirement of \$10,668,039 for the wastewater system less projected miscellaneous revenues of \$69,904. The Utility's proposed wastewater rate structure consists of a BFC, gallonage charge, and gallonage cap of 10,000 gallons for residential customers. The Utility proposed recovering 50 percent of the revenues through the BFC. Staff believes the Utility's proposed wastewater rate structure is reasonable and consistent with the Commission's methodology in determining wastewater rate structures.

The Utility's proposed rates also include water and wastewater bulk service rates. The bulk service rates are for Middleton Utility Company, LLC (Middleton), an adjacent utility that plans to become certificated and purchase and resell water and wastewater treatment from Gibson.⁷ The Utility designed the bulk service rates based on common plant and expenses shared by Gibson and Middleton. The Utility included RAFs in the calculation of its proposed bulk service rates.

Section 367.145(1), F.S., states in part:

The Commission shall set by rule a regulatory assessment fee that each utility must pay once a year...the amount of the regulatory assessment fee shall not exceed 4.5 percent of the gross revenues of the utility derived from intrastate business, excluding sales for resale made to a regulated company. (emphasis added)

It is Commission practice to include an allowance for RAFs in a utility's rate calculation, thereby allowing the utility the opportunity to recover the expense through rates. If the Commission approves Middleton's application, it would be a regulated utility. As a result, pursuant to Section 367.145(1), F.S., Gibson cannot recover RAFs through the bulk rate it proposes to assess

⁷Docket No. 20220088-WS, *In re: Application for certificates to provide water and wastewater service and approval of initial rates and charges in Sumter County, by Middleton Utility Company, LLC*.

Date: ~~October 20, 2022~~ October 24, 2022

Middleton. Therefore, staff's recommended bulk service water and wastewater rates exclude an allowance for RAFs.

Gibson designed its bulk service water and wastewater rates based on the meter sizes that will provide service to Middleton. In accordance with the standards provided by the American Water Works Association (AWWA), which the Commission has historically accepted, an 8-inch meter is defined as 80 equivalent residential connections (ERCs) and a 12-inch meter is defined as 215 ERCs. Gibson plans to utilize three 8-inch meters and five 12-inch meters to serve Middleton, which equates to a total of 1,315 $[(3 \times 80) + (5 \times 215)]$ ERCs under AWWA standards. However, Middleton is proposing to provide services to 6,862 ERCs at build out, which is substantially more than the ERCs based on the meter sizes. This disparity between the calculation of the metered ERCs and the number of ERCs behind the meter of the bulk customer could result in subsidization of Middleton's customer base by Gibson's customer base. Because a bulk service rate based solely on the size of the meters would not accurately measure the demand placed upon the Utility's system by Middleton, staff believes Middleton should be billed based on the number of ERCs behind the meter. The Commission has previously found it appropriate to go behind the meter to bill for services.⁸

In order to equitably distribute cost among the customers to be served by Gibson, Middleton's ERCs, behind the meter, should be equated to an ERC in accordance with Gibson's defined ERC. Based on the demographics of Gibson's and Middleton's customer bases, Gibson proposed an ERC defined as 80 gallons per day (gpd) while Middleton proposed an ERC defined as 225 gpd. Middleton's proposed ERC is a factor of 2.8125 (225 gpd/80 gpd) more than Gibson's proposed ERC. Gibson's rates are designed at its 80 percent design capacity. When Gibson is at 80 percent design capacity, Middleton will be at approximately 18 percent design capacity and serving 1,108 ERCs. As a result, the appropriate number of ERCs to be used for Middleton in designing rates is 3,116 (1,108 ERCs x 2.8125).

Typically, when designing a bulk service rate using the number of connections behind the meter, the BFC is a lump sum of all of the appropriate ERCs behind the meter times the rate for the 5/8" x 3/4" meter size. Usually, in those instances, the connections are existing and active. With a lump sum BFC, based on all 3,116 ERCs, Middleton would be paying for all ERCs from the onset with not all connections having taken place. As a result, staff is recommending the bulk service rate for Middleton be billed on a per ERC basis rather than a lump sum rate for the 3,116 ERCs. The bulk service rate on a per ERC basis will make Middleton similarly situated as the other customer classes wherein Middleton will only be billed for an actual connection. In addition, it avoids Gibson collecting excessive revenues when fewer ERCs are being served than what a lump sum BFC would include.

⁸Order Nos. PSC-2020-0263-PAA-WS, issued July 27, 2020, in Docket No. 20190194-WS, *In re: Application for original water and wastewater certificates and approval of initial rates, charges and standard service agreements in Lee County, by CPI Citrus Park Utility TRS, L.L.C.*; PSC-2016-0525-PAA-WS, issued November 16, 2016, in Docket No. 20160030-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC.*; PSC-2007-0789-PAA-SU, issued September 27, 2007, in Docket No. 20070074-SU, *In re: Application for staff-assisted rate case in Okeechobee County by The Vantage Development Corporation*; and Order No. PSC-96-0596-FOF-WS, issued May 7, 1996, in Docket No. 950186-WS, *In re: Request for approval of new class of service to provide for bulk service in Citrus County by Rolling Oaks Utilities, Inc.*

Date: ~~October 20, 2022~~ October 24, 2022

In order to determine the per ERC bulk service rates for Middleton, Gibson provided a bulk service revenue requirement which isolated the common plant and expenses shared by Gibson and Middleton. Staff adjusted the revenue requirement consistent with adjustments to the overall Gibson revenue requirement and removed RAFs as stated previously. Staff used the ERCs for Gibson as well as the 3,116 factored ERCs for Middleton to determine the BFC for one Gibson ERC based on common plant and expenses. In turn, the BFC was then multiplied by 2.8125 to determine the per ERC rate to be billed for one ERC for Middleton. The Gibson rates for residential and general service customers were determined by removing the revenues that will be generated from Middleton from the overall revenue requirement. In future rate proceedings, Gibson will need to continue to provide a separate revenue requirement which distinguishes the common plant and expenses shared by Gibson and Middleton to design the bulk service rates for Middleton.

For billing purposes, Gibson has indicated it would be able to obtain the monthly ERCs for Middleton. In addition, if Middleton develops more quickly than projected, staff's proposed rate structure would account for the additional demand Middleton's customers have placed on Gibson's system. Further, if Gibson does not come in for a rate proceeding, staff's annual report surveillance will allow monitoring of the Utility's earning levels for potential overearnings in the event Middleton's development is faster than anticipated.

Conclusion

Staff recommends that the Commission make adjustments to the Utility's proposed rate base calculations and approve the resulting water and wastewater rates as calculated by staff and shown on Schedule Nos. 4-A and 4-B. The overall cost of capital should be 7.76 percent. A return on equity (ROE) of 7.84 percent with a range of plus or minus 100 basis points should also be approved. The approved rates should be effective for services 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 charge the approved rates until authorized to change them by the Commission in a subsequent proceeding.

Issue 2: What are the appropriate miscellaneous service charges for Gibson Place Utility Company, LLC?

Recommendation: The appropriate miscellaneous service charges are shown on Schedule No. 4-C and should be approved. The Utility should file revised tariff sheets to reflect the Commission-approved charges. The approved 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), F.A.C. Gibson should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding. (Bethea, Hudson)

Staff Analysis: Section 367.091, F.S., authorizes the Commission to establish miscellaneous service charges. Gibson's request was accompanied by its reason for requesting the charges as well as the cost justification required by Section 367.091(6), F.S. The purpose of these charges is to place the burden for requesting or causing these services on the cost causer rather than the general body of ratepayers.

Premises Visit and Violation Reconnection Charges

The Utility requested initial connection, normal reconnection, violation reconnection, and premise visit charges of \$46.05 during normal business hours. Additionally, Gibson requested that its violation reconnection charge for its wastewater system be actual cost pursuant to Rule 25-30.460(1)(c), F.A.C. It should be noted that Gibson's request for initial connection and normal reconnection charges do not conform to the miscellaneous service charges rule. Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.⁹ The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. Therefore, Gibson's proposed initial connection and normal reconnection charges are obsolete based on the revised rule.

The Utility's cost justification for its requested premises visit and water violation reconnection charge is shown below in Table 2-1. Staff believes the premises visit and water violation reconnection charges are reasonable and should be approved pursuant to Rule 25-30.460, F.A.C. Gibson's requested wastewater violation reconnection charge should be actual cost pursuant to Rule 25-30.460(1)(c), F.A.C.

Table 2-1
Premises Visit and Water Violation Reconnection Charge Cost Justification

Field Labor	\$34.92
Administrative Labor	\$11.13
Total	\$46.05

Source: Utility's Cost Justification

Late Payment Charge

The Utility requested a \$5.50 late payment charge to recover administrative and supply costs for processing late payment notices. The Utility's cost justification for its requested late payment

⁹ Order No. PSC-2021-0201-FOF-WS, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges*.

charge is shown below on Table 2-2. Staff believes the requested late payment charge is reasonable and should be approved.

Table 2-2
Late Payment Cost Justification

Labor	\$4.59
Supplies/Postage	\$.75
Mark Up for RAFs	.26
Calculated Total	\$5.60
Requested Charge	\$5.50

Source: Utility's Cost Justification

Nonsufficient Funds Charges (NSF)

The Utility requested NSF charges pursuant to Section 68.065, F.S. Staff believes that Gibson should be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed:

- 1) \$25, if the face value does not exceed \$50,
- 2) \$30, if the face value exceeds \$50 but does not exceed \$300,
- 3) \$40, if the face value exceeds \$300,
- 4) or 5 percent of the face amount of the check, whichever is greater.

The Utility's proposed and staff's recommended miscellaneous service charges are shown below in Tables 2-3 and 2-4.

Table 2-3
Utility Proposed Miscellaneous Service Charges

	Normal Hours	After Hours
Initial Connection Charge	\$46.05	N/A
Normal Reconnection Charge	\$46.05	N/A
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge	\$46.05	N/A
(in lieu of disconnection)		
Late Payment Charge	\$5.50	
NSF Charges	Pursuant to Section 68.065, F.S.	

Table 2-4
Staff Recommended Miscellaneous Service Charges

	Normal Hours	After Hours
Violation Reconnection Charge - Water	\$46.05	Actual Cost
Violation Reconnection Charge -Wastewater	Actual Cost	Actual Cost
Premises Visit Charge	\$46.05	N/A
Late Payment Charge	\$5.50	
NSF Charges	Pursuant to Section 68.065, F.S.	

The appropriate miscellaneous service charges are shown in Schedule No. 4-C and should be approved. The Utility should file revised tariff sheets to reflect the Commission-approved charges. The approved 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), F.A.C. Gibson should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 3: Should the meter tampering charge requested by Gibson Place Utility Company, LLC be approved?

Recommendation: Yes. The Utility's requested meter tampering charge of actual cost should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Gibson should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding. (Bethea, Hudson)

Staff Analysis: Rule 25-30.320(2)(i), F.A.C., provides that a customer's service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the Utility. In addition, Rule 25-30.320(2)(j), F.A.C., provides that a customer's service may be discontinued in the event of an unauthorized or fraudulent use of service. The rule allows Gibson to require the customer to reimburse the Utility for all changes in piping or equipment necessary to eliminate the illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service.

Based on the above, the Utility's requested meter tampering charge of actual cost should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Gibson should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding.

Issue 4: Should the Utility's request to implement a backflow prevention assembly testing charge be approved?

Recommendation: Yes. The Utility's requested backflow prevention assembly testing charge for general service customers at actual cost should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Gibson should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding. (Bethea, Hudson)

Staff Analysis: The Utility requested a backflow prevention assembly testing charge to recover the costs the Utility would incur for performing annual testing on behalf of non-compliant commercial customers. The DEP requires customers with cross-connections into the water system to install a backflow prevention assembly on the potable water line. In addition, the DEP requires that certain backflow prevention assemblies be field-tested at least once a year by a certified contractor. The residential customers of Gibson are not required to annually test their backflow prevention assembly devices because the type of assembly they will have, a double check valve, cannot be tested, but the DEP recommends it be replaced every five to ten years pursuant to Rule 62-555.360, F.A.C., and it is typically at the customer's expense.

It is the responsibility of the customer to annually test their backflow prevention assembly. The Utility would only administer this charge if a general service customer fails to test their backflow prevention device in accordance with the DEP requirements. This charge would be imposed after 30 days' notice to the customer and would include an estimate of the amount which will be charged. This noticing period will provide the customer a final opportunity to come into compliance before Gibson performs the necessary testing on the customer's behalf. The Utility is requesting this charge at actual cost in order to pass on the amount it will incur from a contractor performing the necessary testing. Staff believes the Utility's requested charge is reasonable and consistent with the Commission's approval of a backflow prevention assembly testing charge in a prior docket.¹⁰

Based on the above, the Utility's requested backflow prevention assembly testing charge for general service customers at actual cost should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Gibson should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding.

¹⁰ Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in South Sumter County by South Sumter Utility Company, LLC*.

Issue 5: Should the collection device cleaning charge requested by Gibson Place Utility Company, LLC be approved?

Recommendation: Yes. The Utility's requested collection device cleaning charge at actual cost for general service customers should be approved. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Gibson should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding. (Bethea, Hudson)

Staff Analysis: Gibson requested a collection device cleaning charge at actual cost for general service customers who fail to perform the required actions after receiving written notice from the Utility with an estimate of potential charges. Cleaning the collection device helps prevent damage and operational problems in the wastewater collection and treatment system by removing fats, oil, and grease (FOG) from the wastewater stream prior to it entering the collection system. Once FOG is introduced into the wastewater system, it then cools, solidifies, accumulates and restricts wastewater flow within the pipes. Restaurants are the most common type of general service customer to have higher concentrations of FOG in their discharged wastewater.

Gibson is requiring all customers with a grease interceptor be required to have a quarterly cleaning schedule, provide a cleaning manifest to the Utility, and perform any needed maintenance that has been identified by the customer's grease interceptor cleaning contractor. If a cleaning manifest is not received by the Utility on time or if necessary maintenance has not been performed, a reminder letter will be sent to the customer with an estimate of charges for cleaning the grease interceptor and giving the customer 15 days to come into compliance. If the customer fails to come into compliance by the notified deadline, the Utility will hire a contractor to perform the cleaning and the contractor's cost will be passed through to the general service customer at the actual cost to the Utility.

Staff believes the Utility's proposed collection device cleaning charge is a reasonable, proactive approach to avoid operational problems in the Utility's collection and treatment facilities. The Utility's request is consistent with Rule 20-30.225(6), F.A.C., which provides that Gibson may require that each customer be responsible for cleaning and maintaining sewer laterals to the point of delivery. Staff believes the Utility's requested charge is reasonable and consistent with the Commission's approval of a collection device cleaning charge in a prior docket.¹¹

Therefore, staff recommends the Utility's request to charge a collection device cleaning charge is reasonable and should be approved. This charge may be levied if circumstances are consistent with those discussed in this issue and will be set forth in the Utility's tariff. The approved charge should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charge until authorized to change it by the Commission in a subsequent proceeding.

¹¹ Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in South Sumter County by South Sumter Utility Company, LLC*.

Issue 6: Should the temporary meter deposit requested by Gibson Place Utility Company, LLC be approved?

Recommendation: Yes. The Utility's requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and should be approved. The approved deposit should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Gibson should be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by the Commission in a subsequent proceeding. (Bethea, Hudson)

Staff Analysis: Gibson requested a temporary meter deposit for general service customers consistent with Rules 25-30.315 and 25-30.345, F.A.C., which allows the Utility to charge an applicant a reasonable charge to defray the costs of installing and removing facilities and materials for temporary service. This deposit would be collected from commercial entities requesting a temporary meter for construction activities. Once temporary meter service is terminated, Gibson will credit the customer with the reasonable salvage value of the service facilities and materials consistent with Rules 25-30.315 and 25-30.345, F.A.C.

Based on the above, the Utility's requested temporary meter deposit for general service customers at actual cost pursuant to Rules 25-30.315 and 25-30.345, F.A.C., is reasonable and should be approved. The approved deposit should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Gibson should be required to collect the approved deposit, which covers the anticipated costs of installing and removing facilities and materials for temporary service, until authorized to change it by the Commission in a subsequent proceeding.

Issue 7: Should the Utility's requested initial customer deposits be approved?

Recommendation: No. The appropriate initial customer deposits are \$61 for water and \$138 for wastewater service for the residential 5/8" x 3/4" 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 bill. The approved customer deposits should be effective for service rendered on or after the stamped approval date on the tariff 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. (Bethea)

Staff Analysis: Rule 25-30.311, F.A.C., contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each company's tariff shall contain its specific criteria for determining the amount of initial deposits. The Utility requested initial customer deposits of \$55.76 for water and \$129.56 for wastewater for the residential 5/8" x 3/4" meter sizes and two times the average estimated monthly bill for all others. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of rate payers. In addition, collection of customer deposits is consistent with one of the fundamental principles of rate making which ensures that the cost of providing service is recovered from the cost causer.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the Utility's collection of the revenues associated with that usage. Commission practice has been to set initial customer deposits equal to two months bills based on the average consumption for a 12-month period for each class of customers. Staff reviewed the projected billing data provided in Gibson's application and determined that the anticipated average residential usage will be approximately 2,430 gallons per month for both water and wastewater. Consequently, the average residential monthly bill will be approximately \$30.21 for water and \$68.82 for wastewater service, based on staff's recommended rates.

Based on the above, the appropriate initial customer deposits are \$61 for water and \$138 for wastewater service 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 customer deposits should be effective for service rendered on or after the stamped approval date on the tariff 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 8: What are the appropriate service availability charges for Gibson Place Utility Company, LLC?

Recommendation: The appropriate service availability charges are a meter installation charge of \$571.50 for the residential 5/8" x 3/4" meter size and actual cost for all other residential and general service meter sizes. The main extension charge of \$823 per ERC and plant capacity charge of \$401 per ERC for the Utility's water system should be approved. Additionally, the plant capacity charges for Gibson should be \$401 for water and \$1,183 for wastewater. For Middleton, plant capacity charges should be \$1,128 for water and \$3,327 for wastewater. The recommended main extension and plant capacity charges should be based on an estimated 80 gallons per day (gpd) of water demand. The approved charges should be effective for connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding. (Bethea, Hudson)

Staff Analysis: Gibson requested a meter installation charge of \$571.50 for 5/8" x 3/4" meters and actual cost for all other meter sizes, plant capacity charge of \$928 per ERC, and a main extension charge of \$823 per ERC for its water system. Additionally, the Utility requested a main extension charge of \$1,130 per ERC and a plant capacity charge of \$2,737 per ERC for its wastewater system. Gibson's service availability charges anticipate providing bulk service to Middleton. Gibson will be providing service to only its customers and Middleton, the bulk service customer. The Utility proposed that only the plant capacity charge be applicable to Middleton and not the main extension charge because Middleton will have its own internal distribution system. Further, according to the Utility, the requested charges are in compliance with Rule 25-30.580, F.A.C., in that at design capacity the CIAC will not be in excess of 75 percent, and will not be less than the percentage of facilities and plant represented by the distribution and collection systems.

Rule 25-30.580(1)(a), F.A.C., provides that the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the Utility's facilities and plant when the facilities and plant are at their design capacity. The maximum guideline is designed to ensure that the Utility retains an investment in the system. Rule 25-30.580(1)(b), F.A.C., provides that the minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the distribution and collection systems.

Meter Installation Charges

Gibson is requesting approval of a meter installation charge of \$571.50 for 5/8" x 3/4" meters. All other meter sizes will be installed at the Utility's actual cost. The Utility's proposed meter installation charge of \$571.50 is based on the estimated cost to install remote read water meters and the required backflow prevention device for the 5/8" x 3/4" meter size. Staff recommends the meter installation charges are reasonable and should be approved.

Main Extension Charges

The main extension charge is designed to allow customers to pay their pro rata share of the cost of the water distribution and wastewater collection systems, which is installed by the Utility. The Utility's main extension charge was designed based on the meter size ERCs for its service area.

Typically, the Commission approves main extension charges based on the average cost of the distribution and collection systems and the anticipated capacity in ERCs. The Utility's methodology is consistent with the manner in which the Commission develops main extension charges. Therefore, the Utility's requested charges of \$823 for water and \$1,131 for wastewater should be approved.

Plant Capacity Charges

A plant capacity charge allows the Utility to recover each customer's pro rata share of the cost of treatment facilities and stay within the guidelines prescribed in Rule 25-30.580, F.A.C., which provides minimum and maximum guidelines for designing service availability charges. The Utility proposed plant capacity charges of \$928 for water and \$2,737 for wastewater, which result in contribution levels of 46.63 percent for water and 46.20 percent for wastewater. Gibson's plant capacity charges were designed based on the meter size ERCs for both Gibson and Middleton.

Typically, the Commission approves plant capacity charges based on the average cost of the water and wastewater treatment facilities and the anticipated capacity in ERCs. Gibson's plant will serve only its customers and the customers of Middleton. The Utility designed its plant capacity charge on 13,693 ERCs, which represents 12,378 ERCs for Gibson and 1,315 ERCs for Middleton. As discussed in Issue 1, Middleton's ERCs should be accounted for behind the meter. Middleton plans to serve 6,862 ERCs. Consistent with the rates, the Middleton, ERC should be factored to equate to an ERC of Gibson. The appropriate ERCs for Middleton are 19,300 (6,862 ERCs x 2.8125). The total ERCs for designing the plant capacity charge should be 31,678 (12,378 + 19,300). As a result, staff recommends Gibson's plant capacity charges of \$401 for water and \$1,183 for wastewater. For Middleton, Gibson's plant capacity charges should be multiplied by 2.8125 resulting in plant capacity charges of \$1,128 for water and \$3,327 for wastewater.

Staff's recommended main extension and plant capacity charges result in projected contribution levels of 46.22 percent for water and 46.20 percent for wastewater, which is similar to the contribution levels proposed by the Utility. Staff believes this is consistent with Rule 25-30.580, F.A.C., and will allow Gibson to maintain an appropriate level of investment in its system. Table ~~3-1~~ 8-1 below displays the Utility's proposed and staff's recommended service availability charges for its water and wastewater systems.

