| 1** | Consent Agenda | | |
|--------|--|--|--|
| 2 | Docket No. 20240026-EI – Petition for rate increase by Tampa Electric Company. Docket No. 20230139-EI – Petition for approval of 2023 depreciation and dismantlement study, by Tampa Electric Company. Docket No. 20230090-EI – Petition to implement 2024 generation base rate adjustment provisions in paragraph 4 of the 2021 stipulation and settlement agreement, by Tampa Electric Company | | |
| 3 | Docket No. 20240173-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Debby, Helene and Milton, by Duke Energy Florida, LLC. | | |
| 4**PAA | Docket No. 20250041-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.76% to 6.89%, effective January 1, 2025, by Florida Power & Light Company | | |
| 5**PAA | Docket No. 20250044-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.07% to 6.66%, effective January 1, 2025, by Tampa Electric Company | | |
| 6 | Docket No. 20240068-WS – Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Sunshine Water Services Company | | |
| 7 | Docket No. 20250048-EG – Petition for approval of proposed demand-side management plan, by Florida Power & Light Company | | |
| 8 | Docket No. 20250053-EQ – Petition for approval of revisions to standard offer contract and rate schedule COG-2, by Tampa Electric Company | | |
| 9 | Docket No. 20250054-EQ – Petition for approval of amended standard offer contract (Schedule COG-2), by Duke Energy Florida, LLC | | |
| 10 | Docket No. 20250055-EQ – Petition for approval of standard offer contract and request for temporary waiver of rule on annual filing, by Florida Public Utilities Company. | | |
| 11 | Docket No. 20250056-EQ – Petition for approval of renewable energy tariff and standard offer contract, by Florida Power & Light Company | | |
| 12 | Docket No. 20250029-GU – Petition for rate increase by Peoples Gas System, Inc. | | |

| 13**PAA | Docket No. 20240113-WU – Application for grandfather certificate to operate water utility in Citrus County by Hash Utilities, LLC. (Meadow Wood Water System) | | |
|---------|--|--|--|
| 14**PAA | | | |
| 15**PAA | Docket No. 20240115-WU – Application for grandfather certificate to operate water utility in Citrus County by Hash Utilities, LLC. (Avalon Hills Water System) | | |
| 16**PAA | Docket No. 20240116-WU – Application for grandfather certificate to operate water utility in Citrus County by Hash Utilities, LLC. (Lucky Hills Water System) | | |
| 17**PAA | Docket No. 20240121-WU – Application for grandfather certificate to operate water utility in Columbia County by Consolidated Water Works, Inc | | |
| 18** | Docket No. 20240124-WU – Application for grandfather certificate to operate water utility in Columbia County, by Quail Heights Utilities LLC | | |
| 19** | Docket No. 20250037-EI – Petition for termination of my energy bill+ program with income qualified component, by Duke Energy Florida, LLC | | |
| 20** | Docket No. 20250030-EU – Joint petition for approval of territorial agreement in Dixie, Gilchrist, Levy, Marion, and Alachua Counties by Central Florida Electric Cooperative and Duke Energy Florida, LLC | | |
| 21** | Docket No. 20240159-GU – Joint petition by Florida Public Utilities Company and Florida City Gas for approval of tariff changes to standardize and align Florida Public Utilities Company and Florida City Gas's transportation service tariffs and to implement a flexible gas service tariff for Florida City Gas | | |
| 22 | Docket No. 20250057-GU – Petition for approval of tariff modification for equipment financing, by Florida Public Utilities Company | | |
| 23** | Docket No. 20240151-WS – Application for amendment of Certificates 567-W and 494-S to extend territory in Lake County, and petition for approval of special developer agreements, by Florida Community Water Systems, Inc | | |
| 24**PAA | Docket No. 20220185-WS – Application for limited alternative rate increase in Hardee, Manatee, Marion, Polk, and Pasco Counties, by Charlie Creek Utilities, LLC, Crestridge Utilities, LLC, East Marion Utilities, LLC, Heather Hills Utilities, LLC, Holiday Gardens Utilities, LLC, Lake Yale Utilities, LLC, McLeod Gardens Utilities, LLC, Orange Land Utilities, LLC, Sunny Shores Utilities, LLC, Sunrise Water, LLC and West Lakeland Wastewater, LLC 3 | | |

Item 1

FILED 4/24/2025 DOCUMENT NO. 03094-2025 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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

Office of Industry Development and Market Analysis (Mallow, Day, FROM:

Fogleman)

Application for Certificate of Authority to Provide Telecommunications RE:

Service

5/6/2025 - Consent Agenda - Proposed Agency Action - Interested **AGENDA:**

Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Application for Certificate of Authority to Provide Telecommunications Service on the consent agenda for approval.

| DOCKET NO. | COMPANY NAME | CERT. NO |
|---------------|--------------------|-------------|
| 20250050-TX | IO Fiber (FL), LLC | 9002 |

The Commission is vested with jurisdiction in this matter pursuant to Section 364.335, Florida Statutes. Pursuant to Section 364.336, Florida Statutes, certificate holders must pay a minimum annual Regulatory Assessment Fee if the certificate is active during any portion of the calendar year. A Regulatory Assessment Fee Return Notice will be mailed each December to the entity listed above for payment by January 30.

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Sparks, Marquez, Harper) *AEH*

Division of Engineering (P. Buys, Wooten, Ellis, Ramos) 78 Division of Accounting and Finance (D. Buys, Norris) ALM

Division of Economics (Draper) **EUD**

RE: Docket No. 20240026-EI – Petition for rate increase by Tampa Electric Company.

Docket No. 20230139-EI - Petition for approval of 2023 depreciation and

dismantlement study, by Tampa Electric Company.

Docket No. 20230090-EI – Petition to implement 2024 generation base rate adjustment provisions in paragraph 4 of the 2021 stipulation and settlement

agreement, by Tampa Electric Company.

AGENDA: 05/06/25 - Regular Agenda - Motion for Reconsideration and Clarification; Oral

Argument Requested; Participation is at the Discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Date: April 24, 2025April 24, 2025

Case Background

On April 2, 2024, Tampa Electric Company (TECO or Company) filed its Petition for Rate Increase (Petition), minimum filing requirements (MFRs), and testimony. TECO provides service to approximately 844,000 customers in a 2,000 square mile service territory in Hillsborough and portions of Polk, Pasco, and Pinellas counties, Florida.

TECO initially requested an increase of approximately \$296.6 million in base rates and charges effective January 1, 2025. In addition, the Company requested incremental rate increases of approximately \$100 million, effective January 1, 2026, and \$72 million, effective January 1, 2027. On August 22, 2024, the Company reduced its initial request for rates in 2025 to \$287.9 million, with the incremental rate increases also reduced to \$92.4 million and \$65.5 million, for 2026 and 2027, respectively. TECO requested a Return on Equity (ROE) of 11.50 percent. Notably, TECO's last base rate hearing was in 2021, where the Commission approved a unanimous settlement agreement (2021 Settlement Agreement).

The Office of Public Counsel's (OPC) intervention in this matter was acknowledged by Order No. PSC-2024-0048-PCO-EI, issued February 26, 2024. On April 23, 2024, intervention was granted to Federal Executive Agencies; Sierra Club; Florida Rising, Inc. (FL Rising); League of United Latin American Citizens of Florida (LULAC); Florida Retail Federation (FRF); and Florida Industrial Power Users Group. On June 3, 2024, intervention was granted to Americans for Affordable Clean Energy, Inc.; Circle K Stores, Inc.; RaceTrac Inc.; and Wawa, Inc. Intervention was granted to Walmart, Inc. (Walmart) on August 8, 2024, by Order No. PSC-2024-0317-PCO-EI.

An administrative evidentiary hearing was held August 26–30, 2024. Order No. PSC-2025-0038-FOF-EI addressing the requested rate increases for 2025, 2026, and 2027 was issued on February 3, 2025 (Final Order). Some issues were entirely or substantially uncontested, or rested entirely on the outcome of other issues, with little to no argument presented by some or all intervening parties and the more limited analysis contained in the Final Order on these subjects reflects that. Other issues, such as the ROE, were vigorously debated by multiple expert witnesses representing a broad range of interests and the more extensive analysis of those issues in the Final Order reflects that.

On February 18, 2025, OPC filed its Citizen's Motion for Reconsideration and Motion for Clarification of Certain Provisions (Motion) pursuant to Rule 25-22.060, Florida Administrative Code (F.A.C.). In its Motion, OPC requested reconsideration regarding the Commission's findings on the Asset Optimization Mechanism (AOM) and the Storm Cost Recovery

¹ By Order No. PSC-2024-0096-PCO-EI, Docket Nos. 20240026-EI, 20230139-EI, and 20230090-EI were consolidated.

² Document No. 08609-2024.

³ Order 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*.

⁴ Order Nos. PSC-2024-0121-PCO-EI, PSC-2024-0122-PCO-EI, PSC-2024-0123-PCO-EI, PSC-2024-0124-PCO-EI, and PSC-2024-0125-PCO-EI.

⁵ Order No. PSC-2024-00182-PCO-EI.

Date: April 24, 2025April 24, 2025

Mechanism (SCRM) as well as the ROE midpoint finding of 10.50 percent. OPC also identified potential errors in the calculation used to determine the revenue requirement. Additionally, OPC also requested clarification as to the approved parameters of the SCRM. Simultaneously with its Motion, OPC filed a motion titled "Citizens' Request for Oral Argument on its Motion for Reconsideration and its Motion for Clarification of Certain Provisions" (Request for Oral Argument) requesting oral argument before the Commission pursuant to Rule 25-22.0022, F.A.C.

On February 25, 2025, TECO filed its Response in Opposition to the Office of Public Counsel's Motion for Reconsideration and Clarification of Final Order in response to OPC's Motion, arguing the Commission properly approved both the SCRM and the AOM and properly determined the appropriate ROE midpoint. In regard to the potential errors identified by OPC, TECO stated it could not determine with precision the validity of those claims, but proposed recovering or returning any differential in the amount of revenue requirement through one of the company's cost recovery clauses for 2025 and to account for the impact in subsequent years using the subsequent year adjustments scheduled to take place per the Commission's Final Order.

FL Rising and LULAC support the Motion. The remaining intervenors either do not oppose or take no position on the Motion. With regard to the Request for Oral Argument, FL Rising, LULAC, FRF, and Walmart each supports it. The remaining intervenors either do not oppose or take no position on the Request for Oral Argument.

This recommendation addresses OPC's Request for Oral Argument and OPC's Motion for Reconsideration, and TECO's responses thereto. The Commission has jurisdiction over this matter pursuant to Chapter 366, including Sections 366.06 and 366.076, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should OPC's Request for Oral Argument on its Motion for Reconsideration be granted?

Recommendation: No. Staff believes that the pleadings are sufficient on their face for the Commission to evaluate and decide OPC's Motion for Reconsideration. However, if the Commission wants to exercise its discretion to hear oral argument, staff recommends five minutes per side as sufficient. (Sparks, Marquez, Harper)

Staff Analysis:

Law

Rule 25-22.0022(1), F.A.C., allows a party to request oral argument before the Commission for any dispositive motion before the Commission by filing a separate written pleading filed concurrently with the motion on which argument is requested and stating with particularity why oral argument would aid the Commission. Granting or denying oral argument is within the sole discretion of the Commission under Rule 25-22.0022(3), F.A.C.

OPC's Position

OPC requested the opportunity to provide 10 minutes of oral argument on its Motion to further elaborate on the arguments made within as well as to aid the Commissioners in understanding and evaluating the issues raised and to answer any questions. OPC also states that certain of its arguments relate to matters that arose only after the record closed, after deliberations took place, and after the final order in this matter was issued.

TECO's Position

In its Response, TECO argues that OPC's Motion and TECO's own response are sufficiently detailed and clear such as to enable the Commission to make a decision without oral argument.

Staff's Analysis and Recommendation

Granting or denying oral argument is within the sole discretion of the Commission. Staff believes that the pleadings are sufficient on their face for the Commission to evaluate and decide OPC's Motion. However, if the Commission wants to exercise its discretion to hear oral argument, staff recommends five minutes per side as sufficient.

Date: April 24, 2025

Issue 2: Should OPC's Motion for Reconsideration be granted?

Recommendation: Yes, in part. Staff recommends that OPC's Motion for Reconsideration should be denied regarding the AOM, SCRM, and ROE determinations; however, the Motion should be granted to correct the identified errors in the calculation of the revenue requirement. The resulting \$1.1 million increase in revenue requirement should be recovered for 2025 through the Energy Conservation Cost Recovery Clause and then in 2026 going forward when implementing Subsequent Year Adjustment rates. (Sparks, Marquez, Harper, P. Buys, O. Wooten, Ellis, D. Buys, Norris, Draper)

Staff Analysis:

Law

The appropriate standard of review for reconsideration of a Commission order is whether the motion identifies a point of fact or law that the Commission overlooked or failed to consider in rendering the order under review.⁶ It is not appropriate to reargue matters that have already been considered.⁷ Furthermore, a motion for reconsideration should not be granted "based upon an arbitrary feeling that a mistake may have been made, but should be based upon specific factual matters set forth in the record and susceptible to review."⁸

Overview of Contested Aspects of Final Order

In this case, TECO petitioned for two mechanisms to be approved—the SCRM and the AOM. The SCRM establishes a process by which TECO may seek approval for a monetary surcharge and timing framework through which it recovers storm costs incurred to restore power to customers after damage caused by tropical systems, including the replenishment of the preexisting target storm reserve balance. Any restoration costs TECO incurs in expeditiously repairing the energy grid and restoring power to customers is subject to later Commission review under a prudency standard. In this way, customers are protected from TECO misusing the fund while at the same time ensuring TECO has the wherewithal to remedy the damage inflicted by tropical systems.

The AOM is a shareholder incentive program designed to encourage TECO to engage in additional activities with ratepayer-supported assets in order to generate additional net benefits that produce customer savings in the form of reductions to fuel costs. TECO shareholders benefit as the customer savings increase, encouraging the Company to maximize the benefits it can extract from its existing assets. AOM activities can include efforts such as the release of contracted gas storage space during non-critical demand seasons, the sale of fuel using existing transportation capacity to non-TECO customers in Florida, and the sale of gas in the gas-production areas.

⁶ See Stewart Bonded Warehouse, Inc. v. Bevis, 294 So. 2d 315 (Fla. 1974); Diamond Cab Co. v. King, 146 So. 2d 889 (Fla. 1962); Pingree v. Quaintance, 394 So. 2d 162 (Fla. 1st DCA 1981).

⁷ Sherwood v. State, 111 So. 2d 96 (Fla. 3d DCA 1959) (citing State ex. rel. Jaytex Realty Co. v. Green, 105 So. 2d 817 (Fla. 1st DCA 1958)).

⁸ Stewart Bonded Warehouse, Inc., 294 So. 2d at 317.

While the two mechanisms were initially *described* by reference to a prior settlement agreement, TECO did not rest on a precedential value argument when asking that a new SCRM and new AOM be authorized to commence on January 1, 2025. To the contrary, TECO supported its requests for the two mechanisms with sufficient evidence and testimony regarding the benefits to customers and the functioning of the mechanisms. TECO even requested that the Commission approve the Company's sale of renewable energy credits (RECs) and the release of natural gas pipeline capacity as qualifying asset optimization activities, despite not being included in the 2021 Settlement Agreement. The Commission similarly gave no precedential value to the old mechanisms when rendering its ultimate decision because the fact of the mechanisms' prior approvals did not make the Commission more or less likely to approve the new SCRM and new AOM. The Commission considered the independent evidence and factual developments since the approvals of the old mechanisms in determining which aspects of the proposed new mechanisms should be granted and which should be denied.⁹

Based on the record in this case, the Commission approved a SCRM and an AOM that includes those activities that were beneficial to customers at numeric thresholds premised on the independent evidence presented corresponding to the achievement of those benefits. However, TECO also proposed asset optimization activities such as REC sales and natural gas pipeline capacity release sales, which the Commission denied. 11

Additionally, in this case TECO requested a Return on Equity (ROE) midpoint of 11.50 percent, an increase from the 10.20 percent it had been previously operating under. The ROE is the cost of common equity included in a company's calculation of its weighted average overall cost of capital used to establish a revenue requirement.

TECO's common equity is not publicly traded, therefore there were multiple variations of three financial models put forth by the Company and the parties that were considered by the Commission. The models used proxy groups of publicly-traded electric companies similar to TECO to arrive at an estimated range of appropriate ROEs. While there was no dispute about the use of the models or underlying ROE methodologies, the parties offered different inputs and adjustments to the ROE range. The Commission considered testimony from various experts for certain adjustments such as flotation costs associated with the sale and issuances of common stock, company-specific business risks, expected customer growth and requisite capital investment, and financial risks created by the introduction of debt into the capital structure. Ultimately, an ROE of 10.50 percent was authorized by the Commission, based on an average of the cost of equity models, including some modifications, with an additional adjustment based on TECO's specific business and weather risks as well as its flotation costs.

⁹ TR 105–06, 3611–14, 3123–25, 3127, 3160, 3165, 3168, 3354; EXH 29, MPN C14-1394; EXH 31, MPN C16-1516 – C16-1518.

¹⁰ Order No. PSC-2025-0038-FOF-EI, issued February 3, 2025, in Docket Nos. 20240026-EI, 20230139-EI, & 20230090-EI, In re: Petition for rate increase by Tampa Electric Company, In re: Petition for approval of 2023 depreciation and dismantlement study, by Tampa Electric Company, & In re: Petition to implement 2024 generation base rate acjustment provisions in paragraph 4 of the 2021 stipulation and settlement agreement, by Tampa Electric Company, pp. 171–73, 175.

¹¹ *Id.* at 175–76.

Date: April 24, 2025

Finally, certain errors were alleged to have been made in the calculations for the revenue requirement used in the Final Order. Specifically, OPC alleges these errors are the result of inconsistencies in the underlying calculations that reveal revenue requirement errors in Attachments A and C of the Commission's Final Order. Three of these items address issues with rounded adjustment amounts, while the other three were due to inadvertent errors in the underlying calculations for determining TECO's revenue requirement.

OPC's Motion for Reconsideration

In its request for reconsideration, OPC argues that (1) the Commission overlooked the rule of law regarding administrative finality when it approved the SCRM and the AOM; (2) the Commission overlooked the burden of proof when it approved the SCRM and the AOM; (3) the Commission overlooked and failed to consider that increasing the midpoint ROE to 10.50 percent was unsupported by substantial and competent evidence and unnecessary; and (4) certain errors were made in the calculations for the revenue requirement used in the Final Order. Each of these claims is discussed below, along with TECO's response and staff's analysis and recommendation.

1. Administrative Finality and the SCRM and the AOM

OPC alleges that the "Commission overlooked the application of the doctrine of administrative finality in its decision." Specifically, OPC alleges that "[i]mporting specific provisions from the 2021 [Settlement] Agreement" violates the Commission's Order approving that settlement agreement which "approved the language that no term would have any precedential value." OPC claims that "by allowing TECO to seek and obtain adoption of the SCRM and the AOM in direct contravention of the approved 2021 Agreement prohibition language, the Commission is effectively vacating the 2021 Agreement Order three years later which would violate the doctrine of administrative finality." 12

TECO's Response

TECO argues that the Commission did not overlook the rule of law regarding administrative finality when approving the SCRM and the AOM, and that OPC failed to raise this argument at the evidentiary hearing held in this case as well as in its post-hearing brief and has therefore waived this argument. ¹³ "[I]t is not an abuse of discretion to deny a motion for reconsideration

¹² Staff notes that despite the alleged pleading violation, OPC did not file a motion to enforce or compel compliance with Order No. PSC-2021-0423-S-EI. TECO filed its petition on April 2, 2024.

¹³ Chris Thompson, P.A. v. GEICO Indem. Co., 349 So. 3d 447, 448–49 (Fla. 4th DCA 2022) (citing Bank of Am., N.A., 338 So. 3d at 341 n.2 (Fla. 3d DCA 2022) ("A trial court does not abuse its discretion in denying a motion for reconsideration or rehearing which raises an issue that could have, but wasn't, raised in the initial motion or at the initial hearing.")); see also Kovic v. Kovic, 336 So. 3d 22, 25 (Fla. 4th DCA 2022) (finding issue not preserved for appellate review where argument was first raised in motion for rehearing of order on appeal instead of during the hearing); Best v. Educ. A_λfiliates, Inc. 82 So. 3d 143, 146 (Fla. 4th DCA 2012) (declining to consider new evidence or argument raised for the first time in a motion for rehearing in the trial court); Trinchitella v. D.R.F., Inc., 584 So. 2d 35, 35 (Fla. 4th DCA 1991) ("We cannot consider the issues raised for the first time in a motion for rehearing in the trial court.").

Date: April 24, 2025

which raises an issue that could have been, but was not, raised" prior to filing the motion for reconsideration. 14

Furthermore, TECO argues that the Commission relied on the uncontroverted evidence presented by the Company rather than relying on its own approval of the 2021 Settlement Agreement as the basis for approving the SCRM and the AOM. TECO points out OPC does not cite to any pleading where TECO asserted any precedent, and the Company explicitly disclaimed doing so at the hearing. Furthermore, TECO asserts its proposal in this case was different than the mechanism contained in the 2021 Settlement Agreement, undercutting any argument that the Commission simply approved the current AOM based only on its prior approval.

Staff's Analysis and Recommendation

It is staff's position that the Commission did not overlook the doctrine of administrative finality in disposing of OPC's precedential value argument when the Commission approved the SCRM and the AOM.

As an initial matter, staff agrees with TECO that this issue could have been raised prior to the Motion, and was not, which alone justifies denying the Motion in this regard. ¹⁵ "A trial court does not abuse its discretion in denying a motion for reconsideration or rehearing which raises an issue that could have, but [was not], raised in the initial motion or at the initial hearing. ¹⁶ In *Kovic v. Kovic*, the Fourth District Court of Appeal stated that arguments raised for the first time in a motion for reconsideration or rehearing of an order on appeal, instead of during the hearing, are not preserved for appellate review. ¹⁷

Nonetheless, staff also submits that OPC's arguments conflate precedential principles with the administrative finality doctrine and ignore the bases upon which the Commission rendered its decisions. Precedential value pertains to the *influence* of a decision on future cases with similar facts or legal issues. ¹⁸ The doctrine of administrative finality focuses on the conclusiveness of administrative decisions. Administrative finality simply means "that there must be a 'terminal point in every proceeding . . . at which the parties and the public may rely on the decision as being final and dispositive of the rights and issues involved therein." Nothing in the Final Order operates to undo any part of the 2021 Settlement Agreement. Administrative finality upholds the Commission's prior determinations based on the facts in those prior cases. Administrative finality does not prohibit a utility from seeking, or the Commission from approving, something in a subsequent rate case just because the Commission approved it as part of a prior settlement.

¹⁴ Chris Thompson, P.A., 349 So. 3d at 448–49.

¹⁵ *Id.*; *Bank cf Am.*, *N.A.*, 338 So. 3d at 341 n.2; *Kovic*, 336 So. 3d at 25; *Best*, 82 So. 3d at 146; *Trinchitella*, 584 So. 2d at 35.

¹⁶ Bank cf Am., N.A., 338 So. 3d at 341 n.2.

¹⁷ *Kovic*, 336 So. 3d at 25.

¹⁸ See e.g., U.S. Fire Ins. Co. v. J.S.U.B., Inc., 979 So. 2d 871, 882–83 (Fla. 2007).

¹⁹ Fla. Power Corp. v. Garcia, 780 So. 2d 34, 42 (Fla. 2001) (quoting Austin Tupler Trucking, Inc. v. Hawkins, 377 So. 2d 679, 681 (Fla. 1979).

Date: April 24, 2025

Pursuant to the 2021 Settlement Agreement, the old SCRM and the old AOM terminated on December 31, 2024.²⁰ In this case, TECO petitioned for two mechanisms to be approved—the SCRM and the AOM. While the two mechanisms were initially *described* in a previous settlement agreement, TECO's request was for the Commission to approve new versions of these mechanisms based on the evidence it offered in this case, not based on any precedential weight of the 2021 Settlement Agreement.²¹ Furthermore, TECO's newly proposed AOM included the additional activities of REC sales and natural gas pipeline capacity release sales, which were not authorized in the prior settlement agreement.

As OPC points out, the 2021 Settlement Agreement requires that "[n]o *Party* will assert in any proceeding before the Commission . . . that . . . any of the terms in the 2021 Agreement . . . have any precedential *value*,"²² and in this case no party did.²³ OPC argues it was "entitled to rely on that order and the settlement agreement as being final and dispositive of the rights and issues involved therein,"²⁴ and it was allowed to do so. It is staff's position that the Commission did not overlook the doctrine of administrative finality in disposing of OPC's precedential value argument because the Commission did not give any precedential value to the 2021 Settlement Agreement. TECO presented evidence demonstrating the actual efficacy of the proposed mechanisms at specific numerical values. To simply compare the end results discounts the Commission's reasoned analysis, review of the record, and the weight it assigned to the evidence and testimony before it.

Additionally, the new SCRM approved by the Commission does not contain all of the same terms that were included in the prior SCRM that was approved in the 2021 Settlement Agreement. OPC's attempt at drawing parallels between TECO's old and new mechanisms is a red herring as it improperly implies that the Commission reached its decision in the present case simply because of the 2021 Settlement Agreement. However, the Commission's decision was based on the independent evidence introduced in this case. Moreover, references in this record to how the old mechanisms functioned since being approved were made to allow the Commission to assess how the newly proposed mechanisms would be beneficial to customers going forward. Thus the Commission was provided with a basis to determine whether the mechanisms should be approved now. Record testimony with comparisons to any "old" vs. "new" versions of the mechanisms show that the Commission's decision was not somehow based on the purported precedential value of the prior settlement, but rather, that the Commission grappled with what TECO was now petitioning for. Because the Commission did not approve the SCRM or the AOM on the basis that it was bound by precedent, but rather, held that the proposed mechanisms were supported by evidence in the record, the doctrine of administrative finality was not violated.

²⁰ Order No. PSC-2021-0423-S-EI, issued November 10, 2021, in Docket Nos. 20210034-EI & 20200264-EI, *In re: Petition for rate increase by Tampa Electric Company, In re: Petition for approval of 2020 depreciation and dismantlement study and capital recovery schedules, by Tampa Electric Company*, pp. 37, 46.

²¹ Document No. 01489-2024, TECO Petition, filed on April 2, 2024, in Docket No. 20240026-EI, pp. 17–18; see also Order No. PSC-2025-0038-FOF-EI, pp. 172, 175–77.

²² Order No. PSC-2021-0423-S-EI, p. 50 (emphasis added).

²³ The parties to the 2021 Settlement Agreement included TECO, OPC, FIPUG, FRF, FEA, Walmart, and West Central Florida Hospital Utility Alliance. *Id.* at 7.

²⁴ Document No. 01008-2025, OPC Motion, filed on February 18, 2025, in Docket No. 20240026-EI, pp. 6–7.

Moreover, OPC's argument reads language into the 2021 Settlement Agreement that does not exist: that TECO was prohibited from ever requesting that the Commission authorize a similar, same, or different SCRM or AOM in a period beginning on or after January 1, 2025. TECO did not assert in its Petition or testimony that there was any precedential value to the fact that a SCRM or an AOM had previously been approved through the 2021 Settlement Agreement. TECO even disclaimed doing so at the hearing:

[TECO] is not asserting that the Commission should approve this AOM because it's in an existing settlement agreement. We are asking you to approve it because of the facts and evidence in this case. We are in no way suggesting that because it was in the settlement agreement, it should have any more dignity or less dignity before the Commission right now.²⁵

TECO's reference to the components of the two mechanisms in the 2021 Settlement Agreement, in an effort to describe the new SCRM and AOM it was requesting, is not the same as TECO arguing that precedent entitled it to a SCRM and an AOM. As evidenced by the Final Order, Order No. PSC-2025-0038-FOF-EI, the Commission did not approve the SCRM or AOM because precedent necessitated that result.²⁶ Nor did the Commission indicate it was more inclined to approve these mechanisms because they had been authorized previously. What the Commission did was rely upon the evidence and testimony presented during the hearing regarding the functioning, structure, operation, and performance of the mechanisms as the basis for authorizing a SCRM and an AOM to commence on January 1, 2025.²⁷ OPC's argument illogically suggests that if the Commission approves a certain mechanism in a prior rate case, it is precluded from including such mechanism in a subsequent rate case when the facts and circumstances at issue support doing so.

Staff recommends that the Commission reject OPC's attempts to use the administrative finality doctrine as a vehicle to resurrect the precedential value arguments OPC already raised in the post-hearing brief. PC's attempt to reframe its argument for another bite at the apple is not an appropriate basis for a motion for reconsideration. The Commission already considered essentially the same argument when issuing its decision and did not give precedential value to the 2021 Settlement Agreement and thus did not violate the doctrine of administrative finality.

²⁵ TR 3155.

²⁶ Order No. PSC-2025-0038-FOF-EI, pp. 171-73, 175, 177.

²⁷ TR 105–06, 3611–14, 3123–25, 3127, 3160, 3165, 3168, 3354; EXH 29, MPN C14-1394; EXH 31, MPN C16-1516 – C16-1518. In its post-hearing brief, OPC asserted that "[o]utside of impermissible reliance on a term of [TECO's]... settlement, there is no basis for approving an AOM." Document No. 09619-2024, OPC Post-hearing Brief, filed October 21, 2024, in Docket No. 20240026-EI, p. 86. The Commission rejected and responded to this when it made clear it was not approving an AOM "merely because it was part of the 2021 Settlement Agreement," as OPC argued, but instead was approving the AOM based on the supporting evidence and testimony presented during the hearing. Order No. PSC-2025-0038-FOF-EI, p. 177.

²⁸ Document No. 09619-2024, OPC Post-hearing Brief, filed on October 21, 2024, in Docket No. 20240026-EI, pp. 83–87.

2. TECO's Burden of Proof and the SCRM and the AOM

OPC alleges that "the Final Order impermissibly shifts the burden of proof to the intervenors when it states '[f]urthermore, none of the intervenors argued to change specific aspects of the Provision or put forth evidence supporting which aspects should be revised." OPC argues this was made even more egregious as "OPC was entitled to rely on the Commission's approval of the expiration" of the AOM and SCRM on December 31, 2024, as dictated by the language of the 2021 Agreement Order.

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Furthermore, OPC states that the Final Order acknowledges that "[n]o party provided testimony regarding this Issue" and that "TECO did not offer any independent evidence outside of the 2021 Agreement language itself to support its request." Finally, OPC states "[j]ust because the Commission has the statutory authority to approve certain provisions does not mean it can do so absent evidence independent of the prohibitive use of the 2021 Agreement provisions, nor does the Commission's inherent statutory authority to allow an activity absolve a utility of its burden to prove all elements of the rate increase request."

TECO's Response

TECO argues the Commission did not shift the burden of proof when approving the SCRM and the AOM. TECO further argues that OPC's claim "falsely presumes that the Commission's approval of the SCRM and the AOM was based solely on the precedential value of the 2021 Agreement" and that it "ignores the 'independent evidence' that [TECO] presented to support the SCR [sic] and the AOM, namely testimony regarding the benefits of those mechanisms." TECO argues that OPC "conflates its own failure to offer evidence in opposition to [TECO's] evidence with burden-shifting." Additionally, TECO argues the Commission cannot simply disregard evidence that has been presented. "Where the testimony on the pivotal issues of fact is not contradicted or impeached in any respect, and no conflicting evidence is introduced, these statements of fact cannot be wholly disregarded or arbitrarily rejected." 30

Staff's Analysis and Recommendation

It is staff's position that the Commission did not overlook the burden of proof when approving the SCRM and the AOM. TECO supported its requests for the SCRM and the AOM with sufficient evidence and testimony regarding the benefits to customers and the functioning of the mechanisms. As mentioned previously, the SCRM establishes a process by which TECO may seek approval for a monetary surcharge and timing framework through which TECO recovers storm costs incurred to restore power to customers after damage caused by tropical systems, including the replenishment of the preexisting target storm reserve balance. The Commission has previously stated that its approval of interim storm cost recovery charges,

²⁹ Document No. 01114-2025, TECO Response, filed on February 25, 2025, in Docket No. 20240026-EI, pp. 6–7.

³⁰ Guardian ad Litem Program v. K.H., 276 So. 3d 897, 902 n.2 (Fla. 3d DCA 2019) (quoting Duncanson v. Serv. First, Inc., 157 So. 2d 696, 699 (Fla. 3d DCA 1963)).

³¹ TR 105–06, 3611–14, 3123–25, 3127, 3160, 3165, 3168, 3354; EXH 29, MPN C14-1394; EXH 31, MPN C16-1516 – C16-1518.

[I]s preliminary in nature and is subject to true-up pending further review once the total actual storm restoration costs are known. After actual costs are reviewed for prudence and reasonableness, and are compared to the actual amount recovered through the interim [charge], a determination will be made whether any over/under recovery has occurred and the appropriate steps to be taken for a refund or additional charge.³²

Meanwhile, the AOM is a shareholder incentive program designed to encourage TECO to engage in additional activities with ratepayer-supported assets in order to generate additional net benefits and thereby produce customer savings in the form of reductions to fuel costs. TECO shareholders benefit as the customer savings increase, encouraging the Company to maximize the benefits it can extract from its existing assets. AOM activities can include efforts such as the release of contracted gas storage space during non-critical demand seasons, the sale of fuel using existing transportation capacity to non-TECO customers in Florida, and the sale of gas in the gas-production areas. The Commission considered the admitted evidence when determining what would and would not comprise both of the newly approved mechanisms.

The thrust of OPC's argument here is that the references in the Final Order to the fact that, on many issues, only TECO presented evidence indicates the Commission shifted the burden of proof to the intervenors. That is not the case. Rather, as the finder of fact, the Commission is tasked with weighing evidence presented and ensuring that there is enough substantial, competent evidence to support its findings.³³ If there is no competing evidence to weigh, the evidence that exists must still be substantial and competent to support the Commission's findings. Here, no one disputes that the burden of proof rested with TECO.³⁴ Staff submits that the Commission's decisions in this case are based on whether or not there was substantial and competent evidence to support TECO's requests. OPC's argument refuses to acknowledge the independent evidence that TECO presented to support the SCRM and the AOM. Two witnesses offered testimony regarding the benefits and functioning of those mechanisms, witnesses Chronister and Heisey, both on behalf of TECO. OPC cross-examined these witnesses and had the opportunity to object to any irrelevant or immaterial evidence those witnesses sought to introduce.³⁵

The evidence presented by TECO was substantial and competent. TECO witness Chronister described how the SCRM will operate, including compliance with the Commission's storm cost recovery rules, avoidance of double collecting, the charges to replenish the target reserve liability, and describing how any over-collection would be refunded to ratepayers through a

³² Order No. PSC-2018-0125-PCO-EI, issued on March 7, 2018, in Docket No. 20170271-EI, *In re: Petition for recovery cf costs associated with named tropical systems during the 2015, 2016, and 2017 hurricane seasons and replenishment cf storm reserve subject to final true-up, Tampa Electric Company*, p. 3.

³³ E.g., So. All. For Clean Energy v. Graham, 113 So. 3d 742, 752–53 (Fla. 2013); GTC, Inc. v. Edgar, 967 So. 2d 781, 785, 790 (Fla. 2007).

³⁴ "The burden of proof in ratemaking cases in which a utility seeks an increase in rates rests on the utility." *Florida Pub. Serv. Comm'n v. Fla. Waterworks Ass'n*, 731 So. 2d 836, 841 (Fla. 1st DCA 1999) (citing *So. Fla. Natural Gas Co. v. Florida Pub. Serv. Comm'n*, 534 So. 2d 695 (Fla. 1988)).

³⁵ TR 3145–53, 3156–61, 3171–72; 3502–57, 3563, 3638.

clause proceeding to avoid separate docket expense.³⁶ He testified that the SCRM has "served the company and its customers well by providing an efficient regulatory mechanism for review and recovery of prudent storm damage restoration and recovery costs."³⁷ The cross-examination of TECO witness Chronister did not diminish the probative value of his testimony and supporting evidence. Thus, TECO met its burden of proof by a preponderance of evidence that the proposed SCRM should be authorized to commence on January 1, 2025.

TECO witness Heisey testified that "[t]he [AOM] was designed to create additional value for [TECO's] customers while incenting the company to maximize gains on power transactions and optimization activities." The witness described the activities that TECO requested be eligible for inclusion in the AOM. Under the proposed AOM,

[G]ains on eligible activities up to \$4.5 million are retained by customers. Gains between \$4.5 million and \$8 million are split, with 60 percent of gains allocated to the company's shareholders and 40 percent allocated to customers. Gains above \$8 million are also split, with 50 percent of gains allocated to shareholders and 50 percent of gains allocated to customers. 40

TECO witness Heisey testified, "If you look at the results of the mechanism for the last six years, compared to a different mechanism for the previous six years, the benefits are almost four times higher It produces, again, a lot of benefits for customers." Over the last six years the prior AOMs generated over \$45 million in benefits to customers, which equals roughly 68 percent of total gains. Specifically, from 2021 through 2023, AOM activities resulted in over \$21 million in benefits to customers. This reveals years of successful implementation and customer benefits generated under those AOM parameters. Furthermore, TECO witness Collins testified that these gains flow directly through the fuel cost recovery clause each year and help lower customer bills. Without the AOM, TECO witness Heisey indicated skepticism about TECO's capacity to produce similar benefits for ratepayers because, to effectively implement the AOM, TECO had to incur additional labor costs to establish processes and manage the optimization activities.

However, the Commission was not persuaded to include REC sales and natural gas pipeline capacity release sales as permissible asset optimization activities for TECO and therefore denied those aspects of the newly proposed AOM. Overall, the Commission was convinced that

³⁶ TR 3611–14; EXH 31, MPN C16-1516 – C16-1518; *see also* Order No. PSC-95-0255-FOF-EI, issued on February 23, 1995, in Docket No. 930987-EI, *In re: Investigation into currently authorized return on equity of Tampa Electric Company*, pp. 3–4 (finding target storm reserve amount of \$55 million reasonable); Order No. PSC-2018-0125-PCO-EI, p. 2 (authorizing interim replenishment of preexisting storm reserve to approximately \$55.9 million).

³⁷ TR 3354.

³⁸ TR 3127.

³⁹ TR 3123–25, 3127–30.

⁴⁰ TR 3123; see also TR 3160.

⁴¹ TR 3165.

⁴² TR 3127.

⁴³ EXH 29, MPN C14-1394.

⁴⁴ *Id*.

⁴⁵ TR 105-06.

⁴⁶ TR 3125, 3168.

approving a modified version of the new AOM would generate similar benefits for ratepayers. Thus, the testimony and supporting evidence from TECO witness Heisey was sufficiently probative to justify by a preponderance of evidence that the new AOM, as modified by the Commission, should be authorized to commence on January 1, 2025.⁴⁷

Finally, OPC insinuates that the Commission ordered the establishment of a generic AOM proceeding because no testimony or evidence shows how to structure TECO's new AOM. However, that assertion mischaracterizes the Commission's ruling. As the Commission explained in its Final Order, the record before it revealed differences between the various AOMs of each electric investor-owned utility in terms of the types of asset optimization activities allowed and the revenue-sharing thresholds established. The Commission therefore felt it appropriate to have staff investigate the dissonance and ultimately recommend whether uniformity through rulemaking was warranted.

TECO met its evidentiary burden to support the approval of the proposed SCRM and the proposed AOM, as modified by the Commission, based on what it presented. The Commission did not engage in burden shifting; the lack of contradictory testimony or evidence from the intervenors did not reduce TECO's burden nor did the Commission weigh such absence in TECO's favor. Once TECO established by preponderance of reasonable and credible evidence that the mechanisms should be approved, the Commission could not disregard the evidence simply because another party disagreed. "Where the testimony on the pivotal issues of fact is not contradicted or impeached in any respect, and no conflicting evidence is introduced, these statements of fact cannot be wholly disregarded or arbitrarily rejected."49 The Commission did not find TECO witness Chronister's or TECO witness Heisey's testimonies⁵⁰ regarding the mechanisms to be inconsistent, discredited, impeached, shaky, not thorough, or not credible.⁵¹ Therefore, the Commission's observations that no intervenor provided testimony on the mechanisms simply recognizes that there was no conflicting testimony to weigh and that the evidence presented on these issues supported approving the SCRM and the AOM. After considering what was presented by TECO, the Commission was persuaded by the probative value of the evidence and found there was sufficient basis to approve a new SCRM and new AOM.52

⁴⁷ TR 3131.

⁴⁸ Order No. PSC-2025-0038-FOF-EI, pp. 176-77.

⁴⁹ Guardian ad Litem Program v. K.H., 276 So. 3d at 902 n.2 (quoting Duncanson, 157 So. 2d at 699). "A court must accept evidence which . . . is neither impeached, discredited, controverted, contradictory within itself, or physically impossible." State v. Fernandez, 526 So. 2d 192, 193 (Fla. 3d DCA 1988) (reversing trial court for denying state's petition on basis of witness credibility when defendant's own investigator had produced corroborative evidence).

⁵⁰ The Commission was not persuaded by TECO witness Heisey to include, at this time, REC sales or natural gas pipeline capacity sales as qualifying asset optimization activities.

⁵¹ See Michael Fox M.D. v. Dep't of Health, 994 So. 2d 416, 418 (Fla. 1st DCA 2008) ("It is well-established that the [Administrative Law Judge] was not required to believe Appellant's testimony, even if unrebutted."); Dep't of Children & Families v. J.J., 368 So. 3d 1017, 1022 (Fla. 5th DCA 2023) (reversing trial court for ignoring testimony of two child witnesses when it had refused to assess their credibility).

⁵² By approving a new SCRM and new AOM, the Commission continues to authorize TECO to have a storm cost recovery mechanism and an asset optimization mechanism.

3. The Midpoint ROE at 10.50 percent

OPC raises two concerns in regard to the Commission's decision on ROE: "(1) there was no citation during the deliberations or in the Final Order to substantial and competent record evidence to support a 10.50 percent ROE calculation; and (2) there was no discussion or consideration during the deliberations or in the Final Order that was based on those deliberations of how TECO's size and severe weather risks are already mitigated through other cost-recovery mechanisms." Specifically, OPC states that "[n]o reasonable mind would accept that the evidence in this case is adequate to support the Commission's arbitrary conclusion that a 10.50 percent ROE would mitigate the risks expressed by the Commission while a 10.30 percent ROE would not." Moreover, OPC noted that TECO already has other avenues, such as the Storm Protection Plan Cost Recovery Clause, to mitigate potential weather risks.

TECO's Response

TECO argues the Commission's decision approving an ROE midpoint of 10.50 percent was supported by substantial and competent evidence, and states that OPC's three arguments regarding the Commission's decision on ROE have no merit and should be rejected. First, TECO states that "[t]he Final Order properly notes that the 'collective range of the witnesses' cost of equity model results was 8.85 percent to 11.91 percent." Therefore, TECO argues, the Commission's decision "is well within the range of ROE's supported by the expert testimony in the record" and is "well-reasoned, well-explained, and based on record evidence that includes the intervening parties' own expert testimony." Additionally, TECO claims OPC erroneously asks the Commission to justify any deviation from staff's recommendation, a recommendation which is advice, not evidence, and which the Commission is free to accept or reject. Finally, TECO argues that OPC "erroneously asserts that the Commission failed to consider the company's ability to recover storm restoration costs from customers as a mitigating factor in assessing the company's financial risk." TECO argues that the Final Order explicitly considers the mitigating impact of the SCRM when evaluating the appropriate ROE for the company.

Staff's Analysis and Recommendation

It is staff's position that the Commission's decision to select 10.50 percent as an ROE midpoint is supported by substantial and competent evidence. The Commission was confronted with a considerable amount of competing testimony on this issue, including over 20 variations of financial models provided by three competing witnesses and further testimony provided by two additional witnesses. All of this testimony was subject to a lengthy discovery process and further cross examination in hearing. As argued by TECO in its Response, the Final Order extensively discusses these models and their inputs and outputs as well as a comparison of the risks between TECO and the proxy group used to estimate TECO's market-based cost of equity.⁵⁴ Because these experts provided a considerable range of differing estimates for the ROE, which were

⁵³ Order No. PSC-95-0097-FOF-EI, issued on January 18, 1995, in Docket No. 930444-EI.

⁵⁴ See Order No. PSC-2025-0038-FOF-EI, pp.80–95.

supported by a reasonable factual basis for TECO, it is within the Commission's purview to determine the appropriate weight to accord these opinions.⁵⁵

Additionally, TECO established through expert testimony that TECO faces unique risks due to its lack of geographic diversity, specifically having a highly concentrated service territory located in an area prone to potentially devastating hurricanes which may cause considerable damage to a high percentage of TECO's territory. Despite his analysis indicating a specific size adjustment was not necessary, TECO witness D'Ascendis noted the "company's lack of geographic diversity due to its small size is cause for concern." He also noted that TECO's risk associated with extreme weather events is relatively high as compared to the utility proxy group. Having established this risk, and with the various experts offering reasonable methods to interpret and account for the risk, the Commission was justified in accepting or reasonably modifying those methods. Considering the unique aspects of TECO's business, determining the fair and proper rate of return is particularly "a matter of opinion which necessarily had to be infused by policy considerations for which the PSC has special responsibility." Furthermore, the Commission enjoys considerable discretion when adjusting rates within a fair rate of return range, including making adjustments to a rate within a given range.

Finally, staff believes OPC's second point, its assertion that there was no discussion that TECO's size and severe weather risks are already mitigated through other cost-recovery mechanisms, is misguided. As noted in the Final Order, TECO's ability to recover storm costs outside of a rate case does not entirely mitigate its risks. The Final Order also notes that the increasing frequency of hurricanes and other large storms will only increase both the costs of storm recovery and the need to recover those costs. The Final Order also notes that the increasing recovery and the need to recover those costs.

4. The Revenue Requirement in the Final Order

OPC included an attachment that lists 6 potential errors found in the calculations for the revenue requirement in the Final Order. OPC alleges these errors are the result of inconsistencies that reveal revenue requirement errors in Attachments A and C of the Commission's Final Order. Item Nos. 1, 4, and 5 address corrections to rounded adjustment amounts included in the Excel calculation of TECO's revenue requirement, while items 2, 3, and 6 were due to inadvertent errors in the underlying calculations for determining the revenue requirement.

⁵⁵ See Gu₁f Power Co. v. Fla. Pub. Serv. Comm'n, 453 So .2d 799, 805 (Fla. 1984); see also Rolling Oaks Utils., Inc. v. Fla. Pub. Serv. Comm'n, 533 So. 2d 770, 772 (Fla. 1988).

⁵⁶ TR 1885–90.

⁵⁷ TR 1887.

⁵⁸ See Citizens of the State of Fla. v. Fla. Pub. Serv. Comm'n, 440 So. 2d 371, 372 (Fla. 1st DCA 1983).

⁵⁹ See Utils., Inc. of Fla. v. Fla. Pub. Serv. Comm'n, 420 So. 2d 331, 333 (Fla. 1st DCA 1982).

⁶⁰ See Gu.f Power Co. v. Wilson, 597 So. 2d 270, 271 (Fla. 1992); see also United Tel. Co. v. Mann, 403 So. 2d 962 (Fla. 1981).

⁶¹ Order No. PSC-2025-0038-FOF-EI, pp. 92-93.

⁶² *Id.* at 93.

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TECO's Response

In regard to the potential errors identified by OPC, TECO states that it "cannot determine with precision ... whether there were errors made in the calculation of the 2025 base rate increase." TECO argues, however, that the administrative cost and customer confusion associated with implementing small base rate changes in order to respond to OPC's alleged calculation errors, in the middle of a calendar year, should be avoided. If corrections are necessary, TECO proposes to recover (or return) the incremental (or decremental) amount of revenue identified through one of the company's cost recovery clauses and into any subsequent year adjustments for periods beyond 2025.

Staff's Analysis and Recommendation

Included in OPC's Motion was an attachment identifying six corrections to the Commission's revenue requirement calculation. Staff agrees with all proposed corrections, with one adjustment for Item 3. Item Nos. 1, 4, and 5 address corrections related to rounded adjustment amounts. OPC's suggested corrections are as follows:

- Item No. 1, associated with the removal of the Microgrid project, should be corrected, resulting in a reduction of \$46,972 to Plant and \$1,635 to Accumulated Depreciation and Depreciation Expense.
- Item No. 4, associated with the normalization of Generation O&M Expense, should be corrected, resulting in an increase of \$86,667 to working capital and reduction of \$16,667 to O&M Expense.
- Item No. 5, associated with the Commission's reduction of corporate responsibility costs, should be corrected, resulting in a reduction of \$1,027 to O&M Expense.

The remaining corrections OPC pointed out in its motion were due to inadvertent errors in the underlying calculations of the revenue requirement. These are as follows:

- Item No. 2 is a correction to the inclusion of the common equity component in the ITC rate used to calculate the fallout interest synchronization, resulting in a decrease of \$31,918 to Income Tax Expense.
- Item No. 3, associated with the removal of Customer Digitalization projects, is a correction to the factored adjustment amount in the calculation, which included an additional "0," resulting in an increase of \$1,566,000 to O&M Expense to correct the overstated reduction. In its attachment, OPC calculated the correction's impact by removing \$174 from the overstated reduction of \$1,740,000, instead of \$174,000, resulting in an incorrect reference to the amount of \$1,739,826 (\$1,740,000 - \$174).
- Item No. 6, associated with the removal of half of Directors and Officers Liability insurance expense, is a correction to include a second component of the total expense removed, resulting in a decrease of \$376,500 to O&M Expense.

In sum, OPC's corrections listed in Item Nos. 1–6 result in net increases of \$41,330 to Rate Base and \$1,138,253 to Operating Expenses. In total, including corresponding adjustments to Income Tax Expense and the corresponding multiplier, OPC's corrections result in a revenue requirement increase of \$1.1 million, which is an increase of 0.61 percent.

Because the corrections result in a rate increase to the customers, staff recommends the Energy Conservation Cost Recovery Clause (ECCR) be utilized to recover the 2025 impacts of the correction to TECO's revenue requirements to minimize the impact to the customers. The ECCR mimics the rate design used to establish base rates, and ECCR factors for residential and small commercial are on an energy basis (cents/kWh) and ECCR factors for demand billed customers are on a demand basis (\$/kW).

Conclusion

Staff believes that TECO met its burden for both the SCRM and the AOM, as modified by the Commission, by presenting sufficient independent evidence and testimony regarding the benefits to customers and the functioning of the mechanisms. The Commission appropriately weighed the evidence before it when approving the new SCRM and new AOM. Additionally, staff recommends that the Commission reject OPC's interpretation of the administrative finality doctrine as the Commission already considered substantially the same argument when issuing its Final Order and the Commission neither violated the doctrine nor gave precedential value to the 2021 Settlement Agreement in reaching its decision.

Staff believes the Commission's decision to select 10.50 percent as an ROE midpoint is supported by substantial and competent evidence and was reasonable given the unique aspects of TECO's business. The Commission was confronted with a considerable amount of competing testimony including over 20 variations of financial models provided by three competing witnesses and further testimony provided by two additional witnesses. Additionally, TECO established that it faces unique risks due to its geography, namely having a highly concentrated service territory located in an area prone to potentially devastating hurricanes which may cause considerable damage to a high percentage of TECO's territory.

Ultimately, staff recommends that OPC's Motion for Reconsideration should be denied regarding the AOM, SCRM, and ROE determinations, however, the Motion should be granted to correct the identified errors in the calculation of the revenue requirement. The resulting \$1.1 million increase in revenue requirement should be recovered for 2025 through the Energy Conservation Cost Recovery Clause and then in 2026 going forward when implementing SYA rates.

Issue 3: Should OPC's request for clarification be granted?

Recommendation: Yes, in part. Staff recommends that the Commission deny the part of OPC's Motion for Clarification related to requested numerical values and evidentiary support. The Commission's Final Order, together with the above discussion in Issue 2 regarding burden of proof, is sufficiently clear on those matters. However, staff recommends that the Commission grant the part of OPC's Motion for Clarification seeking clarity regarding a description of what comprises the SCRM and the AOM and that the Final Order be revised to include clarification language as outlined below. (Sparks, Marquez, Harper, P. Buys, O. Wooten)

Staff Analysis:

<u>Law</u>

Neither the Uniform Rules of Procedure nor Commission rules specifically allow for a motion for clarification. However, the Commission has typically applied the *Diamond Cab Co. cf Miami v. King* standard in evaluating a request for clarification when the motion actually sought reconsideration of some part of the substance of an order.⁶³ "In cases where the motion sought only explanation or clarification of a Commission order, [the Commission has] typically considered whether the order requires further explanation or clarification to fully make clear its intent."

OPC's Motion

OPC seeks clarification regarding the SCRM and the AOM on both the specifics of these mechanisms as well as their evidentiary support. Specifically, OPC requests the Commission clarify whether provision 8(c) of the 2021 Settlement Agreement was adopted in the Final Order and, if so, whether the Commission intended to deny the rights of substantially affected parties from litigating earnings and cost savings offsets in future proceedings involving TECO's efforts to recover future storm costs. OPC also "seeks clarification regarding which numerical values and other terms and conditions the Commission is approving from the 2021 Agreement" in regard to the SCRM provision. Finally, OPC seeks clarification regarding the AOM provision as well as an identification of the numerical values and evidentiary support for the values, terms, and conditions approved.

TECO's Response

In response to OPC's Motion for Clarification, the company offered the following thoughts "for the Commission's consideration." The Final Order clearly reflects that the Commission approved TECO's request that the SCRM and the AOM be approved in their entirety but did not approve

⁶³ Diamond Cab Co. cf Miami v. King, 146 So. 2d 889 (Fla. 1962).

⁶⁴ Order No. PSC-04-0228-FOF-TP, issued March 2, 2004, in Docket Nos. 981834-TP & 990321-TP, *In re: Petition of Competitive Carriers for Commission action to support local competition in BellSouth Telecommunications, Inc.'s service territory*, & *In re: Petition of ACI Corp. d/b/a Accelerated Connections, Inc. for generic investigation to ensure that BellSouth Telecommunications, Inc., Sprint-Florida, Incorporated, and GTE Florida Incorporated comply with obligation to provide alternative local exchange carriers with flexible, timely, and cost-efficient physical collocation*.

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the company's proposed modifications to the AOM. TECO alleges that OPC's assertion that the inclusion of certain language, specifically Paragraph 8(c), from the 2021 Agreement impairs the rights of potential future litigants in storm cost recovery proceedings is misguided, and TECO asserts the Commission has always had the authority to determine the scope of the issues to be addressed in a proceeding.

Staff's Analysis and Recommendation

As a preliminary matter, the Final Order and the discussion above regarding burden of proof are sufficiently clear about what testimony and evidence the Commission relied upon in approving the SCRM and the AOM.⁶⁵ No further explanation is needed regarding the numerical values in, or evidentiary support for, the two newly approved mechanisms.

However, there appears to be some confusion amongst the parties regarding what comprises the approved SCRM and AOM, which staff will address in more detail below. Specifically, OPC raises concerns about whether Paragraph 8(c), from the 2021 Settlement Agreement, was incorporated into the new SCRM. That provision stated:

The Parties expressly agree that any proceeding to recover costs associated with any storm shall not be a vehicle for a "rate case" type inquiry concerning the expenses, investment, or financial results of operations of [TECO] and shall not apply any form of earnings test or measure or consider previous or current base rate earnings. Such issues may be fully addressed in any subsequent [TECO] base rate case. ⁶⁶

Because this prohibition was not discussed in the Commission's Final Order, it was clear that the Commission did not intend to include it in the new SCRM. Instead, staff submits that the applicable rule and statute would guide the relevancy and scope of any future storm cost recovery proceeding.

As stated above, the Commission approved a new SCRM and new AOM to commence on January 1, 2025. To clarify what the two mechanisms are comprised of, staff summarizes below the SCRM and the AOM approved in the Final Order.

1. Storm Cost Recovery Mechanism

The recovery of storm costs from customers will begin on an interim basis (subject to refund following a hearing or a full opportunity for a formal proceeding) sixty days following TECO's filing of a cost recovery petition and tariff.⁶⁷ The petition will be based on a 12-month recovery

⁶⁵ Order No. PSC-2025-0038-FOF-EI, pp. 171-77.

⁶⁶ Order No. PSC-2021-0423-S-EI, p. 37.

⁶⁷ TECO will continue to implement the Process Improvements detailed in Order No. PSC-2019-0234-AS-EI, which contribute to the safe and efficient restoration of customer outages as well as reduce the likelihood of future disputes regarding storm restoration costs. Order No. PSC-2019-0234-AS-EI, issued June 14, 2019, in Docket No. 20170271-EI, *In re: Petition for recovery cf costs associated with named tropical systems during the 2015, 2016, and 2017 hurricane seasons and replenishment cf storm reserve subject to final true-up, Tampa Electric Company,* pp. 5, 17–23, 28–29.

period if the storm costs do not exceed \$4.00/1,000 kWh on monthly residential customer bills. In the event TECO's reasonable and prudent storm costs exceed that level, any additional costs in excess of \$4.00/1,000 kWh per month will be recovered in a subsequent year or years as determined by this Commission. All storm-related costs must be calculated and disposed of pursuant to Rule 25-6.0143, F.A.C., and will be limited to (1) costs resulting from such tropical system named by the National Hurricane Center or its successor, (2) the estimate of incremental storm restoration costs above the level of storm reserve prior to the storm, and (3) the replenishment of the storm reserve to \$55,860,642.

The monthly \$4.00/1,000 kWh cap will apply in the aggregate for a calendar year; however, TECO may petition the Commission to increase the initial 12-month recovery period to rates greater than \$4.00/1,000 kWh or for a period longer than 12 months if TECO incurs over \$100 million of qualifying storm recovery costs in a given calendar year, inclusive of the amount needed to replenish the storm reserve.

2. Asset Cptimization Mechanism

TECO's Asset Optimization Activities include efforts such as:

- (1) Gas storage utilization. TECO may release contracted storage space or sell stored gas during non-critical demand seasons.
- (2) Delivered gas sales using existing transport. TECO may sell gas to Florida customers, using TECO's existing gas transportation capacity during periods when it is not needed to serve TECO's native electric load.
- (3) Production (upstream) area sales. TECO may sell gas in the gas-production areas, using TECO's existing gas transportation capacity during periods when it is not needed to serve TECO's native electric load.
- (4) Asset Management Agreement. TECO may outsource optimization functions to a third party through assignment of power, transportation, and/or storage rights in exchange for a premium to be paid to TECO.

In carrying out Asset Optimization Activities, TECO will not require any native load customer to be interrupted in order to initiate or maintain an economy sale.

Each year, TECO customers will receive 100 percent of the gains from Asset Optimization Activities up to a threshold of \$4.5 million. Incremental gains above the \$4.5 million will be shared between TECO and customers as follows: TECO will retain 60 percent and customers will receive 40 percent of incremental gains realized above \$4.5 million up to \$8 million; and TECO will retain 50 percent and customers will receive 50 percent of all incremental gains in excess of \$8 million.

Each year, as part of its fuel cost recovery clause (Fuel Clause) final true-up filing, TECO will file a schedule showing its gains in the prior calendar year on short-term wholesale sales, short-term wholesale purchases, and all forms of asset optimization that it undertook in that year (the

Total Gains Schedule). TECO's final true-up filing will include a description of each asset optimization activity for which gains are included on the Total Gains Schedule for the prior year, and such measures will be subject to review by this Commission to confirm that they are eligible for inclusion in the AOM. The customers' portion of total gains will be shown as a reduction to the fuel costs that are recovered through the Fuel Clause factors. TECO will recover its portion of total gains through adjustments to its Fuel Clause factors that are made in the normal course of calculating those factors and that flow through to all rate classes in the same manner as other costs recovered through the factors. However, TECO may not recover through the Fuel Clause any incremental costs incurred to add personnel, software, or associated hardware needed to manage the expanded short-term and wholesale purchases, sales programs, or asset optimization activities. TECO's final true-up filing will separately state and describe the incremental optimization costs it incurred in the prior year, and such costs will be subject to review and approval by us.

Several activities are excluded from TECO's Asset Optimization Activities, including the release of natural gas pipeline capacity by TECO directly or indirectly (e.g., via affiliate arrangements), retirement/release of railcars, and the sale of renewable energy credits.

Conclusion

Staff recommends that the Commission deny the part of OPC's Motion for Clarification related to requested numerical values and evidentiary support. The Commission's Final Order, together with the above discussion in Issue 2 regarding burden of proof, is sufficiently clear on those matters. However, staff recommends that the Commission grant the part of OPC's Motion for Clarification seeking clarity regarding a description of what comprises the SCRM and the AOM and that the Final Order be revised to include clarification language as outlined above.

Issue 4: Should these dockets be closed?

Recommendation: No. These dockets should remain open while the appeals filed by OPC and FL Rising/LULAC are processed by the Florida Supreme Court. (Sparks, Marquez, Harper)

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Vogel) ALM

Division of Economics (Hampson, McClelland) ED Division of Engineering (Thompson, Ellis) 78 Office of the General Counsel (Dose) 380

RE: Docket No. 20240173-EI – Petition for limited proceeding for recovery of

incremental storm restoration costs related to Hurricanes Debby, Helene and

Milton, by Duke Energy Florida, LLC.

AGENDA: 05/06/25 – Regular Agenda – Motions to Dismiss – Oral argument not requested;

participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On December 27, 2024, Duke Energy Florida, LLC (DEF or Company) filed its petition for a limited preceding seeking authority to implement an interim storm restoration recovery charge to recover \$1.09 billion for the incremental restoration costs related to Hurricanes Debby, Helene, and Milton, as well as the replenishment of its retail storm reserve. Included in the \$1.09 billion is interest charged on unrecovered costs for Hurricanes Debby, Helene, and Milton. Pursuant to the 2024 Settlement Agreement (2024 Settlement) approved by the Commission in Order No. PSC-2024-0472-AS-EI, the recovery of storm costs from customers will begin, on an interim

Docket No. 20240173-EI Date: April 24, 2025

basis, 60 days after the filing of a cost recovery petition and tariff with the Commission.¹ DEF requested a 12-month recovery period, applied to all bills from March 2025 through February 2026.

On January 31, 2025, DEF submitted updated rate calculations for all rate classes and revised tariffs, as well as an updated response to staff's first data request. The updated calculations reflect revised cost allocation factors, resulting in minor changes to the storm cost recovery factors for all customers. Specifically, DEF included in its petition a distribution allocation factor for customers taking service at transmission level that overallocated distribution storm costs to transmission-level customers. The revised rate calculation is consistent with the calculation of previous storm cost recovery charges approved in Order No. PSC-2024-0377-FOF-EI.² The updated rate calculations do not change the total \$1.09 billion incremental storm costs proposed for recovery. On February 4, 2025, the Commission approved DEF's interim storm restoration recovery charges consistent with DEF's January 31, 2025, updated rate calculations and revised tariffs by Order No. PSC-2025-0061-PCO-EI issued on February 24, 2025.

On March 6, 2025, White Springs Agricultural Chemicals, Inc. d/b/a PCS Phosphate-White Springs (PCS) timely filed a Motion for Reconsideration of Order No. PSC-2025-0061-PCO-EI (PCS's Motion) pursuant to Rule 25-22.0376, Florida Administrative Code (F.A.C.). In its Motion, PCS argues that the approved allocation factors did not accurately reflect the cost allocation factors utilized in DEF's 2021 and 2024 Rate Settlements.³

On March 6, 2025, Nucor Steel Florida, Inc. (Nucor) also timely filed a Motion for Reconsideration of Order No. PSC-2025-0061-PCO-EI (Nucor's Motion) pursuant to Rule 25-22.0376, F.A.C. In its Motion, Nucor asks that the Commission grant reconsideration in order to clarify that cost allocation and rate design treatment remain open issues in this case that can be addressed by parties later in this proceeding.

On March 13, 2025, DEF timely filed its Response to PCS's Motion (DEF's Response to PCS's Motion) as well as its Response to Nucor's Motion (DEF's Response to Nucor's Motion). DEF argued that neither PCS nor Nucor identified any issue of fact or law that the Commission overlooked or failed to consider that would justify reconsideration of Order No. PSC-2025-0061-PCO-EI.

Also on March 13, 2025, Nucor filed its Response to PCS's Motion agreeing with PCS's position and asserting its own position that final allocation and rate design of the storm

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¹ Order No. PSC-2024-0472-AS-EI, issued November 12, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, LLC.*

² Order No. PSC-2024-0377-FOF-EI, issued August 27, 2024, in Docket No. 20230020-EI, *In re: Petition for limited proceeding for recovery cf incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy Florida, LLC*; Docket No. 20230116-EI, *In re: Petition for limited proceeding for recovery cf incremental storm restoration costs related to Hurricane Idalia, by Duke Energy Florida, LLC*.

³ Order No. PSC-2021-0202-AS-EI, issued June 4, 2021, in Docket No. 20210016-EI, *In re: Petition for limited proceeding to approve 2021 settlement agreement, including general base rate increases, by Duke Energy Florida, LLC* (2021 Settlement).

Docket No. 20240173-EI Date: April 24, 2025

restoration recovery charges remains an open issue that parties should be afforded the opportunity to litigate at a later point in this case.

This recommendation addresses the appropriate disposition of PCS's and Nucor's motions for reconsideration. No request for oral argument was concurrently filed with either motion, as required under Rule 25-22.0022(1), F.A.C., however, oral argument may be heard at the Commission's discretion under Rule 25-22.0022(7)(b), F.A.C. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes.

Docket No. 20240173-EI Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should PCS's Motion for Reconsideration of Order No. PSC-2025-0061-PCO-EI be granted?

Recommendation: No. Reconsideration should be denied because PCS's Motion for Reconsideration fails to raise a point of fact or law that the Commission overlooked or failed to consider in rendering its decision. (Dose)

Staff Analysis:

Law

The appropriate standard of review for reconsideration of a Commission order is whether the motion identifies a point of fact or law that the Commission overlooked or failed to consider in rendering the order under review. See Stewart Bonded Warehouse, Inc. v. Bevis, 294 So. 2d 315 (Fla. 1974); Diamond Cab Co. v. King, 146 So. 2d 889 (Fla. 1962); and Pingree v. Quaintance, 394 So. 2d 162 (Fla. 1st DCA 1981). It is not appropriate to reargue matters that have already been considered. Sherwood v. State, 111 So. 2d 96 (Fla. 3d DCA 1959) (citing State ex. rel. Jaytex Realty Co. v. Green, 105 So. 2d 817 (Fla. 1st DCA 1958)). Furthermore, a motion for reconsideration should not be granted "based upon an arbitrary feeling that a mistake may have been made, but should be based upon specific factual matters set forth in the record and susceptible to review." Stewart Bonded Warehouse, Inc., 294 So. 2d at 317.

PCS's Motion

In its Motion, PCS argues that the approved allocation factors did not accurately reflect the cost allocation factors utilized in DEF's 2021 and 2024 Settlements. More specifically, PCS claims that DEF failed to sub-functionalize⁴ Distribution costs between Distribution – Primary and Distribution – Secondary, which each have different allocators pursuant to the 2021 and 2024 Rate Settlements. PCS asks that the Commission direct DEF to re-calculate its storm surcharge exhibits to be consistent with allocation factors in its base rate method and to submit a compliance filing to allocate costs consistent with the 2021 and 2024 Settlements.

DEF's Response

In DEF's Response to PCS's Motion, DEF argued that PCS did not identify any issue of fact or law that the Commission overlooked or failed to consider that would justify reconsideration of Order No. PSC-2025-0061-PCO-EI. More specifically, DEF argues that there is no requirement that storm recovery costs be allocated using the same allocation utilized for base rates. DEF asserts that previous storm cost recovery filings used the same language, utilized the same treatment for distribution costs, and referenced the same controlling settlement agreements. DEF additionally asserts that it does not sub-functionalize storm restoration costs between Distribution – Primary and Distribution – Secondary because costs are not tracked or recorded in

⁴ Sub-functionalization occurs when a cost category is further broken down into component parts with separate allocation factors.

a manner to facilitate that sub-functionalization, and so DEF does not have the information necessary to perform such a calculation. While DEF accepts that PCS accurately described the allocation of base rates under Paragraph 30(c) of the 2021 Settlement Agreement and Paragraph 29(c) of the 2024 Settlement, DEF contends that these apply only to base rates and not to storm cost recovery.

Nucor's Response

In Nucor's Response to PCS's Motion, Nucor agreed with PCS's position. Nucor's response also reiterates its position from its own motion that final allocation and rate design of the storm restoration recovery charges remains an open issue that parties should be afforded the opportunity to litigate at a later point in this case. This second point is addressed in Issue 2.

Analysis

The 2021 and 2024 DEF Settlements were entered in base rate proceedings and, accordingly, address a wide range of issues. Both Settlements set forth the allocation factors to be used for base rates. In a base rate case, DEF sub-functionalizes distibution costs between "Distribution – Primary" and "Distribution – Secondary" and the allocation factors for distribution primary and distribution secondary costs differ. DEF does not sub-functionalize storm restoration costs between distribution primary and distribution secondary and, therefore, applies the distribution primary allocation factor to all distribution costs (both primary and secondary).

The Settlements separately set forth the procedures applicable to the storm surcharge. These procedures include allowing DEF to maintain a storm reserve of approximately \$132 million and allowing DEF to collect a storm surcharge on a 12-month recovery period subject to approval and true-up. These storm cost recovery procedures allow DEF to avoid regulatory lag by recovering costs due to storm damage quickly and effectively, subject to true-up, while allowing all parties and the Commission the opportunity to review all costs. Neither Settlement sets allocation factors specific to storm surcharge, and neither otherwise requires DEF to subfunctionalizes between "Distribution – Primary" and "Distribution – Secondary" in a storm cost recovery filing. Previous storm surcharges have not sub-functionalized distribution costs. ⁵

PCS contends that the approved allocation factors did not accurately reflect those approved in DEF's 2021 and 2024 Settlements. The instant case concerns a storm surcharge rather than base rates, and DEF applies a distribution allocation factor that is consistent with the 2021 and 2024 Settlements to the allocation of distribution storm restoration costs consistent with its past storm recovery surcharges. DEF complied with all relevant portions of the 2024 Settlement as it pertains to storm surcharges. Therefore, staff believes that PCS failed to raise a point of fact or

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⁵ See Order No. PSC-2023-0111-PCO-EI, issued March 23, 2023, in Docket No. 20230020-EI, In re: Petition for limited proceeding for recovery cf incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy Florida, LLC; Order No. PSC-2024-0377-FOF-EI, issued August 27, 2024, in Docket No. 20230023-EI, In re: Petition for limited proceeding for recovery cf incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy Florida, LLC; Docket No. 20230116-EI, In re: Petition for limited proceeding for recovery cf incremental storm restoration costs related to Hurricane Idalia, by Duke Energy Florida, LLC.

Docket No. 20240173-EI

Date: April 24, 2025

Issue 1

law that the Commission overlooked or failed to consider. Consequently, staff recommends that the Commission deny PCS's Motion for Reconsideration.

Docket No. 20240173-EI Issue 2

Date: April 24, 2025

Issue 2: Should Nucor's Motion for Reconsideration of Order No. PSC-2025-0061-PCO-EI be granted?

Recommendation: No. Reconsideration should be denied because Nucor's Motion for Reconsideration fails to raise a point of fact or law that the Commission overlooked or failed to consider in rendering its decision. Staff recommends however that the Commission clarify on its own motion that the cost allocation and rate design treatment have not been finally determined in this docket and may still be raised for final determination later in this proceeding. (Dose)

Staff Analysis:

<u>Law</u>

As stated more fully in Issue 1, the appropriate standard of review for reconsideration of a Commission order is whether the motion identifies a point of fact or law that the Commission overlooked or failed to consider in rendering the order under review. Furthermore, a motion for reconsideration should not be granted based upon an arbitrary feeling that a mistake may have been made, but should be based upon specific factual matters set forth in the record and susceptible to review.

Nucor's Motion

In Nucor's Motion, it argues that neither the 2021 nor the 2024 settlement prescribes the appropriate cost allocation and rate design for the storm cost recovery surcharge at issue in this docket. Nucor asks that the Commission grant reconsideration in order to clarify that cost allocation and rate design treatment remain open issues in this case that can be addressed by parties later in this proceeding. Nucor further contends that parties should have a full opportunity to conduct discovery on the costs that DEF seeks to recover through the interim storm cost recovery charge, the reasoning for the cost allocation and rate design selected by DEF to recover storm costs, and to develop positions on the appropriate cost allocation and rate design used to recover such costs from customers.

DEF's Response

In DEF's Response to Nucor's Motion, DEF argued that Nucor failed to identify a point of fact or law that the Commission overlooked. Additionally, DEF contends that Nucor's Motion does not request the Commission to take action on any specific portion of Order No. PSC-2025-0061-PCO-EI. DEF claims that petitioning the Commission for a statement of "clarification" of the Order is inappropriate for a motion for reconsideration. Further, DEF asserts that Nucor has not been denied the opportunity to conduct discovery on this matter and that Nucor waited until the day after Order No. PSC-2025-0061-PCO-EI issued to serve discovery.

Analysis

Nucor's instant Motion failed to raise a point of fact or law that the Commission overlooked or failed to consider. Therefore, staff recommends that the Commission deny Nucor's Motion for Reconsideration. However, staff agrees that the cost allocation and rate design treatment have

Docket No. 20240173-EI

Date: April 24, 2025

Issue 2

not been finally determined in this proceeding. Therefore, staff recommends that the Commission clarify on its own motion that the final allocation and rate design of the storm restoration recovery charges remains an open issue and that parties should be afforded the opportunity to conduct discovery and develop positions on these issues in this proceeding.

Docket No. 20240173-EI Issue 3

Date: April 24, 2025

Issue 3: Should this docket be closed?

Recommendation: No, this docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted. (Dose)

Staff Analysis: No, this docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted.

Item 4

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Quigley, D. Buys, Higgins) *ALM*

Office of the General Counsel (Bloom)

RE: Docket No. 20250041-EI – Request for approval of change in rate used to

capitalize allowance for funds used during construction (AFUDC) from 6.76% to

6.89%, effective January 1, 2025, by Florida Power & Light Company.

AGENDA: 05/06/25 – Regular Agenda – Proposed Agency Action – Interested Persons May

Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Florida Power & Light Company's (FPL or Company) current Allowance for Funds Used During Construction (AFUDC) rate of 6.76 percent was approved by Order No. PSC-2024-0223-PAA-EI, issued July 1, 2024. On March 12, 2025, FPL filed a petition for approval to change its AFUDC rate from 6.76 percent to 6.89 percent, effective January 1, 2025. As required by Rule 25-6.0141(5), Florida Administrative Code (F.A.C.), FPL 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.

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¹Order No. PSC-2024-0223-PAA-EI, issued July 1, 2024, in Docket No. 20240057-EI, In re: Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.37% to 6.76%, effective January 1, 2024, by Florida Power & Light Company.

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission approve FPL's request to change it's AFUDC rate from 6.76 percent to 6.89 percent?

Recommendation: Yes. The appropriate AFUDC rate for FPL is 6.89 percent based on a 13-month average capital structure for the period ended December 31, 2024. (Quigley)

Staff Analysis: FPL requested an increase in its AFUDC rate from 6.76 percent to 6.89 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 6.89 percent, FPL 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 primarily to an increase in the common equity balance which increased the weighted average cost of equity by 10.6 basis points, and an increase of 3.6 basis points in the weighted average cost of long-term debt; offset by a decrease of one basis point in the weighted average cost of short-term debt. The cost rate for long-term debt increased from 4.46 percent in 2023 to 4.53 percent in 2024. In its calculation, the Company appropriately used the mid-point return on equity of 10.8 percent, which was approved by Order No. PSC-2022-0358-FOF-EI.²

Based on its review, staff believes that the requested increase in the AFUDC rate from 6.76 percent to 6.89 percent is appropriate, consistent with Rule 25-6.0141, F.A.C., and recommends approval.

²Order No. PSC-2022-0358-FOF-EI, issued October 21, 2022, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

Date: April 24, 2025

Issue 2: What is the appropriate monthly compounding rate to achieve FPL's requested annual AFUDC of 6.89 percent?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 6.89 percent is 0.005568. (Quigley)

Staff Analysis: FPL requested a monthly compounding rate of 0.005568 to achieve an annual AFUDC rate of 6.89 percent. In support of the requested monthly compounding rate of 0.005568, the Company provided its calculations in Schedule C attached to its request. Rule 25-6.0141(4)(a), F.A.C., provides the following formula for discounting the annual AFUDC rate to reflect monthly compounding:

 $M = [((1+A/100)1/12)-1] \times 100$

Where: M = Discounted monthly AFUDC rate.

A = Annual AFUDC rate.

The rule also requires that the monthly compounding rate be calculated to six decimal places.

Staff reviewed the Company's calculation and determined it was derived in accordance with Rule 25-6.0141(4), F.A.C., as presented in Attachment 2. Therefore, staff recommends that a monthly compounding AFUDC rate of 0.005568 be approved.

Docket No. 20250041-EI

Date: April 24, 2025

Issue 3: Should the Commission approve FPL's requested effective date of January 1, 2025, for implementing the AFUDC rate?

Issue 3

Recommendation: Yes. The AFUDC rate should be effective January 1, 2025, for all purposes. (Quigley)

Staff Analysis: FPL's requested AFUDC rate was calculated using the most recent 13-month average capital structure for the period ended December 31, 2024. 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 January 1, 2025, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore, should be approved.

Date: April 24, 2025

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. (Bloom)

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.

FLORIDA POWER & LIGHT COMPANY CAPITAL STRUCTURE USED FOR THE REQUESTED AFUDC RATE AS OF DECEMBER 31, 2024

| COMPANY AS FILED | | | | | |
|---------------------------|----------------------------------|-------------------------|--------------------|---------------------------------------|--|
| CAPITAL COMPONENTS | JURISDICTIONAL <u>AVERAGE</u> | CAPITAL <u>RATIO</u> | COST OF CAPITAL | WEIGHTED COST OF <u>CAPITAL</u> | |
| COMMON EQUITY | \$32,654,755,304 | 49.44% | 10.80% | 5.34% | |
| LONG-TERM DEBT | \$21,236,556,325 | 32.16% | 4.53% | 1.45% | |
| SHORT-TERM DEBT | \$873,137,043 | 1.32% | 5.99%* | 0.08% | |
| CUSTOMER DEPOSITS | \$556,565,491 | 0.84% | 2.14%* | 0.02% | |
| DEFERRED INCOME TAXES | \$7,389,828,130 | 11.19% | 0.00% | 0.00% | |
| FAS 109 DEFERRED INC. TAX | \$2,520,179,889 | 3.82% | 0.00% | 0.00% | |
| INVESTMENT TAX CREDITS | \$814,358,373 | 1.23% | 0.00% | 0.00% | |
| TOTAL | \$66,045,380,555 | 100,00% | | 6.89% | |

^{* 13-}MONTH AVERAGE

Docket No. 20250041-EI Date: April 24, 2025

FLORIDA POWER & LIGHT COMPANY METHODOLOGY FOR COMPOUNDING AFUDC RATE AS OF DECEMBER 31, 2024

COMPANY AS FILED

| MONTHS | AFUDC BASE | MONTHLY AFUDC RATE | CUMULATIVE AFUDC RATE |
|--------|------------|-----------------------|--------------------------|
| | | | |
| 1 | 1.000000 | 0.005568 | 0.005568 |
| 2 | 1.005568 | 0.005599 | 0.011167 |
| 3 | 1.011167 | 0.005630 | 0.016797 |
| 4 | 1.016797 | 0.005662 | 0.022459 |
| 5 | 1.022459 | 0.005693 | 0.028152 |
| 6 | 1.028152 | 0.005725 | 0.033877 |
| 7 | 1.033877 | 0.005757 | 0.039633 |
| 8 | 1.039633 | 0.005789 | 0.045421 |
| 9 | 1.045422 | 0.005821 | 0.051242 |
| 10 | 1.051243 | 0.005853 | 0.057096 |
| 11 | 1.057096 | 0.005886 | 0.062981 |
| 12 | 1.062982 | 0.005919 | 0.068900 |

Annual Rate (R) = 0.068900

Monthly Rate = $((1+R)^{(1/12)})-1 = 0.005568$

Item 5

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Souchik, D. Buys, Higgins) ALM

Office of the General Counsel (Bloom)

RE: Docket No. 20250044-EI – Request for approval of change in rate used to

capitalize allowance for funds used during construction (AFUDC) from 6.07% to

6.66%, effective January 1, 2025, by Tampa Electric Company.

AGENDA: 05/06/25 – 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 6.07 percent was approved by Order No. PSC-2022-0394-PAA-EI, issued November 16, 2022. On March 18, 2025, Tampa Electric filed a petition for approval to change its AFUDC rate from 6.07 percent to 6.66 percent, effective January 1, 2025. 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

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¹Order No. PSC-2022-0394-PAA-EI, issued November 16, 2022, in Docket No. 20220162-EI, *In re: 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 January 1, 2022, by Tampa Electric Company.*

Docket No. 20250044-EI Date: April 24, 2025

has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission approve Tampa Electric's request to increase its AFUDC rate from 6.07 percent to 6.66 percent?

Recommendation: No. The appropriate AFUDC rate for Tampa Electric is 6.65 percent based on a 13-month average capital structure for the period ending December 31, 2024. (Souchik)

Staff Analysis: Tampa Electric requested an increase in its AFUDC rate from 6.07 percent to 6.66 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 6.66 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. However, due to a rounding error involving the relative percentages of the capital structure components, the correct AFUDC rate is 6.65 percent as shown on Attachment 1. In its calculation of the capital structure component ratios, the Company used percentages carried out to two decimal places. Staff performed the same calculation using ratios carried out to three decimal places, which changed the weighted average cost of capital downward by one basis point. This is the same scenario that occurred in Tampa Electric's previous requests for a change in its AFUDC rate in Docket Nos. 20140033-EI and 20220076-EI.³ In Docket No. 20140033-EI, the Commission decreased the AFUDC rate by one basis point, and in Docket No. 20220076-EI the Commission increased the AFUDC rate by one basis point.

The requested increase in the AFUDC rate of 58 basis points is due principally to an increase in the authorized return on common equity of 10.50 percent, which equates to an increase of 26

²Order No. PSC-2014-0176-PAA-EI, issued April 18, 2014 in Docket No. 20140033-EI, *In re: Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 8.16% to 6.47%, effective January 1, 2014, by Tampa Electric Company.*

³Order 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 to capitalize allowance for funds used during construction (AFUDC) from 6.46% to 5.97%, effective January 1, 2022, by Tampa Electric Company.*

Docket No. 20250044-EI

Issue 1 Date: April 24, 2025

basis points in the weighted average cost of common equity. In addition, the weighted cost of long-term debt increased 22 basis points, and the weighted cost of short-term debt increased 11 basis points; offset by a decrease in the weighted average cost of customer deposits. In its calculation, the Company appropriately used the mid-point return on equity of 10.50 percent, which was approved by Order No. PSC-2025-0038-FOF-EI.⁴

Based on its review, staff believes that the requested increase in the AFUDC rate from 6.07 percent to 6.66 percent is not correct. Alternatively, staff recommends that 6.65 percent is the correct AFUDC rate and should be approved.

⁴Order No. PSC-2025-0038-FOF-EI, issued February 3, 2025, in Docket No. 20240026-EI, In re: Petition for rate increase by Tampa Electric Company.

Date: April 24, 2025

Issue 2: What is the appropriate monthly compounding rate to achieve the staff recommended 6.65 percent annual AFUDC rate?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 6.65 percent is 0.005380. (Souchik)

Staff Analysis: Tampa Electric requested a monthly compounding rate of 0.005387 to achieve an annual AFUDC rate of 6.66 percent. In support of the requested monthly compounding rate of 0.005387, 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.

Based on staff's recommendation in Issue 1 to increase Tampa Electric's requested annual AFUDC rate of 6.07 percent to 6.65 percent, the appropriate monthly compounding rate is 0.005380 as shown on Attachment 2. Therefore, staff recommends that a discounted monthly AFUDC rate of 0.005380 be approved.

Date: April 24, 2025

Issue 3: Should the Commission approve Tampa Electric's requested effective date of January 1, 2025, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective January 1, 2025, for all purposes. (Souchik)

Staff Analysis: Tampa Electric's proposed AFUDC rate was calculated using a 13-month average capital structure for the period ended December 31, 2024. 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 January 1, 2025, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore, should be approved.

Date: April 24, 2025

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, the docket should be closed upon the issuance of a consummating order. (Bloom)

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 the consummating order.

TAMPA ELECTRIC COMPANY CAPITAL STRUCTURE USED FOR THE REQUESTED AFDUC RATE AS OF DECEMBER 2024

| COMPANY AS FILED | | | | | |
|-----------------------|----------------------------------|-------------------------|--------------------|---------------------------------------|--|
| CAPITAL COMPONENTS | JURISDICTIONAL <u>AVERAGE</u> | CAPITAL <u>RATIO</u> | COST OF CAPITAL | WEIGHTED COST OF <u>CAPITAL</u> | |
| LONG TERM DEBT | \$3,341,184,573 | 36.54% | 4.49% | 1.64% | |
| SHORT TERM DEBT | \$251,165,781 | 2.75% | 5.31% * | 0.15% | |
| CUSTOMER DEPOSITS | \$101,418,669 | 1.11% | 2.36% * | 0.03% | |
| COMMON EQUITY | \$4,217,106,937 | 46.12% | 10.50% | 4.84% | |
| DEFERRED INCOME TAXES | \$1,040,206,740 | 11.38% | 0.00% | 0.00% | |
| TAX CREDITS - WC | \$193,175,080 | 2.11% | 0.00% | 0.00% | |
| TOTAL | \$9,144,257,781 | 100.00% | | 6.66% | |

| STAFF ADJUSTED BASIS | | | | |
|-----------------------|----------------------------------|-------------------------|--------------------|---------------------------------------|
| CAPITAL COMPONENTS | JURISDICTIONAL <u>AVERAGE</u> | CAPITAL <u>RATIO</u> | COST OF CAPITAL | WEIGHTED COST OF <u>CAPITAL</u> |
| LONG TERM DEBT | \$3,341,184,573 | 36.539% | 4.49% | 1.641% |
| SHORT TERM DEBT | \$251,165,781 | 2.747% | 5.31% * | 0.146% |
| CUSTOMER DEPOSITS | \$101,418,669 | 1.109% | 2.36% * | 0.026% |
| COMMON EQUITY | \$4,217,106,937 | 46.118% | 10.50% | 4.842% |
| DEFERRED INCOME TAXES | \$1,040,206,740 | 11.376% | 0.00% | 0.000% |
| TAX CREDITS - WC | \$193,175,080 | 2.113% | 0.00% | 0.000% |
| TOTAL | \$9,144,257,781 | 100.00% | | 6.65% |

^{* 13-}MONTH AVERAGE

Docket No. 20250044-EI Date: April 24, 2025

TAMPA ELECTRIC COMPANY METHODOLOGY FOR COMPOUNDING AFUDC RATE AS OF DECEMBER 2024

| COMPANY AS FILED | | | | | |
|------------------|------------|--------------------------|-----------------------------|--|--|
| MONTHS | AFUDC BASE | MONTHLY AFUDC RATE | CUMULATIVE AFUDC RATE | | |
| | | | | | |
| 1 | 1.000000 | 0.005387 | 0.005387 | | |
| 2 | 1.005388 | 0.005416 | 0.010804 | | |
| 3 | 1.010804 | 0.005446 | 0.016250 | | |
| 4 | 1.016250 | 0.005475 | 0.021725 | | |
| 5 | 1.021725 | 0.005505 | 0.027229 | | |
| 6 | 1.027229 | 0.005534 | 0.032763 | | |
| 7 | 1.032763 | 0.005564 | 0.038327 | | |
| 8 | 1.038327 | 0.005594 | 0.043921 | | |
| 9 | 1.043921 | 0.005624 | 0.049545 | | |
| 10 | 1.049545 | 0.005654 | 0.055200 | | |
| 11 | 1.055200 | 0.005685 | 0.060885 | | |
| 12 | 1.060885 | 0.005715 | 0.066600 | | |

Annual Rate (R) = 0.066600 Monthly Rate = ((1+R)^(1/12))-1 = 0.005387

| STAFF ADJUSTED BASIS | | | | | |
|----------------------|------------|--------------------------|-----------------------------|--|--|
| MONTHS | AFUDC BASE | MONTHLY AFUDC RATE | CUMULATIVE AFUDC RATE | | |
| | | | | | |
| 1 | 1.000000 | 0.005380 | 0.053800 | | |
| 2 | 1.005380 | 0.005409 | 0.010788 | | |
| 3 | 1.010788 | 0.005438 | 0.016226 | | |
| 4 | 1.016226 | 0.005467 | 0.021693 | | |
| 5 | 1.021693 | 0.005496 | 0.027189 | | |
| 6 | 1.027189 | 0.005526 | 0.032715 | | |
| 7 | 1.032715 | 0.005556 | 0.038270 | | |
| 8 | 1.038270 | 0.005585 | 0.043856 | | |
| 9 | 1.043856 | 0.005616 | 0.049471 | | |
| 10 | 1.049471 | 0.005646 | 0.055117 | | |
| 11 | 1.055117 | 0.005676 | 0.060793 | | |
| 12 | 1.060793 | 0.005707 | 0.066500 | | |

Annual Rate (R) = 0.066500Monthly Rate = $((1+R)^{(1/12)})-1 = 0.005380$

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Przygocki, Bardin, Folkman,

Norris, Richards, Sewards, York) Adm

Division of Economics (Bethea, Bruce, Chambliss, Hudson, Lenberg, Sibley)

Division of Engineering (Ellis, King, Lewis, Ramos, Sanchez, Smith II) 78

Office of the General Counsel (Sandy, Farooqi)

RE: Docket No. 20240068-WS – Application for increase in water and wastewater

rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk,

and Seminole Counties, by Sunshine Water Services Company.

AGENDA: 05/06/2025 – Regular Agenda – Post-Hearing Decision – Participation is Limited

to Commissioners and Staff

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: 05/06/25 (8-Month Effective Date Waived from

04/01/25)

SPECIAL INSTRUCTIONS: None

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ACRONYM TABLE

The following abbreviations used herein are listed below for reference purposes:

AA Accumulated Amortization

ADIT Accumulated Deferred Income Tax

AFUDC Allowance for Funds Used During Construction

AFPI Allowance for Funds Prudently Invested

AMI Advanced Metering Infrastructure

AMR Automated Meter Reading

ARV Air Release Valve BFC Base Facility Charge

BR Brief

BSP Bates Stamped Page

BV Buena Vista

CFX Central Florida Expressway

CIAC Contributions-in-Aid-of-Construction

CII Corix Infrastructure Inc.

CRU-US Corix Regulated Utilities (U.S.), Inc.
CWIP Construction Work in Progress

CWIP Construction Work in Progress
DEP Department of Environmental Protection

EQ Equalization

ERC Equivalent Residential Connection EUW Excessive Unaccounted for Water

EWD Englewood Water District

EXH Exhibit

F.A.C. Florida Administrative Code

FDOT Florida Department of Transportation

FM Force Main

FMV Fair Market Value F.S. Florida Statutes

GDP Gross Domestic Product

GM Gravity Main

HPDE High Density Polyethylene
IDC Interest During Construction
IRS Internal Revenue Service

LS Lift Station

LUSI Lake Utility Services, Inc.

MFRs Minimum Filing Requirements

MCL Maximum Contaminant Level

MGD Millions Gallons Per Day

NARUC National Association of Regulatory Utility Commissioners

O&M Operation and Maintenance OPC Office of Public Counsel

OW Orangewood

PAA Proposed Agency Action

Docket No. 20240068-WS

Date: April 24, 2025

PFAS Per- and Poly-Fluoroalkyl Substances

PVC Polyvinyl Chloride

RAFs Regulatory Assessment Fees RAS Return Activated Sludge

RRA Regulatory Research Associates

ROE Return on Equity
RTU Remote Terminal Unit

SCADA Supervisory Control & Data Acquisition

SH Service Hearing Transcript
TOTI Taxes Other than Income

TR Transcript

U&U Used and Useful

UIF Utilities, Inc. of Florida
USOA Uniform System of Accounts
WACC Weighted Average Cost of Capital

WM Water Mains

WSC Water Service Corporation WTP Water Treatment Plant

WWTP Wastewater Treatment Plant

Case Background

Sunshine Water Services Company (Sunshine or Utility) is a Class A utility providing water and wastewater services to approximately 35,171 water and 29,547 wastewater customers in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties. Rates were last established for this Utility in its 2020 rate case.¹

On June 28, 2024, Sunshine filed its application for the rate increase at issue in the instant docket. The Utility elected to proceed directly to hearing pursuant to Section 367.081, Florida Statutes (F.S.). On July 26, 2024, staff sent the Utility a letter indicating deficiencies in the filing of its minimum filing requirements (MFRs). The Utility filed a deficiency response letter that cured its deficiencies on August 1, 2024. Thus, the official filing date is August 1, 2024.

The Utility's application for an increase to water and wastewater rates is based on the historical 13-month average period ended December 31, 2023, and includes adjustments for pro forma projects. Sunshine has also requested an increase in its meter installation charges.

Additionally, Sunshine requested authorization to defer benefits and costs incurred as a result of its parent company's merger. In 2022, Sunshine's parent companies, Corix Infrastructure Inc. and Corix US, entered into a transaction agreement to merge its businesses with IIF Subway Investment LP, SWMAC, and SouthWest Water Company. As the transaction occurred at the parent level, Sunshine was not directly affected.

On August 28, 2024, the Commission suspended final rates proposed by the Utility to allow staff sufficient time to process this case.²

On April 23, 2024, the Office of Public Counsel (OPC) filed a petition to intervene.³ However, OPC subsequently filed a notice withdrawing this petition on May 7, 2024.⁴ On September 19, 2024, OPC filed another petition to intervene.⁵ On September 25, 2024, an Order was issued acknowledging intervention by OPC.⁶

Four customer service hearings were held; two virtual hearings on December 3, 2024 and December 19, 2024 and two in-person hearings on December 17, 2024.

A formal evidentiary hearing was held February 11-13, 2025. The parties filed briefs on March 14, 2025.

¹Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

²Order No. PSC-2024-0378-PCO-WS, issued August 28, 2024, in Docket No. 20240068-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Sunshine Water Services Company.*

³Document No. 02277-2024.

⁴Document No. 02835-2024.

⁵Document No. 09087-2024.

⁶Order No. PSC-2024-0435-PCO-WS, issued September 25, 2024, in Docket No. 20240068-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Sunshine Water Services Company.*

Docket No. 20240068-WS

Date: April 24, 2025

This recommendation addresses the Utility's final requested rates. The Commission has jurisdiction pursuant to Section 367.081, F.S.

Docket No. 20240068-WS Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Is the overall quality of service provided by the Utility satisfactory, and, if not, what systems have quality of service issues and what action should be taken by the Commission?

Recommendation: Yes, staff recommends that Sunshine's overall quality of service is satisfactory. However, the quality of service for the Sanlando and Mid-County wastewater systems should be deemed unsatisfactory and the current 15 basis point reduction to Sunshine's overall Return on Equity (ROE) should continue to be applied. Staff also recommends that Sunshine be required to file an annual report that details any Department of Environmental Protection (DEP) compliance issues for both the Sanlando and Mid-County wastewater systems. Sunshine should file its first report one year after the final Order in this docket is issued. Additionally, staff recommends the reporting requirements established for the Pasco-Summertree system in the last rate case be discontinued. (Smith, Ramos)

Position of the Parties

SUNSHINE: The quality of service is satisfactory for all systems.

OPC: At a minimum, Sanlando and Mid-County suffer quality of service issues. These systems were unsatisfactory in the company's last rate case, 7 so the Commission should reduce the return on equity by 50 basis points among other penalties and measures discussed below.

Staff Analysis: Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), the Commission, in every rate case shall make a determination of the quality of service provided by the utility by evaluating the quality of the Utility's product (water) and the Utility's attempt to address customer satisfaction (water and wastewater). The Rule requires that the most recent chemical analyses, outstanding citations, violations, and consent orders on file with the DEP and the county health department, along with any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints shall also be considered. The operating condition of the water and wastewater systems are addressed in Issue 2.

Rule 25-30.433(1), F.A.C., requires that the testimony of a utility's customers be considered in a rate case proceeding. Two virtual and two in-person service hearings were held in December of 2024. A total of 13 customers and one appointed official testified at the service hearings. Each customer that testified expressed their dissatisfaction with Sunshine's proposed rate increase; some customers also expressed concerns regarding odor, discolored water, and difficulty reaching customer service representatives of the Utility. (SH Trans 1-3) Sunshine serves approximately 65,000 customers across 23 systems and 10 counties. Overall customer

-

⁷Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, p. 20, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

participation at the service hearings has decreased since the Utility's last rate case in 2020 by approximately 69 percent, where a total of 42 customers testified.⁸

DEP provided compliance and complaint data from January 2019, through August 2024, which was included in the hearing record. (EXH 113) DEP received a total of 52 complaints during this approximately 5-year period: 11 for water and 41 for wastewater. (EXH 113, BSP E42015-E42019) The water complaints were primarily regarding odor, color, and exceedances in iron levels. (EXH 113, BSP E42015-E42017) The wastewater complaints were all regarding odor. (EXH 113, BSP E42017-E42019)

The Utility provided the complaints it received during the test year and four years prior in Vol. III of its MFRs. (EXH 219) There were 894 billing and 1,718 service complaints for the test year for all of the Utility's systems. (EXH 91; EXH 219) Sunshine's secondary water quality complaints for the four years prior to the test year amounted to 1,092 complaints, with some complaints having been addressed in prior rate proceedings. (EXH 91; EXH 219)

As of March 25, 2025, there were a total of 74 comments, filed by 72 customers, in the docket file. Sunshine serves over 65,000 water and wastewater customers; therefore, approximately 0.11 percent of the Utility's customers provided comments in the instant docket. (Sunshine BR 2) Staff analyzed all comments in the docket file and a total of 70 customers provided comments expressing their discontent with the proposed rate increase. In addition, 8 customers provided comments regarding the quality of service and addressed their dissatisfaction with the odor and color of their water product. Several customers provided comments also expressing their dissatisfaction with the Utility's customer service.

The Commission received a total of 107 complaints from July 1, 2020, through June 30, 2024, with 68 percent of the complaints concerning billing issues, and 32 percent concerning quality of service issues. (TR 319) Staff witness Calhoun testified that most complaints for the analyzed 4-year period came from Seminole County, with 59 complaints, followed by Lake County with 29 complaints. (EXH 44) Of the total complaints for both Seminole and Lake Counties (88), 19 complaints address quality of service issues. (EXH 42; EXH 44) Staff notes that Sunshine serves over 17,000 water and 11,000 wastewater ERCs in Seminole County (Sanlando and Seminole) and over 15,000 water and 8,000 wastewater equivalent residential connection (ERCs) in Lake County (LUSI and Pennbrooke). (EXH 213, J210-J214, J224-J225, J317-J318, J324, J334, J341, J347, J353, J359, J369-J370) The total customer complaints received by the Commission represents 0.28 percent of Sunshine's customer base within Seminole and Lake Counties and 0.16 percent of the Utility in its entirety. Witness Calhoun also stated that the Utility may have violated the Commission's rules for eight of the 107 complaints received by the Commission. (TR 320) Of these potential rule violations, witness Calhoun testified that one complaint was for service quality and the remaining seven related to billing issues. (TR 320)

In Vol III of its MFRs, Sunshine provided the required additional engineering information pursuant to Rule 25-30.437, F.A.C. (EXH 215; EXH 216; EXH 217; EXH 218; EXH 219) In

⁸Order No. PSC-2021-0206-FOF-WS, dated June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

Docket No. 20240068-WS

Date: April 24, 2025

evaluating Sunshine's product quality (water), staff reviewed the Utility's compliance with DEP's primary and secondary drinking water standards. (EXH 113) Primary standards protect public health, while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Currently, all of the Utility's water systems are in compliance with DEP's rules and regulations and are under no formal enforcement action or violation. (EXH 113; EXH 219) Additionally, all of Sunshine's wastewater systems are in compliance with DEP, with the exception of the Sanlando (Wekiva Hunt Club) and Mid-County wastewater systems. (EXH 113; EXH 219)

Issue 1

Below, staff discusses the quality of the Utility's product, pursuant to Rule 25-30.433(1), F.A.C. Staff's analysis consists of: 1) a discussion of the systems that staff recommends should be deemed satisfactory, were satisfactory in the last rate case, and not contested by OPC; and 2) a discussion of the systems that staff believes should be unsatisfactory, were considered unsatisfactory in the last rate case, or are contested by OPC in the instant docket. Table 1-1 summarizes the quality of service determinations from Sunshine's last rate case and the recommended determinations by Sunshine, OPC, and staff, by system.

Table 1-1

Quality of Service Determination Summary

| - Quu | Quality of Service Determination Summary | | | | | |
|-------------------------------------|--|----------------|----------------|----------------|--|--|
| Crystons | Last Rate Case | Sunshine | OPC | Staff | | |
| System | Determination | Recommendation | Recommendation | Recommendation | | |
| Cypress Lakes | Satisfactory | Satisfactory | - | Satisfactory | | |
| Lake Placid | Satisfactory | Satisfactory | - | Satisfactory | | |
| Marion-Golden | Satisfactory | Satisfactory | | Satisfactory | | |
| Hills/Crownwood | Sausiactory | Satisfactory | - | Sausiaciory | | |
| Orange-Crescent Heights/Davis | Satisfactory | Satisfactory | _ | Satisfactory | | |
| Shores | Sausiactory | Satisfactory | - | Satisfactory | | |
| Pasco-Orangewood/Buena | Satisfactory | Satisfactory | _ | Satisfactory | | |
| Vista/Wis-Bar | | Satisfactory | | Satisfactory | | |
| Pinellas-Lake Tarpon | Satisfactory | Satisfactory | - | Satisfactory | | |
| LUSI | Satisfactory | Satisfactory | = | Satisfactory | | |
| Pennbrooke WTP | Unsatisfactory | Satisfactory | = | Satisfactory | | |
| Pennbrooke WWTP | Satisfactory | Satisfactory | = | Satisfactory | | |
| Pasco-Labrador | Satisfactory | Satisfactory | = | Satisfactory | | |
| Pasco-Summertree | Satisfactory | Satisfactory | = | Satisfactory | | |
| Eagle Ridge | Satisfactory | Satisfactory | = | Satisfactory | | |
| Tierra Verde | Satisfactory | Satisfactory | = | Satisfactory | | |
| Sandalhaven | Satisfactory | Satisfactory | = | Satisfactory | | |
| Seminole-All Systems* | Satisfactory | Satisfactory | = | Satisfactory | | |
| Sanlando WTP** | Satisfactory | Satisfactory | - | Satisfactory | | |
| Sanlando (Wekiva Hunt Club) WWTP | Unsatisfactory | Satisfactory | Unsatisfactory | Unsatisfactory | | |
| Mid-County | Unsatisfactory | Satisfactory | Unsatisfactory | Unsatisfactory | | |

^{*}Includes the following systems: Bear Lake, Ravenna Park, Phillips, Lincoln Heights, Jansen, Little Wekiva, Oakland Shores, Park Ridge, and Weathersfield.

Source: Order No. PSC-2021-0206-FOF-WS; Sunshine BR 1-2; OPC BR 3-12

^{**}Includes the following systems: Knollwood, Des Pinar, Longwood.

Systems with Satisfactory Determination in Last Rate Case and Uncontested Satisfactory Quality of Service

Issue 1

The water and wastewater systems identified in Table 1-1 as satisfactory in the Staff Recommendation column are in compliance with the DEP requirements, including secondary water quality standards, had minimal customer participation at the service hearings, received few, if any, quality of service complaints, and were found to have satisfactory quality of service in the last rate case. (EXH 91; EXH 113; EXH 219) As noted above, OPC did not identify any quality of service issues with these systems. (OPC BR 3-12) As such, staff recommends the quality of service for these systems be considered satisfactory.

Notably, the Commission found the quality of service of the Pasco-Summertree system to be unsatisfactory, with a 100-basis point reduction to the Utility's ROE, in the Utility's 2016 rate case. ¹⁰ This determination was based upon the Utility not maintaining secondary water quality standards and customer complaints. Since its interconnection with Pasco County Utilities in December 2016, Pasco-Summertree purchases bulk water from Pasco County. As a reseller of water, Pasco-Summertree is not subject to DEP's secondary water standards. However, due to the high volume of customer complaints in the previous rate proceedings, we required the Utility to perform and report secondary water quality testing for this system. ¹¹ Since 2016, and the Utility's subsequent rate proceeding in 2020, the number of customer complaints about this system have dropped dramatically while water quality has risen. As identified in Table 1-1, staff is recommending the quality of service for this system to be satisfactory. Therefore, staff recommends that the reporting requirements for the Pasco-Summertree system should no longer be required.

Systems with Unsatisfactory Determination in Last Rate Case or Contested Satisfactory Quality of Service

OPC argued the quality of service should be unsatisfactory for the Sanlando (Wekiva Hunt Club) and Mid-County wastewater systems. (OPC BR 3) Also, OPC argued that a reduction of 50-basis points should be imposed to Sunshine's ROE and that the Commission should also consider customer rebates, officer salary reductions, and a penalty for mismanagement. (OPC BR 3-12) In opposition to OPC, Sunshine argued all of its systems should be considered satisfactory. (Sunshine BR 1) The Commission previously found the overall quality of service of the Utility to be satisfactory with the exclusion of the Pennbrooke water, Sanlando, and Mid-County wastewater systems. As a result, the Commission reduced the Utility's overall ROE by 15 basis points. Below, staff discusses the following systems in greater detail: Pennbrooke water system, Sanlando (Wekiva Hunt Club), and Mid-County, since these systems were determined to

⁹Order No. PSC-2021-0206-FOF-WS, dated June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

¹⁰Order No. PSC-2017-0361-FOF-WS.

¹¹Order No. PSC-2021-0206-FOF-WS, dated June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

¹²Order No. PSC-2021-0206-FOF-WS, dated June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

be unsatisfactory in the last rate case and also because OPC raised issues with these systems in this rate proceeding.

Pennbrooke (Water)

As stated previously, the Commission found the quality of service to be unsatisfactory for this system. This determination was due to excess levels of iron and customer complaints regarding discolored water, sediment, low pressure, and high iron. However, the Pennbrooke system is currently in compliance with the DEP. (EXH 113 BSP E42015)

During the 5-year period from 2020-2024, Sunshine received a total of 219 billing and 264 quality of service complaints for this system. (EXH 91) The DEP provided documentation of one complaint for water color during the same timeframe. (EXH 113, BSP E42015) Based on this data, complaints have decreased overall since the last rate case. The Pennbrooke WTP serves approximately 1,251 ERCs. (EXH 213, J225)

Sunshine is requesting cost recovery of a pro forma project (ST-19), related to water quality improvements for the Pennbrooke system. (TR 144; TR 151) This project is to replace the existing iron sequestration system and install technology for iron and hardness removal. (TR 151) While the Pennbrooke system is in compliance, Sunshine is taking these steps to further improve the system in response to customer concerns regarding the water quality at this plant. (TR 151; EXH 113, BSP E42015) As discussed further in Issue 4, staff believes this project will address the high iron and magnesium issues this system has experienced. (TR 151) This demonstrates Sunshine's efforts to address the quality of service/water delivered to the customers of the Pennbrooke system.

Staff believes Sunshine has demonstrated an improvement, since its last rate case, in its product quality and attempt to address customer satisfaction as demonstrated by the declining number of complaints, its pro forma project to address previously recognized iron issues, and its compliant DEP status. Therefore, staff recommends the quality of service for this system be considered satisfactory.

Sanlando (Wekiva Hunt Club) (Wastewater)

As stated previously, the Commission found the quality of service to be unsatisfactory for this system. This determination was due to three unauthorized discharges, or sewage spills, at the WWTP. Two additional unauthorized discharges also took place in late 2020, but were not factored into the Commission's quality of service determination in Sunshine's last rate case. (EXH 113, BSP E42577) These two events resulted in an executed DEP Consent Order, dated April 4, 2022, and a penalty in the amount of \$12,502.21 to Sunshine. (EXH 113, BSP E42321)

Since the last rate case, the DEP issued warning letters to Sanlando on: March 10, 2021, April 1, 2022, March 2, 2023, March 15, 2023, and March 27, 2023. (EXH 113, BSP E42853, E42895, E42331, E42855, E42886) The majority of the warning letters pertained to sanitary sewer overflows or effluent limited exceedances. (EXH 113, BSP E42853, E42895, E42331, E42855, E42886) The March 2, 2023 warning letter was due to two separate discharges of partially treated effluent, in October and November of 2022. (EXH 113, BSP 42331) One discharge was

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¹³Order No. PSC-2021-0206-FOF-WS.

related to Hurricane Ian and the other was related to Tropical Storm Nicole. (EXH 113, BSP E42331; TR 248-249) Sunshine witness Twomey testified that Sunshine had officials from DEP review an overflow incident similar to these, and stated that the Utility had done all it could do given the situation. (TR 248-249) Witness Twomey argued that despite the system being designed to handle twice its authorized flows, it would be very expensive to build a plant that could handle the amounts of flows experienced on those occasions. (TR 247; TR 249)

On May 24, 2024, Sunshine signed a Consent Order (2024 Consent Order) related to inspections conducted by the DEP in early 2022 and previous overflow incidents. (EXH 113, BSP E42388-E42405) The DEP found that the chlorine analyzer was not functioning properly, effluent quality was not properly monitored, as well as various other record keeping and plant condition issues. (TR 244-249; EXH 113 BSP E42388-E42401; OPC BR 7) DEP issued Sunshine a penalty in the amount of \$1,217,604. (EXH 113, BSP E42395) In lieu of paying this full penalty amount, Sunshine entered into an agreement with DEP to implement an in-kind project and pay a penalty of \$318,772 and costs of \$5,000 to DEP. (EXH 113, E42395) In response, witness Twomey testified that he believed the Sanlando WWTP was mismanaged during this time period and that all of the employees that were working there at the time these inspections occurred have since been replaced. (TR 253) Witness Twomey indicated that the 2024 Consent Order stated that the Utility had corrected all of the violations at the time the 2024 Consent Order was issued. (TR 253)

Sunshine provided customer complaints it received from 2020 to 2024. (EXH 91) During that timeframe, Sunshine reported a total of 267 complaints for the Sanlando WWTP. (EXH 91) The most common complaint related to clogged sewers, along with service line breaks, and sewer main breaks. (EXH 91) For this same time period, DEP received 37 odor complaints, of which, 33 complaints were in 2022. (EXH 113, BSP E42019; OPC BR 9) The PSC received 59 total complaints from Seminole County, where the Sanlando system is located. (EXH 44, BSP C7-2175 – C7-2178) The Sanlando WWTP provides service to 9,762 ERCs. (EXH 213, J318) Therefore, even if you attribute all PSC complaints received for Seminole County as being associated with the Sanlando system, the overall number of complaints per year represents less than 1 percent of the ERCs served by this system.

In its brief, OPC argued that the Sanlando system should be deemed unsatisfactory, and Sunshine's ROE be reduced by 50-basis points, largely due to its compliance history with DEP and customer complaints. (OPC BR 5-9, 12) Additionally, OPC argued that the Commission should require Sunshine to institute an annual improvement and reporting requirement to be monitored by Commission staff. (OPC BR 9) In support of its position, OPC discussed the system's DEP compliance history since 2017. (OPC BR 5-9) While the Commission has already considered much of this history in the Utility's last rate case, the instances that occurred in the time period following Sunshine's last rate case were addressed above for the Commission's consideration.

In its brief, OPC also discussed the two pro forma projects, ST-17 and ST-18, for the Sanlando system. (OPC BR 9; TR 150-151) ST-17 is to replace an existing force main. (TR 150) As part of ST-18, Sunshine installed a new floating mixer in the equalization (EQ) tank to improve the aeration process and mix tank contents to prevent any accumulation of solids. (TR 150) ST-18 is

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in response to the 2024 Consent Order discussed above, but is not the in-kind project discussed above. These pro forma projects are specifically addressed in Issue 4.

Based on the above, Sanlando has encountered additional overflow incidents since its last rate case which resulted in the previously discussed DEP actions. However, it appears that this system has minimal complaints and Sunshine is working to return this system to compliance. While Sunshine argued that Sanlando was in compliance with DEP, the in-kind project from its most recent Consent Order has not yet been completed and there is No Return to Compliance Letter from the DEP in the record. (TR 253) Therefore, it appears this system is currently not incompliance with the DEP.

Additionally, witness Twomey indicated that the employees responsible for this system at the time of the inspections associated with the 2024 Consent Order have all been replaced. (TR 253) It appears Sanlando's quality of service has improved, but there have also been compliance issues that occurred since the last rate case. As a result, staff recommends that the quality of service for the Sanlando WWTP should remain unsatisfactory. Staff agrees with OPC's assessment of this system's quality of service and also agrees that additional monitoring is warranted by the Commission to ensure this system's compliance with the DEP. As a result, staff also recommends that Sunshine be required to file an annual report that details any DEP compliance issues for the Sanlando system for the preceding year. Sunshine should file its first report one year after the final Order in this docket is issued.

Mid-County (Wastewater)

As stated previously, the Commission found the quality of service to be unsatisfactory for this system in the last rate case. This determination was due to effluent violations, failure to submit proper paperwork, sanitary overflows, and the Utility's failure to submit public notices of pollution for those overflows.

Since the last rate case, the DEP has continued to recognize this system for its effluent violations. On August 24, 2020, January 25, 2021, March 10, 2021, and July 23, 2021, the DEP issued warning letters for sanitary sewer overflows. (EXH 113, BSP E42018) These warning letters led to an August 16. 2021, Consent Order which was ultimately issued for an unauthorized discharge of 1,143,600 gallons of partially treated wastewater at the plant. (EXH 113, BSP E42575-E42576) Sunshine paid a fine and completed an in-kind project in order to satisfy the DEP's requirements for this Consent Order. This Consent Order was closed in June of 2022. (EXH 113, BSP E42383-E42387)

On April 14, 2023, Sunshine was sent a Compliance Assistance Letter based on a compliance evaluation inspection. (EXH 113, BSP E42153) This letter cited certain exceedances and four sanitary sewer overflows that were released from the Mid-County collection system between February 2022 and February 2023. (EXH 113, BSP E42153-E42165) Sunshine resolved this letter on June 16, 2023. (EXH 113, BSP E42169)

Between December 2023 and January 2024, Mid-County had three unauthorized discharges that were released from its collection system, which resulted in subsequent warning letters. (TR 275; EXH 113, BSP E42018) Witness Twomey testified that despite the fact that Sunshine took action to deal with these spills, Utility personnel failed to test the waters of a creek adjacent to the

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spills. (TR 207) This testing was a part of Sunshine's spill response plan, and the failure to test the creek waters was the reason for the August 1, 2024 Consent Order being issued. (EXH 113, BSP E42587; TR 207) Sunshine is currently in the final stages of completing an in-kind project to satisfy the Consent Order. (TR 278) Additionally, on September 9, 2024, DEP issued a warning letter for sanitary sewer overflows due to Hurricane Debby. (EXH 113, BSP E42018)

Sunshine provided customer complaints it received from 2020 to 2024. (EXH 113) During that timeframe, Sunshine reported a total of 64 complaints for the Mid-County WWTP. (EXH 113) Most of these complaints were for clogged sewers, but others related to sewer main breaks, service line breaks, and odor. (EXH 113) Witness Calhoun testified that zero complaints were reported to the Commission from Pinellas County, the county in which the Mid-County WWTP is located. (EXH 44, BSP C7-2175-C7-2178) Additionally, DEP reported zero complaints for this system during that time. (EXH 113, BSP E42018) For context, this system serves 3,199 ERCs. (EXH 213, BSP J293)

While the Mid-County WWTP is currently considered to be out of compliance with the DEP, witness Twomey indicated that the Mid-County WWTP is also at the end of its useful life. (EXH 113, BSP E42018; TR 297, TR 205-206) As a result, a new plant is currently under construction; but, due to the anticipated completion date, this project is not part of the instant docket but Sunshine indicated it may request cost recovery for this project in a subsequent proceeding. (TR 206-208)

As stated above, OPC argued that the Mid-County wastewater system should be deemed unsatisfactory for its demonstrated history of non-compliance with the DEP and recommends Sunshine's ROE be reduced by 50-basis points. (OPC BR 9-12) In its brief, OPC summarized the system's compliance history, which staff discussed above for the time period following Sunshine's last rate case until the present. (OPC BR 9-11)

While there are minimal customer complaints for this system, it is apparent that overflows are still an issue. (EXH 113) Staff agrees with OPC in that Mid-County's quality of service is unsatisfactory. Mid-County previously had overflow issues in 2015, 2016, and 2019, which the Commission has already considered in Sunshine's quality of service determination of unsatisfactory in its prior rate case. Due to subsequent overflow issues in 2021, 2023, and 2024, which resulted in the issuance of a DEP Consent Order, staff recommends the quality of service for Mid-County remain unsatisfactory. (EXH 113) Similarly to the Sanlando system, Mid-County's quality of service was found to be unsatisfactory in Sunshine's last rate case for similar reasons that have continued and are recognized in the current proceeding. As such, staff also recommends that Sunshine be required to report any DEP compliance issues for the preceding year on an annual basis to the Commission for the Mid-County system as well.

CONCLUSION

Based on the above, staff recommends that Sunshine's overall quality of service is satisfactory. However, the quality of service for the Sanlando and Mid-County wastewater systems should be deemed unsatisfactory and the current 15 basis point reduction to Sunshine's overall ROE should continue to be applied. Considering that Sunshine has demonstrated its responsiveness to DEP to resolve its compliance issues and the relatively low number of customer complaints for these Docket No. 20240068-WS

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systems, staff believes a 15 basis point reduction is more appropriate than OPC's recommended 50 basis point reduction to ROE. However, staff agrees with OPC's recommended reporting; therefore, staff also recommends that Sunshine be required to file an annual report that details any DEP compliance issues for both the Sanlando and Mid-County wastewater systems for the preceding year. Sunshine should file its first report one year after the final Order in this docket is issued. Additionally, staff recommends the reporting requirements established for the Pasco-Summertree system in the last rate case be discontinued.

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Issue 1A: Is the overall value to a customer provided by the Utility satisfactory, and, if not, what systems have value issues and what action should be taken by the Commission?

Recommendation: The Commission must consider value of service when fixing rates which are just, reasonable, compensatory, and not unfairly discriminatory. Value of service is an objective measure. There is no reason for the Commission to depart from this interpretation where there was unpersuasive argument that value of service should encompass each customer's subjective calculations. Therefore, as set forth in Section 367.081, F.S., value of service should be interpreted as meaning the objective value of the utility. Consistent with this interpretation, the Commission should measure the value of the Utility's service as the plant investment and the costs to provide service as calculated in other issues of this recommendation. (Sandy, Farooqi)

Position of the Parties

SUNSHINE: Since there is no objective standard of value, Sunshine is unable to take a substantive position. However, Sunshine does provide valuable service as it interprets this standard.

OPC: No. Pursuant to section 367.081(2)(a)1, Florida Statutes, the Commission shall consider the value of the service provided to customers. As customers have testified at the service hearings in this case, there are issues with the value of the Company's customer service and other service matters provided by certain Utility systems. The Commission should consider measures for customers of specific systems related to the value of service provided to them.

Staff Analysis:

ANALYSIS

Section 367.081(2)(a)1., F.S., provides, in part, that "The Commission shall, either upon request or upon its own motion, fix rates which are just, reasonable, compensatory, and not unfairly discriminatory. In every such proceeding, the Commission shall consider the *value* and quality of the service and the cost of providing the service. . . ." (Emphasis added) Historically, comprehensive base rate proceedings always include an issue to examine the quality of service provided by the utility. The concept of "value," as provided in Section 367.081(2)(a)1., F.S., has not been historically identified as an independent issue in water and wastewater rate cases, and the Commission has not previously provided an interpretation of the term. ¹⁴

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¹⁴A diligent search of Commission Orders and Court Decisions by Commission staff revealed no rate case where "value" was discussed separate and apparent from quality of service or the other requirements set forth in section 367.081, F.S.

OPC argued the Commission has broad legislative authority to interpret value as used in Section 367.081(2)(a)1., F.S. (OPC BR 13) Therefore, OPC recommended that value of service should be interpreted as the perceived benefits and costs to customers, regulators, and operations. (OPC BR 14) This is due in large part to the broad legislative grant of authority afforded to the Commission to regulate utility rates. (OPC BR 13) OPC correctly observed that the Commission shall consider value of service in the context of rate setting pursuant to Section 367.081(2)(a)1., F.S. (OPC BR 14)

OPC also contended that a statutory language change between the current law – Section 367.081, F.S. – and its predecessor statute, Section 367.12, F.S., emphasizes why "value" is a subjective calculation. Section 367.12, F.S., set forth the procedure for fixing and changing rates. It provided, in pertinent part, "with respect to all utilities coming under the jurisdiction of the Commission after September 1, 1967, the Commission shall investigate and determine the *fair value* of the utilities' property used and useful in the public service." (Emphasis added.) In 1971, Section 367.12, F.S., was repealed and Section 367.081, F.S., was enacted. The Legislature removed "fair" from the statute but retained the term "value," as is seen in the current statutory language. According to OPC, this revision indicates the Legislature's intent that the Commission consider "value" apart from any previous economic purpose. (OPC BR 13)

OPC contended that the value of a service is the perceived benefits and costs (of a service) to customers, regulators, and operations. (OPC BR 14; TR 559) OPC stated that where the Utility has made excessive financial requests of the Commission, such as the Advanced Meter Infrastructure referenced in Issue 4a, those requests should be rejected as they do not provide value to the customers, regulators, and system operations. (OPC BR 15; TR 140, 206, 250)

The Utility proposed that "value" as used in Section 367.081(2)(a)1., F.S., is a part of the quality of service evaluation. (Sunshine BR 3) According to the Utility, if value was intended by the Legislature to be a separate consideration apart from quality of service the statute would read "value, quality of service and cost of providing service." (Sunshine BR 3) The Utility further argued that OPC's definition of value is subjective and the record contains no testimony to support its definition. *Id*.

Under Section 367.081, F.S., value of service must be defined within the context of just, reasonable, compensatory, and not unfairly discriminatory rates. In *Keystone*, the Florida Supreme Court provides persuasive guidance as to how the Commission should define value. ¹⁵

Keystone involved a rate proceeding that began in May 1971. In August 1972, the Commission entered an order that established, among other calculations, the value of the utility. The Keystone rate proceeding is unique insofar as it took place while the Legislature was rewording Chapter 367, F.S. In particular, the Legislature replaced Section 367.12, F.S., with Section 367.081, F.S. Deciding which statute controlled the value of the utility was central to the Keystone decision. However, the Florida Supreme Court provided the following observation:

¹⁵Keystone Water Co. v. Bevis, 278 So. 2d 606 (Fla. 1973).

¹⁶The Supreme Court concluded that the Commission erred in applying Section 367.081, F.S., when *Keystone's* application for a rate increase was filed while Section 367.12(2)(a), F.S. (1969), was still in effect.

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It was certainly the intent of the Legislature that the value of a system coming under the jurisdiction of the Commission . . . should be considered. The passage of Section 367.081 did not change that intent. The Statute has always required that the Commission consider the value of the service. To consider the value of the service requires consideration of what the system in question is worth to the consumers. It means that consideration should be given to the . . . replacement value of the system . . . because if that is what another system would cost under present circumstances that is the value of the service to the consumers. ¹⁷

Thus, under either Section 367.12 or 367.081, F.S., the *Keystone* Court treated value of service as an objective measure, utilizing information found in the operational, financial, economic, and rate data filed during the rate proceeding.

OPC suggested that the Commission should consider each utility customer's subjective calculations as to the value of their water or wastewater service. (OPC BR 14) This is problematic because *Keystone* appears to give credence to value of service being an objective financial measure. Even if the Commission adopted OPC's proposed definition, neither party demonstrated how the Commission should calculate each customer's subjective valuation of utility services. Commission staff recommends the Commission utilize the objective value analysis as laid out in *Keystone* for determining "value" as used in Section 367.081, F.S.

The Commission's standard practice in water and wastewater cases is to seek feedback from utility customers in rate proceedings. This rate proceeding was no different. Pursuant to Section 367.0812, F.S., a statute related to quality of service as a criteria in rate making, the Commission hosted several customer meetings in this docket where utility customers spoke directly to Commissioners about their service. That customer feedback is understandably subjective by nature and is analyzed in Issue 1 of this recommendation regarding "quality of service."

The Utility's interpretation of value analyzes it as a component of a quality of service evaluation. (Sunshine BR 3) The Utility is correct that value is typically subsumed into other rate proceeding issues and not addressed as a standalone issue. However, staff is unpersuaded by the Utility's interpretation of value of service as being intrinsically tied to quality of service, and believes Section 367.081, F.S., lists it as separate factor for the Commission's consideration. Consistent with staff's reading of *Keystone*, value of service should be an objective measure that considers the operational, financial, economic, and rate data filed during a rate proceeding. Unlike value, quality of service considerations are intrinsically subjective. Therefore, the Utility's interpretation is incompatible with staff's reading of *Keystone*.

In the absence of evidence or persuasive argument, staff believes that value should be interpreted within the meaning of Section 367.081, F.S. as an objective factor, consistent with *Keystone*.

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¹⁷278 So. 2d at 611 (internal citations omitted).

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CONCLUSION

The Commission must consider value of service when fixing rates which are just, reasonable, compensatory, and not unfairly discriminatory. Value of service is an objective measure. There is no reason for the Commission to depart from this interpretation where there was unpersuasive argument that value of service should encompass each customer's subjective calculations. Therefore, as set forth in Section 367.081, F.S., value of service should be interpreted as meaning the objective value of the utility. Consistent with this interpretation, the Commission should measure the value of the Utility's service as the plant investment and the costs to provide service as calculated in other issues of this recommendation.

Issue 2: Are the infrastructure and operating conditions of the Utility's water and wastewater systems in compliance with Florida Department of Environmental Protection regulations?

Recommendation: Yes. The Utility's water and wastewater treatment facilities are currently in compliance with DEP regulations, with the exception of the Sanlando (Wekiva Hunt Club) and Mid-County wastewater systems. (Ramos, Smith)

Position of the Parties

SUNSHINE: Yes, all systems are currently in compliance with DEP regulations, except for a technical non-compliance at the Mid-County system.

OPC: No. Sunshine has entered into at least two consent orders with DEP post-2023 test year and had other previously unresolved issues with the agency. Sunshine has a criminal referral that remains open. Sunshine's trend of numerous encounters with the DEP is indicative of ongoing compliance problems detailed in Issues 1, 25 and 26.

Staff Analysis: Rule 25-30.225(2), F.A.C., requires each water and wastewater utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, the Commission must consider testimony of the DEP and county health department officials, sanitary surveys for water systems and compliance evaluation inspections for wastewater systems, citations, violations, and consent orders issued to the utility, customer testimony, comments, and complaints, and utility testimony and responses to the aforementioned items.

OPC argued that seven of Sunshine's 22 total water systems and six of Sunshine's 11 wastewater systems were out of compliance with DEP regulations on at least one occasion since Sunshine's last rate case. Additionally, OPC argued that Sunshine was subject to a criminal referral. (OPC BR2; OPC BR 8-9) Therefore, OPC does not believe Sunshine is in compliance with DEP regulations. (OPC BR 15-17) In opposition, Sunshine argued that all of its systems are currently in compliance with DEP regulations, except Mid-County. (Sunshine BR 3) In support of its position, Sunshine briefly explained the current compliance status for the Sanlando and Mid-County systems in its brief. (Sunshine BR 3-4) DEP compiled the complaint and compliance history for each of Sunshine's systems since its last rate case and this information is contained within Exhibit 113. As of October 29, 2024, when this information was compiled by DEP, the Lake Placid, Mid County and Sanlando wastewater systems were found to be out of compliance with DEP regulations or under a Consent Order. (EXH 113, BSP E42017-E42018) Witness Twomey testified that Sunshine received a Return to Compliance Letter from DEP in December of 2024 for the Lake Placid system. (TR 297) The Sanlando and Mid-County wastewater systems, which appear to be out of compliance, are discussed below.

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¹⁸This is addressed in Issue 28.

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Sanlando (Wekiva Hunt Club) (Wastewater)

The Wekiva Hunt Club WWTP of the Sanlando system is an existing 2.9 million gallons per day (MGD) annual average daily flow activated sludge domestic wastewater treatment facility consisting of three 0.97 MGD design capacity package plants connected in parallel. Dechlorination is provided prior to surface water discharge and there are also two 3.0 MG reclaimed water storage tanks. Effluent can be discharged to Sweetwater Creek, a rapid infiltration basin system, and a reuse system. (EXH 113, BSP E42859)

As stated in Issue 1, staff recommends the quality of service be considered unsatisfactory for this system based on Sunshine's compliance history with DEP since its last rate case. In the time period following the 2020 rate case, DEP issued two Consent Orders and five warning letters. (EXH 113, BSP E42019) The 2024 Consent Order also resulted in a significant fine and the Utility agreed to complete an in-kind project. Both of which are not recovered through rates. As stated above, witness Twomey stated that all Sunshine systems were in compliance with DEP, except Mid-County and in its brief, Sunshine also argued that this system is in compliance. However, witness Twomey explained that the Utility has not yet completed the in-kind project; as such, there is no Return to Compliance Letter from the DEP in the record. (TR 253) Therefore, the Sanlando system is out of compliance with DEP regulations.

Mid-County (Wastewater)

The Mid-County WWTP is an existing 0.90 MGD annual average daily flow, advanced wastewater treatment facility consisting of two separate treatment trains. This facility provides advanced wastewater treatment and high-level disinfection. Effluent can be discharged into Curlew Creek. (EXH 113, BSP E42157)

As stated in Issue 1, staff recommends the quality of service be considered unsatisfactory for this system based on Sunshine's compliance history with DEP since its last rate case. In the time period following the 2020 rate case, DEP issued 7 warning letters, 2 Consent Orders, and one Compliance Assistance Offer. (EXH 113, BSP E42018) At the hearing, witness Twomey argued that Sunshine is in the final stages of completing an in-kind project related to its most recent Consent Order and that Sunshine is also in the process of rebuilding the plant for this system as it is at the end of its useful life. The in-kind project will not be recovered through rates; but, Sunshine stated it may request the cost recovery of the Mid-County plant project in a subsequent proceeding. (TR 206-209) Therefore, the Mid-County system is out of compliance with DEP regulations. (EXH 113, BSP E42018; TR 277-278; Sunshine BR 3)

CONCLUSION

The Utility's water and wastewater treatment facilities are currently in compliance with DEP regulations, with the exception of the Sanlando and Mid-County wastewater systems.

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Issue 3: Should any adjustments be made to test year plant-in-service balances?

Recommendation: Yes. Staff recommends decreases of \$29,570 and \$27,486 to the land balances for water and wastewater, respectively. Staff also recommends increases of \$3,918,720 and \$8,285,365 to the test year plant-in-service balances for water and wastewater, respectively to reflect corresponding adjustments to annualization addressed in Issue 13. Adjustments to pro forma plant (additions and retirements) should be made as set forth and discussed in Issues 4 and 5. (York)

Position of the Parties

SUNSHINE: Yes, Water - (\$18,428,130); Wastewater - \$18,428,130 to allocate common plant from water to wastewater; and Water - (\$29,570); Wastewater - (\$27,496) for audit adjustments to the test year land balances.

OPC: Yes. The Commission should remove approximately \$20 million in utility plant-in service by rejecting the Utility's proposed AMI Meter Installation Project. This will also necessitate an approximately \$500,000 adjustment to increase rate base to account for reversing meter retirements.

Staff Analysis: Sunshine witness Swain made test year adjustments to the plant-in-service balance to correct allocations of common plant between water and wastewater and to reclassify plant accounts for the wastewater system. (EXH 46) Although he addressed pro forma adjustments, OPC witness Smith did not dispute these test year adjustments in his testimony, nor did OPC dispute these specific adjustments in its post-hearing brief.

Further, staff witness Mouring's testimony reflected audit adjustments to the test year balances of land in Audit Finding No. 7. (EXH 45) After further research, Sunshine witness DeStefano confirmed the amount as \$57,066, rather than the auditor's finding of \$35,590. As such, staff believes these test year adjustments are appropriate and adjustments are necessary to the test year land balances: a \$29,570 decrease for water and a \$27,496 decrease for wastewater.

As addressed in Issue 13, staff is recommending approval of the Utility's adjustments to annualize depreciation expense based on the corresponding plant assets being recognized in rate base. Based on the annualization calculated in the MFRs, staff calculated the corresponding increase to test year plant-in-service balances. As such, staff recommends increases of \$3,918,720 and \$8,285,365 to the test year plant-in-service balances for water and wastewater, respectively to reflect corresponding adjustments to annualization addressed in Issue 13.

CONCLUSION

Staff recommends decreases of \$29,570 and \$27,486 to the land balances for water and wastewater, respectively. Staff also recommends increases of \$3,918,720 and \$8,285,365 to the test year plant-in-service balances for water and wastewater, respectively to reflect corresponding adjustments to annualization addressed in Issue 13. Adjustments to pro forma plant (additions and retirements) should be made as set forth and discussed in Issues 4 and 5.

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Issue 4: Should any adjustments be made to the Utility's pro forma plant additions?

Recommendation: Yes. Pro forma plant additions should be decreased by \$1,310,997 for water and increased by \$1,600,372 for wastewater, which includes the recommended adjustment for the proposed advanced metering infrastructure (AMI) project discussed in Issue 4A. Corresponding adjustments should also be made to decrease accumulated depreciation and depreciation expense by \$116,370 for water and to increase accumulated depreciation and depreciation expense by \$42,319 for wastewater. Adjustments to pro forma plant retirements and taxes other than income (TOTI) should be made as set forth in Issues 5 and 29. (Sanchez, Richards, Folkman)

Position of the Parties

SUNSHINE: Yes, adjustments should be made to each pro forma plant addition where the updated estimated expenditures per the rebuttal testimony of Utility Witness Twomey differ from the amounts identified in the initial MFR's. The final amount of pro forma projects is Water - \$43,979,298; Wastewater - \$17,876,927.

OPC: Yes. For the reasons stated in OPC Witness Smith's testimony, the Commission should reject the Utility's proposed AMI Meter Installation Project. Any related operating expenses should not be included. In addition, OPC objects to the approval of the Orangewood PFAS Remediation Project (ST-24) absent certain conditions.

Staff Analysis: Section 367.081(2)(a)(2), F.S., provides that the Commission, in fixing rates, shall consider facilities to be constructed within a reasonable time in the future, not to exceed 24 months after the end of the historic base year used to set final rates, unless a longer period is approved by the Commission, to be used and useful (U&U) if such property is needed to serve current customers. In this proceeding, Sunshine requested cost recovery for 24 pro forma projects. OPC argued that out of these 24 projects, the AMI Meter Installation and PFAS Remediation projects should be excluded. (OPC BR 18-20) In its brief, Sunshine rebutted OPC's arguments to exclude these two specific projects and also argued that adjustments should be made for the project expenditures that witness Twomey updated in his rebuttal testimony. (Sunshine BR 5) Each project is discussed in detail below and the recommended adjustments are summarized in Table 4-1.

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Table 4-1
Staff's Recommended Pro Forma Plant Additions

| Project | Description Description | MFR | Staff | Adjustment |
|---------|---|--------------|--------------|---------------|
| ST-3 | Tierra Verde – 13th Bridge FM Replacement | \$514,923 | \$648,198 | \$133,275 |
| ST-4 | Tierra Verde – Madonna Bridge Line Relocation | \$503,709 | \$500,233 | (\$3,476) |
| ST-5 | Cypress Lakes – VT SCADA 16 RTU Installations | \$262,681 | \$256,632 | (\$6,049) |
| ST-6 | Eagle Ridge Headworks Improvements | \$1,006,114 | \$1,020,618 | \$14,504 |
| ST-7 | Cross Creek – Compliance Improvements | \$165,114 | \$157,445 | (\$7,669) |
| ST-8 | Mid-County - Riviera Estates LS, FM and GM Crossing Removal | \$2,138,069 | \$2,130,672 | (\$7,397) |
| ST-9 | Mid-County – Wilshire Manhole Replacement | \$320,903 | \$315,101 | (\$5,802) |
| ST-10 | LUSI – Construction 2nd Lower Floridan Well | \$2,151,519 | \$1,958,967 | (\$192,551) |
| ST-11 | LUSI CFX US 27 Sewer Relocates | \$4,474,320 | \$4,612,569 | \$138,249 |
| ST-12 | LUSI CFX US 27 Water Relocates | \$3,369,201 | \$2,770,605 | (\$598,596) |
| ST-13 | LUSI – CR 561 WTP Improvements | \$1,882,650 | \$2,534,217 | \$651,567 |
| ST-14 | UIF – Weathersfield WTP Generator Replacement | \$1,285,148 | \$1,330,913 | \$45,765 |
| ST-15 | UIF – Weathersfield Hydro Tank Replacement | \$102,201 | \$102,201 | \$0 |
| ST-16 | Golden Hills WTP Generator Replacement | \$740,055 | \$1,233,180 | \$493,125 |
| ST-17 | Sanlando – F5 FM | \$3,811,775 | \$5,006,397 | \$1,194,622 |
| ST-18 | Sanlando Wekiva EQ Aeration Improvements | \$139,854 | \$280,367 | \$140,513 |
| ST-19 | Pennbrooke – Water Quality Improvements | \$9,488,944 | \$10,176,622 | \$687,678 |
| ST-20 | AMI Meter Installation Project ¹⁹ | \$20,071,423 | \$17,432,623 | (\$2,638,800) |
| ST-21 | Vactor Truck Replacement | \$573,587 | \$573,587 | \$0 |
| ST-22 | Sandalhaven Force Main Relocation | \$368,081 | \$316,027 | (\$52,054) |
| ST-23 | Buena Vista Lane Water Main Relocation | \$431,956 | \$588,851 | \$156,895 |
| ST-24 | OW Remediation PFAS BV Well 3 | \$1,837,292 | \$1,837,292 | \$0 |
| ST-25 | Curlew Creek Lift Station Gravity Main Rehabilitation | \$645,480 | \$701,088 | \$55,608 |
| ST-26 | UIF Jansen Water Main Relocation | \$215,160 | \$305,129 | \$89,969 |
| | Total | \$56,500,161 | \$56,789,535 | \$289,374 |

Source: EXH 10

With the exception of ST-20, the AMI project, and ST-24, the per- and poly-fluoroalky1 substances (PFAS) remediation project, OPC's witness Smith did not raise objections to any of the pro forma projects. The adjustments contained in Table 4-1 reflect the Utility's initial request in its MFRs. In his rebuttal testimony, witness Twomey updated the Utility's request from a total of \$56,500,161 to \$61,018,405, an increase of \$4,518,247, with additional requested activities and supporting documentation. ²⁰ (TR 569 - 574) Staff's proposed values summarized in Table 4-1 incorporated the additional activities and supporting documentation for the pro forma projects, resulting in a net increase from the initial MFRs of \$289,374, but a net decrease of (\$4,228,870) from the Utility's updated request.

Common Elements

Pro Forma Project Timelines

Pro forma projects must be completed within 24 months of the end of the historic test year, or by December 31, 2025, in this case, unless a longer period is approved by the Commission pursuant

¹⁹ST-20 is addressed in Issue 4A.

²⁰Staff notes that Sunshine's brief indicated that the Utility subsequently updated its total pro forma request to \$61,856,225. However, staff utilized the total amount, as stated, of \$61,018,405 based on the rebuttal testimony of witness Twomey.

to Section 367.081(2)(a)(2), F.S. Sunshine asserted that all the pro forma projects will be completed no later than December 31, 2025, and has made no requests for an extension of the 24 month requirement. With the exception of ST-20, OPC's witness Smith did not raise objections to any of the pro forma projects based upon the estimated completion date. Staff has reviewed the record and believes that all of Sunshine's pro forma projects discussed in this issue can reasonably be completed within the required period.

Capitalized Time and Interest During Construction

Based on the combined construction and engineering costs, Sunshine assumes an additional 6.43 percent for interest during construction and 1.15 percent for capitalized time. (EXH 66, BSP E622-E623) The only exception to this is ST-21: Vactor Truck Replacement, which included only a replacement vehicle. (EXH 34, BSP C5-1822) For almost all projects, the Utility selected Kimley-Horn & Associates (Kimley-Horn) as the primary engineering contractor. The Commission has previously acknowledged Sunshine's use of Kimley-Horn as a sole source for engineering services due to its familiarity with the Utility's facilities and procedures.²¹

Review of the Pro Forma Projects ST-03: Tierra Verde – 13th Bridge FM Replacement

Sunshine requested cost recovery for the replacement of the sewer force main attached to the 13th Street Bridge in Tierra Verde. This project is required to be completed as part of a Pinellas County project to replace the 13th Street Bridge, which serves as the only access to the Paradise Key community. (EXH 16, BSP C5-777) As the existing bridge includes an aerial crossing of the force main along its length, this crossing must be replaced before Pinellas County begins construction of the new bridge. (EXH 16 BSP C5-777) For this project, Sunshine will install an underwater crossing as Pinellas County has denied the construction of another aerial crossing. The project will include the removal of the existing aerial crossing attached to the bridge, the installation of the new underwater crossing, as well as the replacement of a damaged manhole and its associated piping which was found to be damaged following Hurricane Milton. (TR 569) As part of this project, Sunshine has opted to replace the existing 6-inch diameter piping with 8inch diameter High Density Polyethylene (HDPE) piping as it provides a similar inside diameter, a higher working pressure rating, and requires less maintenance over time. (EXH 16 BSP C5-779; EXH 76, BSP E1931) The project had an initial estimated completion date of September 2024, but this was revised to March 2025, due to delays in approval of a DEP permit. (EXH 16, BSP C5-777; TR 569)

In its initial filing, Sunshine requested \$514,923 for the project, including estimated project costs of \$415,783 for construction, \$55,710 for engineering, \$5,504 in capitalized time, \$30,777 for interest during construction, and \$7,148 in contingency. (EXH 16, BSP C5-777; EXH 16, BSP C5-779; EXH 16, BSP C5-793) Sunshine filed an updated request for \$701,062 based on the delay of the project and the inclusion of additional costs associated with the manhole replacement. (EXH 46, BSP D4-76)

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²¹See Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

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Sunshine underwent a formal bidding process and received bid proposals from two companies. Sunshine awarded the contract to Rowland, Inc. since it was the lowest bid. (EXH 16, BSP C5-779). Rowland, Inc. was also contracted for the replacement of the damaged manhole, which was conducted on an emergency basis. (EXH 46, BSP D4-88)

Sunshine provided contracts, task orders, and invoices for construction and engineering costs of \$415,783 and \$55,710 for the initial relocation and \$116,649 and \$14,385 for the manhole replacement, respectively. (EXH 16, BSP C5-779; EXH 16, BSP C5-793; EXH 16, BSP D4-88; EXH 16, BSP D4-92) Including an additional \$6,929 in capitalized time and \$38,742 in interest during construction, the total project costs are \$648,198. (EXH 79, BSP E1979)

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recognizes that the project is a requirement of a governmental authority and that the inclusion of the manhole repair is reasonable to address the emergency failure due to storm damage and to prevent further environmental contamination of the sewer system, and recommends that \$648,198 is reasonable for the project. (TR 145; TR 569) Sunshine recorded a cost of \$514,923 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-03 by \$133,275. (\$648,198 - \$514,923)

ST-04: Tierra Verde – Madonna Bridge Line Relocation

Sunshine requested cost recovery for the replacement of the underwater sewer force main running under the Madonna Boulevard Bridge in Tierra Verde. This project is required to be completed as part of a Pinellas County project to replace the Madonna Boulevard Bridge which serves as the only access to the Pine Key community. (EXH 17, BSP C5-827) As the existing force main would impact service to the community, the crossing must be replaced before Pinellas County begins construction of the new bridge. The project will include the grouting of the existing underwater force main and the installation of the new underwater force main under Pine Key Cutoff. (EXH 17, BSP C5-845). As part of this, Sunshine has opted to replace the existing 8-inch diameter piping with 10-inch diameter HDPE piping as it provides a similar inside diameter, a higher working pressure rating, and requires less maintenance over time. (EXH 17, BSP C5-838; EXH 76, BSP E1932) The project had an initial completion date of November 2024, but this was revised to March 2025 due to delays in approval of a DEP permit. (EXH 17, BSP C5-827; TR 570)

In its initial filing, Sunshine requested \$503,709 for the project, including estimated project costs of \$401,601 for construction, \$63,386 for engineering, \$5,385 in capitalized time, \$30,106 for interest during construction, and \$3,232 in contingency. (EXH 17, BSP C5-827; EXH 17, BSP C5-838; EXH 17, BSP C5-844)

Sunshine underwent a formal bidding process and only two companies responded and Sunshine selected Left Coast Utilities as the contractor for the project due to their lower bid price. (EXH 17, BSP C5-838) Sunshine provided contracts, task orders, and invoices for \$401,601 for construction and \$63,386 for engineering. (EXH 17, BSP C5-838; EXH 17, BSP C5-844) Including an additional \$5,347 in capitalized time and \$29,899 for interest during construction, the total project costs are \$500,233.

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Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recognizes that the project is a requirement of a governmental authority and recommends that the \$500,233 is reasonable for the project. (TR 146; TR 570) Sunshine recorded a cost of \$503,709 in its MFRs; therefore, staff recommends an adjustment to decrease the cost of ST-04 by \$3,476 (\$500,233 - \$503,709).

ST-05: Cypress Lakes – VT SCADA 16 RTU Installations

Sunshine requested cost recovery for the installation of 16 Remote Terminal Units (RTUs) using VT Supervisory Control and Data Acquisition (SCADA) technology within the Orangewood, Lake Tarpon, Cypress Lakes, Labrador, and Lake Placid systems. (EXH 18, BSP C5-870) The existing SCADA systems are now obsolete, as the 3G network they require to function was decommissioned by the carrier in early 2022. (EXH 76, BSP C5-871) The vendor of the existing monitoring systems, C&A, has offered no solution and Sunshine has utilized additional onsite physical monitoring to resolve communication problems since the decommissioning. (EXH 76, BSP E1921) The new RTUs will align with the Utility's efforts to standardize monitoring of its systems and cybersecurity standards across Florida. The project was completed in February 2024. (TR 570)

In its initial filing, Sunshine requested \$262,681 for the project, including \$238,550 in construction and engineering costs, \$2,808 in capitalized time, \$15,700 for interest during construction, and \$5,623 in contingency. (EXH 18, BSP C5-870)

Sunshine opted to forgo a formal bidding process and awarded the project to Barney's Pumps, Inc. Sunshine stated this decision was made due to Barney's Pumps' knowledge and ability to integrate the effected systems to align with Sunshine's statewide standardization efforts. (EXH 18, BSP C5-871)

In response to discovery, the Utility stated the project was completed for a cost of \$244,173, but staff's review of the invoices submitted by the Utility support only a cost of \$238,550 (EXH 65, BSP E54; EXH 18, BSP C5-905), including an additional \$2,743 in capitalized time and \$15,339 for interest during construction, the total project costs are \$256,632.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$256,632 is reasonable for the project as the prior SCADA system was obsolete. (TR 146; TR 570) Sunshine recorded a cost of \$262,681 for ST-05 in its MFRs; therefore, staff recommends an adjustment should be made to decrease the cost of ST-05 by \$6,049 (\$262,681 - \$256,632).

ST-06: Eagle Ridge Headworks Improvements

Sunshine requested cost recovery for rectifying issues at the Eagle Ridge WWTP in order to maintain continuous operation. The most critical of which, is the replacement of a mechanical screen that has corroded into failure due to a high concentration of hydrogen sulfide in the water. The failure of this screen has allowed inorganic matter to build up within the facility's surge tank which negatively impacts the wastewater treatment process and represents a risk to the facility's continued operation and failure to comply with the DEP's wastewater treatment standards. Additionally, Sunshine has opted to replace the existing odor control system as it was originally installed in 2006 and has reached the end of its useful life. (EXH 76, BSP E1933) The project

includes the bypass and maintenance of the facility's existing surge tank, the replacement of the failed mechanical screen and installation of a temporary bar screen, replacement of the existing odor control system as well as replacement of influent and effluent flow meters, associated piping, and electrical improvements to ensure the new equipment is supported by the existing SCADA system. The project is expected to be completed by June 2025. (EXH 19, BSP C5-906)

In its initial filing, Sunshine requested \$1,006,114, which included estimated project costs of \$929,849 for construction and engineering, \$10,755 in capitalized time, \$60,135 for interest during construction, and \$5,375 in contingency. (EXH 19, BSP C5-906) Sunshine filed an updated request for \$1,020,618 due to the unexpected buildup of inorganic matter in the WWTP's surge tank. (TR 570)

Sunshine opted to forgo the formal bidding process and awarded the contract directly to Water Equipment Technologies of Southwest Florida, LLC in order to avoid a delay that could cause further damage or system failure and the facility falling out of compliance with DEP. (EXH 19, BSP C5-907) In addition, the provider has existing knowledge of the electrical and mechanical workings of the Eagle Ridge facility.

Sunshine provided contracts, task orders, and invoices for \$827,996 for construction and \$120,710 for engineering (EXH 48, BSP D4-169-170; EXH 48, D4-178). Including an additional \$10,910 in capitalized time and \$61,002 in interest during construction, the total project costs are \$1,020,618.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$1,020,618 is reasonable for the project as delaying the replacement of the failed mechanical screen and the odor control system are a risk to the WWTP's ability to operate within DEP requirements. (TR 146; TR 570) Sunshine recorded a cost of \$1,006,114 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-06 by \$14,504 (\$1,020,618 - \$1,006,114).

ST-07: Cross Creek - Compliance Improvements

Sunshine requested cost recovery for a number of improvements to the Cross Creek WWTP effluent discharge system. (EXH 20, BSP C5-948) DEP conducted a routine compliance inspection in December 2022 and served a warning letter to the facility, dated February 23, 2023, that noted multiple areas of improvement. (EXH 20, BSP C5-949; EXH 71, BSP E722) The deficiencies found by DEP must be resolved for the Cross Creek facility to return to compliance. The project includes (1) the installation of an electrically actuated butterfly valve, (2) upgrades to the electrical and control systems, (3) replacement of an aluminum flap gate with inline check valve, (4) alterations to underground piping, (5) a new effluent flow meter, and (6) integration of level sensors into the ground storage tank. (EXH 20, BSP C5-948) The project was completed February 2024. (EXH 20, BSP C5-948; TR 570)

In its initial filing, Sunshine requested \$165,114 for the project, including \$146,352 for construction, \$1,765 in capitalized time, \$9,869 in interest during construction, and \$7,129 in contingency. (EXH 20, BSP C5-948)

Sunshine opted to forgo a formal bidding process in order to expeditiously address DEP's concerns. As such, Water Equipment Technologies of Southwest Florida, LLC was sole sourced for the project due to Sunshine having previously utilized its services and its knowledge of the Cross Creek facility. (EXH 65, BSP E57)

In response to discovery, the Utility stated the project was completed for a cost of \$159,747, but staff's review of the contracts and task orders submitted by the Utility support only a cost of \$97,832 for construction and \$48,520 for engineering (EXH 65, BSP E58; EXH 20, BSP C5-979-980). Including an additional \$1,683 in capitalized time and \$9,410 in interest during construction, the total project costs are \$157,445.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$157,445 is reasonable for the project as the identified improvements are to return the Cross Creek facility to DEP compliance. (TR 147) Sunshine recorded a cost of \$165,114 in its MFRs; therefore, staff recommends an adjustment should be made to decrease the cost of ST-07 by \$7,669 (\$165,114 - \$157,445).

ST-08: Mid-County – Riviera Estates LS, FM, and GM Crossing Removal

Sunshine requested cost recovery for the relocation of an existing sewer force main in the Mid-County service area. This project is required to be completed as part of a Florida Department of Transportation (FDOT) roadway improvement project in order to not delay the project and maintain sewer service during construction. Sunshine has divided the project into two separate phases. Phase one involves the installation of the replacement 8-inch gravity sewer, seven manholes, and associated restoration. The second phase involves the rehabilitation of Lift Station 4 which includes replacing pumps, valves, the valve vault, the valve vault top slab, wet well top slab, wet well piping, and wet well lining. (EXH 21, BSP C5-986) Its initial completion date was November 2024, but due to delays caused by Hurricane Milton the Utility now estimates completion by April 2025. (EXH 21, BSP C5-986; EXH 49, BSP D4-179; TR 570)

In its initial filing, Sunshine requested \$2,138,069, including \$1,980,546 for construction, \$22,855 in capitalized time, \$127,791 for interest during construction, and \$6,876 in contingency. Sunshine filed an updated request for \$2,130,671 to correct the capitalized time and interest during construction values. (EXH 49, BSP D4-179; EXH 79, E1992).

Sunshine awarded the contract for phase one to Left Coast Utilities without bidding in order to avoid delaying the roadway project and the fines associated with doing so. (EXH 21, BSP C5-987) Sunshine underwent the formal bidding process for the second phase and received bid proposals from two of the three companies contacted. The contract for phase two was awarded to Rowland Inc., the lowest bidder. (EXH 21, BSP C5-989)

Sunshine provided contracts, task orders, and invoices of \$1,768,489 for construction and \$212,058 for engineering. (EXH 49) Including an additional \$22,776 in capitalized time and \$127,349 in interest during construction, the total project costs are \$2,130,672.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recognizes that the project is a requirement of a governmental authority and recommends that the \$2,130,672 is reasonable for the project. (TR 147; TR 570) Sunshine recorded a cost of

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\$2,138,069 in its MFRs; therefore, staff recommends an adjustment to decrease the cost of ST-08 by \$7,397 (\$2,138,069 - \$2,130,672).

ST-09: Mid-County – Wilshire Manhole Replacement

Sunshine requested cost recovery for the rehabilitation of two existing manholes in the Mid-County service area that run parallel to the Curlew Creek. The creek bank has severely eroded and exposed the cone and part of the riser of the brick manholes that were once underground. This exposure leaves the Mid-County sewer system vulnerable to environmental contamination and/or the manholes collapsing into the creek. In response to this, Sunshine will contract for the replacement of the ring and cover, along with all necessary restoration, and the installation of sheet piles to prevent further damage to the surrounding infrastructure from occurring for both manholes. The project was completed as of March 2024. (EXH 22, BSP C5-1043)

In its initial filing, Sunshine requested \$320,903, including \$292,900 for construction, \$3,430 in capitalized time, \$19,180 in interest during construction, and \$5,393 in contingency. (EXH 22, BSP C5-1043)

Sunshine opted to forgo a formal bidding process due to the urgent nature of the project, as the manholes were at risk of collapsing into the creek. Left Coast Utilities Corporation was sole sourced for the project as it was a previously utilized contractor with the capacity and knowledge to complete the project. (EXH 22, BSP C5-1044)

In response to discovery, the Utility stated the project was completed for cost of \$304,103 but staff's review of the contracts and task orders submitted by the Utility's support only a cost of \$234,400 for construction and \$58,500 for engineering. (EXH 65, BSP E60; EXH 22, BSP C5-1048; EXH 22, BSP C5-1073; EXH 22, BSP C5-1068). Including an additional \$3,368 in capitalized time and \$18,833 in interest during construction, the total project costs are \$315,101.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that \$315,101 is reasonable for the project to prevent further environmental contamination and exposure of the Mid-County sewer system. (TR 147-148; TR 570) Sunshine recorded a cost of \$320,903 in its MFRs; therefore, staff recommends an adjustment should be made to decrease the cost of ST-09 by \$5,802 (\$320,903 - \$315,101).

ST-10: LUSI – Construction of 2nd Lower Floridan Well

Sunshine requested cost recovery for the design and construction of a Lower Floridan Aquifer well in the LUSI North system adjacent to the Oranges subdivision. This new well will provide a higher capacity, mitigate minimum flow and levels of nearby lakes by drawing water from the Lower Floridan Aquifer. In addition, it will provide improved water quality as the nearby existing wells have a high total trihalomethanes formation potential. The project will include the design, permitting, construction, and water testing of the Lower Floridan Aquifer well. The initial project completion date was August 2024 but this was revised to April 2025 due to delays in the drilling process and Hurricanes Helene and Milton. (EXH 23, BSP C5-1090; TR 571; EXH 50, BSP D4-242)

In its initial filing, Sunshine requested \$2,151,518 for the project, including \$1,999,924 for construction, \$22,999 in capitalized time, \$128,595 in interest during construction, and \$0 in

contingency. (EXH 23, BSP C5-1090) Sunshine filed an updated request for \$1,982,162. This change is due to a combination of increased costs, some of which are offset by a grant from the St. John's Water Management District as the well is considered an alternative water source. (EXH 50, BSP D4-242; TR 570-571)

Sunshine underwent the formal bidding process and received bid proposals from three companies. Sunshine awarded the contract to the lowest bidder, Parson Drilling. (EXH 23, BSP C5-1093)

Sunshine provided contracts, task orders, and invoices of \$2,198,150 for construction and \$55,790 for engineering. (EXH 50) Including the awarded grant amount of \$433,000, an additional \$20,941 in capitalized time and \$117,086 in interest during construction, the total project costs are \$1,958,967.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$1,958,967 is reasonable for the project as the new well will ensure the Utility can continue to meet the demands of the service area's customers and provide improved water quality. (TR 148; TR 570-571) Sunshine recorded a cost of \$2,151,518 in its MFRs; therefore, staff recommends an adjustment to decrease the cost of ST-10 by \$192,551 (\$2,151,518 – \$1,958,967).

ST-11: LUSI CFX US 27 Sewer Relocates

Sunshine has requested cost recovery for the relocation of an existing 12-inch diameter sewer force main in the LUSI South service area. This project is required to be completed as part of a Central Florida Expressway Authority (CFX) project to construct a toll road that will cross US 27. As the existing force main intersects the boundary of the State Road's construction, the relocation must be completed before CFX begins construction. This project will include the decommissioning of approximately 6,000 linear feet of existing 12-inch diameter pipeline through grout filling and abandoning in place and the installation of approximately 7,500 linear feet of piping to maintain service to the area. The project is expected to be completed by December 2025. (EXH 24, BSP C5-1127)

In its initial filing, Sunshine requested \$4,474,320 for the project, including estimated project costs of \$4,159,063 for construction, \$47,829 in capitalized time, \$267,428 for interest during construction, and \$0 in contingency. (EXH 24, BSP C5-1127) Sunshine filed an updated request for \$4,886,617 which is based on the contracted amount rather than the estimate provided by the engineering contractor. (EXH 79, BSP E1979-E1981)

Sunshine underwent a formal bidding process for a combined contract for projects ST-11 and ST-12 and received bid proposals from three companies. Sunshine awarded the contract for both relocation projects to Tri-Sure Corporation as the lowest bidder and because this company has a history of completing similar projects with Sunshine. (EXH 51, BSP D4-318; EXH 51, BSP D4-450)

Sunshine provided contracts, task orders, and invoices of \$4,202,806 for construction and \$84,765 for engineering. (EXH 51) Including an additional \$49,307 in capitalized time and \$275,691 in interest during construction, the total project costs are \$4,612,569.

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Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recognizes that the project is a requirement of a governmental authority and recommends the \$4,612,569 is reasonable for the project. (TR 148; TR 571) Sunshine recorded a cost of \$4,474,320 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-11 by \$138,249. (\$4,612,569 - \$4,474,320)

ST-12: LUSI CFX US 27 Water Relocates

Sunshine has requested cost recovery for the relocation of an existing 16-inch diameter water force main in the LUSI South service area. This project is required to be completed as part of a CFX project to construct a toll road that will cross US 27. As the existing force main intersects the boundary of the State Road's construction, the relocation must be completed before CFX begins construction. This project will include the decommissioning of approximately 4,800 linear feet of existing pipeline through grout filling and abandoning in place and the installation of approximately 5,000 linear feet of piping to maintain service to the area. The project is expected to be completed by December 2025 (EXH 25, BSP C5-1164)

In its initial filing, Sunshine requested \$3,369,201 for the project, including estimated project costs of \$3,131,810 for construction, \$36,015 in capitalized time, \$201,375 for interest during construction, and \$0 in contingency. (EXH 25, BSP C5-1164) Sunshine filed a revised request for \$3,044,653 which is based on the contracted amount rather than the estimate provided by the engineering contractor (EXH 79, BSP E1979; EXH 79, BSP E1982-1983)

As discussed above, Tri-Sure Corporation was chosen for ST-11 and ST-12 due to providing the lowest bid as well as its history of completing similar projects with Sunshine. (EXH 51, BSP D4-318; EXH 51, BSP D4-450)

Sunshine provided contracts, task orders, and invoices of \$2,490,625 for construction and \$84,765 for engineering. (EXH 52) Including an additional \$29,617 in capitalized time and \$165,598 in interest during construction, the total project costs are \$2,770,605.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recognizes that the project is a requirement of a governmental authority and recommends that the \$2,770,605 is reasonable for the project. (TR 148-149; TR 571) Sunshine recorded a cost of \$3,369,201 in its MFRs; therefore, staff recommends an adjustment to decrease the cost of ST-12 by \$598,596. (\$3,369,201 - \$2,770,605)

ST-13: CR 561 WTP Improvements

Sunshine requested cost recovery for expansion of the CR 561 WTP in order to proactively increase the facility's capacity to service new customers in the LUSI North service area. Kimley-Horn was contracted by Sunshine to prepare a Capacity Analysis Report (CAR) pursuant to Rule 62-555.348(3) F.A.C., requiring a CAR be submitted within six months after the month in which the total maximum-day quantity of finished water produced by the treatment plant(s) first exceeds 75 percent of the total permitted maximum-day operating capacity of the plant. (EXH 65, BSP E74-E75) The CAR, provided by Kimley-Horn in February 2024, evaluated the LUSI service area and recommended improvements to expand the capacity of the area's facilities to meet future demands within the service area. This project includes the installation of an additional 750,000-gallon ground storage tank, high service pumping, and electrical and piping

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improvements necessary for these additions. (EXH 26, BSP C5-1201) The project had an initial estimated completion date of December 2025; however, this was revised to September 2025, by the selected contractor. (EXH 26, BSP C5-1201; TR 571)

In its initial filing, Sunshine requested \$1,882,650 for the project, including estimated project costs of \$1,750,000 for construction, \$20,125 in capitalized time, \$112,525 for interest during construction, and \$0 in contingency. (EXH 26, BSP C5-1201) Sunshine filed an updated request for \$2,534,217 which is now based on the contracted amount instead of the estimate provided by the engineering contractor. (EXH 53, BSP D4-579; EXH 79, BSP E1983)

Sunshine underwent a formal bidding process and received bid proposals from three companies. Sunshine awarded the contract to Florida Environmental Construction, Inc. because it was the lowest bidder and for its successful work on projects of a similar nature. (EXH 53, BSP D4-609; EXH 76, BSP E1936)

Sunshine provided contracts, task orders, and invoices of \$2,196,808 for construction and \$158,850 for engineering (EXH 53, D4-584, D4-607, D4-704). Including an additional \$27,090 in capitalized time and \$151,469 in interest during construction, the project's total costs are \$2,534,217.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$2,534,217 is reasonable for the project as the new ground storage tank and high service pump are a prudent addition to ensure the WTP is capable of providing service to the area's growing population. (TR 149; TR 571) Sunshine recorded a cost of \$1,882,650 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-13 by \$651,567 (\$2,534,217 - \$1,882,650).