Table 8-1
Service Availability Charges

Charge	Utility Proposed		Staff Recommended	
	Water	Wastewater	Water	Wastewater
Meter Installation Charge	\$571.50	N/A	\$571.50	N/A
Main Extension Charge – Gibson only ERC = 80 gpd	\$823	\$1,130	\$823	\$1,131
Plant Capacity Charge – Gibson ERC = 80 gpd	\$928	\$2,737	\$401	\$1,183
Plant Capacity Charge - Middleton ERC = 225 gpd	N/A	N/A	\$1,128	\$3,327

Source: Utility's Cost Justification and Staff Calculations

Based on the above, the appropriate service availability charges are a meter installation charge of \$571.50 for the residential 5/8" x 3/4" inch meter size and actual cost for all other residential and general service meter sizes. The main extension charge of \$823 per ERC and plant capacity charge of \$401 per ERC for the Utility's water system should be approved. Additionally, a main extension charge of \$1,131 per ERC and a plant capacity charge of \$1,183 per ERC for the Utility's wastewater system should be approved. The recommended main extension and plant capacity charges should be based on an estimated 80 gpd of water demand. The approved charges should be effective for connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

Conclusion

Based on the above, the appropriate service availability charges are a meter installation charge of \$571.50 for the residential 5/8" x 3/4" meter size and actual cost for all other residential and general service meter sizes. The main extension charge of \$823 per ERC and plant capacity charge of \$401 per ERC for the Utility's water system should be approved. Additionally, staff recommends Gibson's plant capacity charges should be \$401 for water and \$1,183 for wastewater. For Middleton, Gibson's plant capacity charges should be multiplied by 2.8125 resulting in plant capacity charges of \$1,128 for water and \$3,327 for wastewater. The recommended main extension and plant capacity charges should be based on an estimated 80 gpd of water demand. The approved charges should be effective for connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 9: 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. Once these actions are complete, this docket should be closed administratively. (Stiller)

Staff Analysis: 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. Once these actions are complete, this docket should be closed administratively.

Date: ~~October 20, 2022~~ October 24, 2022

Gibson Place Utilities, LLC		Schedule No. 1-A	
Schedule of Water Rate Base		20200185-WS	
80% Design Capacity			
Description	Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$47,755,289	\$5,659,222	\$53,414,511
2 Land and Land Rights	151,008	0	151,008
3 Accumulated Depreciation	(3,438,665)	(564,150)	(4,002,815)
4 CIAC	(20,167,016)	(5,352,043)	(25,519,059)
5 Amortization of CIAC	1,027,813	1,509,405	2,537,518
6 Working Capital Allowance	<u>120,158</u>	<u>0</u>	<u>120,158</u>
7 Rate Base	<u>\$25,448,587</u>	<u>\$1,252,433</u>	<u>\$26,701,020</u>

Date: ~~October 20, 2022~~ October 24, 2022

Gibson Place Utilities, LLC		Schedule No. 1-B	
Schedule of Wastewater Rate Base		20200185-WS	
80% Design Capacity			
Description	Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$111,533,582	\$0	\$111,533,582
2 Land and Land Rights	1,617,500	0	1,617,500
3 Accumulated Depreciation	(12,114,001)	0	(12,114,001)
4 CIAC	(45,442,029)	(304,025)	(45,746,054)
5 Amortization of CIAC	3,285,601	2,795,268	6,080,869
6 Working Capital Allowance	<u>259,389</u>	<u>0</u>	<u>259,389</u>
7 Rate Base	<u>\$59,140,042</u>	<u>\$2,491,242</u>	<u>\$61,631,284</u>

Gibson Place Utilities, LLC Adjustments to Rate Base 80% Design Capacity		Schedule No. 1-C 20200185-WS	
Explanation	Water	Wastewater	
Plant In Service			
To reflect appropriate levels of plant in service	<u>\$5,659,222</u>	<u>\$0</u>	
Accumulated Depreciation			
To reflect appropriate level of accumulated depreciation.	<u>(\$564,150)</u>	<u>\$0</u>	
CIAC			
To reflect appropriate level of CIAC.	<u>\$5,352,043</u>	<u>\$304,025</u>	
Accumulated Amortization of CIAC			
To reflect appropriate level of accumulated amortization of CIAC.	<u>\$1,509,405</u>	<u>\$2,795,268</u>	

Date: ~~October 20, 2022~~ October 24, 2022
Gibson Place Utilities, LLC
Capital Structure
80% Design Capacity
Schedule No. 2
20200185-WS

Description	Total Capital	Subtotal Adjusted Capital	Pro rata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
Per Staff							
1 Long-term Debt	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	0	0	0	0	0.00%	0.00%	0.00%
3 Preferred Stock	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	83,382,247	83,382,247	3,743,675	87,125,922	98.63%	7.84%	7.73%
5 Customer Deposits	1,206,383	1,206,383	0	1,206,383	1.37%	2.00%	0.03%
6 Tax Credits-Zero Cost	0	0	0	0	0.00%	0.00%	0.00%
7 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
8 Total Capital	<u>\$84,588,630</u>	<u>\$84,588,630</u>	<u>\$3,743,675</u>	<u>\$88,332,305</u>	<u>100.00%</u>		<u>7.76%</u>
					<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY					<u>6.84%</u>	<u>8.84%</u>	
OVERALL RATE OF RETURN					<u>6.77%</u>	<u>8.75%</u>	

Gibson Place Utilities, LLC					Schedule No. 3-A	
Statement of Water Operations					20200185-WS	
80% of Design Capacity						
Description		Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1	Operating Revenues:	<u>\$4,518,380</u>	<u>\$0</u>	<u>\$4,518,380</u>	<u>(\$54,563)</u> -1.21%	<u>\$4,463,817</u>
Operating Expenses						
2	Operation & Maintenance	\$961,268	0	\$961,268		\$961,268
3	Net Depreciation	760,015	(196,474)	563,541		563,541
4	Amortization	10,681	(10,681)	0		0
5	Taxes Other Than Income	803,972	65,428	869,400	(2,455)	866,945
6	Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7	Total Operating Expense	<u>2,535,936</u>	<u>(141,727)</u>	<u>2,394,209</u>	<u>(2,455)</u>	<u>2,391,754</u>
8	Operating Income	<u>\$1,982,444</u>	<u>\$141,727</u>	<u>\$2,124,171</u>	<u>(\$52,107)</u>	<u>\$2,072,064</u>
9	Rate Base	<u>\$25,448,587</u>		<u>\$26,701,020</u>		<u>\$26,701,020</u>
10	Rate of Return	<u>7.79%</u>		<u>7.96%</u>		<u>7.76%</u>

Gibson Place Utilities, LLC Statement of Wastewater Operations 80% of Design Capacity					Schedule No. 3-B 20200185-WS	
	Description	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1	Operating Revenues:	<u>\$11,179,493</u>	<u>\$0</u>	<u>\$11,179,493</u>	<u>(\$511,454)</u> -4.57%	<u>\$10,668,039</u>
	Operating Expenses					
2	Operation & Maintenance	\$2,075,109	\$0	\$2,075,109		\$2,075,109
3	Depreciation	2,653,855	(591,931)	2,061,924		2,061,924
4	Amortization	10,681	(10,681)	0		0
5	Taxes Other Than Income	1,832,839	(61,554)	1,771,285	(23,015)	1,748,270
6	Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
7	Total Operating Expense	<u>6,572,484</u>	<u>(664,166)</u>	<u>5,908,318</u>	<u>(23,015)</u>	<u>5,885,302</u>
8	Operating Income	<u>\$4,607,009</u>	<u>\$664,166</u>	<u>\$5,271,175</u>	<u>(\$488,439)</u>	<u>\$4,782,736</u>
9	Rate Base	<u>\$59,140,042</u>		<u>\$61,631,284</u>		<u>\$61,631,284</u>
10	Rate of Return	<u>7.79%</u>		<u>8.55%</u>		<u>7.76%</u>

Date: ~~October 20, 2022~~ October 24, 2022

Gibson Place Utilities, LLC		Schedule No. 3-C	
Adjustments to Operating Income		20200185-WS	
80% Design Capacity			
Explanation	Water	Wastewater	
Depreciation Expense - Net			
1 To reflect correct amortization rate for CIAC.	(\$207,155)	(\$602,612)	
2 To reclassify CIAC amortization expense to depreciation expense.	<u>10,681</u>	<u>10,681</u>	
Total	<u>(\$196,474)</u>	<u>(\$591,931)</u>	
Amortization-Other Expense			
To reclassify amortization expense to net depreciation expense.	<u>(\$10,681)</u>	<u>(\$10,681)</u>	
Taxes Other Than Income			
To reflect the appropriate amount of property taxes.	<u>\$65,428</u>	<u>(\$61,554)</u>	

Date: ~~October 20, 2022~~ October 24, 2022

GIBSON PLACE UTILITIES, LLC MONTHLY WATER RATES		SCHEDULE NO. 4-A DOCKET NO. 20200185-WS
	UTILITY REQUESTED RATES	STAFF RECOMMENDED RATES
<u>Residential and General Service</u>		
Base Facility Charge by Meter Size		
5/8" X 3/4"	\$14.11	\$14.37
3/4"	\$21.17	\$21.56
1"	\$35.28	\$35.93
1-1/2" Turbine	\$70.55	\$71.85
2" Turbine	\$112.88	\$114.96
3" Turbine	\$246.93	\$251.48
Charge per 1,000 gallons- Residential Service		
0-3,000 gallons	\$5.44	\$6.52
Over 3,000 gallons	\$6.80	\$8.15
Charge per 1,000 gallons- General Service	\$5.65	\$6.78
<u>Bulk Service</u>		
Base Facility Charge by Meter Size		
8"	\$520.33	N/A
12"	\$1,398.12	N/A
Base Facility Charge (Per ERC behind the meter)	N/A	\$13.25
Charge per 1,000 gallons - Bulk Service	\$1.57	\$2.74
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>		
3,000 Gallons	\$30.43	\$33.93
6,000 Gallons	\$50.83	\$58.38
10,000 Gallons	\$78.03	\$90.98

Date: ~~October 20, 2022~~ October 24, 2022

GIBSON PLACE UTILITIES, LLC MONTHLY WASTEWATER RATES		SCHEDULE NO. 4-B DOCKET NO. 20200185-WS
	UTILITY REQUESTED RATES	STAFF RECOMMENDED RATES
<u>Residential Service</u>		
Base Facility Charge- All Meter Sizes	\$43.75	\$41.97
Charge per 1,000 gallons- Residential 10,000 gallon cap	\$8.66	\$11.05
<u>General Service</u>		
Base Facility Charge by Meter Size		
5/8" X 3/4"	\$43.75	\$41.97
3/4"	\$65.63	\$62.96
1"	\$109.38	\$104.93
1-1/2" Turbine	\$218.77	\$209.85
2" Turbine	\$350.03	\$335.76
3" Turbine	\$765.69	\$734.48
Charge per 1,000 gallons - General Service	\$10.39	\$13.26
<u>Bulk Service</u>		
Base Facility Charge by Meter Size		
8"	\$2,607.60	N/A
12"	\$7,007.92	N/A
Base Facility Charge (Per ERC behind the meter)		\$70.76
Charge per 1,000 gallons - Bulk Service	\$6.09	\$10.47
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>		
3,000 Gallons	\$69.73	\$75.12
6,000 Gallons	\$95.71	\$108.27
10,000 Gallons	\$130.35	\$152.47

Gibson Place Utilities, LLC**Staff Recommended Miscellaneous Service Charges**

	Normal Hours	After Hours
Violation Reconnection Charge - Water	\$46.05	Actual Cost
Violation Reconnection Charge -Wastewater	Actual Cost	Actual Cost
Premises Visit Charge	\$46.05	N/A
Late Payment Charge		\$5.50
NSF Charges	Pursuant to Section 68.065, F.S.	

Item 6

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Lewis, Maloy, Ramos) *TB*
Office of the General Counsel (J. Crawford) *JSC*

RE: Docket No. 20220092-WS – Notice of abandonment of water and wastewater systems in Charlotte County by Sun River Utilities, Inc.

AGENDA: 11/01/22 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Sun River Utilities, Inc. (Sun River or Utility) is a Class C water and wastewater utility located in Charlotte and Desoto counties in the Southern Water Use Caution Area of the Southwest Florida Water Management District. The Utility serves approximately 61 residential water and wastewater customers. The Utility's 2021 Annual Report indicates that the Utility had total gross revenues of \$29,768 and a net operating loss of \$22,925.

The Utility has been operating in Charlotte County since 1982 and was granted its water and wastewater certificates (611-W and 527-S) by the Commission in 1999, as Hunter Creek

Utilities, LLC (Hunter Creek).¹ The Utility was subsequently transferred from Hunter Creek to MSM Utilities, LLC in 2004 and then transferred to Sun River in 2007.²

On September 25, 2007, Charlotte County adopted a resolution rescinding the Commission's jurisdiction, which the Commission acknowledged in Order No. PSC-07-0984-FOF-WS. However, in 2008 Sun River filed an application for original certificates to provide service in Charlotte and DeSoto Counties, pursuant to 367.171(7), Florida Statutes (F.S.), since the Utility's services now transverse county boundaries.³ Subsequently, the Commission granted Certificate Nos. 646-W and 554-S to Sun River in 2009.⁴ On December 10, 2015, Sun River filed a 60 day notice of its intent to abandon the Utility due to financial hardships associated with Utility operations. On February 5, 2016, Sun River rescinded its notice of abandonment, because the Utility was sold to North Charlotte Waterworks, Inc. (North Charlotte). North Charlotte filed an application for transfer of the Utility's systems and certificates.⁵ However, unlike previous owners, North Charlotte could not obtain adequate ownership or rights to continued use of the land upon which the treatment facilities are located, as required by Section 367.1213, F.S. Therefore, on December 23, 2020, North Charlotte and Sun River filed a joint notice of intent to abandon the water and wastewater systems effective April 30, 2021.⁶

Charlotte County filed a Petition for Appointment of Receiver with the Circuit Court of the Twentieth Judicial Circuit in and for Charlotte County (Circuit Court). The Circuit Court issued an Order in Case No. 21-0148CA, on April 30, 2021, in which it declared the Utility abandoned and appointed Michael Smallridge as receiver of the water and wastewater systems. On August 23, 2021, the Commission acknowledged the joint abandonment of the Utility and the appointment of Michael Smallridge as the Utility's receiver.⁷

On May 9, 2022, Michael Smallridge filed a notice of intent to abandon the water and wastewater systems effective July 18, 2022, on behalf of Sun River. Like North Charlotte, he was also unable to obtain adequate ownership or rights to the continued use of the land upon which the treatment facilities are located. On July 12, 2022, the Commission received notice from the Circuit Court of the appointment of CSWR - Florida Utility Operating Company, LLC (CSWR) as the receiver for Sun River, effective July 18, 2022.⁸ The purpose of this

¹Order No. PSC-99-0756-FOF-WS, issued April 19, 1999, in Docket No. 19980731-WS, *In re: Application for certificate to provide water and wastewater service in Charlotte County by Hunter Creek Utilities, LLC*.

²Order Nos. PSC-05-0147-PAA-WS, issued February 7, 2005, in Docket No. 20031042-WS, *In re: Application for transfer of Certificate Nos. 611-W and 527-S in Charlotte County from Hunter Creek Utilities, LLC to MSM Utilities, LLC, in Charlotte County* and PSC-07-0163-FOF-WS, issued February 23, 2007, in Docket No. 20060820-WS, *In re: Application for transfer of majority organizational control and Certificate Nos. 611-W and 527-S of MSM Utilities, LLC in Charlotte County to Sun River Utilities, Inc.*

³Docket No. 20080272-WS

⁴Order No. PSC-09-0609-FOF-WS, issued September 8, 2009, in Docket No. 20080272-WS, *In re: Application for certificates to provide water and wastewater service in Charlotte and DeSoto Counties by Sun River Utilities, Inc.*

⁵Document No. 01342-2016, filed on March 14, 2016.

⁶Document No. 13752-2020, filed on December 24, 2020.

⁷Order No. PSC-2021-0316-FOF-WS, issued August 23, 2021, in Docket No. 20210038-WS. *In re: Joint notice of abandonment of water and wastewater systems in Charlotte and DeSoto Counties by Sun River Utilities, Inc. and North Charlotte Waterworks, Inc.*

⁸Document No. 04678-2022 filed July 12, 2022.

Docket No. 20220092-WS

Date: October 20, 2022

recommendation is to acknowledge the abandonment by Sun River and the appointment of the receiver. The Commission has jurisdiction pursuant to Section 367.165, F.S.

Date: October 20, 2022

Discussion of Issues

Issue 1: Should the Commission acknowledge the notice of abandonment by Sun River Utilities, Inc., and the appointment of CSWR as receiver?

Recommendation: Yes. The Commission should acknowledge the notice of abandonment by Sun River and the appointment of CSWR as receiver? (Lewis, J. Crawford)

Staff Analysis: Section 367.165(1), F.S., requires that a utility's owner or operator provide 60 days' notice to the county or counties in which the utility is located and to the Commission prior to abandonment of the utility. Failure to provide such notice constitutes a misdemeanor of the first degree, according to the Statute. By letter dated May 9, 2022, Michael Smallridge, on behalf of Sun River, provided Charlotte County and this Commission 70 days' notice of its intent to abandon the Utility's water and wastewater systems as of July 18, 2022.

On May 25, 2022, Charlotte County filed a Motion requesting that the Circuit Court either direct Michael Smallridge to continue operating the Utility or appoint a receiver. Section 367.165(2), F.S., allows a receiver to be the governing body of a political subdivision, such as a county or any other person deemed appropriate. The receiver is responsible for operating the utility from the date of abandonment until the receiver disposes of the property of the utility in a manner designed to continue the efficient and effective operation of utility service. By Order dated July 8, 2022, the Circuit Court acknowledged the County's Motion and appointed CSWR as receiver of the Utility effective July 18, 2022. CSWR accepted that responsibility and began operating the Utility on that date.

The Circuit Court's Order gave CSWR the responsibility and authority to operate, maintain, and improve the system; apply for permits and interact with state agencies involving system operation; collect charges for service; pay expenses; discontinue operation or dispose of land, facilities, and assets to satisfy all outstanding obligations of the Utility, subject to court approval; and, do all things reasonably required to operate and maintain the system as a viable system. In addition, the Order requires an annual report be filed with the Circuit Court regarding the financial and operational status of the system.

In accordance with Rule 25-30.090(3), Florida Administrative Code, within 10 days of the appointment of a receiver by the Circuit Court, the receiver shall request from the Commission a copy of the utility's tariff and most recent annual report. A copy of the Utility's tariff and 2021 Annual Report have been sent to CSWR. Further, the Utility is up to date on its regulatory assessment fees.

In consideration of the foregoing, staff recommends that the Commission acknowledge Sun River's notice of abandonment, pursuant to Section 367.165, F.S., and acknowledge the appointment of CSWR as the Utility's receiver as of July 18, 2022. Any further disposition regarding the Utility will be addressed in a separate docket.

Date: October 20, 2022

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed, as no further action is necessary. (J. Crawford)

Staff Analysis: If the Commission approves staff's recommendation in Issue 1, there are no outstanding issues to be addressed, and the docket can be closed.

Item 7

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Kunkler, Draper, Hampson) *JGH*
Division of Accounting and Finance (Gatlin, Norris) *ALM*
Office of the General Counsel (Dose, Crawford) *JSC*

RE: Docket No. 20220161-EI – Petition to adjust clean energy transition mechanism to reflect revised authorized return on equity, by Tampa Electric Company.

AGENDA: 11/01/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/15/22 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 16, 2022, Tampa Electric Company (TECO or Company) filed a petition to adjust the Clean Energy Transition Mechanism (CETM) revenue requirement established in Paragraph 5 of the 2021 Stipulation and Settlement Agreement (2021 Agreement). The Commission previously approved the 2021 Agreement in Order No. PSC-2021-0423-S-EI.¹ Paragraph 5 of the 2021 Agreement provides for initial CETM charges, or rates, to recover an annual revenue requirement of \$68,550,000, effective January 1, 2022. Per the 2021 Agreement, the CETM is a levelized annual recovery amount that extends through 2036, and is subject to periodic factor updates (every three years) as well as adjustments to account for all rate of return adjustments (i.e. resets to the Company's mid-point return on equity) and corporate income tax rate changes.

¹Order No. PSC-2021-0423-S-EI, issued November 10, 2021, in Docket No. 20210034-EI, *In re: Petition for rate increase by Tampa Electric Company*.

The CETM is made up of two cost categories. The first category includes Big Bend Units One, Two, and Three retirements, as well as the Company's dismantlement reserve deficiency for the Big Bend Assets. The second category includes costs associated with Automated Meter Reading (AMR) meter retirements. All such costs were identified in testimony and minimum filing requirements (MFRs) in Docket No. 20210034-EI.

In the instant petition, TECO requests that the Commission increase the CETM to \$69,168,529, and approve revised customer rates resulting from this change effective January 1, 2023. Such rates are reflected in the proposed revisions to the Company's tariff page submitted with its Petition, and included as Attachment A to the recommendation. Consistent with Subparagraph 5(f) of the 2021 Agreement, TECO seeks this increase in order to reflect TECO's Revised Authorized Return on Equity (ROE) mid-point of 10.20 percent effective July 1, 2022, as approved in Order No. PSC-2022-0322-FOF-EI.²

The Commission has jurisdiction over this matter pursuant to Sections 366.06 and 366.076, Florida Statutes (F.S.).

²Order No. PSC-2022-0322-FOF-EI, issued September 12, 2022, in Docket No. 20220122-EI, *In re: Petition for limited proceeding rate increase to implement return on equity provisions in 2021 agreement, by Tampa Electric Company*.

Date: October 20, 2022

Discussion of Issues

Issue 1: Should the Commission approve the updated Clean Energy Transmission Mechanism (CETM) amount of \$69,168,529?

Recommendation: Yes, the updated 2023 CETM amount of \$69,168,529 should be approved. (Norris, Gatlin)

Staff Analysis: Subparagraphs 5(a) and 5(c) of the 2021 Agreement provided that TECO transfer retiring AMR assets and certain retiring Big Bend assets into regulatory asset accounts and recover the costs of those assets from customers using a levelized CETM tariff with a revenue requirement of \$68,550,000 effective with the first billing cycle in January 2022.³ TECO is required to update CETM factors periodically beginning in 2024 and every three years thereafter until the 15-year CETM period expires as stated in subparagraph 5(d). However, in subparagraph 5(f), TECO is required to adjust CETM factors to reflect changes to the Company's updated overall rate of return, including, but not limited to, operation of the ROE Trigger mechanism.

As memorialized in Order No. PSC-2022-0322-FOF-EI, the Commission approved TECO's petition to implement the ROE Trigger provisions of subparagraph 2(b) of the 2021 Agreement following an evidentiary hearing on August 16, 2022.⁴ As a result, the Company's authorized ROE mid-point was increased by 25 basis points from 9.95 percent to 10.20 percent, effective as of July 1, 2022, for all regulatory purposes. In its petition to implement the 2023 CETM, TECO provided a calculation adjusting the CETM revenue requirement amount to \$69,168,529 to reflect the Company's 10.20 percent authorized ROE mid-point. Staff reviewed the Company's calculations and recommends the updated amount be approved.