ST-14: UIF – Weathersfield WTP Generator Replacement

Sunshine requested cost recovery for the replacement of the emergency generator at the Weathersfield WTP that has reached the end of its service life. The Weathersfield WTP serves approximately 1,200 connections that would lose access to potable water in the event of a power outage. The existing emergency generator was installed in 1998 and further repairs exceed the unit's net book value due to the increasing lack of available parts and risk further damaging the unit. Sunshine has opted to retire the 26-year-old emergency generator and install a new generator with specifications consistent with other sites to allow for operational simplification and resiliency during severe weather events. The project consists of the installation of a new emergency generator, an upgrade to an underground 240V electrical service, as well as a new service disconnect, automatic transfer switch, controls, and instrumentation to implement the new generator to maintain backup generation as required by DEP. The estimated completion date of the project is December 2025. (EXH 27, BSP C5-1206)

In its initial filing, Sunshine requested \$1,285,148 for the project, including \$1,249,657 for construction, \$5,385 in capitalized time, and \$30,106 for interest during construction, and \$0 in contingency. (EXH 27, BSP C5-1206) Sunshine filed a revised request for \$1,492,404, an increase of \$207,256, which is based on the contracted amount rather than the estimate provided by the engineering contractor. (EXH 54, BSP D4-706; EXH 79, BSP E1983)

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Sunshine originally underwent a formal bidding process for the purchase of a generator for the Weathersfield WTP along with two other generators as a group in 2022. (EXH 54, BSP D4-707; EXH 65 E94-E101) However, Sunshine opted to rebid the purchase of the Weathersfield replacement generator separately in 2024 and selected Florida Environmental Construction Inc. as the general contractor and vendor of the replacement emergency generator. (EXH 54, BSP D4-816; EXH 54, BSP D4-722) Sunshine underwent a formal bidding process for the installation of the replacement generator and received three bid proposals. Sunshine awarded the contract to Chinchor Electric Inc., the lowest bidder. (EXH 65, BSP E92)

Sunshine provided contracts, task orders, and invoices of \$1,184,888 for construction and \$52,250 for engineering. (EXH 54) Including an additional \$14,227 in capitalized time and \$79,548 in interest during construction, the total project costs are \$1,330,913.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$1,330,913 is reasonable for the project as the replacement of the 26-yearold emergency generator ensures water service is maintained in the event of a power outage at the WTP in compliance with DEP requirements. (TR 149; TR 571-572) Sunshine recorded a cost of \$1,285,148 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-14 by \$45,765 (\$1,330,913 - \$1,285,148).

ST-15: UIF – Weathersfield Hydro Tank Replacement

Sunshine requested cost recovery for the replacement of the 10,000-gallon hydropneumatic tank located at the Weathersfield WTP. During the most recent DEP inspection of the Weathersfield WTP, the tank was found to have failed the minimum steel shell thickness test and is considered unsafe to operate. (TR 149) Sunshine opted to retire the existing 17-year-old hydropneumatic tank and replace it with a new 10,000-gallon tank along with installation of all necessary piping and valves for the new tank in order to comply with the DEP. The project was completed in April 2024. (EXH 28, BSP C5-1225; TR 572)

In its initial filing, Sunshine requested \$102,201 for the project, including \$95,000 for construction, \$1,093 in capitalized time, and \$6,108 for interest during construction, and \$0 in contingency. (EXH 28, BSP C5-1225)

Sunshine opted to forgo a formal bidding process due to the limited scope of the project and selected ECO-2000, Inc. as a contractor it believed could complete the project in a timely manner.

In response to discovery, the Utility stated the project was completed for a cost of \$96,173 but staff's review of the invoices submitted by the Utility support only a cost of \$95,000 in construction costs (EXH 65, BSP E103; EXH 28, BSP C5-1228). Including an additional \$1,093 in capitalized time and \$6,108 in interest during construction, the total project costs are \$102,201.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$102,201 is reasonable for the project as the replacement of the existing hydro pneumatic tank is necessary to return the Weathersfield facility to DEP compliance. (TR

149; TR 572) Sunshine recorded a cost of \$102,201 for ST-15 in its MFRs; therefore staff recommends no adjustment should be made to ST-15.

ST-16: Golden Hills WTP Generator Replacement

Sunshine has requested cost recovery for the replacement of the emergency generator at the Golden Hills WTP that has reached the end of its service life. The Golden Hills WTP serves approximately 531 connections that would lose access to potable water in the event of a power outage. The existing propane gas emergency generator was originally installed in 1992 and further repairs exceed the unit's net book value due to increasing lack of available parts and risk further damaging the unit. Sunshine has opted to retire the 32-year-old emergency generator and install a new unit with specifications consistent with other sites to allow for operational simplification and resiliency during severe weather events. The project consists of the installation of a new generator, remote terminal units with supervisorial control and data acquisition technology, as well as a new service disconnect, automatic transfer switch, controls, and instrumentation to implement the new generator to maintain backup generation as required by DEP. (EXH 29, BSP C5-1232) The initial estimated completion date for the project was December 2024, but due to a significant lead time for electrical equipment, the project is now anticipated to be completed by December 2025. (EXH 29, BSP C5-1232; TR 572)

In its initial filing, Sunshine requested \$740,055 for the project, including \$585,561 for construction, \$102,350 for infrastructure, \$7,911 in capitalized time, \$44,233 for interest during construction, and \$0 in contingency. (EXH 29, BSP C5-1232) Sunshine filed an updated request for \$1,417,160 which is based on the contracted amount rather than the estimate provided by the engineering contractor. (EXH 55, BSP D4-825; EXH 79, BSP E1984)

As discussed above for ST-14, Sunshine formally bid out all 3 needed generators together in 2022. (EXH 55, BSP D4-826; EXH 65, BSP E115-122) However, Sunshine opted to rebid the purchase of the Golden Hills replacement generator separately in 2024 and selected Florida Environmental Construction Inc. as the general contractor and vendor of the replacement emergency generator. (EXH 55, BSP D4-845) Florida Environmental then underwent a bidding process for electrical work required for the installation and received bid proposals from two companies. The electrical contract was awarded to Chinchor Electric Inc. after the competitor revised its bid to account for an error, making Chinchor the lowest cost bid. (EXH 65, BSP E105)

Sunshine provided contracts, task orders, and invoices of \$1,064,041 for construction and \$82,250 for engineering. (EXH 55) Including an additional \$13,182 in capitalized time and \$73,707 in interest during construction, the total project costs are \$1,233,180.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$1,233,180 is reasonable for the project as the replacement of the 32-year-old emergency generator ensures water service is maintained in the event of a power outage at the WTP in compliance with DEP requirements. (TR 150; TR 572) Sunshine recorded a cost of \$740,055 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-16 by \$493,125 (\$1,233,180 - \$740,055).

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ST-17: Sanlando – F5 FM

Sunshine requested cost recovery for the replacement of the existing force main that connects the Sanlando F-5 lift station to the Wekiva WWTP with a force main of larger diameter and stronger material. As this force main sees approximately 40 percent of the Wekiva WWTP's annual average daily flow pumped through it, Sunshine considers this pipeline a critical asset in the delivery of service. As part of a larger effort to modernize critical assets, Sunshine has opted to proactively upgrade the F5 force main from a 12-inch diameter PVC pipe to a 16-inch diameter pipe made of a more durable PVC material. The estimated completion date of the project was October 2025. (EXH 30, BSP C5-1260; TR 572)

In its initial filing, Sunshine requested \$3,811,775 for the project, including \$3,543,200 for construction, \$40,747 in capitalized time, \$227,828 for interest during construction, and \$0 in contingency. (EXH 30, BSP C5-1260) Sunshine filed an updated request for \$5,006,397 based on increases in material and labor costs since the preliminary 2022 estimate. (EXH 56, BSP D4-859; TR 572)

Sunshine underwent the formal bidding process and received bid proposals from three companies. Sunshine awarded the contract to Tri-Sure Corporation, the lowest bidder. (EXH 56, D4-861; EXH 56, BSP D4-896) Sunshine provided contracts, task orders, and invoices of \$4,496,450 for construction and \$157,200 for engineering (EXH 56, BSP D4-894, 897, and 994). Including \$53,517 in capitalized time and \$299,230 in interest during construction, the total costs for the project are \$5,006,397.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$5,006,397 is reasonable for the project as the replacement piping of stronger material and larger diameter ensures the Wekiva WWTP continues providing service to the service area. (TR 150; TR 572) Sunshine recorded a cost of \$3,811,775 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-17 by \$1,194,622 (\$5,006,397 - \$3,811,775).

ST-18: Sanlando – Wekiva EQ Aeration Improvements

Sunshine requested cost recovery for the installation of a floating mixer in the Wekiva WWTP's equalization tank and the installation of a permanent power source for the equalization tank. The existing aeration mixer was originally intended to be a temporary installation as part of a pilot test of the unit. For testing purposes, Sunshine rented the existing unit and powered it by a portable generator operated during the day when Utility staff was present. However, the unit was considered effective by Sunshine's operators and the Utility opted to purchase and reinstall the aerator permanently. (EXH 65, BSP E134) Additionally, Sunshine will construct a permanent power source for the mixer to extend its hours of operation. This project includes the purchase of the floating aeration mixer, the installation of the mixer, and the construction of a permanent power source for the equalization tank. (EXH 31, BSP C5-1281) The project had an initial estimated completion date of June 2025; but, this was revised to January 2025 after the electrical contractor was selected to complete the installation of the floating mixer. (EXH 31, BSP C5-1281; TR 572)

In its initial filing, Sunshine requested \$139,854 for the project, including estimated project costs of \$130,000 for construction and engineering, \$1,495 in capitalized time, \$8,359 for interest

during construction, and \$0 in contingency. (EXH 31, BSP C5-1281) Sunshine filed an updated request for \$280,367 due to now having selected a contractor for the installation of the mixer, additional infrastructure needed for the aerator, and because the initial filing omitted the initial contractor work and the purchase of the floating mixer. (EXH 57, BSP D4-1003; EXH 79, E1984)

Sunshine opted to forgo a formal bidding process and awarded the contract to Florida Environmental Construction, Inc. for the purchase and installation of the aeration equipment. Sunshine states this was to avoid delay in remedying the lack of aeration in the equalization tank and the Wekiva facility falling out of compliance. (EXH 31, BSP C5-1282; EXH 57, BSP D4-1030) Sunshine did undergo a formal bidding process for the installation of the permanent power source and received only one bid proposal out of the three requested. Of the other companies, one declined, as the project would require a bond, and the other did not respond. As the only bid received, BMP Electric Inc. was selected as the project's electric contractor. (EXH 57, BSP D4-1008; EXH 76, BSP E1937)

Sunshine provided contracts, task orders, and invoices of \$243,913 for construction and \$16,700 for engineering. (EXH 57, BSP D4-1007, D4-1011, D4-1030-1031) Including \$2,997 in capitalized time and \$16,757 in interest during construction, the total project costs are \$280,367.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$280,367 is reasonable for the project as the permanent installation of the floating mixer and the addition of a permanent power source for it to function outside of daylight hours will improve the aeration process of the WWTP. (TR 150; TR 572) Sunshine recorded a cost of \$139,854 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-18 by \$140,513 (\$280,367 - \$139,854).

ST-19: Pennbrooke – Water Quality Improvements

Sunshine requested cost recovery for several improvements to the Pennbrooke WTP to resolve high levels of iron and hardness as well as other regulatory compliance issues. The Commission found the quality of service to be unsatisfactory for Pennbrooke in its last rate case due to several concerns, including excessive levels of iron, other secondary water quality standards, and low water pressure. Eximley-Horn was contracted to evaluate treatment methods able to lower the facility's iron and total hardness levels and evaluated multiple alternative methods. The Technical Memorandum provided by Kimley-Horn in 2021 recommended the ACTINA treatment system as the preferable method due to its lower capital cost and operating costs compared to other treatment methods, plus additional storage and pumping capacity.

As part of this project, Sunshine has opted to also remedy other compliance issues within the Pennbrooke WTP. As such, this project includes the installation of: high service pump station, generator, 2 ground storage tanks, and a replacement raw water well. The project had an initial completion date of December 2024, but this was delayed to March 2025 due to a delay in

²²See Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket no. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

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delivery of electrical equipment needed for the pumping equipment. (EXH 32, BSP C5-1290; TR 572)

In its initial filing, Sunshine requested \$9,488,944 for the project, including \$8,820,360 for construction, \$101,434 in capitalized time, \$567,149 for interest during construction, and \$0 in contingency. (EXH 32, BSP C5-1290) Sunshine filed an updated request for \$9,966,596 due to a miscalculation in the total provided in the direct testimony being included, a change order being added to address several items needed during construction, and costs associated with the project's delay. (EXH 58, BSP D4-1032; EXH 79, BSP E1984-E1986)

Sunshine underwent a formal bidding process and received two bid proposals. Sunshine awarded the contract to Florida Environmental Construction, Inc., the lowest bidder. (EXH 32, BSP C5-1292-1293)

Sunshine provided contracts, task orders, and invoices of \$8,898,059 for construction and \$561,527 for engineering. (EXH 58) Including an additional \$108,785 in capitalized time and \$608,251 in interest during construction, the total project costs are \$10,176,622.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$10,176,622 is reasonable for the project as the installation of the ACTINA treatment system is the most cost-effective method to the address water quality issues. (TR 151; TR 572) Sunshine recorded a combined cost of \$9,488,944 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-19 by \$687,678 (\$10,176,622 -\$9,488,944).

ST-21: Vactor Truck Replacement

Sunshine requested cost recovery for the purchase of a 2024 Kenworth tractor chassis and a 2024 Vactor 2100i (2024 Kenworth Vactor truck) to replace the existing 2007 International Vactor truck. The Vactor 2100i is sewer cleaning equipment that is mounted on the tractor chassis. It was determined that it is cost-prohibitive to repair the 2007 International Vactor. In addition, costs are incurred when hiring third-party contractors to complete the maintenance/emergency work that needs to be done when the 2007 truck is inoperable and being repaired. The purchase was completed February 2024. (EXH 34, BSP C5-1822-1823; TR 573)

In its initial filing, Sunshine requested \$573,587 for this purchase. (EXH 34, BSP C5-1822) Sunshine underwent a formal bidding process and received bid proposals from two vendors, as the two vendors are the only ones that offer Vactor trucks matching Sunshine's operational requirements. Environmental Products Group, Inc. was selected as the vendor of the new Vactor truck due to a lower selling price for the equipment. (EXH 34, BSP C5-1824-1833)

In response to discovery, the Utility stated the purchase was completed for a total cost of \$573,587 for the equipment. (EXH 65, BSP E458) Staff's review of the invoice provided by the Utility supports this cost. (EXH 34, C5-1833)

Based on the documentation provided and the testimony of witness Twomey, staff recommends that the \$573,587 is reasonable for the project as the replacement of the existing 17-year-old Vactor allows continuous maintenance and cleaning of Utility owned facilities without reliance

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upon outside contractors. (TR 152; TR 573) Sunshine recorded a cost of \$573,587 in its MFRs; therefore, staff recommends that no adjustment is necessary for ST-21.

ST-22: Sandalhaven Force Main Relocation

Sunshine requested cost recovery for the installation of a 4-inch sewer force main and the construction of above-grade air release valve (ARV) assemblies in the Sandalhaven service area. The owner of a private parcel in the Sandalhaven service area has requested Sunshine to provide wastewater service. Pursuant to Rule 25-30.230(2), F.A.C, each wastewater utility shall provide the service pipe to the service connection, and may locate the connection at or near the customer's curb or property line. The original plan to connect the customer to the 12-inch force main adjacent to the property was revised by the engineering contractor due to the force main's non-standard depth and instead recommended connecting approximately 830 linear feet away. (EXH 35, BSP C5-1835; EXH 86, BSP E15496-15497) The existing below-grade ARVs are located near the planned connection tie-in and are often inoperable due to frequent flooding of their enclosures. Sunshine has opted to replace the below-grade ARVs with above-grade ARVs to mitigate further flooding issues and ease future maintenance. (EXH 35, BSP C5-1836; EXH 35, BSP C5-1868) This project will include the installation 830 linear feet of 4-inch HDPE piping, connection of the new piping to an existing 12-inch diameter force main, removal of the existing below-grade ARV assemblies, and the construction of the four new above-grade ARV assemblies. (EXH 60, BSP D4-1564) The project had an initial completion date of August 2024, but was delayed and completed October 2024. (EXH 35, BSP C5-1835; TR 573)

In its initial filing, Sunshine requested \$368,081 for the project, including \$244,794 for construction, \$42,146 for engineering, \$3,935 in capitalized time, \$22,000 for interest during construction, and \$55,207 in contingency. (EXH 35, BSP C5-1835) Sunshine filed an updated request for \$313,496 due to the project being completed without the allocated contingency funds. (EXH 60, BSP D4-1564; TR 573)

Sunshine underwent a formal bidding process for the project but only received a bid proposal from one of the three companies it solicited. As the only bidder, Left Coast Utilities was selected as the general contractor. (EXH 35, BSP C5-1837)

Sunshine provided contracts, task orders, and invoices of \$293,760 for construction. (EXH 60) Including an additional \$3,378 in capitalized time and \$18,889 in interest during construction, the total project costs are \$316,027.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$316,027 is reasonable for the project as the service connection is necessary to provide wastewater service to a Utility customer and replacing the below-grade ARVs with above-grade ARVs improves system operations. (TR 152; TR 573) Sunshine recorded a cost of \$368,081 in its MFRs; therefore, staff recommends an adjustment to decrease the cost of ST-22 by \$52,054 (\$368,081 - \$316,027).

ST-23: Buena Vista Lane Water Main Relocation

Sunshine requested cost recovery for the relocation of an existing 6-inch diameter water main and an existing 2-inch water diameter in the Buena Vista service area of Pasco County. The project is required to be completed as part of a Pasco County project to improve drainage

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infrastructure along Buena Vista Lane. As the existing water mains conflict with the planned improvements, both must be relocated before Pasco County begins construction. This project includes the removal of the existing water mains, installation of 1,550 linear feet of 6-inch diameter water main, installation of 150 linear feet of 2-inch diameter water main, 18 service connections, approximately 15 tie-ins to existing water mains, and installation of new blow-off assembly. The project initially had a completion date of October 2024, but this was delayed to December 2024 due to hurricanes. (EXH 36, BSP C5-1880; TR 573)

In its initial filing, Sunshine requested \$431,956 for the project, including \$401,521 for construction, \$4,617 in capitalized time, \$25,818 for interest during construction, and \$0 in contingency. (EXH 36, BSP C5-1880) Sunshine filed an updated request for \$591,743 based on the results of the formal bidding process. (EXH 61, BSP D4-1619; EXH 79, BSP E1987)

Sunshine underwent a formal bidding and received bid proposals from two of the three companies contacted. Sunshine awarded Left Coast Utilities the contract as the lowest bidder. (EXH 68, BSP E701)

Sunshine provided contracts, task orders, and invoices of \$495,840 for construction and \$51,521 for engineering. (EXH 61, BSP D4-1625, D4-1630, D4-1649) Including an additional \$6,295 in capitalized time and \$35,195 in interest during construction, the total project costs are \$588,851.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recognizes that the project is a requirement of a governmental authority and recommends that the \$588,851 is reasonable for the project. (TR 152; TR 573) Sunshine recorded a cost of \$431,956 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-23 by \$156,895 (\$588,851 - \$431,956).

ST-24: OW Remediation PFAS BV Well 3

Sunshine requested cost recovery for the installation of ion exchange vessels at Well BV-3 in the Orangewood water system. This is needed to reduce levels of per- and poly-fluoroalkyl substances (PFAS) to below current Environmental Protection Agency (EPA) Maximum Contaminant Level (MCL). After a 2020 assessment, six of the seven wells in the Orangewood system were found to be in exceedance of the 2016 EPA MCL of 70 parts per trillion (ppt). This MCL was later further reduced to 4 ppt in April 2024. (TR 284) This project is a pilot test for Sunshine's selected PFAS treatment method. (TR 284-285) The BV-3 well was selected as the initial pilot as it is the largest in the Orangewood system. (EXH 65, BSP E462) Kimley-Horn was contracted to evaluate treatment methods for PFAS contamination and evaluated both Granular Activated Carbon and Selective Ion Exchange. The 2022 Technical Memorandum provided by Kimley-Horn recommended Ion Exchange as the preferable method due to higher bed volumes for PFAS removal, less capital costs for installation, lower empty bed contact time, less space required to implement, and lower operating costs. (EXH 86, BSP E15508, E15547) The project had an initial estimated completion date of August 2024, but this was delayed to December 2024 due to electrical issues and construction delays due to several hurricanes. (EXH 37, BSP C5-1889; TR 573) In its briefs, OPC did not object to the costs associated with the project under the specific circumstances in this case. However, OPC believes that approval of this pilot program should not be a precedent for approval of additional PFAS remediation projects as this treatment method may not be best at other sites. (OPC BR 18-20)

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In its initial filing, Sunshine requested \$1,837,292 for the project, including \$1,707,838 for construction and engineering, \$19,640 in capitalized time, \$109,814 for interest during construction, and \$0 in contingency. (EXH 37, BSP C5-1889)

Sunshine underwent a formal bidding process and received bid proposals from two companies of the five requested. Vogel Bros. Building Co. was selected as the general contractor due to providing the lowest bid price. (EXH 37, BSP C5-1899, C5-1907)

Sunshine provided contracts, task orders, and invoices of \$1,334,651 for construction and \$373,187 for engineering. (EXH 37) Including an additional \$19,640 in capitalized time and \$109,814 in interest during construction, the total project costs are \$1,837,292.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$1,837,292 is reasonable for the project as the project is the most costeffective method to achieve the latest EPA requirements for PFAS. (TR 152-153; TR 573) Sunshine recorded a cost of \$1,837,292 in its MFRs; therefore, staff recommends no adjustment is necessary for ST-24.

ST-25: Curlew Creek Lift Station Gravity Main Rehabilitation

Sunshine requested cost recovery for the rehabilitation of two manholes and the section of gravity sewer main pipeline between them that runs parallel to the Curlew Creek. The creek bank has severely eroded and left the sewer system vulnerable to environmental contamination and/or the manholes collapsing into the creek. Due to the project being located within a Pinellas County drainage easement, Sunshine required a Right-of-Way Permit to complete the project. Sunshine will expand the existing sheet pile retaining wall and install upstream and downstream end walls to prevent further erosion before the necessary restoration. The project includes the construction of approximately 92 linear feet of sheet pile retaining wall and the subsequent backfilling of the area behind the new retaining wall with flowable fill material. The initial completion date was August 2025, but this was revised to March 2025 due to the multiple hurricanes in 2024 worsening the damage and the project being declared an emergency by the Utility. (EXH 38, BSP C5-1988-1989; TR 573)

In its initial filing, Sunshine requested \$645,480, including \$620,000 for construction, \$6,900 in capitalized time, \$38,580 for interest during construction, and \$0 in contingency. (EXH 38, BSP C5-1988) This was corrected in response to discovery, as the actual costs for construction was only \$600,000. (EXH 66, BSP E626) However, Sunshine filed an updated request for \$701,088 as the initial amount was based on the estimate of the construction vendor, additional material being needed, and the complexity of the work needing a second engineering opinion. (EXH 62, BSP D4-1652; EXH 80, BSP E2003-2004)

Sunshine underwent a formal bidding process and received bids from three companies. Sunshine awarded the project to Left Coast Utilities, the lowest bidder. (EXH 62, BSP D4-1662)

Sunshine provided contracts, task orders, and invoices of \$552,500 for construction and \$99,190 for engineering. (EXH 62, BSP D4-1656, D4-1661, D4-1665) Including \$7,494 in capitalized time and \$41,904 in interest during construction, the total project costs are \$701,088.

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Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that the \$701,088 is reasonable for the project as the project is needed to prevent further environmental contamination and exposure of the sewer system. (TR 153-154; TR 573) Sunshine recorded a cost of \$645,480 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-25 by \$55,608 (\$701,088 - \$645,480).

Issue 4

ST-26: UIF Jansen Water Main Relocation

Sunshine requested cost recovery for the relocation of an existing water main within the Jansen subdivision in Apopka, Florida. (EXH 39, BSP C5-1996) The project is required to be completed as part of a Seminole County project to construct a new sidewalk and gravity wall along Linneal Beach Drive. As the existing water main conflicts with the planned location of the new sidewalk, it must be relocated before Seminole County begins construction to maintain water service to customers. As part of this project, Sunshine has opted to replace the asbestos cement piping with a combination of HDPE and Polyethylene piping. This project includes the removal of approximately 700 linear feet of existing 4-inch diameter asbestos cement water main, installation of approximately 685 linear feet of 4-inch diameter HDPE piping, installation of approximately 150 linear feet of 4-inch diameter PVC piping, and service connections to the new water main. (EXH 63, BSP D4-1688; EXH 63, BSP D4-1692) The initial completion date for the project was December 2024, but has been delayed until January 2025 due to a delay in receiving DEP potable water clearance. (EXH 39, BSP C5-1996; TR 573-574).

In its initial filing, Sunshine requested \$215,160 for the project, including \$200,000 for construction, \$2,300 in capitalized time, \$12,860 for interest during construction, and \$0 in contingency. (EXH 39; BSP C5-1996) Sunshine provided an updated request for \$362,268 due to previously unaccounted for survey work and locates done before project start date and to reflect the contracted amount rather than the estimated amount. (EXH 63, BSP D4-1686; EXH 79, BSP E1988)

Sunshine underwent the formal bidding process for the work where three companies responded with bids. Sunshine opted to award the contract to Central Florida Tapping and Construction Inc. due to providing the lowest bid. (EXH 63, BSP D4-1688, D4-1692)

Sunshine provided contracts, task orders, and invoices for \$255,930 for construction and \$27,700 for engineering. (EXH 63, BSP D4-1690, D4-1695) Including an additional \$3,262 for capitalized time and \$18,237 for interest during construction, the total project costs are \$305,129.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recognizes that the project is a requirement of a governmental authority and recommends that the \$305,129 is reasonable for the project. (TR 154; TR 573-574) Sunshine recorded a cost of \$215,160 in its MFRs; therefore, staff recommends an adjustment to increase the cost of ST-26 by \$89,969 (\$305,129 - \$215,160).

Total Pro Forma Adjustments

Based on staff's review of the water pro forma projects discussed in Issues 4 and 4A, staff is recommending a total water pro forma value of \$40,527,234, resulting in a reduction of \$1,310,997 to the Utility's initial request contained in its MFRs. Based on staff's review of the wastewater pro forma projects, staff has determined that the total pro forma values should be

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\$16,262,302, resulting in an increase of \$1,600,372 to the Utility's initial request contained in its MFRs.

Corresponding adjustments should also be made to decrease accumulated depreciation and depreciation expense by \$116,370 for water and to increase accumulated depreciation and depreciation expense by \$42,319 for wastewater.

CONCLUSION

Pro forma plant additions should be decreased by \$1,310,997 for water and increased by \$1,600,372 for wastewater, which includes the recommended adjustment for the proposed AMI project discussed in Issue 4A. Corresponding adjustments should also be made to decrease accumulated depreciation and depreciation expense by \$116,370 for water and to increase accumulated depreciation and depreciation expense by \$42,319 for wastewater. Adjustments to pro forma plant retirements and TOTI should be made as set forth in Issues 5 and 29.

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Issue 4A: Should the Commission approve the Utility's Advanced Metering Infrastructure (AMI) project?

Recommendation: Yes. Staff recognizes a need for the meter replacement due to the age of the current meters and the additional functionality of AMI meters to address system leaks. Based on the documentation provided by the Utility, staff recommends an adjustment to decrease the cost of this project by \$2,638,800. The resultant operational savings are discussed in detail in Issue 26. (Sanchez, Richards, Folkman)

Position of the Parties

SUNSHINE: Yes as it provides substantial benefits for customers and addresses Sunshine's aging metering infrastructure.

OPC: No. The Company admits that AMI is a "nice-to-have" project. It was improperly prioritized over seriously needed projects, has nothing to do with providing safe and reliable service, and never should have replaced the identified top-tier infrastructure needs of this utility. The Utility has further failed to demonstrate need for the program or that customers will benefit.

Staff Analysis:

Project Description

Sunshine requested cost recovery for the replacement of its existing water meters for all customers within its service territory. Approximately 37,000 water meters will be replaced, including second meters for irrigation customers, with meters that utilize AMI technology. (EXH 33, BSP C5-1406) In addition, 47 communication towers will be installed with long range wide area network meter collectors in sufficiently dense customer areas instead of relying exclusively on cellular technology. (EXH 33, BSP C5-1407; TR 555) The Utility will be implementing a customer engagement portal for customers to access information from the AMI system. (TR 151)

As stated in its brief, OPC opposes this project in its entirety because it believes the Utility did not demonstrate a need for the project or customer benefits. OPC further argued that this project was prioritized above others that presented a greater need. (OPC BR 20-27) In response, Sunshine argued it has adequately demonstrated the prudency and need for this particular project, as well as customer benefits. (Sunshine BR 5-11) Both OPC and the Utility supported their positions with evidence from the record, which is discussed throughout this issue below.

Outside of the AMI technology, the pro forma project also incorporates the assessment of the service lines the replacement water meters connect with. This was done to satisfy the federal EPA Lead and Copper Rule Revisions which requires public water systems to prepare and maintain an inventory of service line materials. The assessments will be performed for lines connected to approximately 30,000 meters, as records verified the remaining 7,000 meters were not connected to lead or copper piping. The remaining lines must be field tested to determine material status to be compliant. (EXH 79, BSP E1987) This service line assessment portion of the overall project is necessary to meet environmental requirements, and as discussed below, this cost is estimated at \$508,000. (TR 555-556)

Need for AMI Meters

In its description of the program, the Utility stated that the 37,000 meters identified for this project are beyond their useful life which, if not replaced, will result in increased meter errors or estimated bills, customer dissatisfaction, increased operating expenses, and that the use of AMI technology will allow more efficient, automated meter readings. In his direct testimony, Sunshine witness Twomey stated that the Utility's primary goal for the project is improving communication between the Utility and customers, while other motivating factors include promoting conservation, and improved system awareness for the Utility to respond to events. (EXH 33, BSP C5-1406-1407; TR 151)

Witness Twomey stated that customer communication is a benefit of the program that would not be available through an Automated Meter Reading (AMR) alternative. (TR 234-236) AMI meters provide near real-time updates on a customer's usage data remotely to the Utility and to its customers as compared to AMR's once a month reading. The daily updates are to be available online through the Utility's customer portal where customers can then view their usage data, set a more dynamic billing cycle for themselves with the Utility, and set notifications to alert them for unusual conditions such as high and continuous usage. Notifications such as leak alerts would be available to customers after AMI installation. (TR 560) This upgrade would enable customers to better manage water consumption, allowing for faster response to system leaks and may result in reducing excessive unaccounted for water. OPC opposes the installation of AMI meters. However, during cross examination by the Utility, OPC witness Smith agreed that the current water meters do not provide the benefits discussed by witness Twomey and that information gained through the AMI meters may be helpful to some customers. But, he argued that there was not widespread customer support and that this benefit does not justify the installation of AMI meters. (TR 431-432) Witness Twomey admitted that no surveying was conducted to determine whether customers wanted the additional functionalities of AMI meters, but noted that it was not typical to conduct such surveys for pro forma projects and he was aware of at least one customer complaining of timely leak notification. (TR 587-588)

OPC witness Smith further argued against the project stating that it is not a requirement to satisfy a governmental regulation or standard nor necessary for the safe and/or reliable provision of water service in Florida. (TR 400-401) Instead, he asserted that the installation of AMI water meters is a decision made at the discretion of Sunshine management and noted that, in a response to discovery, that the project itself is a low priority to Sunshine. (TR 400-401; EXH 101, E29596)

During cross examination, witness Twomey stated that the decision to upgrade the Utility's water meters to use AMI technology was evaluated by Sunshine's parent company with input from Sunshine, as it sought to standardize technology across its affiliates. (TR 214; TR 550-551) Witness Twomey also stated that three recent Commission decisions allowing AMI are supportive of the need for the project. (TR 184; TR 558) Witness Twomey admitted he was not familiar with the circumstances necessitating AMI in these prior Commission decisions, with one being based on customer complaints associated with billing, and the other two being deployments of less than 300 meters combined. (TR 579) OPC witness Smith argued that AMR is a more appropriate technology, since it provides similar cost savings with lower capital cost. (TR 397) Witness Smith agreed that AMI meters can produce cost savings and do have benefits,

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but argued that Sunshine has not justified them in this case regarding the requested rate base in excess of \$20 million with no offsetting benefits, causing a mismatch that is inconsistent with prior decisions. (TR 432-433) Witness Twomey agreed that AMR does require less capital but argues that AMR meters still require employing meter readers and vehicles to gather data monthly while not providing the same updates and alerts to customers as AMI does. (TR 551)

Sunshine also asserted that the existing meters are in need of replacement, with witness Twomey testifying that the existing meters are on average 90 percent depreciated, and meter failure is a significant concern to the Utility. (TR 184) Witness Twomey testified if the meters were not replaced, the meters may fail and create risks of customer service issues and meter reading problems. (TR 559) During cross examination, witness Twomey admitted that the current meters are capable of providing safe and reliable service, but argued that the older meters tend to run slow when tested to comply with Commission Rules for meter accuracy. (TR 216-218) OPC witness Smith argued that this is not consistent with the Utility's response to discovery that labels the project as a low priority within the Utility itself. (TR 400) In response, witness Twomey refuted the low priority label as a holdover from the project's study phase that ended in 2024. He further asserted that the document was not updated between years and states that the project has a higher internal priority to Sunshine now. (TR 300-301) Witness Twomey stated that Sunshine had been led to believe that the Commission wants the Utility to be proactive in replacing failing infrastructure, to the point of having faced penalties for not doing so. (TR 174)

Regarding potential operational savings, Sunshine has stated that the use of AMI technology brings multiple benefits to both the Utility and its customers, including those evaluated in the Utility's initial analysis of the costs and benefits of AMI meters, the 2021 AMI Business Case. (TR 560) These benefits include the elimination of manual meter reading, reduced in billing exceptions and manual bill processing, reduced field trips to connect and disconnect customers, and faster response to system leakages and water theft due to the near real-time updates AMI provides. (TR 225; EXH 108, BSP E30808) Overall, Sunshine estimates the savings associated with meter reading alone are approximately \$293,883 annually. (TR 561) OPC witness Smith disagreed by arguing that such benefits are speculative and are not adequately demonstrated by the Utility. (TR 401) Staff agrees with Sunshine that there are operation and maintenance (O&M) savings associated with this project and are a supporting factor for staff's recommendation to approve this project. However, the O&M savings for this project are addressed in Issue 26.

Based on the information provided above, staff believes that a need for the project has been demonstrated by Sunshine based on the following:

- 1. The 37,000 water meters included within the project scope are at the end of their useful lives.
- 2. The replacement of the meters before failure will avoid meter reading errors and customer service issues.
- 3. The near real-time usage data AMI technology allows customers and the Utility to better address system leaks and improve conservation through the Utility's customer portal.

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4. The reduction of meter reading expenses produces operational savings.

Project Timeline

Section 367.081(2)(a)2, F.S., provides that the Commission, in fixing rates, shall consider facilities to be constructed within a reasonable time in the future, not to exceed 24 months after the end of the historic base year, unless a longer period of approved by the Commission, to be used and useful if such property is needed to serve current customers. Witness Twomey testified that the project will be completed by October 2025, which is within the 24-month requirement. (TR 568-569; EXH 59, BSP D4-1149) As of February 12, 2025, there were 7,000 meters installed with 20-meter installers working daily to meet the 4,000 meter per-month schedule. All permits have been acquired, and the installation of the last antennas will begin in Lake County on March 10, 2025. (TR 568; TR 585)

OPC witness Smith argued that the project will not be completed on time, since the expected completion date has changed multiple times since the project's inception and because of the Utility's inexperience with the construction of AMI networks. (TR 400-401) Sunshine witness Twomey refuted this argument and maintains a high degree of confidence that the project is to be completed on schedule in October of 2025, arguing that the additional Senior Project Manager and Project Manager added to the lead project delivery team will ensure greater oversight of the pro forma projects. (TR 554) Witness Twomey further stated that, should the need arise, Sunshine will engage an additional meter installation company previously utilized by its sister company, Ni Florida, to install AMI meters in order to ensure all work is completed before the statutory deadline. (TR 569) Based on the information provided above, staff believes that the installations of the AMI meters and construction of the AMI network will be completed before the end of the 24-month period.

Project Cost

In its initial filing, Sunshine requested \$20,071,423 for the project, including estimated project costs of \$11,743,036 for infrastructure, \$5,779,633 for construction, \$1,134,538 for engineering, \$214,558 in capitalized time, and \$1,199,658 for interest during construction. (EXH 33, BSP C5-1406) Sunshine filed an updated request for \$20,615,599. (EXH 59, BSP D4-1149) This increase is associated with the inclusion of Lead and Copper Assessments during the meter replacements, which includes a construction and engineering cost of \$508,000, plus \$5,842 in capitalized time, and \$32,664 for interest during construction.

For the activities required to complete the project, contracts were awarded to three companies for supplying the new AMI water meters, the installation of the AMI meters, and the installation of the poles to construct the AMI network. (EXH 33, BSP C5-1408) The formal bidding process and selection was performed for the AMI meter vendor and the technology. However, this process was led by Sunshine's parent company at the time, CII. (TR 230) CII opted to evaluate the new technology and its supplier in an effort to standardize the technology across its affiliates and reduce the total number of vendors. (TR 230) CII evaluated the vendors based on the ability to provide sufficient meter units, if the technology met corporate requirements, the estimated service life of the units, unit cost, financial stability, and the vendor's ability to support their meter solution. (EXH 33, BSP C5-1420) After evaluation of each vendor, Neptune Technologies Group was selected as the national meter vendor for Sunshine and its sister companies. (TR 550)

Staff notes that Neptune was the second lowest bidder for the project. However, after CII's point based evaluation, Neptune was found to be the best at satisfying the requirements set by the parent company for a national vendor. Staff also notes that the bids provided were based on a five-year estimate and that Neptune's bid provides a lower annual support cost than the lowest bidder, Badger Meter Inc., making Neptune the less costly solution over time. (EXH 33, BSP C5-1416; EXH 33, BSP C5-1420) A purchasing agreement was negotiated by CII after the selection for discounts of 15% for Neptune Meter Interface Units and Endpoints and a discount of 10% for Neptune reading equipment and software. (EXH 33, BSP C5-1511)

The formal bidding process was forgone in selecting a contractor for the installation of the new meters. Witness Twomey testified that this was done by Sunshine's current parent company, Nexus Water Group, which selected VEPO Metering South, LLC, as the preferred meter installation service and had already negotiated preferred pricing for their national meter installation services. (EXH 33, BSP C5-1408)

Sunshine underwent the formal bidding process for the installation of the poles necessary for the construction of the AMI network and received bid proposals from four companies. Sunshine awarded the contract for the pole installations to PlusComm Inc. (EXH 33, BSP C5-1408) Staff notes that PlusComm did not offer the lowest bid for the project but that PlusComm independently agreed to acquire the necessary electrical permits and offered to assist in acquisition of necessary building permits, which was not reflected in the bid comparisons. (EXH 33, BSP 1410)

OPC witness Smith disagreed with the total cost of the project and argued that the Utility did not adequately demonstrate a cost comparison between AMI and AMR. (TR 401) Witness Twomey refuted this argument and stated that the Utility performed a cost-effectiveness analysis based on a 20-year period that showed the breakeven value between installations of communication towers and using cellular service for AMI was approximately 278 meters per pole, and designed the system to install poles when in excess of this ratio. (TR 561) For the selection of AMI versus AMR, Witness Twomey stated that AMR meters were assessed but eliminated as an option. (TR 559) Witness Twomey agreed that AMI meters require a higher capital cost, including the communication towers necessary for its use, but AMR meters would require the same meter readers and resources as the Utility uses now and represent an additional cost to the Utility's eventual AMI deployment. (TR 551; TR 558)

Sunshine provided contracts, purchase orders, and invoices for \$16,204,334 including \$15,518,923 in construction costs and \$685,411 in engineering costs. (EXH 59; EXH 81) In addition \$186,350 in capitalized time and \$1,041,939 in interest during construction was added for a total project cost of \$17,432,623.

Based on the documentation provided by the Utility and the testimony of witness Twomey, staff recommends that \$17,432,623 is reasonable for the project. (TR 151-152; TR 572-573) Sunshine recorded a cost of \$20,071,423 in its MFRs; therefore, staff recommends an adjustment to decrease the cost of ST-20 by \$2,638,800 (\$20,071,423 - \$17,432,623). As mentioned above, O&M impacts are discussed further in Issue 26.

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CONCLUSION

Staff recognizes a need for the meter replacement due to the age of the current meters and is persuaded by the additional functionality of AMI meters to address system leaks. Based on the documentation provided by the Utility staff recommends an adjustment to decrease the cost of this project by \$2,638,800. The resultant operational savings are discussed in detail in Issue 26.

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Issue 5: What are the appropriate plant retirements to be made in this docket?

Recommendation: Staff recommended pro forma plant retirements and the associated accumulated depreciation amounts are \$2,317,753 for water and \$1,964,052 for wastewater. As such, plant and accumulated depreciation should be decreased by \$361,118 for water and \$320,367 for wastewater, along with the following corresponding adjustments. Contributions in aid of construction (CIAC) and accumulated amortization of CIAC should be increased by \$183,827 for water and decreased by \$29,511 for wastewater. Depreciation expense should be decreased by \$14,496 for water and \$10,613 for wastewater. CIAC amortization should be decreased by \$5,390 for water and \$966 for wastewater. (Sanchez, Bardin)

Position of the Parties

SUNSHINE: Water - \$2,317,753; Wastewater - \$1,964,052.

OPC: This issue is effectively a fallout of AMI Meter Installation Project issue. Retirements should be adjusted to reflect the reversal of the assumed test year retirements of existing meters upon the rejection of the proposed uninstalled AMI meters.

Staff Analysis: In its initial filing, Sunshine reflected pro forma retirements to plant and accumulated depreciation of \$1,956,635 for water and \$1,643,685 for wastewater, along with corresponding reductions of \$73,122 and \$51,319 to depreciation expense for water and wastewater, respectively. (EXH 10, BSP C4-401) The Utility also identified contributed plant in the pro forma retirements and included corresponding adjustments to retire associated CIAC in the amounts of \$451,677 for water and \$240,934 for wastewater. (EXH 10, BSP C4-404) An adjustment to decrease CIAC amortization expense for the pro forma contributed plant by \$7,049 for wastewater was recorded in the initial filing. (EXH 10, BSP C4-441)

Sunshine witness Swain subsequently updated the pro forma retirements in the MFRs with a revised schedule identified as Exhibit DDS-3. (EXH 46, BSP D3-32) Per Sunshine, the correct plant retirements and accumulated depreciation to be made are \$2,317,753 for water and \$1,964,052 for wastewater. The amounts for retirements and included adjustments to retire associated CIAC were also updated to \$267,850 for water and \$270,445 for wastewater, along with a reduction to CIAC amortization expense of \$8,015. (EXH 10, BSP C4-441, BSP D3-42)

OPC argued that the entire cost of the pro forma AMI project should be disallowed as this is not a required project. OPC stated that retirements should be adjusted to reflect the reversal of the assumed test year retirements of existing meters upon the rejection of the proposed uninstalled AMI meters. (EXH 41, BSP C6-2115, BSP C6-2115; TR 402; OPC BR 27, 28)

Based on staff's recommendation in Issue 4, staff believes the updated retirements are appropriate. However, the initial and rebuttal filing did not include the corresponding adjustment to CIAC amortization expense for the pro forma contributed plant for water. Staff recalculated the corresponding adjustment to the CIAC amortization expense. Based on the appropriate pro forma retirements discussed above, CIAC amortization expense should be decreased by \$5,390 for water.

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CONCLUSION

Based on the information above, staff recommended pro forma plant retirements and the associated accumulated depreciation amounts are \$2,317,753 for water and \$1,964,052 for wastewater. As such, plant and accumulated depreciation should be decreased by \$361,118 for water and \$320,367 for wastewater, along with the following corresponding adjustments. CIAC and accumulated amortization of CIAC should be increased by \$183,827 for water and decreased by \$29,511 for wastewater. Depreciation expense should be decreased by \$14,496 for water and \$10,613 for wastewater. CIAC amortization should be decreased by \$5,390 for water and \$966 for wastewater.

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Issue 6: Do any water systems have excessive unaccounted for water and, if so, what adjustments are necessary, if any?

Approved Type 2 Stipulation: Yes, as follows: Lake Placid, 9.3 percent; LUSI (Four Lakes), 11.2 percent; Golden Hills, 0.9 percent; Labrador, 3.3 percent; Summertree, 4.5 percent; Orangewood, 8.7 percent; Bear Lake, 5.3 percent; Little Wekiva, 1.4 percent. Adjustments should be made to purchased power, chemicals and purchased water as appropriate.

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Issue 7: Do any wastewater systems have excessive infiltration and/or inflow and, if so, what adjustments are necessary, if any?

Approved Type 2 Stipulation: Yes, as follows: Ravenna Park, 41.27 percent. Adjustments should be made to purchased power, chemicals, and purchased wastewater as appropriate.

Issue 8: What are the appropriate used and useful percentages for the water treatment and related facilities of each water system?

Approved Type 2 Stipulation: All water treatment and related facilities are 100 percent used and useful.

Issue 9: What are the appropriate used and useful percentages for the water storage and related facilities of each water system?

Approved Type 2 Stipulation: All water storage and related facilities are 100 percent used and useful.

Issue 10: What are the appropriate used and useful percentages for the water distribution and related facilities of each water system?

Approved Type 2 Stipulation: All water distribution and related facilities are 100 percent used and useful.

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Issue 11: What are the appropriate used and useful percentages for the wastewater treatment and related facilities of each wastewater system?

Approved Type 2 Stipulation: All wastewater treatment and related facilities are 100 percent used and useful except as follows: Crownwood, 74.78 percent. In Sandalhaven, the used and useful percentage of purchased capacity should be 42.24 percent, the force main, master lift station structure, and the pumping equipment should be 100 percent.

Issue 12: What are the appropriate used and useful percentages for the collection and related facilities of each wastewater system?

Approved Type 2 Stipulation: All collection lines are 100 percent used and useful.

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Issue 13: Should any adjustments be made to test year accumulated depreciation?

Recommendation: Staff recommends decreases to the test year accumulated depreciation of \$35,830 for water and \$53,639 for wastewater. All necessary adjustments to accumulated depreciation associated with pro forma additions and retirements should be made as set forth and discussed in Issues 4 and 5. (York, Sewards)

Position of the Parties

SUNSHINE: Yes. Water - (\$10,321,881); Wastewater - \$8,977,332.

OPC: Yes. Depreciation on test year plant should be at the 13-month average test year amounts, not on year-end annualized amounts. Otherwise, a mismatch is created. OPC's adjustment decreases water utility depreciation expense by at least \$187,796 and decreases wastewater utility depreciation expense by at least \$330,459 for the impact of test year annualization. Company net salvage percentage-driven depreciation rates violates Rule 25-30.140, F.A.C. Rule 28-104.101 through 28-104.106, F.A.C., sets out the requirements of a petition for waiver, pursuant to section 120.542, Florida Statutes. No such petition was filed. This issue also contains fallout from other issues.

Staff Analysis: Sunshine witness Swain made test year adjustments to the accumulated depreciation balance to correct the allocation of common plant between water and wastewater and to correct the over amortization of Sandalhaven intangible plant. (EXH 10, BSP C4-401) The Utility also made adjustments to annualize accumulated depreciation for test year plant additions. (EXH 10, BSP C4-402). Pro forma adjustments to accumulated depreciation are addressed in Issues 4 and 5.

Annualization

OPC argued that Sunshine incorrectly calculated rate base, as witness Swain stated that various factors are annualized rather than using a 13-month average. (OPC BR 28; TR 66-69) It specifically cited that Sunshine violated Rule 25-30.433(5), F.A.C., which requires the rate case filing to utilize the 13-month average for calculating rate base. (OPC BR 28) Per witness Swain, Sunshine is not incorrectly calculating these values, as the Utility filed its rate case using all required 13-month averages, and made pro forma adjustments. She maintained that pro forma adjustments look to the future and apply the future as an adjustment to the test year, which is not a mismatch nor is it out of compliance with Rule 25-30.433(5), F.A.C. (TR 68)

As explained by OPC witness Smith, depreciation is annualized for pro forma additions of plant that occur after the end of the test year. (TR 415) This is a convention of ratemaking, thus recognizing the full year of the asset in plant, accumulated depreciation, and depreciation expense. The Utility represented the adjustment as pro forma in its filing, or subsequent to the test year, based on the same convention.

As such, staff agrees with witness Swain in regard to the appropriateness of annualization as a pro forma adjustment. However, staff also agrees with OPC witness Smith's argument that it was a mismatch to include the annualization on an asset recorded on a 13-month average basis. (OPC BR 28) Thus, it would also be reasonable to include the annualization of the test year additions

as a corresponding adjustment to eliminate the mismatch. As such, as reflected in Issue 3, staff recommends including a plant-in-service annualization adjustment to reflect the corresponding assets in rate base.

Net Salvage Value

OPC also argues in its brief that Sunshine violated Rule 25-30.140(3)(a),(6),(7), F.A.C., by not applying net salvage to six accounts (three each for water and wastewater). (OPC BR 41) The Utility argued that the Commission has consistently excluded the negative salvage value from depreciation rates for water and wastewater utilities. (Sunshine BR 13) However, Sunshine did acknowledge that if this practice changes, it would be considered an accounting change and should only apply moving forward. Staff witness Mouring confirmed the accuracy of this historical practice, noting that, except for the Pluris 2023 Rate Case, he is not aware of any instance where the Commission approved depreciation rates including net salvage value.²³ (TR 361) Staff believes that without a rule waiver or variance, the Utility should be required to make this adjustment to conform to the Rule on a prospective basis. As such, accumulated depreciation should be reduced by \$35,830 for water and \$37,410 for wastewater. The corresponding depreciation adjustments are reflected in Issue 30 and staff's recommended pro forma adjustments in Issue 4 reflect the application of net salvage value to applicable plant accounts.

Audit Finding No. 6

In witness Mouring's testimony, Audit Finding No. 6 addressed the reclassification of wastewater plant projects, which had a resulting change in accumulated depreciation. The Utility agreed with the finding as well. Staff recommends reducing wastewater accumulated depreciation by \$16,229.

CONCLUSION

Staff recommends decreases to the test year accumulated depreciation of \$35,830 for water and \$53,639 (\$37,410 + \$16,229) for wastewater. All necessary adjustments to accumulated depreciation associated with pro forma additions and retirements should be made as set forth and discussed in Issues 4 and 5.

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²³Order. No. PSC-2024-0118-PAA-WS, issued on April 23, 2024, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC.*

Issue 14: Should any adjustments be made to test year contributions-in-aid-of-construction (CIAC) balances?

Recommendation: Yes. Adjustments should be made to increase the adjusted test year CIAC balances in the amount of \$10,050 for water and in the amount of \$9,345 for wastewater. All necessary adjustments to CIAC associated with pro forma retirements should be made as set forth and discussed in Issue 5. (Bardin)

Position of the Parties

SUNSHINE: Yes. Test Year: Water - (10,050); Wastewater - (9,345) for audit adjustments to the test year CIAC.

OPC: Yes, All CIAC should be calculated using a 13-month average.

Staff Analysis: In its initial filing, the Utility's only adjustments to CIAC were retirements associated with certain pro forma plant projects in the amounts of a decrease of \$451,677 for water and a decrease of \$240,934 for wastewater. (EXH 10, BSP C4-404)

Staff witness Mouring's testimony reflected an audit finding of \$19,395 that the Utility had booked to miscellaneous service revenues that should have been charged to CIAC, which resulted in an increase to CIAC for water in the amount of \$10,050 and an increase to wastewater in the amount of \$9,345, and a resulting decrease to miscellaneous revenues in the same amounts. (EXH 45, BSP C8-2194) This finding addressed planning and inspection fees for developer projects for which it was recommended that the fees be treated as CIAC as opposed to miscellaneous revenue.

Sunshine witness DeStefano agreed with the finding, and witness DeStefano's rebuttal testimony described the reflection of the full test year activity as an addition to CIAC – reducing rate base – and an offsetting removal from miscellaneous revenues in the MFR Schedules. (TR 532)

OPC stated that all CIAC should be calculated using a 13-month average. (OPC BR 31) Pursuant to Rule 25-30.433(5), F.A.C., for Class A utilities, rate base is to be calculated using a 13-month average. As part of rate base, plant-in-service, accumulated depreciation, CIAC, and accumulated amortization of CIAC, should reflect 13-month average balances.²⁴ OPC believes the Commission should make an adjustment to reflect a 13-month average for the miscellaneous revenue in Audit Finding No. 4 and reject the Utility's proposed year-end method as it is inconsistent with the Commission's Rule and ratemaking. (TR 532-545; OPC BR 32)

A 13-month average was not calculated or provided through the audit or testimony of staff witness Mouring, any Utility witness, nor any OPC witness. During the hearing, witness DeStefano stated that making the proposed adjustment on a full-year basis would be a larger

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²⁴Order No. PSC-2009-0537-PCO-WU, issued August 4, 2009, in Docket No. 20080695-WU, *In re: Application for general rate increase by Peoples Water Service Company of Florida Inc.*, p. 3 ("Plant-in-service, accumulated depreciation, contributions in aid of construction (CIAC), and accumulated amortization of CIAC should reflect 13-month average balances.")

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decrease than if a 13-month average was used. (TR 544-545) Consequently, staff believes accepting the adjustment to the test-year balance of CIAC as presented is appropriate.

CONCLUSION

Based on the above, staff recommends adjustments to increase the adjusted test year CIAC balances in the amount of \$10,050 for water and in the amount of \$9,345 for wastewater. All necessary adjustments to CIAC associated with pro forma additions and retirements should be made as set forth and discussed in Issue 5.

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Issue 15: Should any adjustments be made to test year accumulated amortization of CIAC?

Recommendation: Yes. Accumulated amortization of CIAC should be increased by \$251 for water and \$234 for wastewater. All necessary adjustments to accumulated amortization of CIAC associated with pro forma retirements should be made as set forth and discussed in Issue 5. (Bardin)

Position of the Parties

SUNSHINE: Yes. Water – \$(5,360); Wastewater – \$(2,845,039).

OPC: Without waiving the OPC's right to appeal such an order: yes, but only if the Commission authorizes the Utility's annualized depreciation for test year plant additions contrary to Rule and OPC's objection. In that case 13-month average adjustments are necessary for accumulated amortization of CIAC for CIAC received during the test year.

Staff Analysis: In its initial filing, the Utility's test year adjustment to the accumulated amortization of CIAC balance included a decrease to water in the amount of \$5,360 and a decrease to the wastewater in the amount of \$2,845,039 to correct the over amortization of CIAC. (EXH 10, BSP C4-404) This adjustment to correct the balance was a result of a determination of over-amortization of certain CIAC accounts. (TR 55) As discussed in Issue 5, staff is recommending additional adjustments to accumulated amortization of CIAC to capture the Utility's retirements associated with certain pro forma contributed plant projects. (EXH 10, BSP C4-404) OPC stated that adjustments to accumulated amortization should be made consistent with the adjustment to CIAC balances as discussed in Issues 13 and 14, but provided no specific testimony addressing the Utility's balances. (OPC BR 32) Per Sunshine, the Test Year adjustments to Accumulated Amortization of CIAC reflect a correction to Test Year balances due to over amortization of fully amortized amounts. (Sunshine BR 14)

All necessary pro forma adjustments to accumulated amortization of CIAC should be made as set forth and discussed in Issue 5. As a corresponding adjustment to staff witness Mouring's recommended increase to CIAC, the Utility's accumulated amortization of CIAC should also be increased by \$251 and \$234 for water and wastewater, respectively. As such, staff recommends accumulated amortization of CIAC be increased by \$251 for water and \$234 for wastewater.

CONCLUSION

Based on the above, accumulated amortization of CIAC should be increased by \$251 for water and \$234 for wastewater. All necessary adjustments to accumulated amortization of CIAC associated with pro forma retirements should be made as set forth and discussed in Issue 5.

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²⁵Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

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Issue 16: What is the appropriate working capital allowance?

Recommendation: The appropriate working capital allowance is \$1,740,635 for water and \$2,624,006 for wastewater. As such, working capital allowance should be decreased by \$6,017 for water and increased by \$6,017 for wastewater. (Richards, Folkman)

Position of the Parties

SUNSHINE: Water - \$2,069,513; Wastewater - \$2,930,182.

OPC: Apart from rate case expense, all expense items being amortized should have a corresponding miscellaneous deferred debit included in the working capital allowance.

Staff Analysis: Rule 25-30.433(3), F.A.C., requires that Class A Utilities use the balance sheet method to calculate the working capital allowance. In its MFRs, the Utility recorded a working capital allowance of \$1,746,652 for water and \$2,617,989 for wastewater. (EXH 10, BSP C4-404)

In rebuttal testimony, Sunshine witness DeStefano stated that "the Company agrees that the GL (General Ledger) account should be associated with NARUC 253.2" in his response to Audit Finding 2. (TR 532) Witness DeStefano went on to say "the GL account balance was not mapped to the working capital calculation on MFR Schedule A-17 and therefore has no impact on the filing or proposed revenue requirement." (TR 532) As such, staff recommends no adjustments to working capital allowance in connection to Audit Finding 2, Notes and Accounts Payable for Associated Companies. (EXH 45, BSP C8-2192)

In response to Audit Finding 3, Sunshine witness DeStefano acknowledged that the Utility "incorrectly mapped the water Accrued Revenues to wastewater and vice versa." (TR 532) In its filing, the Utility recorded \$213,140 for water and \$267,030 for wastewater as Accrued Revenues. (EXH 10, BSP C4-430) Based on Audit Finding 3, staff recommends decreasing Accrued Revenues by \$6,017 for water and increasing this account by \$6,017 for wastewater. In his testimony, OPC witness Smith presented adjustments related to various legal proceedings. (TR 411-413) In response, witness DeStefano included adjustments to defer and amortize legal expenses associated with the Wekiva WWTP legal proceeding as working capital costs in his rebuttal testimony. (TR 527) These adjustments included increases of \$411,356 and \$382,462, or \$793,818 in total, for water and wastewater, respectively, to defer its legal expenses from 2022 through 2024. (TR 527) Additionally, the Utility made adjustments reducing working capital allowance by \$82,271 for water and \$76,492 for wastewater to reflect a one year amortization of legal expense. (EXH 46, BSP D3-35) In total, the Utility increased working capital allowance by \$329,085 (\$411,356 - \$82,271) for water and \$305,969 (\$382,462 - \$76,492) for wastewater. (EXH 46, BSP D3-35)

As part of his testimony, OPC witness Smith testified that adjustments increasing working capital allowance by \$132,580 for water and \$123,267 for wastewater should be made to reflect the impact of operating expense adjustments on miscellaneous deferred debits. (TR 404) These adjustments by OPC reflect corresponding miscellaneous deferred debits for prior legal expenses

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and weather costs; allocated at 51.82 percent to water and 48.18 percent to wastewater. (EXH 41, BSP C6-2141)

As discussed in Issue 28, staff does not believe it is appropriate to include any legal expenses related to the Wekiva WWTP legal proceeding. Also discussed in Issue 28, staff has not recommended an adjustment related to weather and hurricane costs. As such, staff recommends no adjustment be made to working capital allowance in connection to the legal proceedings or weather costs.

CONCLUSION

The appropriate working capital allowance is \$1,740,635 for water and \$2,624,006 for wastewater. Thus, staff is recommending a decrease of \$6,017 for water and an increase of \$6,017 for wastewater.

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Issue 17: What is the appropriate rate base for the December 31, 2023 test year?

Recommendation: Consistent with recommended adjustments, the appropriate rate base is \$85,959,204 for water and \$111,439,518 for wastewater. (Bardin)

Position of the Parties

SUNSHINE: Water - \$85,564,097; Wastewater - \$104,950,629.

OPC: This is a fallout issue pending the resolution of issues.

Staff Analysis: In Sunshine's initial submission, the Utility stated that the appropriate rate base is \$83,244,667 for water and \$101,573,042 for wastewater. (EXH 195, BSP J2-J3) Per OPC, the appropriate rate base for the December 31, 2023 test year is a fallout issue pending the resolution of all other issues. (OPC BR 32)

This is a fallout issue. Based upon the Utility's adjusted 13-month average test year balances and staff's recommended adjustments, the appropriate 13-month average rate base is \$85,959,204 for water and \$111,439,518 for wastewater. Schedule Nos. 1-A and 1-B reflect staff's recommended rate base calculations for each system. Staff's proposed adjustments to rate base for each system are shown on Schedule No. 1-C.

CONCLUSION

Consistent with recommended adjustments, the appropriate rate base is \$85,959,204 for water and \$111,439,518 for wastewater.

Issue 18: What is the appropriate amount of accumulated deferred taxes to include in the capital structure?

Recommendation: The appropriate amount of accumulated deferred income taxes (ADITs) to include in the capital structure is \$5,841,592, plus \$4,969,273 in Tax Cut and Jobs Act (TCJA) related liability. This reflects an increase of \$13,508 related to pro forma plant additions and a decrease of \$5,218 for a corresponding adjustment related to U&U, for a net increase of \$7,640. (Sewards)

Position of the Parties

SUNSHINE: \$5,829,204, plus \$4,969,273 in TCJA-related liability.

OPC: The appropriate amount of accumulated deferred taxes should be calculated in compliance with provision (4) of Rule 25-30.433, F.A.C.

Staff Analysis: The ADIT balance for the historic test year ended December 31, 2023, as reflected on MFR Schedule D-1 was \$5,833,302, along with a decrease of \$10,469 to reflect pro forma plant additions, resulting in an adjusted total balance of \$5,822,833. (Sunshine BR 15; EXH 10, BSP C4-487) In rebuttal testimony, the pro forma adjustment was revised to reflect a decrease of \$4,099. (Sunshine BR 15, EXH 79) Sunshine also included an additional amount of \$4,969,273 to reflect the protected ADITs that were created as a result of the TCJA, approved in the Utility's 2020 Rate Case as a liability to amortize over the remaining life of the associated assets. ²⁶ (Sunshine BR 15; EXH 10)

Although OPC did not provide any testimony contesting the ADIT balance, it argued in its brief that the balance should reflect a non-used and useful adjustment to the balance pursuant to Rule 25-30.433, F.A.C. (OPC BR 33) This same adjustment was reflected in the Utility's 2016 Rate Case. Consistent with the decision made in that rate case, staff agrees with OPC and calculated the ADIT impact of the non-U&U adjustment for the Golden Hills/Crownwood and Sandalhaven systems. This results in a decrease of \$5,218. Staff also calculated the fallout impact of the recommended pro forma plant additions reflected in Issues 4. The updated pro forma plant additions result in an increase of \$13,508. In total, the Utility's ADIT balance should be increased by \$8,290, resulting in a total balance of \$5,841,592, not inclusive of the TCJA liability.

CONCLUSION

The appropriate amount of ADITS to include in the capital structure is \$5,841,592, plus \$4,969,273 in TCJA-related liability. This reflects an increase of \$13,508 related to pro forma plant additions and a decrease of \$5,218 for a corresponding adjustment related to U&U, for a net increase of \$7,640.

²⁶Order No. PSC-2021-0206-FOF-WS.

²⁷Order No. PSC-2017-0361-FOF-WS.

Issue 19: What is the appropriate amount of customer deposits to include in the capital structure?

Approved Type 2 Stipulation: \$319,453.

Issue 20: What is the appropriate cost rate for short-term debt for the test year?

Approved Type 2 Stipulation: 8.25%.

Issue 21: What is the appropriate cost rate for long-term debt for the test year?

Approved Type 2 Stipulation: Fixed: 4.92%, Variable: 7.51%.

Issue 22: What is the appropriate return on equity (ROE) for the test year?

Approved Type 2 Stipulation: 10.35%.

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Issue 23: What is the appropriate weighted average cost of capital including the proper components, amounts, and cost rates associated with the capital structure?

Recommendation: Based on the proper components, amounts, and cost rates associated with the capital structure for the 13-month average test year ended December 31, 2023, as discussed in Issues 18 through 22, the appropriate weighted average cost of capital for Sunshine for purposes of setting rates in this proceeding is 7.77 percent, as reflected in Schedule No. 2. (Sewards)

Position of the Parties

SUNSHINE: 7.493%

OPC: The appropriate weighted average cost of capital is as reflected in EXH 41 MPN C6-2135.

Staff Analysis: Sunshine stated the weighted average cost of capital (WACC) is a fallout from the determinations of other issues. (Sunshine BR 15) Similarly, adjustments to WACC presented by OPC witness Smith were a fallout from his recommended adjustments in other issues. (EXH 41, BSP C6-2135)

In its MFRs, Sunshine requested a capital structure based on a 13-month average as of December 31, 2023, consisting of common equity in the amount of \$87,447,369 (50.36 percent), long-term debt in the amount of \$67,478,252 (38.86 percent), variable long-term debt in the amount of \$14,725,053 (8.48 percent) and short-term debt in the amount of \$3,993,823 (2.30 percent) as a percentage of investor supplied capital. (EXH 10, BSP C4-486) The ratio of the Utility's investor supplied capital is based on the actual capital structure of Sunshine's parent company. (EXH 10, BSP C4-486) The Utility appropriately used the 13-month average to determine the capital structure for Class A utilities as required by Rule 25-30.433(5), F.A.C., with a pro forma reduction to ADITs to reflect pro forma plant projects. Sunshine reconciled the capital structure to the rate base using only its investor sources of capital. (EXH 10, BSP C4-487) The Utility's request in its original filing is reflected in Table 23-1, including the ROE initially reflected in the filing.

Date: April 24, 2025

Table 23-1
Sunshine Requested Weighted Average Cost of Capital

| Capital Component | Amount | Percentage | Cost Rate | Weighted Cost |
|-----------------------------|---------------|------------|-----------|---------------|
| Long-Term Debt | \$67,478,252 | 36.51% | 4.92% | 1.796% |
| Long-Term Debt – Variable | 14,725,053 | 7.97% | 7.51% | 0.599% |
| Short-Term Debt | 3,993,823 | 2.16% | 8.25% | 0.178% |
| Common Equity ²⁸ | 87,447,369 | 47.32% | 10.36% | 4.902% |
| Customer Deposits | 319,453 | 0.17% | 2.00% | 0.003% |
| Accum. Deferred ITCs | 61,653 | 0.03% | 0.00% | 0.000% |
| ADITs | 5,822,833 | 3.15% | 0.00% | 0.000% |
| ADITs – TCJA | 4,969,273 | 2.69% | 0.00% | 0.000% |
| Total | \$184,817,710 | 100% | | 7.478% |

Source: EXH 10, BSP C4-486

The weighted average cost of capital is a fallout issue that combines the cost rates and amounts of the capital components into a final rate of return. For Issues 19 through 22, the cost rates for customer deposit (2.00 percent), short-term debt (8.25 percent), long term debt (4.92 percent fixed, 7.51 percent variable), and ROE (10.35 percent) are stipulated. However, as addressed in Issue 1, staff recommends a 15 basis point penalty for quality of service. Consistent with recent Commission decisions, staff has reconciled the capital structure to the rate base using all sources of capital.²⁹ The appropriate WACC is presented in Schedule No. 2 and in Table 23-2 below.

Table 23-2
Staff Recommended Weighted Average Cost of Capital

| Capital Component | Amount | Percentage | Cost Rate | Weighted Cost |
|---------------------------|------------------|--------------|-----------|---------------|
| Long-Term Debt | \$75,688,021 | 38.34% | 4.92% | 1.89% |
| Long-Term Debt – Variable | 16,507,007 | 8.36% | 7.51% | 0.63% |
| Short-Term Debt | 4,486,288 | 2.27% | 8.25% | 0.19% |
| Common Equity | 98,085,409 | 49.69% | 10.20% | 5.07% |
| Customer Deposits | 75,125 | 0.04% | 2.00% | 0.00% |
| Accum. Deferred ITCs | 14,499 | 0.01% | 0.00% | 0.00% |
| ADITs | 1,373,757 | 0.70% | 0.00% | 0.00% |
| ADITs – TCJA | <u>1,168,616</u> | <u>0.59%</u> | 0.00% | 0.00% |
| Total | \$197,398,722 | 100% | | 7.77% |

²⁸The ROE reflects the Utility's initial filing, not the stipulated ROE reflected in Issue 22.

²⁹Order No. PSC-2025-0035-PAA-GU, issued January 30, 2025, in Docket No. 20240046-GU, *In re: Petition for rate increase by St. Joe Natural Gas Company, Inc.*; Order No. PSC-2024-0046-PAA-WS, issued February 22, 2024, in Docket No. 20230081-WS, *In re: Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.*

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CONCLUSION

Based on the proper components, amounts, and cost rates associated with the capital structure for the 13-month average test year ended December 31, 2023, as discussed in Issues 18 through 22, the appropriate weighted average cost of capital for Sunshine for purposes of setting rates in this proceeding is 7.77 percent, as reflected in Schedule No. 2.

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Issue 24: What are the appropriate test year revenues?

Recommendation: The appropriate test year revenues for Sunshine's water and wastewater systems are \$22,918,285 and \$29,617,031, respectively. Therefore, the Utility's adjusted test year revenues should be decreased by \$2,234 for water and decreased by \$2,045 for wastewater. (Bethea, Sibley)

Position of the Parties

SUNSHINE: Water - \$22,918,286; Wastewater - \$29,617,000.

OPC: With the exception of revenues from AFPI charges, the Company's proposed test year revenues should be adjusted as reflected in EXH 41 MPN C6-2160-62.

Staff Analysis:

Water

In its revised MFRs, the Utility reflected adjusted test year revenues of \$22,920,518. The test year revenues consisted of service revenues of \$22,649,755 and miscellaneous revenues of \$270,764 for water. (EXH 212, BSP J153) The Utility's service revenues included a decrease of \$715,273 to reflect the reversal of an accrual. In addition, the Utility's service revenues included an increase of \$1,103,616 to account for annualizing a price index increase implemented subsequent to the test year. By annualizing the service revenues, staff determined the Utility's adjustment to be appropriate and agrees that the service revenues are \$22,649,755.

OPC Witness Smith stated that Sunshine's test year miscellaneous service charges were based on rates set years ago and did not reflect increases related to inflation. (TR 417; TR 506). According to witness Swain's rebuttal testimony, the Utility was not entitled to price index increases in 2020 or 2021. (TR 506) However, the Utility indicated that price index increases were approved by the Commission each year since Sunshine's last rate case in 2020 (TR 506). The Utility had a price index increase that became effective on June 2, 2024, subsequent to the test year, which resulted in an increase to rates and miscellaneous service charges. Witness Swain's rebuttal testimony indicated that the Utility annualized service revenues; however, the utility did not annualize the impact of the price index rate changes for miscellaneous service charges. The Utility made an adjustment to increase miscellaneous revenues by \$7,817 for water to reflect annualizing the increase in miscellaneous service charges. (TR 506) In its brief, OPC indicated water miscellaneous revenues should be increased by \$7,817 as reflected in its exhibit and is consistent with witness Swain's adjustment. (OPC BR 33; EXH 41, BSP C6-2162) Staff also agrees with the Utility's adjustment and recommends that miscellaneous revenues for water be increased by \$7,817.

Further, pursuant to staff's audit report, planning and inspection charges of \$10,050 were included in miscellaneous revenues, which should have been classified as CIAC. (EXH 45, BSP C8-2194; Sunshine BR 14) The Utility agreed with staff's audit finding. (Sunshine BR 14) The adjustment to remove CIAC from miscellaneous revenues reflects a decrease of \$10,050. (Sunshine BR 14) The net adjustment to miscellaneous revenues is a decrease of \$2,234 (\$7,817-\$10,050), resulting in test year miscellaneous revenues of \$268,530 (\$270,764 - \$2,234).

Wastewater

In its revised MFRs, the Utility reflected test year revenues of \$29,619,077. The test year revenues consisted of service revenues of \$29,367,332 and miscellaneous revenues of \$251,744. (EXH 212, BSP J155) The Utility's service revenues included an adjustments to reverse an accrual of \$79,153. (EXH 201, BSP J82) In addition, the Utility's adjusted service revenues included an increase of \$1,469,073 to account for annualizing a price index increase implemented subsequent to the test year. By annualizing the service revenues, staff determined the annualized revenue adjustment to be to be \$1,469,105. As a result, service revenues should be increased by \$32, resulting in adjusted test year service revenues of \$29,367,364.

As discussed above for the water system, the Utility made an adjustment to account for the impact of the price index increase that became effective on June 2, 2024, subsequent to the test year. The Utility made an adjustment to increase miscellaneous revenues by \$7,268 for wastewater to reflect annualizing the increase in miscellaneous service charges. (TR 506) In its brief, OPC indicated wastewater miscellaneous revenues should be increased by \$7,268 as reflected in its exhibit and is consistent with witness Swain's adjustment. (OPC BR 33; EXH 41, BSP C6-2162) Staff also agrees with the Utility's adjustment and recommends that miscellaneous revenues for wastewater be increased by \$7,268.

Further, pursuant to staff's audit report, planning and inspection charges of \$9,345 were included in miscellaneous revenues, which should have been classified as CIAC. (EXH 45, BSP C8-2194; Sunshine BR 14) The Utility agrees with staff's audit finding. (Sunshine BR 14) The adjustment to remove CIAC from miscellaneous revenues reflect a decrease of \$9,345. (Sunshine BR 14) The net adjustment to miscellaneous revenues is a decrease of \$2,077 (\$7,268 - \$9,345), resulting in test year miscellaneous revenues of \$249,667 (\$251,744 - \$2,077).

Finally, the Utility removed allowance for funds prudently invested (AFPI) of \$38,529 and guaranteed revenues of \$8,903 from its test year revenues, which totaled \$47,333. (EXH 201, BSP J82) In witness Smith's testimony, OPC increased wastewater test year revenues by \$47,333 to add AFPI and guaranteed revenue back to test year revenues. (EXH 41, BSP C6-2160; TR 463-464) In its brief, the Utility indicated that AFPI and guaranteed revenues are associated with non-used and useful plant costs and should not be included in operating revenue. (TR 505; Sunshine BR 16) Although, OPC witness Smith subsequently agreed with witness Swain's approach of not including AFPI in operating revenues; OPC witness Smith indicated that guaranteed revenues should be recorded above the line as operating revenues. (EXH 41, BSP 2326, TR 463-464, 505)

Furthermore, witness Smith agreed that guaranteed revenues had been treated below the line in other Sunshine rate cases, but believes it is appropriate to record these revenues above the line. Witness Smith said, "...the Commission hasn't been totally consistent among all water utilities that have guaranteed revenues as to how they should be treated in the revenue requirement. And had it not been for that recent case that treated it above the line, I think we probably would not have been recommending that it be treated above the line in the current case." (TR 462)

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Staff agrees that there has been some inconsistency in the treatment of guaranteed revenues. Rule 25-30.515, F.A.C., defines a guaranteed revenue charge as a charge designed to cover the utility's costs including, but not limited to the costs of operation, maintenance, depreciation, and any taxes, and to provide a reasonable return to the utility for facilities, a portion of which may not be used and useful to the utility or its existing customers and are not included in rates. By definition, the guaranteed revenue charge is similar to AFPI charge in that it is designed to recover non-used and useful components that are not part of the revenue requirement. Staff believes it is appropriate to maintain the same ratemaking treatment for guaranteed revenue as for AFPI revenue. Therefore, staff agrees with the Utility that guaranteed revenues should not be included in operating revenues for rate setting purposes and OPC's adjustment to add back guaranteed revenue of \$8,903 should not be reflected.

CONCLUSION

Based on the above, the appropriate test year revenues for Sunshine's water and wastewater systems are \$22,918,285 (\$22,649,755 + \$268,530) and \$29,617,031 (\$29,367,364 + \$249,667) respectively; therefore, the Utility's adjusted test year revenues should be decreased by \$2,234 for water and decreased by \$2,045 (\$32 - \$2,077) for wastewater.

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Issue 25: What is the appropriate amount of rate case expense?

Recommendation: The appropriate amount of rate case expense is \$570,877. This expense should be amortized over four years for an annual expense of \$73,952 for water and \$68,767 for wastewater. Based on the Utility's original filing, the annual amortization of rate case expense should be decreased by \$13,622 for water and \$12,667 for wastewater. (Sewards)

Position of the Parties

SUNSHINE: The appropriate amount of rate case expense is \$676,030 with 51.8168% allocated to water revenues and 48.1832% allocated to wastewater revenues.

OPC: Any rate case expense associated with MFR deficiencies or other imprudent costs should be disallowed. Rate case expense for the irresponsible replacement of Mid-County and LUSI by the unnecessary AMI project should be eliminated by a percentage of the total ask reflected by the \$20 Million ask for AMI.

Staff Analysis: In its MFRs, the Utility requested \$676,030 for rate case expense. (EXH 10, BSP C4-452) In its brief, Sunshine also stated the appropriate amount of rate case expense is \$676,030. (Sunshine BR 16) However, staff requested an update of the actual rate case expense incurred, with supporting documentation, as well as the estimated amount to complete the case. On October 8, 2024, the Utility submitted its support documentation. (EXH 84, BSP E15174 – E15330) A breakdown of staff's calculation of the Utility's revised rate case expense is as follows:

Table 25-1
Sunshine's Revised Rate Case Expense Request

| Odnomine o Nevioca Nate Gase Expense Negaest | | | |
|--|------------------|-------------------------|------------------|
| | Actual | Additional Estimated | Revised Total |
| Dean, Mead, Egerton, Bloodworth, | | | |
| Capouano & Bozarth, P.A. | \$47,102 | \$108,259 | \$155,361 |
| Milian, Swain & Associates | 113,850 | 131,588 | 245,438 |
| M&R Consultants | 38,015 | 13,500 | 51,515 |
| Commission Filing Fee | 9,000 | 0 | 9,000 |
| Kimley Horn | 8,417 | 8,417 | 16,835 |
| Sunshine Water Services Company | 0 | 12,000 | 12,000 |
| Noticing & Supplies | <u>950</u> | 102,050 | 103,000 |
| Total | <u>\$217,334</u> | \$375,814 | \$593,149 |

Source: (EXH 84, BSP E15174 – E15330)

In its brief, OPC stated several adjustments should be made to remove rate case expense for MFR deficiency review, the AMI project, legal expenses related to the Wekiva Hunt Club WWTP, and Sunshine witness Seidman's projected remaining expenses. (OPC BR 33-34) As discussed in Issue 4A, staff has recommended approval of the AMI project, as such, staff does not believe any adjustments should be made to remove related rate case expense. In reference to

the Wekiva Hunt Club WWTP, staff has reviewed the invoices provided and believes the legal expenses presented are the direct result of activities performed for this rate case, including preparation and responses to inquiries, and are appropriate for recovery. (EXH 84, BSP E15175 – E15208) Adjustments for MFR deficiency review and witness Seidman are discussed further below.

Pursuant to Section 367.081(7), F.S., the Commission shall determine the reasonableness of rate case expense and shall disallow all rate case expense determined to be unreasonable. Staff has examined the requested actual expenses, supporting documentation, and estimated expenses as listed above for the current rate case. Based on its review, staff believes the following adjustments to Sunshine's requested rate case expense are appropriate.

Dean, Mead, Egerton, Bloodworth, Capouano & Bozarth, P.A.

In its MFRs, Sunshine included \$246,000 in estimated legal fees and \$10,000 in estimated expenses. (EXH 10, BSP C4-452) The Utility provided updated documentation detailing rate case expense for the law firm on October 8, 2024. (EXH 84, BSP E15175 – E15208) Using the supporting documentation provided, staff calculated \$41,021 in incurred legal fees and \$6,081 in expenses. Sunshine estimated the remaining costs for the law firm to be \$104,960 in legal fees and \$3,299 in expenses over the remainder of the case. (EXH 84, BSP E15202)

Staff reviewed supporting documentation and found 2.2 hours, equaling \$902 in legal fees, related to correcting deficiencies. The Commission has previously disallowed rate case expense associated with correcting MFR deficiencies because of duplication of filing costs.³⁰ As such, staff recommends an adjustment to reduce legal fees by \$902.

The law firm also included an estimated 88 hours for two attorneys to travel to and from Tallahassee for the hearing, one day preparation, and three days for the final hearing. Based on the transcripts the hearing was only two days long. Staff has made an adjustment to remove 16 hours (8 hours x 2 attorneys) from the estimated time to recognize one less day for the final hearing. This represents a reduction of 6,560. Based on the above, staff recommends a total adjustment to reduce legal fees by 7,462 (6,560 + 902).

Milian, Swain & Associates

In its MFRs, the Utility included \$242,800 in estimated fees and \$2,500 in expenses to be paid to Milian, Swain & Associates over the course of the rate case to assist with the MFRs, discovery responses, audit review, recommendation review, and the final hearing. (EXH 10, BSP C4-452) The Utility provided updated documentation detailing rate case expense for Milian, Swain & Associates on October 8, 2024. (EXH 84, BSP E15217 – E15239) Using the supporting documentation provided, staff calculated \$113,850 in incurred fees. The Utility estimated \$131,588 to be paid to Milian, Swain & Associates over the remainder of the case for responses to the audit and discovery, as well as the final hearing. (EXH 84, BSP E15239) Staff reviewed the support documentation and verified that there were no hours related to correcting deficiencies included in the requested recovery of fees. Staff believes the incurred fees and estimate to complete are reasonable and therefore recommends no adjustment.

³⁰See Order No. PSC-2024-0118-PAA-WS, issued April 23, 2024, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedge field, LLC.*

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M&R Consultants

In its MFRs, the Utility included a total of \$50,730 in expense from M&R Consultants, which included \$49,980 in estimated fees and \$750 in expenses to be paid to M&R Consultants over the course of the rate case to assist with U&U analysis, MFRs, data requests, audit facilitation, and the hearing. (EXH 10, BSP C4-452) The Utility provided updated documentation detailing rate case expense for M&R Consultants on October 8, 2024. (EXH 84, BSP E15209 – E15216) Using the supporting documentation provided, staff calculated \$38,015 in incurred fees. The Utility estimated \$12,750 in estimated fees and \$750 in estimated costs to be paid to M&R Consultants over the remainder of the case for response to discovery, preparation and attending the final hearing, and to prepare rebuttal testimony. (EXH 84, BSP E15216) The Utility's updated rate case expense, actual and estimated, totaled \$51,515.

However, as discussed in OPC's brief, Sunshine witness Seidman did not file rebuttal testimony and was excused from the final hearing. Further, OPC stated that witness Seidman only responded to two discovery questions following the provided rate case expense update and suggested an allotment of two hours for the responses. (OPC BR 34) Staff believes this is a reasonable estimate for the information provided in response to the two discovery questions. Based on the above, staff believes the estimate to complete is overstated and should be reduced to \$340 (2 hours x \$170), which reflects a reduction of \$12,410 to the Utility's estimate. Staff recommends total rate case expense for M&R Consultants of \$39,105 (\$38,015 + \$340 + \$750), which is total reduction of \$11,635 from the Utility's original request.

Filing Fee

The Utility included \$9,000 in its MFRs for the filing fee. (EXH 10, BSP C4-452) Staff has verified that this is the correct amount under Rule 25-30.020, F.A.C. Staff recommends no adjustment.

Kimley Horn

Sunshine did not include an estimate for engineering costs from Kimley Horn in its MFRs. The Utility provided updated documentation detailing rate case expense for Kimley Horn totaling \$8,417 on October 8, 2024. (EXH 84, BSP E15240 – E15245) In addition to the provided documentation, Sunshine also stated Kimley Horn was engaged to assist with pro forma project updates and discovery responses. (EXH 67, BSP E637) It also provided an estimate to complete of \$8,417. Staff believes the incurred fees and estimate to complete is reasonable and therefore recommends no adjustment.

Sunshine Water Services Company Travel Fees

In its MFRs, the Utility included \$12,000 in estimated travel fees for five witnesses to the final hearing. (EXH 10, BSP C4-452) As discussed previously, witness Seidman was excused and did not travel to the hearing. Staff believes an adjustment to remove 1/5 of travel fees associated with witness Seidman's travel expenses is necessary. Staff has estimated \$2,400 in travel fees associated with witness Seidman (\$12,000 / 5 witnesses). As such, staff recommends reducing travel fees by \$2,400.

Noticing & Supplies

In its MFRs, Sunshine included \$103,000 in estimated noticing and supplies expenses. (EXH 10, BSP C4-452) The estimate was based on the amount spent for noticing in the 2020 rate case,

increased by approximate CPI and customer growth values. (EXH 67, BSP E637) The Utility provided updated documentation detailing rate case expense for noticing totaling \$950 on October 8, 2024. (EXH 84, BSP E15247, E15290) Sunshine estimated \$102,050 in noticing and supplies expense over the remainder of the case covering the initial customer notice, the service and technical hearing notice, and the final customer notice. Staff believes the incurred fees and estimate to complete are reasonable and therefore recommends no adjustment.

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CONCLUSION

Based on the adjustments discussed above, staff recommends that Sunshine's revised rate case expense of \$593,149 be decreased by \$22,272 to reflect staff's adjustments, for a total of \$570,877. A breakdown of staff's recommended rate case expense is in Table 25-2 below.

Table 25-2
Staff Recommended Rate Case Expense

| Description | Utility Revised Actual & Estimate | Staff Adjustments | Recommended Total |
|----------------------------------|--|----------------------|----------------------|
| Dean, Mead, Egerton, Bloodworth, | | | |
| Capouano & Bozarth, P.A. | \$155,361 | (\$7,462) | \$138,519 |
| Milian, Swain & Associates | 245,438 | 0 | 245,438 |
| M&R Consultants | 51,515 | (12,410) | 38,355 |
| Commission Filing Fee | 9,000 | 0 | 9,000 |
| Kimley Horn | 16,835 | 0 | 16,835 |
| Sunshine Water Services Company | 12,000 | (2,400) | 9,600 |
| Noticing & Supplies | 103,000 | <u>0</u> | 103,000 |
| Total | <u>\$593,149</u> | (\$22,272) | <u>\$570,877</u> |

Source: (EXH 84, BSP E15174 – E15330)

The recommended total rate case expense is \$570,877. Pursuant to Section 367.081(8) F.S., rate case expense should be amortized over four years unless a longer period can be justified and is in the public interest. A longer period was not requested by the Utility, nor proposed by OPC. As such, this represents an annual expense of \$142,719. In its MFRs, Sunshine requested \$676,030, with an annual amortization amount of \$169,008. (EXH 10, BSP C4-452) Based on the Utility's original filing, the annual amortization of rate case expense should be decreased by \$26,288 (\$142,719 – \$169,008). As such, staff recommends an annual expense of \$73,952 for water and \$68,767 for wastewater. Based on the Utility's original filing, the annual amortization of rate case expense should be decreased by \$13,622 for water and \$12,667 for wastewater.

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Issue 26: Should any adjustment be made to the Utility's proposed pro forma expenses?

Recommendation: Yes. Pro forma expenses should be decreased by \$467,149 for water and \$203,524 for wastewater. (Przygocki, Chambliss, Sanchez)

Position of the Parties

SUNSHINE: Yes, with a repression adjustment made to wastewater rates, an adjustment to wastewater expenses totaling \$(35,770) for purchased wastewater, sludge disposal, purchased power and chemical expenses should be made.

OPC: Yes. Several adjustments to the Company's expense claims should be made, as discussed in OPC witness Smith's testimony and his EXH 41. Fees for third-party payment convenience, Directors and Officers Liability insurance Premiums, and certain legal fees.

Staff Analysis: Sunshine requested several pro forma O&M adjustments in its initial filing, including several annualization adjustments for increases in rates for purchased water, sewer, sludge hauling, and chemicals. (EXH 10) Staff evaluated the requests and recommends several adjustments, as discussed below.

Salaries & Wages

Sunshine witness DeStefano stated the Utility compared the payroll and benefits data in the test year to the updated employee listing for those filled and vacant positions at the time of filing. (TR 113) Sunshine used the difference to calculate a pro forma salaries & wages adjustment of \$449,762 for water and \$418,580 for wastewater to Account Nos. 601/701 – Salaries & Wages – Employees. The Utility also calculated a pro forma increase of \$62,733 for water and \$58,357 for wastewater in Account Nos. 604/704 – Employee Pensions and Benefits. (EXH 10, BSP C4-439) OPC did not dispute these adjustments. Staff believes this is a reasonable method to capture and represent the most current employee information available.

Insurance Expense

Witness DeStefano argued the Utility adjusted the insurance expense for known changes in the policy premiums that became known or went into effect during or after the test year. (TR 113) The Utility also calculated the portion of annualized policy premiums allocable to Sunshine. (TR 113) The pro forma insurance expense adjustment was calculated to be \$97,358 across accounts 656 to 659 for water and \$75,055 across accounts 756 to 759 for wastewater. (TR 113) OPC did not dispute these adjustments. Staff believes this is a reasonable method to capture and represent the most current insurance information available.

Payment Convenience Processing Fees

In witness DeStefano's testimony, the Utility proposed to recover \$386,919 of third-party vendor payment processing charges in its revenue requirement. (TR 118) Witness DeStefano proposed that First Billing Services, which is the third-party vendor, would directly bill the Utility for the transaction charges rather than directly charge the customers. (TR 117) In witness DeStefano's testimony, the Utility stated that its customers are charged a fee based on the payment amount, customer classification, and payment method (echeck, debit/credit) when paying their bill electronically. (TR 115) In its briefs, the Utility asserted that since its last test year there has been

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an increase in customer's use of electronic payment methods. (Sunshine BR 16) Witness DeStefano testimony indicated that customers have a growing expectation for fee-free electronic transactions. (TR 116) Therefore, witness DeStefano believed it is appropriate to offer fully fee-free payment options for its customers by recovering the costs to process payments through its cost of service. In response to staff's interrogatories, the Utility asserted that approximately 40.7 percent of its customer base that choose to use the electronic payment method. (EXH 66, BSP 456, Sunshine BR 16)

In witness DeStefano's testimony, the Utility believed that its customers would be able to choose the best method of payment for their situation. (TR 116) The Utility argued a few benefits as to why fee-free payment options would be beneficial for its customers. Witness DeStefano stated that its customers would be able to take advantage of incentives such as rewards or cashback with their credit card provider as well as automate their payment to better manage their budget and avoid payment delays. (TR 116-117) In witness DeStefano's testimony, the Utility argued the benefits for the Utility as well, such as: better options to make a payment, improve the adoption of electronic and paperless billing practices, and lesser need for calls and contacts with the Utility's customer experience team. (TR 118) In its briefs, the Utility asserted that the cost for payment options included in the revenue requirement would be fair and reasonable. (Sunshine BR 16-17)

OPC witness Smith rejected the Utility's proposal of recovering \$368,919 of third-party payment processing charges in its revenue requirement. (TR 405-406; OPC BR 36) Witness Smith argued that regardless of how a customer chooses to pay their bill electronically, the charges that are associated with the convenient forms of payment should be charged by the cost-causer. (TR 405) In witness Smith's testimony, OPC indicated that pursuant to the cost-causer, cost-payer principle, the Commission has required water and sewer utility customers using payment methods for convenience which encompass additional charges to pay for those additional fees, instead of having the additional convenient payment charges be socialized and borne by all the Utility's customers. (TR 405)

During the hearing, witness DeStefano was asked if he agreed that the cost causer principle is that customers who cause costs to the system should pay for the costs. (TR 125) Witness DeStefano agreed that's the general principle, but stated that in the 2016 consolidated rate case, for instance, consolidated rates would override that principle because of the benefits. (TR 125)

OPC in its brief stated that the consolidation of multiple water and wastewater system is fundamentally different than a payment option chosen by a single customer and when systems consolidate, the customers are entitled to reasonably equal water and wastewater services and should pay the same rates for the same services rendered. OPC in its brief further argued that subsidizing and socializing payment transaction fees incurred by an individual's choice does not provide any of those benefits or align with the Commission's practice and that the Commission should "draw the line" when the cost causer incurs a cost for their own convenience. (OPC BR 35)

Witness DeStefano stated that some of the payment options have charges while some do not. (TR 125) Overall, the Utility's customers have the option to pay their bill electronically; the Utility does not plan to change any of its payment options. (Sunshine BR 35) Witness Smith indicated

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that when customers choose to pay their bill electronically is a convenience of their own and the charges incurred for that convenience should be the cost causer's responsibility and not the general body of customers.

At the hearing, witness DeStefano indicated that allowing the Utility to recover the transaction charges in the revenue requirement will benefit the customers and allow them to select the payment of their choice without the burden of charges. (TR 120) As stated earlier, approximately 40 percent of the customer base choose to use the electronic payment method when paying their bill. This is more than half of the customer base that should not have to bear the costs to have a fee-free payment method. Staff believes that this is not a sufficient amount of customers that choose to use electronic payment method. OPC recommends that the Commission not approve Sunshine's proposal of fee-free electronic payment method of transaction charges, which would socialize and subsidize transaction charges to all customers, regardless of the payment method to justify the cost being subsidized by the general body of customers. (OPC BR 34) Staff agrees with OPC's recommendation, because there is insufficient subscription to the electronic payment method to justify spreading the cost to all ratepayers. Furthermore, it has been the Commission's practice to place the burden of such charges on the cost causer rather than the general body of customers. Therefore, staff recommends that the Commission not approve the Utility's proposal to recover \$386,919 of third-party payment processing charges in its revenue requirement. Therefore, the revenue requirement should be reduced by \$200,501 for water and \$186,418 for wastewater.

Pro Forma Capitalized Labor

Based on staff's recommended adjustments to the Utility's pro forma plant request in Issue 4, a corresponding adjustment should be made for capitalized labor. O&M expense should be increased by \$14,014 for water and decreased by \$17,106 for wastewater to reflect staff's recommended pro forma plant additions.

Pro Forma AMI Project Expense

As discussed in Issue 4A, Sunshine is requesting cost recovery for the replacement of its existing water meters for all customers within its service territory and the installation of 47 communication towers to utilize the new technology. The installation of AMI meters offers operational savings associated with the reduction in meter reading staffing, whereas pro forma costs are associated with the requisite software to create a web portal and related offerings based on the AMI technology. The Utility included in its MFRs, an additional \$45,080 in annual cellular service subscription costs. (EXH 76, BSP E1926)

Witness Twomey has stated that Sunshine currently employs six full-time employees and one part-time employee that are dedicated to meter reading. Once the project is complete, only two full-time employees and one part-time employees are expected to be dedicated to maintaining the AMI hardware and software. (EXH 76, BSP E1926) The Utility expects this project to generate annual operation expense savings of approximately \$280,662 per annum by the reassignment of four meter readers, along with compensation, benefits, and vehicle expenses. (TR 561; EXH 76, BSP E1927) Sunshine did not opt to make an adjustment for this reduction in expenses, stating that Sunshine would reassign the existing employees to operations, growth, and preventative

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maintenance tasks in order to maintain current staffing levels to avoid the risk of service issues in coming years. (TR 562-565)

While OPC witness Smith argued that operational savings from AMI meters are speculative, he also argued that the Utility created a mismatch by including the cost of the project being included in base rates but not the benefits associated with it. (TR 401) Witness Smith stated that any related cost savings or other benefits of the project, if materialized, would occur in periods beyond 2025. (TR 401) In his rebuttal testimony, witness Twomey acknowledged that any savings that might materialize would occur beyond 2025 and potential benefits from the project are not known and measurable, and therefore such speculative savings were not included in the revenue requirement of the project. (TR 561) Staff believes that inclusion of the ST-20 project associated costs in rate base and O&M expenses should also result in inclusion of both the O&M savings associated with it as well. Therefore, staff recommends an adjustment to reduce O&M by \$280,662 associated with the reduction in meter reading expenses. A corresponding reduction to payroll taxes is addressed in Issue 29.

CONCLUSION

Based on the adjustments discussed above, staff recommends adjustments to decrease pro forma O&M expenses by a total of 467,149 (147,149 (147,149) for water and 147,149 for water and 147,1

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Issue 27: Should any adjustment be made to the Utility's proposed management expenses?

Recommendation: Staff recommends test year management fees (Contractual Services – Management/Corporate/Regional Allocation) should be decreased by \$33,768 for water and \$31,393 for wastewater. (Bardin)

Position of the Parties

SUNSHINE: No.

OPC: Yes. Several adjustments to the Company's expense claims should be made, as discussed in OPC witness Smith's testimony and his EXH 41.

Staff Analysis: Sunshine recommended that no adjustments be made to the test year management fees. OPC recommended that several expenses incorporated in the proposed management fees be reduced. (EXH 41, BSP C6-2122) On April 1, 2024, Sunshine's parent closed on a merger with the parent of Southwest Water Company. As the result of the merger, in the future there will be an integration of administrative and general functions that support water and wastewater operations (Sunshine BR 23) Due to the finalization of the merger between CII and Nexus Water Group, there has been a consolidation of the board of directors, the elimination of three executive leadership positions in addition to office leases and insurance cost reductions. OPC stated that these saving should be reflected in this rate case. (OPC BR 38)

Based on a review of the test year payments that comprised the allocated expenses for both CII and Water Service Corporation (WSC), staff recommends a number of additional adjustments for expenses that were included in the management fees. All reductions recommended were calculated using the allocation percentages provided by witness DeStefano, as reflected in the table below. (EXH 66, BSP E 546)

Table 27-1
Sunshine Allocation

| | Percentage | |
|-----------------------|------------|--|
| Allocation | Allocation | |
| Tier 1 | 70.86% | |
| Tier 2 | 23.73% | |
| Sunshine (Tier 1 x 2) | 16.81% | |

Salaries/Wages

OPC proposed that several adjustments to the Utility's expense claims should be made, as discussed in OPC witness Smith's testimony. Witness Smith recommends that an adjustment should be made to remove \$16,056 from operating expenses (included in the management fees) for an estimated portion of Senior Vice President of Rates, Regulatory and Legislative Affairs for Nexus Water Group, Steven Lubertozzi's salary related to lobbying and legislative advocacy. (EXH 41, BSP C6-2155) Using the mid-point level of confidential salary information, witness Smith estimated an allocated amount for the position and calculated the adjustment as a third of

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the allocated salary, benefits, and payroll tax, based on the position title referencing three areas (rates, regulatory and legislative affairs). (EXH 41, BSP C6-2155)

Per Sunshine witness Lubertozzi's testimony, he is not registered as a lobbyist in any jurisdiction nor did he spend any time during the test year lobbying. (TR 487-488) Per Sunshine witness Elicegui, Mr. Lubertozzi reviewed his calendar and estimated that for the test year of 2023, he spent approximately 80 hours in supporting lobbying activity, or approximately 3.9 percent of a 2,040-hour work year. (TR 490-491)

Staff agrees that an adjustment should be made to reduce salary and benefits to reflect time identified as lobbying support. However, Sunshine identified and assigned time associated with these activities, which more accurate than the adjustment estimated by witness Smith. Based on OPC's allocated salary, benefits, and payroll tax, an adjustment of 3.9 percent would amount to \$1,878. As such staff recommends reducing management expenses by \$975 and \$904 for water and wastewater, respectively.

OPC also recommended that cost savings due to the elimination of several positions as a result of the merger with Nexus Water Group should be reflected. (OPC BR 38-39; TR 46) Staff believes that any merger savings would be best included in the requested deferral accounts which would contain all benefits and costs, including the salary reductions.

Vacation Expenses

Per Sunshine, the vacation expenses reflect the accrual of vacation "bank" and use of banked vacation time for CII. The costs are determined by the per-hour rate of the applicable employees' times the net of their vacation hours accrued/used in a given period. (EXH 77, BSP E1954) CII has 15 cost centers that had salary and wages expenses, and all but one of these 15 cost centers received vacation expenses. No vacation expenses were recorded for WSC or Sunshine.

If the vacation expenses reflect the accrual of vacation banked and used vacation time as Sunshine explained in one of the staff's interrogatory questions, this implies that no other employees in WSC or Sunshine receive any vacation time. No clarification has been provided to explain why these used vacation expenses were not reflected in the payroll. As such, staff recommends that the vacation expenses should be removed from the management fees which would result in a decrease for water of \$18,984 and a decrease for wastewater of \$17,651. (EXH 87, BSP E27213-E27214)

Director and Board Fees

Per Sunshine, the amounts recorded to CII Director and Board Fees reflect fees paid to the five independent directors who served as members of the board of directors of CII. (EXH 77, BSP E1952) OPC witness Smith recommends that one-half of the director and board fees should be removed due to the savings in board of directors fees that have resulted from the merger with Nexus Water Group. He recommends an adjustment that decreases water utility expense by \$30,327 and decreases wastewater utility expense by \$28,120 to reflect this savings. (TR 415; EXH 41, BSP C6-2128, BSP C6-2133)

Per witness Lubertozzi's testimony, the merger is expected to produce financial benefits, and the merger parties have taken and will continue to take a deliberate approach to planning for

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integration, and then executing on integration plans to mitigate potential risks to customers. Sunshine's proposed deferrals are designed to protect customers and ensure that the proper amount of net benefits flows to Sunshine's customers. Sunshine's proposed deferrals capture identified benefits of integration, as well as any costs to achieve those benefits, which, if allowed in the current case – with a historic test year and limited information on merger benefits – would establish the deferrals for disposition in a future proceeding and avoid piecemeal or inconsistent reflection of merger impacts. (TR 488-489) Staff agrees with witness Lubertozzi that any merger savings would be best included in the requested deferral accounts which would include all benefits and costs, including the future director and board fees.

Issue 27

Memberships

Memberships for CII total \$44,952. Of this amount, staff recommends that \$33,410 be excluded as the charges for various economic clubs, capital market clubs, business counsels, and board and event management software are not directly related to water/wastewater utilities nor do they represent costs that directly benefit the Utility's customers, and as such, should not be borne by customers. (EXH 87, BSP E27213-E27214)

Memberships for WSC total \$64,739. Of this amount, staff recommends that \$24,802 be excluded as the various charges include social leadership club memberships, a percentage of lobbying for one of the memberships, and several unidentifiable membership charges that are not directly related to water/wastewater utilities nor do they represent costs that directly benefit the Utility's customers, and as such, should not be borne by customers. (EXH 87, BSP E27213-E27214)

Therefore, staff recommends excluding \$58,212 (\$33,410 + \$24,802) in memberships which results in decreasing the management fee expenses by \$5,071 for water and \$4,715 for wastewater.

Penalties and Fines

Staff recommends that costs for penalties and fines should be removed as these expenses should not be borne by the customers and should be removed. Therefore, staff recommends decreasing the management fee expenses by \$1,703 for water and \$1,583 for wastewater. (EXH 87, BSP E27213-E27214)

Entertainment – Non-Deductible

Staff recommends that costs for entertainment should be removed as these expenses should not be borne by the customers and should be removed. Therefore, staff recommends decreasing management fee expenses by \$40 for water and \$37 for wastewater. (EXH 87, BSP E27213-E27214)

Late Fees

Staff recommends that costs for late fees should be removed as these expenses should not be borne by customers and should be removed. Staff recommends decreasing management fee expenses by \$40 for water and \$37 for wastewater. (EXH 87, BSP E27213-E27214)

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Holiday Events

Staff recommends that costs for holiday and social events should be removed as these costs should be borne by shareholders instead of customers, as these expenses are not a direct benefit to the Utility's customers. Therefore, staff recommends decreasing management fees by \$2,867 for water and \$2,666 for wastewater. (EXH 87, BSP E27213-E27214)

Credit Card Expense Clearing

A clearing account is defined as a temporary account containing costs or amounts to be transferred to another account. A review of CII's and WSC's general ledgers indicates that the purchasing card charges are recorded in this clearing account until the detailed information is received and the expenses can be properly classified and charged to the appropriate expense object code. Due to the fact that the correct expense account cannot be determined, it is unclear whether the expenses in the credit card clearing account should be allowable for the expenses used in the rate determination. Without a clearly identified expense, we cannot determine whether these expenses are non-utility related, reasonable, or prudent. As such, these expenses should be removed. Therefore, staff recommends decreasing management fees by \$4,088 for water and \$3,801 for wastewater. (EXH 87, BSP E27213-E27214)

Legal Fees

OPC witness Smith addressed two legal cases for which he recommended adjustments. One of the cases was for the retired executive benefits case. This case relates to multiple parties claiming to be the intended beneficiary of a Corix employee who passed away. Witness Smith stated that the customers should not pay legal costs associated with the failure of a former Corix employee to identify beneficiaries associated with their 401k plan or life insurance because this has nothing to do with the provision of water or wastewater services. As such, he argued that the legal costs associated with this case should be excluded in the instant case. (EXH 41, BSP C6-2152; TR 413) He recommended that \$9,220 in legal expenses be removed from operating expenses. This adjustment allocated to water and wastewater results in a decrease of \$4,784 from water and \$4,436 from wastewater. (EXH 41, BSP C6-2127, C6-2132, C6-2152; TR 413)

Per Sunshine witness DeStefano, witness Smith claimed that the costs should be removed as the legal efforts are not related to the provision of utility service. However, the benefits plans offered by CII are relevant to the provision of service to customers, as the benefit plan costs are included in the Utility's cost of service. Corix is also the plan sponsor of the benefit plans, and therefore is unable to avoid involvement in disputes or litigation related to the benefit plans. For this claim, Corix petitioned to transfer the balances in dispute to the court to limit its involvement and fulfill its plan sponsor administrative duty. Therefore, Corix's involvement in the legal dispute was limited to its responsibilities as plan sponsor of benefit plans it makes available to employees, and therefore is a prudently incurred cost. It was also noted that witness Smith's calculation of the Sunshine portion of the Benefits case costs omits the Tier 1 portion of the cost allocation process. The calculation of the Benefits case costs for the Test Year applicable to Sunshine is \$6,546. (TR 524-525; TR 542-543)

Witness Smith also recommended an adjustment to remove legal expenses for the PFAS case. This class-action case relates to PFAS contamination from aqueous film-forming foams for which the Utility's sister and service company, WSC, is one among many plaintiffs. The damage

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award amount, if any, and whether the Water Service Corporation could be awarded attorney's fees, are still open issues. For these reasons, the legal costs associated with this case should be excluded from this proceeding. He recommends removing \$209 in legal expenses from operating expenses, which results in an adjustment of a decrease of \$109 from water and a decrease of \$101 from wastewater. (EXH 41, BSP C6-2127, C6-2132, C6-2153; TR 413)

Sunshine witness DeStefano stated that witness Smith also claimed the PFAS case has an uncertain outcome and the potential for attorney fee recovery is unknown. Per witness DeStefano, the potential outcome of a legal proceeding has no bearing on the prudency of the costs incurred by the Utility. Witness DeStefano also provided information from his legal counsel that any claims recovery in this class action suit would not make the plaintiffs 100 percent whole, and therefore recovery of attorney's fees is not likely. The potential for recovery of legal fees related to the case is not known and measurable. Witness DeStefano also noted that witness Smith's calculation of the Sunshine portion of the PFAS case costs miscalculates the Tier 1 portion of the cost allocation process. The calculation of the PFAS case costs for the Test Year applicable to Sunshine is \$297. (TR 525)

Staff agrees with the Utility and believes that both of these cases represent normal legal expenses and given their overall immateriality, recommends that these legal costs remain in the test year.

CONCLUSION

Based on the above, staff recommends test year management fees (Contractual Services – Management/Corporate/Regional Allocation) should be decreased by \$33,768 (\$975 + \$18,984 + \$5,071 + \$1,703 + \$40 + \$40 + \$2,867 + \$4,088) for water and \$31,393 (\$904 + \$17,651 + \$4,715 + \$1,583 + \$37 + \$37 + \$2,666 + \$3,801) for wastewater.

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Issue 28: Should any further adjustments be made to the Utility's test year (O&M) expenses?

Recommendation: Yes. Test year O&M expense should be reduced by \$247,752 for water and \$606,196 for wastewater. (Przygocki)

Position of the Parties

SUNSHINE: Yes. Water - (\$100,047) plus \$43,442 audit adjustments and (\$289,946) for portion of OPC adjustments accepted and \$6,993 for repression due to Sunshine's reduction to the water rate increase requested; Wastewater - (\$140,229) plus \$42,383 audit adjustments and (\$299,458) for portion of OPC adjustments accepted by Sunshine.

OPC: Yes. Several adjustments to the Company's expense claims should be made, as discussed in OPC witness Smith's testimony and his EXH 41.

Staff Analysis: In its MFRs, Sunshine requested Operation and Maintenance (O&M) expense of \$13,286,795 for water and \$15,625,735 for wastewater. (EXH 10 BSP C4-435, C4-436) Sunshine made several adjustments to test year O&M expenses. Staff's adjustments to the Utility's test year O&M expenses are discussed below.

Audit Finding No. 9

As discussed in staff's witness Mouring's testimony and associated audit report, O&M should be decreased by \$2,823 for water and \$17,160 for wastewater. For water, Account 636 (Contractual Services – Other) should be decreased by \$408, Account 635 (Contractual Services – Testing) should be decreased by \$2,415, Account 631 (Contractual Services – Engineering) should be decreased by \$46,000, Account 633 (Contractual Services – Legal) should be decreased by \$45,491, Account 615 (Purchased Power) should be decreased by \$53.64, and \$426.85 should be reclassified from Account 642 (Rental of equipment) to Account 340 (Office Furniture and Equipment). For wastewater, Account 736 (Contractual Services – Other) should be decreased by \$45, Account 735 (Contractual Services – Testing) should be decreased by \$2,064, and Account 710 (Purchased Wastewater Treatment) should be decreased by \$15,051. (EXH 45)

The adjustments made to Accounts 631, 636, 635, and 735 were to remove out of period invoices from O&M accounts. The adjustments made to Account 633 were to remove out of period invoices and to remove attorney fees. The adjustment to Account 736 was made to remove late fees. The adjustment to Account 614 was to remove customer late payment charges. The adjustments made to Account 710 were to remove out of period invoices and to remove a Utility bill that includes water and wastewater charges but the line item only includes water service. (EXH 45)

For Account 631, the Utility argued that \$53,000 of audit staff's adjustment is a credit amount representing items moved from Account 631 to construction work in progress (CWIP) projects during the test year. (TR 534) The invoices were originally from prior to 2023, therefore the items are credits to expense in 2023. (TR 534) The Utility stated that \$53,000 of credits to expense should be removed, increasing O&M by that amount. The remaining reduction of \$7,000 of the adjustment should not be made. (TR 534-535) For Account 633, the Utility argued that, for reasons already discussed in reference to Account 631, a credit to expenses of \$35,491

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should be removed from O&M expenses. (TR 535) The \$10,000 of legal fees were from December 2023 and were reclassified to a CWIP project at the end of that month. (TR 535) Therefore, no adjustment is needed. For Account 636, the Utility argued the adjustments were regarding invoices for services performed in 2023, thus not out of period activity. The Utility stated no adjustment is needed. (TR 535) The Utility agreed with the adjustments to Accounts 736 and 635. (TR 535-536) For Account 735, the Utility explained that the finding is regarding 3 separate transactions. \$1,857 of the adjustment total was for work performed in December 2022. (TR 535-536) This invoice is one of the 12 monthly invoices in the test year. Therefore, it should remain in the test year to represent a full 12 months. The second part of this adjustment is a credit in the amount of \$260, reflecting the reversal of a prior year receipt. Because this transaction is non-recurring and out of the test period, it should therefore be removed. The last part of this adjustment is also a non-recurring invoice occurring outside of the test year in the amount of \$467. (TR 536) This should also be removed. The Utility stated the adjustment to Account 615 represents customer late payment charges. (TR 536) This is an appropriate entry for this account and this item should not be removed. For Account 710, the \$15,051 invoice from January 2023 was for service in December 2022. The invoice was accrued in December 2022, and the accrual reversed in January 2022. The Utility argued that this is standard accrual accounting practice and there is no need for this adjustment. The \$13,244 amount is from the water portion of a water and wastewater combined invoice. This amount was originally posted to Account 710, but was later reclassified to 610 in the same month. Therefore, the Utility argued there is no need to make this adjustment. (TR 536) Lastly, the Utility identified that an invoice in the amount of \$427 for office supplies should be reflected in Account 675 and not reclassified to Account 340, as the items purchases do not classify as an asset. (TR 536-537) Staff agrees with the Utility's position on these audit adjustments. In total, O&M expenses should be increased by \$43,442 and \$42,383 for water and wastewater, respectively, to reflect the corrections for Audit Finding 9.

Directors and Officers (D&O) Insurance

OPC witness Smith proposed an adjustment of \$22,467, \$11,637 from water and \$10,790 from wastewater, to reduce directors and officers liability (DOL) insurance expense. (OPC BR 37) This insurance protects shareholders from the decisions they made when they hired the Company's Board of Directors and the Board of Directors in turn hired the officers of the Company. Witness Smith stated the DOL insurance is primarily a benefit to the shareholders, therefore they should be responsible for the costs associated with this insurance coverage. (TR 406-407) OPC proposed this adjustment to remove half of the costs from the expenses. (OPC BR 36) Sunshine witness DeStefano argued the DOL insurance is not primarily a benefit to the shareholders. Witness DeStefano stated shareholders are not the beneficiaries or insured parties of the DOL policy. (TR 529) Witness DeStefano also argued this type of insurance has long been expected for these director and officer positions. Without the protection of the insurance policies, potential employees for these positions could possibly reject employment opportunities or request much higher pay. (TR 529) In its brief, Sunshine stated that DOL insurance is essential to obtain and retain qualified individuals for leadership positions. Therefore, it is a benefit to the customers. (Sunshine BR 17) However, in previous rate cases, the Commission has allowed half

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of the cost of DOL insurance to stay in test year expenses.³¹ Staff agrees with OPC's argument and adjustment to remove half of the DOL insurance from expenses. As such, staff recommends decreasing O&M expenses by \$11,637 from water and \$10,790 from wastewater.

DEP Penalty

In response to staff discovery, the Utility stated that it had incorrectly included a Florida DEP penalty accrual as an expense. (EXH 64 BSP E3-E4) OPC witness Smith also identified this as an adjustment that needed to be made. The adjustment to remove this penalty from O&M expenses consists of \$165,188 for water and \$153,584 for wastewater. (TR 406) In Utility witness DeStefano's rebuttal testimony, he stated the Utility agreed with this adjustment. (TR 523) Therefore, staff recommends a reduction of \$165,188 for water and \$153,584 for wastewater be made.

Wekiva Legal Expenses

OPC proposed the removal of \$210,838 in legal expenses from the Utility's wastewater O&M expenses. This proposed adjustment comes from the Wekiva legal proceeding. The proceeding concerns multiple inspections conducted by the DEP in March and April of 2022. After those inspections, DEP issued a Warning Letter in April 2022 alleging violations of Florida Law. This Warning Letter represents the initiation of a civil proceeding. The proceeding is then finished if DEP finds the response to be agreeable. DEP and Sunshine conducted multiple meetings and reached a resolution with a Consent Order on May 23, 2024. At the time of these inspections, a special agent from DEP's criminal division was in attendance. Sunshine was then notified a criminal investigation was also ongoing. Sunshine hired criminal counsel to protect itself. Sunshine has not received any more formal requests after April 2023 and no formal proceeding has been filed. At this time, many of the relevant statute of limitations have passed. Sunshine assumes the case has been closed, but has not received any official notice of closure. (EXH 166 BSP F2-2553, F2-2554)

In OPC witness Smith's direct testimony, he argued that these costs are not recurring and therefore should not be included in O&M expenses and should be amortized over 5 years. (TR 411-412) The Utility agreed with this adjustment being made and the amortization of the amount over 5 years. (Sunshine BR 17; TR 527) In its brief, OPC stated customers should not be forced to pay the legal defense costs for mismanagement of a system that led to the need to fend off possible criminal charges against management employees. (OPC BR 37) Staff agrees that customers should not be responsible for expenses related to management issues associated with the Wekiva WWTP. OPC stated the entire amount of \$777,225 should be denied, with \$320,657 coming from the 2022 amount and \$347,991 coming from the 2023 test year amount. (OPC BR 37-38) As such, wastewater O&M expenses for the historic test year should be decreased \$347,991 to reflect the removal of the legal expenses.

Lamelza Legal Expenses

OPC proposed a removal of \$6,933 in legal expenses (\$3,597 for water and \$3,336 for wastewater). This proposed adjustment is from the Lamelza case, which involved an individual

³¹ See Order No. PSC-2012-0179-FOF-EI, issued April 3, 2012, Docket No. 20110138-EI, *In re: Petition for increase in rates by Gu.f Power Company*, p. 101; Order No. PSC-2010-0131-FOF-EI, issued March 5, 2010, in Docket No. 20090079-EI, *In re: Petition for increase in rates by Progress Energy Florida, Inc.*, p. 99.

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who allegedly broke her ankle after walking into a water utility box in the back of a property in a development. The plaintiff sued multiple parties in an attempt to find the party responsible for the equipment that allegedly caused injury. (EXH 168) OPC argued that this case remains ongoing and the outcome is uncertain. (TR 412) In its brief, OPC stated the legal and operating expenses from this case do not provide benefits to Florida customers and are inappropriate for ratemaking. (OPC BR 38) The Utility argued that it was named a defendant therefore, it had to defend itself. (TR 524) The Utility also argued the costs from this case are part of a representative level of test year expenses and not eligible to be recovered via the awarding of attorneys fees. (TR 526) Based on the materiality and status of the case, staff recommends not removing the \$6,933 from the historic test year.

Issue 28

Charitable Contributions

Witness Smith stated that he decreased O&M expenses by \$20,243, with \$10,490 for water and \$9,754 for wastewater. This adjustment was to remove charitable contributions from the Utility's O&M expenses. OPC argued that the shareholders, not the customers, should be responsible for the cost of charitable donations. (TR 414) In Utility witness DeStefano's rebuttal testimony, he stated the Utility agreed with this adjustment. (TR 523) Therefore, staff recommends reducing water and wastewater O&M expenses by \$10,490 and \$9,754, respectively.

Chamber of Commerce Dues

In OPC witness Smith's direct testimony, he identified an adjustment to remove \$10,000, \$5,189 from water and \$4,811 from wastewater, from O&M expenses for a charitable contribution to the Florida Chamber Foundation. (TR 408-409) The Utility also paid amounts of \$3,000, \$1,200, and \$489 to the Florida Chamber of Commerce, Inc., Seminole County Regional Chamber, and South Lake Chamber of Commerce, respectively. (TR 409) In total, the recommended reduction for the dues was \$7,612 for water and \$7,077 for wastewater. In Utility witness DeStefano's rebuttal testimony, he stated the Utility agreed with this adjustment. (TR 523) Staff recommends reducing water and wastewater O&M expenses by \$7,612 and \$7,007, respectively

Sewer Maintenance Repairs

OPC witness Smith proposed an adjustment to decrease wastewater O&M expense by \$29,879 to remove sewer maintenance repairs expense related to the pro forma Wekiva Hunt Club WWTP Aerator Installation project. (TR 416) OPC argued this amount was also included in the pro forma Wekiva Hunt Club WWTP Aerator Installation project, and therefore was duplicative and should be removed from expenses. (TR 416; EXH 69 BSP E711) The Utility agreed with this adjustment. (TR 523-524) Staff recommends this adjustment be made to reduce wastewater O&M expenses by \$29,879.

Weather and Hurricane Costs

OPC witness Smith proposed an adjustment decreasing O&M expenses by \$26,978 for water and \$25,014 for wastewater, to reflect the amortization over a five-year period of costs associated with hurricanes or other weather-related events. (TR 416) Utility witness DeStefano argued that these costs related to storms are commonly incurred. These costs represent fuel purchases for generators and vehicles during the multiple weather events that occur each year. Witness DeStefano also noted that the Utility incurred an unrepresentative level of weather related costs from the impacts of Hurricane Ian and began amortizing those costs over a five-year period. (TR

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525-526) Staff accepts the Utility's explanation and understands it can be expected that one or more weather events will happen each year. Staff recommends no adjustment is needed.

Amortization of Rate Case Expense

Test year O&M expense should also be reduced by \$96,267 for water and \$89,504 for wastewater to reflect the removal of Rate Case Expense amortization granted to the Utility in its 2020 Rate Case. Under Section 367.081(8), F.S., the expiration of the amortization and reduction to rates is scheduled to coincide with the timing of rates in the instant docket. With this adjustment, the requirement to remove fully amortize a rate case expense will be met.

CONCLUSION

Based on the above, staff recommends test year O&M expenses should be decreased by \$247,752 (\$43,442 - \$11,637 - \$165,188 - \$10,490 - \$96,267) for water and \$140,228 (\$42,383 - \$10,790 - \$153,584 - \$347,991 - \$9,754 - \$28,879 \$89,504) for wastewater.

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Issue 29: Should any adjustments be made to test year taxes other than income?

Recommendation: Yes. TOTI should be decreased by \$226,574 for water and \$193,229 for wastewater. (Przygocki)

Position of the Parties

SUNSHINE: Yes. Water - \$3,600; Wastewater - \$43,155.

OPC: Yes, adjustments consistent with the removal of AMI Meter Installation Project and any other associated property taxes and along with fallout from any other pro forma investment should be made.

Staff Analysis: This is a fallout issue. Based on staff's adjustments to test year revenues and to remove the Utility's requested increase, regulatory assessment fees (RAFs) should be reduced by \$232,992 for water and \$211,654 for wastewater. To reflect staff's recommended adjustment to pro forma capitalized labor in Issue 4, payroll taxes should be increased by \$1,072 for water and decreased by \$1,309 for wastewater. Payroll taxes for water should be further reduced by \$13,221 to reflect corresponding adjustment to staff's recommended O&M adjustments for AMI meter replacements in Issue 26. To reflect staff's recommended adjustments to pro forma plant in Issue 4, property taxes should be increased by \$18,568 for water and \$21,007 for wastewater. There should also be a decrease of \$1,273 for wastewater to reflect the correct non U&U property tax adjustment to correspond to the stipulation in Issue 11. In total, test year TOTI should be decreased by \$226,574 (-\$232,992 + \$1,072 - \$13,221 + \$18,568) for water and \$193,229 (-\$211,654 - \$1,309 + \$21,007 - \$1,273) for wastewater.

CONCLUSION

In total, test year TOTI should be decreased by \$226,574 for water and \$193,229 for wastewater.

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Issue 30: Should any adjustments be made to test year depreciation expense?

Recommendation: In addition to the depreciation expense adjustments recommended in Issues 4 and 5, depreciation expense should be reduced by \$35,830 and \$44,458 for water and wastewater, respectively. (York, Sewards)

Position of the Parties

SUNSHINE: Yes. Water - \$(46,704); Wastewater - \$(317,297) for test year corrections and non-used and useful plant, plus 16,229 for audit adjustments.

OPC: Yes. As reflected in EXH 41, adjustments should be made to depreciation expenses relating to the AMI Meter Installation Project, reversing meter retirements, and test year depreciation annualization. Also, adjustments should be made for incorrect net salvage percentage-driven depreciation rates in violation of Rule 25-30.140, F.A.C.

Staff Analysis: This is a fallout issue. In addition to the depreciation expense adjustments recommended in Issues 4 and 5, which address AMI meters, corresponding adjustments should be made to reduce depreciation expense and reflect staff's recommendation in Issues 13 and 14. To reflect staff's recommended adjustment for net salvage value in Issue 13, depreciation expense should be reduced by \$35,380 for water and \$37,410 for wastewater. To reflect Audit Finding No. 6 addressed in Issue 13, wastewater depreciation expense should be reduced by \$7,048. In total, depreciation expense should be reduced by \$35,830 and \$44,458 (-\$37,410 - \$7,048) for water and wastewater, respectively.

CONCLUSION

In addition to the depreciation expense adjustments recommended in Issues 4 and 5, depreciation expense should be reduced by \$35,830 and \$44,458 for water and wastewater, respectively.

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Issue 31: Should any adjustments be made to test year amortization of CIAC expense?

Recommendation: Staff recommends an adjustment to increase test year CIAC amortization for water and wastewater by \$251 and \$234, respectively. All necessary adjustments to CIAC amortization should be made as set forth in Issue 5. (Przygocki)

Position of the Parties

SUNSHINE: Yes. Water - \$1,134; Wastewater - \$350,917 for correction of over-amortization of CIAC and (\$19,406) for non-used and useful CIAC.

OPC: Without waiving the OPC's right to appeal such an order, if the Commission authorizes the Utility's annualized depreciation for test year plant additions, then matching adjustments are necessary for CIAC amortization expense for CIAC received during the test year. Further, any adjustments to test year amortization of CIAC expense should be made consistent with the adjustment to CIAC discussed in Issues 13, 14, and 15.³²

Staff Analysis: In its original filing, the Utility made an adjustment of \$1,134 for water and \$350,917 for wastewater to correct the over-amortization CIAC expense. This adjustment was made to the same three systems in the Utility's 2017 rate case, as well as the same three systems in the Utility's last rate case. The remaining adjustments to CIAC amortization in the Utility's original filing are related to retirements associated with pro forma plant projects. Pro forma plant project retirements are addressed in Issue 5. A final corresponding adjustment should be made to increase CIAC amortization for water and wastewater by \$251 and \$234, respectively, to reflect Audit Finding No. 4 addressed in Issue 14.

CONCLUSION

Staff recommends an adjustment to increase test year CIAC amortization for water and wastewater by \$251 and \$234, respectively. All necessary adjustments to CIAC amortization should be made as set forth in Issue 5.

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³²Order No. PSC-09-0537-PCO-WU, issued August 4, 2009, in Docket No. 20080695-WU, *In re: Application for general rate increase by Peoples Water Service Company of Florida Inc.*, p. 3, ("Plant-in-service, accumulated depreciation, contributions in aid of construction (CIAC), and accumulated amortization of CIAC should reflect 13-month average balances.")

³³Order Nos. PSC-2017-0361-FOF-WS, issued September 25, 2017, in Docket No. 20160101-WS, In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. cf Florida; and PSC-2021-0206-FOF-WS, issued June 4,2021, in Docket No. 20200139-WS, In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. cf Florida.

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Issue 32: What is the appropriate amount of test year income taxes?

Recommendation: The appropriate amount of test year income taxes is \$362,100 for water and \$718,759 for wastewater. Income taxes should be increased by \$1,104,551 for water and \$1,138,438 for wastewater to reflect the change in revenues, resulting in total income tax expense of \$1,466,652 for water and \$1,857,197 for wastewater. (Sewards)

Position of the Parties

SUNSHINE: Test Year Water - \$193,522; Wastewater - \$616,464; Pro Forma Test Year – Water - \$1,295,652, Wastewater - \$1,749,929.

OPC: Pending the resolution of other issues, the income taxes will depend upon the specific level of revenues authorized by the Commission.

Staff Analysis: In its brief, Sunshine stated income tax will depend upon the specific level of revenues authorized by the Commission. (Sunshine BR 19) Likewise, OPC included the same statement in its brief. (OPC BR 44) The Utility also noted a correction that was made to the calculation of income taxes through the rebuttal testimony of witness Swain. (TR 504-505) Witness Swain testified that the calculation of interest expense did not include the long-term variable debt. (TR 504-505) Staff agrees with the Utility's adjustment and has included long-term variable debt in its calculation of interest expense.

As a result of staff's recommended adjustments, the appropriate amount of test year income taxes is \$362,100 for water and \$718,759 for wastewater. As discussed in Issue 33, staff has calculated a revenue increase of \$4,563,417 for water and \$4,703,419 for wastewater. As a result, income taxes should be increased by \$1,104,551 for water and \$1,138,438 for wastewater to reflect the change in revenues.

CONCLUSION

The appropriate amount of test year income taxes is \$362,100 for water and \$718,759 for wastewater. Income taxes should be increased by \$1,104,551 for water and \$1,138,438 for wastewater to reflect the change in revenues, resulting in total income tax expense of \$1,466,652 for water and \$1,857,197 for wastewater.

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Issue 33: What is the appropriate revenue requirement for the December 31, 2023 test year?

Recommendation: The appropriate revenue requirement is \$27,481,702 for water and \$34,320,450 for wastewater. (Przygocki)

Position of the Parties

SUNSHINE: Annual water operating revenues in the amount of \$28,013,305 and annual wastewater operating revenues in the amount of \$34,299,872. However, Sunshine proposes the water rate increase be limited so that it does not result in more than a 19.9% increase.

OPC: The revenue requirement issue is a fallout issue and is subject to change based on the resolution of other issues.

Staff Analysis: This is a fallout issue. In its filing, Sunshine requested a revenue requirement to generate annual revenue of \$28,095,894 for water, representing a revenue increase of \$5,175,674, or 22.58 percent. The Utility limited its increase to 19.9 percent with a \$614,491 reduction to the revenue increase, reflecting an adjusted requested water revenue requirement of \$27,481,702. Sunshine requested a revenue requirement of \$34,320,450 for wastewater, representing a revenue increase of \$4,714,928, or 15.9 percent.

Consistent with staff's recommendation regarding rate base, cost of capital, and operating income issues, the appropriate revenue requirement is \$27,533,700 for water and \$34,570,491 for wastewater. However, Commission practice is to limit a utility to the revenue requirement requested in its initial filing.³⁴ Therefore, staff recommends the appropriate reduced revenue requirements for water and wastewater to be \$27,481,702 and \$34,320,450, respectively. Staff's recommended revenue requirement for water is \$4,563,417 greater than the recommended test year revenues of \$22,918,285 or an increase of 19.9 percent. Staff's recommended revenue requirement for wastewater is \$4,703,419 greater than the recommended test year revenues of \$29,617,031, or an increase of 15.9 percent. Schedule Nos. 3-A and 3-B reflect staff's recommended net operating income and resulting revenue requirement. Staff's recommended adjustments to net operating income are shown on Schedule No. 3-C.

CONCLUSION

The appropriate revenue requirement is \$27,481,702 for water and \$34,320,450 for wastewater.

³⁴ Order Nos. PSC-13-0673-FOF-WS, issued December 19, 2013, in Docket No. 130212-WS, *In re: Application for increase in water/wastewater rates in Polk County by Cypress Lakes Utilities, Inc.*; PSC-08-0761-PCO-SU, issued November 17, 2008, in Docket No. 080247-SU, *In re: Application for Wastewater Rate Increase by Utilities, Inc. of Eagle Ridge*, PSC-06-0675-PCO-SU, issued August 7, 2006, in Docket No. 060255-SU, *In re: Application for increase in wastewater rates in Pinellas County by Tierra Verde Utilities, Inc.*; and PSC-05-0287-PAA-SU, issued March 17, 2005, and in Docket No. 040972-SU, *In re: Application for rate increase in Pinellas County by Ranch Mobile WWTP, Inc.*

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Issue 34: What are the appropriate rate structures and rates for the water systems?

Recommendation: The recommended rate structures and monthly water rates are shown in Schedule No. 4-A. The Utility should file revised tariff sheets and proposed customer notices to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notices and the notices have been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bethea)

Position of the Parties

SUNSHINE: The current water rates should be increased by the percentage increase in water revenues, adjusted for repression in a manner consistent with Commission practice.

OPC: No position.

Staff Analysis: In its revised MFRs, Sunshine's proposed water rates are a result of the requested water revenue increase applied as an across the board increase to its existing rates. (TR 60) Those proposed rates included a repression adjustment to discretionary usage based on a reduction of 2 percent for every 10 percent increase in revenue. Sunshine witness Swain stated that this is consistent with the repression adjustment requested and allowed in Order No. PSC-2017-0361-FOF-WS.³⁵ (TR 60-61) Sunshine proposed a revenue increase of approximately 19.9 percent in water revenues and reduction in discretionary consumption based upon the increase would be a 3.98 percent to discretionary consumption, resulting in a reduction to overall consumption of 2.3128 percent. (TR 60-61).

As discussed in Issue 33, staff recommends that the Utility's reduced revenue requirement of \$27,481,702 is appropriate. As such, staff recommends that rates should be designed to recover the recommended revenue requirement as proposed by Sunshine. Staff believes the Utility's proposed repression adjustment is reasonable in this case for recognizing a reduction to residential discretionary usage.

The Utility's proposed rates are consistent with its proposed limited revenue requirement. However, adjustments were made to decrease miscellaneous revenues, which result in an increase of revenues to be recovered from service rates and a decrease of revenues recovered through miscellaneous service charges. Staff calculated rates based on the reallocation. Staff recommends rates as shown on Schedule No. 4-A.

CONCLUSION

Based on the above, the recommended rate structures and monthly water rates are shown in Schedule No. 4-A. The Utility should file revised tariff sheets and proposed customer notices to

³⁵Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

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reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notices and the notices have been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 34

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Issue 35: What are the appropriate private fire protection charges?

Approved Type 1 Stipulation: The fire protection rate should be established pursuant to Rule 25-30.465, F.A.C.

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Issue 36: What are the appropriate rate structures and rates for the wastewater systems?

Recommendation: The recommended rate structures and monthly wastewater rates are shown on Schedule No. 4-B. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notices and the notices have been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Sibley)

Position of the Parties

SUNSHINE: The current wastewater rates should be increased by the percentage increase in wastewater revenues, adjusted for repression.

OPC: No position.

Staff Analysis: In its revised MFRs, Sunshine proposed wastewater rates are a result of the requested wastewater revenue increase applied as an across the board increase to its existing rates. (TR 60) Sunshine witness Swain indicated that she inadvertently did not include a repression adjustment to the calculation of the wastewater rates in the original filing. (TR 506) Witness Swain cited Order No. PSC-2017-0361-FOF-WS wherein one of the Utility's prior rate cases the Commission approved a repression adjustment to the wastewater billing determinants to account for the expected decline in water demand. (TR 507) Consistent with witness Swain's proposed water repression adjustment, the wastewater repression adjustment is based on a two percent reduction in discretionary consumption for every 10 percent increase in revenue. (TR 508) Witness Swain asserted that in order to compensate for the anticipated 3.16 percent reduction in discretionary billable water, an across the board reduction of .310 percent should be applied to the wastewater gallonage charge. (507)

As discussed in Issue 34, staff is recommending that the Utility's revenue requirement be limited to its request in its petition of \$34,320,450. As such, staff recommends that rates should be design to recover the recommended revenue requirement as does Sunshine's proposed rates. Staff does not agree with witness Swain's methodology for calculating the wastewater repression adjustment. In formulating the repression adjustment, witness Swain used the wastewater revenue increase to determine the adjustment. However, the Commission does not recognize an adjustment due to an increase in the price of wastewater, but only recognizes the effect of an increase in the price of water on customer demand. It is Commission practice that an increase in the price of water is the catalyst for whether or not there is a repression adjustment which would ultimately flow through to wastewater. ³⁶ Based on the Commission practice, staff used witness Swain reduction in water gallons to determine the appropriate wastewater repression. This

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³⁶Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

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resulted in a wastewater repression adjustment that was de minimis. Therefore, staff recommends no repression adjustment for wastewater.

The Utility's proposed rates are consisted with its proposed limited revenue requirement. However, adjustments were made to decrease miscellaneous revenues, which result in an increase of revenues to be recovered from service rates and a decrease of revenues recovered through miscellaneous service charges. Staff calculated rates based on the reallocation. Staff recommends rates as shown on Schedule No. 4-B.

CONCLUSION

The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notices and the notices have been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

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Issue 37: What are the appropriate reuse rates?

Recommendation: The appropriate reuse rates for wastewater is shown on Schedule No. 2. The Utility should file a revised tariff sheet and a proposed customer notice to reflect the Commission-approved rate. The approved reuse rate should be effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Sibley)

Position of the Parties

SUNSHINE: The current reuse rates should be increased by the percentage increase in wastewater revenues.

OPC: The appropriate reuse rates are as reflected on EXH 41 MPN C6-2161.

Staff Analysis: In its revised MFRs, the Utility reflected proposed residential reuse rates of \$11.84 for the BFC and \$2.23 for the gallonage charge. (EXH 212, BSP J122) Sunshine's proposed reuse rates are a product of applying the Utility's requested wastewater percentage increase of 16 percent to its existing reuse rates. OPC witness Smith proposed reuse rates of \$12.51 for the BFC and \$2.35 for the gallonage charge. (EXH 41, BSP C6-2161)

Commission practice with respect to setting reuse rates does not include a cost based justification. Instead, the charge is typically set to reflect that sales of reuse as a lower cost alternative disposal method. Witness Smith indicated that current ratio of the reuse BFC to the potable water BFC is 75.24 percent (\$10.21/\$13.57) and current ratio of the reuse gallonage charge to the lowest tier of the potable water gallonage charges is 101.05 percent (\$1.92/\$1.90). (EXH 41, BSP C6-2161) For the Utility's proposed rates, the ratio of the BFC charge for reuse to potable water is 71.20 percent (\$11.84/\$16.63) and the proposed gallonage charge for reuse to the lowest tier of the potable water usage is 95.71 percent (\$2.23/\$2.33). (EXH 41, BSP C6-2161) Witness Smith argued that consistent with OPC's proposed reuse rates the current parity should be maintained that exists between the wastewater reuse rates and the rates for the lowest of tier of potable water usage. (TR 472) Witness Smith explained that keeping the reuse rates on a parity level with potable water that makes reuse the better option is in the public interest. (TR 472) As a result of OPC's proposed reuse rates, witness Smith asserts that reuse water revenues should be increased \$25,639 to reflect the proposed higher reuse rates. (TR 417; EXH 110, BSP E41995 – E41996)

There was some disagreement between OPC and Sunshine on the nature of witness Smith's adjustment as to whether it was a rate design issue or a revenue requirement issue. Witness Smith argued that the adjustment involves some aspects of both while witness Swain attested that the adjustment is a rate design issue. (TR 473, TR 510) Staff agrees with witness Swain. The wastewater revenue requirement encompasses both wastewater and reuse water. The portion of the wastewater revenue requirement recovered through the reuse rates is subtracted from the wastewater revenue requirement to determine the appropriate portion of the wastewater revenue to be used to design the wastewater rates. Staff agrees with witness Smith that the proposed

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adjustment of \$25,639 to increase reuse revenues has the effect of reducing the amount of wastewater revenue requirement for designing the wastewater rates. (TR 473) However, staff does not agree with witness Smith's proposed reuse rates and its corresponding adjustment.

Issue 37

Witness Smith indicated that reuse rates should be designed such that it is the cheaper option than potable water. (TR 472) Witness Smith proposed reuse rates are a cheaper option than the potable water, but they are higher than the Utility's proposed reuse rates. Staff believes OPC proposed reuse rates move closer to the potable water rates than the Utility's proposed reuse rates, which is counterintuitive to reuse pricing. Bills based on proposed rates at a 4,000 gallon consumption level would be \$25.95 for potable water, \$20.76 for reuse under Utility rates, and \$21.91 for reuse under OPC rates. Staff believes the Utility's proposed reuse rates are priced such that they incentivize customers to choose the reuse water rather than potable water. Overall, customer chose reuse water when it's available because it avoids them also having to pay for irrigation gallons up to the Utility's cap on their wastewater bill if they use the potable water. Consistent with Issue 36, staff is recommending that the Utility's proposed residential reuse rate be approved.

CONCLUSION

Based on the above, the appropriate reuse rates for wastewater is shown on Schedule No. 2. The Utility should file a revised tariff sheet and a proposed customer notice to reflect the Commission-approved rate. The approved reuse rate should be effective for services rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

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Issue 38: What are the appropriate customer deposits?

Approved Type 1 Stipulation: The amount of customer deposits should be established pursuant to Rule 25-30.311, F.A.C.

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Issue 39: What are the appropriate miscellaneous service charges?

Recommendation: The appropriate miscellaneous service charges should reflect the removal of the initial connection and normal reconnection charges. The premises visit charge definition should be updated consistent with Rule 25-30.460 F.A.C. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice. (Chambliss)

Position of the Parties

SUNSHINE: The miscellaneous service charges should remain unchanged.

OPC: The appropriate miscellaneous service charges should be calculated with OPC witness Smith's adjustments in EXH 41 MPN C6-2162.

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. (Sunshine BR 21) Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Some of the Utility's existing charges do not conform to Rule 25-30.460, F.A.C. In its brief, OPC indicated that the appropriate miscellaneous service charges should be calculated based on Witness Smith's adjustments shown in EXH 41MPN C6-2162. (OPC BR 45) Witness Smith's adjustments reflect an annualization of the impact on miscellaneous revenues of the price index increases to miscellaneous service charges during the test year. This adjustment was made in Issue 24 for water and wastewater. This has no impact on the miscellaneous service charges.

The Utility currently has an initial connection charge, a normal reconnection charge, a violation reconnection charge, and a premises visit charge of \$40.06 during business hours. The Utility also has after-hour charges of \$49.62 as well as actual cost for the same charges during business hours. Pursuant to Rule 25-30.460, F.A.C., initial and reconnection charges are obsolete and are subsumed in the definition of the premises visit charge. Therefore, staff recommends that the initial and reconnection charges are obsolete and should be removed. Nonetheless, staff recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C.

CONCLUSION

Based on the above, the appropriate miscellaneous service charges should reflect the removal of the initial connection and normal reconnection charges. The premises visit charge definition should be updated consistent with Rule 25-30.460 F.A.C. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice

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has been received by customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

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Issue 40: What are the appropriate guaranteed revenue charges?

Recommendation: The appropriate guaranteed revenue charge is the existing charge of \$25.35. Therefore, the guaranteed revenue charge should remain unchanged. (Bethea)

Position of the Parties

SUNSHINE: The guaranteed revenue charges should remain unchanged.

OPC: These charges are dependent on the resolution of other issues.

Staff Analysis: In its revised MFRs, the Utility did not request a change to its guaranteed revenue charge. (Sunshine BR 22) Rule 25-30.515(9), F.A.C., defines a guaranteed revenue charge as a charge designed to cover the utility's costs including, but not limited to, the cost of operation, maintenance, depreciation, and any tads, and to provide a reasonable return to a utility for facilities, a port of which may not be used or useful to a utility or its existing customers. The charge is designed to help a utility recover a portion of its cost from the time capacity is reserved until a customer begins to pay monthly service rates.

OPC indicated that the guaranteed revenue charge is dependent on the resolution of other issues. (OPC BR 45) Staff disagrees with OPC that the appropriate charge is dependent upon other issues in the case. In prior Commission cases, the guaranteed revenue charge has been based on a charge that is equal to a utility's approved BFC for one ERC.³⁷ Although the recommended BFC for one ERC is higher than Sunshine's guaranteed revenue charge, the Utility did not request the guaranteed revenue charge be changed. As a result, staff recommends the appropriate guaranteed revenue charge is the existing charge of \$25.35. Therefore, the guaranteed revenue charge should remain unchanged.

³⁷Order No. PSC-2018-0595-TRF-SU, issued December 20, 2018, in Docket No. 20180219-SU, *In re: Request for approval of amendment to tart of to charge a standby charge to customers sign ficantly impacted by Hurricane Michael in Guf County, by ESAD Enterprises, Inc. d/b/a Beaches Sewer System.*

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Issue 41: What are the appropriate meter installation charges?

Recommendation: Staff recommends that a meter installation charge of \$591.83 for a 5/8 inch x 3/4 inch meter size and actual costs for all other meter sizes be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice. (Lenberg)

Position of the Parties

SUNSHINE: Meter installation charges shall be updated for 5/8" x 3/4" meters to \$591.83 and to reflect actual costs for other meters.

OPC: The Utility has not justified its proposed 194% increase to its current meter installation charge increasing the present 5/8" x 3/4" Meter Installation Charge from \$201.21 to a proposed \$591.83.

Staff Analysis: In witness DeStefano's testimony, the Utility proposed to upgrade its current meters to an AMI metering system. (Sunshine BR 5) The Utility proposed to increase its meter installation charge of \$201.21 to \$591.83 for a 5/8 inch x 3/4 inch meter size and actual cost for all other meter sizes. (EXH 6, BSP C1-43; TR 118; Sunshine BR 22) A meter installation charge is designed to recover the cost of the meter and the installation. In witness DeStefano's testimony, the Utility provided a cost justification. (EXH 6, BSP C1-43) In its briefs, OPC asserted that the Utility did not justify its proposed 194 percent increase to its current meter installation charge. OPC asserted that the Utility's proposal is expensive and unnecessary. Furthermore, OPC indicated that the cost of the meter was not included in the filing and believes that the disallowance of AMI would remove the cellular connector charge of \$144.45, which would be a savings for future customers. Therefore, OPC recommends that the Commission deny the Utility's proposal to revise its meter installation charge. (OPC BR 45-46)

Despite OPC's assertion that the cost per meter was not included in the Utility's filing, staff's review of the Utility's cost justification provided indicates that all the components and costs of the 5/8 inch x 3/4 inch meter size were included. The cost justification also indicate the cost and components of other meter sizes as well, which are all shown in Exhibit DMD-2. (EXH 6, BSP C1-43) Staff believes that the cost justification is appropriate and the Utility's proposed meter installation charge for the 5/8 inch x 3/4 inch falls within the Commission's recent approval of a meter installation charge of \$674. Therefore, staff disagree with OPC's recommendation to deny the Utility's proposed meter installation charges. Based on staff's recommendation in Issue 4A to approve the AMI infrastructure, the Utility's meter installation charge of \$591.83 for the 5/8 inch x 3/4 inch meter size and all other meter sizes at actual costs is appropriate. If the

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³⁸Order No. PSC-2024-0118-PAA-WS, issued April 23, 2024, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC.*

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Commission denies the AMI infrastructure in Issue 4A, then the cellular connector charge of \$144.45 should be removed from the meter installation charge, consistent with OPC's position.

CONCLUSION

Based on the above, staff recommends that a meter installation charge of \$591.83 for a 5/8 inch x 3/4 inch meter size and actual costs for all other meter sizes be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

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Issue 41A: Are the resulting rates affordable within the meaning of fair, just, and reasonable pursuant to Sections 367.081 and 367.121 Florida Statutes?

Recommendation: The Commission has broad discretion to carry out its legislative mandate of ensuring rates are just, reasonable, compensatory, and not unfairly discriminatory. However, there exists no statutory authority to infer a specific definition of affordability absent express legislative authorization. To the extent the Commission can consider the "affordability" of customer bills, it must do so within the context of its governing statutes in Chapter 367, F.S. (Farooqi)

Position of the Parties

SUNSHINE: Since there is no objective standard of affordability, Sunshine is unable to take a substantive position. However, Sunshine does provide affordable service as this standard has been interpreted by the Commission in prior Orders.

OPC: The Commission should consider affordability in this proceeding, and all future water and wastewater utility base rate proceedings, in evaluating rate increase requests consistent with the trends in other U.S. regulatory jurisdictions.

Staff Analysis: Section 367.081, F.S., sets forth the factors the Commission must consider in a water and wastewater rate case. However, there is no mention of "affordability" in Chapter 367. (Sunshine BR 22) What the statutes explicitly require is for the Commission to approve rates that are "just, reasonable, compensatory, and not unfairly discriminatory." Section 367.081(2)(a)1., F.S.³⁹ In order to effectuate a determination of "just, reasonable, compensatory, and not unfairly discriminatory rates," the Commission considers a number of factors, the weight of which may vary slightly from one rate proceeding to another. For example, the Commission must consider and weigh evidence on the value and quality of the service, ⁴⁰ as well as the ability for the utility to recover a fair return on its investment of utility in property that is used and useful in the public service. Furthermore, pursuant to Section 367.081(2)(a)2.c., F.S., the Commission must approve certain expenses that are associated with "environmental compliance costs," as well as allow cost recovery for "reasonable rate case expense incurred during a rate proceeding." These factors are typically discrete issues supported by testimony and evidence.

OPC is attempting to create an additional factor or standard in this case for the Commission to weigh—"affordability," requesting the Commission to create a standard for affordability and ultimately to make a finding on affordability in its final order. OPC asserts that the Commission

³⁹ The Commission has only previously considered "affordability" in the limited context of a rate structure issue when determining the appropriate levels of subsidization when consolidating water and wastewater rates. See Order No. PSC-09-0385-FOF-WS, issued May 29, 2009, in Docket No. 080121-WS, In re: Application for increase in water and wastewater rates in Alachua, Brevard, DeSoto, Highlands, Lake, Lee, Marion, Orange, Palm Beach, Pasco, Polk, Putnam, Seminole, Sumter, Volusia, and Washington Counties by Aqua Utilities Florida, Inc., p. 123 et seq. The Commission also held that, "Based on all the above, first, we note there is no "affordability" test for setting a utility's revenue requirement under Chapter 367, F.S. ...[T]his is a rate structure issue, and we believe it is not appropriate to use this issue to justify any decrease in the revenue requirement." Id. at 159.

⁴⁰ Section 367.081(2)(a)1., F.S.

⁴¹ *Id*.

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should consider affordability to be consistent with other U.S. regulatory jurisdictions. OPC also claims affordability is an issue in this case because Sunshine's Witness Twomey used the word "affordable" in a line of his testimony, thereby opening the door to the issue. (OPC BR 46; TR 155). OPC argues that a rate would be unreasonable and prohibitive if it is in excess of what the consumer can afford to pay. (OPC BR 47)

OPC asserts in its brief that the Commission should consider affordability as a factor in this case, but it fails to adequately address the fact that the word "affordable" is not defined, let alone referenced, in Chapter 367, F.S. The Commission does not have such enabling legislation, because nowhere in Chapter 367, F.S., is "affordability" mentioned as a factor that the Commission can or should consider when setting rates.

OPC also asserts that because Sunshine's Witness Twomey used the word "affordability" in a line of his testimony, "affordability" became an issue in this case. 42 (OPC BR 47) However, merely mentioning a word or concept in testimony does not make it an issue that Commission has the authority to consider.

In its post-hearing position, OPC contends that the Commission should consider affordability to be consistent with the trends in the other U.S. regulatory jurisdictions in this proceeding, and all future water and wastewater utility base rate proceedings in evaluating rate increase requests. OPC maintained a similar position in Tampa Electric Company's (TECO) recent rate case, in which OPC argued that "affordability" should also be an issue. However, in that case the Commission found that unlike Florida, those other states had express statutory authorization to consider affordability when setting rates. He Commission also addressed the subjective nature of the term "affordability" in the TECO case, and found that while the Commission had broad discretion to carry out its legislative mandate of ensuring rates are fair, just, and reasonable, "there exists no statutory authority to infer a specific definition of affordability absent express legislative authorization." *Id.* at 184-186.

The record in this case does not support findings on "affordability" nor does it allow for the Commission to weigh testimony or evidence on affordability. As argued by Sunshine, the Commission has previously found that affordability is subjective in nature – what constitutes affordability to one person may represent unaffordability to another person. (Sunshine BR 22) In other words, affordability is subjective because utility bills vary depending on many factors beyond the control of a utility or the Commission, such as the customer's personal utility usage choices, income levels, financial obligations, and spending priorities, as well as overall economic factors such as inflation. Nowhere in this record did the OPC or the Utility establish a clear

⁴² Witness Twomey stated that Sunshine "strives to provide safe and reliable service at affordable rates...." (TR 155) When later asked during cross examination whether affordability should be a legitimate issue in setting rates, witness Twomey responded, "No." (OPC BR 47; TR 170-171)

⁴³ Order No. PSC-2025-0038-FOF-EI, issued February 3, 2025, in Docket Nos. 20240026-EI, *In re: Petition for rate increase by Tampa Electric Company*; 20230139-EI, *In re: Petition for approval of 2023 depreciation and dismantlement study, by Tampa Electric Company*; and 20230090-EI, *In re: Petition to implement 2024 generation base rate acjustment provisions in paragraph 4 of the 2021 stipulation and settlement agreement, by Tampa Electric Company*.

⁴⁴ *Id*. at 185.

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standard or measure for what could constitute "affordability" for Sunshine's customers. (Sunshine BR 23)

CONCLUSION

The Commission has broad discretion to carry out its legislative mandate of ensuring rates are just, reasonable, compensatory, and not unfairly discriminatory. However, there exists no statutory authority to infer a specific definition of affordability absent express legislative authorization. To the extent the Commission can consider the "affordability" of customer bills, it must do so within the context of its governing statutes in Chapter 367, F.S.

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Issue 42: Should the Utility's request to establish deferral accounts related to the Corix Infrastructure Inc. and SW Merger Acquisition Corp. merger be approved?

Recommendation: Yes. The Commission should approve the Utility's request to establish deferral accounts for recording benefits that result from integration efforts and costs related to achieving the integration benefits directly related to the merger. The approval to establish the deferral accounts, for accounting purposes, does not limit the Commission's ability to review the amounts, recovery method, recovery period, and other related matters for reasonableness in a future proceeding in which the deferral accounts are included.

Sunshine should be required to record and maintain the deferral accounts in a detailed manner that will allow costs and benefits to be readily identifiable in a future proceeding. In addition, Sunshine should be prepared to explain what actions and efforts it has undertaken to reduce or minimize these costs and to maximize any available benefits. (Bardin, Sewards)

Position of the Parties

SUNSHINE: Yes.

OPC: No.

Staff Analysis: Sunshine has requested permission to establish deferral accounts to properly account for both the savings and the expenses related specifically to the Merger of Sunshine's parent company with the parent of Southwest Water Company. The concept of deferral accounting allows companies to defer costs and benefits due to ongoing events such as the merger and seek recovery through rates at a later time if warranted. If the subject costs and/or benefits are significant, the alternative would be for a company to seek a rate proceeding each time it experiences a large exogenous event.

Due to the ongoing nature of the merger, Sunshine Witness Lubertozzi has proposed establishing two deferral accounts to track the benefits and costs to achieve benefits related to the Merger. (TR 36, TR 39) He proposed that in a future rate case, Sunshine may request recovery of the costs incurred which result in achieving benefits to customers, but only up to the amount of the related merger benefits. (TR 39) He indicated that the deferrals would be reviewed in each Sunshine rate case, culminating in a final review in the first Sunshine rate case filing after the completion of the five-year period following the merger closing. (TR 39) He indicated that Sunshine will not request recovery of net costs and will propose to return any deferred net merger benefit to customers in future rate cases. (TR 39) Witness Lubertozzi stated that Sunshine intends to defer costs that were incurred prior to the consummation of the Merger. (TR 489) OPC witness Smith agreed that without a deferral, the savings would benefit the Utility and not flow to customers. (TR 465)

OPC argues that the Commission should deny the Utility's request to establish any deferral accounts, stating that Sunshine failed to identify any cost categories or accounts to be included in the requested regulatory deferral accounts. (OPC BR 48; TR 45) Further, the Utility failed to provide any evidence of what costs, benefits, categories, or accounts are associated with these regulatory asset deferral accounts. (OPC BR 48; TR 39, 45) OPC contends the Commission

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should deny these deferral accounts as there has been no competent substantial evidence to support the Utility's request that can be cited to, except for the name of the regulatory asset, and that the Utility "believes the proposed deferral accounts provide customer protection for unknown scale or timing of potential impacts of the merger." (OPC BR 48; TR 39)

In response to discovery, the Utility explained any benefits that result from integration efforts, such as the consolidation of executive board fees, would be recorded in the deferral accounts. (EXH 71, BSP E724) Likewise, Sunshine has requested to track only costs specifically related to achieving the integration benefits, such as severance pay for eliminated positions. (EXH 71, BSP E727) The Utility has not requested to recover transaction costs, such as legal and consultant fees directly related to the merger transaction. (EXH 71, BSP E727) Because of the unique circumstances resulting from the merger, staff recommends that the Commission approve Sunshine's request to establish deferral accounts for recording benefits that result from integration efforts and costs related to achieving the integration benefits directly related to the Merger and defer Commission consideration of the potential recovery of the amounts recorded in the accounts to a future proceeding. For the same reasons, it is too early to determine if the total amount and/or all types of the proposed costs and benefits that will be permissible for recovery.

The approval to establish the deferral accounts, for accounting purposes, does not limit the Commission's ability to review the amounts, recovery method, recovery period, and other related matters for reasonableness in a future proceeding in which the deferral accounts are included. An adversely affected party's point of entry to request an evidentiary hearing before the Commission will be afforded in a future proceeding addressing cost recovery of the deferral accounts.

The deferral account costs and benefits should be recorded and maintained in a detailed manner that will allow costs and benefits to be readily identifiable in a future proceeding. In addition, Sunshine should be prepared to explain what actions and efforts it has undertaken to reduce or minimize these costs and to maximize any available benefits.

CONCLUSION

Staff recommends approval of the Utility's request to establish deferral accounts for recording benefits that result from integration efforts and costs related to achieving the integration benefits directly related to the merger. The approval to establish the deferral accounts, for accounting purposes, does not limit the Commission's ability to review the amounts, recovery method, recovery period, and other related matters for reasonableness in a future proceeding in which the deferral accounts are included.

Sunshine should be required to record and maintain the deferral accounts in a detailed manner that will allow costs and benefits to be readily identifiable in a future proceeding. In addition, Sunshine should be prepared to explain what actions and efforts it has undertaken to reduce or minimize these costs and to maximize any available benefits.

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Issue 43: What is the appropriate amount by which rates should be reduced after the established effective date to reflect the removal of the amortized rate case expense?

Recommendation: Sunshine's water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B, respectively. This is to remove rate case expense, grossed up for RAFs, which is being amortized over a four-year period and will result in a reduction of \$77,437 for water and \$72,007 for wastewater. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period pursuant to Section 367.081(8), F.S. Sunshine should be required to file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The Utility should also be required to file a proposed customer notice of the lower rates and the reason for the reduction. If Sunshine files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase, and the reduction in the rates due to the amortized rate case expense. (Sewards)

Position of the Parties

SUNSHINE: \$169,008, with 51.8168% allocated to water revenues and 48.1832% allocated to wastewater revenues.

OPC: This is a fallout issue pending the resolution of Issue 25.

Staff Analysis: Section 367.081(8), F.S., requires that rates be reduced immediately following the expiration of the determined amortization period by the amount of the rate case expense previously included in rates. After weighing the evidence put forth in the record, staff believes that a four-year amortization period is appropriate. The reduction in revenues will result in the rate decrease as shown on Schedule Nos. 4-A and 4-B, which will remove rate case expense grossed-up for RAFs of \$77,437 for water and \$72,007 for wastewater.

CONCLUSION

Sunshine's water and wastewater rates should be reduced as shown on Schedule Nos. 4-A and 4-B, respectively. This is to remove rate case expense, grossed up for RAFs, which is being amortized over a four-year period and will result in a reduction of \$77,437 for water and \$72,007 for wastewater. The decrease in rates should become effective immediately following the expiration of the four-year rate case expense recovery period pursuant to Section 367.081(8), F.S. Sunshine should be required to file revised tariff sheets no later than one month prior to the actual date of the required rate reduction. The Utility should also be required to file a proposed customer notice of the lower rates and the reason for the reduction. If Sunshine files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase, and the reduction in the rates due to the amortized rate case expense.

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Issue 44: Should the Utility be required to notify, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission approved adjustments?

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

Position of the Parties

SUNSHINE: Yes.

OPC: Yes. The Utility should be required to notify the Commission in writing that it has adjusted its books in accordance with any Commission ordered adjustments. Sunshine should submit a letter within 90 days of the final order in this docket confirming that the adjustments to all applicable NARUC USOA accounts have been made to the Utility's books and records.

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

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Issue 45: Should this docket be closed?

Recommendation: No. This docket should remain open for staff's verification that the Utility has filed the revised tariff sheets, customer notices have been filed, and that the Utility has notified the Commission in writing that the adjustments set forth herein have been made. Once these actions are complete, this docket should be closed administratively. (Sandy, Farooqi)

Position of the Parties

SUNSHINE: Yes, after confirmation that adjustments have been made.

OPC: Not at this time.

Staff Analysis: No. This docket should remain open for staff's verification that the Utility has filed the revised tariff sheets, customer notices have been filed, and that the Utility has notified the Commission in writing that the adjustments set forth herein have been made. Once these actions are complete, this docket should be closed administratively.