³Order No. PSC-2021-0423-S-EI.

⁴Order No. PSC-2022-0322-FOF-EI, issued September 12, 2022, in Docket No. 20220122-EI, *In re: Petition for limited proceeding rate increase to implement return on equity provisions in 2021 agreement, by Tampa Electric Company*.

Date: October 20, 2022

Issue 2: Should the Commission approve TECO's revised CETM rates and tariff, effective with the first billing cycle of January 2023?

Recommendation: Yes, the Commission should approve TECO's revised CETM rates and tariff, as shown in Attachment A to the recommendation, effective with the first billing cycle of January 2023. (Draper, Hampson, Kunkler)

Staff Analysis: TECO's petition included proposed Fourth Revised Tariff Sheet No. 6.025 (Exhibits 5 and 6 to the petition), the allocation of the updated CETM amount of \$69.17 million to the rate classes, (Exhibit 3 to the petition), and the updated CETM factor calculations (Exhibit 4 to the petition).

As required by the 2021 Agreement, the allocations of the updated CETM amount to the rate classes are the same used in the initial CETM calculations. Accordingly, each rate class receives an increase in the allocated CETM revenue requirement. However, the residential CETM rate decreases from 0.441 cents per kilowatt-hour (kWh) to 0.430 cents per kWh. Actual revenues collected from the residential rate class exceeded projected revenues when the CETM rate was first calculated, requiring a downward adjustment to the residential CETM rate.

Staff confirmed that the billing determinants used to calculate the proposed CETM factors are consistent with the billing determinants in TECO's most recent Energy Conservation Cost Recovery Clause (ECCR) filing, and are in compliance with the 2021 Settlement Agreement. TECO's most current ECCR filing, in Docket No. 20220002-EI, was filed on August 5, 2022.⁵

Staff has reviewed TECO's tariff sheets and supporting documentation. The calculations are accurate. The Commission should approve TECO's revised CETM rates and tariff, as shown in Attachment A to the recommendation, effective with the first billing cycle of January 2023.

⁵Document No. 05237-2022, filed August 5, 2022, in Docket No. 20220002-EI, *In re: Energy Conservation Cost Recovery Clause*.

Date: October 20, 2022

Issue 3: Should this docket be closed?

Recommendation: If a protest is filed within 21 days of the 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, this docket should be closed upon the issuance of a consummating order. (Dose)

Staff Analysis: If a protest is filed within 21 days of the 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, this docket should be closed upon the issuance of a consummating order.

TAMPA ELECTRIC COMPANY
CETM UPDATE
EXHIBIT 5
PAGE 1 OF 1
FILED: SEPTEMBER 16, 2022



FOURTH REVISED SHEET NO. 6.025
CANCELS THIRD REVISED SHEET NO. 6.025

CLEAN ENERGY TRANSITION MECHANISM					
Rate Schedules		Energy Rate ¢/kWh			
		Rates			
RS (up to 1,000 kWh)		0.430			
RS (over to 1,000 kWh)		0.430			
RSVP-1	(P1)	0.430			
	(P2)	0.430			
	(P3)	0.430			
	(P4)	0.430			
GS, GST		0.427			
CS		0.427			
LS-1, LS-2		0.036			
GSD Optional					
Secondary		0.266			
Primary		0.266			
Subtransmission		0.266			
Rate Schedule	Billing Demand \$/kW	Supplemental Demand \$/kW	Standby Dem. LFRC \$/kW	Standby Dem. PSRC Monthly \$/kW	Standby Dem. PSDC Daily \$/kW
GSD, GSDT, SBD, SBDT					
Secondary	\$1.12	\$1.12	\$1.12	\$0.13	\$0.05
Primary	\$1.12	\$1.12	\$1.12	\$0.13	\$0.05
Subtransmission	\$1.12	\$1.12	\$1.12	\$0.13	\$0.05
GSLDPR, GSLDTPR, SBLDPR, SBLDTPR					
Primary	\$0.86	\$0.86	\$0.86	\$0.10	\$0.04
GSLDSU, GSLDTSU, SBLDSU, SBLDTSU					
Subtransmission	\$0.31	\$0.31	\$0.31	\$0.04	\$0.01

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE:

Item 8

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hampson) *JGH*
Office of the General Counsel (Rivera-Pacheco, Crawford) *JSC*

RE: Docket No. 20220144-GU – Joint petition for approval of firm transportation between Florida Public Utilities Company and Peninsula Pipeline Company, Inc. to reflect expansion of Wildlight development in Nassau County.

AGENDA: 11/01/22 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On August 16, 2022, Florida Public Utilities Company (FPUC) and Peninsula Pipeline Company, Inc. (Peninsula) (collectively, Petitioners) filed a petition seeking approval of a firm transportation service agreement (proposed Agreement) to reflect expansion of the Wildlight development in Nassau County. Peninsula operates as an intrastate natural gas transmission company as defined by Section 368.103(4), Florida Statutes (F.S.).¹ FPUC is a local distribution company subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, F.S. The Petitioners are both subsidiaries of Chesapeake Utility Corporation.

¹ Order No. PSC-06-0023-DS-GP, issued January 9, 2006, in Docket No. 20050584-GP, *In re: Petition for declaratory statement by Peninsula Pipeline Company, Inc. concerning recognition as a natural gas transmission company under Section 368.101, F.S., et seq.*

By Order No. PSC-07-1012-TRF-GP,² Peninsula received approval of an intrastate gas pipeline tariff that allows it to construct and operate intrastate pipeline facilities and to actively pursue agreements with natural gas customers. Peninsula provides transportation service and does not engage in the sale of natural gas. Pursuant to Order No. PSC-07-1012-TRF-GP, Peninsula is allowed to enter into certain gas transmission agreements without prior Commission approval.³ However, Peninsula is requesting Commission approval of this proposed Agreement as it does not fit any of the criteria enumerated in the tariff for which Commission approval would not be required.⁴ Furthermore, agreements between affiliated companies must be approved by the Commission pursuant to Section 368.105, F.S., and Order No. PSC-07-1012-TRF-GP.

In accordance with the proposed Agreement, Peninsula will construct, own, and operate natural gas pipeline extensions, two new regulator stations, and a natural gas injection interconnect in Nassau County. The Petitioners state that the proposed Agreement reflects FPUC's ongoing efforts to extend natural gas service to meet needs associated with anticipated growth in Nassau County.

The Commission has previously approved transportation and territorial agreements involving FPUC, Peninsula, and Peoples in Nassau County. In 2012, the Commission approved transportation agreements between FPUC and Peninsula and between Peoples and Peninsula, as well as a territorial agreement between Peoples and FPUC.⁵ In 2014, the Commission also approved an agreement between the Petitioners to further extend facilities in Nassau County.⁶ In 2015, the Commission approved an amendment to the transportation agreement between Peninsula and Peoples.⁷ Finally, in 2019, the Commission approved further restructuring of the agreements to reflect the new Callahan intrastate pipeline, which expanded natural gas service in Nassau and Duval Counties.⁸

During the evaluation of the petition, staff issued one data request to the Petitioners, for which responses were received on September 8, 2022. The proposed Agreement is included with this recommendation as Attachment A. Attachment B provides a description of the proposed expansion project pipeline routes. The project maps, identifying the proposed construction projects, are included as Attachment C. The Commission has jurisdiction over this matter pursuant to Sections 366.05(1), 366.06, and 368.105, F.S.

² Order No. PSC-07-1012-TRF-GP, issued December 21, 2007, in Docket No. 20070570-GP, *In re: Petition for approval of natural gas transmission pipeline tariff by Peninsula Pipeline company, Inc.*

³ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Vol. 1, Original Sheet No. 11, Section 3.

⁴ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Vol. 1, Original Sheet No. 12, Section 4.

⁵ Order No. PSC-12-0230-PAA-GU, issued May 9, 2012, in Docket No. 20110271-GU, *In re: Petition for approval of transportation service agreement with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc.*

⁶ Order No. PSC-14-0713-PAA-GU, issued December 31, 2014, in Docket No. 20140189-GU, *In re: Petition for approval of transportation service agreement for an extension in Nassau County with Florida Public Utilities Company, by Peninsula Pipeline Company, Inc.*

⁷ Order No. PSC-15-0318-PAA-GP, issued August 10, 2015, in Docket No. 20150094-GP, *In re: Petition for approval of amendment to special contract with Peninsula Pipeline Company, by Peoples Gas System.*

⁸ Order No. PSC-2019-0545-PAA-GU, issued December 20, 2019, in Docket No. 20190145-GU, *In re: Joint petition for approval of restructures Nassau County agreements to reflect Callahan expansion, by Peoples Gas System, Florida Public Utilities Company, SeaCoast Gas Transmission, and Peninsula Pipeline Company, Inc.*

Discussion of Issues

Issue 1: Should the Commission approve the proposed transportation service agreement between Peninsula Pipeline Company and Florida Public Utilities Company dated July 8, 2022?

Recommendation: Yes, the Commission should approve the proposed transportation service agreement between Peninsula and FPUC dated July 8, 2022. The proposed Agreement is reasonable and meets the requirements of Section 368.105, F.S. Furthermore, staff agrees that the proposed Agreement is in the public interest, because it facilitates the delivery of natural gas to areas in Nassau County that currently do not have access to natural gas service. (Hampson)

Staff Analysis: The Petitioners have entered into the proposed Agreement to enhance FPUC's ability to provide and expand natural gas service for the Wildlight community in Yulee, Florida. The facilities contemplated in the proposed Agreement will allow delivery of natural gas to areas in Nassau County that currently do not have access to natural gas service.

The proposed Agreement specifies an initial term of 20 years and thereafter shall be extended on a year-to-year basis, unless either party gives no less than 90 days of written notification of termination. If either party desires to negotiate modifications to the rates or terms of this Agreement, they may do so no less than 120 days prior to expiration of the current active term. The proposed expansion project is discussed below and the project maps are included as Attachment B to this recommendation.

In order to build alongside the construction and development of the area, the proposed project would be constructed in two phases. Attachment B provides a description of each phase of the proposed expansion project pipeline routes. Attachment C shows the proposed expansion project in Nassau County.

Anticipated System Benefits

The Petitioners state that the proposed Agreement will further enhance FPUC's ability to expand service for the growing Wildlight Community, located in Yulee, Florida. The petition states that there are two residential developments in the process of planning and construction. The Petitioners assert that, in total, the proposed facilities would provide natural gas service to over 5,978 homes, along with the commercial and industrial customers that may come as the area develops. Additionally, according to the proposed Agreement, Peninsula would construct a gas injection interconnect. The Petitioners state the gas injection interconnect would ensure FPUC has the ability to access gas quantities at an additional point on the line to provide additional reliability for customers.

In response to staff's data request, FPUC stated it did not obtain a formal Request for Proposals (RFP) responses from other entities.⁹ The Petitioners explained that the facilities to be installed will be extended from facilities that are already owned and operated by Peninsula. Furthermore, the Petitioners explained in their response that the proposed project would improve service, reliability, and overall operation benefits and does not require coordination with other parties and operators.

⁹ Joint Responses to Staff's First Data Request, No. 2 (DN 06132-2022)

Date: October 20, 2022

Negotiated Monthly Reservation Payments to Peninsula

In accordance with the proposed Agreement, Peninsula would recover the project construction costs through the monthly reservation charges to FPUC, as contained in the proposed Agreement. Given that the proposed project would be completed in phases, the Petitioners have explained that the total monthly reservation charge will increase as each portion of the project goes into service. The monthly reservation charge is designed to recover costs such as, but not limited to, engineering, permitting, materials, and installation costs associated with pipeline and related facilities, ongoing maintenance including Pipeline and Hazardous Materials Safety Administration (PHMSA) compliance, safety requirements, property taxes, gas control, and Peninsula's return on investment.

FPUC is proposing to recover its payments to Peninsula through Purchased Gas Adjustment (PGA) and swing service rider mechanisms.¹⁰ The PGA allows FPUC to periodically adjust the price of natural gas supplied to its customers to reflect the actual cost of gas purchased and delivered on behalf of the customers. The swing service rider allows FPUC to recover intrastate capacity costs from its transportation customers and is a cents per therm charge that is included in the monthly customer gas bill of transportation customers. While FPUC will incur costs associated with this service expansion, new load added to the system will help spread the costs over a larger customer base.

Conclusion

Based on the petition and the Petitioners' responses to staff's data request, staff believes that the proposed Agreement is reasonable and meets requirements of Section 368.105, F.S. Furthermore, staff agrees that the proposed Agreement is in the public interest, because it facilitates the delivery of natural gas to areas in Nassau County that currently do not have access to natural gas service. Staff therefore recommends approval of the proposed Agreement between Peninsula and FPUC dated July 8, 2022.

¹⁰ Joint Responses to Staff's First Data Request, No. 8 (DN 06132-2022)

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interest are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Rivera-Pacheco)

Staff Analysis: If no protest is filed by a person whose substantial interest are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT entered into this July 8, 2022, by and between Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called "Company" or "PPC"), and the Florida Public Utilities Company, a corporation of the State of Florida (herein called "Shipper" or "FPUC"). PPC and FPUC are sometimes referred to herein individually as a "Party and collectively as "Parties."

WITNESSETH

WHEREAS, Shipper desires to obtain Firm Transportation Service ("FTS") from Company; and

WHEREAS, Company desires to provide Firm Transportation Service to Shipper in accordance with the terms hereof; and

WHEREAS, Shipper desires Company to construct a project that will allow Shipper to serve customers within its service area with natural gas service and Company is willing to construct the project and points of delivery; and

WHEREAS, Company intends to construct the Wildlight Expansion Project ("Project") in Nassau County, Florida. The Project will be constructed in two separate phases. As specified in Exhibit A attached herein, Phase I of the Project will enable natural gas service to three (3) additional points of delivery and Phase II will consist of an additional steel pipeline extension.

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Company and Shipper do covenant and agree as follows:

ARTICLE I
DEFINITION

Unless otherwise defined in this Agreement, all definitions for terms used herein have the same meaning as provided in Company's Tariff.

"In-Service Date" means the date that Company has commenced commercial operations of the Project and that construction has been completed and that the Project has been inspected and tested as required by applicable law.

"Phase Notification" means the notification from the Shipper to begin construction of additional route.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

ARTICLE II
QUANTITY & UNAUTHORIZED USE

2.1 The Maximum Daily Transportation Quantity ("MDTQ") and the Maximum Hourly Transportation Percentage ("MHTP") shall be set forth on Exhibit A attached hereto. The applicable MDTQ shall be the largest daily quantity of Gas, expressed in Dekatherms, which Company is obligated to transport on a firm basis and make available for delivery for the account of Shipper under this Agreement on any one Gas Day.

2.2 If, on any Day, Shipper utilizes transportation quantities, as measured at the Point(s) of Delivery, in excess of the established MDTQ, as shown on Exhibit A, such unauthorized use of transportation quantities (per Dekatherm) shall be billed at a rate of 2.0 times the rate to be charged for each Dekatherm of the MDTQ as set forth on Exhibit A of this Agreement.

ARTICLE III
FIRM TRANSPORTATION SERVICE RESERVATION CHARGE

3.1 The Monthly Reservation Charge for Firm Transportation Service provided under this Agreement shall be as set forth on Exhibit A of this Agreement and shall be charged to Shipper beginning on In-Service Date, and shall thereafter be assessed in accordance with the terms and conditions set forth herein.

3.2 The parties agree to execute and administratively file with the Florida Public Service Commission an affidavit, in the form provided in Company's Tariff to comply with the provisions of the Natural Gas Transmission Pipeline Intrastate Regulatory Act.

3.3 If, at any time after the Execution Date (as herein defined) and throughout the term of this Agreement, the Company is required by any Governmental Authority (as that term is defined in Section 9.10) asserting jurisdiction over this Agreement and the transportation of Gas hereunder, to incur additional tax charges (including, without limitation, income taxes and property taxes) with regard to the service provided by Company under this Agreement, then Shipper's Monthly Reservation Charge shall be adjusted and Exhibit A updated accordingly, and the new Monthly Reservation Charge shall be implemented immediately upon the effective date of such action. If Shipper does not agree to the adjusted Monthly Reservation Charge, Company shall no longer be required to continue to provide the service contemplated in this Agreement should an action of a Governmental Authority result in a situation where Company otherwise would be required to provide transportation service at rates that are not just and reasonable, and in such event the Company shall have the right to terminate this Agreement pursuant to the conditions set forth in Section D of the Rules and Regulations of Company's Tariff.

3.4 If, at any time after the Execution Date (as herein defined) and throughout the term of this Agreement, the Company is required by any Governmental Authority (as that term is defined in Section 9.10) asserting jurisdiction over this Agreement and the transportation of Gas hereunder, to

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

incur additional capital expenditures with regard to the service provided by Company under this Agreement, other than any capital expenditures

required to provide transportation services to any other customer on the pipeline system serving Shipper's facility, but including, without limitation, mandated relocations of Company's pipeline facilities serving Shipper's facility and costs to comply with any changes in pipeline safety regulations, then Shipper's Monthly Reservation Charge shall be adjusted and Exhibit A updated accordingly, and the new Monthly Reservation Charge shall be implemented immediately upon the effective date of such action. If Shipper does not agree to the adjusted Monthly Reservation Charge, Company shall no longer be required to continue to provide the service contemplated in this Agreement should an action of a Governmental Authority result in a situation where Company otherwise would be required to provide transportation service at rates that are not just and reasonable, and in such event the Company shall have the right to terminate this Agreement pursuant to the conditions set forth in Section D of the Rules and Regulations of Company's Tariff.

ARTICLE IV
TERM AND TERMINATION

4.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both parties (the "Execution Date") and shall continue in full force for an initial period of twenty (20) years from the In-Service Date ("Initial Term"). Thereafter, the Agreement shall be extended on a year to year basis (each a "Renewed Term" and, all Renewed Terms together with the Initial Term, the "Current Term"), unless either party gives written notice of termination to the other party, not less than (90) days prior to the expiration of the Current Term. This Agreement may only be terminated earlier in accordance with the provisions of this Agreement and the parties' respective rights under applicable law.

4.2 Shipper has twelve (12) months from the Execution Date to notify the Company to begin construction of the additional Points of Delivery as described in Exhibit A at the rates and terms set forth herein. If the Shipper notifies the Company after twelve (12) months, the Company may request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective for the remainder of the Current Term, and the parties shall negotiate such modification in good faith. Any such new rate will be implemented, and Exhibit A updated accordingly, on the In-Service Date of the additional Points of Delivery. Notwithstanding the above, and regardless of whether notification occurs within twelve (12) months, if there is a material impact on project costs related to materials, ROW, or labor after the notification and before commencement of permitting, such as a material change in the construction fee or the cost of steel, the Company may also request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective for the remainder of the Current Term, and the parties shall negotiate such modification in good faith.

4.3 No less than 120 days before expiration of the Current Term, either party may request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective with the subsequent Renewed Term. Neither Party is obligated to, but may, agree to any mutually acceptable modification to the Agreement for the subsequent Renewed Term. In the event the parties reach agreement for a

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

modification to the Agreement for the subsequent Renewed Term, such agreed upon modification ("Agreement Modification") shall be set forth in writing and signed by both parties prior to the expiration of the Current Term.

4.4 Any portion of this Agreement necessary to resolve monthly balancing and operational controls under this Agreement, pursuant to the Rules and Regulations of Company's Tariff, shall survive the other parts of this Agreement until such time as such monthly balancing and operational controls have been resolved.

4.5 In the event Shipper fails to pay for the service provided under this Agreement or otherwise fails to meet Company's standards for creditworthiness set forth in Section C of the Rules and Regulations of the Company's Tariff or otherwise violates the Rules and Regulations of Company's Tariff, or defaults on this Agreement, Company shall have the right to terminate this Agreement pursuant to the conditions set forth in Section D of the Rules and Regulations of Company's Tariff.

ARTICLE V
COMPANY'S TARIFF PROVISIONS

5.1 Company's Tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement ("Company's Tariff"), is hereby incorporated into this Agreement and made a part hereof for all purposes. In the event of any conflict between Company's Tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

ARTICLE VI
REGULATORY AUTHORIZATIONS AND APPROVALS

6.1 Company's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Shipper in accordance with the Rules and Regulations of Company's Tariff.

ARTICLE VII
DELIVERY POINT(S) AND POINT(S) OF DELIVERY

7.1 The Delivery Point(s) for all Gas delivered for the account of Shipper into Company's pipeline system under this Agreement, shall be as set forth on Exhibit A attached hereto.

7.2 The Point(s) of Delivery shall be as set forth on Exhibit A attached hereto.

7.3 Shipper shall cause Transporter to deliver to Company at the Delivery Point(s) on the Transporter's system, the quantities of Gas to be transported by Company hereunder.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

Company shall have no obligation for transportation of Shipper's Gas prior to receipt of such Gas from the Transporter at the Delivery Point(s), nor shall Company have any obligation to obtain capacity on Transporter for Shipper or on Shipper's behalf. The Company shall deliver such quantities of Gas received from the Transporter at the Delivery Point(s) for Shipper's account to Company's Point(s) of Delivery identified on Exhibit A.

ARTICLE VIII
SCHEDULING AND BALANCING

8.1 Shipper shall be responsible for nominating quantities of Gas to be delivered by the Transporter to the Delivery Point(s) and delivered by Company to the Point(s) of Delivery. Shipper shall promptly provide notice to Company of all such nominations. Imbalances between quantities (i) scheduled at the Delivery Point(s) and the Point(s) of Delivery, and (ii) actually delivered by the Transporter and/or Company hereunder, shall be resolved in accordance with the applicable provisions of Company's Tariff, as such provisions, and any amendments to such provisions, are approved by the Commission.

8.2 The parties hereto recognize the desirability of maintaining a uniform rate of flow of Gas to Shipper's facilities over each Gas Day throughout each Gas Month. Therefore, Company agrees to receive from the Transporter for Shipper's account at the Delivery Point(s) and deliver to the Point(s) of Delivery up to the MDTQ as described in Exhibit A, subject to any restrictions imposed by the Transporter and to the provisions of Article IX of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from Company's pipeline system at a daily rate of flow not to exceed the applicable MDTQ for the Gas Month in question, subject to any additional restrictions imposed by the Transporter or by Company pursuant to Company's Tariff.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 Notices and Other Communications. Any notice, request, demand, statement, or payment provided for in this Agreement, unless otherwise specified, shall be sent to the parties hereto at the following addresses:

Company: Peninsula Pipeline Company, Inc.
500 Energy Lane, Suite 200
Dover, Delaware 19901
Attention: Contracts

Shipper: Florida Public Utilities Company
911 South 8th Street Fernandina Beach,
Florida 32034
Attention: Contracts

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

9.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

9.3 Entire Agreement. This Agreement, including the Exhibit attached hereto, sets forth the full and complete understanding of the parties as of the Execution Date, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions, or representations with respect to the subject matter of this Agreement.

9.4 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 9.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 9.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

9.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that

if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

9.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the party making the waiver.

9.7 Attorneys' Fees and Costs. In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies, and appeals.

9.8 Independent Parties. Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

9.9 Assignment and Transfer. No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

9.10 Governmental Authorizations; Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 9.10, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance under the Agreement is precluded. If, however, any Governmental Authority's modification to this Agreement or any other order issued, action taken, interpretation rendered, or rule implemented, will have a material adverse effect on the rights and obligations of the parties, including, but not limited to, the relative economic position of, and risks to, the parties as reflected in this Agreement, then, subject to the provisions of Sections 3.3 and 3.4 of this Agreement, the parties shall use reasonable efforts to agree upon replacement terms that are consistent with the relevant order or directive, and that maintain the relative economic position of, and risks to, the parties as reflected in this Agreement as of the Execution Date. As used herein, "Governmental Authority" shall mean any United States federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, court, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

PENINSULA PIPELINE COMPANY, INC.
FIRM TRANSPORTATION SERVICE AGREEMENT

(i) If any Governmental Authority asserting jurisdiction over the pipeline facility contemplated in this Agreement, issues an order, ruling, decision or regulation not covered by Section 3.3 or 3.4 of this Agreement (including denial of necessary permits or amendments to existing permits) related to the operation, maintenance, location, or safety and integrity compliance, including any new or revised enforceable regulatory classification of the pipeline facility, as applicable, which is not reasonably foreseeable as of the Execution Date and which results in a materially adverse effect on either party's rights and benefits under this Agreement, each party shall use commercially reasonable efforts and shall cooperate with the other party to pursue all necessary permits, approvals and authorizations, if any, of such applicable Governmental Authority, and to amend the terms and conditions of this Agreement, in each case as may be reasonably required in order that provision of firm transportation service under this Agreement shall continue; provided that neither party shall be required to take any action pursuant to this Section which is reasonably likely to have a materially adverse effect on such party's rights and benefits under this Agreement.

(ii) If the Parties are unable or unwilling to reach agreement pursuant to this Section 9.10, Company shall have the right to terminate this Agreement, without any further obligations to Shipper, upon one hundred twenty (120) days' prior written notice to Shipper.

9.11 Applicable Law and Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

9.12 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives.

COMPANY
Peninsula Pipeline Company, Inc.

SHIPPER
Florida Public Utilities Company

By: Bill Hancock
Bill Hancock

By: Jeff S. Sylvester
Jeff S. Sylvester

Title: Assistant Vice President

Title: Senior Vice President & COO

Date: 07/10/2022

Date: 07/08/2022

(To be attested by the corporate secretary if not signed by an officer of the company)

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A TO
FIRM TRANSPORTATION SERVICE AGREEMENT
BETWEEN
PENINSULA PIPELINE COMPANY, INC. AND
FLORIDA PUBLIC UTILITIES COMPANY

DATED
July 8, 2022

Phase I Construction

Description of Transporter Delivery Point(s)

1. At or near Radio Road and SR 17
2. Secondary Alternate Fuel Injection Point

Phase I Description of Point(s) of Delivery

1. At or near Crosstown Avenue and SR 200 (a)
2. At or near Still Quarters Road and SR 200 (b)
3. At or near Pages Dairy Road and Felmor Road (d)

Phase II Points of Delivery

1. Location TBD at or near the Chester Road and Heron Isles Parkway

Phase I Pipeline Segments Monthly Reservation Charges:

Segment I (a) – Near Crosstown Avenue and SR 200
Segment I (b) – Near Felmor Road and SR 200
Segment I (c) – Secondary Alternate Fuel Injection Point
Segment I (d) – Near Pages Dairy and Felmor Road
Phase I Total Monthly Reservation Charge

Phase II Pipeline Segments Monthly Reservation Charges:

Segment II (a) – TBD near Chester and Heron Isles Parkway

Total MDTQ (Dekatherms): _____ **Dt/Day**
MHTP: _____

Monthly Reservation Charge: _____ (**_____ Dth/Day**). This charge is subject to adjustment pursuant to the terms of this Agreement and is additive to the Initial Monthly Reservation Charge¹

¹ The Monthly Reservation Charge in this Agreement reflects the costs only for new facilities for additional gas receipt and Point(s) of Delivery locations on the extension north of Radio Road owned by Peninsula Pipeline Company, Inc. as set forth herein. This Agreement does not incorporate, revise or otherwise duplicate charges for Shipper's extant services in Nassau County from existing facilities which include an interconnection delivery point with the Southern Natural Gas Cypress pipeline on Crawford Road, delivery point(s) on the existing William Burgess Road facilities approved by the Commission in Docket No. 20140189-GU, and delivery across a portion of the Callahan pipeline and the Fernandina Beach Line approved by the Commission in Docket No. 20190145-GU.

Proposed Expansion Project Pipeline Routes

Phase 1A would consist of approximately 7,525 feet of 6-inch steel pipeline and 3,675 feet of 6-inch high-density polyethylene pipe (HDPE) in total, as well as a regulator station. Beginning at the existing gas main, Peninsula will construct 6-inch steel pipeline east along State Road 200 to the intersection of State Road 200 and Crosstown Avenue. Peninsula would then construct 6-inch steel pipeline north, along Crosstown Avenue, and ending near Curiosity Avenue. Peninsula would also construct a regulator station on Crosstown Avenue, just north of State Road 200. From the regulator station, Peninsula would install 6-inch HDPE northwards along Crosstown Avenue continuing to a point of delivery for FPUC. The Petitioners state that this portion of the project is contemplated to be completed by the first quarter of 2023.

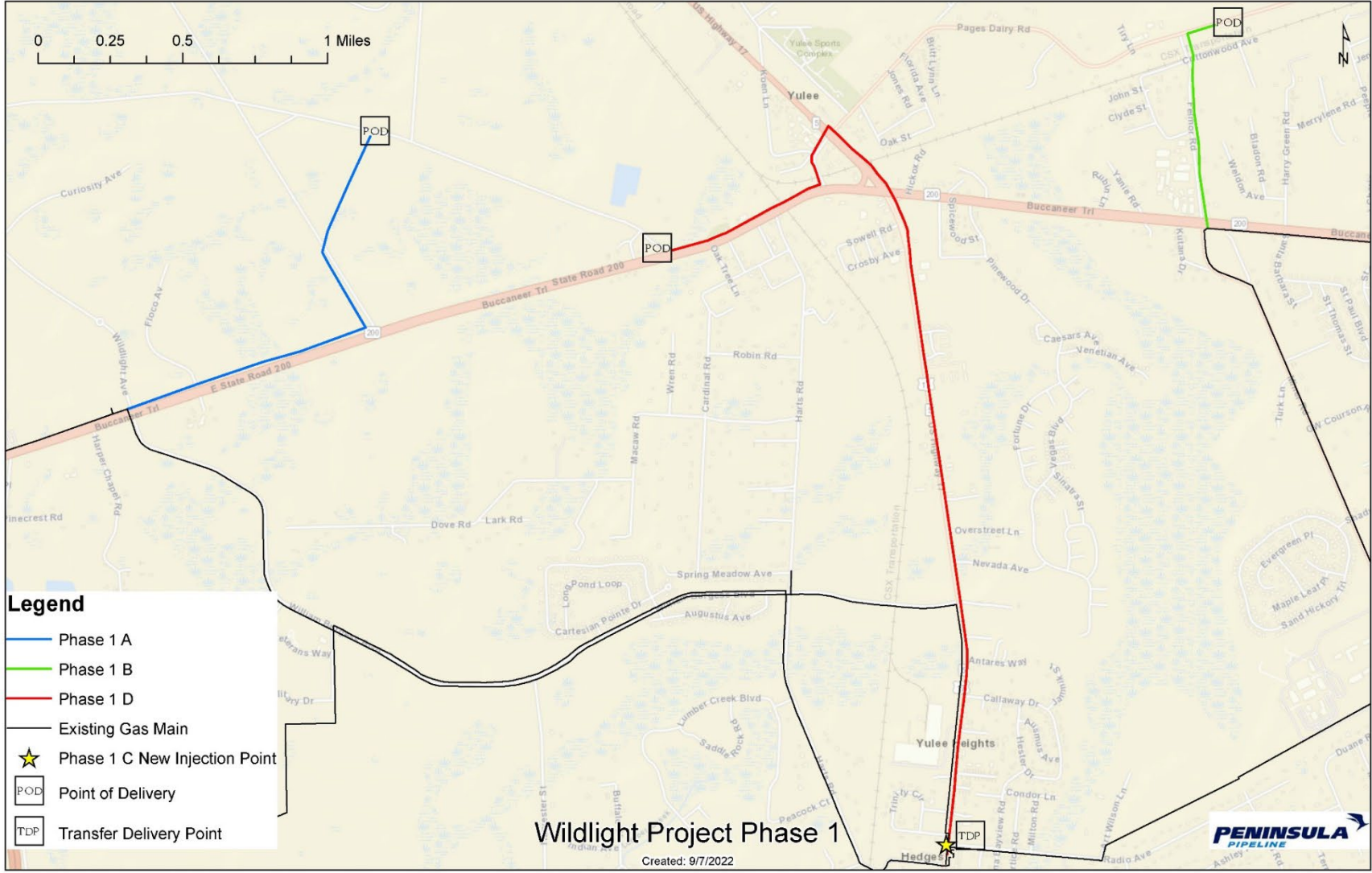
Phase 1B would consist of approximately 4,000 feet of 8-inch steel pipeline and 500 feet of 2-inch steel pipeline. Peninsula would construct a new tie-in with existing facilities along State Road 200 and would build 8-inch steel pipeline north along Felmor Road to the intersection of Pages Dairy Road. From there, Peninsula would install 2-inch steel pipeline to the entrance of a new housing development, which would be the new point of delivery for FPUC. The Petitioners state that Phase 1B is also contemplated to be completed by the first quarter of 2023.

As mentioned above, Peninsula would also construct a gas injection interconnect in Phase 1 of the proposed project, which would be located near the intersection of Radio Avenue and US Highway 17. By serving as an emergency backup point for injecting gas supplies, the Petitioners state that the gas injection interconnect will ensure FPUC has the ability to access gas quantities at an additional point on the line to provide additional reliability to others.

Phase 1D of the proposed project would consist of approximately 12,400 feet of 8-inch steel pipeline and 4,400 feet of 6-inch steel pipeline, as well as a regulator station. Peninsula would begin by constructing a new regulator station near the intersection of Radio Avenue and US Highway 17 which would tie into the existing facilities. From the regulator station, Peninsula would build 8-inch steel pipeline north along US Highway 17 to the intersection of Pages Dairy Road. Peninsula would then construct 6-inch steel pipeline along Pages Dairy Road, east along State Road 200, and terminating on Still Quarters Road. The Petitioners state that Phase 1D is contemplated to be completed by the first quarter of 2024.

For Phase 2 of the proposed project, the Petitioners plan to construct the pipeline extension in two portions. Page 2 of Attachment C shows Phase 2 of the proposed project. The first portion of Phase 2 would begin at the existing facilities near the intersection of State Road 200 and David Hallman Parkway. From here, Peninsula would install approximately 11,000 feet of 8-inch steel pipeline along David Hallman Parkway, continuing north onto Chester Road to Heron Isles Parkway. The Petitioners state that this portion of the project is contemplated to be completed by the third quarter of 2024.

Finally, the second portion of Phase 2 would continue from the end of the first portion, along Chester Road and Heron Isles Parkway. The Petitioners agree that Peninsula would construct approximately 22,000 feet of 8-inch steel pipeline along a road not yet completed named Spine Road. The Petitioners state that this portion of the project is contemplated to be completed by the third quarter of 2024.





Item 9

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hampson) *JGH*
Office of the General Counsel (Dose, Crawford) *JSC*

RE: Docket No. 20220155-GU – Joint petition for approval of GRIP cost recovery factors, by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

AGENDA: 11/01/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/1/23 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2021, Florida Public Utilities Company (FPUC), Florida Public Utilities Company-Fort Meade (Fort Meade), and Florida Division of Chesapeake Utilities Corporation d/b/a Central Florida Gas (Chesapeake), collectively the Companies, filed a joint petition for approval of its gas reliability infrastructure program (GRIP or program) cost recovery factors for the period January through December 2023. The GRIP for FPUC and Chesapeake was first approved in Order No. PSC-12-0490-TRF-GU (2012 Order) to recover the cost of accelerating the replacement of cast iron and bare steel distribution mains and services, including a return on investment, through a surcharge on customers' bills.¹ Fort Meade's GRIP was originally approved in Order No. PSC-15-0578-TRF-GU, and allowed Fort Meade to file its annual petition

¹ Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, in Docket No. 20120036-GU, *In re: Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation*.

for GRIP factors concurrently with FPUC and Chesapeake.² The current GRIP surcharges for January through December 2022 were approved in Order No. PSC-2021-0419-TRF-GU.³

In the pending rate case, Docket No. 20220067-GU (2022 rate case), the Companies have proposed to roll GRIP investments into rate base, in compliance with the 2012 Order. Specifically, the 2012 Order stated that the surcharges would be recalculated at the time of a full base rate proceeding, when the GRIP investments would be rolled into base rates. The GRIP tariffs provided in the petition, and shown in Attachment B to the recommendation, have been calculated using the assumption that the Commission would approve the Companies' request to roll GRIP investments into rate base prior to the effective date of January 2023. Specifically, the Companies stated they would need Commission approval to roll the GRIP investments into base rates by December 1, 2022, in order to implement the proposed GRIP factors by January 1, 2023. If the Commission has not made a decision in the 2022 rate case prior to December 1, 2022, the tariffs provided in Attachment 4 of the joint responses to staff's first data request should be approved. These tariffs are shown in Attachment C to the recommendation.

The Companies have also proposed, in the 2022 rate case, to consolidate the current 54 rate classes across the four natural gas utilities into 16 rate classes. If the Commission approves the consolidated rate classes in the rate case docket, the Companies would need to allocate the GRIP costs to the appropriate revised rate classes and recalculate the GRIP factors. The proposed tariffs shown in Attachments B and C to the recommendation reflect GRIP factors for the current 54 rate classes.

Consistent with the 2012 Order, the GRIP replacement activities would be scheduled to terminate at the end of 2022. However, the Companies anticipate filing a GRIP Phase II in the near future for Commission approval, under a separate petition. The Companies explained that they have identified additional safety and access related activities that need to be addressed.

On September 15, 2022, the Companies waived their 60-day file and suspend provision of Section 366.06(3), Florida Statutes (F.S.), via an e-mail, which has been placed in the docket file. During the evaluation of the petition, staff issued a data request to the Companies, for which joint responses were received on October 6, 2022. The Companies also provided attachments with its joint responses which were filed in the docket by staff.⁴ Attachments 4 and 5 to the joint responses are the tariff sheets and Witness Waruszewski's exhibit RCW-1, which provides the GRIP factor calculations, assuming the Commission has not made a decision in the 2022 rate case before January 2023. These tariffs and associated GRIP surcharges include the GRIP investment. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, F.S.

² Order No. PSC-15-0578-TRF-GU, issued December 21, 2015, in Docket No. 20150191-GU, *In re: Joint petition for approval to implement gas reliability infrastructure program (GRIP) for Florida Public Utilities Company-Fort Meade and for approval of GRIP cost recovery factors by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade and the Florida Division of Chesapeake Utilities Corporation*.

³ Order No. PSC-2021-0419-TRF-GU, issued November 9, 2021, in Docket No. 20210150-GU, *In re: Joint petition for approval to implement gas reliability infrastructure program (GRIP) cost recovery factors for January 2022 through December 2022 by Florida Public Utilities Company, Florida Public Utilities Company-Fort Meade and the Florida Division of Chesapeake Utilities Corporation*.

⁴ See Document No. 09182-2022.

Discussion of Issues

Issue 1: Should the Commission approve FPUC's, Chesapeake's, and Fort Meade's proposed GRIP surcharges for the period January through December 2023?

Recommendation: If the Commission has not yet made a decision in the 2022 rate case prior to December 1, 2022, then the GRIP surcharges as shown in Attachment C to the recommendation should go into effect for the period January through December 2023, and the surcharges in Attachment B should be denied. If the Commission approves in the 2022 rate case the Companies' proposals to roll the GRIP investment into rate base prior to December 1, 2022, then the Commission should approve FPUC's, Chesapeake's, and Fort Meade's proposed GRIP surcharges for the period January through December 2023, as shown in Attachment B to the recommendation, and the surcharges shown in Attachment C should be denied.

If the Commission approves to consolidate the rate classes in the 2022 rate case, within 10 business days after the Commission vote in the 2022 rate case docket, the Companies should recalculate the GRIP surcharges for the consolidated rate classes. The revised GRIP surcharges should be submitted for staff's administrative approval and should be effective concurrent with any revised Commission-approved base rates in the rate case docket. (Hampson)

Staff Analysis: The GRIP surcharges have been in place since January 2013 for FPUC and Chesapeake, while Fort Meade's surcharges were first implemented in January 2017. Fort Meade completed its replacement program in 2019 and Chesapeake completed its replacement program in 2021. FPUC completed replacement projects in 2022 in areas including the City of Boynton Beach, the City of West Palm Beach, and the City of Lantana.⁵ FPUC has approximately 0.5 miles of pipeline to replace in 2023, due to some permit delays.⁶ The Companies stated that they prioritized the replacement projects focusing on areas of high consequence and areas more susceptible to corrosion. Attachment A to the recommendation provides an update of mains and services replaced through 2022 and replacement forecasts for 2023.

FPUC's True-ups by Year

FPUC's calculation for the 2023 GRIP revenue requirement and surcharges includes a final true-up for 2021, an actual/estimated true-up for 2022, and projected costs for 2023. In its 2008 rate case, FPUC was authorized to recover \$747,727 of annual bare steel replacement expenses in base rates.⁷ Therefore, the \$747,727 recovered from base rates is excluded from the GRIP true-up calculations for 2021 and 2022.

Final True-up for 2021

FPUC stated that the revenues collected through the GRIP surcharges for 2021 were \$10,676,905, compared to a revenue requirement of \$12,789,617, resulting in an under-recovery of \$2,112,712. Therefore, the 2020 over-recovery of \$326,121, the 2021 under-recovery of

⁵ Responses to Staff's First Data Request, No. 3 (DN 08870-2022)

⁶ Responses to Staff's First Data Request, No. 1 (DN 08870-2022)

⁷ Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. 20080366-GU, *In re: Petition for rate increase by Florida Public Utilities Company*.

\$2,112,712, and interest of \$160 associated with any over- and under-recoveries results in a final 2021 under-recovery of \$1,786,751.

Actual/Estimated 2022 True-ups

FPUC provided actual revenues for January through July 2022 and estimated revenues for August through December 2022, totaling \$16,474,089, compared to an actual/estimated revenue requirement for 2022 of \$15,431,274, resulting in an over-recovery of \$1,042,817. Therefore, the 2021 under-recovery of \$1,786,751, the 2022 over-recovery of \$1,042,817, and interest of \$9,859 results in a total 2022 under-recovery of \$753,793.

Projected 2023 Costs

FPUC projects zero capital expenditures for the replacement of cast iron/bare steel infrastructure in 2023.⁸ FPUC moved \$153,684,138 of total qualified investment into rate base in the rate case docket. That amount represents the total investment projected at the time of the rate case filing in May 2022. For the GRIP filing in September 2022, FPUC had additional months of actual investment costs and an updated investment amount of \$159,599,228, leaving \$5,915,090 (\$159,599,228 - \$153,684,138) to be recovered through the 2023 GRIP factors as shown in Attachment B to the recommendation.

The return on investment (which includes federal income taxes, regulatory assessment fees, and bad debt), depreciation expense, and property tax associated with the \$5,915,090 investment, after subtracting accumulated depreciation, is \$366,128. After including the total 2022 under-recovery of \$753,793, the 2023 revenue requirement is \$1,119,921. Table 1-1 shows FPUC's 2023 revenue requirement calculation.

Table 1-1
FPUC 2023 Revenue Requirement Calculation

2023 Projected Expenditures	\$0
Return on Investment	\$187,999
Depreciation Expense	126,275
Property Tax Expense	<u>51,855</u>
2023 GRIP Revenue Requirement	\$366,128
Plus 2022 Under-recovery	<u>+753,793</u>
2023 Total Revenue Requirement	\$1,119,921

Source: Witness Waruszewski Testimony Schedules C-2, Page 4, and D-1, Page 5

Chesapeake's True-ups by Year

Chesapeake's calculation for the 2023 GRIP revenue requirement and surcharges includes a final true-up for 2021, an actual/estimated true-up for 2022, and projected costs for 2023. Chesapeake does not have a replacement recovery amount embedded in base rates.

⁸ Capital expenditures for the remaining 0.5 miles of pipe replacement to be completed in 2023 were included in FPUC's actual/estimated investments for 2022. Any additional expenses related to the 0.5 miles of pipeline incurred would be trued-up in FPUC's 2023 GRIP filing.

Final True-up for 2021

Chesapeake stated that the revenues collected for 2021 were \$4,067,038, compared to a revenue requirement of \$4,102,754, resulting in an under-recovery of \$35,715. The 2020 under-recovery of \$278,276, 2021 under-recovery of \$35,715 and \$124 for interest associated with any over- and under-recoveries results in a final 2021 under-recovery of \$314,115.

Actual/Estimated 2022 True-up

Chesapeake provided actual GRIP revenues for January through July 2022 and estimated revenues for August through December 2022, totaling \$3,789,938, compared to an actual/estimated revenue requirement of \$4,309,484, resulting in an under-recovery of \$519,544. The 2021 under-recovery of \$314,115, 2022 under-recovery of \$519,544, and interest of \$8,855 associated with any over- and under-recoveries results in a total 2022 under-recovery of \$842,515.