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Sunshine Water Services Company Schedule of Water Rate Base Test Year Ended 12/31/2023

Schedule No. 1-A Docket No. 20240068-WS

| | Description | Test Year Per Utility | Utility Adjust- ments | Adjusted Test Year Per Utility | Staff Adjust- ments | Staff Adjusted Test Year |
|----|--------------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------|--------------------------------|
| 1 | Plant in Service | \$154,450,166 | \$21,500,216 | \$175,950,382 | \$2,246,605 | \$178,196,987 |
| 2 | Land and Land Rights | 345,317 | (46,750) | 298,567 | (29,570) | 268,997 |
| 3 | Non-used and Useful Components | 0 | 0 | 0 | 0 | 0 |
| 4 | Construction Work in Progress | 10,702,753 | (10,702,753) | 0 | 0 | |
| 5 | Accumulated Depreciation | (72,724,166) | 10,253,994 | (62,470,172) | 513,318 | (61,956,854) |
| 6 | CIAC | (64,533,345) | 451,677 | (64,081,668) | (193,877) | (64,275,545) |
| 7 | Amortization of CIAC | 32,293,395 | (457,037) | 31,836,358 | 184,078 | 32,020,436 |
| 8 | Acquisition Adjustments | 1,292,816 | (1,292,816) | 0 | 0 | 0 |
| 9 | AA of Acquisition Adjustment | 114,806 | (114,806) | 0 | 0 | 0 |
| 10 | Advances for Construction | (35,452) | 0 | (35,452) | 0 | (35,452) |
| 11 | Working Capital Allowance | <u>0</u> | 1,746,652 | 1,746,652 | (6,017) | <u>1,740,635</u> |
| 12 | Rate Base | \$61,906,290 | <u>\$21,338,377</u> | \$83,244,667 | <u>\$2,714,537</u> | \$85,959,204 |

Docket No. 20240068-WS

Date: April 24, 2025

Sunshine Water Services Company Schedule of Wastewater Rate Base Test Year Ended 12/31/2023

Schedule No. 1-B Docket No. 20240068-WS

| | Description | Test Year Per Utility | Utility Adjust- ments | Adjusted Test Year Per Utility | Staff Adjust- ments | Staff Adjusted Test Year |
|---|--------------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------|--------------------------------|
| 1 | Plant in Service | \$153,190,867 | \$31,399,624 | \$184,590,491 | \$9,565,370 | \$194,155,861 |
| 2 | Land and Land Rights | 510,063 | 46,750 | 556,813 | (27,486) | 529,327 |
| 3 | Non-used and Useful Components | 0 | (140,657) | (140,657) | 0 | (140,657) |
| 4 | Construction Work in Progress | 14,693,009 | (14,693,009) | 0 | 0 | 0 |
| 5 | Accumulated Depreciation | (67,120,600) | (8,198,980) | (75,319,580) | 331,687 | (74,987,893) |
| 6 | CIAC | (37,475,393) | 240,934 | (37,234,459) | 20,166 | (37,214,293) |
| 7 | Amortization of CIAC | 29,588,418 | (3,085,974) | 26,502,444 | (29,277) | 26,473,167 |
| 8 | Working Capital Allowance | <u>0</u> | <u>2,617,989</u> | <u>2,617,989</u> | <u>6,017</u> | <u>2,624,006</u> |
| 9 | Rate Base | \$93,386,364 | <u>\$8,186,677</u> | \$101,573,041 | \$9,866,477 | <u>\$111,439,518</u> |

Docket No. 20240068-WS

Date: April 24, 2025

Sunshine Water Services Company Adjustments to Rate Base Test Year Ended 12/31/2023

Schedule No. 1-C Docket No. 20240068-WS

| | Explanation | Water | Wastewater |
|---|--|--------------------|-------------------|
| | Plant In Service | | |
| 1 | To reflect recommended pro forma plant. (I-4) | (\$1,310,997) | \$1,600,372 |
| 2 | To reflect updated pro forma retirements. (I-5) | (361,118) | (320,367) |
| 3 | To reflect annualization of test year plant additions. (I-3) | 3,918,720 | 8,285,365 |
| | Total | \$2,246,605 | \$9,565,370 |
| | Land | | |
| 1 | To reflect Audit Finding No. 7. (I-3) | <u>(\$29,570)</u> | <u>(\$27,486)</u> |
| | Total | <u>(\$29,570)</u> | <u>(\$27,486)</u> |
| | Non-used and Useful | | |
| | To reflect net non-used and useful adjustment | <u>\$0</u> | <u>\$0</u> |
| | Accumulated Depreciation | | |
| 1 | Correction for Net Salvage Value. (I-3) | \$35,830 | \$37,410 |
| 2 | To reflect recommended pro forma plant. (I-4) | 116,370 | (42,319) |
| 3 | To reflect updated pro forma retirements. (I-5) | 361,118 | 320,367 |
| 4 | To reflect Audit Finding No. 6. (I-13) | <u>0</u> | <u>16,229</u> |
| | Total | <u>\$513,318</u> | <u>\$331,687</u> |
| | CIAC | | |
| 1 | To reflect Audit Finding No. 4. (I-14) | (\$10,050) | (\$9,345) |
| 2 | To reflect updated pro forma retirements. (I-5) | (183,827) | <u>29,511</u> |
| | Total | <u>(\$193,877)</u> | <u>\$20,166</u> |
| | Accumulated Amortization of CIAC | | |
| 1 | To reflect Audit Finding No. 4. (I-15) | \$251 | \$234 |
| 2 | To reflect updated pro forma retirements. (I-5) | <u>183,827</u> | (29,511) |
| | Total | <u>\$184,078</u> | <u>(\$29,277)</u> |
| | Working Capital | | |
| 1 | To reflect Audit Finding No. 3 modified via Rebuttal. (I-16) | <u>(\$6,017)</u> | <u>\$6,017</u> |
| | Total | <u>(\$6,017)</u> | <u>\$6,017</u> |

Sunshine Water Services Company Capital Structure

Schedule No. 2 Docket No. 20240068-WS

Test Year Ended 12/31/2023

| | Test Year Ended 12/31/2023 | | C 161 | | | ~ | | | |
|-----|-------------------------------------|----------------------|-------------------|----------------------|------------------------|----------------------|----------------|----------------|---------------|
| | | T-4-1 | Specific | Subtotal | Prorata | Capital | | C 4 | XX7.1.1.4.3 |
| | Description | Total | Adjust- | Adjusted | Adjust- | Reconciled | D-4!- | Cost | Weighted |
| | Description | Capital | ments | Capital | ments | to Rate Base | Ratio | Rate | Cost |
| Per | Utility | **** | 4.0 | **** | | | | | |
| l 1 | Long-term Debt | \$321,846,154 | \$0 | \$321,846,154 | (\$254,367,902) | \$67,478,252 | 36.51% | 4.92% | 1.80% |
| 2 | Long-Term Debt - Variable | 70,192,308 | 0 | 70,192,308 | (55,467,254) | 14,725,054 | 7.97% | 7.51% | 0.60% |
| 3 | Short-term Debt | 19,076,923 | 0 | 19,076,923 | (15,083,100) | 3,993,823 | 2.16% | 8.25% | 0.18% |
| 4 | Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| 5 | Common Equity | 417,085,969 | 0 | 417,085,969 | (329,638,600) | 87,447,369 | 47.32% | $10.36\%^{45}$ | 4.90% |
| 6 | Customer Deposits | 319,453 | 0 | 319,453 | 0 | 319,453 | 0.17% | 2.00% | 0.00% |
| 7 | Accumulated Deferred ITC's | 61,653 | 0 | 61,653 | 0 | 61,653 | 0.03% | 0.00% | 0.00% |
| 8 | Deferred Income Taxes | 5,833,302 | (10,469) | 5,822,833 | 0 | 5,822,833 | 3.15% | 0.00% | 0.00% |
| 9 | Other Deferred Tax Liability - TCJA | <u>4,969,273</u> | <u>0</u> | <u>4,969,273</u> | <u>0</u> | <u>4,969,273</u> | <u>2.69%</u> | 0.00% | <u>0.00%</u> |
| 10 | Total Capital | <u>\$839,385,035</u> | <u>(\$10,469)</u> | <u>\$839,374,566</u> | <u>(\$654,556,856)</u> | <u>\$184,817,710</u> | <u>100.00%</u> | | <u>7.478%</u> |
| | | | | | | | | | |
| Per | Staff | | | | | | | | |
| 11 | Long-term Debt | \$321,846,154 | \$0 | \$321,846,154 | (\$246,158,133) | \$75,688,021 | 38.34% | 4.92% | 1.89% |
| 12 | Long-Term Debt - Variable | 70,192,308 | 0 | 70,192,308 | (53,685,301) | 16,507,007 | 8.36% | 7.51% | 0.63% |
| 13 | Short-term Debt | 19,076,923 | 0 | 19,076,923 | (14,590,635) | 4,486,288 | 2.27% | 8.25% | 0.19% |
| 14 | Preferred Stock | 0 | 0 | 0 | 0 | 0 | 0.00% | 0.00% | 0.00% |
| 15 | Common Equity | 417,085,969 | 0 | 417,085,969 | (319,000,560) | 98,085,409 | 49.69% | 10.20% | 5.07% |
| 16 | Customer Deposits | 319,453 | 0 | 319,453 | (244,328) | 75,125 | 0.04% | 2.00% | 0.00% |
| 17 | Accumulated Deferred ITC's | 61,653 | 0 | 61,653 | (47,154) | 14,499 | 0.01% | 0.00% | 0.00% |
| 18 | Deferred Income Taxes | 5,833,302 | 8,290 | 5,841,592 | (4,467,835) | 1,373,757 | 0.70% | 0.00% | 0.00% |
| 19 | Other Deferred Tax Liability - TCJA | <u>4,969,273</u> | <u>0</u> | <u>4,969,273</u> | (3,800,657) | <u>1,168,616</u> | 0.59% | 0.00% | <u>0.00%</u> |
| 20 | Total Capital | <u>\$839,385,035</u> | <u>\$8,290</u> | <u>\$839,393,325</u> | (\$641,994,603) | <u>\$197,398,722</u> | <u>100.00%</u> | | <u>7.77%</u> |
| | | | | | | | | | |
| | | | | | | | LOW | HIGH | |
| | | | | | RETURN ON E | QUITY | <u>9.20%</u> | <u>11.20%</u> | |
| | | | | | OVERALL RAT | TE OF RETURN | <u>7.27%</u> | <u>8.27%</u> | |

⁴⁵The ROE reflected in Schedule 2 is the Utility's initial request, not the stipulated ROE reflected in Issue 22.

> Sunshine Water Services Company Statement of Water Operations Test Year Ended 12/31/2023

Schedule No. 3-A Docket No. 20240068-WS

| | Description | Test Year Per Utility | Utility Test Year Adj | Adjusted Test Year Per Utility | Staff Adjust- ments | Staff Adjusted Test Year | Revenue Increase | Revenue Requirement |
|----|--------------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------|--------------------------------|----------------------|------------------------|
| 1 | Operating Revenues: | \$22,532,175 | <u>\$5,563,719</u> | \$28,095,894 | (\$5,177,609) | \$22,918,285 | \$4,563,417 19.9% | \$27,481,702 |
| 2 | Operating Expenses O&M | \$12,536,020 | \$743,783 | \$13,279,803 | (762,291) | 12,517,512 | | 12,517,512 |
| 3 | Depreciation | 2,572,862 | 1,908,761 | \$4,481,623 | (161,558) | 4,320,065 | | 4,320,065 |
| 4 | Amortization | 0 | 46,750 | \$46,750 | 0 | 46,750 | | 46,750 |
| 5 | TOTI | 1,934,995 | 573,609 | \$2,508,604 | (226,575) | 2,282,029 | 205,354 | 2,487,383 |
| 6 | Income Taxes | 1,112,778 | 441,521 | \$1,554,299 | (1,192,199) | <u>362,100</u> | 1,104,551 | 1,466,652 |
| 7 | Total Operating Expense | 18,156,655 | 3,714,424 | 21,871,079 | (2,342,622) | 19,528,457 | 1,309,905 | 20,838,362 |
| 8 | Operating Income | <u>\$4,375,520</u> | <u>\$1,849,295</u> | <u>\$6,224,815</u> | (\$2,834,987) | \$3,389,828 | \$3,253,512 | \$6,643,340 |
| 9 | Rate Base | <u>\$61,906,290</u> | \$21,338,377 | <u>\$83,244,667</u> | | <u>\$85,959,207</u> | | <u>\$85,959,204</u> |
| 10 | Rate of Return | <u>7.07%</u> | | <u>7.48%</u> | | <u>3.94%</u> | | <u>7.73%</u> |

| Sunshine Water Services Company |
|---|
| Statement of Wastewater Operations |
| Test Year Ended 12/31/2023 |

Schedule No. 3-B Docket No. 20240068-WS

| | Description | Test Year Per Utility | Utility Adjust- ments | Adjusted Test Year Per Utility | Staff Adjust- ments | Staff Adjusted Test Year | Revenue Increase | Revenue Requirement |
|----|--------------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------|--------------------------------|----------------------|------------------------|
| 1 | Operating Revenues: | \$28,276,590 | <u>\$6,043,860</u> | <u>\$34,320,450</u> | (\$4,703,419) | \$29,617,031 | \$4,703,419 15.9% | \$34,320,450 |
| 2 | Operating Expenses O&M | \$14,655,194 | \$970,541 | \$15,625,735 | (\$853,779) | \$14,771,956 | | \$14,771,956 |
| 3 | Depreciation (Net) | 5,374,706 | 874,090 | 6,248,796 | (12,020) | 6,236,776 | | 6,236,776 |
| 4 | Amortization | 0 | 223,805 | 223,805 | 0 | 223,805 | | 223,805 |
| 5 | ТОТІ | 2,218,669 | 511,247 | 2,729,916 | (193,229) | 2,536,687 | 211,654 | 2,748,341 |
| 6 | Income Taxes | 1,034,613 | 861,953 | 1,896,566 | (1,177,807) | <u>718,759</u> | <u>1,138,438</u> | <u>1,857,197</u> |
| 7 | Total Operating Expense | 23,283,182 | <u>3,441,636</u> | <u>26,724,818</u> | (2,236,834) | <u>24,487,984</u> | 1,350,092 | <u>25,838,075</u> |
| 8 | Operating Income | <u>\$4,993,408</u> | <u>\$2,602,224</u> | <u>\$7,595,632</u> | (\$2,466,585) | <u>\$5,129,047</u> | \$3,353,327 | <u>\$8,482,375</u> |
| 9 | Rate Base | \$93,386,364 | <u>\$8,186,677</u> | <u>\$101,573,041</u> | | <u>\$111,439,518</u> | | <u>\$111,439,518</u> |
| 10 | Rate of Return | <u>5.35%</u> | | <u>7.48%</u> | | 4.60% | | <u>7.61%</u> |

> Sunshine Water Services Company Adjustment to Operating Income Test Year Ended 12/31/2023

Schedule 3-C Docket No. 20240068-WS

| | Explanation | Water | Wastewater |
|----|--|----------------------|----------------------|
| | Operating Revenues | | |
| 1 | To remove requested final revenue increase. | (\$5,175,376) | (\$4,701,373) |
| 2 | To reflect the appropriate annualized service revenues. | 0 | 32 |
| 3 | To reflect the appropriate annualized miscellaneous revenues. | 7,817 | 7,268 |
| 4 | To reflect Audit Finding No. 4. | (10,050) | (9,345) |
| | Total | <u>(\$5,177,609)</u> | <u>(\$4,703,419)</u> |
| | Operation and Maintenance Expense | | |
| 1 | To reflect Audit Finding No. 9 modified via Rebuttal. (I-28) | \$43,442 | \$42,383 |
| 2 | To remove expense associated with DEP penalty. (I-28) | (165,188) | (153,584) |
| 3 | To remove charitable contributions. (I-28) | (10,490) | (9,754) |
| 4 | To remove expenses associated Wekiva WWTP litigation. (I-28) | 0 | (347,991) |
| 5 | To reflect disallowances in management fees. (I-27) | (33,768) | (31,393) |
| 6 | To remove payment processing expense. (I-26) | (200,501) | (186,418) |
| 7 | To remove Chamber of Commerce dues. (I-28) | (7,612) | (7,077) |
| 8 | To remove sewer maintenance expense. (I-28) | 0 | (29,879) |
| 9 | To reflect Pro Forma Capitalized Labor. (I-26) | 14,014 | (17,106) |
| 10 | To reflect O&M associated with Pro Forma meter replacements. (I-26) | (280,662) | 0 |
| 11 | To reflect updated rate case expense. (I-25) | (13,622) | (12,667) |
| 13 | To remove expiring RCE amortization. (I-28) | (96,267) | (89,504) |
| 14 | To remove half of D&O Liability Insurance expense. (I-28) | (11,637) | (10,790) |
| | Total | <u>(\$762,291)</u> | <u>(\$853,779)</u> |
| | <u>Depreciation Expense - Net</u> | | |
| 1 | To reflect net salvage value. (I-30) | (\$35,830) | (\$37,410) |
| 2 | To reflect recommended pro forma plant. (I-4) | (116,370) | 42,319 |
| 3 | To reflect Audit Finding No. 4. (I-31) | (251) | (234) |
| 4 | To reflect Audit Finding No. 6. (I-30) | 0 | (7,048) |
| 5 | To reflect updated pro forma retirements - depreciation expense. (I-5) | (14,496) | (10,613) |
| 6 | To reflect updated pro forma retirements - CIAC amortization. (I-5) | <u>5,390</u> | <u>966</u> |
| | Total | <u>(\$161,558)</u> | <u>(\$12,020)</u> |
| | Taxes Other Than Income (I-29) | | |
| 1 | RAFs on revenue adjustments above. | (\$232,992) | (\$211,654) |
| 2 | To reflect Pro Forma Capitalized Labor. | 1,072 | (1,309) |
| 3 | To remove property tax expense on non-U&U adjustment above. | 0 | (1,273) |
| 4 | To reflect Pro Forma Plant Additions. | 18,567 | 21,007 |
| 5 | To remove payroll tax corresponding to meter replacements. | (13,221) | <u>0</u> |
| | Total | <u>(\$226,575)</u> | (\$193,229) |

Docket No. 20240068-WS

Date: April 24, 2025

SUNSHINE WATER SERVICES COMPANY TEST YEAR ENDED DECEMBER 31, 2023 MONTHLY WATER RATES

SCHEDULE NO. 4-A DOCKET NO. 20240068-WS

| | CURRENT | | | |
|---|------------|------------|-------------|-----------|
| | CURRENT | PROPOSED | RECOMMENDED | RATE |
| | RATES | RATES | RATES | REDUCTION |
| | | | | |
| Residential and General Service | | | | |
| Base Facility Charge by Meter Size | | | | |
| 5/8" X3/4" | \$13.57 | \$16.63 | \$16.63 | \$0.05 |
| 3/4" | \$20.36 | \$24.80 | \$24.95 | \$0.07 |
| 1* | \$33.93 | \$41.59 | \$41.58 | \$0.12 |
| 1-1/2" | \$67.85 | \$83.17 | \$83.15 | \$0.23 |
| 2* | \$108.56 | \$133.06 | \$133.04 | \$0.37 |
| - 3* | \$217.12 | \$266.14 | \$266.08 | \$0.75 |
| 4* | \$339.25 | \$415.84 | \$415.75 | \$1.16 |
| 6" | \$678.50 | \$831.67 | \$831.50 | \$2.33 |
| 8" | \$1,085.60 | \$1,330.68 | \$1,330.40 | \$3.73 |
| 10" | \$1,967.65 | \$2,411.84 | \$2,411.35 | \$6.75 |
| Charge per 1,000 gallons - Residential | | | | |
| 0 - 4,000 gallons | \$1.90 | \$2.33 | \$2.34 | \$0.01 |
| 4,001 - 12,000 gallons | \$2.84 | \$3.49 | \$3.51 | \$0.01 |
| Over 12,000 gallons | \$4.76 | \$5.84 | \$5.85 | \$0.02 |
| Charge per 1,000 gallons - General Service | \$3.23 | \$3.96 | \$3.86 | \$0.01 |
| Private Fire Protection | | | | |
| 1-1/2" | \$67.85 | \$83.17 | \$83.15 | \$0.23 |
| 2* | \$108.56 | \$133.06 | \$133.04 | \$0.37 |
| 3" | \$217.12 | \$266.14 | \$266.08 | \$0.75 |
| 4" | \$339.25 | \$415.84 | \$415.75 | \$1.16 |
| 6" | \$678.50 | \$831.67 | \$831.50 | \$2.33 |
| 8" | \$1,085.60 | \$1,330.68 | \$1,330.40 | \$3.73 |
| 10" | \$1,967.65 | \$2,411.84 | \$2,411.35 | \$6.75 |
| Typical Residential 5/8" x 3/4" Meter Bill Comparison | | | | |
| 4,000 Gallons | \$21.17 | \$25.95 | \$25.99 | |
| 12,000 Gallons | \$43.89 | \$53.87 | \$54.07 | |
| 15,000 Gallons | \$58.17 | \$71.39 | \$71.62 | |

| SUNSHINE WATER SERVICES COMPANY TEST YEAR ENDED 12/31/23 MONTHLY WASTEWATER RATES | | | Doci | Schedule No. 4-B cet No. 20240068-WS |
|---|--------------------------------|--------------------------------|-------------------------------|---|
| MONIBLY WAS IL WALLKAILS | UTILITY'S EXISTING RATES | UTILITY'S PROPOSED RATES | STAFF RECOMMENDED RATES | FOUR YEAR RATE REDUCTION |
| Residential Service (RS1) All Meter Sizes | \$34.99 | \$40.50 | \$40.59 | ¢0.10 |
| All Meter Sizes | \$34.99 | \$40.59 | \$40.59 | \$0.10 |
| Charge per 1,000 gallons 8,000 Gallon Cap | \$5.59 | \$6.48 | \$6.48 | \$0.02 |
| Residential Service (RS2) | | | | |
| All Meter Sizes | \$70.01 | \$81.22 | \$81.22 | \$0.20 |
| Charge per 1,000 gallons 16,000 Gallon Cap | \$5.59 | \$6.48 | \$6.48 | \$0.02 |
| Flat Rate (RS3) | \$62.95 | \$73.03 | \$73.19 | \$0.18 |
| Flat Rate (RS4) | \$125.91 | \$146.07 | \$146.07 | \$0.37 |
| Residential Reuse Service (RRS1) | | | | |
| All Meter Sizes | \$10.21 | \$11.84 | \$11.84 | \$0.03 |
| Charge per 1,000 gallons | \$1.92 | \$2.23 | \$2.23 | \$0.01 |
| General Service (GS1) Base Facility Charge by Meter Size | | | | |
| 5/8"X3/4" | \$34.99 | \$40.59 | \$40.59 | \$0.10 |
| 3/4" | \$52.49 | \$60.89 | \$60.89 | \$0.15 |
| 1" | \$87.48 | \$101.48 | \$101.48 | \$0.25 |
| 1-1/2" | \$174.95 | \$202.95 | \$202.95 | \$0.51 |
| 2" | \$279.92 | \$324.72 | \$324.72 | \$0.81 |
| 3" 4" | \$559.84 | \$649.44 | \$649.44 | \$1.62 |
| 6" | \$874.75 \$1,749.50 | \$1,014.75 \$2,029.50 | \$1,014.75 \$2,029.50 | \$2.54 \$5.07 |
| 8" | \$2,799.20 | \$3,247.20 | \$3,247.20 | \$8.12 |
| 10" | \$5,073.55 | \$5,885.55 | \$5,885.55 | \$14.71 |
| General Service (GS2) | | | | |
| Base Facility Charge by Meter Size | | | | |
| 5/8"X3/4" | \$70.00 | \$81.21 | \$81.38 | \$0.20 |
| 3/4" | \$105.00 | \$121.82 | | \$0.31 |
| 1" 1-1/2" | \$175.00 | \$203.03 | \$203.45 | \$0.51 |
| 2" | \$350.00 \$560.00 | \$406.05 \$649.68 | \$406.90 \$651.04 | \$1.02 \$1.63 |
| 3" | \$1,120.00 | \$1,299.36 | \$1,302.08 | \$3.26 |
| 4" | \$1,750.00 | \$2,030.25 | \$2,034.50 | \$5.09 |
| 6" | \$3,500.00 | \$4,060.50 | | \$10.17 |
| 8" | \$5,600.00 | \$6,496.80 | | \$16.28 |
| 10" | \$10,150.00 | \$11,775.45 | \$11,800.10 | \$29.50 |
| Charge per 1,000 gallons - General Service | \$6.70 | \$7.77 | \$7.79 | \$0.02 |
| Flat Rate (GS3) | \$62.95 | \$73.03 | \$73.19 | \$0.18 |
| Flat Rate (GS4) (905 ERCs) | \$56,969.75 | \$66,092. 15 | \$66,236.95 | \$165.59 |
| General Reuse Service | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Bulk Service (BS1) | Ac 15 | A | ***** | |
| All Meter Sizes (58 ERCs) | \$2,029.42 | \$2,354.22 | \$2,354.22 | \$5.89 |
| Charge per 1,000 gallons | \$5.59 | \$6.48 | \$6.48 | \$0.02 |
| Typical Residential 5/8" x 3/4" Meter Bill Comp 4,000 Gallons | *57.35 | \$66.51 | \$66.51 | |
| 8,000 Gallons | \$79.71 | \$92.43 | \$92.43 | |
| 15,000 Gallons | \$79.71 | \$92.43 | \$92.43 | |

Item 7

FILED 4/24/2025 **DOCUMENT NO. 03118-2025 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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Thompson, Ellis, King, Ramos) 778

Division of Economics (Hampson)
Office of the General Counsel (Imig, Sparks)

RE: Docket No. 20250048-EG - Petition for approval of proposed demand-side

management plan, by Florida Power & Light Company.

AGENDA: 05/06/25 – Regular Agenda – Tariff Suspension - Participation is at the Discretion

of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: 05/17/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

Sections 366.80 through 366.83, and 403.519, Florida Statutes (F.S.), known collectively as the Florida Energy Efficiency and Conservation Act (FEECA), require the Florida Public Service Commission (Commission) to adopt conservation goals to increase the efficiency of energy consumption. FEECA emphasizes reducing the growth rates of weather-sensitive peak demand, reducing and controlling the growth rates of electricity consumption, reducing the consumption of expensive resources such as petroleum fuels, and encouraging demand-side renewable energy resources. The Commission most recently established conservation goals for Florida Power & Light Company (FPL or Utility) by Order No. PSC-2024-0505-FOF-EG, issued December 18, 2024, in Docket No. 20240012-EG.1 On March 18, 2025, FPL filed a petition requesting

¹ Order No. PSC-2024-0505-FOF-EG, issued December 18, 2024, in Docket No. 20240012-EG, In re: Commission review of numeric conservation goals (Florida Power & Light Company).

Docket No. 20250048-EG Date: April 24, 2025

approval of its Demand-Side Management (DSM) Plan, including the modifications of and additions to its tariff sheets related to the existing Residential On-Call program and its associated HVAC On-Bill Pilot program. FPL also filed its DSM program participation standards for approval.

This recommendation addresses the suspension of FPL's proposed tariff sheets. The Commission has jurisdiction over this matter pursuant to Sections 366.06, 366.80 through 366.83, and 403.519, F.S.

Docket No. 20250048-EG Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Florida Power & Light Company's proposed tariff sheets be suspended?

Recommendation: Yes. Staff recommends that FPL's proposed tariff sheets for its Residential On-Call and associated HVAC On-Bill Pilot programs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Hampson, Thompson)

Staff Analysis: Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff recommends that allowing staff time to analyze the request is a good cause, consistent with the requirement of Section 366.06(3), F.S.

Docket No. 20250048-EG Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on FPL's proposed DSM Plan and the associated program participation standards. (Imig, Sparks)

Staff Analysis: This docket should remain open pending the Commission's decision on the Utility's proposed DSM Plan and the associated program participation standards.

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Sanchez, Ellis) 78

Office of the General Counsel (Farooqi, Marquez)

RE: Docket No. 20250053-EQ – Petition for approval of revisions to standard offer

contract and rate schedule COG-2, by Tampa Electric Company.

AGENDA: 05/06/25 - Regular Agenda - Tariff Suspension - Participation is at the

Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/31/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously

consider Docket Nos. 20250053-EQ, 20250054-EQ,

20250055-EQ, and 20250056-EQ.

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility to continuously offer to purchase capacity and energy from renewable generating facilities and small qualifying facilities. Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute and require each investor-owned utility to file with the Commission, by April 1 of each year, a revised standard offer contract based on the next avoidable fossil-fueled generating unit of each technology type identified in the utility's current Ten-Year Site Plan (TYSP). On April 1, 2025, Tampa Electric Company (TECO) filed a petition for approval of its amended standard offer contract based on its 2025 TYSP.

Docket No. 20250053-EQ

Date: April 24, 2025

This is staff's recommendation to suspend the proposed revisions and associated tariffs. The Commission has jurisdiction over this amended standard offer contract, pursuant to Sections 366.04, 366.04, 366.05, 366.055, 366.06, and 366.91, F.S.

Docket No. 20250053-EQ Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission suspend TECO's proposed revisions to its standard offer contract and associated tariffs?

Recommendation: Yes. Staff recommends that TECO's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals. (Sanchez)

Staff Analysis: Staff recommends that TECO's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such change a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Docket No. 20250053-EQ Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's decision on TECO's revised standard offer contract. (Farooqi, Marquez)

Staff Analysis: The docket should remain open pending the Commission's decision on TECO's revised standard offer contract.

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Sanchez, Ellis)

Office of the General Counsel (Augspurger, Marquez)

RE: Docket No. 20250054-EQ – Petition for approval of amended standard offer

contract (Schedule COG-2), by Duke Energy Florida, LLC.

AGENDA: 05/06/25 - Regular Agenda - Tariff Suspension - Participation is at the

Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/31/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously

consider Docket Nos. 20250053-EQ, 20250054-EQ,

20250055-EQ, and 20250056-EQ.

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility to continuously offer to purchase capacity and energy from renewable generating facilities and small qualifying facilities. Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute and require each investor-owned utility to file with the Commission, by April 1 of each year, a revised standard offer contract based on the next avoidable fossil-fueled generating unit of each technology type identified in the utility's current Ten-Year Site Plan (TYSP). On April 1, 2025, Duke Energy Florida, LLC (DEF) filed a petition for approval of its amended standard offer contract based on its 2025 TYSP.

Docket No. 20250054-EQ Date: April 24, 2025

This is staff's recommendation to suspend the proposed revisions and associated tariffs. The Commission has jurisdiction over this amended standard offer contract, pursuant to Sections 366.04, 366.04, 366.05, 366.055, 366.06, and 366.91, F.S.

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission suspend DEF's proposed revisions to its standard offer contract and associated tariffs?

Recommendation: Yes. Staff recommends that DEF's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals. (Sanchez)

Staff Analysis: Staff recommends that DEF's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such change a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's decision on DEF's revised standard offer contract. (Augspurger, Marquez)

Staff Analysis: The docket should remain open pending the Commission's decision on DEF's revised standard offer contract.

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Davis, Ellis, Ramos, King) 78

Office of the General Counsel (Sparks, Imig)

RE: Docket No. 20250055-EQ – Petition for approval of standard offer contract and

request for temporary waiver of rule on annual filing, by Florida Public Utilities

Company.

AGENDA: 05/06/2025 - Regular Agenda - Tariff Suspension - Participation is at the

Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/31/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously

consider Docket Nos. 20250053-EQ, 20250054-EQ,

20250055-EQ, and 20250056-EQ.

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility to continuously offer to purchase capacity and energy from renewable generating facilities and small qualifying facilities. Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute and require each investor-owned utility to file with the Commission, by April 1 of each year, a revised standard offer contract based on the avoiding or deferring purchases for utilities with no planned generating additions. On April 1, 2025, Florida Public Utilities Company (FPUC) filed a petition for approval of the 2025 Standard Offer Contract and request for temporary waiver of Rule 25-17.250(1), F.A.C., regarding the annual filing requirement. The rule waiver is not part of this recommendation and will be handled separately.

Docket No. 20250055-EQ Date: April 24, 2025

This is staff's recommendation to suspend the proposed revisions and associated tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, 366.055, 366.06, and 366.91, F.S.

Docket No. 20250055-EQ Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission suspend FPUC's proposed revisions to its standard offer contract and associated tariffs?

Recommendation: Yes. Staff recommends that FPUC's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals. (Davis)

Staff Analysis: Staff recommends that FPUC's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such change, a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Docket No. 20250055-EQ Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's decision on FPUC's revised standard offer contract and Rule Waiver. (Sparks, Imig)

Staff Analysis: The docket should remain open pending the Commission's decision on FPUC's revised standard offer contract and Rule Waiver.

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Ellis, King)

Office of the General Counsel (Imig, Marquez)

RE: Docket No. 20250056-EQ – Petition for approval of renewable energy tariff and

standard offer contract, by Florida Power & Light Company.

AGENDA: 05/06/25 - Regular Agenda - Tariff Suspension - Participation is at the

Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/31/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously

consider Docket Nos. 20250053-EQ, 20250054-EQ,

20250055-EQ, and 20250056-EQ.

Case Background

Section 366.91(3), Florida Statutes (F.S.), requires each investor-owned utility to continuously offer to purchase capacity and energy from renewable generating facilities and small qualifying facilities. Rules 25-17.200 through 25-17.310, Florida Administrative Code (F.A.C.), implement the statute and require each investor-owned utility to file with the Commission, by April 1 of each year, a revised standard offer contract based on the next avoidable fossil-fueled generating unit of each technology type identified in the utility's current Ten-Year Site Plan (TYSP). On April 1, 2025, Florida Power & Light Company (FPL) filed a petition for approval of its renewable energy tariff and amended standard offer contract based on its 2025 TYSP.

Docket No. 20250056-EQ Date: April 24, 2025

This is staff's recommendation to suspend the proposed revisions and associated tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, 366.055, 366.06, and 366.91, F.S.

Docket No. 20250056-EQ Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission suspend FPL's proposed revisions to its standard offer contract and associated tariffs?

Recommendation: Yes. Staff recommends that FPL's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals. (Wooten)

Staff Analysis: Staff recommends that FPL's proposed revisions to its standard offer contract and associated tariffs be suspended to allow staff sufficient time to review the petition and gather all information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such change, a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Docket No. 20250056-EQ Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. The docket should remain open pending the Commission's decision on FPL's revised standard offer contract. (Imig, Marquez)

Staff Analysis: The docket should remain open pending the Commission's decision on FPL's revised standard offer contract.

Item 12

FILED 4/24/2025 DOCUMENT NO. 03117-2025 FPSC - COMMISSION CLERK

State of Florida



Public Service Commission

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

DATE: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (T. Thompson, Ellis, Ramos, King)

Division of Economics (Hampson)

Office of the General Counsel (M. Thompson, Imig, Bloom)

RE: Docket No. 20250029-GU – Petition for rate increase by Peoples Gas System, Inc.

AGENDA: 05/06/25 – Regular Agenda – Tariff Suspension - Participation is at the Discretion

of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: 05/30/2025 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On March 31, 2025, Peoples Gas System, Inc. (PGS or Utility) filed its petition for a permanent rate increase. PGS provides natural gas service to approximately 508,000 customers across 43 Florida counties.

PGS has requested a \$103.6 million annual increase in its general base rates and charges effective January 2026. This amount includes approximately \$6.7 million of revenue currently being recovered through PGS's Cast Iron/Bare Steel Replacement Rider, which results in a net annual incremental revenue increase request of approximately \$96.9 million in 2026. In addition, the Utility has requested an incremental rate increase of approximately \$26.7 million effective January 2027. PGS also requested that it be allowed a return on common equity of 11.10 percent. PGS based its request on a projected test year period of January 1, 2026, through December 31, 2026. The Utility did not request interim rate relief.

Docket No. 20250029-GU Date: April 24, 2025

PGS's last general rate case was in 2023. In that case, the Commission approved a net annual revenue increase of approximately \$106.7 million.¹

On February 3, 2025, the Commission acknowledged the Office of Public Counsel's Notice of Intervention in this proceeding.² Additionally, on February 10, 2025, the Florida Industrial Power Users Group petitioned the Commission to intervene in this proceeding.³ This recommendation addresses the suspension of the requested permanent rate increase and all associated tariff revisions. The Commission has jurisdiction over this matter pursuant to Section 366.06, Florida Statutes (F.S.).

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¹ Order No. PSC-2023-0388-FOF-GU, issued December 27, 2023, in Docket No. 20230023-GU, *In re: Petition for rate increase by Peoples Gas System, Inc.*

² Order No. PSC-2025-0036-PCO-GU, issued February 3, 2025, in Docket No. 20250029-GU, *In re: Petition for rate increase by Peoples Gas System, Inc.*

³ Document No. 00903-2025, filed February 10, 2025, in Docket No. 20250029-GU, *In re: Petition for rate increase by Peoples Gas System, Inc.*

Docket No. 20250029-GU Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Peoples Gas System, Inc.'s proposed tariffs to implement the request for a permanent increase in rates and charges be suspended?

Recommendation: Yes. Staff recommends that PGS's proposed tariffs be suspended to allow staff and the parties time to analyze the request and for the Commission to conduct an administrative hearing. (Hampson, T. Thompson)

Staff Analysis: Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff recommends that allowing staff and the parties time to analyze the request and for the Commission to conduct an administrative hearing is a good cause, consistent with the requirement of Section 366.06(3), F.S. Accordingly, PGS's proposed tariffs should be suspended.

Docket No. 20250029-GU Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open to process PGS's revenue increase request. (M. Thompson, Imig, Bloom)

Staff Analysis: This docket should remain open pending the Commission's final resolution of the Utility's requested permanent base rate increase.

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Watts, Ramos, Smith II)

Division of Accounting and Finance (Bardin, Norris)

Division of Economics (Bruce, Chambliss)

Office of the General Counsel (Thompson, Crawford)

RE: Docket No. 20240113-WU – Application for grandfather certificate to operate

water utility in Citrus County by Hash Utilities, LLC. (Meadow Wood Water

System)

AGENDA: 05/06/25 - Regular Agenda - Proposed Agency Action for Issue 3 - Interested

Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Please place Docket Nos. 20240113-WU, 20240114-

WU, 20240115-WU, and 20240116-WU consecutively

on the Agenda.

Case Background

On May 28, 2024, the Board of County Commissioners of Citrus County (County) adopted Resolution No. 2024-040 (Resolution), transferring regulation of the privately-owned, for-profit water and wastewater utilities in Citrus County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in Citrus County became subject to the provisions of Chapter 367, Florida

Docket No. 20240113-WU Date: April 24, 2025

Statutes (F.S.). By Order No. PSC-2024-0267-FOF-WS, the Commission acknowledged the Resolution.¹

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a water or wastewater system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On August 6, 2024, Hash Utilities, LLC (Meadow Wood or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County for its Meadow Wood water system pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Meadow Wood's application was found to be deficient, and staff sent deficiency letters to the Utility on September 17, 2024, and November 21, 2024. The Utility cured the deficiencies on January 27, 2025.

Meadow Wood provides water service to approximately 42 residential customers in single family homes. Wastewater service is provided by septic tank. The Utility was established in 1960, and was previously regulated by the Commission in 1996.² The Commission granted Meadow Wood Water System Certificate No. 545-W. In 1999, the Citrus County Board of County Commissioners adopted Resolution No. 99-111 (1999 Resolution) rescinding the Commission's jurisdiction in Citrus County. The Commission subsequently issued an order acknowledging the County's 1999 Resolution and canceling the certificates of the regulated water and wastewater utilities in the County, including Certificate No. 545-W.³ The current owner purchased the system in 2009. The Utility's service area is located in the Southwest Florida Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

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¹ Order No. PSC-2024-0267-FOF-WS, issued July 25, 2024, in Docket No. 20240095-WS, *In re: Resolution of the Board of County Commissioners of Citrus County declaring Citrus County subject of the provisions of Sections 367, F.S.*

² Order No. PSC-92-1114-FOF-WU, issued October 5, 1992, in Docket No. 19920674-WU, *In re: Application of Meadow-Wood for a water cert.ficate in Citrus County, Florida*.

³ Order No. PSC-99-1899-FOF-WS, issued September 24, 1999, in Docket No. 19990996-WS, *In re: Resolution by Citrus County Commission to rescind Citrus County Resolution No. 73-97 and remove jurisdiction of Florida Public Service Commission over private water and wastewater utilities in Citrus County.*

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Hash Utilities, LLC's application for a grandfather water certificate in Citrus County for its Meadow Wood water system be acknowledged?

Recommendation: Yes. Meadow Wood's application should be acknowledged and the Utility should be granted Certificate No. 688-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Meadow Wood's certificate and should be retained by the Utility. (M. Watts, Bardin)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Citrus County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a quitclaim deed as proof of ownership of the land on which the Utility's facilities are located, an accurate territory description, and adequate service territory and system maps. The territory description is provided in Attachment A.

As stated in the case background, Meadow Wood serves approximately 42 residential customers. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

Conclusion

Based on the above, staff recommends that Meadow Wood be granted Certificate No. 688-W to serve the territory described in Attachment A. The resultant order should serve as the Utility's certificate and should be retained by the Utility.

Date: April 24, 2025

Issue 2: What rates and charges should be approved for Meadow Wood Utilities, LLC?

Recommendation: Of the Utility's rates, charges, and deposits that were approved by Citrus County and in effect when Citrus County transferred jurisdiction to the Commission, the rates, charges, and initial customer deposit shown on Schedule No. 1 are appropriate and should be approved. In addition, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved. These charges, as well as the rate, charges, and initial customer deposit shown in Schedule No. 1, should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved Violation Reconnection Charge, Late Payment Charge, and NSF Charges, as well as the rate, charges and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

Staff Analysis: Citrus County Water and Wastewater Authority approved the Utility's current monthly rates by Final Order 23-03 on August 14, 2023. The bi-monthly water rates consist of a single flat rate and no gallonage charge. However, it appears the Utility has not been billing the appropriate rates, which will be addressed in Issue 4. Staff recommends that the rates that were last approved in Final Order 23-03 by Citrus County should be billed to customers and approved by the Commission.

The Utility's water charges consist of miscellaneous service charges and service availability charges, which include a service availability policy. The miscellaneous service charges were established under the prior owner, however, some of the miscellaneous service charges are not consistent with the Florida Statutes or Commission Rules and staff recommends they be modified in Issue 3. However, as stated previously, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and should be approved herein. The Utility's service availability charges were approved in Final Order 24-01 on January 29, 2024.

Conclusion

Staff recommends that, of the Utility's rate, charges, and deposits that were approved by Citrus County and in effect when Citrus County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposit shown on Schedule No. 1, and the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge, are appropriate and should be approved. The rate, charges, and initial customer deposit shown in Schedule No. 1 should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved Violation Reconnection Charge, Late Payment Charge, and NSF Charge, as well as the rates, charges and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

Date: April 24, 2025

Issue 3: What are the appropriate miscellaneous service charges for Meadow Wood Utilities, LLC?

Recommendation: With the exception of the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge (which are approved in Issue 2), the appropriate miscellaneous service charges shown on Table 3-2 should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Chambliss)

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Staff recommends that some of the Utility's existing charges that are set forth in Table 3-1, be revised to conform with Rule 25-30.460, F.A.C. As discussed in Issue 2, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved without modification, but are shown below for illustrative purposes. The Utility's current miscellaneous service charges for water service consist of various charges and are shown on Table 3-1.

Table 3-1
Meadow Wood Utilities, LLC Existing Miscellaneous Service Charges

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|---|----------------------------------|--|
| | Existing Charges | |
| Initial Connection Charge | \$45.00 | |
| Normal Reconnection Charge | \$45.00 | |
| Violation Reconnection Charge | \$45.00 | |
| Premises Visit Charge (in lieu of | \$45.00 | |
| disconnection) | | |
| Premises Visit Charge | \$30.00 | |
| Late Payment Charge | \$5.00 | |
| NSF Charge | Pursuant to Section 68.065, F.S. | |
| Tampering Charge | \$150.00 | |

Source: Document No. 08236-2024, filed on August 6, 2024, in Docket No. 20240113-WU

Premises Visit Charge and Violation Reconnection Charge.

As shown on Table 3-1, the Utility currently has an initial connection charge, a normal reconnection charge, a violation reconnection charge, and a premises visit charge (in lieu of disconnection) of \$45. The Utility has a separate "Premises Visit Charge" of \$30. However, pursuant to Rule 25-30.460(2)(a), F.A.C., initial and reconnection charges are subsumed within the definition of the premises visit charge. Therefore, staff recommends that the initial and normal reconnection charges be removed.

According to the Utility, the premises visit charge of \$30 is assessed when customers request a meter re-read. A meter re-read is usually assessed when an initial reading is not an error of the Utility. Therefore, staff recommends that the premises visit charge of \$30 be removed as it

Docket No. 20240113-WU

Date: April 24, 2025

should be covered under the general premises visit charge of \$45. Staff recommends that the Utility's definition for "premises visit charge" be updated to comply with Rule 25-30.460, F.A.C.

Issue 3

Tampering or Prohibited Connection or Use Charge

The Utility has a tampering charge of \$150 for water service. Rule 25-30.320(2)(j), F.A.C., provides that a utility may refuse or discontinue service without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the Utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate 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, staff recommends that the Utility's tampering charge of \$150 be modified and approved at actual cost. The appropriate water miscellaneous service charges shown on Table 3-2 should be approved.

Table 3-2
Staff Recommended Miscellaneous Service Charges

| | All Hours |
|--|----------------------------------|
| Premises Visit | \$45.00 |
| Violation Reconnection | \$45.00 |
| Tampering or Prohibited Connection or Use Charge | Actual Cost |
| NSF Charge (Water and Wastewater) | Pursuant to Section 68.065, F.S. |
| Late Payment Charge | \$5.00 |

Conclusion

The Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and are recommended for approval in Issue 2, and are shown above for illustrative purposes. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

Docket No. 20240113-WU

Date: April 24, 2025

Issue 4: Did Meadow Wood bill the appropriate rates per Citrus County Final Order 23-03 and, if not, what is the appropriate action?

Issue 4

Recommendation: The Utility did not bill the appropriate rates per Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the Utility's billing practices and determine the appropriate action. (Chambliss)

Staff Analysis: As mentioned in Issue 2, the Utility is currently charging rates that were not authorized by Citrus County. As reflected in the current tariff, Meadow Wood bills a bi-monthly base facility charge of \$36.85 for its residential and general service customers and has no separate gallonage charge. However, Citrus County Final Order 23-03 only authorizes a monthly BFC of \$35.76. Staff contacted the County which indicated that the Utility's last price index increase was approved in Final Order 23-03 on August 14, 2023.

On March 4, 2024, the County issued Final Order 24-04 which authorized the Utility to *apply* for a 3.24 percent price index increase which Meadow Wood allegedly applied. As reflected in unissued Citrus County Final Order 24-05, County staff had identified application deficiencies which suggested that 3.05 percent would be the more appropriate price index adjustment for the Utility. However, draft Final Order 24-05 was never signed or issued by the Citrus County Water and Wastewater Authority because the May 20, 2024 meeting to officially decide that matter was canceled due to the change of Citrus County jurisdiction in progress with the Commission. It appears to Commission staff that the Utility mistakenly implemented a 3.05 percent increase to its 2023 approved rates before Citrus County Water and Wastewater Authority rendered a decision. Therefore, according to the Utility's tariff, customers are being overcharged. Staff recommends that a docket be opened to investigate this matter further.

Conclusion

Based on the above, the Utility did not bill the appropriate rates per Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the Utility's billing practices and determine the appropriate action.

Date: April 24, 2025

Issue 5: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Thompson)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

Docket No. 20240113-WU
Date: April 24, 2025
Attachment A
Page 1 of 2

DESCRIPTION OF TERRITORY SERVED

Hash Utilities, LLC Meadow Wood Subdivision, Citrus County.

A parcel in the South 1/2 of the Northeast 1/4 of the Northeast 1/4 Section 26, Township 18 South, Range 17 East, Citrus County, Florida.

More particularly described as:

Begin at the Southwest comer of the Northwest 1/4 of the Northeast 1/4 of Section 26, Township 18 South, Range 17 East, thence South 00°09'10" East a distance of 664.96 feet; thence North 89°27'20" East a distance of 1,319.06 feet; thence North 00°28'50" East a distance of 668.52 feet; thence North 89°36'47" West a distance of 1.322.84 feet, to the Point of Beginning.

Docket No. 20240113-WU
Date: April 24, 2025
Attachment A
Page 2 of 2

FLORIDA PUBLIC SERVICE COMMISSION

authorizes Hash Utilities, LLC (Meadow Wood Water System) pursuant to Certificate Number 688-W

to provide water service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|--------------|-------------|---------------|-------------------------|
| * | * | 20240113-WU | Grandfather Certificate |

^{*}Order Number and date to be provided at time of issuance.

Docket No. 20240113-WU Schedule No. 1

Date: April 24, 2025

Hash Utilities, LLC (Meadow Wood Water System) Existing Bi-Monthly Water Rates

Residential and General Service

Base Facility Charge by Meter Size 5/8" X 3/4"

\$35.76

Customer Deposits

Residential and General Service

All Meter Sizes \$85.00

Miscellaneous Service Charges

Miscellaneous Service Charges

Late Payment Charge \$5.00 NSF Charge Pursuant to Section 68.065, F.S.

Service Availability Charges

Customer Connection (Tap-in) Charge

| 5/8" X 3/4" | \$650.00 |
|-----------------------------|----------|
| Meter Installation Charge | |
| 5/8" X 3/4" | \$650.00 |
| 1" | \$750.00 |
| Plant Capacity Charge | |
| Residential – Per ERC (GPD) | \$795.00 |

Item 14

FILED 4/24/2025 DOCUMENT NO. 03108-2025 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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Watts, Ramos, Smith II)

Division of Accounting and Finance (Bardin, Norris)

Division of Economics (Bruce, Chambliss)
Office of the General Counsel (Marquez)

RE: Docket No. 20240114-WU – Application for grandfather certificate to operate

water utility in Citrus County by Hash Utilities, LLC. (Dunnellon Hills Water

System)

AGENDA: 05/06/25 - Regular Agenda - Proposed Agency Action for Issue 3 - Interested

Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Please place Docket Nos. 20240113-WU, 20240114-

WU, 20240115-WU, and 20240116-WU consecutively

on the Agenda.

Case Background

On May 28, 2024, the Board of County Commissioners of Citrus County (County) adopted Resolution No. 2024-040 (Resolution), transferring regulation of the privately-owned, for-profit water and wastewater utilities in Citrus County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in Citrus County became subject to the provisions of Chapter 367, Florida

Docket No. 20240114-WU Date: April 24, 2025

Statutes (F.S.). By Order No. PSC-2024-0267-FOF-WS, the Commission acknowledged the Resolution.¹

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On August 6, 2024, Hash Utilities, LLC (Dunnellon Hills or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County for its Dunnellon Hills water system pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Dunnellon Hills' application was found to be deficient, and staff sent deficiency letters to the Utility on September 17, 2024, and October 21, 2024. The Utility cured the deficiencies on January 27, 2025.

Dunnellon Hills provides water service to approximately 45 residential customers, in single family homes and mobile homes. Wastewater service is provided by septic tank. The Utility was granted Certificate No. 396-W in 1983.² In 1999, the Citrus County Board of County Commissioners adopted Resolution No. 99-111 (1999 Resolution) rescinding the Commission's jurisdiction in Citrus County. The Commission subsequently issued an order acknowledging the County's 1999 Resolution and canceling the certificates of the regulated water and wastewater utilities in the County, including Certificate No. 396-W.³ The current owner purchased the system in 2008. The Utility's service area is located in the Southwest Florida Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

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¹ Order No. PSC-2024-0267-FOF-WS, issued July 25, 2024, in Docket No: 20240095-WS, *In re: Resolution of the Board of County Commissioners of Citrus County declaring Citrus County subject of the provisions of Sections 367, F.S.*

² Order No. 11870, issued April 21, 1983, in Docket No. 19820396-W, *In re: Application of Utility Systems, Inc., for original certificate to operate a water system in Citrus County (Dunnellon Hills), Florida.*

³ Order No. PSC-99-1899-FOF-WS, issued September 24, 1999, in Docket No. 19990996-WS, *In re: Resolution by Citrus County Commission to rescind Citrus County Resolution No. 73-97 and remove jurisdiction of Florida Public Service Commission over private water and wastewater utilities in Citrus County.*

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Hash Utilities, LLC's application for a grandfather water certificate in Citrus County for its Dunnellon Hills water system be acknowledged?

Recommendation: Yes. Dunnellon Hills' application should be acknowledged and the Utility should be granted Certificate No. 689-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Dunnellon Hills' certificate and should be retained by the Utility. (M. Watts, Bardin)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Citrus County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a quitclaim deed as proof of ownership of the land on which the Utility's facilities are located, an accurate territory description, and adequate service territory and system maps. The territory description is provided in Attachment A.

As stated in the case background, Dunnellon Hills serves approximately 45 residential customers. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

Conclusion

Based on the above, staff recommends that Dunnellon Hills be granted Certificate No. 689-W to serve the territory described in Attachment A. The resultant order should serve as the Utility's certificate and should be retained by the Utility.

Date: April 24, 2025

Issue 2: What rates, charges, and deposits should be approved for Dunnellon Hills Utilities, LLC?

Recommendation: Of the Utility's rates, charges, and deposits that were approved by Citrus County and in effect when Citrus County transferred jurisdiction to the Commission, the rates, charges, and initial customer deposit shown on Schedule No. 1 are appropriate and should be approved. In addition, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved. These charges, as well as the rate, charges, and initial customer deposit shown in Schedule No. 1, should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved Violation Reconnection Charge, Late Payment Charge, and NSF Charge, as well as the rates, charges and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

Staff Analysis: Citrus County Water and Wastewater Authority approved the Utility's current monthly rates by Final Order 23-03 on August 14, 2023. The bi-monthly water rates consist of a base facility charge (BFC) and gallonage charge per 1,000 gallons. However, it appears the Utility has not been billing the appropriate rates, which will be addressed in Issue 4. Staff recommends that the rates that were last approved in Final Order 23-03 by Citrus County should be billed to customers and approved by the Commission.

The Utility's water charges consist of miscellaneous service charges and service availability charges, which include a service availability policy. The miscellaneous service charges were established under the prior owner, however, some of the miscellaneous service charges are not consistent with the Florida Statutes or Commission Rules and staff recommends they be modified in Issue 3. However, as stated previously, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and should be approved herein. The Utility's service availability charges were approved in Final Order 24-01 on January 29, 2024.

Conclusion

Staff recommends that, of the Utility's rates, charges, and deposits that were approved by Citrus County and in effect when Citrus County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposit shown on Schedule No. 1, and the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge, are appropriate and should be approved. The rate, charges, and initial customer deposit shown in Schedule No. 1 should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved Violation Reconnection Charge, Late Payment Charge, and NSF Charge, as well as the rates, charges and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

Date: April 24, 2025

Issue 3: What are the appropriate miscellaneous service charges for Dunnellon Hills Utilities, LLC?

Recommendation: With the exception of the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge (which are approved in Issue 2), the appropriate miscellaneous service charges shown on Table 3-2 should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Chambliss)

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Staff recommends that some of the Utility's existing charges that are set forth in Table 3-1, be revised to conform with Rule 25-30.460, F.A.C. As discussed in Issue 2, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved without modification, but are shown below for illustrative purposes. The Utility's current miscellaneous service charges for water service consist of various charges and are shown on Table 3-1.

Table 3-1
Dunnellon Hills Utilities, LLC Existing Miscellaneous Service Charges

| Burnellen Tillis Gundes, ELO Existing Miscendificas Gervice Guarges | |
|---|----------------------------------|
| | Existing Charges |
| Initial Connection Charge | \$45.00 |
| Normal Reconnection Charge | \$45.00 |
| Violation Reconnection Charge | \$45.00 |
| Premises Visit Charge (in lieu of | \$45.00 |
| disconnection) | |
| Premises Visit Charge | \$30.00 |
| Late Payment Charge | \$5.00 |
| NSF Charge | Pursuant to Section 68.065, F.S. |
| Tampering Charge | \$150.00 |

Source: Document No. 08240-2024, filed on August 6, 2024, in Docket No. 20240114-WU.

Premises Visit Charge and Violation Reconnection Charge

As shown on Table 3-1, the Utility currently has an initial connection charge, a normal reconnection charge, a violation reconnection charge, and a premises visit charge (in lieu of disconnection) of \$45. The Utility also has a separate "Premises Visit Charge" of \$30. However, pursuant to Rule 25-30.460(2)(a), F.A.C., initial and reconnection charges are subsumed within the definition of the premises visit charge. Therefore, staff recommends that the initial and normal reconnection charges be removed.

According to the Utility, the premises visit charge of \$30 is assessed when customers request a meter re-read. A meter re-read is usually assessed when an initial reading is not an error of the Utility. Therefore, staff recommends that the premises visit charge of \$30 be removed as it

Docket No. 20240114-WU

Date: April 24, 2025

should be covered under the general premises visit charge of \$45. Staff recommends that the Utility's definition for "premises visit charge" be updated to comply with Rule 25-30.460, F.A.C.

Issue 3

Tampering or Prohibited Connection or Use Charge

The Utility has a tampering charge of \$150 for water service. Rule 25-30.320(2)(j), F.A.C., provides that a utility may refuse or discontinue service without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the Utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate 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, staff recommends that the Utility's tampering charge of \$150 be modified and approved at actual cost. The appropriate water miscellaneous service charges shown on Table 3-2 should be approved.

Table 3-2
Staff Recommended Miscellaneous Service Charges

| | All Hours |
|--|----------------------------------|
| Premises Visit | \$45.00 |
| Violation Reconnection | \$45.00 |
| Tampering or Prohibited Connection or Use Charge | Actual Cost |
| NSF Charge (Water and Wastewater) | Pursuant to Section 68.065, F.S. |
| Late Payment Charge | \$5.00 |

Conclusion

The Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and are recommended for approval in Issue 2, and are shown above for illustrative purposes. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

Date: April 24, 2025

Issue 4: Did Dunnellon Hills bill the appropriate rates pursuant to Citrus County Final Order 23-03 and, if not, what is the appropriate action?

Recommendation: The Utility did not bill the appropriate rates per Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the utility's billing practices and determine the appropriate action. (Chambliss)

Staff Analysis: As mentioned in Issue 2, the Utility is currently charging rates that were not authorized by Citrus County. As reflected in the current tariff, Dunnellon Hills bills a bi-monthly base facility charge of \$21.96 for its residential and general service customers and a gallonage charge of \$5.03 per 1,000 gallons. However, Citrus County Final Order 23-03 only authorizes a monthly BFC of \$21.35 and a gallonage charge of \$4.89 per 1,000 gallons. Staff contacted the County which indicated that the Utility's last price index increase was approved in Final Order 23-03 on August 14, 2023.

On March 4, 2024, the County issued Final Order 24-04 which authorized the Utility to *apply* for a 3.24 percent price index increase which Dunnellon Hills allegedly applied. As reflected in unissued Citrus County Final Order 24-05, County staff had identified application deficiencies which suggested that 2.84 percent would be the more appropriate price index adjustment for the Utility. However, draft Final Order 24-05 was never signed or issued by the Citrus County Water and Wastewater Authority because the May 20, 2024 meeting to officially decide that matter was canceled due to the change of Citrus County jurisdiction in progress with the Commission. It appears to Commission staff that the Utility mistakenly implemented a 2.84 percent increase to its 2023 approved rates before Citrus County Water and Wastewater Authority rendered a decision. Therefore, according to the Utility's tariff, customers are being overcharged. Staff recommends that a docket be opened to investigate this matter further.

Conclusion

Based on the above, the Utility did not bill the appropriate rates per Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the Utility's billing practices and determine the appropriate action.

Date: April 24, 2025

Issue 5: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Marquez)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

Docket No. 20240114-WU
Date: April 24, 2025
Attachment A
Page 1 of 2

DESCRIPTION OF TERRITORY SERVED

<u>Hash Utilities, LLC</u> <u>Dunnellon Hills Subdivision, Citrus County.</u>

Section 2, Township 17 South, Range 18 East, Citrus County, Florida.

Begin at the Southwest corner of the Northeast 1/4 of the Northwest 1/4 of Section 2, Township 17 South, Range 18 East, thence North 00°37′57″ West a distance of 666.39 feet; thence North 89°21′02″ East a distance of 1,096.97 feet; thence South 46°36′10″ East a distance of 306.71 feet; thence South 00°10′31″ East a distance of 458.16 feet; thence South 89°34′07″ West a distance of 1,313.85 feet, to the Point of Beginning.

Docket No. 20240114-WU
Date: April 24, 2025
Attachment A
Page 2 of 2

FLORIDA PUBLIC SERVICE COMMISSION

authorizes Hash Utilities, LLC (Dunnellon Hills Water System) pursuant to Certificate Number 689-W

to provide water service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|--------------|-------------|---------------|-------------------------|
| * | * | 20240114-WU | Grandfather Certificate |

^{*}Order Number and date to be provided at time of issuance.

Docket No. 20240114-WU Schedule No. 1

Date: April 24, 2025

Hash Utilities, LLC (Dunnellon Hills Water System) Existing Bi-Monthly Water Rates

Residential and General Service

Base Facility Charge by Meter Size 5/8" X 3/4"

\$21.35

Charge per 1,000 gallons

\$4.89

Customer Deposits

Residential and General Service

All Meter Sizes \$85.00

Miscellaneous Service Charges

Miscellaneous Service Charges

Late Payment Charge \$5.00 NSF Charge Pursuant to Section 68.065, F.S.

Service Availability Charges

Customer Connection (Tap-in) Charge

| 5/8" X 3/4" | \$650.00 |
|-----------------------------|----------|
| Meter Installation Charge | |
| 5/8" X 3/4" | \$650.00 |
| 1" | \$750.00 |
| Plant Capacity Charge | |
| Residential – Per ERC (GPD) | \$795.00 |

Item 15

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Watts, Ramos, Smith II) 78

Division of Accounting and Finance (Bardin, Norris)

Division of Economics (Bruce, Lenberg)
Office of the General Counsel (Dose)

RE: Docket No. 20240115-WU – Application for grandfather certificate to operate

water utility in Citrus County by Hash Utilities, LLC. (Avalon Hills Water

System)

AGENDA: 05/06/25 - Regular Agenda - Proposed Agency Action for Issues 2 and 3 -

Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Please place Docket Nos. 20240113-WU, 20240114-

WU, 20240115-WU, and 20240116-WU consecutively

on the Agenda.

Case Background

On May 28, 2024, the Board of County Commissioners of Citrus County (County) adopted Resolution No. 2024-040 (Resolution), transferring regulation of the privately-owned, for-profit water and wastewater utilities in Citrus County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in Citrus County became subject of the provisions of Chapter 367, Florida

Docket No. 20240115-WU Date: April 24, 2025

Statutes (F.S.). By Order No. PSC-2024-0267-FOF-WS, the Commission acknowledged the Resolution.¹

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On August 6, 2024, Hash Utilities, LLC (Avalon Hills or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County for its Avalon Hills water system pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Avalon Hills' application was found to be deficient, and staff sent a deficiency letter to the Utility on September 17, 2024. The Utility cured the deficiencies on January 27, 2025.

Avalon Hills provides water service to approximately 300 residential customers in single family homes, mobile homes, and multi-unit dwellings. Wastewater service is provided by septic tank. The Utility was established in the 1980s, but was not regulated by the Commission at that time; neither was it regulated by Citrus County in 1999, when the Citrus County Board of County Commissioners adopted Resolution No. 99-111 rescinding the Commission's jurisdiction in Citrus County.² The current owner purchased the Avalon Hills system in 2022. The Utility's service area is located in the Southwest Florida Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

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¹ Order No. PSC-2024-0267-FOF-WS, issued July 25, 2024, in Docket No. 20240095-WS, *In re: Resolution of the Board of County Commissioners of Citrus County declaring Citrus County subject of the provisions of Sections 367, F.S.*

² Order No. PSC-99-1899-FOF-WS, issued September 24, 1999, in Docket No. 19990996-WS, *In re: Resolution by Citrus County Commission to rescind Citrus County Resolution No. 73-97 and remove jurisdiction of Florida Public Service Commission over private water and wastewater utilities in Citrus County.*

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Hash Utilities, LLC's application for a grandfather water certificate in Citrus County for its Avalon Hills water system be acknowledged?

Recommendation: Yes. Avalon Hills' application should be acknowledged and the Utility should be granted Certificate No. 690-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Avalon Hills' certificate and should be retained by the Utility. (M. Watts, Bardin)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Citrus County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a quitclaim deed as proof of ownership of the land on which the Utility's facilities are located, an accurate territory description, and adequate service territory and system maps. The territory description is provided in Attachment A.

As stated in the case background, Avalon Hills serves approximately 300 residential customers. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

Conclusion

Based on the above, staff recommends that Avalon Hills be granted Certificate No. 690-W to serve the territory described in Attachment A. The resultant order should serve as the Utility's certificate and should be retained by the Utility.

Date: April 24, 2025

Issue 2: Should the Commission approve the Utility's current rates, charges, and deposit for Avalon Hills Water System?

Recommendation: Yes. The rates, charges, and deposit shown on Schedule No. 1 should be approved as proposed agency action for Avalon Hills. The rates, charges, and initial customer deposit shown in Schedule No. 1 should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved rates, charges, and initial customer deposits shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Lenberg)

Staff Analysis: Since its inception the Utility has been either under the jurisdiction of the Commission or Citrus County; however, the Utility has never been actively regulated by either regulatory authority. The Utility has operated in Citrus County since at least 1981 without receiving a water certificate from the Commission or a Citrus County franchise certificate. Further, the rates, charges, and initial customer deposit have never been reviewed or approved by the Commission or Citrus County.

Under the prior owner, in 2019, a hearing was to take place for the Citrus County Water and Wastewater Authority to determine whether it would exercise its regulatory authority over the Utility. However, the prior owner never applied for the franchise certificate. In 2023, the current owner filed an application for a franchise certificate. Even though the Utility has never had a water certificate nor a franchise certificate, it has been registered with the Florida Department of Environmental Protection where it paid the annual fees and submitted monthly reports. In addition, the Utility has a water use permit issued by the Southwest Florida Water Management District.

Staff has verified that Avalon was charging its current rates, charges and initial customer deposit on May 28, 2024, the date Citrus County transferred jurisdiction. The Utility is currently charging its customers bi-monthly water rates, which consists of a base facility charge (BFC) and gallonage charge per 1,000 gallons. The Utility's water charges consists of miscellaneous service charges and service availability charges, which includes a service availability policy. Staff believes Avalon's rates and charges are reasonable. However, some of the Utility's miscellaneous service charges are not consistent with Florida Statutes or Commission Rules and are discussed in Issue 3.

A grandfathered utility's existing rates are normally continued and approved as final agency action. In this case however, where the Utility's rates were never approved by an appropriate regulatory authority, staff recommends that the existing rates be approved as proposed agency action.

Conclusion

Based on the above, the rates and charges shown on Schedule No. 1 should be approved for Avalon Hills as proposed agency action. The rates, charges, and initial customer deposit shown in Schedule No. 1 should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved

Date: April 24, 2025

rates, charges, and initial customer deposits shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

Issue 2

Date: April 24, 2025

Issue 3: Should the Utility's current miscellaneous service charges for Avalon Hills Water System be approved?

Recommendation: The Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved as proposed agency action. The remaining miscellaneous service charges shown on Table 3-2 should be approved as modified, also as proposed agency action. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Lenberg)

Staff Analysis: Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Staff recommends that the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be continued; however, they should be approved as proposed agency action because they have received no prior regulatory approval. Staff recommends that some of the Utility's existing charges that are set forth in Table 3-1 should be revised to conform with Rule 25-30.460, F.A.C. The Utility's current miscellaneous service charges for water service shown on Table 3-1.

Table 3-1
Avalon Hills Utilities, LLC Existing Miscellaneous Service Charges

| | Existing Charges |
|-----------------------------------|----------------------------------|
| Initial Connection Charge | \$45.00 |
| Normal Reconnection Charge | \$45.00 |
| Violation Reconnection Charge | \$45.00 |
| Premises Visit Charge (in lieu of | \$45.00 |
| disconnection) | |
| Premises Visit Charge | \$30.00 |
| Late Payment Charge | \$5.00 |
| NSF Charge | Pursuant to Section 68.065, F.S. |
| Tampering Charge | \$150.00 |

Source: Utility's current tariff and response to staff's deficiencies.

Premises Visit Charge and Violation Reconnection Charge

As shown on Table 3-1, the Utility currently has an initial connection charge, a normal reconnection charge, a violation reconnection charge, and a premises visit charge of \$45. The Utility also has a premises visit charge of \$30. However, pursuant to Rule 25-30.460, F.A.C., initial and reconnection charges are obsolete and are subsumed in the definition of the premises visit charge. Therefore, staff recommends that the initial and reconnection charges be removed. As mentioned above, the Utility has two premises visit charges. According to the Utility's tariff, the definitions for the premises visit charge is assessed for the purpose of discontinuing of service while the other definition is defined when a utility representative visits a premises except for the purposes of discontinuing service. The Commission rule encompasses both of the Utility

Date: April 24, 2025

definitions into one for the premises visits charge. Since the premises visit now entails a broader range of tasks, staff recommends that the premises visit charge reflect the amount of the higher premises visit charge of \$45. Therefore, staff recommends that the premises visit charge of \$30 be removed. Staff recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C.

Tampering or Prohibited Connection or Use Charge

The Utility has a tampering charge of \$150 for water service. Rule 25-30.320(2)(j), F.A.C., provides that a utility may refuse or discontinue service without notice in the event of unauthorized or fraudulent use of service. The rule further states that whenever service is discontinued for fraudulent use of such service, the Utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service. As shown in Table 3-2, staff recommends that the Utility's tampering charge of \$150 be modified and the meter tampering charge be approved at actual cost. Setting the meter tampering charge at actual cost is consistent with prior Commission decisions.

Table 3-2
Staff's Recommended Miscellaneous Service Charges

| | All Hours | |
|-------------------------------|----------------------------------|--|
| Premises Visit Charge | \$45.00 | |
| Violation Reconnection Charge | \$45.00 | |
| Tampering Charge | Actual Cost | |
| NSF Charge | Pursuant to Section 68.065, F.S. | |
| Late Payment Charge | \$5.00 | |

Conclusion

Based on the above, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved as proposed agency action. The remaining miscellaneous service charges shown on Table 3-2 should be approved as modified, also as proposed agency action. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

Date: April 24, 2025

Issue 4: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Dose)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

Docket No. 20240115-WU

Date: April 24, 2025

Attachment A

Page 1 of 2

DESCRIPTION OF TERRITORY SERVED

Hash Utilities, LLC Avalon Hills Subdivision, Citrus County.

490 Commercial
Hills of Avalon and 1st Addition
Campbell Woods Units 2 & 3
O. K. Heights

Subdivisions of Sections 7 and 18, Township 19 South, Range 18 East County, Florida, more particularly described as follows:

Begin at the Northwest corner of the Northwest 1/4 of the Southwest 1/4 of said Section 7; thence parallel to the North line of Section 7, North 89°31'22" East to the Northeast corner of Section 7 a distance of 5,395.9 feet; thence parallel to the East line of Section 7, South 00°13'50" West a distance of 2,350 feet; thence South 45°19'21" West a distance of 2,260.05 feet; thence South 89°27'00" West a distance of 1,068.5 feet; thence South 00°21'31" East a distance of 1,019.61 feet; thence South 45°18'49" West a distance of 464.45 feet; thence North 13°34'35" West a distance of 1,404.17 feet; thence South 89°27'00" East a distance of 653.32 feet; thence North 00°29'49" West a distance of 2,597.7 feet; thence South 89°23'39" West a distance of 2,539.3 feet; thence North 00°10'09" West a distance of 163.9 feet; thence South 89°23'39" West a distance of 124.69 feet; thence North 00°45'46" West a distance of 1,155.4 feet to the Point of Beginning.

Docket No. 20240115-WU

Date: April 24, 2025

Attachment A

Page 2 of 2

FLORIDA PUBLIC SERVICE COMMISSION

authorizes Hash Utilities, LLC (Avalon Hills Water System) pursuant to Certificate Number 690-W

to provide water service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|--------------|-------------|---------------|-------------------------|
| * | * | 20240115-WU | Grandfather Certificate |

^{*}Order Number and date to be provided at time of issuance.

Docket No. 20240115-WU Schedule No. 1

Date: April 24, 2025

Hash Utilities, LLC (Avalon Hills Water System) Existing Bi-Monthly Water Rates

Residential, Multi-Residential, and General

Service

Base Facility Charge by Meter Size 5/8" X 3/4"

\$21.44

Charge Per 1,000 gallons

\$4.28

Customer Deposits

Residential and General Service

All Meter Sizes \$85.00

Miscellaneous Service Charges

Miscellaneous Service Charges

NSF Charge Pursuant to Section 68.065, F.S. Late Payment Charge \$5.00

Service Availability Charges

Customer Connection (Tap-in) Charge

| customer connection (rup in) charge | |
|-------------------------------------|----------|
| 5/8" X 3/4" | \$450.00 |
| Meter Installation Charge | |
| 5/8" X 3/4" | \$650.00 |
| 1" | \$760.00 |
| Plant Capacity Charge | |
| Residential – Per ERC | \$795.00 |
| | |

Item 16

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Watts, Ramos, Smith II)

Division of Accounting and Finance (Bardin, Norris)

Division of Economics (Bruce, Lenberg)
Office of the General Counsel (Sparks)

RE: Docket No. 20240116-WU – Application for grandfather certificate to operate

water utility in Citrus County by Hash Utilities, LLC. (Lucky Hills Water System)

AGENDA: 05/06/25 - Regular Agenda - Proposed Agency Action for Issue 3 - Interested

Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Please place Docket Nos. 20240113-WU, 20240114-

WU, 20240115-WU, and 20240116-WU consecutively

on the Agenda.

Case Background

On May 28, 2024, the Board of County Commissioners of Citrus County (County) adopted Resolution No. 2024-040 (Resolution), transferring regulation of the privately-owned, for-profit water and wastewater utilities in Citrus County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in Citrus County became subject to the provisions of Chapter 367, Florida

Docket No. 20240116-WU Date: April 24, 2025

Statutes (F.S.). By Order No. PSC-2024-0267-FOF-WS, the Commission acknowledged the Resolution.¹

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On August 6, 2024, Hash Utilities, LLC (Lucky Hills or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County for its Lucky Hills water system pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Lucky Hills' application was found to be deficient, and staff sent a deficiency letter to the Utility on September 17, 2024. The Utility cured the deficiencies on January 27, 2025.

Lucky Hills provides water service to approximately 80 residential customers, in single family homes and mobile homes, and has 15 vacant lots in the subdivision. Wastewater service is provided by septic tank. The Utility began providing service in 1977. In 1989, the Commission granted Lucky Hills, Inc. Certificate No. 513-W.² The system was transferred to Wellaqua Company in 1995.³ In 1999, the Citrus County Board of County Commissioners adopted Resolution No. 99-111 (1999 Resolution) rescinding the Commission's jurisdiction in Citrus County. The Commission subsequently issued an order acknowledging the County's 1999 Resolution and canceling the certificates of the regulated water and wastewater utilities in the County, including Certificate No. 513-W.⁴ The current owner purchased the Lucky Hills system in 2015. The Utility's service area is located in the Southwest Florida Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

-

¹ Order No. PSC-2024-0267-FOF-WS, issued July 25, 2024, in Docket No. 20240095-WS, *In re: Resolution of the Board of County Commissioners of Citrus County declaring Citrus County subject of the provisions of Sections 367, F.S.*

² Order No, 20943, issued March 27, 1989, in Docket No. 19881419-WU, *In re: Application of Lucky Hills, Inc. for a water certificate in Citrus County, Florida.*

³ Order No. PSC-95-0421-FOF-WU, issued March 28, 1995, in Docket No. 19940340-WU, *In re: Application for transfer of Cert.ficate No. 513-W from Lucky Hills, Inc. to Wellaqua Company in Citrus County.*

⁴ Order No. PSC-99-1899-FOF-WS, issued September 24, 1999, in Docket No. 19990996-WS, *In re: Resolution by Citrus County Commission to rescind Citrus County Resolution No. 73-97 and remove jurisdiction of Florida Public Service Commission over private water and wastewater utilities in Citrus County.*

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Hash Utilities, LLC's application for a grandfather water certificate in Citrus County for its Lucky Hills water system be acknowledged?

Recommendation: Yes. Lucky Hills' application should be acknowledged and the Utility should be granted Certificate No. 691-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Lucky Hills' certificate and should be retained by the Utility. (M. Watts, Bardin)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Citrus County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a warranty deed as proof of ownership of the land on which the Utility's facilities are located, an accurate territory description, and adequate service territory and system maps. The territory description is provided in Attachment A.

As stated in the case background, Lucky Hills serves approximately 80 residential customers. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

Conclusion

Based on the above, staff recommends that Lucky Hills be granted Certificate No. 691-W to serve the territory described in Attachment A. The resultant order should serve as the Utility's certificate and should be retained by the Utility.

Date: April 24, 2025

Issue 2: What rates, charges, and deposits should be approved for Lucky Hills Water System?

Recommendation: Of the Utility's rates, charges, and deposits that were in effect when Citrus County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposit shown on Schedule No. 1 are appropriate and should be approved. In addition, the Utility's existing Violation Reconnection Charge, Late Payment Charges, and NSF Charge should be approved. These charges, as well as the rate, charges, and initial customer deposit shown in Schedule No. 1 should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved rates, charges, and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Lenberg)

Staff Analysis: Citrus County Water and Wastewater Authority approved the Utility's current bi-monthly rates by Final Order 23-03 on August 14, 2023. The bi-monthly water rates consist of a base facility charge (BFC) and gallonage charge per 1,000 gallons. It appears the Utility has not been billing the appropriate rates, which will be addressed in Issue 4. Staff recommends that the rates that were last approved in Final Order 23-03 by Citrus County should be billed to customers and approved by the Commission.

The Utility's water charges consist of miscellaneous service charges and service availability charges, which include a service availability policy. The Miscellaneous service charges were established under the prior owner, however, some of the Utility's miscellaneous service charges are not consistent with the Florida Statutes or Commission Rules and are discussed in Issue 3. However, as stated previously, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and should be approved herein. The Utility's service availability charges were approved in Final Order 24-01 on January 29, 2024.

Conclusion

Staff recommends that, of the Utility's rates, charges, and deposits that were approved by Citrus County and in effect when Citrus County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposit shown on Schedule No. 1, and the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge, are appropriate and should be approved. The rate, charges, and initial customer deposit shown in Schedule No. 1 should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved Violation Reconnection Charge, Late Payment Charge, and NSF Charge, as well as the rates, charges, and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

Date: April 24, 2025

Issue 3: What are the appropriate miscellaneous service charges for Lucky Hills Water System?

Recommendation: With the exception of the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge (which are approved in Issue 2), the appropriate miscellaneous service charges shown on Table 3-2 should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Lenberg)

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. Section 367.091, F.S., however, authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Staff recommends that some of the Utility's existing charges that are set forth in Table 3-1 be revised to conform with Rule 25-30.460, F.A.C. As discussed in Issue 2, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved without modification, but are shown below for illustrative purposes. The Utility's current miscellaneous service charges for water service consist of various charges and are shown on Table 3-1.

Table 3-1
Lucky Hills Utilities, LLC Existing Miscellaneous Service Charges

| Edoky Time Othiclos, EEO Existing it | neconario cae cer vice citarges |
|--------------------------------------|----------------------------------|
| | Existing Charges |
| Initial Connection Charge | \$45.00 |
| Normal Reconnection Charge | \$45.00 |
| Violation Reconnection Charge | \$45.00 |
| Premises Visit Charge (in lieu of | \$45.00 |
| disconnection) | |
| Premises Visit Charge | \$30.00 |
| Late Payment Charge | \$5.00 |
| NSF Charge | Pursuant to Section 68.065, F.S. |
| Tampering Charge | \$150.00 |

Source: Document No. 02871-2025, Filed on April 16, 2025, in Docket No. 20240116-WU

Premises Visit Charge and Violation Reconnection Charge

As shown on Table 3-1, the Utility currently has an initial connection charge, a normal reconnection charge, a violation reconnection charge, and a premises visit charge (in lieu of disconnection) of \$45. The Utility also has a separate "Premises Visit Charge" of \$30. However, pursuant to Rule 25-30.460, F.A.C., initial and reconnection charges are obsolete and are subsumed in the definition of the premises visit charge. Therefore, staff recommends that the initial and reconnection charges be removed.

As mentioned above, the Utility has two premises visit charges, one assessed for the purpose of discontinuing of service while the other is assessed when a utility representative visits a premises for purposes other than discontinuing of service. The Commission rule encompasses both of

Docket No. 20240116-WU

Date: April 24, 2025

these Utility charges into one for the premises visits charge. Since the premises visit now entails a broader range of tasks, staff recommends that the premises visit charge reflect the amount of the higher premises visit charge of \$45. Therefore, staff recommends that the premises visit charge of \$30 be removed. Staff recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C.

Issue 3

Tampering Charge

The Utility has a tampering charge of \$150 for water service. Rule 25-30.320(2)(j), F.A.C., provides that a utility may refuse or discontinue service without notice in the event of unauthorized or fraudulent use of service. The Rule further state that whenever service is discontinued for fraudulent use of such service, the Utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service. To be consistent with this Rule, staff recommends that the Utility's tampering charge of \$150 be denied and the meter tampering charge be approved at actual cost. Setting the meter tampering charge at actual cost is also consistent with prior Commission decisions. The water miscellaneous service charges shown on Table 3-2 are appropriate and should be approved.

Table 3-2
Staff's Recommended Miscellaneous Service Charges

| | All Hours |
|-------------------------------|----------------------------------|
| Premises Visit Charge | \$45.00 |
| Violation Reconnection Charge | \$45.00 |
| Tampering Charge | Actual Cost |
| NSF Charge | Pursuant to Section 68.065, F.S. |
| Late Payment Charge | \$5.00 |

Conclusion

The Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and are recommended for approval in Issue 2, and are shown above for illustrative purposes. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

Date: April 24, 2025

Issue 4: Did Lucky Hills bill the appropriate rates pursuant to Citrus County Final Order 23-03, if not, what is the appropriate action?

Recommendation: The Utility did not bill the appropriate rates pursuant to Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the Utility's billing practices and determine the appropriate action. (Lenberg)

Staff Analysis: As mentioned in Issue 2, the Utility is currently charging unauthorized rates. As reflected in the current tariff, Lucky Hills bills a bi-monthly BFC of \$21.27 and a gallonage charge of \$4.37 per 1,000 gallons. However, Citrus County Final Order 23-03 only authorizes monthly BFC \$20.81 and a gallonage charge of \$4.28 per 1,000. Staff contacted Citrus County, which indicated that the Utility's last price index increase was approved in Final Order 23-03 on August 14, 2023. The last price index approved rates are a bi-monthly BFC of \$20.81 and a gallonage charge of \$4.28.

On March, 4, 2024 the County issued Final Order 24-04 which authorizes the Utility to *apply* for a 3.24 percent price index increase. Lucky Hills allegedly applied. As reflected in unissued Citrus County Final Order 24-05, County staff had identified application deficiencies which suggested that a 2.19 percent would be the more appropriate price index adjustment for the Utility. However, proposed Final Order 24-05 was never signed by the county because the Citrus County Water and Wastewater Authority meeting, scheduled on May 20, 2024 to decide that matter, was canceled because of the changes of Citrus County Jurisdiction in progress with the commission. It appears to Commission staff that the Utility mistakenly implemented a 2.19 percent increase to its 2023 approved rates before Citrus County Water and Wastewater Authority officially approved or decided the matter. Therefore, according to the Utility's own tariff, customers are being overcharged. Staff recommends that this matter should be investigated further.

Conclusion

Based on the above, the Utility did not bill the appropriate rates pursuant to Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the Utility's billing practices and determine the appropriate action.

Date: April 24, 2025

Issue 5: Should this docket be closed?

Recommendation: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Sparks)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

Docket No. 20240116-WU

Date: April 24, 2025

Attachment A

Page 1 of 2

DESCRIPTION OF TERRITORY SERVED

Hash Utilities, LLC Lucky Hills Subdivision, Citrus County.