Projected 2023 Costs

Chesapeake projects zero capital expenditures for the replacement of cast iron/bare steel infrastructure in 2023, as the company completed the replacement program in 2021. Chesapeake moved \$41,948,432 of total qualified investment into rate base in the rate case docket. That amount represents the total investment projected at the time of the rate case filing in May 2022. For the GRIP filing in September 2022, Chesapeake had additional months of actual investment costs and an updated investment amount of \$41,872,674, leaving (\$75,758) (\$41,948,432 - \$41,872,674) as a credit to the 2023 GRIP factors, as shown in Attachment B to the recommendation.

The return on investment (which includes federal income taxes, regulatory assessment fees, and bad debt), depreciation expense, and property tax associated with the (\$75,758) investment, after subtracting accumulated depreciation, is (\$48,807). The 2023 GRIP factors for Chesapeake are designed to collect the remaining 2022 under-recovery of \$842,515 and the revenue requirement of (\$48,807) associated with the 2022 investment. Table 1-2 shows Chesapeake's 2023 revenue requirement calculation.

Table 1-2
Chesapeake 2023 Revenue Requirement Calculation

2023 Projected Expenditures	\$0
Return on Investment	(\$37,095)
Depreciation Expense	(1,560)
Property Tax Expense	(10,152)
2023 Revenue Requirement	(\$48,807)
Plus 2022 Under-recovery	+842,515
2023 Total Revenue Requirement	\$793,707

Source: Witness Waruszewski Testimony Schedules C-2, Page 10, and D-1, Page 11

Date: October 20, 2022

Fort Meade's True-ups by Year

Fort Meade finished its replacement program in 2019. Unlike FPUC and Chesapeake, only bare steel services (and no mains) required replacement in Fort Meade.

Final True-up for 2021

Fort Meade stated that the revenues collected for 2021 were \$26,629, compared to a revenue requirement of \$24,363, resulting in an over-recovery of \$2,266. Adding the 2020 over-recovery of \$8,427, the 2021 over-recovery of \$2,266, and \$3 for interest associated with any over- and under-recoveries, the final 2021 over-recovery is \$10,696.

Actual/Estimated 2022 True-up

Fort Meade provided actual GRIP revenues for January through July 2022 and estimated revenues for August through December 2022 totaling \$26,501, compared to an actual/estimated revenue requirement of \$24,881, resulting in an over-recovery of \$1,619. Adding the 2021 over-recovery of \$10,696, the 2022 over-recovery of \$1,619, and interest of \$212 associated with any over- and under-recoveries, the resulting total 2022 true-up is an over-recovery of \$12,527.

Projected 2023 Costs

Fort Meade projects zero capital expenditures for the replacement of cast iron/bare steel infrastructure in 2023, as the company completed the replacement program in 2019. Fort Meade's total investment of \$253,934 has been moved into rate base in the rate case docket, with no rate base balance remaining to be recovered through the 2023 GRIP factors. Therefore, the 2023 GRIP factors, as shown in Attachment B to the recommendation, will be a credit on customers' bills and are designed to refund the remaining 2022 over-recovery of \$12,527.

Proposed Surcharges for FPUC, Chesapeake, and Fort Meade

As established in the 2012 Order approving the GRIP program, the total 2023 revenue requirement is allocated to the rate classes using the same methodology used for the allocation of mains and services in the cost of service study used in the utilities' most recent rate case. The respective percentages were multiplied by the 2023 revenue requirements and divided by each rate class' projected therm sales to provide the GRIP surcharge for each rate class.

The proposed 2023 GRIP surcharge for FPUC's residential customers on the Residential Service (RS) schedule is \$0.02166 per therm (compared to the current surcharge of \$0.31642 per therm). The monthly bill impact is \$0.43 for a residential customer using 20 therms per month. The proposed FPUC GRIP surcharges are shown in Attachment B, Tariff Sheet No. 7.907.

The proposed 2023 GRIP surcharge for Chesapeake's residential customers on the FTS-1 schedule is \$0.01970 per therm (compared to the current surcharge of \$0.11405). The monthly bill impact is \$0.39 for a residential customer using 20 therms per month. The proposed Chesapeake GRIP surcharges are shown in Attachment B, Tariff Sheet Nos. 7.907 and 7.910.

The proposed 2023 GRIP surcharge for Fort Meade's residential customers on the RS schedule is (\$0.12822) per therm (compared to the current surcharge of \$0.15245). The monthly bill impact is a credit of \$2.56 for a residential customer using 20 therms per month. The proposed Fort Meade GRIP surcharges are shown on Tariff Sheet No. 7.906 in Attachment B.

Date: October 20, 2022

Conclusion

If the Commission has not yet made a decision in the 2022 rate case prior to December 1, 2022, then the GRIP surcharges as shown in Attachment C to the recommendation should go into effect for the period January through December 2023, and the surcharges shown in Attachment B should be denied. If the Commission approves in the 2022 rate case the Companies' proposals to roll the GRIP investment into rate base prior to December 1, 2022, then the Commission should approve FPUC's, Chesapeake's, and Fort Meade's proposed GRIP surcharges for the period January through December 2023, as shown in Attachment B to the recommendation, and the surcharges shown in Attachment C should be denied.

If the Commission approves to consolidate the rate classes in the 2022 rate case, within 10 business days after the Commission vote in the 2022 rate case docket, the Companies should recalculate the GRIP surcharges for the consolidated rate classes. The revised GRIP surcharges should be submitted for staff's administrative approval and should be effective concurrent with any revised Commission-approved base rates in the rate case docket.

Date: October 20, 2022

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the approved tariffs 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. (Dose)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the approved tariffs 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.

ATTACHMENT 1

Table 1

FPUC Pipe Replacement Program Progress

Year	Mains (Miles)					Number of Services				
	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining
			Cast Iron at	Bare Steel at				Cast Iron at	Bare Steel at	
			Year-End	Year-End				Year-End	Year-End	
Jul-12			0.9	197.10	198.00			0	7980	7980
2012		6.00	0.9	191.10	192.00		91	0	7889	7889
2013	0.6	26.40	0.3	164.70	165.00		2071	0	5818	5818
2014		38.00	0.3	126.70	127.00		1275	0	4543	4543
2015		30.00	0.3	96.70	97.00		605	0	3938	3938
2016		22.50	0.3	74.20	74.50		555	0	3383	3383
2017		10.30	0.3	63.90	64.20		335	0	3048	3048
2018		6.80	0.3	57.10	57.40		98	0	2950	2950
2019	0.3	4.10	0	53.00	53.00		224	0	2726	2726
2020		19.00	0	34.00	34.00		330	0	2396	2396
2021		14.00	0	20.00	20.00		634	0	1762	1762
2022		19.50	0	0.50	0.50		1762	0	0	0

Table 2

Chesapeake Pipe Replacement Program Progress

Year	Mains (Miles)					Number of Services				
	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining	Replaced Cast Iron	Replaced Bare Steel	Remaining	Remaining	Total Remaining
			Cast Iron at	Bare Steel at				Cast Iron at	Bare Steel at	
			Year-End	Year-End				Year-End	Year-End	
Jul-12			0	152.00	152.00			0	762	762
2012		5.00	0	147.00	147.00		34	0	728	728
2013		3.00	0	144.00	144.00		139	0	589	589
2014		19.00	0	125.00	125.00		47	0	542	542
2015		34.00	0	91.00	91.00		284	0	258	258
2016		25.10	0	65.90	65.90		-81	0	339	339 **
2017		22.80	0	43.10	43.10		18	0	321	321
2018		19.80	0	23.30	23.30		91	0	230	230
2019		28.00	0	17.30	17.30		99	0	131	131
2020		11.10	0	6.20	6.20		34	0	97	97
2021		6.20	0	0.00	0.00		97	0	0	0
2022		0.00	0	0.00	0.00		0	0	0	0

** A total of 111 YTD bare steel services were replaced in 2016. Plus a correction to increase total services remaining by 192 (4th Qtr of 2016). The net equals -81.

Table 3

Fort Meade Pipe Replacement Program Progress

Year	Mains (Miles)					Number of Services				
	Replaced Cast Iron	Replaced Steel	Remaining	Remaining	Total Remaining	Replaced Cast Iron	Replaced Steel	Remaining	Remaining	Total Remaining
			Cast Iron at	Steel at				Cast Iron at	Steel at	
			Year-End	Year-End				Year-End	Year-End	
Jan-16			0	0	0			0	250	250
2016		0	0	0	0		29	0	221	221
2017		0	0	0	0		111	0	110	110
2018		0	0	0	0		20	0	90	90
2019		0	0	0	0		90	0	0	0

Florida Public Utilities Company and Florida Division of Chesapeake Utilities
FPSC Tariff
7.906
Original Volume No. 1

~~Second-Third~~ Revised Sheet No.
Cancels ~~First-Second~~ Revised Sheet No. 7.906

All Companies
GAS RELIABILITY INFRASTRUCTURE PROGRAM

Applicability:

The bill for Regulated Gas Sales Service or Transportation Service, as applicable, supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 2023~~2~~ through the last billing cycle for December 2023~~2~~ are as follows:

INDIANTOWN:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
TS-1	Not applicable
TS-2	Not applicable
TS-3	Not applicable
TS-4	Not applicable
NGVTS	Not applicable

FT. MEADE:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
RS	(\$0.12822) 15245
GS-1	(\$0.02901) 01456
GS-2	(\$0.02901) 01456
GSTS-1	(\$0.02901) 01456
GSTS-2	(\$0.02901) 01456
LVS	(\$0.01861) 00000
LVTS	(\$0.01861) 00000
IS	\$0.00000
ITS	\$0.00000
GLS	\$0.00000
GLSTS	\$0.00000
NGV	\$0.00000
NGVTS	\$0.00000

Issued by: Jeffry Householder, Chief Executive Officer
Florida Public Utilities Company and Chesapeake Utilities Corporation

Effective: JAN-01-2022

Florida Public Utilities Company and Florida Division of Chesapeake Utilities
FPSC Tariff
7.907
Original Volume No. 1
Second-Third Revised Sheet No.
Cancels First-Second Revised Sheet No. 7.907

All Companies
GAS RELIABILITY INFRASTRUCTURE PROGRAM – CONTINUED

FLORIDA PUBLIC UTILITIES:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
RS	\$0.0216631642
RS-GS	\$0.02166
GS-1	\$0.0160822966
GS-2	\$0.0160822966
GSTS-1	\$0.0160822966
GSTS-2	\$0.0160822966
CS-GS	\$0.01608
LVS	\$0.0113416008
LVTs	\$0.0113416008
IS	\$0.0069809536
ITS	\$0.0069809536
GLS	\$0.08352114051
GLSTS	\$0.08352114051
NGV	\$0.0160822966
NGVTS	\$0.0160822966

CENTRAL FLORIDA GAS:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
FTS-A	\$0.1276071307
FTS-B	\$0.0406521508
FTS-1	\$0.0197011405
FTS-2	\$0.0300045536
FTS-2.1	\$0.0316415932
FTS-3	\$0.0105305948
FTS-3.1	\$0.0145407553
FTS-4	\$0.0154208381
FTS-5	\$0.0191808987
FTS-6	\$0.0086505768
FTS-7	\$0.0137407716
FTS-8	\$0.0150108318
FTS-9	\$0.0315012900
FTS-10	\$0.0138307393
FTS-11	\$0.0638905328
FTS-12	\$0.0073503708
FTS-NGV	\$0.0639005329

Definitions:

The Company has prioritized the potential replacement projects focusing initially on areas of high consequence and areas more susceptible to corrosion. The GRIP Program minimizes

Issued by: Jeffry Householder, Chief Executive Officer
Florida Public Utilities Company and Chesapeake Utilities Corporation
Effective: JAN-01-2022

Florida Public Utilities Company and Florida Division of Chesapeake Utilities
FPSC Tariff ~~Second-Third~~ Revised Sheet No.
7.907
Original Volume No. 1 Cancels ~~First-Second~~ Revised Sheet No. 7.907
impact to Customers, but at the same time, allows the Company to accelerate its replacement

Issued by: Jeffry Householder, Chief Executive Officer Effective: ~~JAN-01-2022~~
Florida Public Utilities Company and Chesapeake Utilities Corporation

Florida Public Utilities Company and Florida Division of Chesapeake Utilities
FPSC Tariff
7.910
Original Volume No. 1
Cancels First ~~Second~~ Revised Sheet No. 7.910
~~Second-Third~~ Revised Sheet No.

CFG

GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) - FIXED

Applicability:

All CFG Customers, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A Fixed), FTS-B (Fixed), FTS-1 Fixed), FTS-2 (Fixed), FTS-2.1 (Fixed), FTS-3 (Fixed), and FTS-3.1 (Fixed).

The Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all Meters read for the period January 1, 2023~~2~~ through December 31, 2023~~2~~ for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Dollars per Bill</u>
FTS-A (Fixed)	\$0.874 .50
FTS-B (Fixed)	\$0.442 .28
FTS-1 (Fixed)	\$0.314 .69
FTS-2 (Fixed)	\$1.568 .47
FTS-2.1 (Fixed)	\$3.154 6.58
FTS-3 (Fixed)	\$3.264 8.04
FTS-3.1 (Fixed)	\$8.544 3.36

Definitions

The Company has prioritized the potential replacement projects focusing initially on areas of high consequence and areas more susceptible to corrosion. The GRIP Program minimizes impact to Customers, but at the same time, allows the Company to accelerate its replacement Program-eligible infrastructure. Costs incurred to remove the existing eligible distribution Mains and Service Lines are not recoverable under the GRIP Program.

The Eligible Infrastructure Replacement includes the following:

1. Company plant investment that
 - a. Do not increase revenues by directly connecting new Customer to the plant asset,
 - b. is in service and used and useful in providing utility service, and
 - c. was not included in the Company's rate base for purposed of determining the Company's base rates in its most recent general base rate proceeding.
2. Mains and Service Lines, as replacements for existing cast iron, wrought iron and bare steel facilities, and regulation station and other pipeline system components, the installation of which is required as a consequence of the replacement of the aforesaid facilities.

Issued by: Jeffry Housholder, Chief Executive Officer
Florida Public Utilities Company and Chesapeake Utilities Corporation
Effective: JAN-01-2022

Florida Public Utilities Company and Florida Division of Chesapeake Utilities
FPSC Tariff ~~Second-Third~~ Revised Sheet No. 7.906
Original Volume No. 1 Cancels ~~First-Second~~ Revised Sheet No. 7.906

All Companies
GAS RELIABILITY INFRASTRUCTURE PROGRAM

Applicability:

The bill for Regulated Gas Sales Service or Transportation Service, as applicable, supplied to a Customer in any Billing Period shall be adjusted as follows:

The GRIP factors for the period from the first billing cycle for January 202~~32~~ through the last billing cycle for December 202~~32~~ are as follows:

INDIANTOWN:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
TS-1	Not applicable
TS-2	Not applicable
TS-3	Not applicable
TS-4	Not applicable
NGVTS	Not applicable

FT. MEADE:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
RS	\$0. 1216615245
GS-1	\$0. 0275301456
GS-2	\$0. 0275301456
GSTS-1	\$0. 0275301456
GSTS-2	\$0. 0275301456
LVS	\$0. 0176500000
LVTS	\$0. 0176500000
IS	\$0.00000
ITS	\$0.00000
GLS	\$0.00000
GLSTS	\$0.00000
NGV	\$0.00000
NGVTS	\$0.00000

Issued by: Jeffry Householder, Chief Executive Officer Effective: ~~JAN-01-2022~~
Florida Public Utilities Company and Chesapeake Utilities Corporation

Florida Public Utilities Company and Florida Division of Chesapeake Utilities
FPSC Tariff ~~Second-Third~~ Revised Sheet No. 7.907
Original Volume No. 1 Cancels ~~First-Second~~ Revised Sheet No. 7.907

All Companies
GAS RELIABILITY INFRASTRUCTURE PROGRAM – CONTINUED

FLORIDA PUBLIC UTILITIES:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
RS	\$0. 3352131642
GS-1	\$0. 2488622966
GS-2	\$0. 2488622966
GSTS-1	\$0. 2488622966
GSTS-2	\$0. 2488622966
LVS	\$0. 1756016008
LVTS	\$0. 1756016008
IS	\$0. 1080509536
ITS	\$0. 1080509536
GLS	\$1. 292881.14051
GLSTS	\$1. 292881.14051
NGV	\$0. 2488622966
NGVTS	\$0. 2488622966

CENTRAL FLORIDA GAS:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
FTS-A	\$0. 8158871307
FTS-B	\$0. 2599421508
FTS-1	\$0. 1259611405
FTS-2	\$0. 1918415536
FTS-2.1	\$0. 2023315932
FTS-3	\$0. 0673405948
FTS-3.1	\$0. 0929407553
FTS-4	\$0. 0986008381
FTS-5	\$0. 1226508987
FTS-6	\$0. 0552905768
FTS-7	\$0. 0878707716
FTS-8	\$0. 0959608318
FTS-9	\$0. 2014012900
FTS-10	\$0. 0884307393
FTS-11	\$0. 4084805328
FTS-12	\$0. 0469703708
FTS-NGV	\$0. 4085405329

Definitions:

The Company has prioritized the potential replacement projects focusing initially on areas of high consequence and areas more susceptible to corrosion. The GRIP Program minimizes impact to Customers, but at the same time, allows the Company to accelerate its replacement

Issued by: Jeffry Householder, Chief Executive Officer Effective: ~~JAN 01 2022~~
Florida Public Utilities Company and Chesapeake Utilities Corporation

Florida Public Utilities Company and Florida Division of Chesapeake Utilities
FPSC Tariff ~~Second-Third~~ Revised Sheet No. 7.910
Original Volume No. 1 Cancels ~~First-Second~~ Revised Sheet No. 7.910

CFG
GAS INFRASTRUCTURE REPLACEMENT PROGRAM (GRIP) - FIXED

Applicability:

All CFG Customers, receiving Transportation Service from the Company and are assigned to or have selected rate schedules FTS-A Fixed), FTS-B (Fixed), FTS-1 Fixed), FTS-2 (Fixed), FTS-2.1 (Fixed), FTS-3 (Fixed), and FTS-3.1 (Fixed).

The Transportation Charge for Transportation Service to each applicable rate classification shall be adjusted by the following recovery factors. The recovery factors for all Meters read for the period January 1, 202~~32~~ through December 31, 202~~32~~ for each rate classification are as follows:

<u>Rate Schedule</u>	<u>Dollars per Bill</u>
FTS-A (Fixed)	\$5.534.50
FTS-B (Fixed)	\$2.782.28
FTS-1 (Fixed)	\$1.964.69
FTS-2 (Fixed)	\$9.948.17
FTS-2.1 (Fixed)	\$20.1746.58
FTS-3 (Fixed)	\$20.8348.04
FTS-3.1 (Fixed)	\$54.6143.36

Definitions

The Company has prioritized the potential replacement projects focusing initially on areas of high consequence and areas more susceptible to corrosion. The GRIP Program minimizes impact to Customers, but at the same time, allows the Company to accelerate its replacement Program-eligible infrastructure. Costs incurred to remove the existing eligible distribution Mains and Service Lines are not recoverable under the GRIP Program.

The Eligible Infrastructure Replacement includes the following:

1. Company plant investment that
 - a. Do not increase revenues by directly connecting new Customer to the plant asset,
 - b. is in service and used and useful in providing utility service, and
 - c. was not included in the Company's rate base for purposed of determining the Company's base rates in its most recent general base rate proceeding.
2. Mains and Service Lines, as replacements for existing cast iron, wrought iron and bare steel facilities, and regulation station and other pipeline system components, the installation of which is required as a consequence of the replacement of the aforesaid facilities.

Issued by: Jeffry Householder, Chief Executive Officer
Florida Public Utilities Company and Chesapeake Utilities Corporation

Effective: ~~JAN 01 2022~~

Item 10

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hampson, Draper) *JGH*
Office of the General Counsel (Watrous, Crawford, Trierweiler) *JSC*

RE: Docket No. 20220153-GU – Petition for approval of safety, access, and facility enhancement program true-up and 2023 cost recovery factors, by Florida City Gas.

AGENDA: 11/01/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/01/23 (8-month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2022, Florida City Gas (FCG or utility) filed a petition for approval of its safety, access, and facility enhancement program (SAFE) true-up and 2023 cost recovery factors. The SAFE program was originally approved by the Commission in Order No. PSC-15-0390-TRF-GU (2015 order) to recover the cost of relocating on an expedited basis certain existing gas mains and associated facilities from rear lot easements to the street front.¹ In the 2015 order, the Commission found that the relocation of mains and services to the street front provides for more direct access to the facilities and will enhance the level of service provided to all customers through improved safety and reliability. The SAFE factor is a surcharge on customers' bills.

¹ Order No. PSC-15-0390-TRF-GU, issued September 15, 2015, in Docket No. 20150116-GU, *In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas.*

The Commission ordered the utility to file an annual petition, beginning in 2016, for review and resetting of the SAFE factors to true-up any prior over-or under-recovery and to set the surcharge for the coming year. The SAFE program is a 10-year program that started in 2015 and should finish in 2025. The utility's annual progress in the SAFE program is shown in Attachment A to the recommendation. The current 2022 SAFE factors were approved by Order No. PSC-2021-0430-TRF-GU (2021 order).² The proposed 2023 SAFE factors are shown in Attachment B to the recommendation on Tariff Sheet No. 79.

In the pending rate case, Docket No. 20220069-GU (2022 rate case), FCG has proposed to move the SAFE investment and related expenses as of December 31, 2022, from clause recovery to base rates, in compliance with the 2015 order.³ Specifically, the 2015 order stated that "...if FCG files a base rate case prior to 2025, the then-current SAFE surcharge program would be folded into any newly approved rate base, and the surcharge would begin anew."⁴ The direct testimony of FCG witness Fuentes filed in the 2022 rate case supports the calculations of the SAFE investments (\$42.7 million plant-in-service balance as of December 31, 2022) and \$5.7 million transfer of SAFE revenue requirement from SAFE factor recovery to bases rates in the 2023 test year.

Accordingly, the SAFE tariffs provided in the petition, and shown in Attachment B to the recommendation, have been calculated using the assumption that the Commission would approve FCG's request to roll SAFE investments into rate base. If the Commission has not made a decision in the 2022 rate case prior to the January 1, 2023 effective date of the proposed SAFE factors, then any SAFE revenue requirement not collected in 2023 would be trued-up in the next SAFE filing.

Consistent with the 2015 order, the SAFE program activities would be scheduled to terminate at the end of 2025. However, FCG has proposed in its 2022 rate case to continue the program to replace approximately 150 miles of additional mains and services and to expand the program to replace approximately 160 miles of early vintage polymer pipelines and mains.⁵ FCG Witness Howard explains in his direct testimony filed in the rate case that, if approved in the 2022 rate case, FCG will update the SAFE program in its next annual filing in September 2023 for 2024 factors to reflect the continuation and expansion of the SAFE program.

On September 15, 2022, FCG waived its 60-day file and suspend provision of Section 366.06(3), Florida Statutes (F.S.), via an e-mail, which has been placed in the docket file. During the review process of the petition, staff issued one data request and responses were received on October 10, 2022. The Commission has jurisdiction over the matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06 and Chapter 368, F.S.

² Order No. PSC-2021-0430-TRF-GU, issued November 19, 2021, in Docket No. 20210149-GU, *In re: Petition for approval of safety, access, and facility enhancement program true-up and 2022 cost recovery factors, by Florida City Gas*.

³ Docket No. 20220069-EI, Petition for approval of rate increase and request for approval of depreciation rates, filed May 31, 2022.

⁴ See Page No. 4 of Order No. PSC-15-0390-TRF-GU.

⁵ See direct testimony of Kurt S. Howard, Page Nos. 34-37 (DN 03277-2022) filed in Docket No. 20220069-GU.

Discussion of Issues

Issue 1: Should the Commission approve FCG's proposed SAFE tariff for the period January through December 2023?

Recommendation: Yes. The Commission should approve FCG's proposed SAFE tariff for the period January through December 2023. After reviewing FCG's filings and supporting documentation, the calculations of the 2023 SAFE factors appear consistent with the methodology approved in the 2015 order and are reasonable and accurate. (Hampson)

Staff Analysis: Under the SAFE program, FCG was ordered to relocate or replace 254.3 miles of mains and 11,443 associated service lines from rear property easements to the street over a 10-year period, ending in 2025. The utility began its mains and services replacements at the end of 2015. The surcharges have been in effect since January 2016. During 2022, the utility has replaced 36.5 miles of mains and 1,503 services, as shown in Attachment A to the petition.

True-ups by Year

As required by the 2015 order, the utility's calculations for the 2023 revenue requirement and SAFE factors include a final true-up for 2021, and an estimated/actual true-up for 2022, and projected costs for 2023.

Final True-up for 2021

FCG stated that the revenues collected for 2021 were \$2,615,885, compared to a revenue requirement of \$3,016,838, resulting in an under-recovery of \$400,953. Adding the 2020 final over-recovery of \$90,225 and the \$400,953 under-recovery of 2021, including interest, results in a final 2021 under-recovery of \$326,217.⁶

Actual/Estimated 2022 True-up

FCG provided actual revenues for January through June and forecast revenues for July through December 2022, totaling \$4,616,422, as compared to a projected revenue requirement of \$4,223,438, resulting in over-recovery of \$392,984. Adding the 2021 under-recovery of \$326,217 to the 2022 over-recovery of \$392,984, the resulting total 2022 true-up, including interest, is an over-recovery of \$74,528.

Projected 2023 Costs

The utility's projected investment for 2023 is \$11,679,589 for its projects located in Miami-Dade County. The revenue requirement, which includes a return on investment, depreciation, and taxes is \$714,310. The return on investment calculation includes federal income taxes, regulatory assessment fees, and bad debt. After adding the 2022 over-recovery of \$74,528, the total 2023 revenue requirement is \$639,783. Table 1-1 displays the projected 2023 revenue requirement calculation.

⁶ The calculation also includes a December 2020 true-up of \$7,789 booked in January 2021 plus a December 2021 true-up credit of \$7,690.

Table 1-1
2023 Revenue Requirements Calculation

2023 Projected Investment	\$11,679,589
Return on Investment	\$466,970
Depreciation Expense	140,344
Property Tax Expense	<u>106,996</u>
2023 Revenue Requirement	\$714,310
Minus 2022 Over-recovery	<u>\$74,528</u>
Total 2023 Revenue Requirement	\$639,783

Source: Attachment C of the petition and Attachment 1 in response to Staff's First Data Request No. 3

Proposed 2023 SAFE Factors

The SAFE factors are fixed monthly charges. FCG's cost allocation methodology was approved in the 2015 order and was used in the instant filing. The approved methodology allocates the current cost of a 2-inch pipe to all customers on a per customer basis and allocates the incremental cost of replacing a 4-inch pipe to customers who use over 6,000 therms per year. For customers who require 4-inch pipes, the cost takes into account that the minimum pipe is insufficient to serve their demand, and therefore, allocates an incremental per foot cost in addition to the all-customer cost. The resulting allocation factors are applied to the 2023 total revenue requirement to develop the monthly SAFE factors.

The proposed fixed monthly SAFE factor is \$0.44 for customers using less than 6,000 therms per year (current factor is \$3.17). The proposed fixed monthly SAFE factor for customers using more than 6,000 therms per year is \$0.98 (current factor is \$6.39). The proposed 2023 SAFE factors decreased because as discussed in the case background FCG assumed the SAFE investment as of December 31, 2022 was moved from SAFE factor recovery to base rates and the SAFE factors are beginning anew.

Conclusion

The Commission should approve FCG's proposed SAFE tariff for the period January through December 2023. After reviewing FCG's filings and supporting documentation, the calculations of the 2023 SAFE factors appear consistent with the methodology approved in the 2015 order and are reasonable and accurate.

Date: October 20, 2022

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved and a protest is filed within 21 days of the 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, this docket should be closed upon the issuance of a consummating order. (Watrous)

Staff Analysis: Yes. If Issue 1 is approved and a protest is filed within 21 days of the 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, this docket should be closed upon the issuance of a consummating order.

Table 1
Florida City Gas's SAFE Program Progress

	Main Replacements		Service Replacements	
Year*	Replaced Main (miles)	Total Miles Remaining	Replaced Services (number)	Total Remaining Services
2014	0.0	254.3	0	11,443
2015	0.0	254.3	49	11,394
2016	17.1	237.2	1,433	9,961
2017	37.5	199.7	1,551	8,410
2018	27.6	172.1	1,634	6,776
2019	37.8	134.3	1,183	5,593
2020	25.5	108.8	1,186	4,407
2021	26.0	82.8	1,105	3,302
2022	36.5	46.4	1,503	1,799
2023	12.8	33.6	671	1,128
2024	16.8	16.8	564	564
2025	16.8	0.0	564	0

Source: Attachment A to the petition.

*Actuals 2014-July 2022. Projections August 2022-2025.

Date: October 20, 2022

Florida City Gas
 FPSC Natural Gas Tariff
 Volume No. 10

Fourth-Fifth Revised Sheet No. 79
 Cancels Fourth Third Revised Sheet No. 79

RIDER "D"

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM
 (Continued)

- i. all Customers regarding the implementation of the SAFE Program and the approved surcharge factors;
 - ii. the immediately affected Customers where the eligible infrastructure is being replaced; and
 - iii. the general public through publications (newspapers) covering the geographic areas of the eligible infrastructure replacement activities;
4. Ad valorem taxes; and
 5. Federal and state income taxes.

The Company is utilizing a surcharge mechanism in order to recover the costs associated with the SAFE Program. The Company has developed the revenue requirement for the SAFE Program using the same methodology approved in its most recent rate case. The SAFE revenue requirement will be allocated to each Customer class (Rate Schedule) using allocation factors established by the Florida Public Service Commission for the SAFE Program. The per Customer SAFE surcharge is calculated by dividing the revenue requirement allocated to each Customer class by the number of Customers in the class.

The cost recovery factors including tax multiplier for the twelve-month period from January 1, ~~2022~~~~2023~~ through December 31, ~~2022~~~~2023~~ are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	<u>\$3,170.44</u>
Rate Schedule RS-100	<u>\$3,170.44</u>
Rate Schedule RS-600	<u>\$3,170.44</u>
Rate Schedule GS-1	<u>\$3,170.44</u>
Rate Schedule GS-6K	<u>\$6,390.98</u>
Rate Schedule GS-25K	<u>\$6,390.98</u>
Rate Schedule GS-120K	<u>\$6,390.98</u>
Rate Schedule GS-1,250K	<u>\$6,390.98</u>
Rate Schedule GS-11M	<u>\$6,390.98</u>
Rate Schedule GS-25M	<u>\$6,390.98</u>
Rate Schedule GL	<u>\$3,170.44</u>

Issued by: Kurt Howard
 General Manager, Florida City Gas

Effective: January 1, 2022

Date: October 20, 2022

Florida City Gas
 FPSC Natural Gas Tariff
 Volume No. 10

~~Third~~ ~~Fourth~~ Revised Sheet No. 81
 Cancels ~~Third~~ ~~Second~~ Revised Sheet No. 81

RIDER "D"

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM
 (Continued)

Calculation of the SAFE Revenue Requirements and SAFE Surcharges

In determining the SAFE Revenue Requirements, the Commission shall consider only (a) the net original cost of Eligible Replacements (i.e., the original cost); (b) the applicable depreciation rates as determined and approved by the Commission based on the Company's most recent depreciation study; (c) the accumulated depreciation associated with the Eligible Replacements; (d) the current state and federal income and ad valorem taxes; and (e) the Company's weighted average cost of capital as calculated on Tariff Sheet No. 78.

The SAFE Revenue Requirements shall be calculated as follows:

Line	Description	Value	Source
1	Revenue Expansion Factor	4.34930 1.36420	As calculated in most recent base rate proceeding, using current tax rates
2	Ad Valorem Tax Rate	%	Effective Property Tax Rate for most recent 12 Months ended December 31
3	Mains	\$	Eligible Replacement Mains
4	Services	\$	Eligible Replacement Services
5	Regulators	\$	Eligible Replacement Regulators
6	Other	\$	Eligible Replacement Other
7	Gross Plant	\$	L3+L4+L5+L6
8	Accumulated Depreciation	\$	Previous Period Balance +L13
9	Construction Work In Progress	\$	Non-interest Bearing
10	Net Book Value	\$	L7-L8+L9
11	Average Net Book Value	\$	(L10 + Balance From Previous Period)/2
12	Return on Average Net Book Value	\$	L 11 X Company's calculated weighted average cost of capital
13	Depreciation Expense	\$	Lines 3,4,5 & 6 X applicable approved Depreciation Rates
14	Property Tax	\$	(L7-L8) X L 2
15	Customer and general public notification and other applicable expense	\$	O&M expense incurred as a result of eligible plant replacement
16	SAFE Revenue Requirement	\$	(L12+L13+L14+L15) X L 1

Issued by: Kurt Howard
 General Manager, Florida City Gas

Effective: January 4, 2024

Item 11

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Draper) *JGH*
Office of the General Counsel (Watrous, Crawford) *JSC*

RE: Docket No. 20220152-GU – Petition for approval of 2021 true-up, projected 2022 true-up, and 2023 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System.

AGENDA: 11/01/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 5/1/23 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2022, Peoples Gas System (Peoples or utility) filed a petition for approval of its final 2021 true-up, projected 2022 true-up, and 2023 revenue requirement and surcharges associated with the cast iron/bare steel replacement rider (CI/BSR Rider or rider). The rider was originally approved in Order No. PSC-12-0476-TRF-GU (2012 order) to recover the cost of accelerating the replacement of cast iron and bare steel pipes through a surcharge on customers' bills.¹ In the 2012 order, the Commission found that "replacement of these types of pipelines is in the public interest to improve the safety of Florida's natural gas infrastructure, and reduce the

¹ Order No. PSC-12-0476-TRF-GU, issued September 18, 2012, in Docket No. 20110320-GU, *In re: Petition for approval of Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System.*

possibility of loss of life and destruction of property should an incident occur." Peoples' current surcharges were approved in Order No. PSC-2021-0429-TRF-GU (2021 order).²

In Order No. PSC-17-0066-AS-GU, the Commission approved a comprehensive settlement agreement between PGS and the Office of Public Counsel (OPC).³ The settlement agreement, in part, added problematic plastic pipe (PPP) installed in the company's distribution system to eligible replacements under the rider. PPP was manufactured before 1983 and has significant safety concerns. In certain areas, the PPP is interspersed with, or connected to, the cast iron/bare steel pipe that is being replaced under the rider. As provided for in the settlement agreement, PPP replacements are included in the calculation of the 2023 rider surcharges.

In Order No. PSC-2022-0134-PAA-GU, the Commission granted Peoples' petition to address the impact of changes to Florida state income tax rates.⁴ Specifically, the Commission allowed Peoples to increase the 2023 rider surcharges by \$253,079 to reflect the impact of the change in Florida income tax rates in 2021 and 2022.

On September 14, 2022, Peoples waived the 60-day file-and-suspend provision of Section 366.06(3), Florida Statutes (F.S.), by email. During the evaluation of the petition, staff issued a data request, for which responses were received on October 17, 2022. Attachment B contains the proposed tariff. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, F.S.

² Order No. PSC-2021-0429-TRF-GU, issued November 19, 2021, in Docket No. 20210148-GU, *In re: Petition for approval of 2020 true-up, projected 2021 true-up, and 2022 revenue requirements and surcharges associated with cast iron/bare steel replacement rider, by Peoples Gas System.*

³ Order No. PSC-17-0066-AS-GU, issued February 28, 2017, in Docket No. 20160159-GU, *In re: Petition for approval of settlement agreement pertaining to Peoples Gas System's 2016 depreciation study, environmental reserve account, problematic plastic pipe replacement, and authorized ROE.*

⁴ Order No. PSC-2022-0134-PAA-GU, issued April 11, 2022, in Docket No. 20220018-GU, *In re: Petition for limited proceeding to address the impact of changes to Florida state income tax rates, by Peoples Gas System.*

Date: October 20, 2022

Discussion of Issues

Issue 1: Should the Commission approve Peoples' proposed CI/BSR Rider surcharges for the period January through December 2023?

Recommendation: Yes, the Commission should approve Peoples' proposed CI/BSR Rider surcharges for the period January through December 2023. (Ward)

Staff Analysis: The CI/BSR Rider charges have been in effect since January 2013 and were projected to be in effect for 10 years with replacement projects completed by the end of 2022. In response to staff's first data request, Peoples stated that they need an additional year to complete the cast iron/bare steel replacements due to complications related to the COVID-19 pandemic. Peoples expects to have 3.4 miles of cast iron/bare steel replacements remaining in 2023.

Rider PPP charges have been in effect since 2017. In 2022, Peoples' cast iron/bare steel replacement activity focused in the areas of Miami, Tampa, St. Petersburg, Orlando, Eustis, Jacksonville, Lakeland, Daytona, Avon Park, and Ocala. In 2023, Peoples states it will focus on replacement projects in Miami, Tampa, St. Petersburg, Orlando, Eustis, Jacksonville, Lakeland, Daytona, Avon Park, Jupiter, and Ocala. The replacement of PPP is expected to continue until 2028.

Attachment A to this recommendation contains tables which display the replacement progress and forecasts for CI/BSR Rider (Table 2) and for PPP (Table 3). Additionally, Peoples provided Table 1 which consolidates actual and projected CI/BSR and PPP miles replaced investment and revenue requirements for each year of the replacement program.

True-ups by Year

Peoples' calculation for the 2023 revenue requirement and surcharges includes a final true-up for 2021, an actual/estimated true-up for 2022, and projected costs for 2023. Pursuant to the 2012 order, the capital expenditures for 2017 through 2019 exclude the first \$1 million of facility replacements each year because that amount is included in rate base. Peoples has included depreciation expense savings as discussed in the 2012 order; however, the utility has not identified any operations and maintenance savings.

Final True-up for 2021

Exhibit A of the petition shows that the revenues collected for 2020 were \$5,206,120 compared to a revenue requirement of \$1,186,869, resulting in an over-recovery of \$4,019,251. The final 2020 under-recovery of \$4,581,212, 2021 over-recovery of \$4,019,251, and interest associated with any over- and under-recoveries, results in a final 2021 under-recovery of \$563,794.

Actual/Estimated 2022 True-up

In Exhibit B of the petition, Peoples provided actual revenues for January through July and forecast revenues for August through December of 2022, totaling \$5,190,196, compared to an actual/estimated revenue requirement of \$5,092,683, resulting in an over-recovery of \$97,513. The final 2021 under-recovery of \$563,794, 2022 over-recovery of \$97,513, state tax rate change recovery adjustment of \$253,079, and interest associated with any over- and under-recoveries, results in a total 2022 under-recovery of \$721,168.

Projected 2023 Costs

Exhibit C of the petition shows Peoples projects investment or capital expenditures of \$24,817,804 for the replacement of cast iron/bare steel infrastructure and PPP in 2023. As shown in Table 1 of Attachment A of the recommendation, this consists of the CI/BSR infrastructure investment of \$4,733,434 and the PPP investment of \$20,084,370. The return on investment (which includes federal income taxes, regulatory assessment fees, and bad debt), depreciation expense (less savings), and property tax expense associated with that investment are \$8,033,927. After adding the total 2022 under-recovery of \$721,168, the total 2023 revenue requirement is \$8,755,095. Table 1-1 displays the 2023 revenue requirement calculation.

Table 1-1
2023 Revenue Requirement

2023 Projected Expenditures	\$24,817,804
Return on Investment	\$5,941,404
Depreciation Expense (less savings)	\$1,034,085
Property Tax Expense	<u>\$1,058,439</u>
2023 Revenue Requirement	\$8,033,927
Plus 2022 Under-recovery	<u>\$721,168</u>
Total 2023 Revenue Requirement	\$8,755,095

Source: Page 1 of 2 in Exhibit C in petition (Docket No. 20220152-GU)

Proposed Surcharges

As established in the 2012 order, the total 2023 revenue requirement is allocated to rate classes using the same methodology that was used for the allocation of mains and services in the cost of service study used in Peoples' most recent rate case. After calculating the percentage of total plant costs attributed to each rate class, the respective percentages were multiplied by the 2023 revenue requirement resulting in the revenue requirement by rate class. Dividing each rate class's revenue requirement by projected therm sales provides the rider surcharge for each rate class.

If the Commission approves this recommendation, the proposed 2023 rider surcharge for residential customers is \$0.03111 per therm (compared to the current surcharge of \$0.02014). The 2023 monthly bill impact will be \$0.62 for a residential customer who uses 20 therms. The proposed tariff page provided in the petition is Attachment B to this recommendation.

Conclusion

Staff reviewed Peoples' filings and supporting documentation and believes that the calculations are consistent with the methodology approved in the 2012 order and are reasonable and accurate. Therefore, staff recommends approval of Peoples' proposed 2023 Rider CI/BSR surcharges to be effective for the period January through December 2023.

Date: October 20, 2022

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the 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. (Watrous)

Staff Analysis: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the 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.

Table 1
Peoples' CI/BSR Replacement Program Progress

Year	CI/BS Miles Replaced	PPP Miles Replaced	CI/BS Investment	PPP Investment	CI/BS Revenue Requirement	PPP Revenue Requirement
2017	51	-	\$17,588,366	\$2,915,802	\$6,868,302	\$74,021
2018	62	56	\$27,035,678	\$15,890,424	\$8,510,823	\$848,201
2019	52	42	\$35,821,371	\$17,425,589	\$11,075,229	\$2,706,161
2020	55	43	\$32,317,184	\$11,115,571	\$14,817,804	\$4,358,010
2021	14	38	\$23,726,642	\$19,812,603	\$1,347,321	\$(160,452)
2022	22.6	42	\$12,726,454	\$13,257,487	\$3,198,966	\$1,893,717
2023	3	56	\$4,733,434	\$20,084,370	\$4,427,140	\$3,606,787
2024	-	53	-	\$21,113,609	\$4,719,944	\$5,790,505
2025	-	50	-	\$20,422,085	\$4,665,567	\$7,934,661
2026	-	48	-	\$20,065,464	\$4,604,292	\$9,995,517
2027	0.4*	45	-	\$19,320,794	\$4,542,798	\$11,974,082
2028	-	43	-	\$20,464,387	\$4,481,301	\$13,934,519

Source: Response to staff's first data request.

*The 0.4 CI/BS miles shown in 2027 are a result of a 5-year construction moratorium in effect in the City of Miami preventing completion before 2027.

Table 2
Peoples' CI/BSR Replacement Progress

Year	Main Replacements					Service Replacements	
	Replaced Cast Iron (miles)	Replaced Bare Steel (miles)	Remaining Cast Iron at Year End (miles)	Remaining Bare Steel at Year End (miles)	Total Miles Remaining of CI/BS Mains	Replaced Number of Bare Steel Services	Total Number of Remaining Bare Steel Services
2012	-	-	100	354	454	-	14,978
2013	13	38	87	316	403	907	14,071
2014	2	15	85	298	383	7,964	6,107
2015	26	60	59	238	297	1,019	5,088
2016	15	35	44	203	247	1,050	6,963
2017	15	36	29	178	207	1,135	4,279
2018	10	52	18	126	144	1,970	2,309
2019	8	44	10	83	93	649	1,660
2020	4	51	6	35	41	423	1,237
2021	3.5	10.5	2	24	26	191	998
2022	1.8	20.8	0.2	3.2	3.4	500	-

Source: Response to staff's first data request.

Table 3
Peoples' PPP Replacement Program Progress

Miles	Replaced PPP (miles)	Total Remaining PPP Mains (miles)	Replaced Number of PPP Services	Total Number of Remaining PPP Services
2016	-	551	-	28,237
2017	-	509	1,396	26,841
2018	56	461	3,941	24,741
2019	42	418	2,349	20,420
2020	43	370	1,702	18,718
2021	38	337	882	17,683
2022	42	295	Not Yet Determined	-
2023	56	239	Not Yet Determined	-
2024	53	186	Not Yet Determined	-
2025	50	136	Not Yet Determined	-
2026	48	88	Not Yet Determined	-
2027	45	43	Not Yet Determined	-
2028	43	-	Not Yet Determined	-

Source: Response to staff's first data request.

Peoples Gas System
a Division of Tampa Electric Company
Original Volume No. 3

~~Eleventh-Twelfth~~ Revised Sheet No. 7.806
Cancels ~~Tenth-Eleventh~~ Revised Sheet No. 7.806

**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2022~~23~~, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator /	
Residential Gas Heat Pump Service	\$ 0.00 20443111 per therm
Small General Service	\$ 0.00 42071816 per therm
General Service – 1/ Commercial Standby	
Generator Service /	
Commercial Gas Heat Pump Service	\$ 0.00 7361236 per therm
General Service – 2	\$ 0.00 7081183 per therm
General Service – 3	\$ 0.00 7241171 per therm
General Service – 4	\$ 0.00 6741166 per therm
General Service – 5	\$ 0.00 369503 per therm
Commercial Street Lighting	\$ 0.00 6661033 per therm
Wholesale	\$ 0.00 600499 per therm
Small Interruptible Service	\$ 0.00 344574 per therm
Interruptible Service	\$ 0.00 072125 per therm
Interruptible Service – Large Volume	\$ 0.00000 per therm

The CI/BSR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CI/BSR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

"Eligible Replacements" means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous Materials Administration as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

"CI/BSR Revenues" means the revenues produced through CI/BSR Surcharges, exclusive of revenues from all other rates and charges.