Section 36, Township 19 South, Range 17 East, Citrus County, Florida.

Commence at the Northwest corner of the Southeast 1/4 of the Northwest 1/4 of Section 36, Township 19 South, Range 17 East; thence North 89°54′10″ East a distance of 331.96 feet; thence North 00°24′06″ East a distance of 645.45 feet; thence North 89°57′32″ East a distance of 332.54 feet; thence South 00°29′57″ West a distance of 644.98 feet; thence North 89°54′10″ East a distance of 663.92 feet; thence South 00°31′44″ West a distance of 1,357.05 feet, thence South 89°54′10″ West a distance of 1,323.82 feet, thence North 00°24′06″ East a distance of 1,340.24 feet to the Point of Beginning.

Docket No. 20240116-WU
Date: April 24, 2025
Attachment A
Page 2 of 2

FLORIDA PUBLIC SERVICE COMMISSION

authorizes Hash Utilities, LLC (Lucky Hills Water System) pursuant to Certificate Number 691-W

to provide water service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|--------------|-------------|---------------|-------------------------|
| * | * | 20240116-WU | Grandfather Certificate |

^{*}Order Number and date to be provided at time of issuance.

Docket No. 20240116-WU Schedule No. 1

Date: April 24, 2025

Hash Utilities, LLC (Lucky Hills Water System) Existing Bi-Monthly Water Rates

Residential, Multi-Residential, and General

Service

Base Facility Charge by Meter Size 5/8" X 3/4"

\$20.81

Charge Per 1,000 gallons

\$4.28

Customer Deposits

Residential and General Service

All Meter Sizes \$85.00

Miscellaneous Service Charges

Miscellaneous Service Charges

NSF Charge Pursuant to Section 68.065, F.S. Late Charge \$5.00

Service Availability Charges

Customer Connection (Tap-in) Charge

| 5/8" X 3/4" | \$450.00 |
|-----------------------------|----------|
| Meter Installation Charge | |
| 5/8" X 3/4" | \$650.00 |
| 1" | \$750.00 |
| Plant Capacity Charge | |
| Residential – Per ERC (GPD) | \$795.00 |

Item 17

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Thompson, Ellis, King, Ramos)

Division of Accounting and Finance (Bardin)

Division of Economics (Bethea)

Office of the General Counsel (Marquez, Farooqi)

RE: Docket No. 20240121-WU – Application for grandfather certificate to operate

water utility in Columbia County by Consolidated Water Works, Inc.

AGENDA: 05/06/25 - Regular Agenda - Proposed Agency Action for Issue 3 - Interested

Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On May 16, 2024, the Board of County Commissioners of Columbia County adopted Resolution No. 2024R-13 (Resolution), transferring regulation of the privately-owned, for-profit water and wastewater utilities in Columbia County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in Columbia County became subject of the provisions of Chapter 367, Florida Statutes (F.S.). By Order No. PSC-2024-0222-FOF-WS, the Commission acknowledged the Resolution.¹

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¹ Order No. PSC-2024-0222-FOF-WS, issued July 1, 2024, in Docket No. 20240089-WS, In re: Resolution of the Board of County Commissioners of Columbia County declaring Columbia County subject of the provisions of Section 367, F.S.

Docket No. 20240121-WU Date: April 24, 2025

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On August 14, 2024, Consolidated Water Works, Inc. (Consolidated or Utility) filed an application for a certificate under grandfather rights to provide water service in Columbia County pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). The Utility's initial application was found to be deficient and staff issued a deficiency letter on September 20, 2024.² Consolidated filed a response to the deficiencies on October 22, 2024.³ The application was still found to be deficient. Staff issued a second deficiency letter on November 21, 2024.⁴ Consolidated cured the deficiencies on March 19, 2025.⁵

The Consolidated system has been in existence since 1974 and currently serves 235 residential customers. The Utility's service area is located in the Suwannee River Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction over this matter pursuant to Section 367.171, F.S.

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² Document No. 09109-2024, filed September 20, 2024, in Docket No. 20240121-WU, *In re: Application for grand father cert ficate to operate water utility in Columbia County by Consolidated Water Works, Inc.*

³ Document No. 09642-2024, filed October 22, 2024, in Docket No. 20240121-WU, *In re: Application for grand father certificate to operate water utility in Columbia County by Consolidated Water Works, Inc.*

⁴ Document No. 09973-2024, filed November 21, 2024, in Docket No. 20240121-WU, *In re: Application for grang father cert, ficate to operate water utility in Columbia County by Consolidated Water Works, Inc.*

grana father cert ficate to operate water utility in Columbia County by Consolidated Water Works, Inc.

⁵ Document No. 01938-2025, filed March 19, 2025, in Docket No. 20240121-WU, In re: Application for grana father cert ficate to operate water utility in Columbia County by Consolidated Water Works, Inc.

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Consolidated Water Works, Inc.'s application for a grandfather water certificate in Columbia County be acknowledged?

Recommendation: Yes. Consolidated's application should be acknowledged and the Utility should be granted Certificate No. 693-W, effective May 16, 2024, to serve the territory described in Attachment A. The resultant order should serve as Consolidated's certificate and should be retained by the Utility. (Thompson, Bardin)

Staff Analysis: The Utility's application for certificate under grandfather rights to provide water service in Columbia County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. An adequate service territory description and system maps were provided. As the Utility has its own treatment facilities, the application contains warranty deeds as proof of ownership of the land on which the Utility's facilities are located as required by Rule 25-30.035(11), F.A.C. A description of the Utility's territory is provided in Attachment A.

As stated in the case background, Consolidated has been in existence since 1974 and currently serves 235 residential customers. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

Conclusion

Based on the above, staff recommends that Consolidated be granted Certificate No. 693-W to serve the territory described in Attachment A. The resultant order should serve as Consolidated's certificate and should be retained by the Utility.

Date: April 24, 2025

Issue 2: What rates, charges, and deposits should be approved for Consolidated Water Works, Inc.?

Recommendation: Of the Utility's rates, charges, and deposits that were approved by Columbia County and in effect when Columbia County transferred jurisdiction to the Commission, the rates, charges, and initial customer deposit shown on Schedule No. 1 are appropriate and should be approved. In addition, the Utility's existing Violation Reconnection Charge and Premise Visit Charge should be approved. These charges, as well as the rate, charges, and initial customer deposit shown in Schedule No. 1, should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved Violation Reconnection Charge and Premise Visit Charge, as well as the rates, charges, and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

Staff Analysis: Columbia County Board of County Commissioners approved the Utility's current monthly water rates by Resolution Number 2024R-05 on March 21, 2024. The monthly water rates consist of a base facility charge and gallonage charge per 1,000 gallons. The Utility's water charges consist of miscellaneous service charges that have been in effect since the Utility was acquired by the existing owner, however, some of the miscellaneous service charges are not consistent with Florida Statutes or Commission Rules and staff recommends they be modified in Issue 3. Though, as stated previously, the Utility's existing Violation Reconnection Charge and Premise Visit Charge remain unchanged and should be approved herein. The Utility is fully built out and has no service availability charges.

Conclusion

Staff recommends that, of the Utility's rates, charges, and deposits that were approved by Columbia County and in effect when Columbia County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposit shown on Schedule No. 1, and the Utility's existing Violation Reconnection Charge and Premise Visit Charge, are appropriate and should be approved. The rates, charges, and initial customer deposit shown on Schedule No. 1 should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to charge the approved Violation Reconnection Charge and Premise Visit Charge, as well as the rates, charges, and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

Date: April 24, 2025

Issue 3: What are the appropriate miscellaneous service charges for Consolidate Water Works, Inc.?

Recommendation: With the exception of the Utility's existing Violation Reconnection Charge and Premise Visit Charge (which are approved in Issue 2), no other miscellaneous service charge should be approved. The appropriate miscellaneous service charges are shown on Table 3-2. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets will be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Bethea)

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Staff recommends that some of the Utility's existing charges, namely the Initial Connection and Normal Reconnection charges, should be revised to conform with Rule 25-30.460, F.A.C. As discussed in Issue 2, the Utility's Violation Reconnection Charge and Premise Visit Charge should be approved without modification. The Utility's current miscellaneous service charges for water consist of various charges and are shown on Table 3-1.

Table 3-1 Consolidated Water Works, Inc. Existing Miscellaneous Service Charges

| Existing inicoonanced Convice Charges | | |
|---------------------------------------|----------------|--|
| _ | Existing Water | |
| Initial Connection Charge | \$25.00 | |
| Normal Reconnection Charge | \$25.00 | |
| Violation Reconnection Charge | \$25.00 | |
| Premise Visit Charge | \$25.00 | |

Source: Utility's current tariff and response to staff's deficiencies

Premises Visit and Violation Reconnection Charge

As shown above on Table 3-1, the Utility's existing miscellaneous service charges consists of initial connection and normal reconnection charges. However, pursuant to Rule 25-30.460(2)(a), F.A.C., initial connection and normal reconnection charges are subsumed within the definition of the premises visit charge. Therefore, staff recommends that the initial connection and normal reconnection charges be removed. Staff recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C. The appropriate miscellaneous service charges shown on Table 3-2 should be approved.

Date: April 24, 2025

Table 3-2 Consolidated Water Works, Inc. Staff Recommended Miscellaneous Service Charges

| Premises Visit | \$25 |
|---------------------------------------|------|
| Violation Reconnection Charge (Water) | \$25 |

Conclusion

The Utility's existing Violation Reconnection Charge and Premise Visit Charge remain unchanged and are recommended for approval in Issue 2. The Initial Connection Charge and Normal Reconnection Charge should be removed because they fall within Rule 25-30.460(2)(a), F.A.C.'s, definition of premises visit charge. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

Date: April 24, 2025

Issue 4: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 this action is complete, this docket should be closed administratively. (Marquez, Farooqi)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 this action is complete, this docket should be closed administratively.

Docket No. 20240121-WU

Date: April 24, 2025

Attachment A

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DESCRIPTION OF TERRITORY SERVED

<u>Consolidated Water Works, Inc.</u> Columbia County Water Service Area

Azalea Park Legal Description:

COMMENCE AT THE NORTHWEST CORNER OF THE SOUTHWEST 1/4 OF THE NORTHEAST ¼, SECTION 19, TOWNSHIP 4 SOUTH, RANGE 17 EAST, AND RUN S 89°22'00" E ALONG THE NORTH LINE OF SAID SOUTHWEST ¼ OF THE NORTHEAST 1/4 410.80 FEET TO THE POINT OF BEGINNING, THENCE CONTINUE S 89°22'00" E, ALONG SAID NORTH LINE OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 995.20 FEET. THENCE S 0°40'00" E ALONG THE EAST LINE OF SAID SOUTHWEST 1/4 OF THE NORTHEAST ¼ 1361.70 FEET, THENCE N 88°16'30" W ALONG THE SOUTH LINE OF SAID SOUTHWEST ¼ OF THE NORTHEAST ¼ 1406.25 FEET, THENCE N 9°02'00" E PARALLEL TO STATE ROAD NO. 47 A DISTANCE OF 694.65 FEET, THENCE S 89°16'30" W PARALLEL TO THE SOUTH LINE OF THE SOUTHEAST ¼ OF THE NORTHWEST 1/4 417.00 FEET, THENCE N 9°02'00" E ALONG THE EAST LINE OF STATE ROAD NO. 47 A DISTANCE OF 296.00 FEET, THENCE S 89°22'00" E, PARALLEL TO SAID NORTH LINE OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 597.00 FEET, THENCE N 9°02'00" E PARALLEL TO STATE ROAD NO. 47 A DISTANCE OF 369.00 FEET TO THE POINT OF BEGINNING. SAID LAND LYING IN THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4, AND THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4, SECTION 19, TOWNSHIP 4 SOUTH, RANGE 17 EAST, COLUMBIA COUNTY, FLORIDA AND CONTAINING 42.23 ACRES MORE OR LESS.

Shady Oaks Acres Unit 1 Legal Description:

COMMENCE AT THE SOUTHWEST CORNER OF THE SOUTHWEST ¼ OF THE SOUTHEAST ¼ OF SECTION 20, TOWNSHIP 4 SOUTH, RANGE 16 EAST, AND RUN N 0°20'30" W, 40 FEET, TO THE NORTH RIGHT-OF-WAY LINE OF STATE ROAD NO. S-242 TO THE POINT OF BEGINNING, THENCE CONTINUE N 0°20'30" W ALONG THE WEST LINE OF SAID SOUTHWEST ¼ OF SOUTHEAST ¼ 995.0 FEET, THENCE N 89°03'30" E, 705 FEET, THENCE S 0°20'30" E 995 FEET TO THE NORTH RIGHT-OF-WAY LINE OF SAID STATE ROAD, THENCE S 89°03'30" W, 705 FEET, TO THE POINT OF BEGINNING.

Shady Oaks Acres Unit 2 Legal Description:

COMMENCE AT THE SOUTHWEST CORNER OF THE SOUTHWEST ¼ OF SOUTHEAST ¼ OF SECTION 20, TOWNSHIP 4 SOUTH, RANGE 16 EAST AND RUN THENCE N 89°03'30" E, ALONG THE SOUTH LINE OF THE SOUTHWEST ¼ OF SOUTHEAST ¼, 705.00 FEET, THENCE N 0°20'30" W, 145.00 FEET TO THE POINT OF BEGINNING, THENCE CONTINUE N 0°20'30 W, 865.00 FEET, THENCE N 89°03'30" E 750.00 FEET, THENCE S 0°20'30" E 970.00 FEET, TO THE NORTH RIGHT OF WAY LINE OF STATE ROAD NO. S-242, THENCE S 89°03'30 W ALONG SAID NORTH RIGHT OF WAY LINE 540.00 FEET, THENCE N 0°20'30" W, 105.00 FEET, THENCE S 89°03'30" W, 210.00 FEET TO THE POINT OF BEGINNING.

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Shady Oaks Acres Unit 2 Addition Legal Description:

COMMENCE AT THE SOUTHWEST CORNER OF THE SOUTHWEST ONE-QUARTER (SW 1/4) OF THE SOUTHEAST ONE-QUARTER (SE 1/4), SECTION 20, TOWNSHIP 4-SOUTH, RANGE 16-EAST, AND RUN THENCE N 89°03'30" E, ALONG THE SOUTH LINE OF SAID SECTION, 1245.00 FEET, THENCE N 0°20'30" W, 40.00 FEET, TO THE NORTH RIGHT-OF-WAY LINE OF STATE ROAD NO. S-242 AND TO THE POINT OF BEGINNING, THENCE CONTINUE N 0°20'30" W, 970.00 FEET, THENCE N 89°03'30" E, 1310.03 FEET, TO THE NORTHWESTERLY RIGHT-OF-WAY LINE OF STATE ROAD NO. 247, THENCE S 41°30'0" W, ALONG SAID NORTHWESTERLY RIGHT-OF-WAY, 1029.81 FEET, THENCE S 89°03'30" W, 433.04 FEET, THENCE S 0°22'46" E, 210.00 FEET, TO THE NORTH RIGHT-OF-WAY LINE OF STATE ROAD NO. S-242, THENCE S 89°03' 30" W, 190.14 FEET, TO THE POINT OF BEGINNING.

242 Village Legal Description:

THE SW ¼ OF THE SW ¼ OF SECTION 21, TOWNSHIP 4 SOUTH, RANGE 17 EAST, COLUMBIA COUNTY, FLORIDA, LESS AND EXCEPT, RIGHT-OF-WAY FOR STATE ROAD 242.

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FLORIDA PUBLIC SERVICE COMMISSION

authorizes Consolidated Water Works, Inc. pursuant to Certificate Number 693-W

to provide water service in Columbia County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|--------------|-------------|---------------|-------------------------|
| * | * | 20240121-WU | Grandfather Certificate |

^{*} Order Number and date to be provided at time of issuance.

Docket No. 20240121-WU Schedule No. 1

Date: April 24, 2025

Consolidated Water Works Monthly Water Rates

| R۵ | eide | ntial | and | General | 9 | rvica |
|----|------|---------|-----|---------|-----|-------|
| RE | Slut | riiliai | anu | General | OE. | IVILE |

| Base Facility Charge by Meter Size All Meter Sizes | \$11.49 |
|--|---------------|
| All Meter Sizes | \$11.49 |
| Charge Per 1,000 gallons – Residential and General Service | \$11.49 |
| Initial Customer Deposits | 477.00 |
| Residential – All Meters | \$75.00 |

Item 18

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Lewis) 78

Division of Accounting and Finance (Bardin, Norris)

Division of Economics (Bruce, Lenberg)
Office of the General Counsel (Farooqi)

RE: Docket No. 20240124-WU – Application for grandfather certificate to operate

water utility in Columbia County, by Quail Heights Utilities LLC.

AGENDA: 05/06/25 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On May 16, 2024, the Board of County Commissioners of Columbia County (County) adopted Resolution No. 2024R-13 (Resolution), transferring regulation of the privately-owned, for profit water and wastewater utilities in Columbia County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in Columbia County became subject of the provisions of Chapter 367, Florida Statutes (F.S.). By Order No. PSC-2024-0222-FOF-WS, the Commission acknowledged the Resolution.¹

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¹ Order No. PSC-2024-0222-FOF-WS, issued July 1, 2024, in Docket No: 20240089-WS, In re: Resolution of the Board of County Commissioners of Columbia County declaring Columbia County subject of the provisions of Sections 367, F.S.

Docket No. 20240124-WU Date: April 24, 2025

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On August 16, 2024, Quail Heights Utilities LLC (Quail Heights or Utility) filed an application for a certificate under grandfather rights to provide water service in Columbia County pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Quail Heights' application was found to be deficient, and staff sent a deficiency letter to the Utility on August 29, 2024. On October 9, 2024, Quail Heights requested an extension to respond which was granted. A second deficiency letter was sent to the Utility on January 9, 2025, and the deficiencies were cured on February 7, 2025.

Quail Heights provides water service to 44 residential and one general service customers in Lake City at the Quail Heights Country Club. The community consists of a clubhouse, 41 single family homes, 2 duplexes, and 1 multi-family home. Wastewater service is provided by The City of Lake City. The Utility's service area is located in the Suwanee River Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

Date: April 24, 2025

Discussion of Issues

Issue 1: Should Quail Heights Utilities LLC's application for a grandfather water certificate in Columbia County be acknowledged?

Recommendation: Yes. Quail Heights' application should be acknowledged and the Utility should be granted Certificate No. 692-W, effective May 16, 2024, to serve the territory described in Attachment A. The resultant order should serve as Quail Heights' certificate and should be retained by the Utility. (Lewis, Lenberg, Bardin)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Columbia County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a warranty deed as proof of ownership of the land on which the Utility's facilities are located, an accurate territory description, and adequate service territory and system maps as required by Rule No. 25-30.035, F.A.C. The territory description is provided in Attachment A.

As stated in the case background, Quail Heights serves approximately 44 residential and one general service customers. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

Conclusion

Based on the above, staff recommends that Quail Heights be granted Certificate No. 692-W to serve the territory described in Attachment A. The resultant order should serve as Quail Heights' certificate and should be retained by the Utility.

Date: April 24, 2025

Issue 2: What rates should be approved for Quail Heights Utilities LLC?

Recommendation: The Utility's monthly rates that were in effect when Columbia County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates should be effective for services 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 rates until authorized to change them by this Commission in a subsequent proceeding. (Lenberg)

Staff Analysis: The Utility's current monthly water rates were established prior to the current ownership. The monthly water rates consist of a single flat rate and no gallonage charge. The Utility's monthly rates that were in effect when Columbia County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates should be effective for services 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 rates until authorized to change them by this Commission in a subsequent proceeding.

Date: April 24, 2025

Issue 3: Should this docket be closed?

Recommendation: Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of the final order. (Farooqi)

Staff Analysis: Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of the final order.

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DESCRIPTION OF TERRITORY SERVED

Quail Heights Utilities LLC

Parcel 1:

Begin at the SE corner of the NW 1/4 of the NW 1/4 of Section 12, Township 4 South, Range 16 East, Columbia County, Florida, and thence S 87° 08' 52" W, along the South line of said NW 1/4 of the NW 1/4 a distance of 1030.64 feet; thence N 01° 43' 26" W, 255.19 feet; thence N 36° 35' 08" E, 161 .30 feet; thence N 80° 44' 01" E, 259.87 feet; thence S 71° 23'2 2" E, 469.42 feet; thence S 89° 06' 21" E, 115.36 feet; thence N 42° 33 '44" E, 83.45 feet; thence N 88° 16' 34" E, 59.13 feet to the East line of said NW 1/4 of the NW 1/4; thence S 01° 43' 26" E. along said East line, 286.91 feet to the Point of Beginning. Columbia County, Florida.

Parcel 2:

The West 40 acres of the S 1/2 of the NW 1/4 lying East of Interstate highway No. 75 in Section 12, Township 4 South, Range 16 East, Columbia County, Florida, being more particularly described as follows:

Begin at the NW corner or the SW 1/4 of the NW 1/4 of said Section 12 and run thence N 87° 05' 54" E, along the North line of the SW 1/4 of the NW 1/4 of said Section 12, a distance of 1282.45 feet to the NE comer of said SW 1/4 of the NW 1/4 of Section 12; thence continue N 87°05'54" E, along the North line of the SE 1/4 of the NW 1/4 of said Section 12, a distance or 77.90 feet; thence S 01° 46' 24" E, 1336.09 feet to a point on the South line or the SE 1/4 of the NW 1/4 of said Section 12; thence S 87° 32' 23" W. along the said South line of the SE 1/4 of the NW 1/4 of Section 12, a distance of 77 .89 feet to the SE comer or the SW 1/4 of the NW 1/4 or said Section 12; thence continue S 87° 32' 23" W. along the South line of the SW 1/4 of the NW 1/4 of said Section 12, a distance of 1049.00 feet to its intersection with the Northeasterly right-of-way line or Interstate Highway No. 75; thence N 24° 52' 36" W, along said Northeasterly right-of-way line of Interstate Highway No. 75, a distance of 573.07 feet to its intersection with the West line of the SW 1/4 of the NW 1/4 of said Section 12; thence N 02° 22' 45" W, along said West line of the SW 1/4 of the NW 1/4 of Section 12, a distance of 795.75 feet to the Point of Beginning, Columbia County, Florida.

Parcel 3:

Part of the NE 1/4 of the SW 1/4 and part of the SE 1/4 of the NW 1/4 of Section 1, Township 4 South, Range 16 East. Columbia County, Florida, more particularly described as follows: Commence at the NW corner of the NE 1/4 of the SW 1/4 or said Section 1 and thence S 01 °58'02" E, 179.61 feet to a concrete monument on the Southeasterly right-of-way line of Troy

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Road and the Point of Beginning; thence N 47° 52' 53" E, along said right-of-way line, 1343.88 feet to a concrete monument marking the Southwesterly corner of lands described in Official Records Book 924, page 1374 of the Official Records of Columbia County, Florida; thence S 49° 19' 00" E, along the Southwesterly line of said lands. 105.03 feet to a concrete monument marking the Southeasterly line of said lands; thence N 40° 16' 10" E, along the Southeasterly line of said lands, as monumented, a distance of 46.06 feet to the North right-of-way line of a proposed road, said point being on a curve concave to the North and having a radius of 1105. 92 feet and a central angle or 08° 22' 39" and being subtended by a chord having a bearing of S 70° 21' 19" E, and a chord length of 161 .56 feet; thence easterly along the arc of said curve an arc distance of 161.70 feet to a point on the East line of the SE 1/4 of the NW 1/4 or said Section 1; thence S 02° 01' 25" E, along said East line a distance of 584.62 feet to the NE comer of the aforementioned NE 1/4 of the SW 1/4; thence S 02° 01' 25" E. along the East line of said NE 1/4 of the SW 1/4 a distance of 221.82 feet to its intersection with the Westerly monumented line of Quail Heights, a subdivision as per plat thereof recorded in Plat Book 3, page 104 of the Public Records of Columbia County, Florida; thence S 02° 14' 31" W, along said Westerly line, a distance of 176.36 feet to a concrete monument marking the SW corner of Block 2 of said Subdivision; thence N 06° 51' 16" W, 231 .99 feet; thence S 89° 37' 31" W, 244.87 feet; thence N 13° 31' 17" w, 345.72 feet; thence N 04° 37' 36" E. 49.57 feet: thence N 18° 58' 33" W, 87.43 feet; thence N 67° 20 '46" W, 79.24 feet; thence S 76° 56' 47" W, 57.65 feet; thence S 48°42'30" W, 119.55 feet; thence S 73° 17' 12" W . 117.55 feet; thence S 03° 57' 09" E. 215.41 feet; thence S 74° 14' 43" W, 34.58 feet; thence N 80° 39' 33" W, 59.35 feet; thence S 34° 34' 44" W, 84.51 feet; thence N 69° 05' 04" W. 47.02 feet: thence S 85° 32' 45" W, 79.93 feet; thence S 48° 55' 38" W, 87.29 feet; thence S 24 °26' 53" W, 52.95 feet; thence S 57° 56' 59" W, 129.10 feet; thence S 16° 43' 12" E, 135.48 feet; thence S 36° 27 '21" W. 98.17 feet; thence S 19° 19' 11" W, 105.40 feet; thence N 57° 56' 54" W, 97 .68 feet; thence N 01° 36 '01" E, 275.38 feet to the Point of Beginning. Columbia County, Florida.

Less and Except the Following Described Parcel:

Commence at the Point of intersection of the East line of the SE 1/4 of the NW 1/4 of Section 1. Township 4 South, Range 16 East, Columbia County. Florida and the Northwesterly right-of-way line of Old Troy Road and run S 02° 11 '15" E along said East line a distance of 65.81 feet to the Southeasterly right-of-way line of Old Troy Road; thence continue S 02° 11 '15" E, along said East line 322.68 feet to a point on the arc of a curve concave to the Northeast having a radius of 1105.92 feet and a total central angle of 36° 54' 50", also being the Point of Beginning; thence continue S 02° 11' 15" E, still along said East line 83.70 feet to a point on the arc of a curve concave to the Northeast having a radius of 1185.92 feet and a total central angle of 36° 54' 50"; thence run Northwesterly along arc of said curve 320.56 feet through a central angle of 15° 29 '15"; thence run S 84° 03' 47" W. a distance of 40.28 feet to the Southeasterly right-of-way line of Old Troy Road: thence run N 47° 43' 36" E, along said Southeasterly right-of-way line 89.37 feet; thence run S 49° 25' 19" E, a distance of 104.92 feet; thence run N 48° 07' 32" E,

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a distance of 46.19 feet to a point on the arc of a curve concave to the Northeast having a radius of 1105.92 feet and total central angle of 36° 54' 50"; thence run Southeasterly along arc of said curve 162.56 feet through a central angle of 8° 25' 19" to the Point of Beginning. Columbia County, Florida.

BeParcel 4:

Part of the West half of Section 1 and part of the SE 1/4 of Section 2 and part of the NE 1/4 of the NE 1/4 of Section 11 and part of the NW 1/4 of the NW 1/4 of Section 12, all being in Township 4 South, Range 16 East. Columbia County. Florida, and being more particularly described as follows:

Commence at the NW corner of the SW 1/4 of said Section 1; thence S 02° 55' 51" E, along the West line of said Section 1, a distance of 438.28 feet to its intersection with the Southeasterly right-of-way line of State Road 247 and the Point of Beginning; thence S 40°35'52" W, along said right-of-way line 962.60 feet to a bend in said line: thence S 26° 37' 15" W, still along said line. 103.08 feet to a bend in said right-of-way line; thence S 40° 39' 26" W, still along said line, 768.73 feet to the intersection of the Southeasterly right-of-way line of State Road 247 and the Easterly right-of-way line of Interstate 75: thence S 24° 51 '03" E, along said Easterly line of Interstate 75, a distance of 977.63 feet to its intersection with the South line of said Section 2; thence continue S 24° 51' 03" E along said East right-of-way line, 1440.53 feet to its intersection with the South line of the said NE 1/4 of the NE 1/4 of Section 11; thence N 87° 53' 36" E, along said South line, 329.07 feet to the SW corner of the NW 1/4 of the NW 1/4 of said Section 12; thence N 87° 08' 52" E, along the South line of said NW 1/4 of the NW 1/4 a distance of 251 .52 feet; thence N 01°43'26" W. 255.19 feet; thence N 36° 35' 08" E, 161.30 feet; thence N 80° 44' 01" E, 259.87 feet; thence S 71° 23' 22", 469.42 feet; thence S 89 °06' 21" E, 115.38 feet. thence N 42° 33' 44" E, 83.45 feet; thence N 88° 16' 34" E. 59.13 feet to a point on the East line of said NW 1/4 of the NW 1/4 of Section 12; thence N 01° 43' 26" W, 1047.33 feet to the NE corner of said NW 1/4 of the NW 1/4; thence N 02° 31 '09" W, 335.16 feet to the SW corner of the North 3/4 of the SE 1/4 of the SW 1/4 of said Section 1; thence N 86° 51' 31" E, along the South line of said North 3/4 a distance of 1299.79 feet to the SE corner of said North 3/4; thence N 02° 01' 25" W, along the East line of the West half of said Section 1, a distance of 1621 .53 feet to a point on the monumented South line of "Quail heights", a Subdivision as recorded in Plat Book 3, page 104 of the Public Records of Columbia County, Florida; thence S 88° 38' 38" W, along said South line, 35.44 feet to the SW corner of said "Quail Heights" as monumented; thence N 02° 14' 31" E, along said West line, 300 04 feet; thence N 06°51 '16" W, now departing from said West line, 231.99 feet; thence S 89° 37' 31" W, 244.87 feet; thence N 13°31 '17" W, 345.72 feet; thence N 04° 37' 36" E, 49.57 feet; thence N 18° 58' 33" W, 87.43 feet; thence N 67° 20' 46" W, 79.24 feet: thence S 76° 56' 47" W, 57.65 feet; thence S 48°42'38" W, 119.55 feet; thence S 73° 17' 32" W, 117 .55 feet; thence S 03°57'09" E, 215.41 feet; thence S 74°14'43" W, 34.58 feet; thence N 80° 39' 33" W, 59.35 feet; thence S 34° 34' 44" W, 84.51 feet; thence N 89°05'04" W,

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47.02 feet; thence S 85° 32' 45" W, 79.93 feet; thence S 48° 55' 38" W, 87.29 feet; thence S 24° 28' 53" W, 52.95 feet; thence s 57°56'59" W, 129.10 feet; thence S 16° 43' 12" E, 135.48 feet; thence S 36°27'21" W, 98.17 feet; thence S 19° 19' 11" W, 105.40 feet; thence N 57° 56' 54" W, 97.68 feet; thence N 01 °36'01" E, 275.38 feet; thence N 01 °58' 02" W. 179.61 feet to the NE corner of the NW 1/4 of the SW 1/4 of said Section 1; thence S 87° 53' 22"' W, along the North line of said NW 1/4 of the SW 1/4 a distance of 936.25 feet to a point on the aforementioned Southeasterly line of State Road 24 7; thence S 40° 35' 52" W, along said right-of-way line, 525.82 feet; thence S 04°23'35" E, 408.57 feet to the NW corner of lands described in Official Records Book (ORB) 755, page 1165 of the Official Records of Columbia County, Florida; thence N 62° 43' 52" E, along said line, 258.09 feet; thence N 49° 54' 41 " E, 104.11 feet to a point on the West right-of-way line of Quail Heights Boulevard, a 50 foot wide private road right-of-way as presently established; thence S 41° 53' 08" E, along said right-of-way line, 472.19 feet; thence S 48° 07' 27" W, now departing from said R/W, 124.84 feet; thence S 09° 06 '45' W, 186.84 feet; thence S 09° 00' 02" W, 51. 73 feet; thence S 03° 18' 07" E, 176.07 feet; thence S 89° 37' 04" W, 101.43 feet; thence S 25° 14' 44" W 575.05 feet to a point on the Easterly extension of the South line of "10th Fairway Villas" as per Plat thereof recorded in Plat Book 5, pages 42 and 42-A of the Public Records of Columbia County, Florida; thence S 84° 28' 35" W, 155.42 feet to a point of the West line of the aforementioned SW 1 /4 of Section 1; thence N 02° 55' 51" W, along said West line, 1552.80 feet to the Point of Beginning, Columbia County, Florida.

Less and Except"

"Covey Court", a Subdivision as per plat thereof recorded in Plat Book 6, pages 168 and 169 of the Public Records of Columbia County, Florida.

Also less and except:

Part of the SW 1/4 of the SW 1/4 of Section 1, Township 4 South, Range 16 East, Columbia County, Florida, more particularly described as follows: Commence at the NW corner of the SW 1/4 of said Section 1; thence S 02° 58′ 37″ E, along the West line of said Section 1, a distance of 1353.03 feet to the NW corner of the SW 1/4 of the SW 1/4 of said Section 1; thence N 87°19′30″ E, along the North line of said SW 1/4 of the SW 1/4 a distance of 771.80 feet to the Point of Beginning; thence S 06″40′32″ W, 256.19 feet; thence S 12° 21′ 50′ W, 101.70 feet; thence S 14° 14′ 41″ W, 696.62 feet; thence S 08° 55′ 52″ E, 58.68 feet; thence S 58°40′45″ E, 143.22 feet; thence N 14° 14′ 41″ E, along the West right-of-way line of Quail Heights Boulevard, 808.00 feet; thence N 24° 45′ 32″ E, still along said right-of-way 24.08 feet to the point of curve of a curve to the left having a radius of 100.00 feet and a central angle of 38° 53′ 14″ thence along the arc of said curve an arc distance of 67.87 feet to the point of tangency of said curve; thence N 14° 07′ 42″ W, still along said right-of-way line, 301.56 feet to a point on the aforementioned North line of said SW 1/4 of the SW 1/4, thence S 87° 19′ 30″ W, along said

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North line, 50.00 feet to the Point of Beginning. The above described lands comprise Lots 1 through 8 of an unrecorded subdivision.

Also less and except:

Commence at the Northwest corner of the SW 1/4 of Section 1, Township 4 South, Range 16 East, Columbia County, Florida, and run S 2° 58' 37" E, along the West line of said Section 1, a distance of 1353.03 feet to the Northwest corner of the SW 1/4 of the SW 1/4, Section 1; thence N 87° 19' 30" E, along the North line of said SW 1/4 of the SW 1/4 (South line of NW 1/4 of SW 114) a distance of 872.82 feet to the East line of Quail Heights Boulevard and the Point of Beginning; thence S 14°07'42" E, along said East line of Quail Heights Boulevard 291.43 feet to the point of curve of a curve concave to the right having a radius of 150.00 feet and a total central angle of 38° 53' 14"; thence Southwesterly along the arc of said curve, still along said East line, Quail Heights Boulevard a distance of 101.81 feet to the point of tangency of said curve; thence S 24° 45 '32" W, along said East line, Quail Heights Boulevard 19.51 feet; thence S 14° 14' 41" W, still along said East line, Quail Heights Boulevard 832.49 feet: thence S 65° 14' 28" E, 50.18 feet; thence N 51 °15'01" E, 163 06 feet: thence N 14° 14' 41" E, 48.39 feet; thence N 40° 55' 24" E. 99.85 feet; thence N 00° 23' 56" E, 230. 00 feet; thence N 49° 20' 01" E, 131 .92 feet; thence N 00° 29' 39" W, 493.40 feet; thence N 29°42'15" W, 51.49 feet; thence N 14° 45' 39" W, 136.90 feet; thence N 42° 01' 18" W. 75.00 feet; thence N 75° 55' 13" W, 105.12 feet to a point of the aforementioned East right-of-way line; thence S 14° 07' 42" E, 66.49 feet to the Point of Beginning. The above described lands comprise Lots 1 through 9 of an unrecorded subdivision.

Also less and except:

Begin al the Southeast corner of Lot 9, as shown on the plat of 10th Fairway Villas, a subdivision as described and recorded in Plat Book 5 at pages 42 and 42A of the Public Records of Columbia County, Florida; thence S 25° 14′ 11″ W, along the Southerly prolongation of the East line of said Lot 9, 56.1 O feet; thence N 65° 02′ 35″ W, 94.97 feet to the South line of said Lot 9; thence N 84° 30′ 38″ E. along said South line, 110.53 feet to the Point of Beginning.

Also less and except:

Commence at the Southeast corner of Lot 9, as shown on the Plat of 10th Fairway Villas. a subdivision as described and recorded in Plat Book 5 at pages 42 and 42A of the Public Records of Columbia County, Florida; thence S 25° 14′ 11 " W, along the Southerly prolongation of the East line of said Lot 9, 56.10 feet to the Point of beginning; thence continue S 25°14′11" W, along said Southerly prolongation 63.15 feet; thence S 84°30′ 38" W. parallel with the South line of said Lot 9. 88.07 feet to the West line of Section 1, Township 4 South, Range 16 East; thence N 02°58′37" W, along said West line, 102.56 feet to the Southwest corner of said Lot 9; thence N

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84° 30' 38" E. along the South line of said Lot 9, 34.03 feet; thence S 65° 02' 35" E, 94.97 feet to the Point of Beginning.

Also less and except:

Commence at the Northwest corner of the NW 1/4 of the SW 1/4 of Section 1, Township 4 South, Range 16 East, Columbia County, Florida, and run S 02°43'04" E, along the West line of said Section 1 a distance of 439.67 feet to a point on the Southeasterly right-of-way line of State Road No. 247 (Branford Highway), said point also being the Point of Beginning; thence N 40° 33' 35" E, along said Southeasterly right-of-way line of State Road No. 247 (Branford Highway) a distance of 66.36 feet; thence S 02° 40' 50" E, a distance of 386.30 feet; thence S 02° 35' 21" E. a distance of 218.20 feet to a point of curve of a curve to the northeast having a radius of 43.18 feet and a central angle of 64°46'45"; thence Southeasterly along the arc of said curve a distance of 48.82 feet; thence S 66° 44' 54" E, a distance of 248.69 feet; thence S 68° 58' 07" E, a distance of 326.16 feet to the point of curve of a curve concave to the North having a radius of 350.00 feet and a central angle of 37° 27' 23"; thence Southeasterly along the arc of said curve a distance of 228.81 feet to the point of tangency of said curve; thence N 73° 34' 31" E, a distance of 50.01 feet to the Easterly right-of-way line of Quail Heights Terrace (a private road); thence S 14° 05' 47" E, along said Easterly right-of-way line a distance of 363.55 feet to the point of curve of a curve concave to the West having a radius of 150.00 feet and a central angle of 38°53' 19"; thence Southwesterly along the arc of said curve being also said Easterly right-of-way line of Quail Heights Terrace (a private road) a distance of 101.81 feet to the point of tangency of said curve; thence S 24° 47' 25" W, still along said Easterly right-of-way line a distance of 19.51 feet; thence S 14° 16' 34" W, still along said Easterly right-of-way line a distance of 803.66 feet; thence N 75° 43' 26" W, a distance of 49.84 feet to the Westerly right-of-way line of Quail Heights Terrace (a private road); thence N 14° 16' 34" E, along said Westerly right-of-way line a distance of 808.00 feet: thence N 24° 47' 25" E, still along said Westerly right-of-way line a distance of 24.08 feet to the point of curve of a curve concave to the Northwest having a radius of 100.00 feet and a central angle of 38°53' 12"; thence Northwesterly along the arc of said curve being also said Westerly right-of-way line a distance of 67.87 feet to the point of tangency of said curve; thence N 14° 05' 47" W, still along said Westerly right-of-way line a distance of 301.85 feet; thence S 87°18'41" W, a distance of 99.29 feet to the point of curve of a curve concave to the north having a radius of 400.00 feet and a central angle of 23° 47' 17"; thence Northwesterly along the arc of said curve a distance of 166.07 feet to the point of tangency of said curve: thence N 68° 54' 02" W, a distance of 322.15 feet to the Northeast corner of "10th Fairway Villas", a subdivision recorded in Public Records of Columbia County, Florida: thence N 66° 39' 37" W, along the North line of said "10th Fairway Villas" a distance of 296.55 feet to a point on the West line of Section 1; thence continue N 66° 39' 37" W, a distance of 6.00 feet: thence N 02° 35' 21" W, a distance of 282.07 feet; thence N 02° 40' 50" W, a distance of 333. 13 feet to a point on the Southeasterly right-of-way line of State Road No. 247 (Branford Highway);

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thence N 40° 33′ 35" E. along said Southeasterly right-of-way line of State Road No. 247 (Branford Highway) a distance of 6.63 feet to the Point of Beginning.

Parcel 5:

Commence at the Northeast corner of the SE 1/4 of the NE 1/4 of Section 11, Township 4 South, Range 16 East, Columbia County, Florida and run S 2° 26' E along the East line of said SE 1 /4 of NE 1/4 800.37 feet to the Easterly right-of-way line of State Road No. 93 (1-75); run thence N 24° 50' W, along said right-of-way line 865.07 feet to the North line of said SE 1/4 of NE 1/4; run thence N 87° 28' E along said line 329.65 feet to the Point of Beginning, excluding lateral ditch, Columbia County, Florida.

The N 3/4 OF SE I/4 OF SW I/4 & NE I/4 of SW I/4 Lying S & E of Troy Rd & SE I/4 OF NW I/4 S & E OF Troy Rd & SW I/4 of SW I/4 & NW I/4 of SW I/4, EX 10TH Fairway Villas S/D & EX 1.37 AC for private RD & EX 6.26 AC DESC ORB 736-668, EX various lots deeded out & EX approx 6.74 AC DESC in ORB 816-1696 A portion of this parcel AKA Lot 8 B 2 Quail Heights Parks S/D unit 1 UN REC EX 3.17 AC for CO RD DESC ORB 1032-2366 & ORB 1124-1542, CT 1270-2749, WO 1315-2049, NW I/4 of NW I/4 ORB 404-334, 404-340,993-1300, 1124-1542 CT 1270-2749 & E I/4 OF NE I/4 lying E of 1-75 Section 11-45-16 & Beg NE COR of SE I/4 OF NE I/4 of Section 11-45-16, run S 800.37 FT, NW along RD R/W 865.07 FT to N line of SE I/4 of NE I/4, E 329.65 FT to POB. WD 1315-2049,

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FLORIDA PUBLIC SERVICE COMMISSION

authorizes Quail Heights Utilities LLC pursuant to Certificate Number 692-W

to provide water service in Columbia County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|--------------|-------------|---------------|-------------------------|
| * | * | 20240124-WU | Grandfather Certificate |

^{*}Order Number and date to be provided at time of issuance.

Docket No. 20240124-WU Schedule No. 1

Date: April 24, 2025

Quail Heights Utilities LLC Existing Monthly Water Rates

Residential and General Service

Flat Rate \$15.00

Item 19

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

Division of Economics (Ward, Hampson)
Office of the General Counsel (Brownless) FROM:

RE: Docket No. 20250037-EI – Petition for termination of my energy bill+ program

with income qualified component, by Duke Energy Florida, LLC.

AGENDA: 05/06/25 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 8-month effective date: 11/03/25 (60-day suspension date

waived by the utility)

SPECIAL INSTRUCTIONS: None

Case Background

On March 3, 2025, Duke Energy Florida, LLC (Duke or the utility) filed a petition to close to new customers, and ultimately terminate, its optional My Energy Bill+ Program with Income Qualified Component (My Energy Bill+ Program) contained in Tariff Sheet Nos. 6.415 – 6.417. These tariff sheets are contained in Attachment A to this recommendation. The utility states that it wants to terminate the My Energy Bill+ Program due to a lack of customer interest. The My Energy Bill+ Program is a fixed bill program that allows Duke to have limited control of a participating customer's thermostat during specified demand response events. In exchange for this control, participating customers pay a fixed monthly bill for a year with no true-up costs. The bill calculation includes a usage adder of six percent during the first year of participation,

Docket No. 20250037-EI Date: April 24, 2025

plus a risk adder of four percent, which is lower than Duke's FixedBill tariff. The My Energy Bill+ Program was approved in Order No. PSC-2022-0246-TRF-EI.¹

If the petition is approved, Duke states that it would work with enrolled customers to transition them to the FixedBill program, Budget Billing, or return them to their previous standard rate schedule. Once all customers have been transitioned out of the My Energy Bill+ Program, Duke requests that the Commission grant staff administrative authority to approve tariff sheets to terminate the program.

Duke's current FixedBill tariff is a flat bill program that allows participating customers to receive a fixed monthly bill for 12 months, which is calculated using the prior 12 months of actual usage data, applying weather normalization, plus an additional risk and usage adder. The FixedBill tariff was first approved by Order No. PSC-2017-0451-AS-EU and became effective on March 1, 2018.²

During the evaluation of the petition, staff issued a data request for which responses were received on April 7, 2025. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

¹ Order No. PSC-2022-0246-TRF-EI, issued December 14, 2022, in Docket No. 20220106-EI, *In re: Petition for approval of new my energy bill+ program with income qual fied component, by Duke Energy Florida, LLC.*

² Order No. PSC-2017-0451-AS-EU, issued November 20, 2017, in Docket No. 20170183-EI, *In re: Application for limited proceeding to approve 2017 second revised and restated settlement agreement, including certain rate adjustments, by Duke Energy Florida, LLC.*

Docket No. 20250037-EI Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission approve Duke's request to close the My Energy Bill+ Program to new customers and grant staff administrative authority to approve tariff sheets to terminate the program once all customers have been transitioned to an alternative rate schedule?

Recommendation: Yes. The Commission should approve Duke's request to close the My Energy Bill+ Program to new customers as of August 1, 2025 and approve the tariffs contained in Attachment A to the recommendation. Additionally, the Commission should grant staff administrative authority to approve tariff sheets to terminate the program once all customers have been transitioned to an alternative rate schedule. (Ward)

Staff Analysis:

My Energy Bill+ Program Participation

Duke launched its first My Energy Bill+ offers to customers in November 2022. In its petition, the utility stated that additional offers were sent from March to May 2023. Duke stated that after sending 358,164 customers multiple direct marketing offers, including by mail and by email, only 142 customers enrolled in the program. Duke stated that the cost of the marketing offers was \$295,695 and the costs were recovered below-the-line.³ Currently, there are 130 customers enrolled in the program. Due to lack of customer interest in the My Energy Bill+ Program, Duke seeks to close the program to new customers and ultimately terminate the program.

For participating in the program, Duke also offered income qualified customers a free smart thermostat and installation, of which Duke completed 41 installations. The utility asserted that customers who received smart thermostat installations through the program will continue to own them if the My Energy Bill+ Program is terminated.⁴

The utility stated that the annual program costs for the My Energy Bill+ Program are \$288,510 for year 1, \$379,650 for year 2, and \$459,275 for year 3.⁵ The utility also stated that program costs are expected to increase annually based on vendor costs to support smart thermostat enrollment. All program costs are recorded below-the-line.

Closure and Termination of My Energy Bill+ Program

In its petition, Duke stated that if the program is closed it would work with enrolled customers to transition them to an alternative rate schedule. Customers would be transferred to the FixedBill program, Budget Billing, or returned to their previous standard rate schedule. Duke stated that it plans to allow customers to complete their current My Energy Bill+ 12-month service agreement. Two months before the end of the agreement period, customers will receive an email from the utility informing them that the program will be terminated and other billing options are

³ Responses to Staff's First Data Request, Response No. 7.

⁴ Responses to Staff's First Data Request, Response No. 3.

⁵ Responses to Staff's First Data Request, Response No. 2.

⁶ Responses to Staff's First Data Request, Response No. 4.

Docket No. 20250037-EI

Date: April 24, 2025

available. The utility stated that it expects all customers to be transitioned out of the My Energy Bill+ Program by October 2026.⁷

Issue 1

Additionally, Duke requests that the Commission grant staff administrative authority to approve tariffs to terminate the program after all customers have been transitioned out of the My Energy Bill+ Program. If this recommendation is approved, staff will approve tariffs to terminate the My Energy Bill+ Program once staff has confirmed that all customers have been removed from the rate schedule. The utility stated that it will notify staff once all customers have been removed from the My Energy Bill+ Program, including details about the new billing or payment option selected by each customer.⁸

Conclusion

Based on the petition and the utility's response to staff's data request, staff believes that the Commission should approve Duke's request to close the My Energy Bill+ Program to new customers as of August 1, 2025 and approve the tariffs contained in Attachment A to the recommendation. Additionally, the Commission should grant staff administrative authority to approve tariff sheets to terminate the program once all customers have transitioned to an alternative rate schedule. Due to the lack of customer interest and the availability of alternative fixed bill and budget billing rate schedules, staff believes the proposal is reasonable.

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⁷ Responses to Staff's First Data Request, Response No. 6.

⁸ Responses to Staff's First Data Request, Response No. 5.

Docket No. 20250037-EI Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. However, if a timely protest is filed in this docket, this docket shall remain open, and the current tariff remain in effect, until the resolution of the protest. (Brownless)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. However, if a timely protest is filed in this docket, this docket shall remain open, and the current tariff remain in effect, until the resolution of the protest.

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SECTION NO. VI FIRST_SECOND REVISED SHEET NO. 6.415 CANCELS ORIGINAL-FIRST REVISED SHEET NO. 6.415

Page 1 of 3

RATE SCHEDULE MEB-1 Optional – My Energy Bill+ Program (Closed to New Customers as of 08/01/2025)

Availability:

Available throughout the entire territory served by the Company.

Applicable:

To customers taking service under the Company's Standard Residential Tariff rate schedules who have lived in their current residence for the previous 12 months, have had their electricity priced on the Company's Standard Residential Tariffs for the previous 12 months, have a load profile that can be modeled with reasonable predictability, and are current on their electric service bill. Within the last 12 months, the customer may not have.

- 1) Defaulted on a payment arrangement;
- Entered into a multi-month payment arrangement;
- 3) Had a payment that was not honored by a financial institution; or
- 4) Been disconnected for non-payment of electric service.

Customers must have a whole-home, centrally controlled, electric-based heating and cooling system(s) and have an installed, active, and eligible *My Energy Bill+* Program peak usage management device(s) and grant the Company the ability to manage specific customer owned assets outside of applicable Commission-approved DSM programs during *My Energy Bill+* Program events. If a customer is eligible in the Income Qualified (IQ) program, the Company may provide a discounted smart thermostat to the customer. For IQ customers, the Company may waive some or all of the four enumerated requirements above.

Character of Service:

Electric energy supplied hereunder must meet the Character of Service and usage specifications consistent with service under the Company's Standard Residential Tariffs. Upon enrollment, an individual profile will be created for each My Energy Bill+ participant, informed by factors such as payment history, detailed residential energy usage, seasonal variation data, and thermostat type.

Limitation of Service:

Service under this rate schedule is not available to net metering customers, customers with multiple electric meters on one account, or Non-Standard Meter Rider (NSMR-1) customers. Customers may only participate in one of the following: MEB-1 (My Energy Bill+), FB-1 (FixedBill), or Budget Billing.

My Energy Bill+ program events shall be operated separately from the RSL-1 and RSL-2 load management program events. Priority in a critical capacity situation shall be given to all demand-side management program events, including RSL-1 and RSL-2 load management program events over My Energy Bill+ program events.

My Energy Bill+ Amount:

Subject to its Terms and Conditions, the Company's My Energy Bill+ Program offers customers a predetermined electric bill for 12 months and protects participating customers from unpredictable bills caused by weather related usage and certain changes in electric rates, in exchange for specific Company-managed control of the customer's load. The customer's Monthly My Energy Bill+ Amount will be calculated starting with 12 months of past Actual Usage data, applying weather normalization and any applicable Usage and Risk Adders.

[(Predicted Weather Normalized Monthly kWh Usage x (1+Usage Adder)) x (expected Non-Fuel Energy Charges including expected Cost Recovery Factors, expected Fuel Cost Recovery Factor and expected Asset Securitization Charge)] x (1+Risk Adder) – expected applicable credits + expected customer charge.

The monthly My Energy Bill+ Amount will not include Applicable Taxes and other charges such as service charges, lighting and non-regulated products and services. Applicable Taxes and fees will be applied to the My Energy Bill+ Amount and included in the total amount due.

Definitions

Actual Energy Usage: The customer's actual energy usage for a designated time period.

Actual Weather: Weather experienced during a historical time period measured using actual heating degree-days and cooling degree-days.

Applicable Removal Charges: Charges incurred when the customer discontinues My Energy Bill+ service before the 12-month Service Agreement period expires. The Company will calculate what the customer would have paid under the RS-1 rate schedule during the My Energy Bill+ Service Agreement period. If the customer has paid less than the RS-1 rate schedule, the customer will be charged the difference. If the customer paid more than the RS-1 rate schedule, the customer will not be credited the difference.

(Continued on Page 2)

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy - FL

EFFECTIVE: January 1, 2025

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SECTION NO. VI FIRST-SECOND REVISED SHEET NO. 6.416 **CANCELS ORIGINAL FIRST REVISED SHEET NO. 6.416**

Page 2 of 3

RATE SCHEDULE MEB-1 Optional - My Energy Bill+ Program (Closed to New Customers as of 08/01/2025) (Continued from Page No. 1)

Applicable Taxes: See Rate Schedule BA-1, Sheet No.6, 105, 6, 106, and 6, 107, Asset Securitization Charge: See Rate Schedule BA-1, Sheet no. 6.105 and 6.106.

Cost Recovery Factors: See Rate Schedule BA-1, Sheet no. 6.105 and 6.106.

Event Opt Out: When a customer overrides the Company's management of the customer's specific load during an event, thus not allowing the Company to reduce the customer's usage during the event.

Fuel Cost Recovery Factor: See Rate Schedule BA-1, Sheet no. 6,105 and 6,106.

Income Qualified (IQ) Program: Customers earning less than 200% of the Federal Poverty Guidelines are eligible to participate in the IQ

My Energy Bill+ Amount: A predetermined fixed bill amount over a twelve (12) month period as described in the "My Energy Bill+ Amount"

My Energy Bill+ Program Events: Also referred to as an "event". This is the period during which the Company manages the customer's specific load. The frequency and duration of events are defined in the Terms and Conditions below.

Non-Fuel Energy Charge: See Rate Schedule RS-1, Sheet no. 6.120.

Non-Standard Meter Rider: See Rate Schedule NSMR-1, Sheet no. 6.400.

Normal Weather: Weather at the 50th weather percentile based on the Company's historical seasonal heating degree-days and cooling

Peak Usage Management Device: Devices that are approved for use in the Company's My Energy Bill+ Program, including but not limited

Predicted Weather Adjusted Total kWh Usage: The customer's predicted total usage (kWh) for the applicable time period based on

Predicted Weather Normalized Monthly kWh Usage: The customer's predicted monthly usage (kWh) based on Normal Weather.

Risk Adder: This adder is used to compensate the Company for the risk associated with weather-related consumption and non-weather-related impacts. The initial risk adder will be capped at 4%. This adder will be applied each year that the customer is on the My Energy Bill+ program and may be lowered based on a participating customer's individual profile and behavioral responses.

Service Agreement: A contractual agreement entered into between the Company and the customer for a twelve (12) month term specifying the My Energy Bill+ Amount and all requirements associated with allowing management of the specific customer owned assets.

Standard Residential Tariff: The Company's RS-1, RSI-1, RSL-1, RSL-2, and LMR-1 Rate Schedules, beginning Sheet Nos. 6.120, 6.140, 6.130, 6.135, and 6.425, respectively

Usage Adder: This adder is used to compensate the Company for the risk associated with increased usage by customers in their first year while on My Energy Bill+ not associated with weather. The initial usage adder will be capped at 6%. This adder will only be applied during the customer's first year on the My Energy Bill+ program.

Terms and Conditions:

- The customer will enter into a Service Agreement with the Company that will specify the monthly My Energy Bill+ Amount that the customer will be required to pay and, as applicable, all requirements associated with allowing control of customer owned assets.
- The term of the Service Agreement will be for twelve (12) months. The Company will calculate a new monthly My Energy Bill+ Amount for the following year and notify the customer of the new contractual amount before the current 12-month *My Energy Bill+* period expires. The customer will be automatically renewed at the new monthly *My Energy Bill+* Amount for the following year unless the customer notifies the Company of their intent to be removed from the *My Energy Bill+* program.
- The frequency and duration of My Energy Bill+ Events will be in accordance with the My Energy Bill+ program's Service Agreement.

(Continued on Page 3)

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy - FL

EFFECTIVE: January 1, 2025

Docket No. 20250037-EI Attachment A Date: April 24, 2025 Page 3 of 3



SECTION NO. VI **FIRST REVISED SHEET NO. 6.417** CANCELS ORIGINAL SHEET NO. 6.417

Page 3 of 3

RATE SCHEDULE MEB-1 Optional - My Energy Bill+ Program (Closed to New Customers as of 08/01/2025) (Continued from Page No. 2)

Terms and Conditions (Continued):

4. Removal from the program:

A. Move from Current Residence.

If a participating customer moves from their current residence before the 12-month Service Agreement period expires, Applicable Removal Charges will apply.

B. Delinquent My Energy Bill+ Payments.

If a customer becomes delinquent in a My Energy Bill+ payment, the Company will follow standard procedures for Standard Residential Tariff customers. If the customer is disconnected for nonpayment, the customer will be removed from the My Energy Bill+ program and Applicable Removal Charges will apply.

C. Increased Actual Energy Usage Above Expected Usage (Excess Usage).

The Company reserves the right to terminate the customer's My Energy Bill+ program Service Agreement if the customer's total Actual Energy Usage exceeds their Predicted Weather Adjusted Total kWn Usage by at least 30% for at least three months. If the customer is removed from the My Energy Bill+ program due to excessive usage, Applicable Removal Charges will apply. The Company will notify the customer in advance if they are at risk of being removed from the program due to excessive usage.

D. Customer voluntary reinvola. It a customer voluntary reinvola. It a customer chooses to leave the My Energy Bill+ program prior to the end of the 12-month Service Agreement period, the customer will be removed from the My Energy Bill+ program and Applicable Removal Charges will apply. After the end of each My Energy Bill+ Service Agreement period, eligible customers will automatically renew for the next My Energy Bill+ Service Agreement period unless the customer indicates their intention to return to the Standard Residential Tariff. If the Standard Residential Tariff election is made prior to the automatic renewal of the My Energy Bill+ Service Agreement, no Applicable Removal Charges will apply.

The Company will notify the customer in advance if they are at risk of being removed from the my Energy Bill+ program due to excessive program event opt outs, Applicable Removal Charges will apply. The Company will notify the customer in advance if they are at risk of being removed from the program due to excessive opt outs.

F. Emergency Conditions/Deceased Customers.

Company shall have the right to waive the Applicable Removal Charges if the circumstances giving rise to the application of such charges are directly related to a natural disaster or other similar conditions for which an emergency has been declared by a governmental body authorized to make such a declaration. Company shall also waive the Applicable Removal Charges if presented with evidence that the customer is deceased before the end of the 12-month Service Agreement period.

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy - FL

EFFECTIVE: December 6, 2022

Item 20

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Prewett, Barrett)

Office of the General Counsel (Bloom) 050

RE: Docket No. 20250030-EU – Joint petition for approval of territorial agreement in

Dixie, Gilchrist, Levy, Marion, and Alachua Counties by Central Florida Electric

Cooperative and Duke Energy Florida, LLC.

AGENDA: 05/06/25 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo Smith

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On February 3, 2025, the Central Florida Electric Cooperative (CFEC) and Duke Energy Florida, LLC. (DEF) (collectively the joint petitioners, or utilities), filed a petition seeking Commission approval of a territorial agreement in Dixie, Gilchrist, Levy, Marion, and Alachua counties (2025 Territorial Agreement). The 2025 Territorial Agreement provides details on the boundary line changes and includes a total of 256 customer transfers (211 from CFEC to DEF and 45 from DEF to CFEC). In its petition, the joint petitioners provided sample customer notifications that were sent to each of the customers who are subject to being transferred. The letters were issued to comply with Rule 25-6.0440(1)(d), Florida Administrative Code (F.A.C.). The proposed Agreement, maps depicting the new territorial boundaries, written descriptions, and customer addresses are attached hereto as Attachment A.

Docket No. 20250030-EU Date: April 24, 2025

Since 1992, CFEC and DEF have been parties to multiple territorial agreements. The territorial Agreement for Dixie and Gilchrist counties expired in 2007 and the territorial Agreement for Levy and Marion counties expired in 2014. The Commission approved those agreements by Order No. 25705, dated February 10, 1992¹ and Order No. PSC-05-0450-PAA-EU, dated September 7, 2005², respectively. In 2020, the joint petitioners began negotiations on the 2025 Territorial Agreement, which is intended to replace all prior expired agreements between the joint petitioners in these counties, as well as add an agreement for Alachua county. Although both of the above-referenced agreements expired, the parties have continued to meet their obligations under those agreements while negotiations for the 2025 Territorial Agreement were underway.³

As discussed in the staff recommendation, the negotiated 2025 Territorial Agreement, in part, is meant to allow for the orderly transfer of a portion of the inadvertently served customers and facilities that are consistent with currently-approved boundary lines. Other inadvertently served customers are not proposed to be transferred based on individual facts and circumstances, and in those cases, a redraw of the boundary is being proposed. Other boundary line changes address split parcels wherein the agreed-upon boundary changes were part of an equitable and operational process the joint petitioners underwent that do not include any customer transfers.

During the review process, staff issued two data requests to the joint petitioners, for which responses were received on March 10, 2025 and March 24, 2025. The proposed 2025 Territorial Agreement, if approved as filed, establishes the new territorial boundaries and assists the joint petitioners to identify necessary and appropriate asset and customer transfers. The Commission has jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

¹ Order No. 25705, issued on February 10, 1992, in Docket No. 911046-EU, *In re: Joint Petition for Approval of Territorial Agreement Between Central Florida Electric Cooperative, Inc. and Florida Power Corporation, in Gilchrist and Dixie Counties, Florida.*

² Order No. PSC-05-0450-PAA-EU, issued on April 27, 2005, in Docket No. 041413-EU, *In re: Joint Petition for Approval of Amended Territorial Agreement in Levy and Marion Counties by Central Florida Electric Cooperative, Inc. and Progress Energy Florida, Inc.*

³ Document No. 01442-2025, joint petitioners' response to staff's first data request, No. 10.b.

Docket No. 20250030-EU Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission approve the proposed 2025 Territorial Agreement between CFEC and DEF in Dixie, Gilchrist, Levy, Marion, and Alachua counties, dated February 3, 2025?

Recommendation: Yes, the Commission should approve the proposed 2025 Territorial Agreement between CFEC and DEF in Dixie, Gilchrist, Levy, Marion, and Alachua counties, as consistent with the Standards for Approval set forth in Rule 25-6.0440(2), F.A.C.. The proposed territorial Agreement, if approved, amends the respective boundary lines between these utilities that would allow the joint petitioners to gain further operational efficiencies and customer service improvements in their respective retail service areas. Also, the terms of the proposed Agreement, if approved, would allow the joint petitioners to avoid uneconomic duplication of service facilities, wasteful expenditures, and hazardous conditions. (Prewett)

Staff Analysis: Pursuant to Section 366.04(2)(d), F.S., and Rule 25-6.0440(2), (F.A.C.), the Commission has jurisdiction to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities. Unless the Commission determines that the Agreement will cause a detriment to the public interest, the Agreement should be approved.⁴

Rule 25-6.0440(2), F.A.C., addresses the standards the Commission should consider for approving territorial agreements for electric utilities. The rule states:

- (2) Standards for Approval. In approving territorial agreements, the Commission may consider:
- (a) The reasonableness of the purchase price of any facilities being transferred;
- (b) The reasonable likelihood that the agreement, in and of itself, will not cause a decrease in the reliability of electrical service to the existing or future ratepayers of any utility party to the agreement;
- (c) The reasonable likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities; and
- (d) Any other factor the Commission finds relevant in reaching a determination that the territorial agreement is in the public interest.

Proposed 2025 Territorial Agreement

CFEC and DEF executed the proposed 2025 Territorial Agreement addressing common boundaries over a five-county area on February 3, 2025, to replace and supersede all prior expired agreements. Through the proposed 2025 Territorial Agreement, the joint petitioners seek to:

⁴ Utilities Commission of the City of New Smyrna Beach v. Florida Public Service Commission, 469 So. 2d 731(Fla. 1985).

Docket No. 20250030-EU Issue 1

Date: April 24, 2025

(1) Reduce or eliminate dangerous conditions;

- (2) Transfer certain assets and customers over a future 36 month period to correct (reverse) inadvertent service connection errors that have taken place over the years; and
- (3) Make minor boundary changes to allow the certain extra-territorial customers and related assets to remain with their current serving utility and to consolidate split parcels in order to more clearly delineate the respective service areas each utility serves.⁵

These combined objectives are expected to aid the utilities in eliminating circumstances that give rise to the uneconomic duplication of service facilities.⁶

Included in the 2025 Territorial Agreement are numerous maps depicting the new territorial boundaries, written descriptions of the territorial areas, terms for temporary service, methods for correcting inadvertent service errors, procedures for the transfer of customers and facilities, the method of compensation for transferred facilities, lists of extraterritorial addresses to be transferred, and a sample copy of the letters provided to customers that are subject to transfer.

Pursuant to Section 6.1, the proposed 2025 Territorial Agreement, if approved, would remain in effect for 20 years from the date the Commission issues its order approving the Agreement in its entirety and it is no longer subject to judicial review. Upon the expiration of the initial 20-year term, the Agreement would remain in effect in perpetuity unless either party provides written notice of termination at least 12 months prior to the termination of the Agreement in accordance with Section 8.3.

Proposed Boundary Changes

The joint petitioners assert that the proposed boundary line changes are primarily needed to correct current and potentially future inadvertent service connections for both utilities. Additionally, the proposed boundary line changes, if approved, would reduce or eliminate dangerous conditions for both line workers and the public. Other boundary line changes propose to correct various deficiencies the joint parties found while evaluating their respective boundaries, including proposed boundary line changes that would consolidate parcels that are currently split. 8

Both CFEC and DEF acknowledge that their historical reliance on internal mapping systems, as well as human error and utility processes, resulted in each party inadvertently serving customers of the other party. The negotiated 2025 Territorial Agreement includes boundary line changes that acknowledge these inadvertent connections and addresses split parcels. Employing sophisticated geographic information systems (GIS) technology, the joint petitioners plan to update their maps should the Agreement be approved, which they claim will enhance their ability

⁵ Document No. 01442-2025, joint petitioners' response to staff's first data request, Nos. 1.a and 4.a.

⁶ Document No. 01442-2025, joint petitioners' response to staff's first data request, No. 1.d.

⁷ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 2 (The parties estimated that there are over 20 areas where facilities from both utilities cross over or under one another.).

⁸ Document No. 01442-2025, joint petitioners' response to staff's first data request, No. 4.a.

Date: April 24, 2025

to prevent future inadvertent connections. The joint petitioners either have, or are planning to, improve processes and educate engineering and field personnel to address the issue.

In the February 3, 2025 filing, slightly more than half of maps provided by the joint petitioners (43 out of 84) were for split parcels or other changes that are unrelated to the proposed customer transfers.⁹

Proposed Customer Transfers, Notifications, and Bills

The proposed customer transfers under the 2025 Territorial Agreement are a result of negotiations between the parties, with the intent of avoiding duplication of services and wasteful expenditures, as well as to best protect the public health and safety from potentially hazardous conditions. A total of 256 active customer accounts are proposed to be transferred, 211 from CFEF to DEF and 45 from DEF to CFEC. ¹⁰ Of the 256 total customer transfers, 221 are residential and distributed broadly across the five counties.

Exhibit C of the proposed Territorial Agreement identifies the service addresses of the CFEC customer accounts that are proposed to be transferred to DEF. Of the 211 customers transferring, 26 are commercial, 183 are residential, and 2 are Sales to Public Authorities. CFEC stated that they estimate most of the inadvertent services were established between 2010 and 2020. 11

Exhibit B of the proposed Territorial Agreement identifies the service addresses of the 45 active DEF customer accounts that are proposed to be transferred to CFEC. Of the 45 customers transferring, 7 are commercial and 38 are residential. DEF stated that they also estimate most of the inadvertent services were established between 2010 and 2020. 12

Both parties became aware of the number of inadvertent service connections around 2020 when they began their encroachment analysis for the new Territorial Agreement.¹³ The utilities also stated that while there is no specific documentation of how the inadvertent service connections happened, some contributing conditions could be inadequacy of mapping resources, human error, or utility processes and practices.¹⁴ Both utilities have developed plans going forward that should avoid inadvertent service connections and more clearly delineate their service territories. The joint petitioners stated that they currently use and share sophisticated GIS platforms, and if the proposed Agreement is approved, they will update their internal mapping systems to include the most accurate boundaries, and will educate and improve field personnel to avoid future inadvertent service connections.¹⁵ Additionally, the 2025 Territorial Agreement includes a provision requiring the utilities to correct inadvertent service errors within 12 months of the error being discovered.¹⁶

⁹ Document No. 01442-2025, joint petitioners' response to staff's first data request, No. 8.

¹⁰ Document No. 00647-2025, Exhibits B and C of 2025 Territorial Agreement.

¹¹ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 5.a.

¹² Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 5.b.

¹³ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 5.c.

¹⁴ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 5.e.

¹⁵ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 5.e.

¹⁶ Document No. 00647-2025, Section 2.5 of 2025 Territorial Agreement.

Issue 1 Date: April 24, 2025

The joint petitioners state that they will not conduct any customer transfers until the Commission approves the joint petition. Although the utilities have not developed any specific details regarding the transfer of facilities, the joint petitioners state that upon the Commission's approval of the 2025 Territorial Agreement, the customer transfers will be coordinated to take place over a 36-month period, ¹⁷ with most, if not all, transfers taking place in years two and three. ¹⁸

As required by Rule 25-6.0440(1)(d), F.A.C., the joint petitioners provided notification to the affected customers by letters dated June 2024. Regarding feedback from those letters, the joint parties stated they have received approximately 30 customer comments expressing dissatisfaction related to the proposed transfers, all of which were from customers transferring from CFEC to DEF. The joint petitioners also assert that at least 30 days prior to the actual transfer, the affected customers will receive a second notification of the transfer. The joint petitioners also state that no additional charges will be imposed on the customers that will be transferred.

Rule 25-6.0440(2)(d), F.A.C. also gives the Commission the discretion to address any other relevant concerns that are case-specific. 19 The CFEC customer comments cited above were, by and large, objections pertaining to rate increases associated with customer transfers. Based on the comparative bill information provided to customers by letter in June 2024, the average DEF bill exceeded the average CFEC bill at that time. The letters state that the residential monthly bill at 1,000 kwh was \$157.47 for DEF customers and \$129.86 for CFEC customers, a difference of \$27.61, or about 18 percent. For a commercial class customer, the general service monthly bill at 1,500 kwh is \$174.70 for DEF customers and \$193.53 for CFEC's customers, a difference of \$18.84, or about 10 percent.

Staff Review

In its review, staff analyzed the proposed 2025 Territorial Agreement for compliance with each component of Rule 25-6.0440(2), F.A.C. Regarding paragraph (2)(a), while staff does note that no purchase price, construction cost estimates, or detailed engineering drawings were presented to staff for review, the joint petitioners stated that each party will do an engineering study in advance of any customer transfers²⁰ and any facilities subject to transfer or purchase will be evaluated using the agreed-to methodology.²¹

As indicated earlier, consistent with Rule 25-6.0440(2)(b), F.A.C., the Agreement is not expected to result in a decrease in reliability to existing or future customers. The joint petitioners' have argued that the reliability of service to existing or future CFEC or DEF customers would not be decreased as a result of the proposed Agreement. In several areas, customers transferring to DEF would be closer geographically to the substation serving that load,

¹⁷ Document No. 00647-2025, Section 3.1 of 2025 Territorial Agreement.

¹⁸ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 4.b.

¹⁹ AmeriSteel Corp. v. Clark, 691 So. 2d 473, 480 (Fla. 1997). ("[T]he Commission was fully apprised of AmeriSteel's corporate interest in obtaining lower electricity rates before deciding to approve the JEA-FPL agreement.").

²⁰ Document No. 01442-2025, joint petitioners' response to staff's first data request, No. 1.a.

²¹ Document No. 00647-2025, Section 3.4 of 2025 Territorial Agreement. The joint petitioners will use a cost calculator, such as the Handy Whitman index.

Issue 1

Date: April 24, 2025

which the joint petitioners assert would provide more consistent and reliable electric service. ²² Additionally, both utilities confirmed that the 2025 Territorial Agreement would help them gain further operational efficiencies and customer service improvements in their respective retail service areas.

Under the proposed 2025 Territorial Agreement, the joint petitioners have proposed to minimize existing or potential uneconomic duplication of facilities, as referenced in Rule 25-6.0440(2)(c), F.A.C. Each joint petitioner provided tables indicating why each customer is being transferred, as well as pictures showing crossing wires that are creating hazardous conditions and duplicative facilities.²³ The joint petitioners stated that the service area near Cross City, Florida (located in Dixie County) would have the greatest operational impact if the proposed 2025 Territorial Agreement is approved. This area, which is largely served by DEF, includes CFEC facilities that cross DEF facilities multiple times, thus presenting duplicative, inefficient, and dangerous conditions, which the joint petitioners, through the proposed 2025 Territorial Agreement, would seek to correct.²⁴ In accordance with Rule 25-6.0440(1)(d), F.A.C., staff believes the correction of such safety conditions is an important factor for the Commission represents a strong argument favoring approval of the 2025 Territorial Agreement.

Staff believes DEF and CFEC met its obligation of providing notification about the proposed change in service providers and rates to customers to be transferred, pursuant to Rule 25-6.0440(1)(d), F.A.C. The bill increase to the customers of CFEC that would be transferred to DEF, pending approval, appears significant, at least at the point in time when the notification letters were prepared. Staff acknowledges that rate differences for a future period cannot be conclusively known, and that actual rates at the time the customer transfers are completed could be quite different (higher or lower) than as indicated in the June 2024 notification letters that were used for compliance with Rule 25-6.0440(1)(d), F.A.C.

Although staff is cognizant of the rate impact on the customers, the Commission has consistently adhered to the principle set forth in Storey v. Mayo, 217 So. 2d 304, 307-308 (Fla. 1968), and reaffirmed in Lee County Electric Cooperative v. Marks, 501 So. 2d 585 (Fla. 1987), that no person has a right to compel service from a particular utility simply because he believes it to be to his advantage. The Court went on to say in Lee County that "larger policies are at stake than one customer's self-interest, and those policies must be enforced and safeguarded by the Florida Public Service. Commission." Lee County Electric Cooperative, at 587. 25 In this instance, staff recommends no specific action be taken in regards the Commission's consideration of the 2025 Territorial Agreement related to any future disparity of rates between the joint petitioners at the time of transfer.

A final consideration staff has identified that relates to assessing the 2025 Territorial Agreement is the historical condition of numerous inadvertent service connections. The joint petitioners stated that while neither of the parties have specific documentation as to the cause for the

²² Document No. 01442-2025, joint petitioners' response to staff's first data request, No. 1.c.

²³ Document No. 01442-2025, joint petitioners' response to staff's first data request, No. 1.b and Attachment 1.

²⁴ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 1.b.

²⁵ Order No. PSC-96-0755-FOF-EU, issued June 10, 1996, in Docket No. 19950307-EU, In re: Petition to resolve a territorial dispute with Florida Power & Light Company in St. Johns County, by Jacksonville Electric Authority.

Date: April 24, 2025

historical inadvertent service connections, they now utilize and share sophisticated GIS technology that clearly defines their territorial service areas down to the parcel level, which will allow each utility to easily identify in whose service territory a parcel is located. They believe this will greatly reduce or eliminate instances of inadvertent connections. Staff believes the joint petitioners have proposed an effective plan for addressing historic inadvertent service connections via the proposed 2025 Territorial Agreement and that future inadvertent connections, along with hazardous situations and uneconomic duplication of services, can be expected to be significantly reduced on a going-forward basis.

Conclusion

Staff has thoroughly reviewed the 2025 Territorial Agreement. Based on the above analysis, staff believes the Commission should approve the proposed 2025 Territorial Agreement between CFEC and DEF in Dixie, Gilchrist, Levy, Marion, and Alachua counties, as consistent with the Standards for Approval set forth in Rule 25-6.0440(2), F.A.C. Staff believes the proposed territorial Agreement, if approved, amends the respective boundary lines between these utilities that would allow the joint petitioners to gain further operational efficiencies and customer service improvements in their respective retail service areas. Also, the terms of the proposed Agreement, if approved, would allow the joint petitioners to avoid uneconomic duplication of service facilities, wasteful expenditures, and hazardous conditions.

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²⁶ Document No. 02059-2025, joint petitioners' response to staff's second data request, No. 5.d and 5.f.

Docket No. 20250030-EU Issue 2

Date: April 24, 2025

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 the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Bloom)

Staff Analysis: If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

Docket No. 20250030-EU Date: April 24, 2025

ATTACHMENT 1

Territorial Agreement

Central Florida Electric Cooperative

and

Duke Energy Florida, LLC

Dixie, Gilchrist, Levy, Marion & Alachua counties

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Date: April 24, 2025 Page 2 of 143

TERRITORIAL AGREEMENT

Section 0.1: Central Florida Electric Cooperative ("CFEC"), and Duke Energy Florida, LLC d/

b/a Duke Energy ("DEF") (collectively, the "Parties" and individually, a "Party") enter into this

Territorial Agreement (the "Agreement") on this 3rd day of February, 2025.

WITNESSETH:

Section 0.2: WHEREAS, CFEC by virtue of Chapter 425, Florida Statutes, and the Charter

issued to it thereunder, is authorized and empowered to furnish retail electric service to its

members, governmental agencies and political subdivisions, customers, and to other persons as

defined by the laws of Florida, and pursuant to such authority, presently furnishes electric service

to members and customers in areas of in Dixie, Gilchrist, Levy, Marion and Alachua counties;

and

Section 0.3: WHEREAS, DEF is authorized by Chapter 366, Florida Statutes, to

furnish retail electric service to customers throughout the State of Florida, and pursuant to such

authority, presently furnishes electric service to customers in areas of Dixie, Gilchrist, Levy,

Marion and Alachua counties; and

Section 0.4: WHEREAS, CFEC and DEF were parties to a territorial agreement

delineating their respective service territories in Dixie and Gilchrist counties which was

approved by the Florida Public Service Commission (the "Commission") in Order No. 25705,

issued February 10, 1992 in Docket No. 911046-EU and in Levy and Marion counties, which

was approved by the FPSC in Order No. PSC-05-0891-CO-EU, issued September 7, 2005 in

Docket No. 041413-EU (the "Expired Agreements"). The Expired Agreements had a fifteen

(15) year term through February 10, 2007 for Dixie and Gilchrist counties and a nine (9) year

term through June 28, 2014 for Levy and Marion counties; and

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Date: April 24, 2025 Page 3 of 143

Section 0.5: WHEREAS, the Parties desire to enter into a new Agreement to better serve

their interests and the interests of their customers in realizing the planning, operational, and

customer service benefits provided to their respective electric systems by a properly constructed,

approved, and supervised territorial agreement; and

Section 0.6: WHEREAS, the respective retail service areas of the Parties are contiguous,

with the result that, absent the establishment of a territorial agreement defining the

Party's respective service territories, duplication of service facilities would be likely to occur; and

Section 0.7: WHEREAS, the Commission has previously recognized that duplication of

service facilities results in needless and wasteful expenditures and may create hazardous

situations, both being detrimental to the public interest; and

Section 0.8: WHEREAS, the Parties hereto desire to continue to avoid and eliminate

circumstances which may create wasteful expenditures and hazardous situations by consolidating

the territorial boundary lines between their respective retail service territories in Dixie, Gilchrist,

Levy, Marion and Alachua counties; and

Section 0.9: WHEREAS, the Commission is empowered by the Florida legislature,

pursuant to Section 366.04(2)(d), Florida Statutes, to approve territorial agreements and the

Commission, as a matter of long-standing regulatory policy, has encouraged retail

territorial agreements between electric utilities subject to its jurisdiction based on its

findings that such agreements, when properly established and administered by the Parties

and actively supervised by the Commission, avoid uneconomic duplication of facilities, promote

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Date: April 24, 2025 Page 4 of 143

safe and efficient operations by utilities in rendering electric service provided to their

customers, and therefore serve the public interest.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein

contained, which shall be construed as being interdependent, the Parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1: Territorial Boundary Line(s). As used herein, the term "Territorial Boundary

Line(s)" shall mean the boundary line(s) depicted on the maps attached hereto as Exhibit A

which delineate and differentiate the Parties' respective Territorial Areas in Dixie, Gilchrist,

Levy, Marion and Alachua counties. The portions of the counties which are not subject to this

agreement are marked on the maps as "Not Part of this Agreement." Additionally, as required

pursuant to Rule 25-6.0440(1)(a), F.A.C., a written description of the territorial areas served is

attached as Exhibit D. If there are any discrepancies between Exhibit A and Exhibit D, then

the territorial boundary maps in Exhibit A shall prevail.

Section 1.2: CFEC Territorial Area. As used herein, the term "CFC Territorial Area" shall

mean the geographic areas in Dixie, Gilchrist, Levy, Marion and Alachua counties allocated to

CFEC as its retail service territory and labeled as "Central Florida Electric Coop, Inc." on the

maps contained in Exhibit A.

Section 1.3: DEF Territorial Area. As used herein, the term "DEF Territorial Area" shall

mean the geographic area in Dixie, Gilchrist, Levy, Marion and Alachua counties allocated to DEF

as its retail service territory and labeled as "Duke Energy Florida" on the maps contained in

Exhibit A.

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Section 1.4: Point of Use. As used herein, the term "Point of Use" shall mean the location

within the Territorial Area of a Party where a customer's end-use facilities consume electricity

wherein such Party shall be entitled to provide retail electric service under this Agreement,

irrespective of where the customer's point of delivery or metering is located.