Issued By: ~~T. J. Szelistowski~~ H. Wesley, President
Issued On: ~~September 1, 2021~~

Effective: ~~January 1, 2022~~

Item 12

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Draper)
Office of the General Counsel (Stiller)

A handwritten signature in blue ink, appearing to be "JGH" or similar, with a flourish below it.

RE: Docket No. 20220159-GU – Joint petition by Peoples Gas System and Florida Public Utilities Company for approval of special contract.

AGENDA: 11/01/22 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On September 13, 2022, Peoples Gas System (Peoples) and Florida Public Utilities Company (FPUC) (jointly, Petitioners) filed a joint petition for approval of a special contract (contract). Under the terms of the contract, Peoples would provide FPUC with firm gas transportation service for a nineteen-month term commencing on November 1, 2022. Peoples and FPUC own and operate natural gas facilities in Florida and are subject to the regulatory jurisdiction of the Commission pursuant to Section 366.06, Florida Statutes (F.S.).

During the evaluation of the petition, staff issued data requests to Peoples and FPUC. Responses from FPUC were received on September 28, 2022 and responses from Peoples were received on October 6, 2022. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, F.S.

Date: October 20, 2022

Discussion of Issues

Issue 1: Should the Commission approve the special contract between Peoples and FPUC?

Recommendation: Yes, the Commission should approve the special contract between Peoples and FPUC as shown in Attachment A to the recommendation. The contract is reasonable because it facilitates the delivery of natural gas into Nassau County and benefits FPUC's and Peoples' general body of ratepayers. The contract should be effective November 1, 2022. (Ward)

Staff Analysis:

Existing Agreement

On September 20, 2021, Peoples and FPUC entered into a gas transportation agreement (2021 agreement) that was subject to termination on October 1, 2022. The Parties agreed to extend the 2021 agreement until October 31, 2022. The Parties explained that the 2021 agreement did not require Commission approval since the terms and conditions of the 2021 agreement did not deviate from Peoples' Commission-approved tariff. Under the 2021 agreement, FPUC received service under Peoples' interruptible (IS) Rate Schedule. Pursuant to the 2021 agreement, Peoples transported natural gas from the Florida Gas Transmission's (FGT) interstate pipeline at the PGS-Jacksonville main gate to the Radio Avenue Interconnect into the Callahan Pipeline. The Callahan Pipeline is a 16-inch steel pipeline that was constructed in 2019 to allow FPUC and Peoples to expand natural gas service in Nassau and Duval counties.

Proposed Contract

In response to staff's first data request, FPUC stated that the Transco Zone 5 index represents the prevailing price index for the natural gas FPUC procures for its operations in Nassau County. FPUC explained that the Transco Zone 5 market has been disproportionately impacted by price increases due to natural gas shortages in Europe that have increased domestic exports of natural gas. As a result of the price increases, FPUC stated that they have been seeking natural gas supply from alternate receipt locations, such as FGT, that do not rely on Transco Zone 5.

In June 2022, FPUC contacted Peoples seeking to convert the 2021 agreement into a new contract for firm service as firm service is typically preferable to interruptible service. The Petitioners explained that discussions concerning a new agreement have resulted in the proposed contract. The proposed contract would allow Peoples to provide FPUC with firm service for a limited duration and obtain a fixed monthly reservation fee for the service provided. The term of the contract extends as far into the future as Peoples has the capability on its infrastructure to offer the service in consideration of expected future growth on Peoples' system. FPUC stated that after the contract expires, FPUC plans to revert to using firm Southern Natural Gas (Sonat) capacity for its supply requirements. Sonat is an interstate natural gas pipeline system which brings gas from the Louisiana Gulf of Mexico coast to the southeastern United States, including Florida.

Pursuant to the proposed contract, the receipt points, delivery points, and points of delivery would remain the same as in the 2021 agreement. The contract is for a nineteen-month term commencing on November 1, 2022, and terminating on June 1, 2024. The terms of the contract

Date: October 20, 2022

include a negotiated monthly charge for the reservation of firm capacity and transportation service on Peoples' distribution system and a daily maximum transportation quantity.

FPUC explained that the alternative supply received under the contract would benefit the general body of ratepayers by more than \$10 million over the nineteen-month term. Peoples explained that the contract would generate revenues for Peoples, benefiting Peoples' general body of ratepayers. The Petitioners explained that FPUC will be able to pay a lower cost per dekatherm under the special contract in comparison to the 2021 agreement because of a fixed fee structure. FPUC will recover its payments to Peoples through the Purchased Gas Adjustment (PGA) and from third-party transportation customers that utilize the alternative supply into Nassau County.

Conclusion

Based on the review of the petition and responses to staff's data requests, staff believes the proposed special contract is reasonable because it facilitates the delivery of natural gas into Nassau County and benefits FPUC's and Peoples' general body of ratepayers. Staff therefore recommends approval of the proposed special contract between Peoples and FPUC effective November 1, 2022.

Issue 2: Should this docket be closed?

Recommendation: If no protest is filed by a person whose substantial interests are affected within 21 days of issuance of this order, this docket should be closed upon the issuance of a consummating order. (Stiller)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of issuance of this order, this docket should be closed upon the issuance of a consummating order.

GAS TRANSPORTATION AGREEMENT

This Gas Transportation Agreement (the "Agreement") is made and entered into as of the _____ day of _____, 2022, by and between **Peoples Gas System, a Division of Tampa Electric Company**, a Florida corporation ("PGS"), and **Florida Public Utilities Company**, a Delaware corporation ("Shipper"), who hereby agree as follows:

ARTICLE I – DEFINITIONS

As used herein, the following terms shall have the meanings set forth below. Capitalized terms used herein, but not defined below, have the meanings given for such terms in PGS's FPSC Tariff.

"Business Day" means the Days Monday through Friday (excluding any federal banking holiday falling on any such Day).

"Callahan Intrastate Pipeline" means 16-inch steel pipeline with a Maximum Allowable Operating Pressure (MAOP) of at least 1250 psig extending from the outlet of the Southern Natural Gas Company's Cypress mainline measurement and flow control facilities in Nassau County Florida in the vicinity of the intersection of the Cypress Pipeline and Crawford Road (approximately 4.9 miles west of SR 200 on Crawford Road) to its terminus at a point of interconnection with the Fernandina Beach Line at or near the intersection of U.S. Highway 17 and Radio Avenue, together with necessary metering and other required facilities for Peninsula Pipeline Company, Inc. and SeaCoast Gas Transmission, L.L.C. to deliver gas to the Fernandina Beach Line.

"Day" means "Delivery Gas Day" as defined in FGTs FERC Tariff.

"FGT" means Florida Gas Transmission Company, LLC, a Delaware limited liability company, its successors, and assigns.

"FPSC" means the Florida Public Service Commission or any successor agency.

"Maximum Delivery Quantity" or **"MDQ"** means the maximum amount of Gas that PGS is obligated to cause to be delivered to Shipper pursuant to this Agreement on any Day at the PGS Delivery Point(s), and is stated in Appendix B.

"Maximum Transportation Quantity" or **"MTQ"** means the maximum amount of Gas that PGS shall be obligated to receive pursuant to this Agreement on any Day at the PGS Receipt Point(s), and is stated in Appendix A.

"Nomination" means a notice delivered by Shipper to PGS in the form specified in PGS's FPSC Tariff, specifying (in MMBtu) the quantity of Gas Shipper desires to purchase, or to have PGS receive, transport and redeliver, at the PGS Delivery Point(s).

"Nominate" means to deliver a completed Nomination.

"PGS-Callahan Interconnect" means the inlet to the interconnection between the Gas distribution facilities of PGS and the Callahan Pipeline.

"PGS Delivery Point(s)" means the point(s) listed in Appendix B.

"PGS Receipt Point(s)" means the point(s) of physical interconnection between Transporter and PGS listed in Appendix A.

"Supplier(s)" means person(s) (other than PGS) from which Shipper purchases Gas transported hereunder.

ARTICLE II – TERM

Section 2.1 Term. Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective commencing on **November 1, 2022** (the "Effective Date") and shall continue until the beginning of the Day commencing on **June 1, 2024** (the "Termination Date").

ARTICLE III - SALES AND TRANSPORTATION SERVICE

Section 3.1 Services. PGS desires to sell and Shipper desires to purchase from PGS, from time to time, for use at the PGS-Callahan Pipeline Interconnect, Gas in quantities which, at Shipper's request, PGS may, in its sole discretion exercised in a not unduly discriminatory manner, agree to sell to Shipper. Shipper also engages PGS, and PGS accepts such engagement, to receive Gas for Shipper's account, up to the MTQ, at the PGS Receipt Point(s), and to cause an equivalent quantity, less the Retainage, to be redelivered to Shipper. Such sales and transportation shall be governed by PGS's FPSC Tariff and this Agreement.

Section 3.2 Telemetry and Other Required Equipment. [Intentionally Omitted].

ARTICLE IV – NOMINATIONS

Section 4.1 General. For each Day Shipper desires service hereunder, Shipper shall provide a Nomination to PGS pursuant to Sections 4.2 and/or 4.3 for each meter at the Interconnect. The total quantity for the Interconnect may be Nominated to a single meter. All Nominations shall be made to PGS at its web site (<https://custactivities.peoplesgas.com/>) provided that, in an emergency, a Nomination may be delivered via facsimile using the form set forth in PGS's FPSC Tariff. Quantities confirmed by PGS for delivery shall be Scheduled Quantities. If requested by Shipper, PGS will allow increases or decreases in Scheduled Quantities after the Nomination deadlines set forth in this article, if the same can be confirmed by PGS, Transporters and Suppliers, and can be accomplished without detriment to services then scheduled on such Day for PGS and other shippers. The maximum quantity PGS shall be obligated to make available for delivery to Shipper on any Day (which shall not exceed the MDQ) is the sum of (a) the Transportation Quantity and (b) the Sales Quantity established pursuant to this article.

Section 4.2 Nomination for Purchase. Unless otherwise agreed, Shipper shall Nominate Gas for purchase hereunder not less than seven (7) Business Days prior to the first Day of any Month in which Shipper desires to purchase Gas. Daily notices shall be given to PGS at least two (2) Business Days (but not less than forty-eight (48) hours) prior to the commencement of the Day on which Shipper desires delivery of the Gas. If Shipper has timely Nominated a quantity for a particular Month, PGS shall confirm to Shipper the quantity PGS will tender for purchase by Shipper (the "Sales Quantity," which shall also be a "Scheduled Quantity") no later than 5:00 p.m. Eastern Time on the Business Day immediately preceding each Day during such Month.

Section 4.3 Nomination for Transportation. Unless otherwise agreed, Shipper shall, for each Month, and each Day during such Month that Shipper seeks to change any aspect of any prior Nomination, notify PGS by providing a completed Nomination. Shipper's Nomination for Gas to be made available for delivery on the first Day of any Month shall be given by 10 a.m. on the second Business Day prior to the Day on which a nomination must be delivered to Transporter for receipt of deliveries at the PGS Receipt Point(s) on such Day. Daily Nominations for Gas to be made available for delivery other than on the first Day of a Month shall be given to PGS by 10 a.m. on the Business Day prior to the Day on which a nomination must be delivered to Transporter for the receipt of deliveries at the PGS Receipt Point(s) on such Day. The following nomination information is required for a valid nomination:

- a. The Shipper's account number under which service is being nominated;
- b. The receipt point location including applicable DRN and upstream pipeline name, upstream pipeline package ID, including Shipper's PGS account number, and quantity in Therms of Gas to be tendered at each PGS Receipt Point;
- c. The downstream delivery, and quantity in Therms of Gas to be delivered for each PGS Shipper account;
- d. A beginning and ending date for each nomination;
- e. The upstream contract identifier;

Only nominations with clearly matching upstream Transporter identifiers (including Shipper's package ID and PGS account number) and downstream (PGS) identifiers will be scheduled. If Shipper or Shipper's Agent fails to comply with provisions (a) through (e) of this section, PGS may not schedule commencement of service or change a prior nomination.

Shipper understands that PGS is subject to FERC regulations that may require PGS to post certain Shipper information on a publicly accessible website. The submission by Shipper or Shipper's Agent of a required nomination shall constitute Shipper's authorization to PGS to publicly disclose any information (including but not limited to the information provided in such nomination) required by applicable law or regulation to be disclosed by PGS.

PGS shall confirm to Shipper the quantity PGS will make available for redelivery on such Day (the "Transportation Quantity," which shall also be a "Scheduled Quantity") no later than 5:00 p.m. Eastern Time on the Business Day immediately preceding such Day. PGS has no obligation to confirm a quantity Nominated by Shipper pursuant to this section greater than the quantity which, in PGS's reasonable judgment, equals the Interconnect's likely consumption for a Day, less any Sales Quantities confirmed for delivery on such Day.

Section 4.4 Other Responsibilities. Shipper shall promptly notify PGS in writing of any change in the Sales Quantity or Transportation Quantity for any Day, and PGS will use commercially reasonable efforts to accept any such requested change as soon as practicable.

Section 4.5 Confirmation. If Transporter asks PGS to verify a nomination for Shipper's account, PGS shall confirm the lesser of such nomination, the Transportation Quantity or, in the case of non- or partial operation of the Interconnect, that quantity which in PGS's reasonable judgment (after consultation with Shipper) is likely to be consumed at the Interconnect. PGS has no obligation with respect to verification or rejection of quantities not requested by Shipper.

Section 4.6 Mutually Beneficial Transactions. Shipper recognizes that PGS maintains the operation and system integrity of the PGS distribution system on a daily basis, and that PGS, as the delivery point operator for its points of interconnection with interstate pipelines, is subject to the rules and regulations of such pipelines with regard to operational flow rates, pressures and penalties. As such, PGS may from time to time need Shipper to vary its Nominated quantities of

REDACTED

Gas to be delivered at the PGS Receipt Point(s). On such occasions, PGS may in its sole discretion request, and Shipper may agree to, a change in the quantity of Gas to be delivered for the account of Shipper at the PGS Receipt Point(s). No such change in the quantity of Gas to be delivered shall be made pursuant to this section without the consent of Shipper. Terms and conditions of any such transaction will be agreed upon between the parties at the time of the transaction and will be recorded and confirmed in writing within two Business Days of the transaction.

ARTICLE V – RESERVATION, USAGE AND OTHER CHARGES

Section 5.1 Reservation Charge. The parties acknowledge that the Gas transportation service to Shipper at the PGS Delivery Point contemplated by this Agreement requires access by Shipper, through this Agreement, to PGS distribution system capacity. Each Month during the term of this Agreement, Shipper shall pay to PGS for the reservation of firm capacity and the transportation service on the PGS distribution system contemplated by this Agreement the sum of \$[REDACTED].

Section 5.2 Usage Charge. In addition to the Monthly reservation charge provided by Section 5.1, each Month during the term of this Agreement, Shipper shall pay to PGS for the aggregate of all quantities delivered hereunder on each Day during the immediately preceding Month in excess of the MDQ an amount equal to the product of (i) such aggregate excess quantities (in Therms) and (ii) \$[REDACTED].

Section 5.3 Other Charges. The rates and charges prescribed in Section 5.1 shall be subject to taxes and fees as provided by law.

ARTICLE VI - BILLING AND PAYMENT

Section 6.1 Billing. PGS will bill Shipper each Month for all Actual Takes during the preceding Month, and for any other amounts due hereunder. If, during the preceding Month, PGS has purchased Gas from Shipper pursuant to an interruption or curtailment order, such bill shall show a credit for the estimated amount due Shipper for such purchase(s). If the estimated amount owed by PGS to Shipper exceeds the amount Shipper owes PGS, PGS shall pay Shipper the net amount estimated to be due Shipper at the time PGS bills Shipper.

Section 6.2 Payment. Shipper shall pay such bills, minus any disputed amounts, at the address specified in the invoice by the 20th Day following the date of PGS's mailing (as signified by the postmark) or other delivery of the bill. All sums not so paid by Shipper (or credited or paid by PGS) shall be considered delinquent.

Section 6.3 Billing Disputes. In the event of a bona fide billing dispute, Shipper or PGS, as the case may be, shall pay (or credit) to the other party all amounts not in dispute, and the parties shall negotiate in good faith to resolve the amount in dispute as soon as reasonably practicable. If a party has withheld payment (or credit) of a disputed amount, and the dispute is resolved, the non-prevailing party shall pay to the other party the amount determined to be due such other party, plus interest thereon at an annual rate equal to the prime interest rate of Citibank, N.A., New York, New York, plus one percent (1%), calculated on a daily basis from the date due until paid (or credited).

Section 6.4 Errors or Estimates. If an estimate is used to determine the amount due Shipper for purchases by PGS pursuant to an interruption or curtailment order, PGS shall make any adjustment necessary to reflect the actual amount due Shipper on account of such purchases in

the next bill rendered to Shipper after determination of the actual amount due. An error in any bill, credit or payment shall be corrected in the next bill rendered after the error is confirmed by PGS.

ARTICLE VII - FAILURE TO MAKE PAYMENT

Section 7.1 Late Payment Charge. Charges for services due and rendered which are unpaid as of the past due date are subject to a Late Payment Charge of 1.5%, except the accounts of federal, state, and local governmental entities, agencies, and instrumentalities. A Late Payment Charge shall be applied to the accounts of federal, state, and local governmental entities, agencies, and instrumentalities at a rate no greater than allowed, and in a manner permitted by applicable law.

Section 7.2 Other Remedies. If Shipper fails to remedy a delinquency in any payment within five (5) Days after written notice thereof by PGS, PGS, in addition to any other remedy may, without incurring any liability to Shipper and without terminating this Agreement, suspend further deliveries to Shipper until the delinquent amount is paid, but PGS shall not do so if the failure to pay is the result of a bona fide billing dispute, and all undisputed amounts have been paid. If PGS fails to remedy a delinquency in providing a credit (or making payment) to Shipper for PGS purchases pursuant to an interruption or curtailment order within five (5) Days after Shipper's written notice thereof, Shipper, in addition to any other remedy, may, without incurring liability to PGS and without terminating this Agreement, suspend PGS's right to retain and purchase Shipper's Gas pursuant to an interruption or curtailment order, but Shipper shall not do so if PGS's failure to provide a credit (or make payment) is the result of a bona fide billing dispute, and all undisputed amounts have been credited or paid by PGS.

ARTICLE VIII – REGULATORY JURISDICTION

Section 8.1 FPSC Jurisdiction. The parties recognize and agree that the Gas transportation service contemplated by this Agreement is subject to regulation by the FPSC. Compliance by either party with any rule or order of the FPSC or any other federal, state, or local governmental authority acting under claim of jurisdiction issued before or after the Effective Date of this Agreement shall not constitute a breach hereof; provided, however, that each party shall use commercially reasonable efforts, consistent with such party's status as a regulated entity, to mitigate any materially adverse effect its compliance with the terms of any such rule or order would have on either party's rights under this Agreement.

Section 8.2 FPSC Approval. Notwithstanding any other provision set forth herein, this Agreement shall be of no force or effect until approved by a final non-appealable order of the FPSC. In the event the FPSC denies approval of this Agreement, the same shall be of no force or effect. In accordance with the foregoing, the parties shall file an appropriate joint petition with the FPSC seeking approval of this Agreement as a special contract.

ARTICLE IX – MISCELLANEOUS

Section 9.1 Assignment and Transfer. Neither party may assign this Agreement without the prior written consent of the other party (which shall not be unreasonably withheld) and the assignee's written assumption of the assigning party's obligations hereunder.

Section 9.2 Governing Law. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of Florida and shall be subject to all applicable laws, rules and orders of any Federal, state or local governmental authority having

jurisdiction over the parties, their facilities or the transactions contemplated. Venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court, located within the State of Florida, having jurisdiction.

Section 9.3 Severability. If any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

Section 9.4 Entire Agreement; Appendices. This Agreement sets forth the complete understanding of the parties as of the date first written above, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. The appendices attached hereto are an integral part hereof. All capitalized terms used and not otherwise defined in the appendices shall have the meanings given to such terms herein.

Section 9.5 Waiver. No waiver of any of the provisions hereof shall be deemed to be a waiver of any other provision whether similar or not. No waiver shall constitute a continuing waiver. No waiver shall be binding on a party unless executed in writing by that party.

Section 9.6 Notices. (a) All notices and other communications hereunder shall be in writing and be deemed duly given on the date of delivery if delivered personally or by a recognized overnight delivery service or on the fifth day after mailing if mailed by first class United States mail, registered or certified, return receipt requested, postage prepaid, and properly addressed to the party as set forth below.

PGS:

Administrative Matters:

Peoples Gas System, a division
Tampa Electric
702 Franklin Street
P. O. Box 2562
Tampa, Florida 33601-2562
ATTN: Director, Gas Supply & Trading
P: (813) 228-4691
F: (813) 228-4922
Email:
PGSGasTransportation@tecoenergy.com

Shipper:

Administrative Matters:

Florida Public Utilities Company

208 Wildlight Avenue
Yulee, Florida 32097

ATTN: Energy Logistics
P: (561) 598-9612

Invoices and Payment:

Peoples Gas System, a division
Tampa Electric
702 Franklin Street
P. O. Box 2562
Tampa, Florida 33601-2562
ATTN: PGS Settlements
P: (813) 228-1524
F: (813) 228-4194
Email: PGSsettlements@tecoenergy.com

Invoices and Payment:

Florida Public Utilities Company

208 Wildlight Avenue
Yulee, Florida 32097
ATTN: Invoices
(Please do not mail invoices)
P: (352) 250-1648
E-mail: cfggascontrol@chpk.com

Section 9.7 Amendments. This Agreement may not be amended except by an instrument in writing signed by the party against which enforcement of the amendment is sought. A change in (a) the place to which notices hereunder must be sent or (b) the individual designated as Contact Person shall not be deemed nor require an amendment hereof provided such change is communicated pursuant to Section 9.6. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may become necessary to comply with the requirements of, or are otherwise approved by, the FPSC or its successor agency or authority.

Section 9.8 Legal Fees. In the event of litigation between the parties hereto arising out of or in connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the date first above written.

**PEOPLES GAS SYSTEM, a division of
TAMPA ELECTRIC COMPANY**

By: _____

Name: Lew Rutkin, Jr.