Section 1.5: New Customer. As used herein, the term "New Customer" shall mean all

customers applying for retail electric service to either Party after the Effective Date of this

Agreement at a Point of Use in the Territorial Area of either Party.

Section 1.6: Existing Customer. As used herein, the term "Existing Customer" shall

mean any person receiving retail electric service from either Party as of the Effective Date of this

Agreement.

<u>Section 1.7:</u> <u>Extra-Territorial Customers.</u> As used herein, the term "Extra-Territorial

Customers" shall mean those customers served by either Party on the Effective Date of the

Agreement who are located within the Territorial Area of the other Party established by such

Agreement.

Section 1.8: <u>Temporary Service Customers</u>. As used herein, the term "Temporary

Service Customers" shall mean customers who are being served under the temporary service

provisions provided in Section 2.3 of this Agreement.

Section 1.9: Commission. As used herein, the term "Commission" shall mean the

Florida Public Service Commission.

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Section 2.0: Effective Date. As used herein, the term "Effective Date" shall mean the date

on which the final Order of the Commission granting approval of this Agreement in its entirety

becomes no longer subject to judicial review.

ARTICLE II

RETAIL ELECTRIC SERVICE

Section 2.1: In General. Except as otherwise specifically provided herein, under the terms

of this Agreement, CFEC shall have the exclusive authority to furnish retail electric service within

the CFEC Territorial Area and DEF shall have the exclusive authority to furnish retail electric

service in the DEF Territorial Area. The Territorial Boundary Line shall not be altered or affected

by any change that may occur in the corporate limits of any municipality or county through

annexation or otherwise unless such change is agreed to in writing by the Parties and approved by

the Commission.

Section 2.2: Service to New Customers. The Parties agree that neither of them will

knowingly serve or attempt to serve any New Customer whose Point of Use is located within the

Territorial Area of the other Party, except as specifically provided in Section 2.3 below.

Section 2.3: Temporary Service. The Parties recognize that in exceptional circumstances,

economic constraints or good engineering practices may indicate that a New Customer's Point of

Use either cannot or should not be immediately served by the Party in whose Territorial Area such

Point of Use is located. In such instances, upon written request by the Party in whose Territorial

Area the New Customer's Point of Use is located, the other Party may, in its sole discretion, agree

in writing, to temporarily provide service to such New Customer. Prior to the commencement of

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Temporary Service, the Party providing such service shall inform the New Customer of the

temporary nature of its service and that the other Party will ultimately serve the New Customer.

Such Temporary Service shall be discontinued upon written notice from the requesting Party of its

intent and ability to provide service, which the Parties shall coordinate to minimize any

inconvenience to the customer. In conjunction with such discontinuance, the Party providing

Temporary Service hereunder shall be compensated by the requesting Party in accordance with

Section 3.4 for its distribution facilities used exclusively to provide such service, which the

requesting Party may elect to acquire. The requesting Party shall not be entitled to compensation

for any loss of revenues for the period during which such temporary service is provided.

Section 2.4: Referral of Service Request. In the event that a prospective New Customer

requests or applies for service from either Party to be provided to a Point of Use located in the

Territorial Area of the other Party, the Party receiving the request or application shall advise the

prospective New Customer that such service is not permitted under this Agreement and shall refer

the prospective New Customer to the other Party.

Section 2.5: Correction of Inadvertent Service Errors. If any situation is discovered during

the term of this Agreement in which either Party is inadvertently providing retail electric service

to a customer's Point of Use located within the Territorial Area of the other Party, service to such

customer by the other Party will be established at the earliest practical time, but in any event within

twelve (12) months of the date the inadvertent service error was discovered. Until service by the

other Party can be reasonably established, the inadvertent service will be deemed to be Temporary

Service provided and governed in accordance with Section 2.3 above.

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ARTICLE III

TRANSFER OF CUSTOMERS AND FACILITIES

Section 3.1: In General. It is the intent of the Parties that all customers of either Party shall

be served by the Party in whose Territorial Area they are located at the earliest practicable time.

Accordingly, the Parties intend to complete all transfers of the Extra-Territorial Customers within

thirty-six (36) months of the Effective Date of the Agreement and will notify the Commission in

writing if circumstances require additional time.

In accordance with Rule 25-6.0440(1)(d), F.A.C., the affected customers subject to transfer

have been sent written notification of this Agreement and the transfer provisions described above.

Sample copies of the letters providing such notification are attached as Exhibit E.

In the event that circumstances arise during the term of this Agreement in which the Parties

agree that, based on sound economic considerations or good engineering practices, an area located

in the Territorial Area of one Party would be better served if reallocated to the service territory of

the other Party, the Parties shall jointly petition the Commission for approval of a modification of

the Territorial Boundary line that places the area in question (the "Reallocated Area") within the

Territorial Area of the other Party and transfer of the customers located in the Reallocated

Area to the other Party.

Section 3.2: Transfer of Extra-Territorial Customers. The Extra-Territorial Customers

currently served by DEF and subject to transfer to CFEC pursuant to this Agreement are listed by

the service address and/or other identifying factor in Exhibit B, attached hereto. The Extra-

Territorial Customers currently served by CFEC and subject to transfer to DEF pursuant to this

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Agreement are listed by the service address and/or other identifying factor in Exhibit C, attached

hereto.

Section 3.3: Transfer of Related Service Facilities. In conjunction with the transfer of

Extra-Territorial Customers pursuant to Sections 3.1 and 3.2 above, the receiving Party may elect

to purchase the electric distribution facilities of the transferring Party used exclusively for

providing electric service to the transferred customers for an amount to be determined in

accordance with Section 3.4 below.

Section 3.4: Compensation for Transferred Facilities. The receiving Party shall compensate

the transferring Party for the electric distribution facilities used exclusively for providing electric

service to the transferred customers in an amount based upon the replacement cost (new), less

depreciation calculated on a straight-line basis over the life of the asset (facility) as determined

from the transferring Party's books and records. The replacement cost shall be determined by

applying a cost calculator such as the Handy Whitman index or a common engineering cost

estimation methodology to the original cost, as long as both Parties apply the same estimation

method.

Section 3.5 Transfer Segment Closings. The Parties shall mutually agree on a closing

date for each transfer segment, allowing sufficient time for the Parties to identify the customers

and facilities to be transferred; to determine the compensation for transferred customers and

facilities; and to prepare the appropriate closing statements, assignments, easements and other

instruments to transfer and convey the transferring Party's interest in the electric distribution

facilities to the receiving Party pursuant to Section 3.3 above. At the closing, the receiving Party

shall pay the transferring Party the compensation due, and the transferring Party shall execute and

deliver to the receiving Party the assignments, easements and other instruments referred to above.

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ARTICLE IV

OPERATION AND MAINTENANCE

Section 4.1: Facilities to Remain. Other than as expressly provided for herein, no generating

plant, transmission line, substation, distribution line, or related equipment shall be subject to

removal or transfer to the other Party hereunder; provided, however, that each Party shall operate

and maintain its lines and facilities in a manner that minimizes any interference with the operations

of the other Party. To facilitate this objective, in the event either Party intends to construct, locate,

or relocate future facilities in or directly adjacent to the Territorial Area of the other Party, such

Party shall notify the other Party in writing at least thirty (30) days prior to commencement of such

intended action.

Section 4.2: CFEC Facilities to be Served. Nothing herein shall prevent or in any way

inhibit the right and authority of CFEC to serve any CFEC facility located in the DEF Territorial

Area which is used exclusively in connection with CFEC's business as an electric utility;

provided, however, that CFEC shall construct, operate, and maintain said lines and facilities in

such manner as to minimize any interference with DEF's operation in the DEF Territorial Area,

including notice to DEF pursuant to Section 4.1.

Section 4.3: DEF Facilities to be Served. Nothing herein shall prevent or in any way inhibit

the right and authority of DEF to serve any DEF facility located in the CFEC Territorial Area

which is used exclusively in connection with DEF's business as an electric utility; provided,

however, that DEF shall construct, operate, and maintain said lines and facilities in such manner

as to minimize any interference with CFEC's operation in the CFEC Territorial Area, including

notice to CFEC pursuant to Section 4.1.

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ARTICLE V

APPROVAL

Section 5.1: Commission Approval. The Parties and the provisions and performance of

this Agreement are subject to the regulatory authority of the Commission, and appropriate

approval by the Commission of the provisions of this Agreement shall be a condition precedent

to the validity, enforceability, and applicability hereof. This Agreement shall have no effect

whatsoever until Commission approval has been obtained. Any proposed modification to this

Agreement, whether proposed jointly or by either Party, shall be submitted to the Commission for

consideration and approval prior to becoming effective. In addition, either Party may petition the

Commission to resolve any dispute concerning the provisions of this Agreement or the Parties

performance hereunder.

Section 5.2: Liability in the Event of Disapproval. In the event the Commission's

approval is not obtained as required by Section 5.1, neither Party will have any claim against the

other Party arising under this Agreement.

Section 5.3: Supersedes Prior Agreements. Upon approval by the Commission, this

Agreement shall be deemed to specifically supersede any and all prior agreements between the

Parties regarding their respective retail service areas in Dixie, Gilchrist, Levy, Marion and Alachua

counties.

ARTICLE VI

DURATION

Section 6.1: Term. This Agreement shall continue and remain in effect for a period of

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twenty (20) years from the Effective Date. After expiration of the twenty (20) year term provided

herein, this Agreement shall remain in effect thereinafter in perpetuity unless either Party provides

written notice of termination to the other Party and to the Commission at least twelve (12) months

prior to the expiration of the twenty (20) year term as set forth in Section 8.3.

ARTICLE VII

CONSTRUCTION OF AGREEMENT

Other Electric Utilities. Nothing in this Agreement shall restrict

or affect in any manner the right of either Party to establish its retail service area with respect to

any other electric utility. The Parties understand that CFEC or DEF may, from time to time and

subject to Commission approval, enter into territorial agreements with other electric utilities that

have adjacent or overlapping service areas and that, in such event, nothing herein shall be construed

to prevent CFEC or DEF from designating any portion of its Territorial Area under this Agreement

as the service area of such other electric utility.

Section 7.1:

Section 7.2: Bulk Power for Resale. Nothing herein shall be construed to prevent either

Party from providing a bulk power supply for resale purposes, as defined in the Final Judgement

dated August 19, 1971, in United States of America v. Florida Power Corporation and Tampa

Electric Company, Case No. 68-297-Civ-T regardless of where the purchaser for resale may be

located. Further, no other section or provision of this Agreement shall be construed as applying to

a bulk power supply for resale purposes.

Section 7.3: Intent and Interpretation. It is hereby declared to be the purpose and

intent of the Parties that this Agreement shall be interpreted and construed, among other things, to

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further this State's policy of actively regulating and supervising the service territories of electric

utilities; supervising the planning, development, and maintenance of a coordinated electric

power grid throughout Florida; avoiding uneconomic duplication of generation, transmission, and

distribution facilities; and encouraging the installation and maintenance of facilities necessary to

fulfill the Parties respective obligations to serve.

ARTICLE VIII

MISCELLANEOUS

Section 8.1: Negotiations. Whatever terms or conditions may have been discussed

during the negotiations leading up to the execution of this Agreement, the only terms and

conditions agreed upon are those set forth herein, and no alteration, modification,

enlargement, or supplement to this Agreement shall be binding upon either of the Parties unless

agreed to in writing by both Parties and approved by the Commission.

Section 8.2: Successors and Assigns. Nothing in this Agreement, expressed or implied,

is intended or shall be construed to confer upon or give to any person or corporation, other than the

Parties, any right, remedy, or claim under or by reason of this Agreement or any provision or

conditions hereof; and all of the provisions, representations, covenants and conditions herein

contained shall inure to the sole benefit of and shall be binding only upon the Parties and their

respective representatives, successors, and assigns.

Notices and other written communications contemplated by Section 8.3: Notices.

this Agreement shall be deemed to have been given if sent by certified mail, postage prepaid, or by

prepaid private courier, as follows:

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Central Florida Electric Cooperative:

Denny Geo ge

General Manager

Central Florida Electric Cooperative

11491 NW 50th Avenue Chiefland, FL 32626 Duke Energy Florida:

Melissa Seixas, State President Duke Energy Florida, LLC

P.O. Box 14042

St. Petersburg, Florida 33733

Either Party may change its designated representative or address to which such notices or communications shall be sent by giving written notice thereof to the other Party in the manner herein provided.

IN WITNESS HEREOF, the Parties have caused this Agreement to be executed in their respective corporate names and their corporate seals affixed by their duly authorized officers on the day and year first above written.

CENTRAL FLORIDA ELECTRIC COOPERATIVE, INC.

ATTEST:

By

Denny George

General Manager

Central Florida Electric Cooperative

Secretary

DUKE ENERGY FLORIDA, LLC

ATTEST:

Ву

Melissa Seixas

Duke Energy Florida State President

Stephanie A. Cuello Senior Counsel

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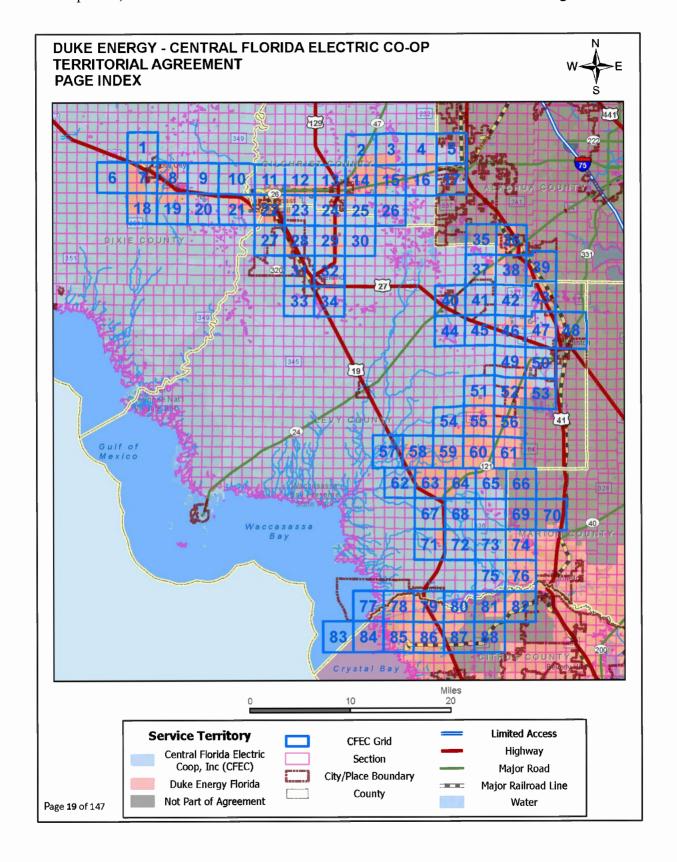
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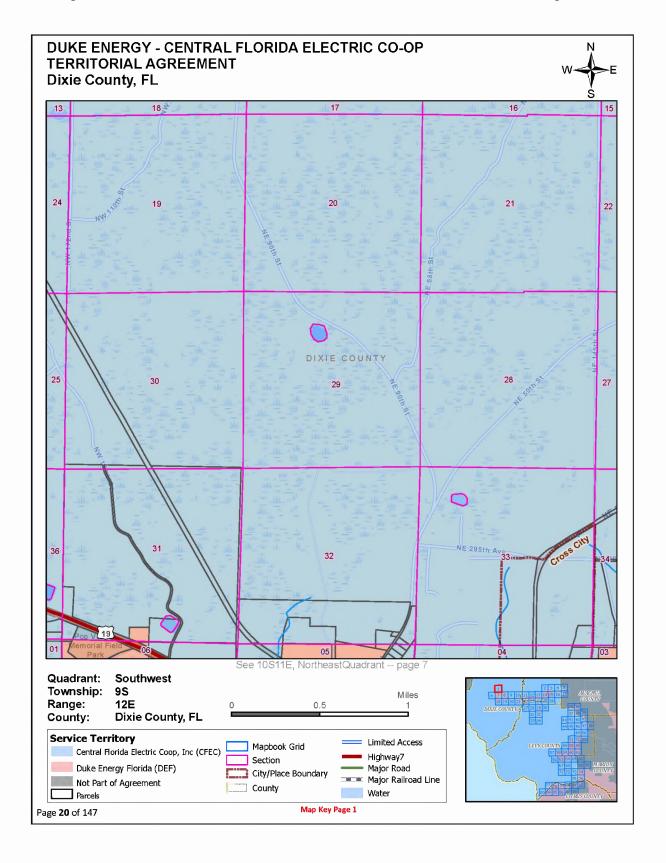
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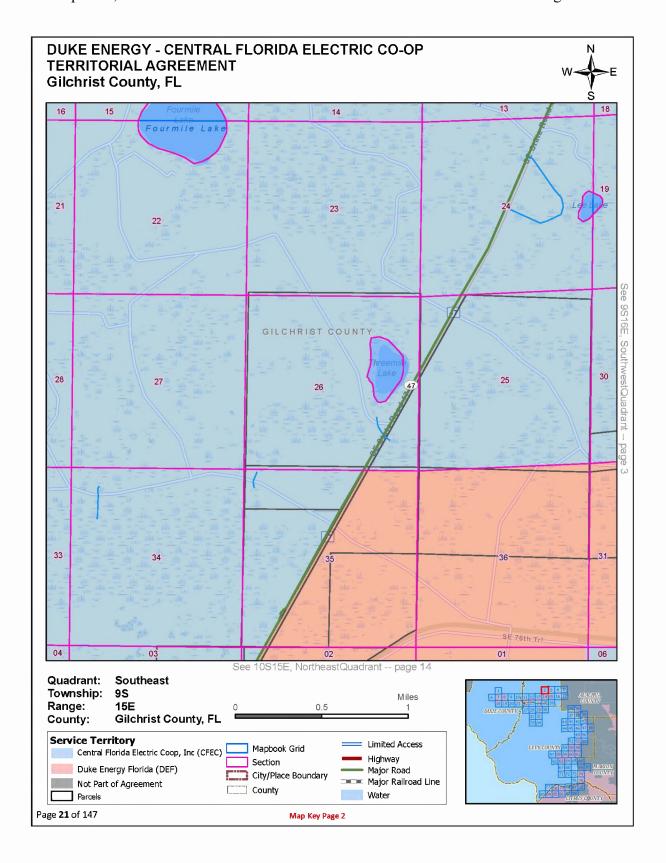
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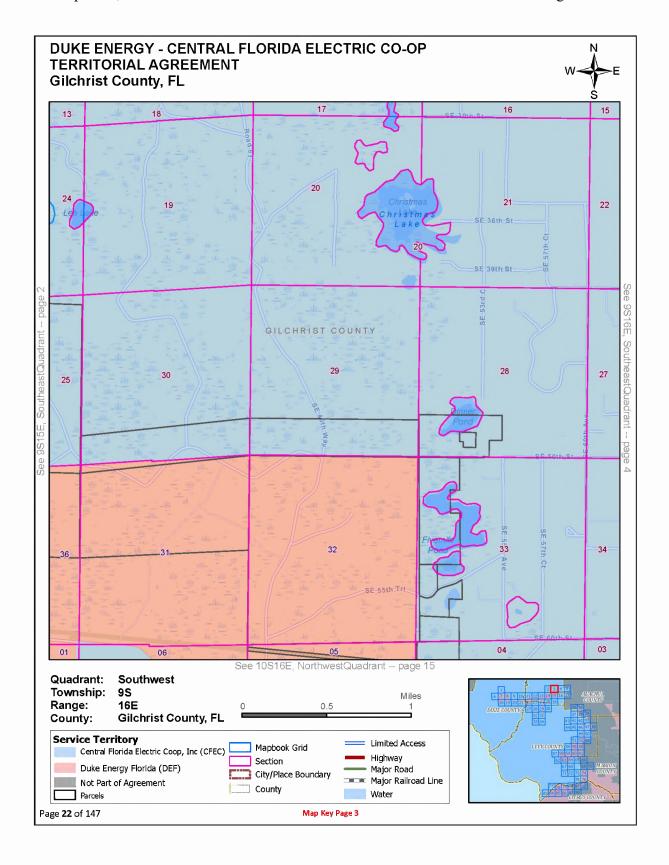
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FLORIDA IN
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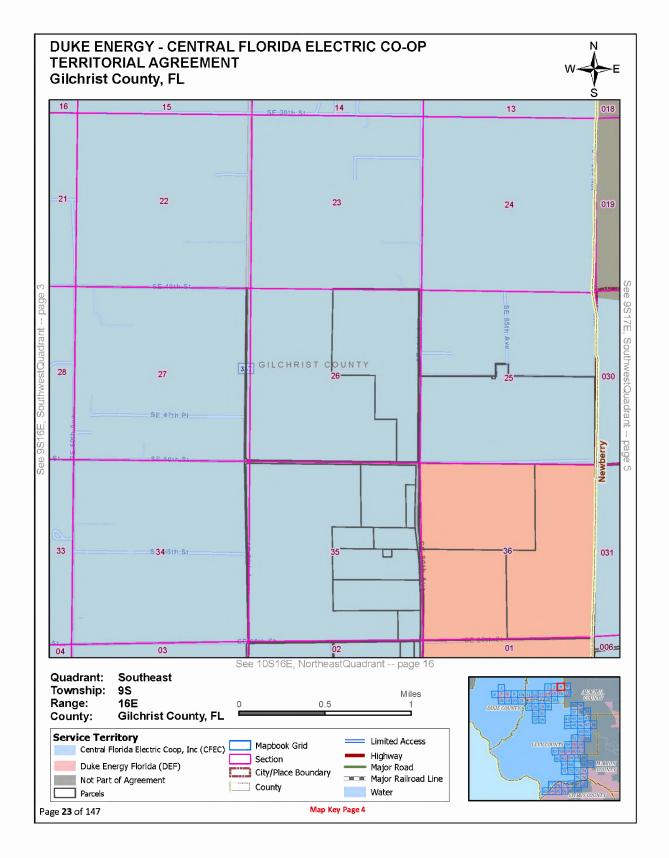
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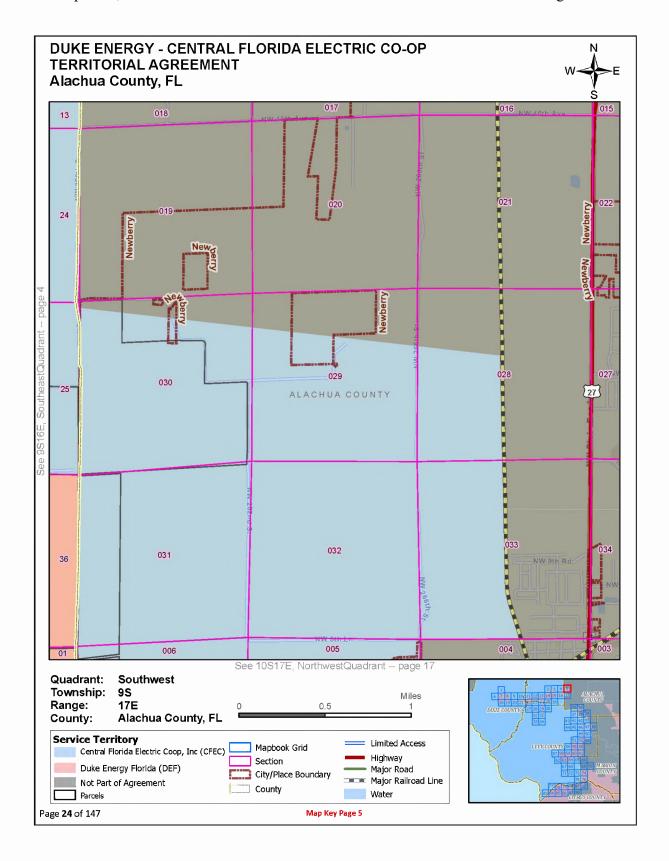