Title: Vice President, Business Development

Date: _____

By: _____

Name: Timothy O'Connor

Title: Vice President, Ops, Sustainability, EA

Date: _____

FLORIDA PUBLIC UTILITIES COMPANY

By: _____

Name: Bill Hancock

Title: AVP – Fuel Supply and Energy Logistics

Date: _____

REDACTED

APPENDIX A - GAS TRANSPORTATION AGREEMENT

PGS RECEIPT POINT(S)

Maximum Transportation Quantity: [REDACTED] MMBtu per Day plus the Retainage

PGS will accept Gas from Shipper, or for its account, for transportation pursuant to this Agreement at the following point(s):

POI # 16151- PGS-Jacksonville

The above point(s) may be changed by PGS from time to time on written notice to Shipper.

APPENDIX B - GAS TRANSPORTATION AGREEMENT

PGS DELIVERY POINT(S)

Gas transported or sold pursuant to this Agreement shall be delivered by PGS to Shipper at the following point(s):

NAME

MAXIMUM DELIVERY QUANTITY

Meter at Interconnect

[REDACTED] MMBtu per Day

Contract Number:

5200884205

Meter Numbers:

PGS-Callahan Pipeline Interconnect

Item 13

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey) *JGH*
Office of the General Counsel (Dose, Crawford) *JSC*

RE: Docket No. 20220154-GU – Joint petition for approval of swing service rider rates for January through December 2023, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

AGENDA: 11/01/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/1/23 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2022, Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation d/b/a Central Florida Gas (jointly, Companies) filed a petition for approval of revised swing service rider rates and associated tariffs for the period January through December 2023. FPUC is a local natural gas distribution company (LDC) subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes (F.S.). FPUC is a wholly-owned subsidiary of Chesapeake Utilities Corporation, which is headquartered in Dover, Delaware. Chesapeake is also an LDC subject to the Commission's jurisdiction under Chapter 366, F.S., and is an operating division of Chesapeake Utilities Corporation.

The Commission first approved the Companies' swing service rider tariff in Order No. PSC-16-0422-TRF-GU (swing service order) and the initial swing service rider rates were in effect for the period March through December 2017.¹ As required in the swing service order, the Companies submitted the instant petition with revised 2023 swing service rider rates for Commission approval by September 1, 2022. The January through December 2022 swing service rider rates were approved in Order No. PSC-2021-0417-TRF-GU.² The swing service rider is a cents per therm charge that is included in the monthly gas bill of transportation customers.

In the pending rate case Docket No. 20220067-GU,³ the Companies proposed to consolidate the current 54 rate classes across the four natural gas utilities into 16 rate classes. If the Commission approves the consolidated rate classes in the rate case docket, the Companies would need to allocate the swing service rider costs⁴ to the appropriate revised rate classes and recalculate the swing service rider rates. If the Commission denies the Companies' proposal to consolidate the rate classes, the 2023 swing service rider rates as approved in this docket would stay in effect.

On September 15, 2022, the Companies waived their 60-day file and suspend provision of Section 366.06(3), F.S., via an e-mail, which has been placed in the docket file. During the evaluation of the petition, staff issued a data request to the Companies for which responses were received on October 6, 2022. The updated swing service rider rates and associated revised tariff sheets are shown in Attachment A to the recommendation. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, F.S.

¹ Order No. PSC-16-0422-TRF-GU, issued October 3, 2016, in Docket No. 160085-GU, *In re: Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

² Order No. PSC-2021-0417-TRF-GU, issued November 8, 2021, Docket No. 20210147-GU, *In re: Joint petition for approval of swing service rider rates for January through December 2022, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.* This order denied the 2022 swing service rider rates and gave the Companies the option to file revised rates and charges for administrative approval by staff that reflect the Commission vote. On November 3, 2021, the Companies filed updated tariff sheets in accordance with the Commission's decision. See Document No. 12529-2021.

³ Docket No. 20220067-GU: *Petition for rate increase by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation, Florida Public Utilities Company-Fort Meade, and Florida Public Utilities Company-Indiantown Division.*

⁴ Total costs recovered through the swing service rider rates are at issue in this docket and not subject to change in the rate case docket.

Discussion of Issues

Issue 1: Should the Commission approve the Companies' proposed swing service rider rates and tariffs for the period January through December 2023?

Recommendation: Yes. The Commission should approve the Companies' proposed swing service rider rates and tariffs for the period January through December 2023. The costs included are appropriate and the methodology for calculating the swing service rider rates is consistent with the swing service order.

If the Commission approves the Companies' proposal to consolidate the rate classes in rate case Docket No. 20220067-GU, within 10 business days after the Commission vote in the rate case docket, the Companies should recalculate the swing service rider rates for the consolidated rate classes. The revised swing service rider rates should be submitted for staff's administrative approval and should be effective concurrent with any revised Commission-approved base rates in the rate case docket. If the Commission denies the Companies' proposal to consolidate the rate classes, the swing service rider rates as approved in this docket should stay in effect for the period January through December 2023. (Guffey)

Staff Analysis: The Companies incur intrastate capacity costs when they transport natural gas on intrastate pipelines (i.e., pipelines operating within Florida only). The Companies have two types of natural gas customers: sales and transportation. Sales customers are primarily residential and small commercial customers that purchase natural gas from an LDC and receive allocations of intrastate capacity costs through the Purchased Gas Adjustment (PGA)⁵ charge. Of the joint petitioners in the instant docket, only Florida Public Utilities Company and Florida Public Utilities Company – Fort Meade have sales customers. Transportation customers receive natural gas from third party marketers, also known as shippers⁶ and, therefore, do not pay the PGA charge to the LDC. The swing service rider allows the Companies to also recover allocations of intrastate capacity costs from transportation customers.

Updated 2023 Swing Service Rider Rates

The updated 2023 swing service rider rates were calculated based on the same methodology approved in the 2016 swing service order. As stated in paragraph 9 of the Companies' instant petition, the total intrastate capacity costs for the period July 2021 through June 2022 are \$26,231,749. The total intrastate capacity costs reflect payments by the Companies to intrastate pipelines for the transportation of natural gas, pursuant to Commission-approved transportation agreements. In addition, the intrastate capacity costs include payments associated with a software tool to manage customer usage and assist in determining the gas supply and capacity needs for the Companies, legal and consulting fees, and subscription fees to obtain market data and gas daily pricing.⁷

⁵ The PGA charge is set by the Commission in the annual PGA cost recovery clause proceeding.

⁶ The Commission does not regulate the shippers or their charges for the gas commodity.

⁷ See direct testimony of Robert Waruszewski, page 5, lines 13-21, filed on September 1, 2022, Document No. 05938-2022, in Docket No. 20220154-GU.

Date: October 20, 2022

Of these costs, \$6,455,937 will be billed directly to certain large special contract customers. The remaining costs of \$19,775,812 are allocated between sales and transportation customers and will be recovered during the period January 1, 2023 through December 31, 2023.

The Companies used actual therm usage data for the period July 2021 through June 2022 to allocate the intrastate capacity costs. Based on the usage data, the appropriate split for allocating the cost is 71.16 percent or \$14,072,343 to transportation customers and 28.84 percent or \$5,703,469 to sales customers. The transportation customers' share of \$14,072,343 is further allocated to the various transportation rate schedules in proportion with each rate schedule's share of the Companies' total throughput. The sales customers' share of the cost of \$5,703,469 is embedded in the PGA.

To calculate the swing service rider rates, the transportation customers' share of the cost is allocated to each rate schedule and is divided by the rate schedule's number of therms. The swing service rider charge is billed directly to the customers. The swing service revenues the Companies are projected to receive in 2023 total \$14,072,343.

Credit to the PGA

The total intrastate capacity costs are embedded in the PGA with the projected 2023 swing service rider revenues incorporated as a credit in the calculation of the 2023 PGA. The amount credited to the 2023 PGA is \$14,072,343 plus \$6,455,937 received from special contract customers, for a total of \$20,528,280.⁸

COVID-19 Regulatory Asset Settlement Agreement

The Companies, in their 2023 swing service rider calculation, included additional costs in accordance with the COVID-19 Regulatory Asset Settlement Agreement (Agreement) approved in Order No. PSC-2021-0266-S-PU.⁹ This Agreement allows FPUC's natural gas utilities and electric division to recover in 2022 and 2023, a total of \$2,085,759 of incremental expenses for costs incurred due to COVID-19. Of this amount, \$731,639 (\$365,820 annually) is attributable to natural gas customers, while the remainder (\$1,354,120) is attributable to FPUC's electric division.¹⁰ Using the same allocation methodology in the calculation of the swing service rider, 71.16 percent, or \$520,630 (\$260,315 annually), will be allocated to the transportation customers and 28.84 percent, or \$211,010 (\$105,505 annually) will be allocated to sales customers and recovered through the PGA. The proposed swing service rider rates include both the intrastate capacity costs and the COVID-19 costs approved in the Agreement.

⁸ See direct testimony of witness Robert Waruszewski on behalf of FPUC, filed on August 5, 2022, Document No. 05268-2022, in Docket No. 20220003-GU, Exhibit No. RCW-2, Schedule E-1, line 8 on Page 1 of 6 and direct testimony of Robert Waruszewski, page 6 lines 9-12, filed on September 1, 2022, Document No. 05938-2022, in Docket No. 20220154-GU.

⁹ Order No. PSC-2021-0266-S-PU, issued July 22, 2021 and Order No. PSC-2021-0266-S-PU Amendatory Order No. PSC-2021-0266A-S-PU, issued August 26, 2021, in Docket No. 20200194-PU, *In re: Petition for approval of regulatory assets to record costs incurred due to COVID-19, by Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division, Florida Public Utilities Company - Fort Meade, Florida Division of Chesapeake Utilities Corporation.*

¹⁰ Exhibit A in Document No. 07608-2021, filed July 8, 2021, in Docket No. 20200194-PU.

Date: October 20, 2022

Conclusion

Based on its review of the information provided in the petition and in response to staff's data requests, staff recommends that the Companies' proposed swing service rider is reasonable. Staff reviewed the total projected intrastate capacity costs and verified that the costs included are appropriate. The Commission should approve the proposed swing service rider rates for the period January through December 2023. The costs included are appropriate and the methodology for calculating the swing service rider rates is consistent with the swing service order.

If the Commission approves the Companies' proposal to consolidate the rate classes in rate case Docket No. 20220067-GU, within 10 business days after the Commission vote in the rate case docket, the Companies should recalculate the swing service rider rates for the consolidated rate classes. The revised swing service rider rates should be submitted for staff's administrative approval and should be effective concurrent with any revised Commission-approved base rates in the rate case docket. If the Commission denies the Companies' proposal to consolidate the rate classes, the swing service rider rates as approved in this docket should stay in effect for the period January through December 2023.

Date: October 20, 2022

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the 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. (Dose, Crawford)

Staff Analysis: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the 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.

Florida Public Utilities Company and Florida Division of Chesapeake Utilities

FPSC Tariff

~~Second~~Third Revised Sheet No.

7.913

Original Volume No. 1

Cancels ~~First~~Second Revised Sheet No. 7.913

All Companies
SWING SERVICE RIDER

Applicability:

The bill for Transportation Service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for January 2023~~2~~ through the last billing cycle for December 2023~~2~~ are as follows:

INDIANTOWN:

Rate Schedule

Rates Per Therm

TS-1

\$0.15541~~573~~

TS-2

\$0.16391~~446~~

TS-3

\$0.11761~~847~~

TS-4

\$0.0000

FT. MEADE:

Rate Schedule

Rates Per Therm

GSTS-1

\$0.190321~~03~~

FLORIDA PUBLIC UTILITIES:

Rate Schedule

Rates Per Therm

GSTS-1

\$0.16501~~731~~

GSTS-2

\$0.16421~~670~~

LVTS

\$0.15811~~574~~

Issued by: Jeffry Householder, Chief Executive Officer
Florida Public Utilities Company and Chesapeake Utilities Corporation

Effective: ~~January 1, 2022~~

Florida Public Utilities Company and Florida Division of Chesapeake Utilities

FPSC Tariff

~~Second-Third~~ Revised Sheet No.

7.914

Original Volume No. 1

Cancels ~~First-Second~~ Revised Sheet No. 7.914

All Companies

SWING SERVICE RIDER – CONTINUED

CENTRAL FLORIDA GAS:

Rate Schedule

Rates Per Therm

FTS-A	\$0.16361787
FTS-B	\$0.16331791
FTS-1	\$0.17421943
FTS-2	\$0.19382052
FTS-2.1	\$0.17951916
FTS-3	\$0.15721578
FTS-3.1	\$0.14631589
FTS-4	\$0.15841646
FTS-5	\$0.15711588
FTS-6	\$0.15231592
FTS-7	\$0.15941557
FTS-8	\$0.15581525
FTS-9	\$0.15361491
FTS-10	\$0.14921681
FTS-11	\$0.14391523
FTS-12	\$0.14891499

Rate Schedule (Fixed) Rates Per Bill

FTS-A	\$1.40395421
FTS-B	\$2.47907258
FTS-1	\$3.766841955
FTS-2	\$8.48809914
FTS-2.1	\$27.379592142
FTS-3	\$35.20253386
FTS-3.1	\$92.58531005976

Definitions

This surcharge allocates a fair portion of Upstream Capacity Costs and expenses associated with the provision of Swing Service to transportation Customers in accordance with FPSC approval.

Issued by: Jeffry Householder, Chief Executive Officer
Florida Public Utilities Company and Chesapeake Utilities Corporation

Effective: January 1, 2022

Item 14

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: October 20, 2022

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hudson) *JGH*
Office of the General Counsel (Rivera-Pacheco, Crawford) *JSC*

RE: Docket No. 20220147-SU – Application for approval of a new classes of service for bulk wastewater service in Pasco County, by Ni Florida, Inc.

AGENDA: 11/01/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/1/22 (60-Day Suspension Date Waived until November 1, 2022)

SPECIAL INSTRUCTIONS: None

Case Background

Ni Florida, Inc. (Ni Florida or utility) is a Class A utility serving only water customers in Lee County and only wastewater customers in Pasco County. This filing is for its wastewater system. The utility provides wastewater service to approximately 2,820 customers. For its wastewater, Ni Florida is a reseller and purchases wastewater treatment from Pasco County. According to its 2021 Annual Report, the utility reported wastewater operating revenues of \$2,401,726 and wastewater operating expenses of \$2,155,625.

Pursuant to Section 367.091(5), Florida Statutes (F.S.), on August 24, 2022, Ni Florida filed an application for new classes of service for bulk wastewater service. Along with the application, the utility filed Second Revised Sheet No. 11, Original Sheet No. 12.3, and Original Sheet No. 12.4. Ni Florida has entered into agreements to provide bulk wastewater service to Shadow Wood West and Shadow Wood Village (entities), which are in its certificated service territory. Both entities

are exempt from Commission regulation pursuant to Section 367.022(5), F.S., because they provide service only to tenants on their properties. Ni Florida has indicated that there is a sense of urgency to connect the entities. For Shadow Wood Village, specifically, its wastewater treatment facilities are nearing capacity and will be unable to accommodate additional homes on the system. Although Shadow Wood West is not at capacity, it is being included for administrative efficiency because it is contiguous and a similar development as Shadow Wood Village.

This recommendation addresses Ni Florida's proposed tariff sheets to provide bulk wastewater service. The Commission has jurisdiction pursuant to Section 367.091, F.S.

Date: October 20, 2022

Discussion of Issues

Issue 1: Should Ni Florida's proposed tariffs containing the bulk service wastewater rates for Shadow Wood Village and Shadow Wood West be approved?

Recommendation: Yes, the utility's proposed tariffs containing the bulk service wastewater rates should be approved. As shown in Attachment 1, Ni Florida's Second Revised Sheet No. 11, Original Sheet No. 12.3, and Original Sheet No. 12.4 should be approved as filed. The utility should file a proposed customer notice for the two bulk service customers to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the tariffs pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.), provided that the notice of the tariff has been received by the two bulk service customers impacted. The utility should provide proof of the date notice was given within 10 days of the date of the notice. The utility's request for a generic bulk service tariff should be denied. (Hudson)

Staff Analysis: As discussed in the case background, Ni Florida entered into bulk service agreements to provide bulk wastewater service to Shadow Wood Village and Shadow Wood West. The utility has ample excess capacity to meet the immediate requirements of the entities. The connection of the entities will not cause an interruption of wastewater service to existing customers.

Ni Florida has an existing tariff for bulk wastewater service to manufactured homes. In Order No. PSC-16-0525-PAA-WS, the bulk wastewater service rate was determined by multiplying the number of manufactured homes behind the meter times .8 to determine the number equivalent residential connections (ERCs).¹ For the entities, Ni Florida proposed rates that are consistent with the methodology established in its last rate case for manufactured homes' bulk wastewater service rates. Shadow Wood Village has 215 manufactured homes behind the meter resulting in 172 ERCs while Shadow Wood West has 45 manufactured homes resulting in 36 ERCs. The bulk wastewater service rate for each entity consists of a base facility charge (BFC) based on the respective ERCs times the utility's existing BFC of \$26.29 for the 5/8" x 3/4" meter size and the existing bulk service gallonage charge (\$9.27). As a result, staff believes the proposed rates are reasonable.

The proposed bulk service wastewater rates will provide Ni Florida with additional revenues of \$147,245. With these additional revenues, the utility is still earning within its authorized range of return. The entities are not fully built out. Thus, although the tariff will define the number of ERCs at the time of the filing of the instant application, at all times the utility should be billing based on the number of ERCs behind the meter as with the methodology prescribed above. At such time Ni Florida comes in for a rate proceeding, the tariff will be updated to reflect the most current ERCs. If new connections are added and additional revenues are collected, staff's annual report surveillance will allow monitoring of the utility's earning levels for potential overearnings.

In addition, Ni Florida indicated that it has additional territory that could be subject to similar residential developments. As a result, the utility in its petition asked the Commission to consider

¹Order No. 2016-0525-PAA-WS, issued November 21, 2016, in Docket No. 20160030-WS, *In re: Application for increase in water rates in Lee County and wastewater rates in Pasco County by Ni Florida, LLC*.

Date: October 20, 2022

a generic bulk service tariff for administrative efficiency and reduction in regulatory lag. Ni Florida did not file an actual generic bulk service tariff with its petition. If granted, in its filing Ni Florida committed to filing a separate filing if a unique situation arises. With any new similarly planned development, the utility may furnish the new class of service and charge just, reasonable, and compensatory rates and file with the Commission within 10 days after the service is furnished pursuant to Section 367.091(5), F.S., which minimizes any regulatory lag concern by the utility. Staff believes the Commission's authority to review bulk service agreements and evaluate the impact bulk customers have on the utility's earnings at the onset of service should be preserved. Therefore, at this time, staff does not believe a generic bulk service tariff is appropriate, and this request should be denied.

Conclusion

The utility's proposed tariffs containing the bulk service wastewater rates should be approved. As shown in Attachment 1, Ni Florida's Second Revised Sheet No. 11, Original Sheet No. 12.3, and Original Sheet No. 12.4 should be approved as filed. The utility should file a proposed customer notice for the two bulk service customers to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date of the tariffs pursuant to Rule 25-30.475(1), F.A.C., provided that the notice of the tariff has been received by the two bulk service customers impacted. The utility should provide proof of the date notice was given within 10 days of the date of the notice. The utility's request for a generic bulk service tariff should be denied.

Date: October 20, 2022

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved, the tariff sheets should become effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect with the revenues held subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order. (Rivera-Pacheco)

Staff Analysis: If Issue 1 is approved, the tariff sheets should become effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. If a protest is filed within 21 days of the issuance date of the Order, the tariff should remain in effect with revenues subject to refund pending resolution of the protest, and the docket should remain open. If no timely protest is filed, the docket should be closed upon the issuance of a Consummating Order.

NI FLORIDA, INC.
WASTEWATER TARIFF

SECOND REVISED SHEET NO. 11.0
CANCELS FIRST REVISED SHEET NO. 11.0

INDEX OF RATES AND CHARGES SCHEDULES

	<u>Sheet Number</u>
Customer Deposits.....	14.0
General Service, GS	12.0
Bulk Service, BS(Club Wildwood Mobile Home Park)	12.1
Bulk Service, BS(Gulf Island Beach and Tennis Club)	12.2
Bulk Service, BS(Shadow Wood West Mobile Home Park).....	12.3
Bulk Service, BS(Shadow Wood Village Mobile Home Park).....	12.4
Miscellaneous Service Charges.....	15.0
Residential Service, RS	13.0

WS-2022-0062

CRAIG SORENSEN
ISSUING OFFICER

PRESIDENT
TITLE

NI FLORIDA, INC.
WASTEWATER TARIFF

ORIGINAL SHEET NO. 12.3

BULK SERVICE

RATE SCHEDULE (BS)

<u>AVAILABILITY</u> -	Shadow Wood West Mobile Home Park served by the Company.
<u>APPLICABILITY</u> -	For wastewater service to the Shadow Wood West Mobile Home Park served by the Company.
<u>LIMITATIONS</u> -	Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
<u>BILLING PERIOD</u> -	Monthly
<u>RATE</u> -	
	Base Facility Charge (36 ERCs) \$ 946.08
	Charge per 1,000 gallons \$ 9.27
<u>MINIMUM CHARGE</u> -	Base Facility Charge
<u>TERMS OF PAYMENT</u> -	Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for wastewater service, service may then be discontinued.

EFFECTIVE DATE -

TYPE OF FILING -

WS-2022-0062

CRAIG SORENSEN
ISSUING OFFICER

PRESIDENT
TITLE

NI FLORIDA, INC.
WASTEWATER TARIFF

ORIGINAL SHEET NO. 12.4

BULK SERVICE

RATE SCHEDULE (BS)

<u>AVAILABILITY</u> -	Shadow Wood Village Mobile Home Park served by the Company.
<u>APPLICABILITY</u> -	For wastewater service to the Shadow Wood Village Mobile Home Park served by the Company.
<u>LIMITATIONS</u> -	Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.
<u>BILLING PERIOD</u> -	Monthly
<u>RATE</u> -	Base Facility Charge (172 ERCs) \$4,520.16
	Charge per 1,000 gallons \$ 9.27
<u>MINIMUM CHARGE</u> -	Base Facility Charge
<u>TERMS OF PAYMENT</u> -	Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for wastewater service, service may then be discontinued.
<u>EFFECTIVE DATE</u> -	
<u>TYPE OF FILING</u> -	

WS-2022-0062

CRAIG SORENSEN
ISSUING OFFICER

PRESIDENT
TITLE