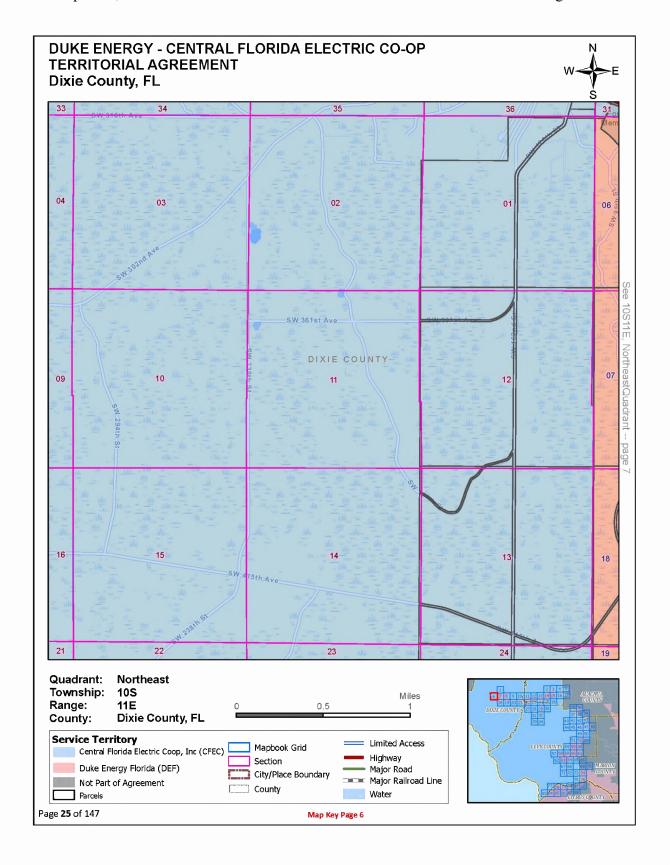


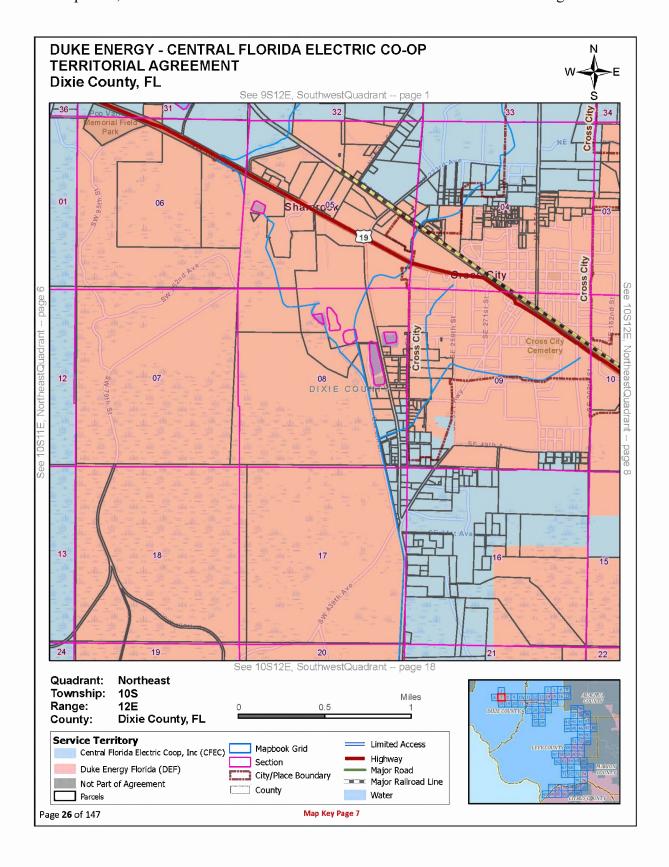


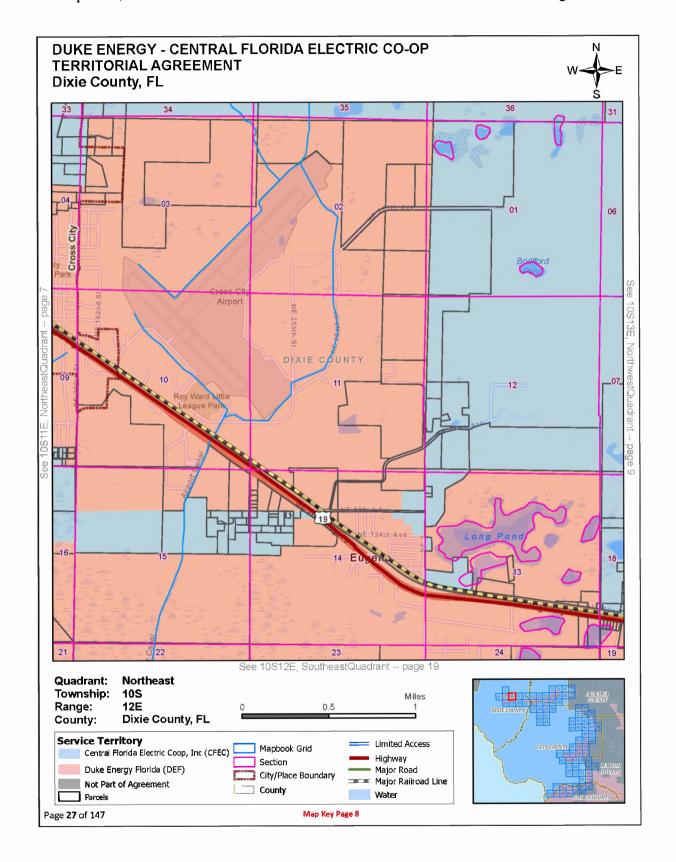


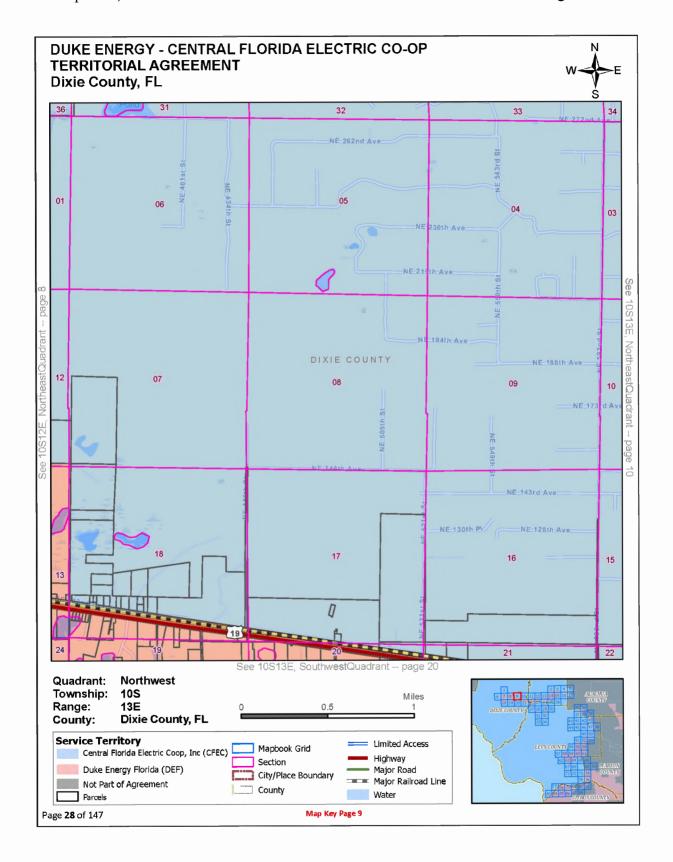


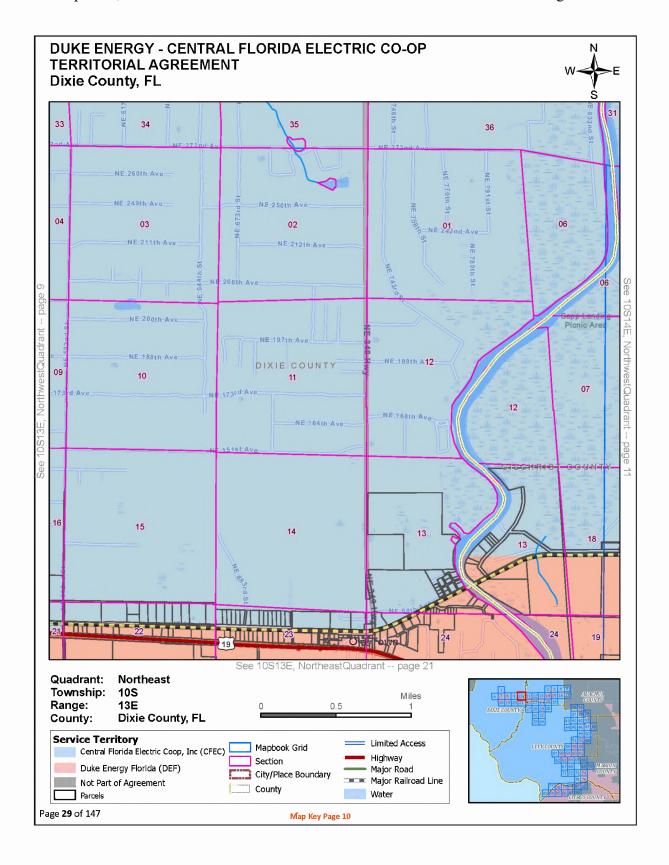


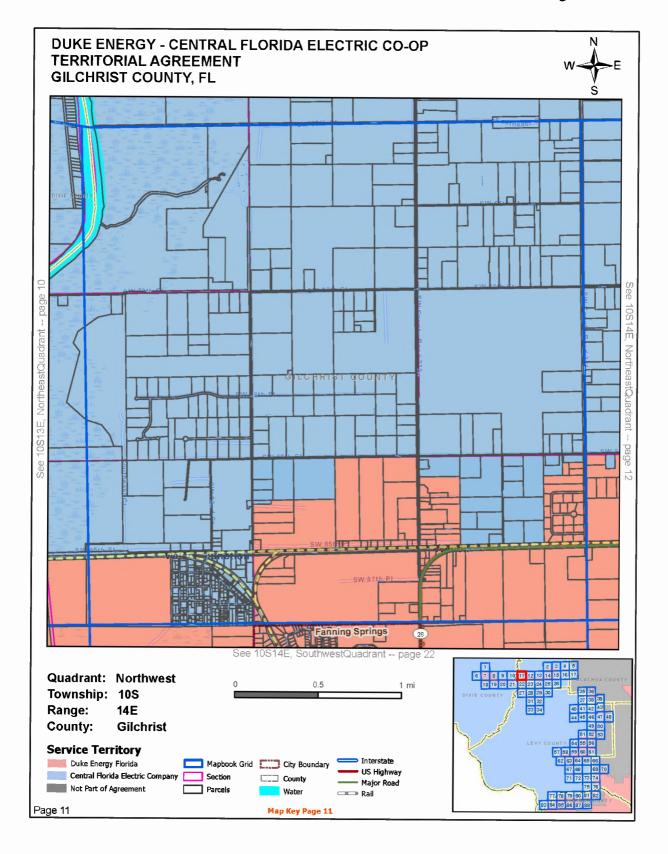


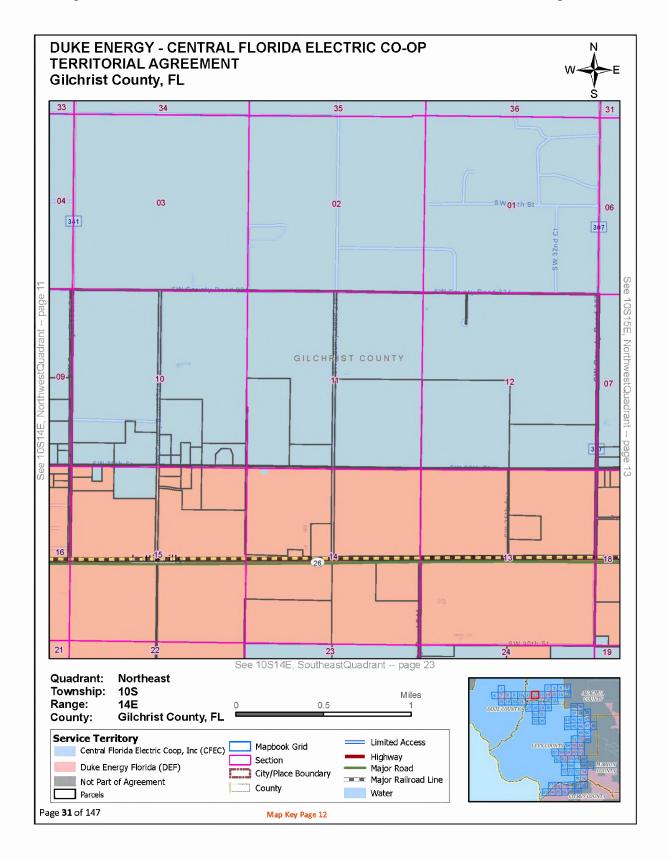


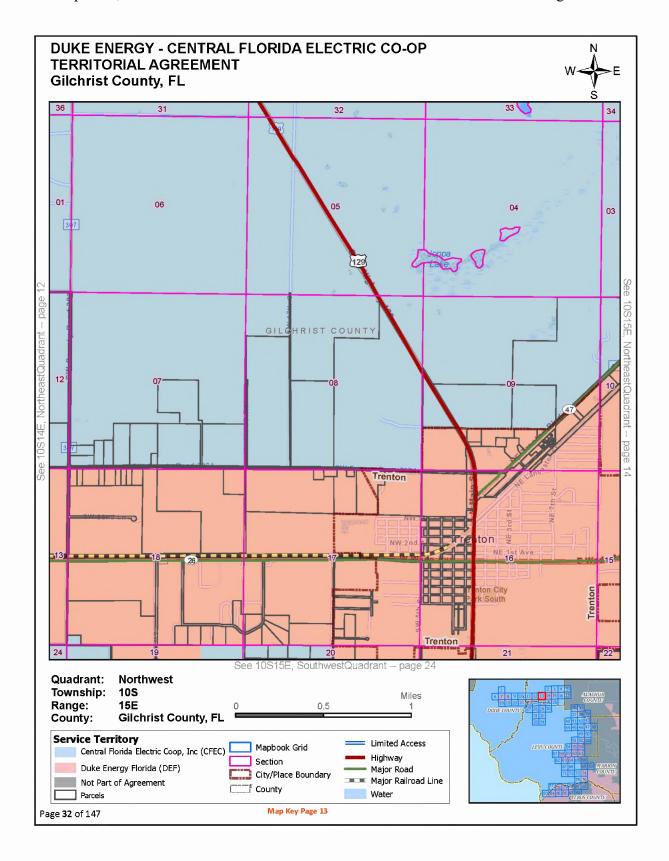


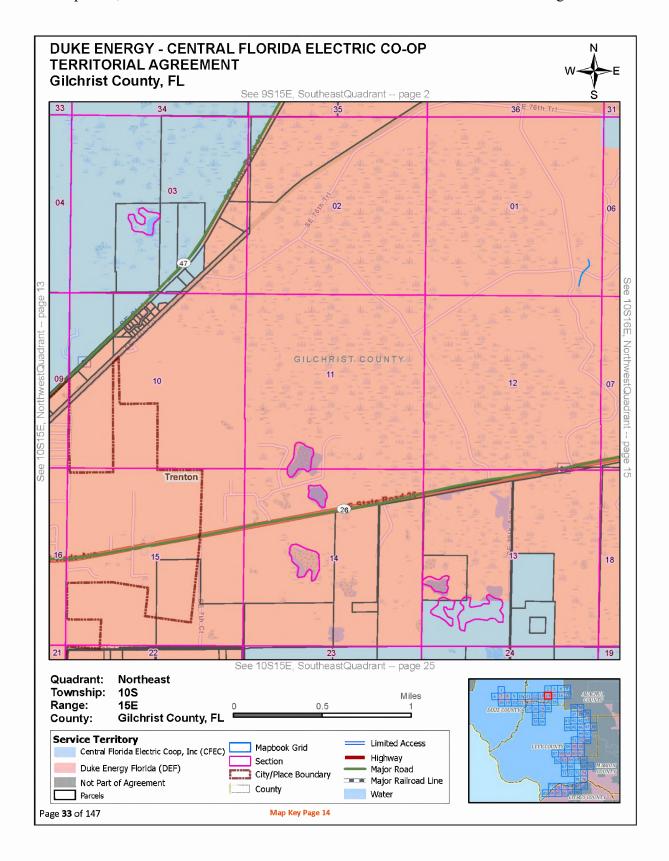


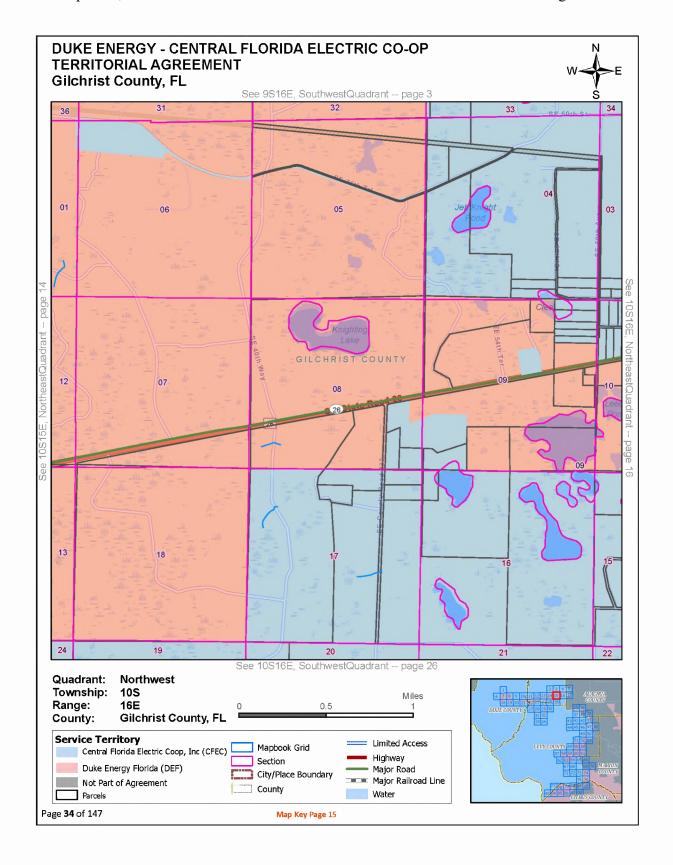


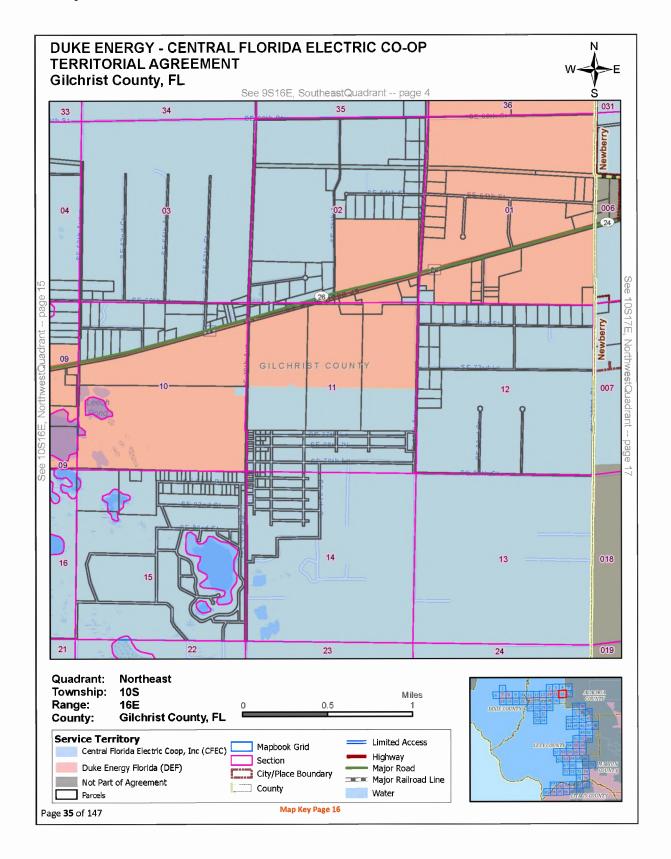


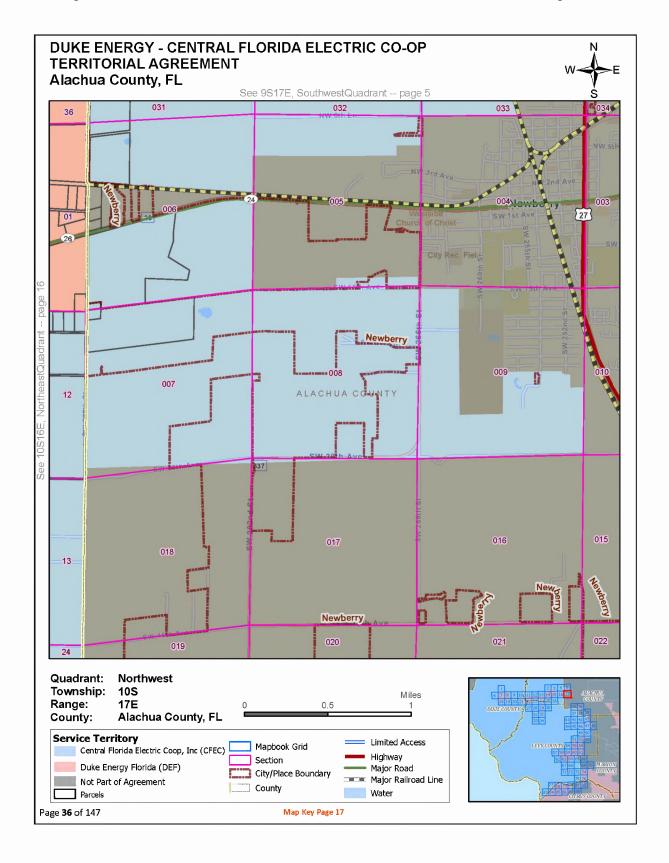


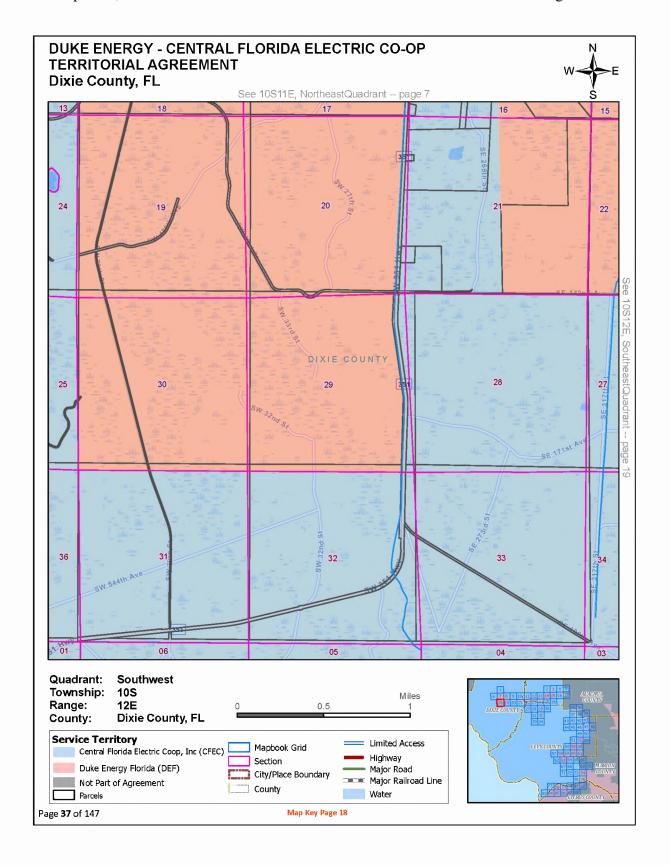


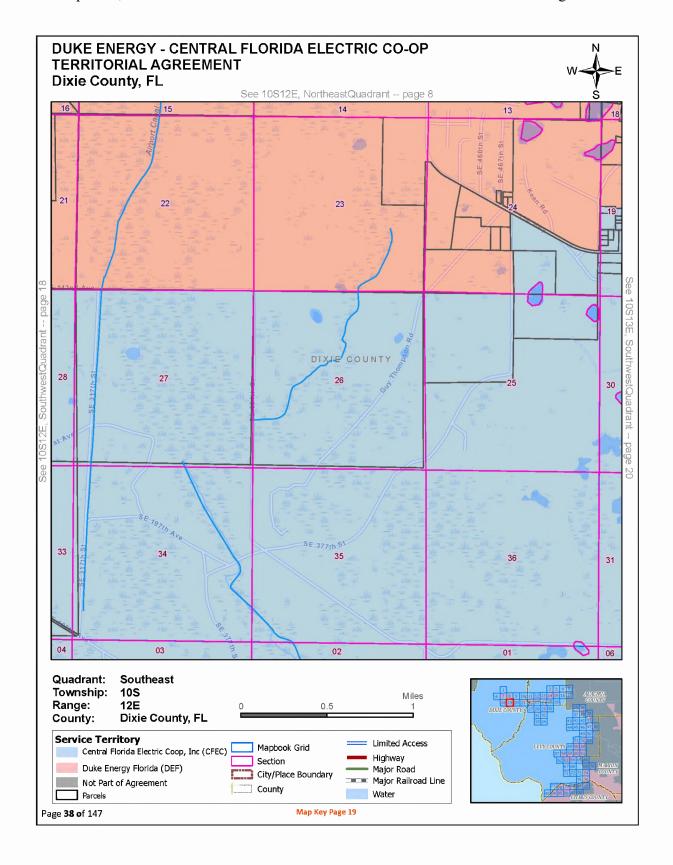


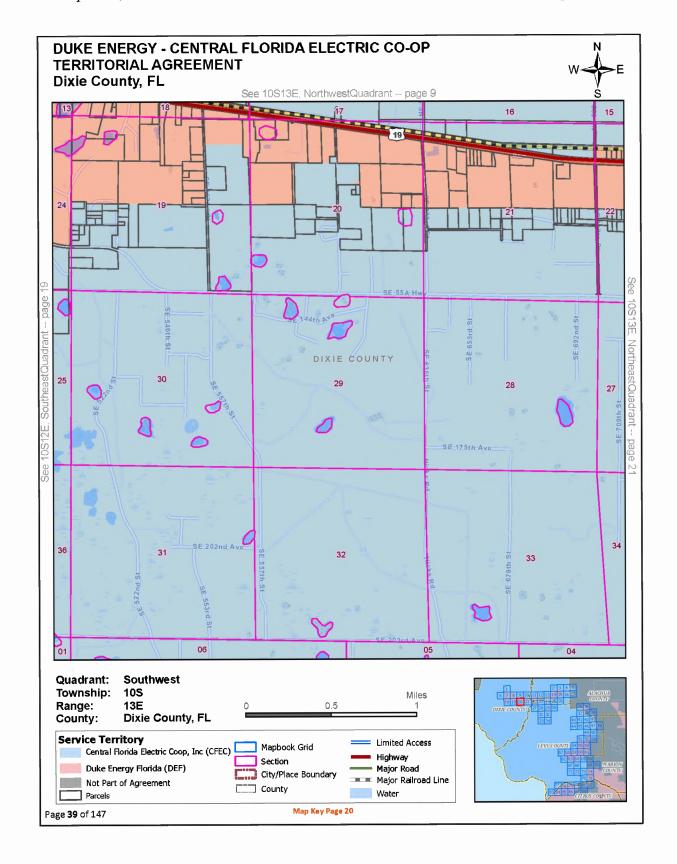


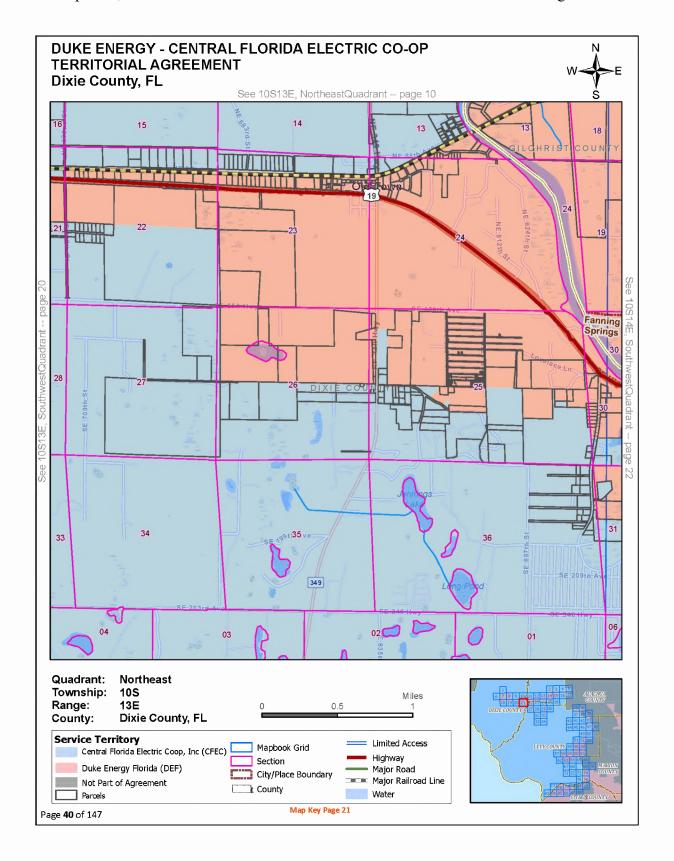


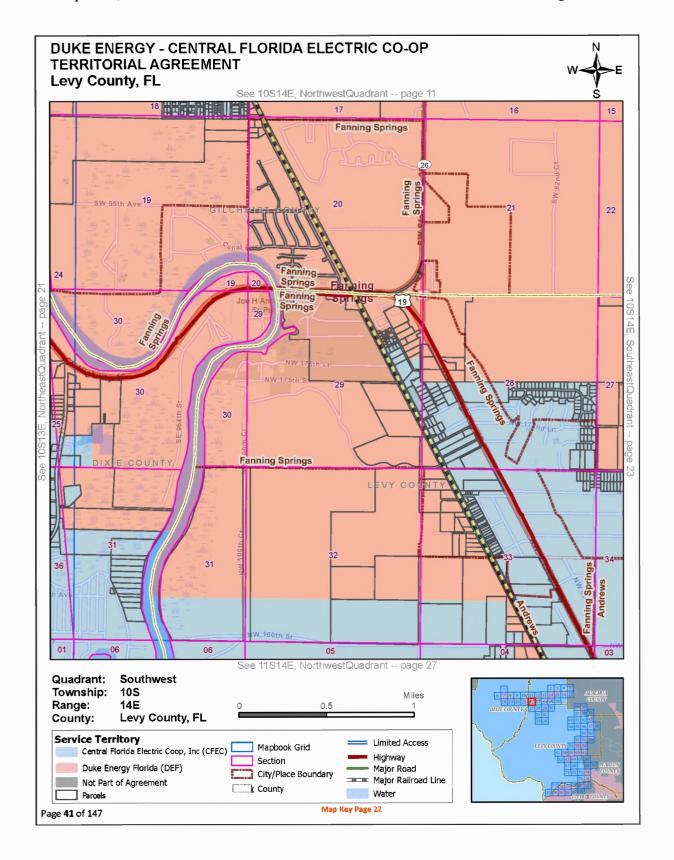


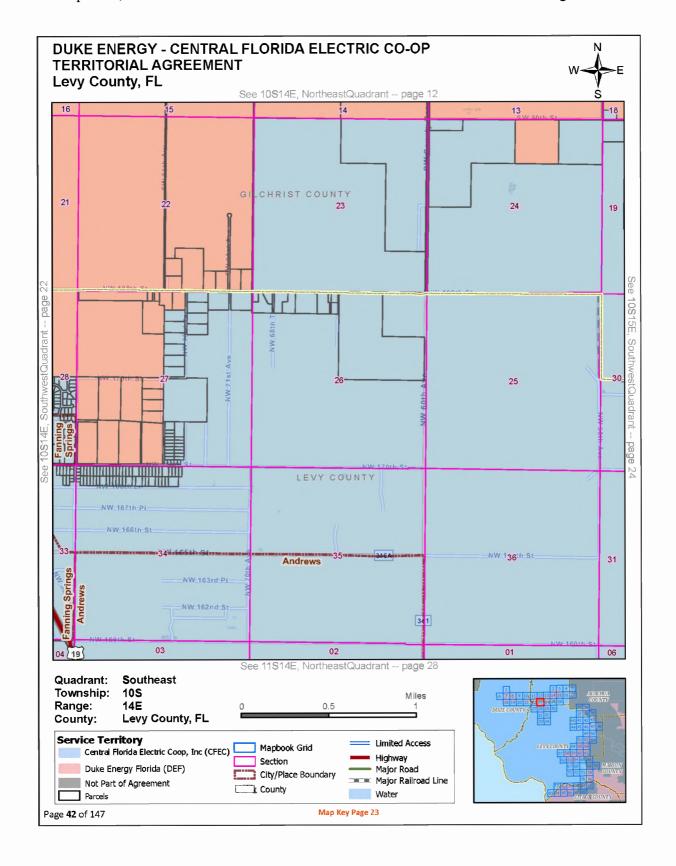


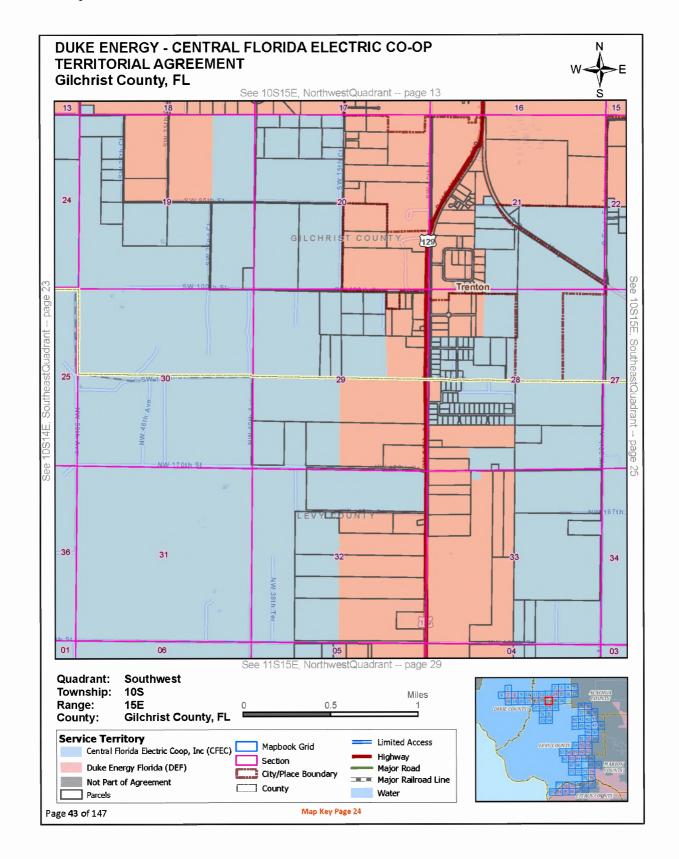


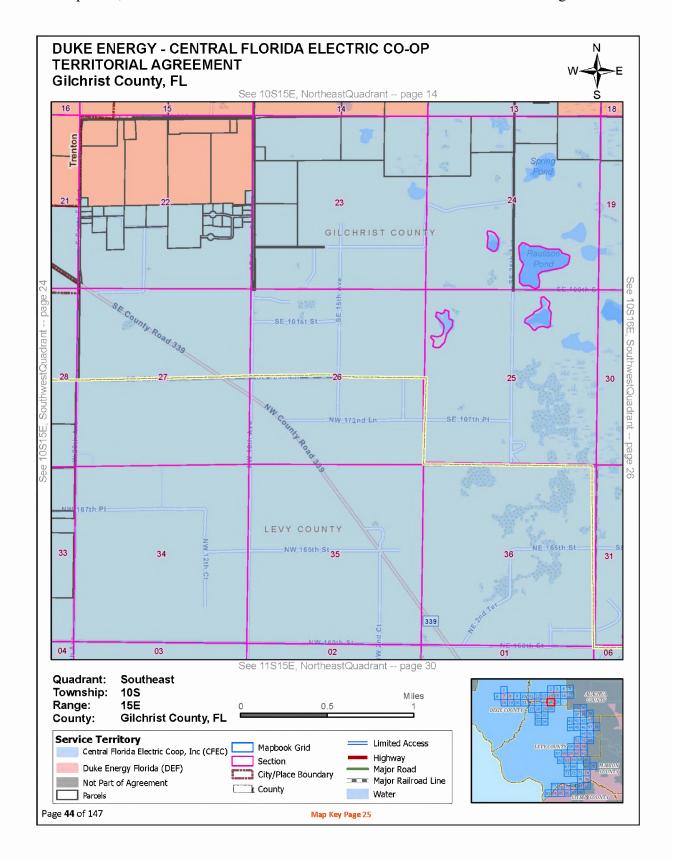


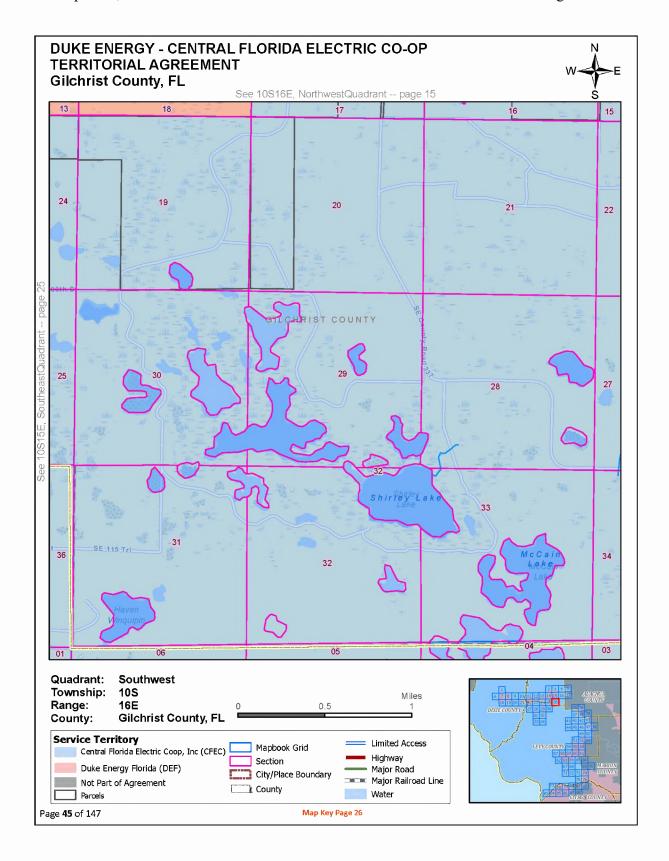


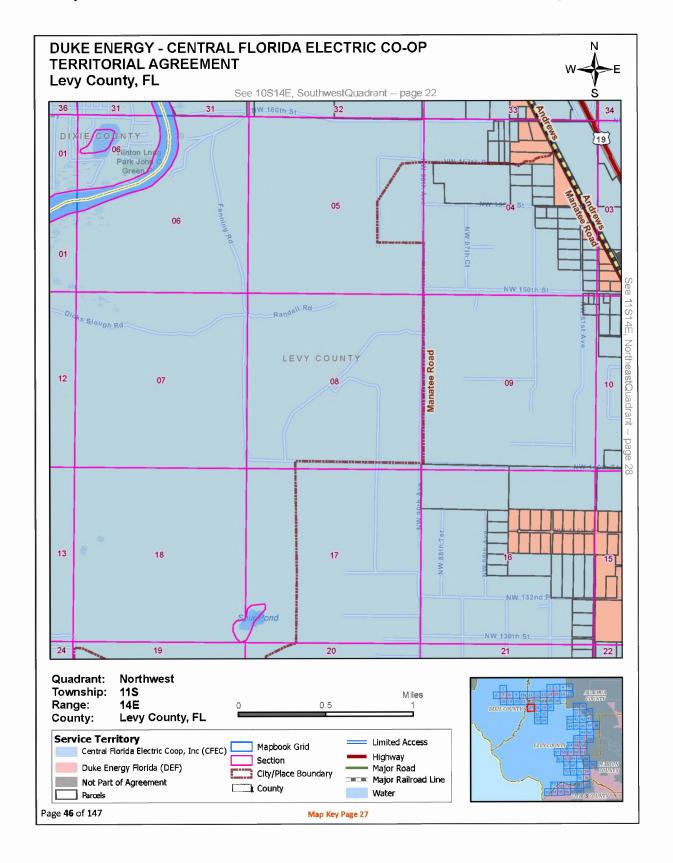


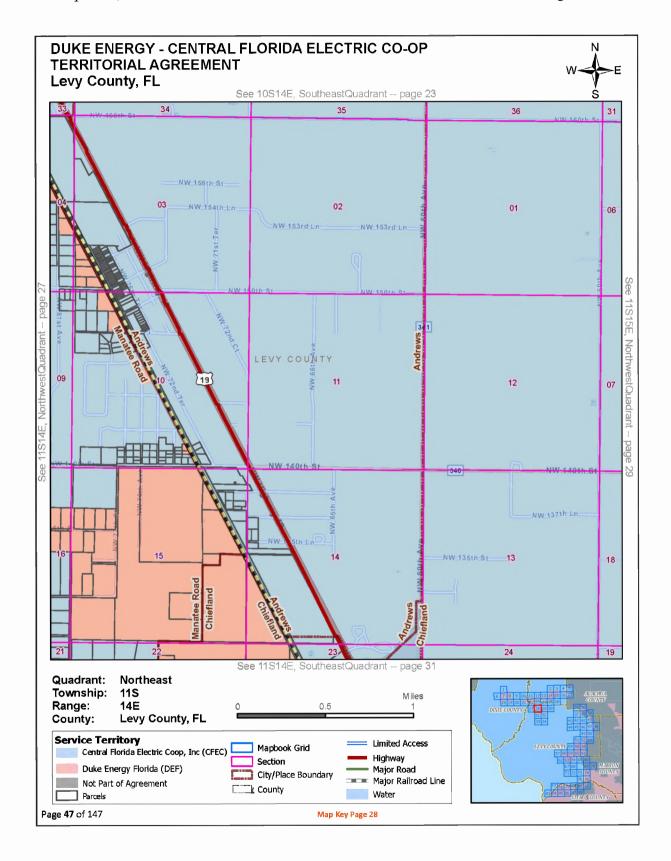


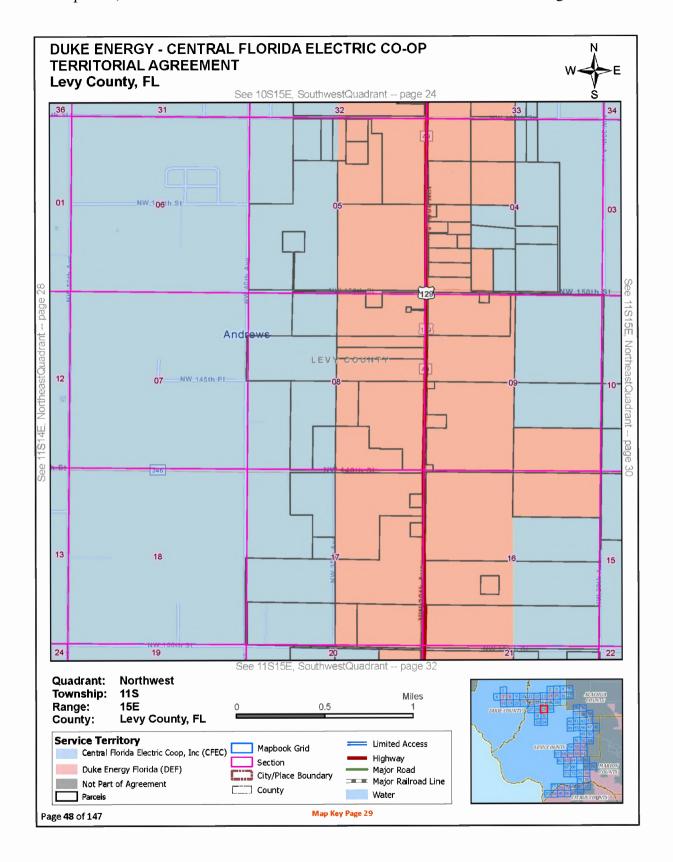


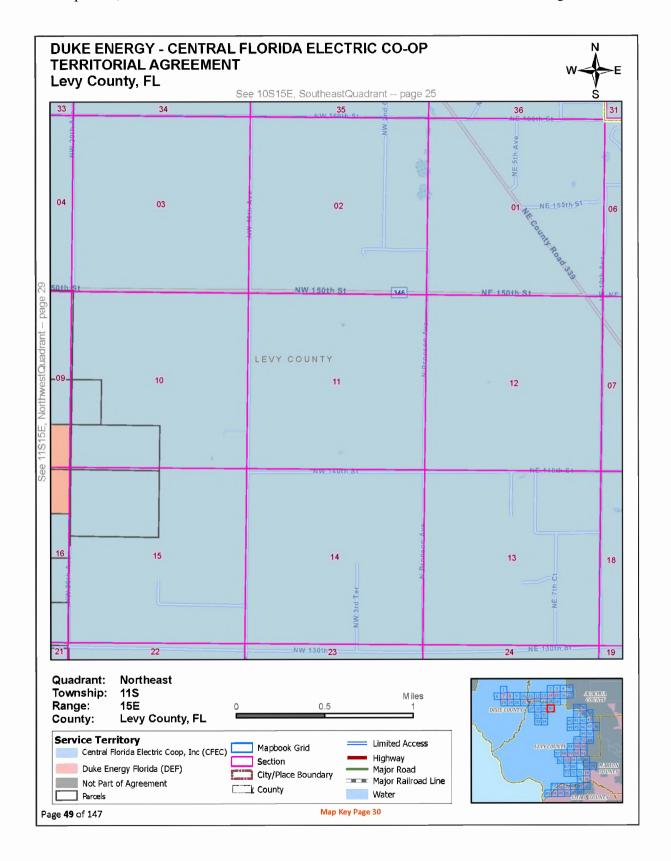


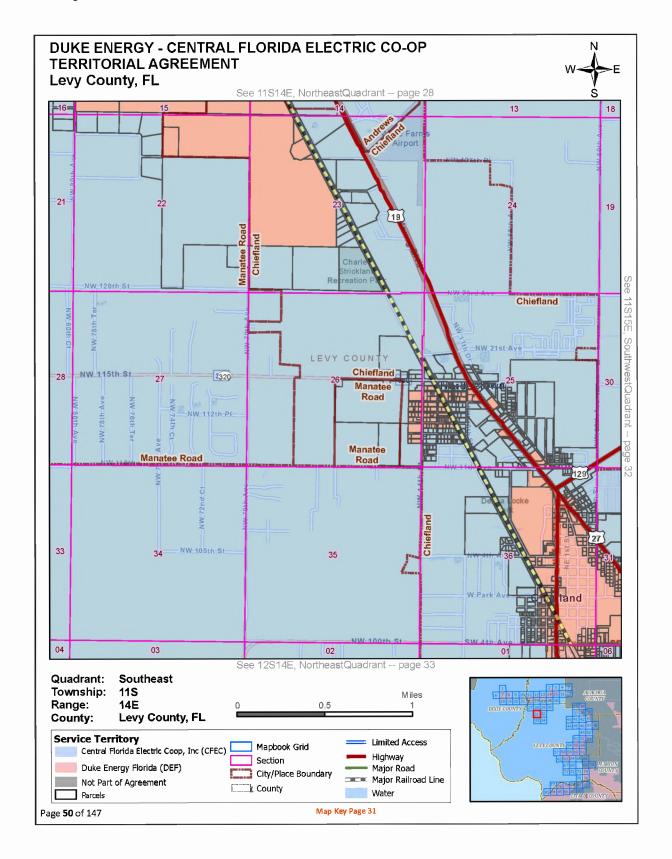


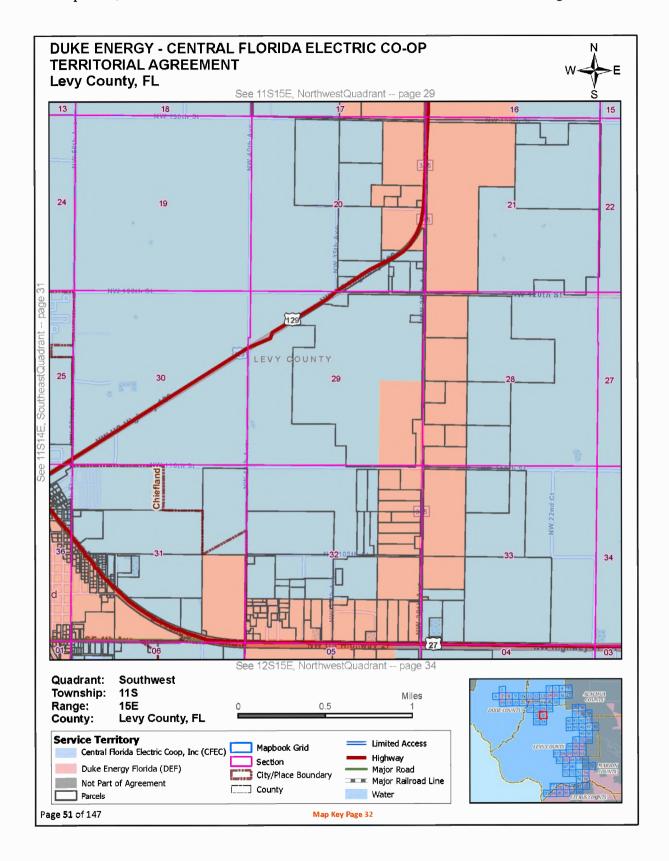


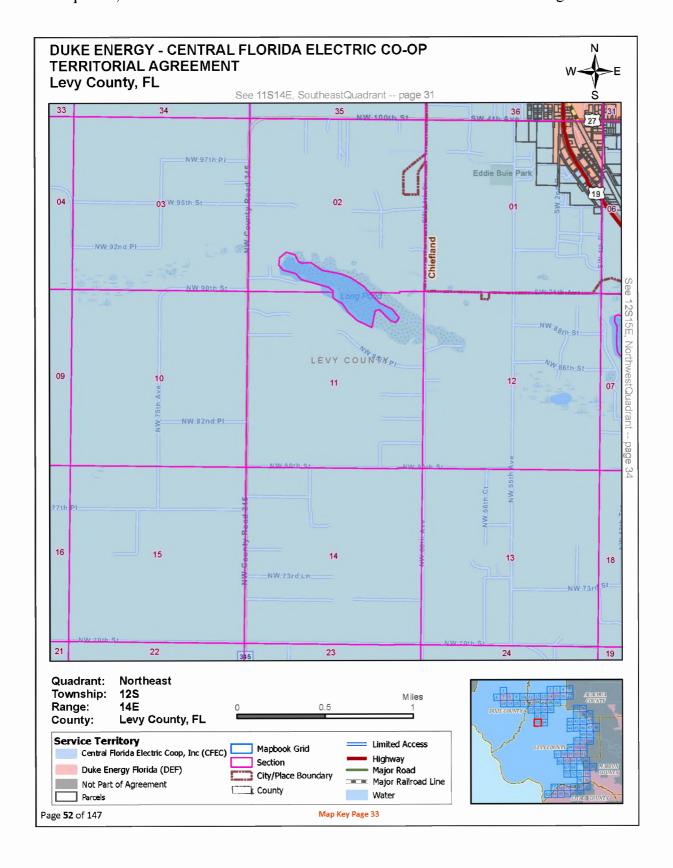


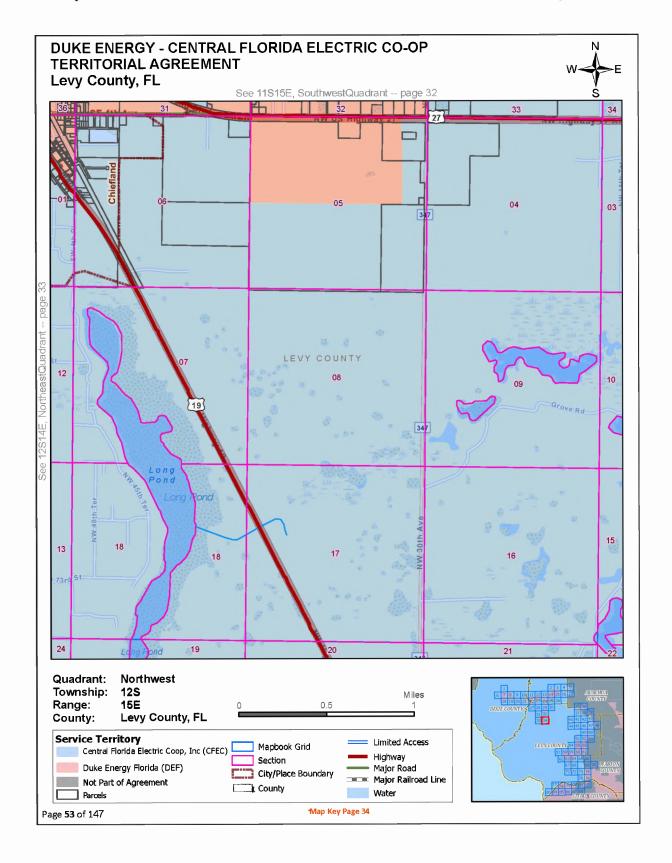


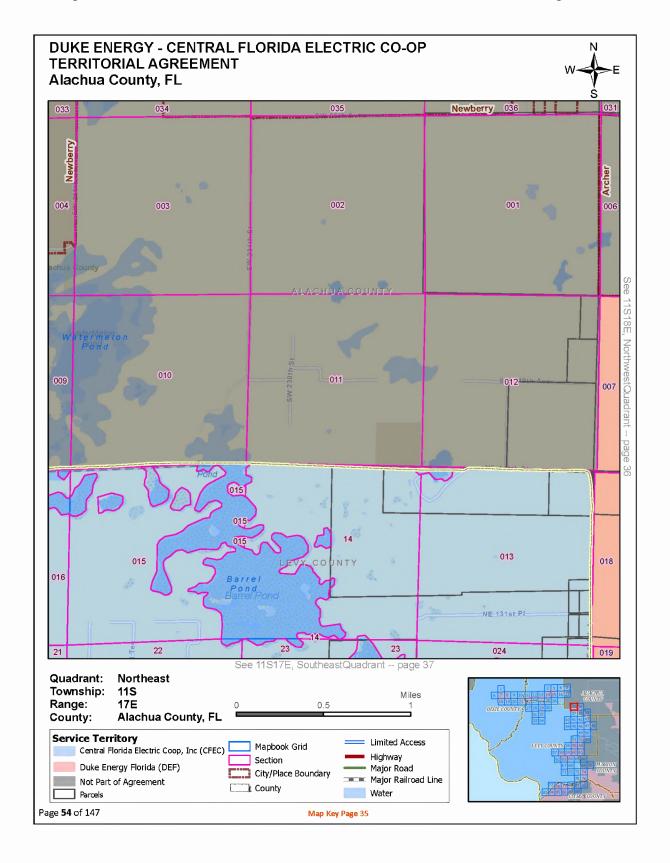


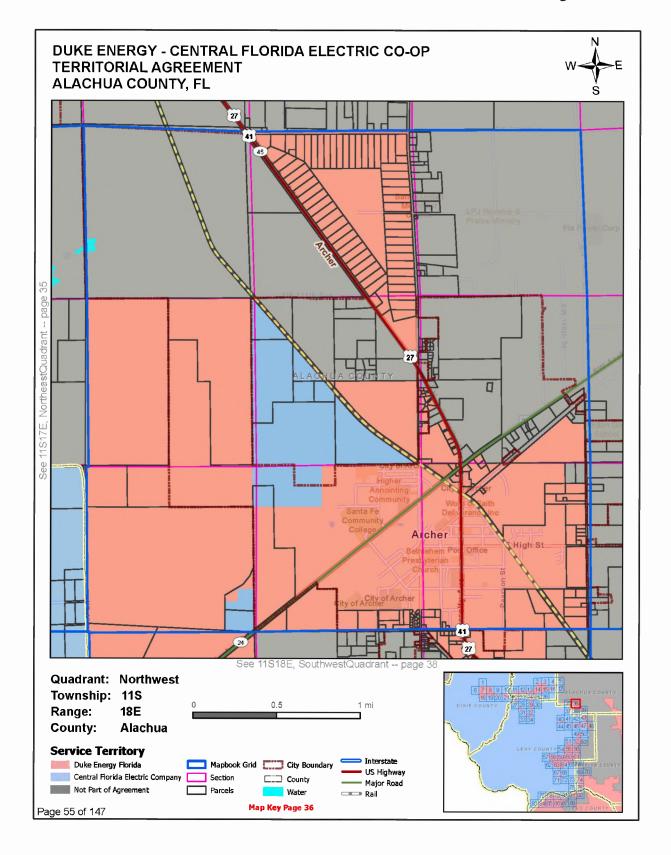


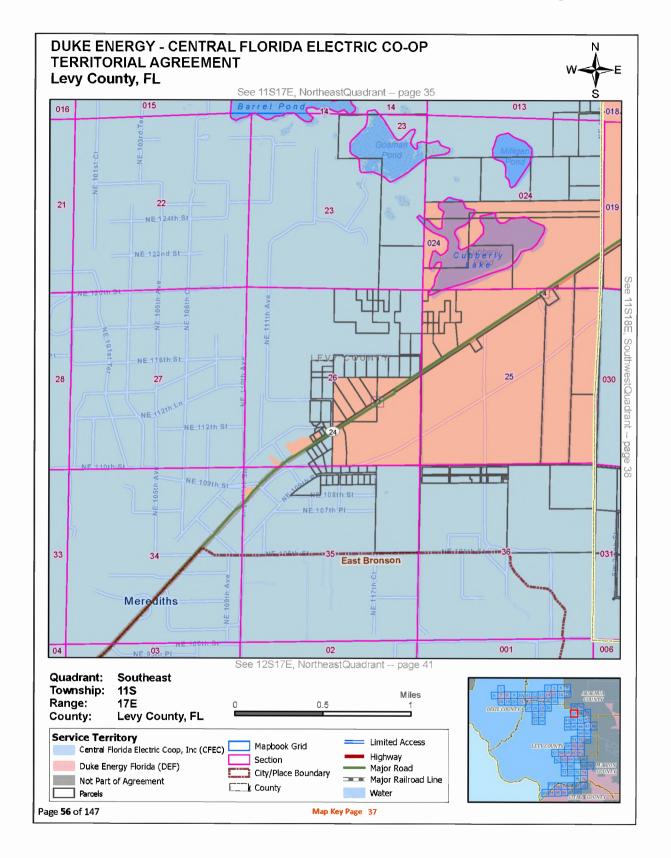


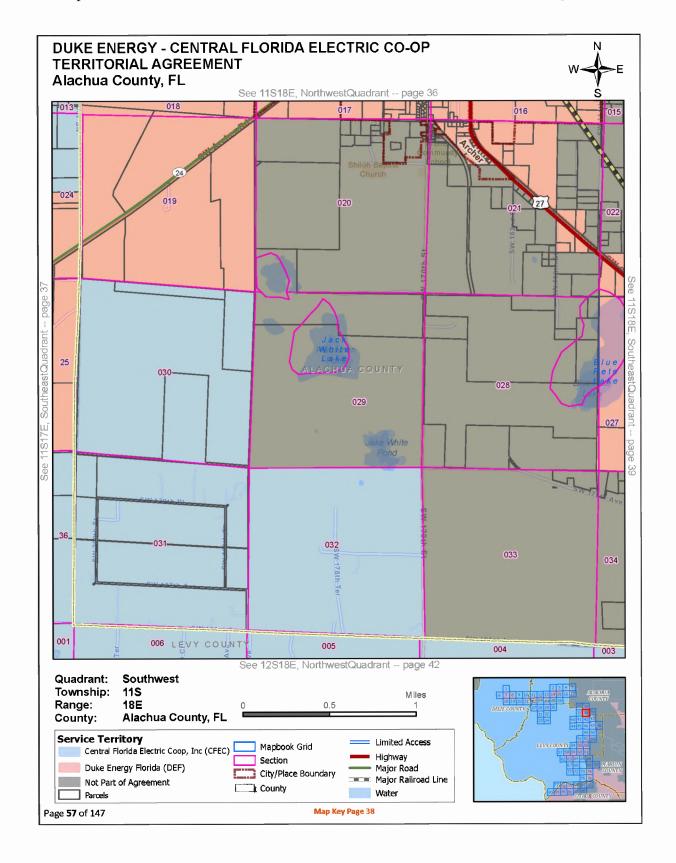


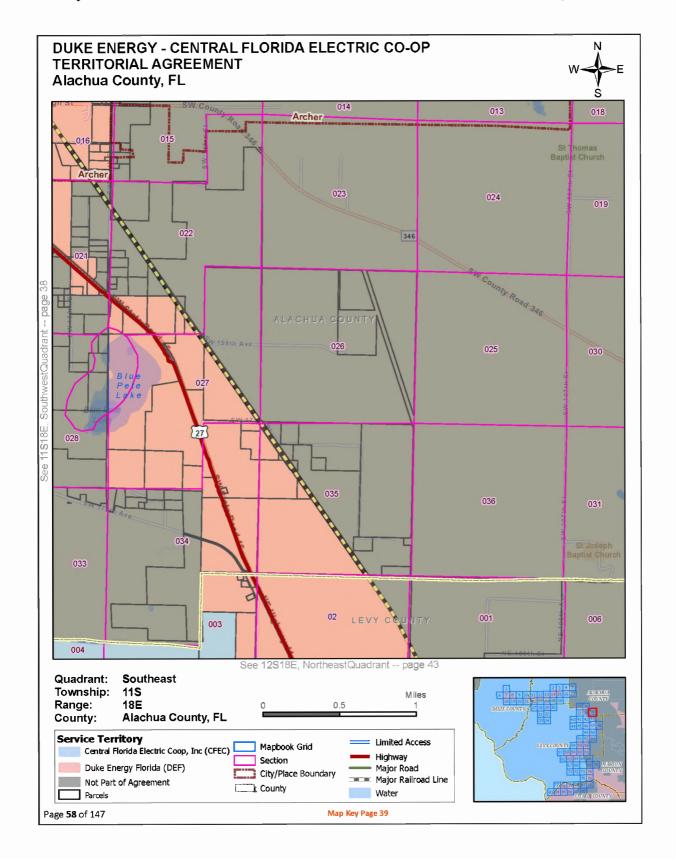


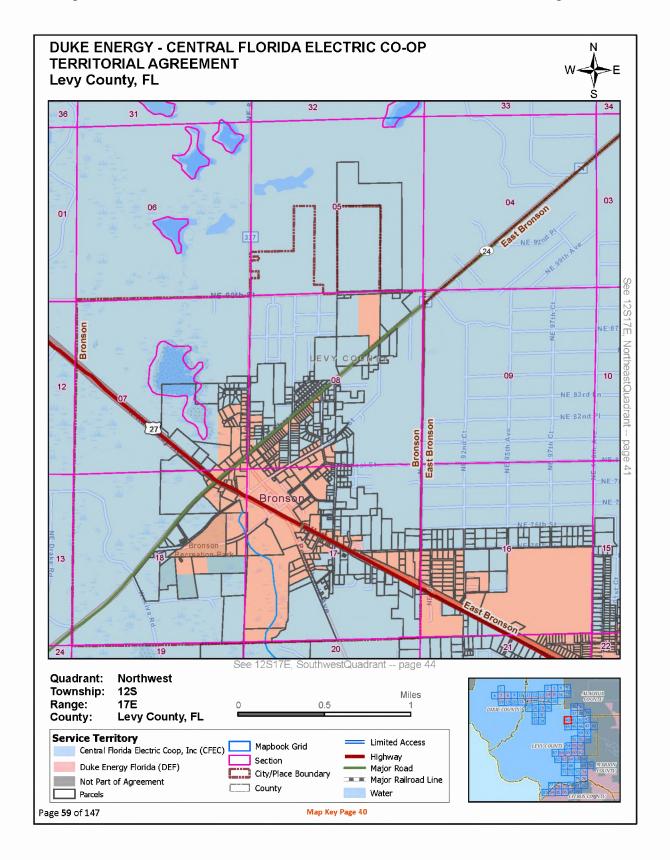


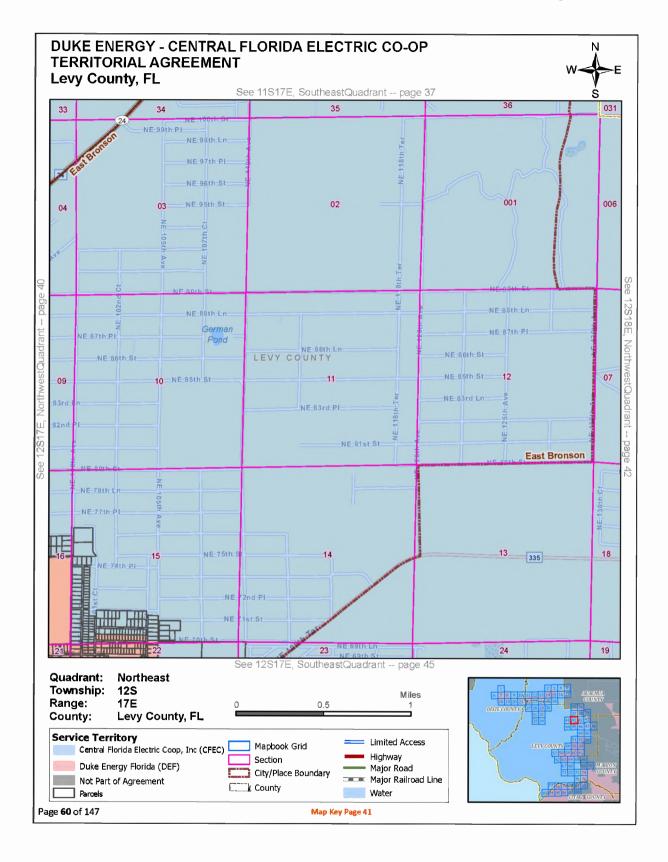


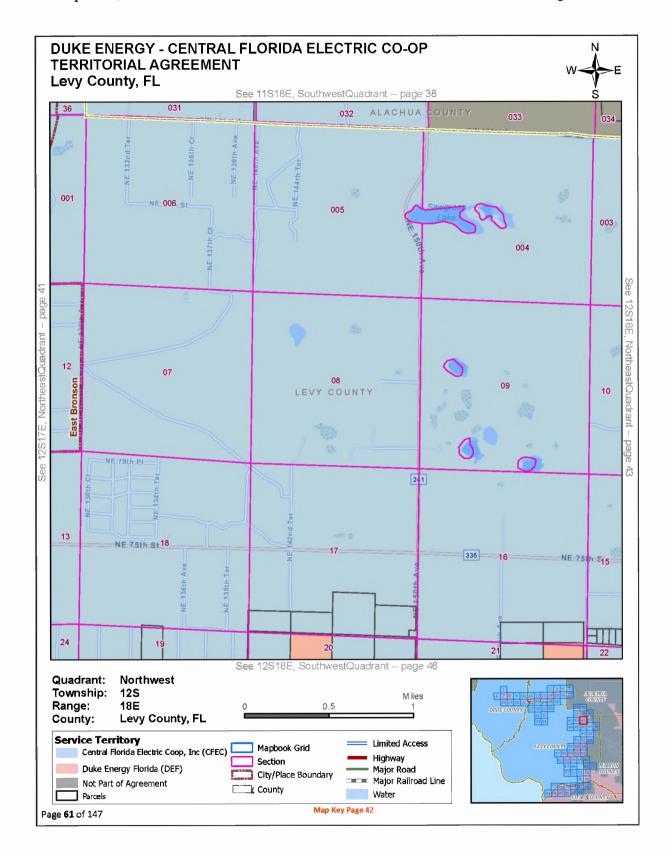


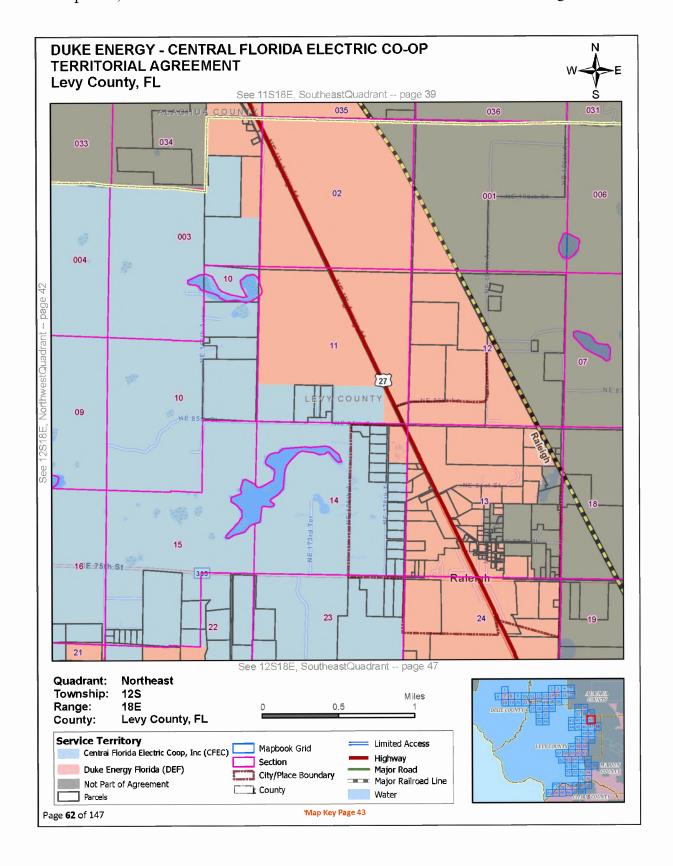


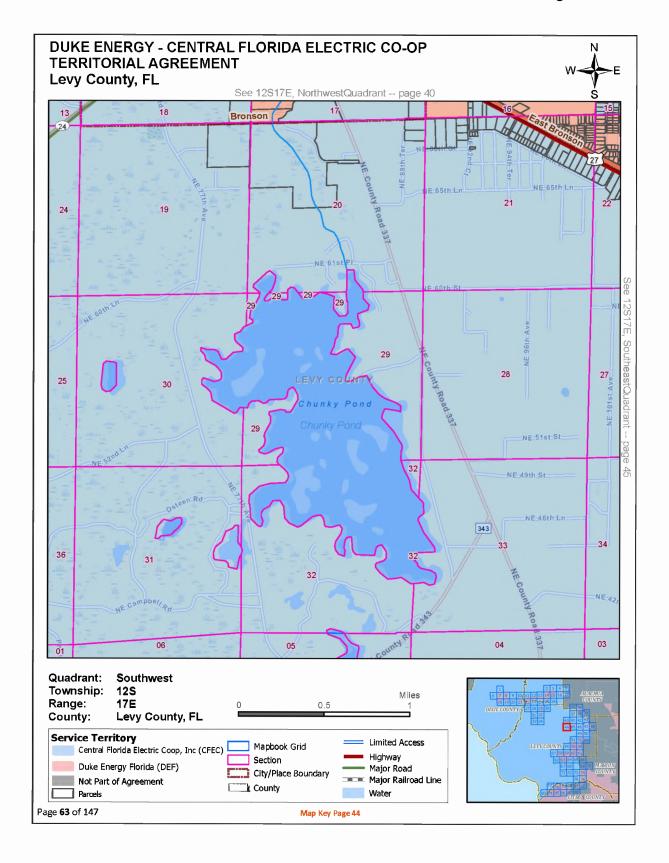


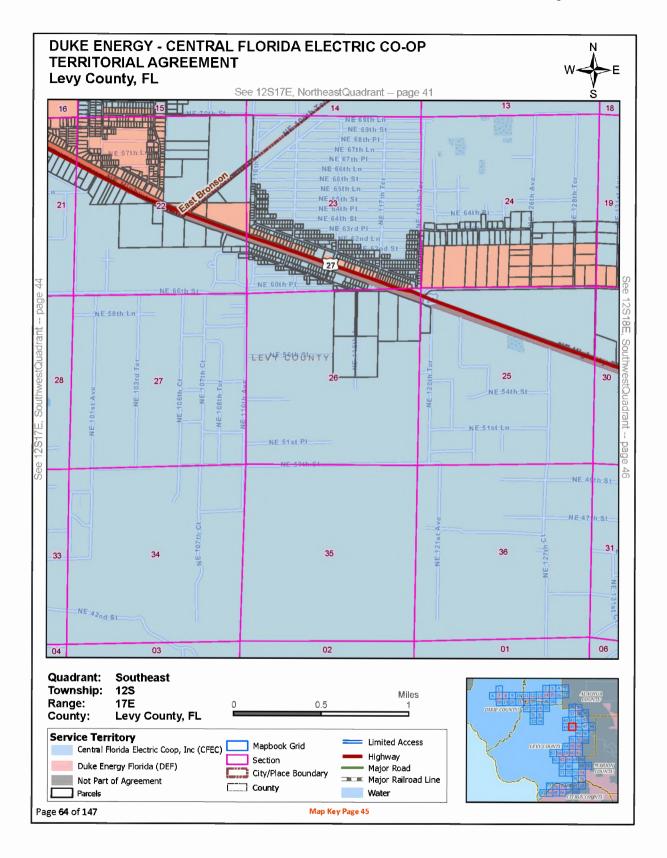


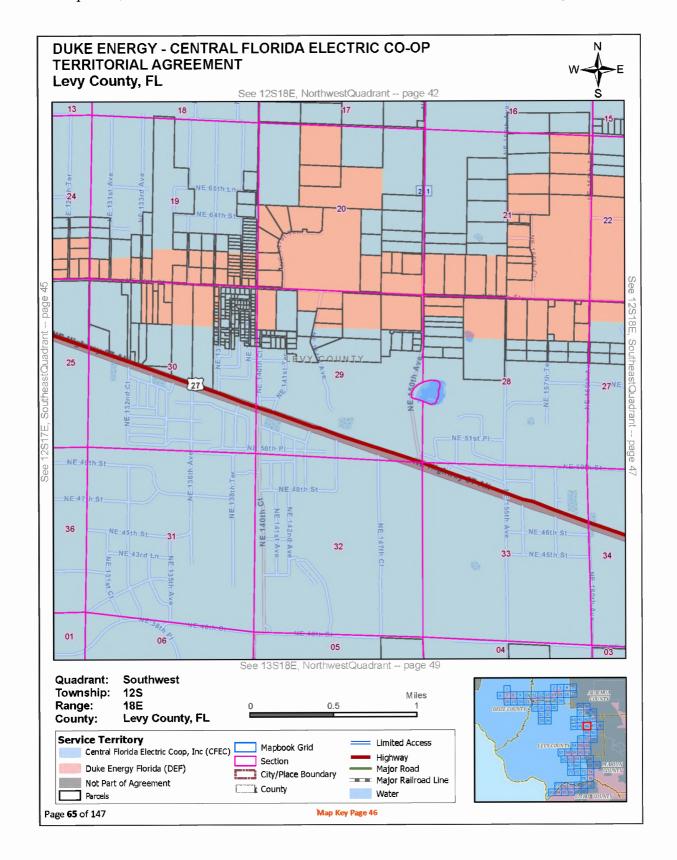


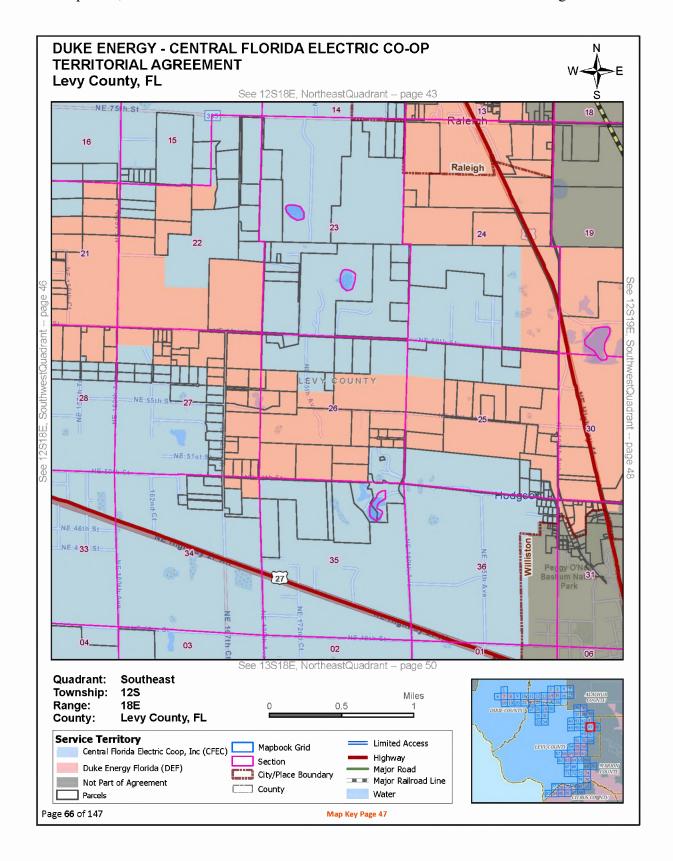


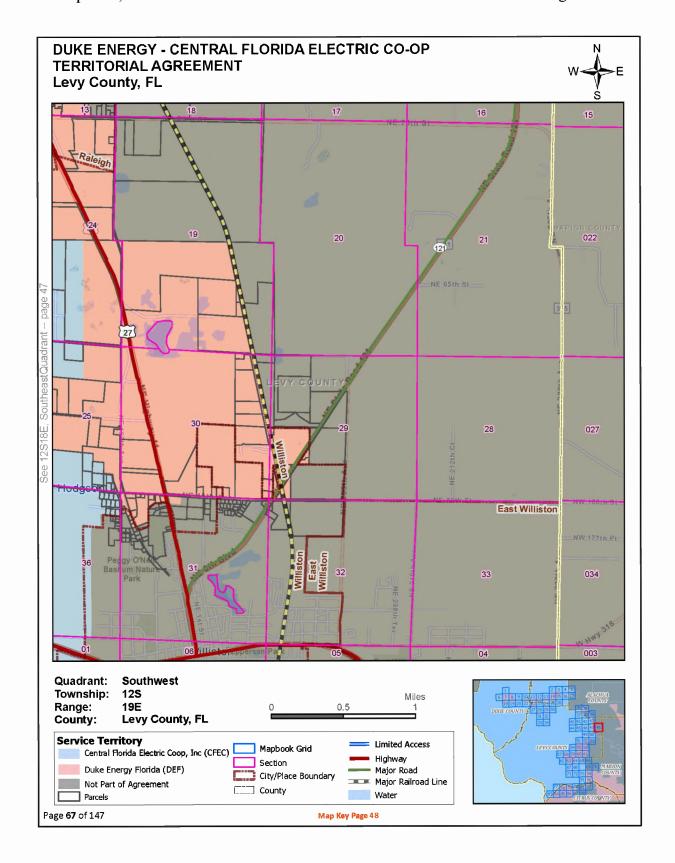


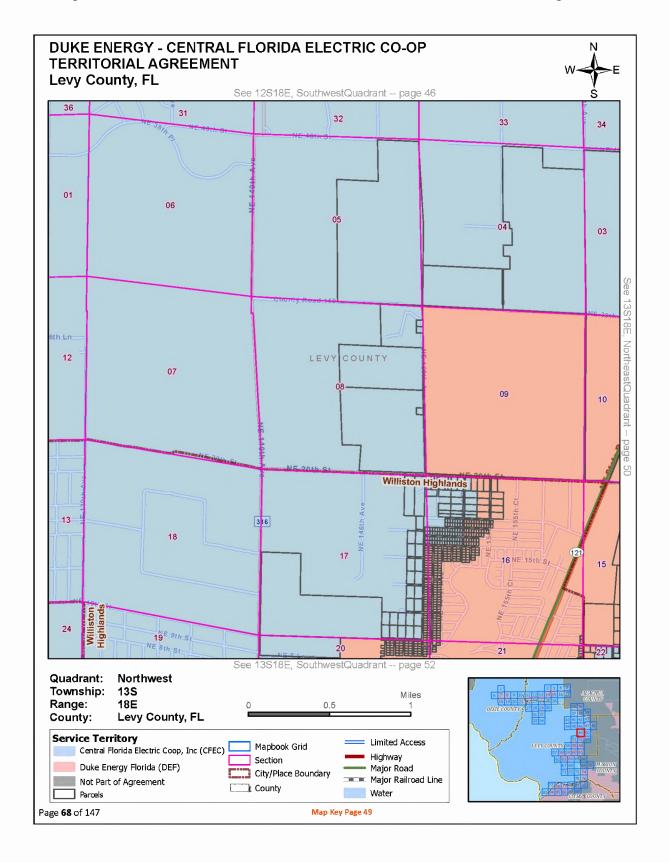


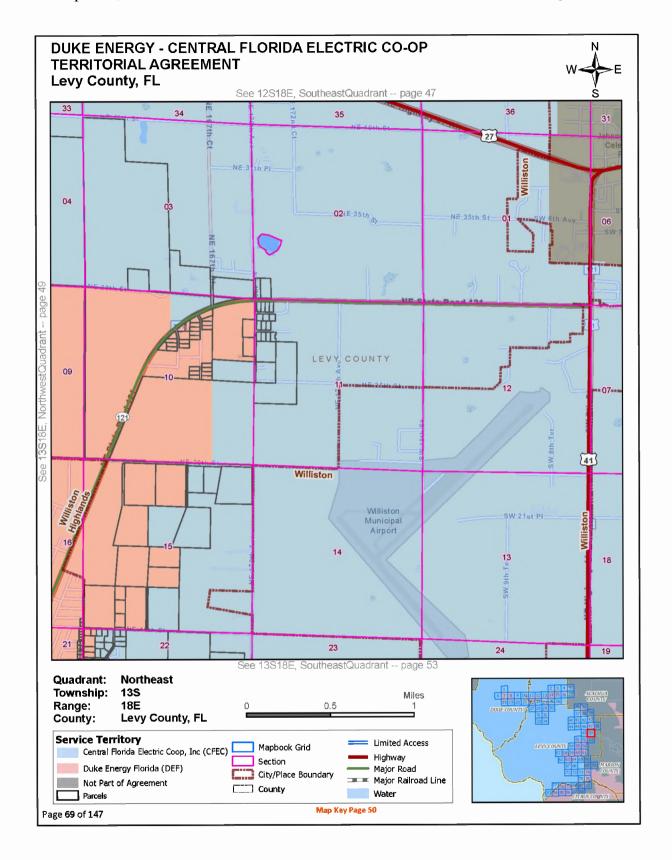


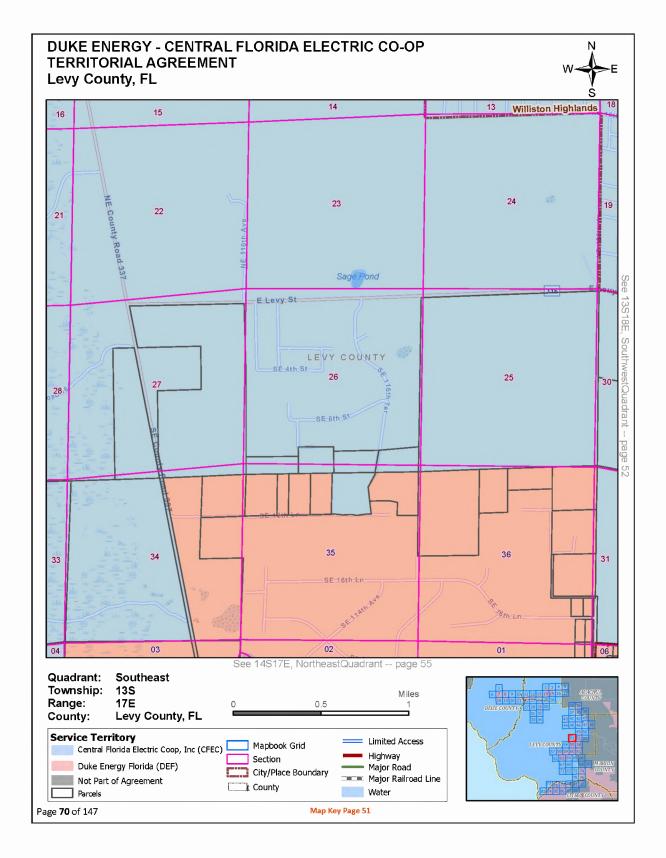


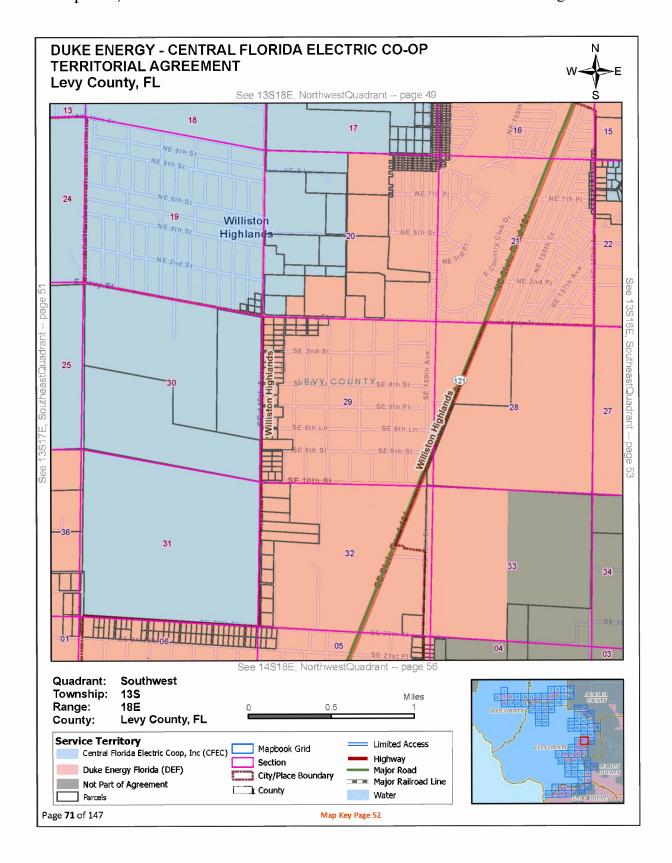


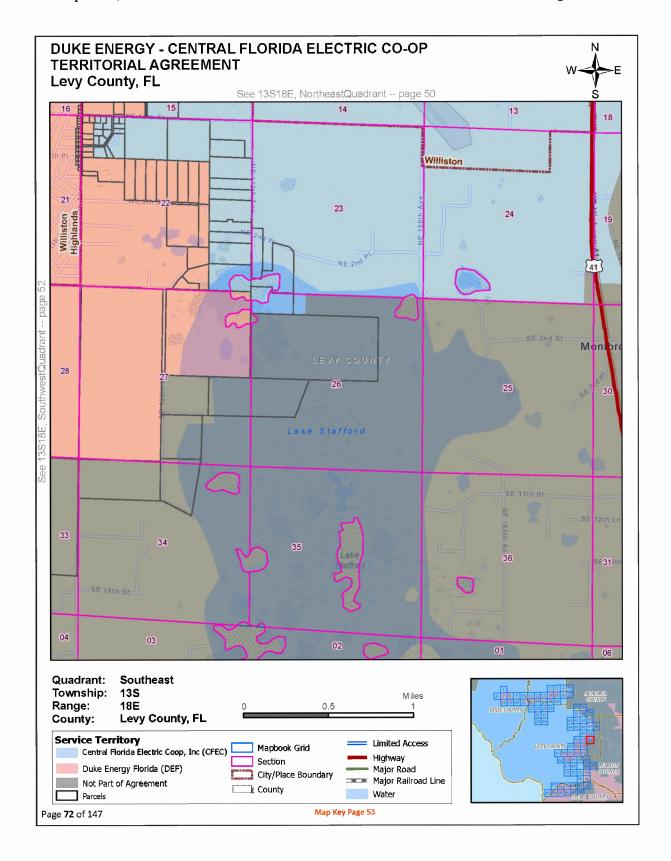


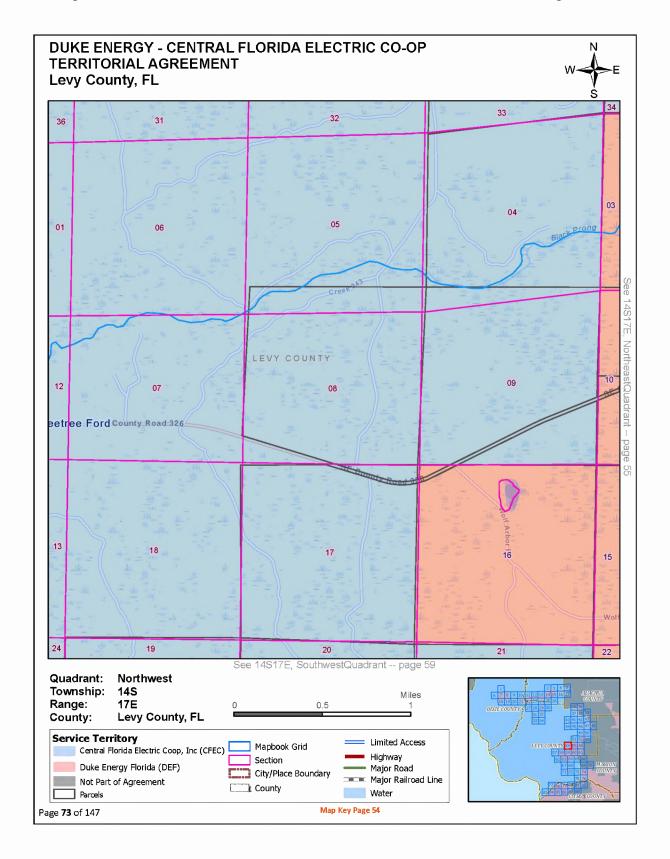


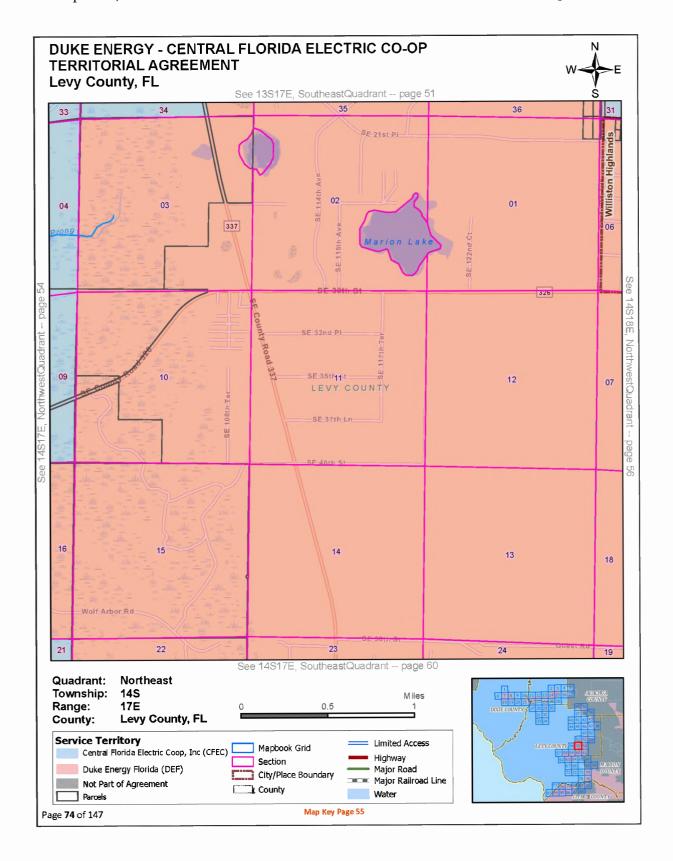


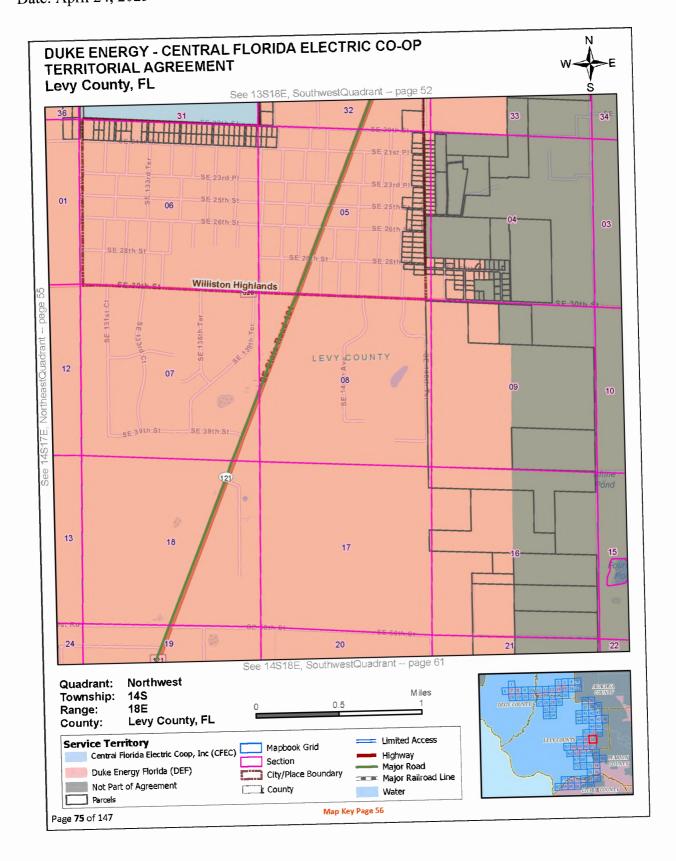


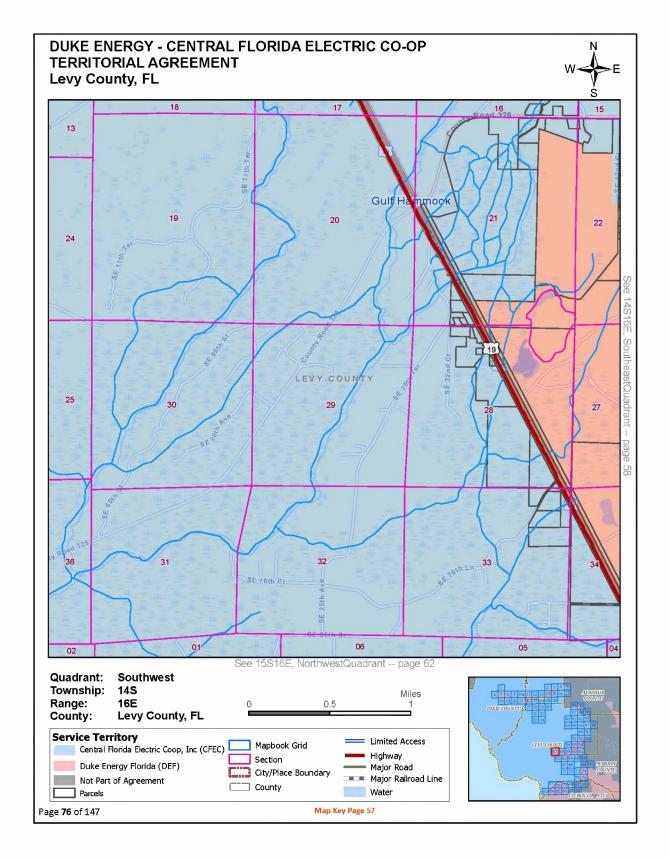


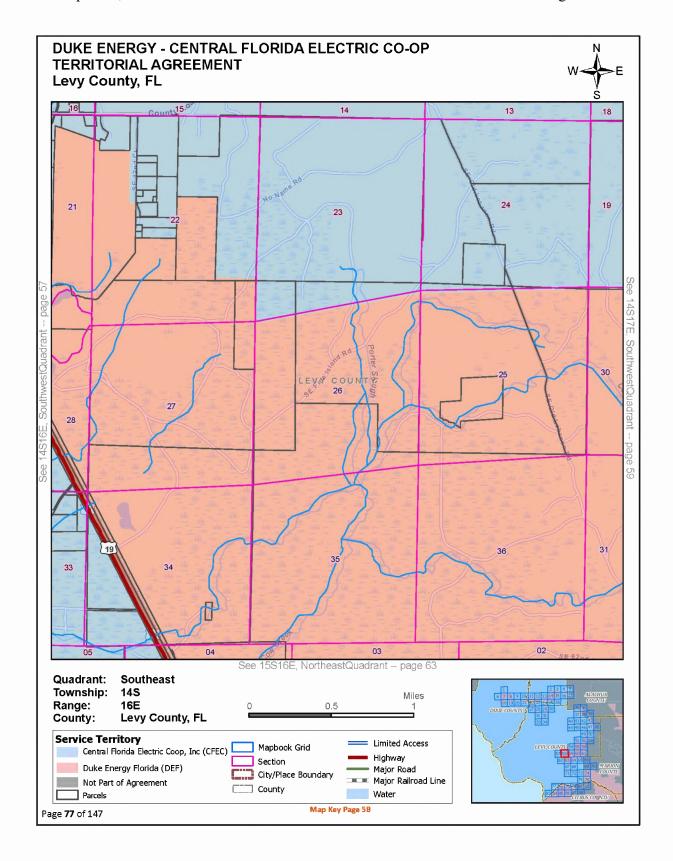


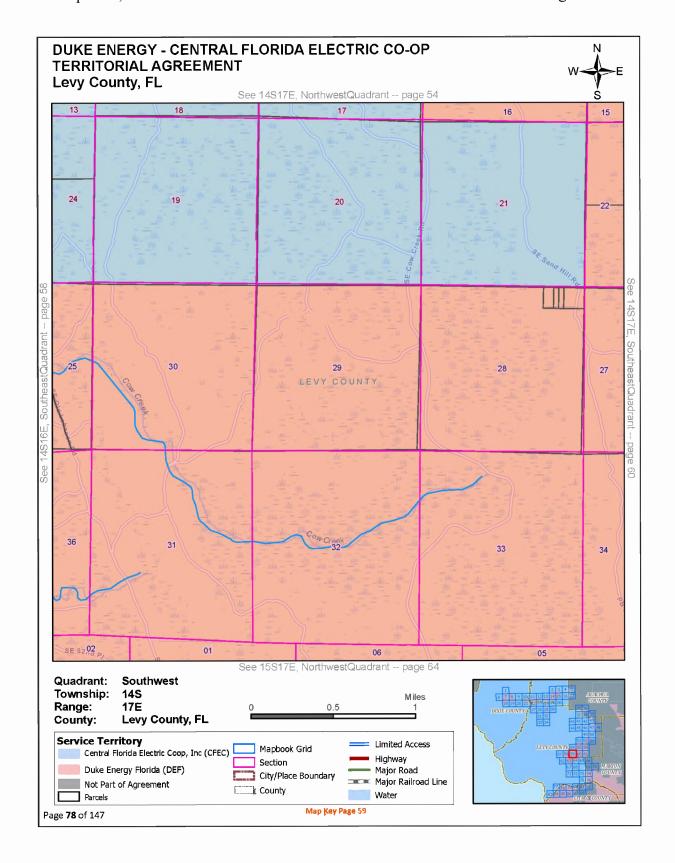


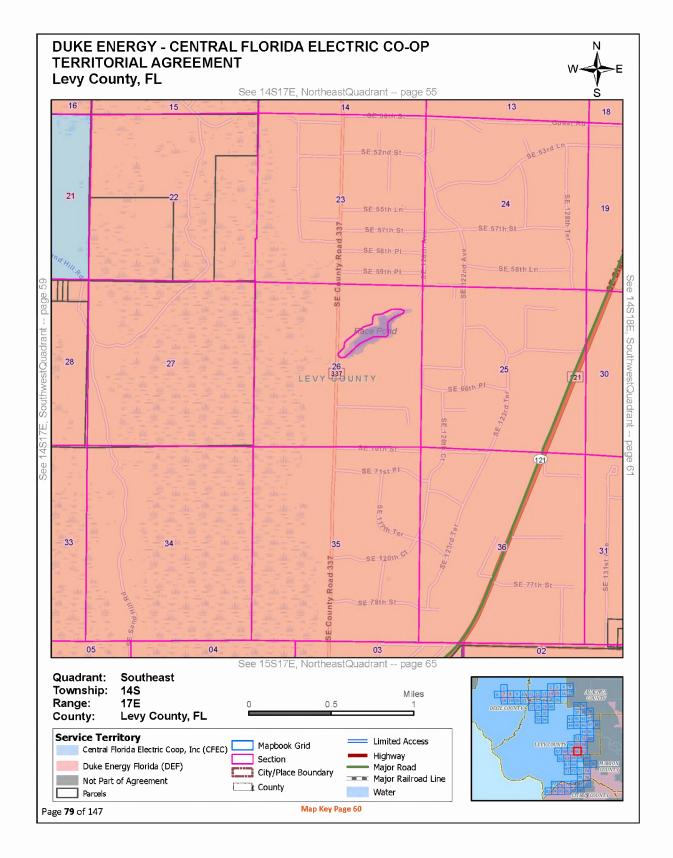


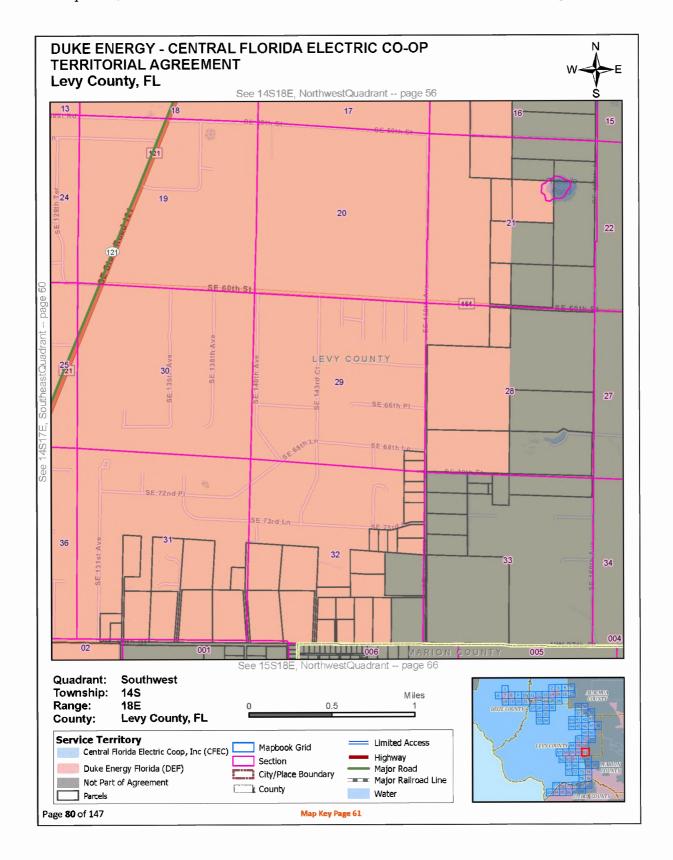


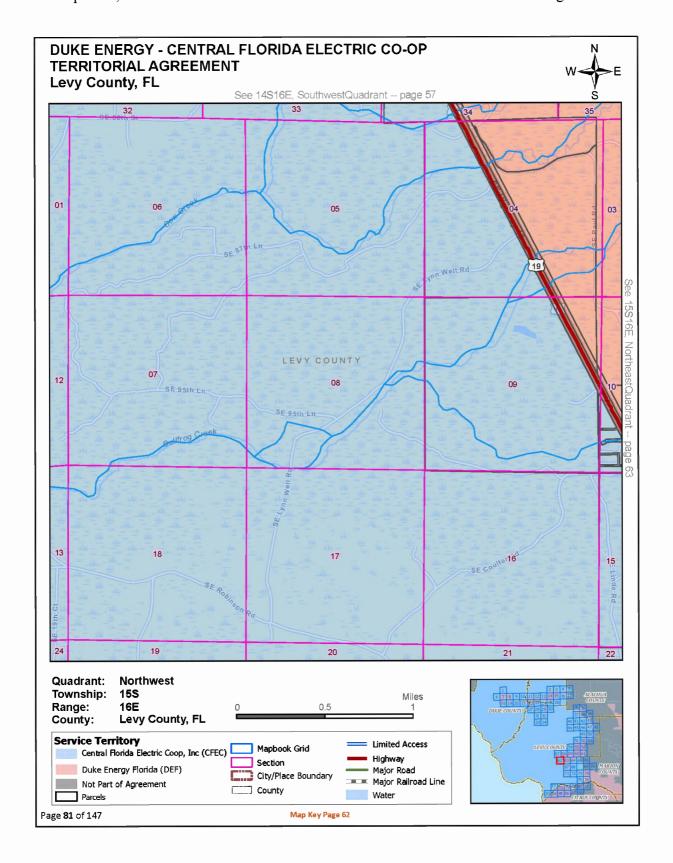


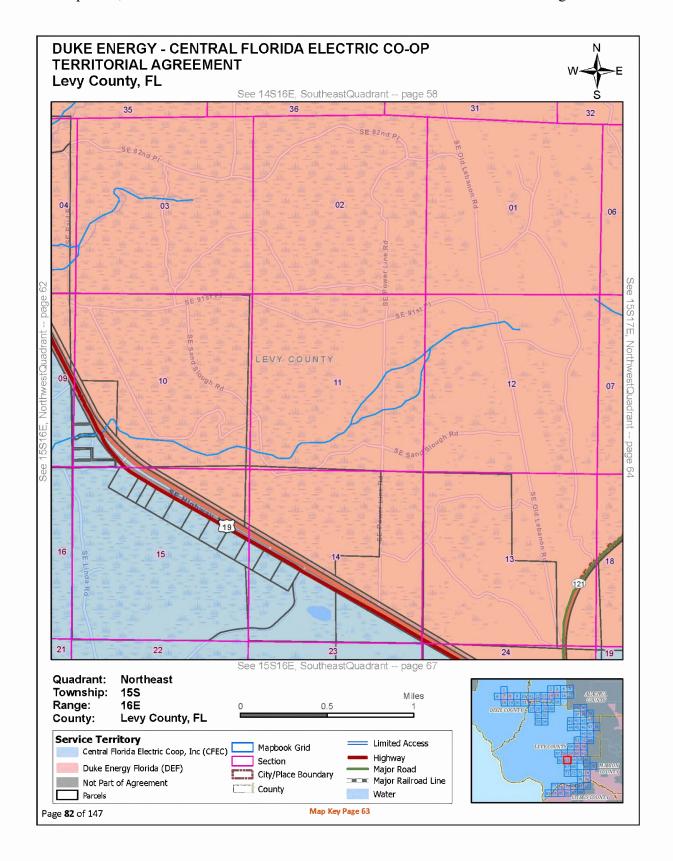


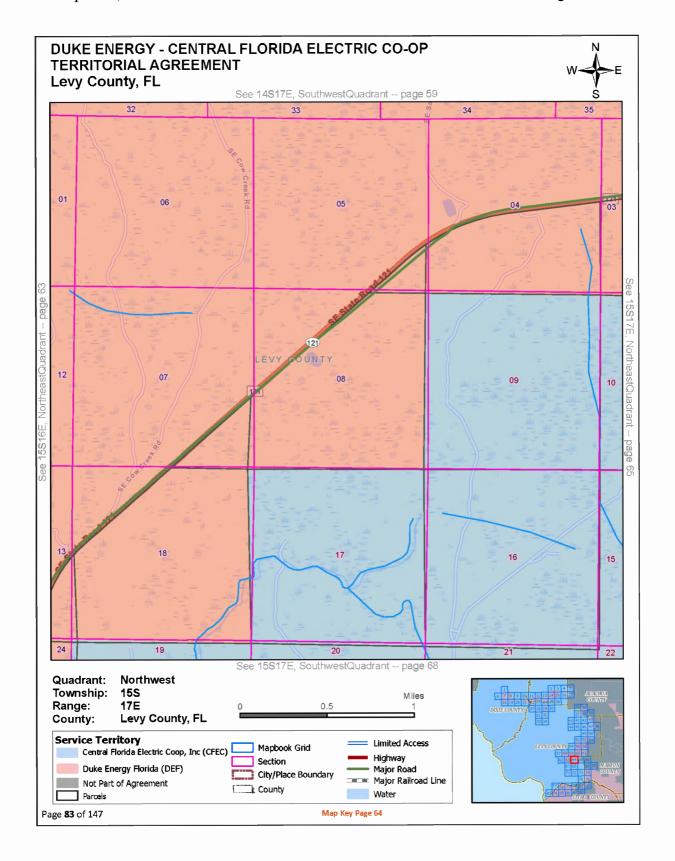


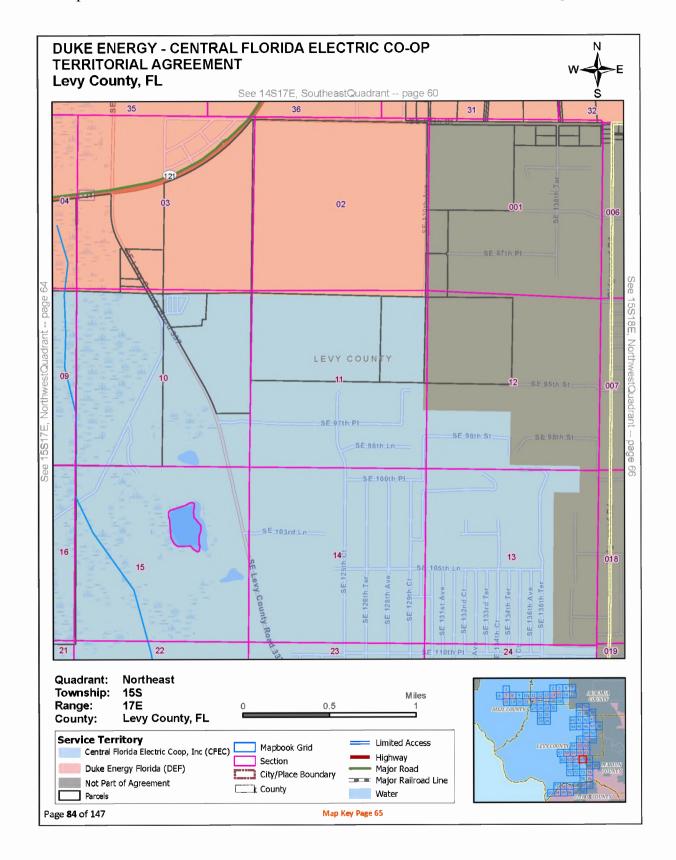


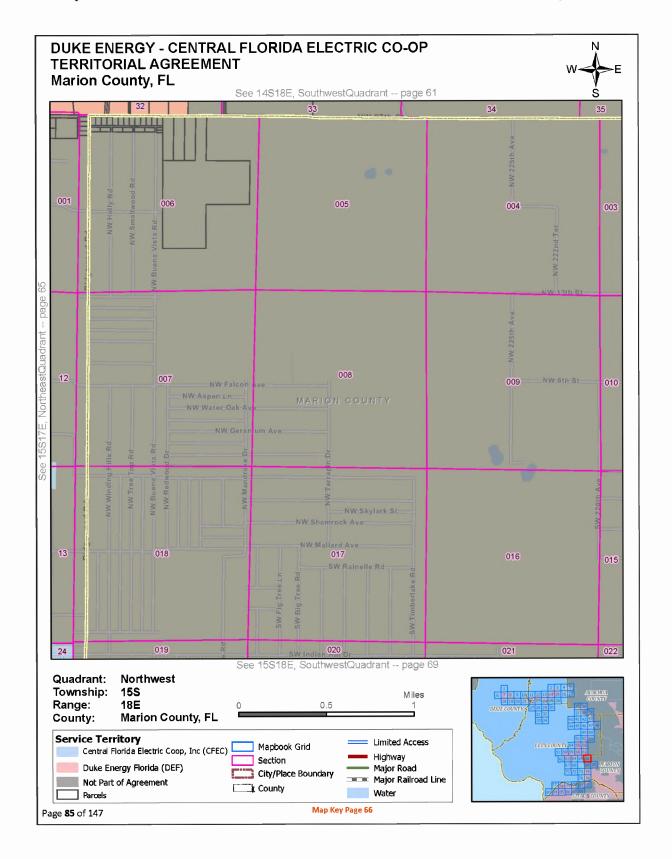


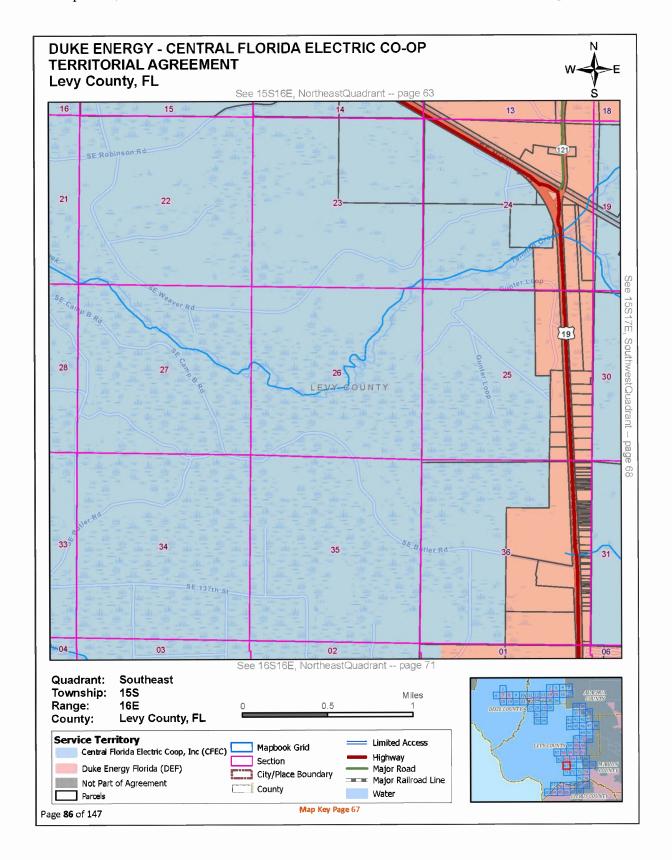


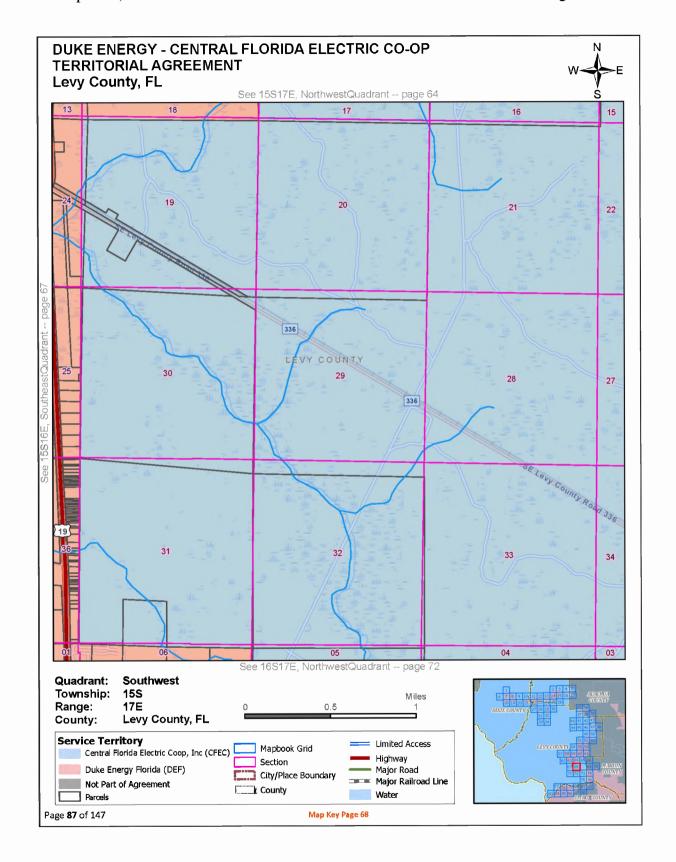


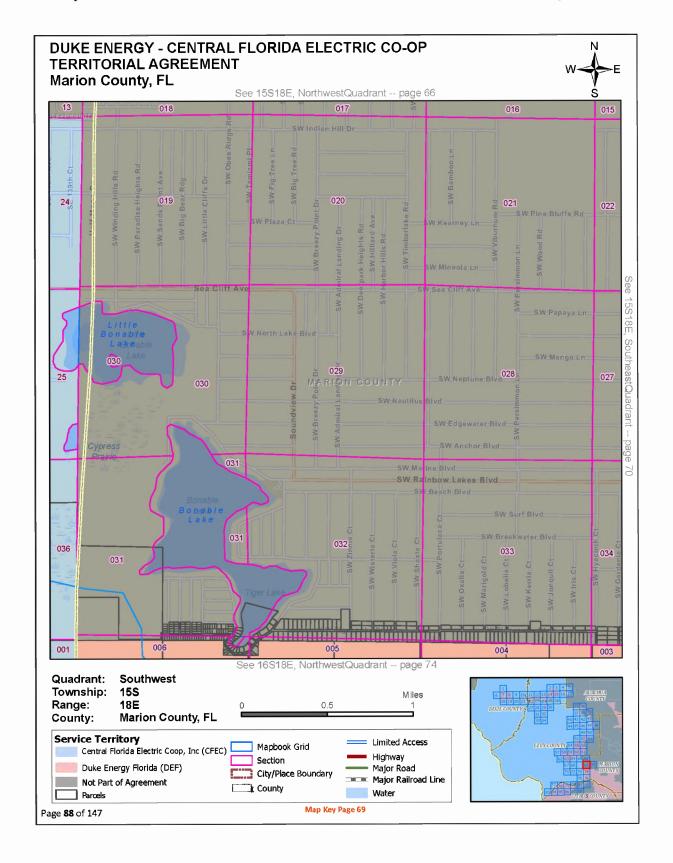


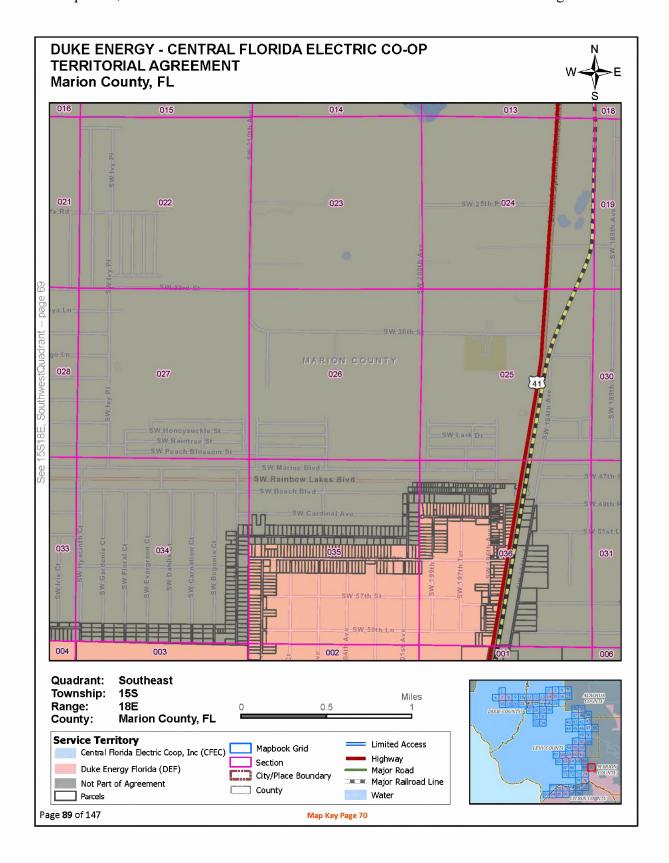


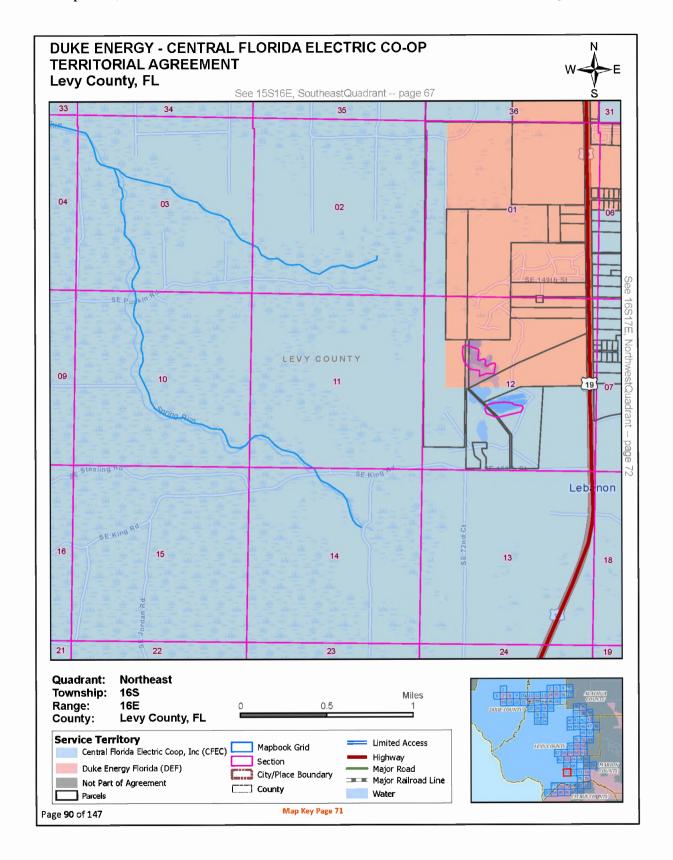


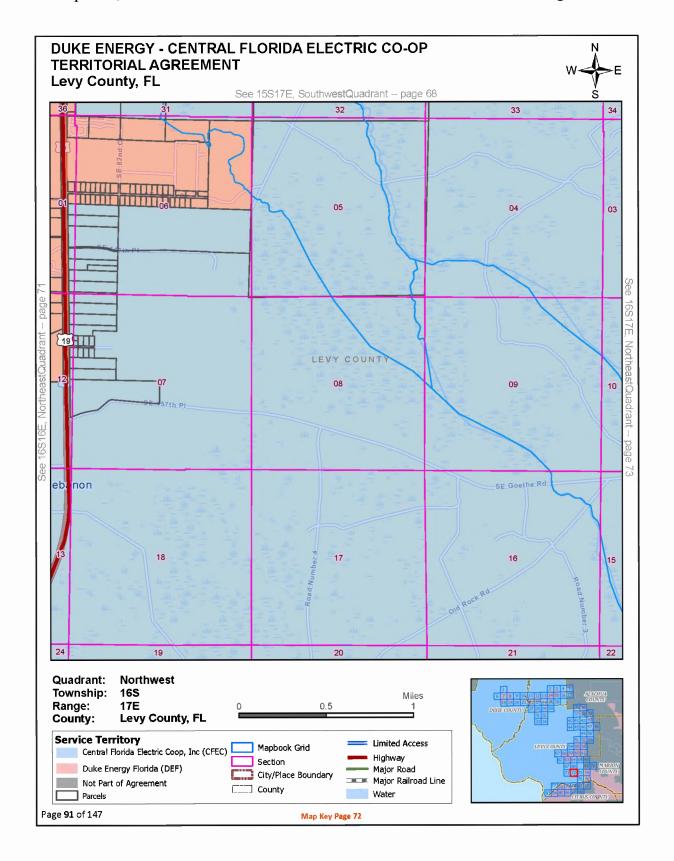


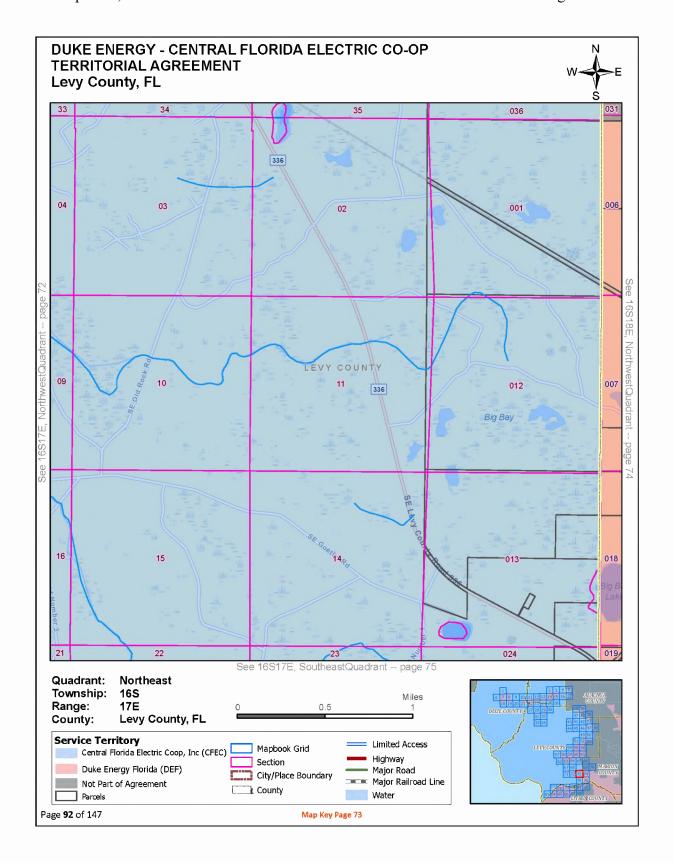


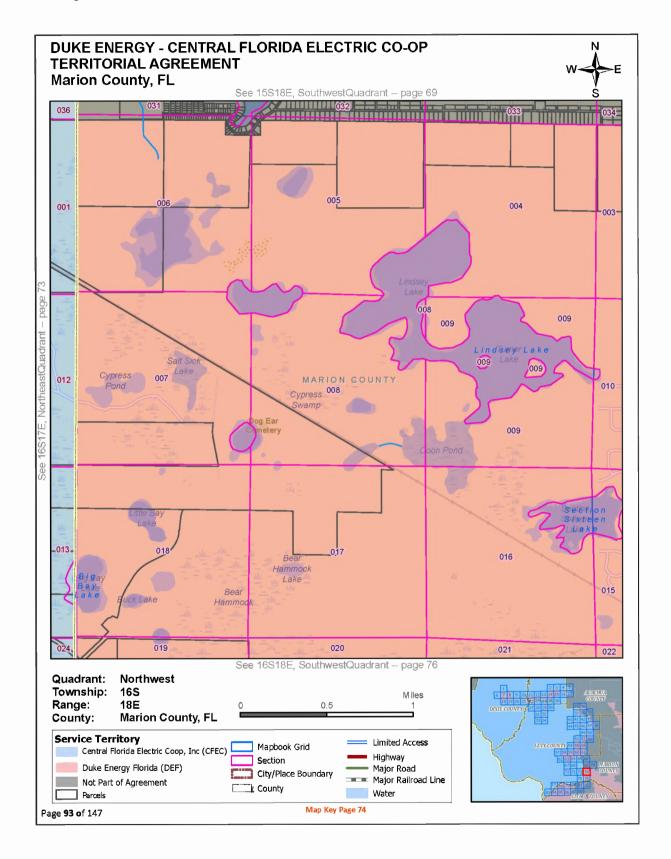


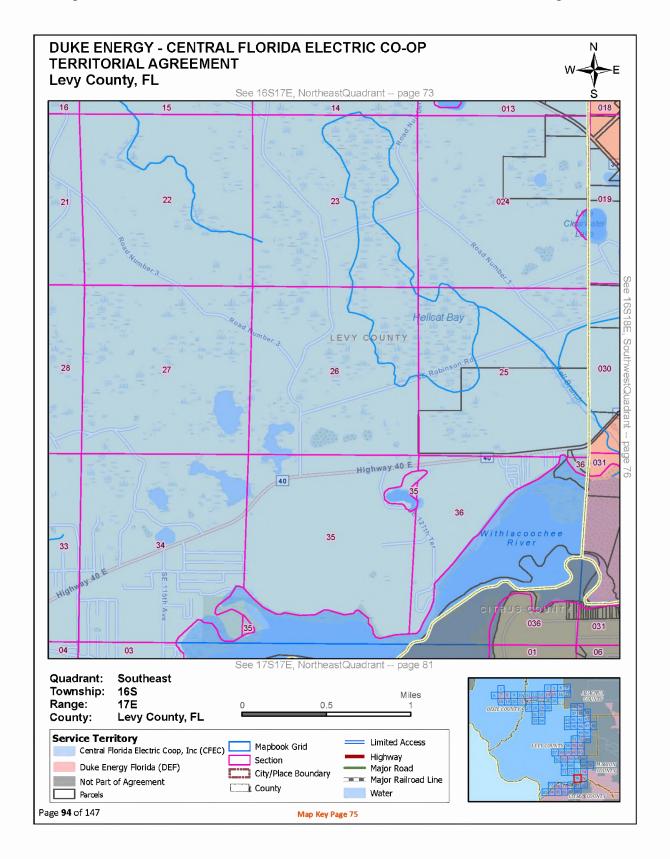


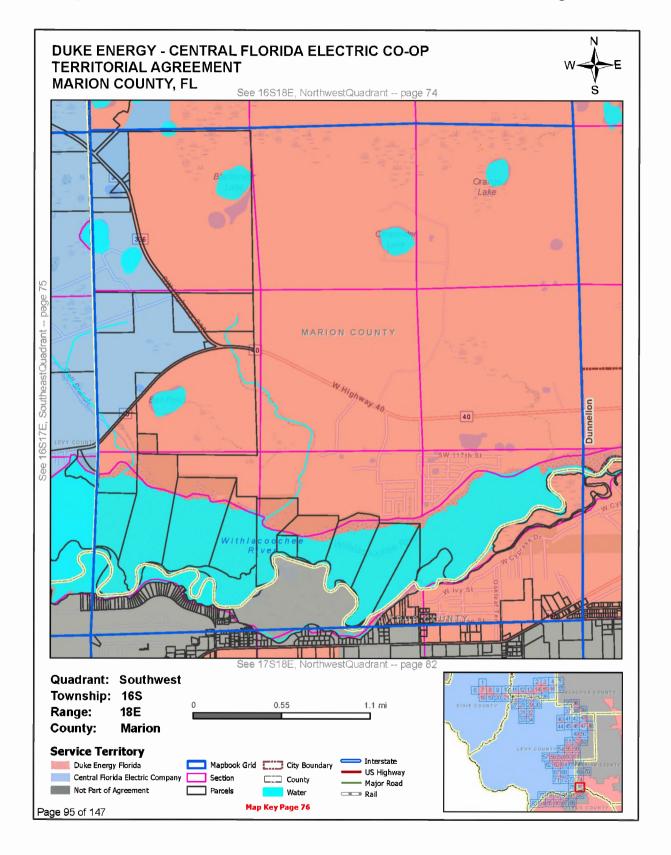


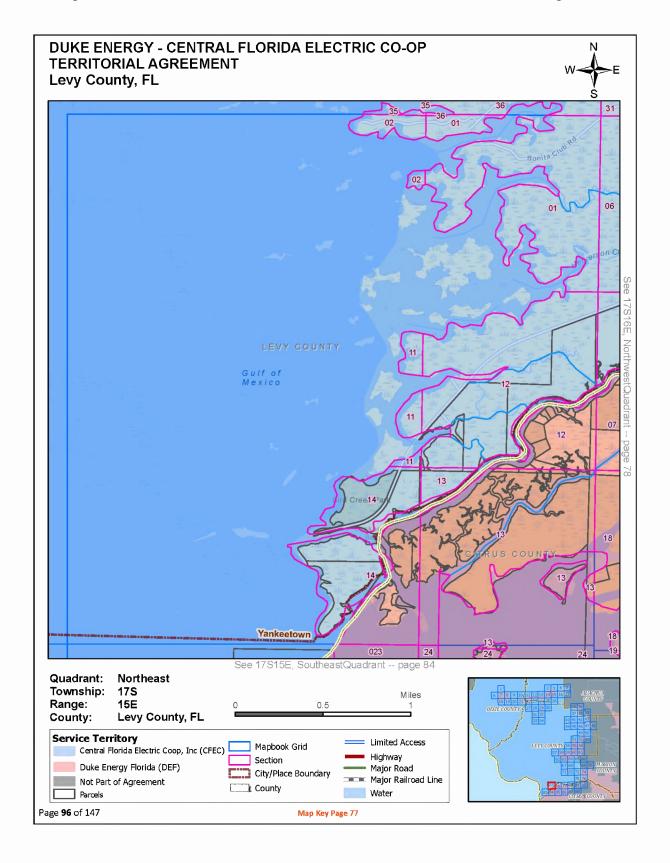


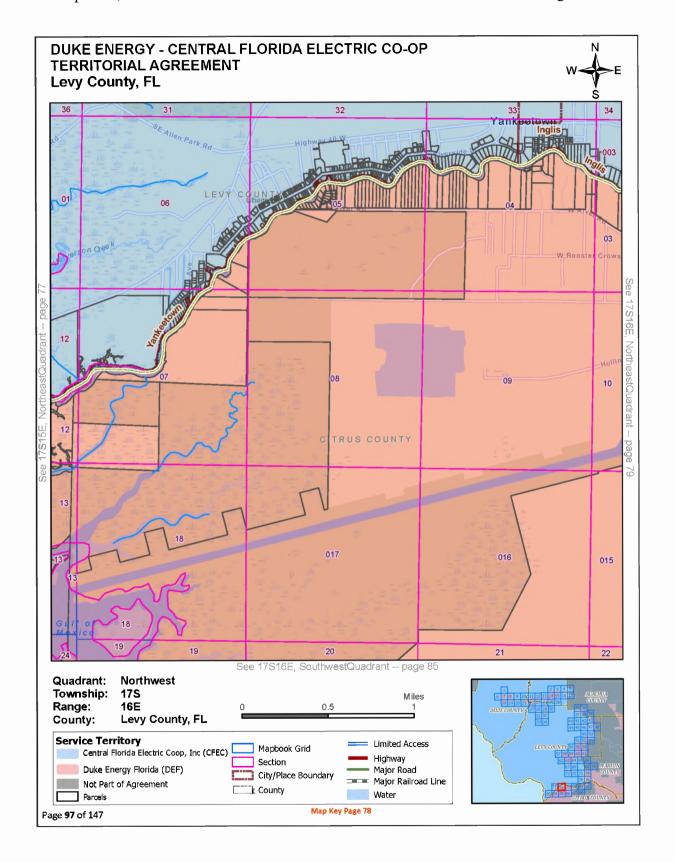


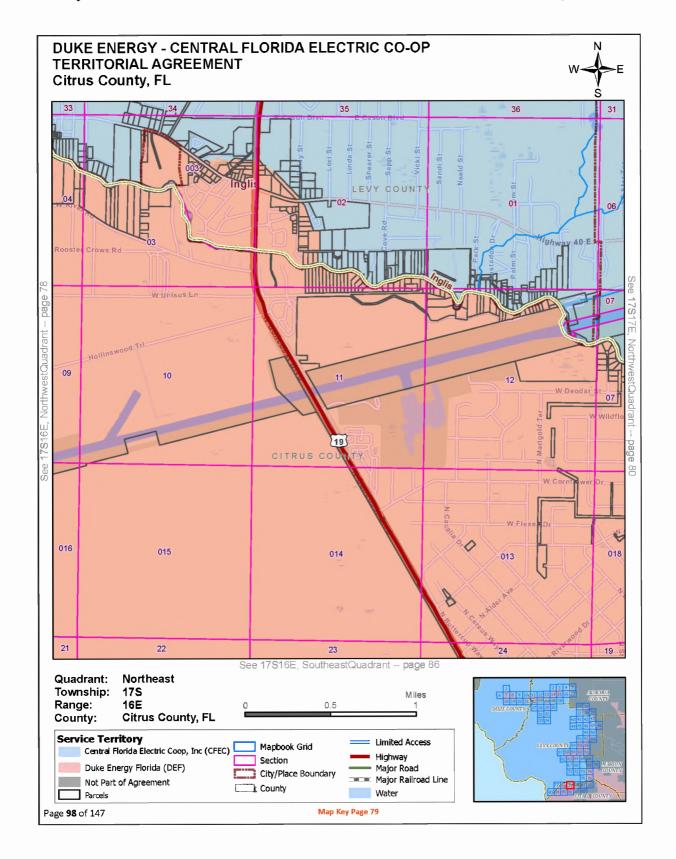


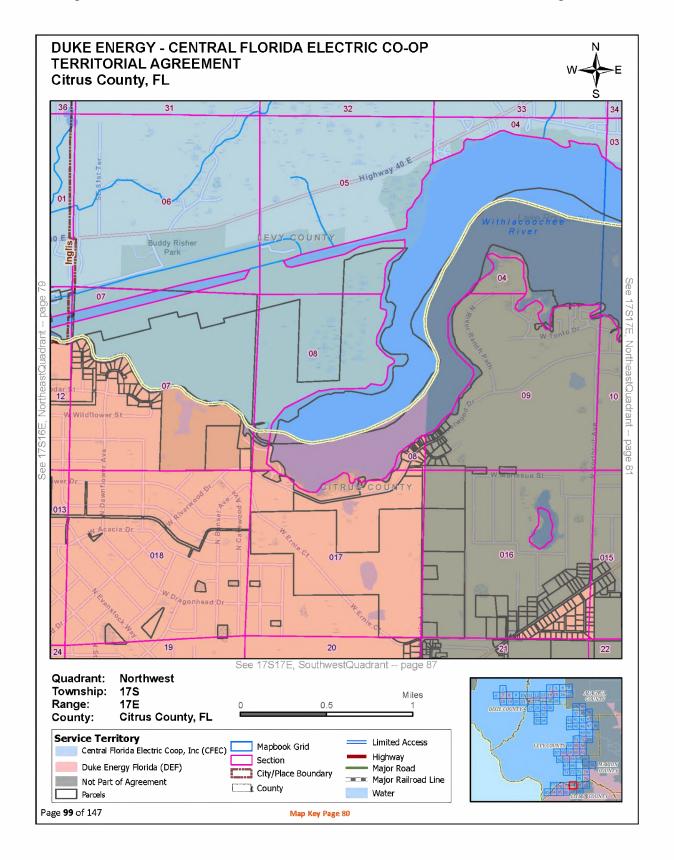


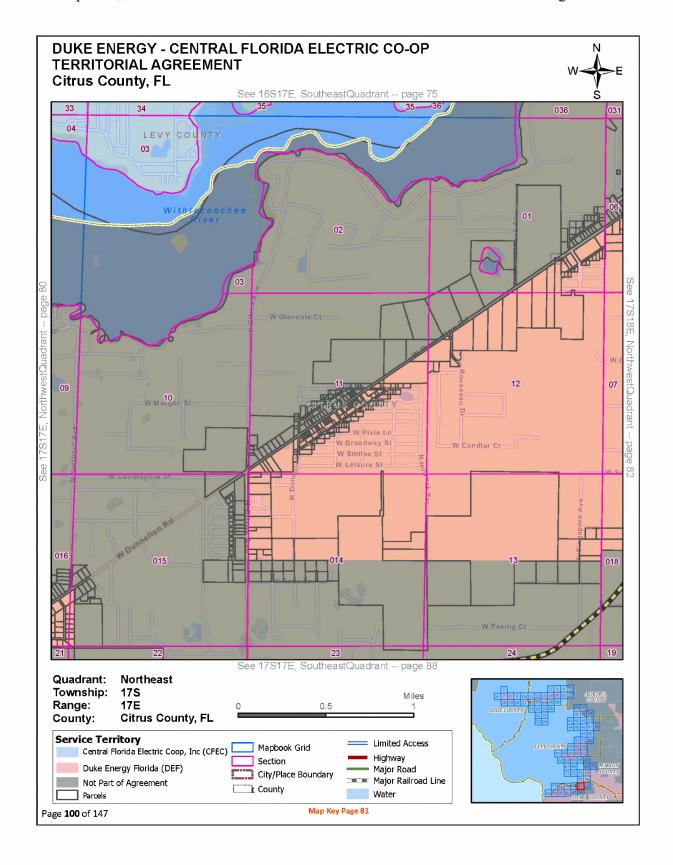


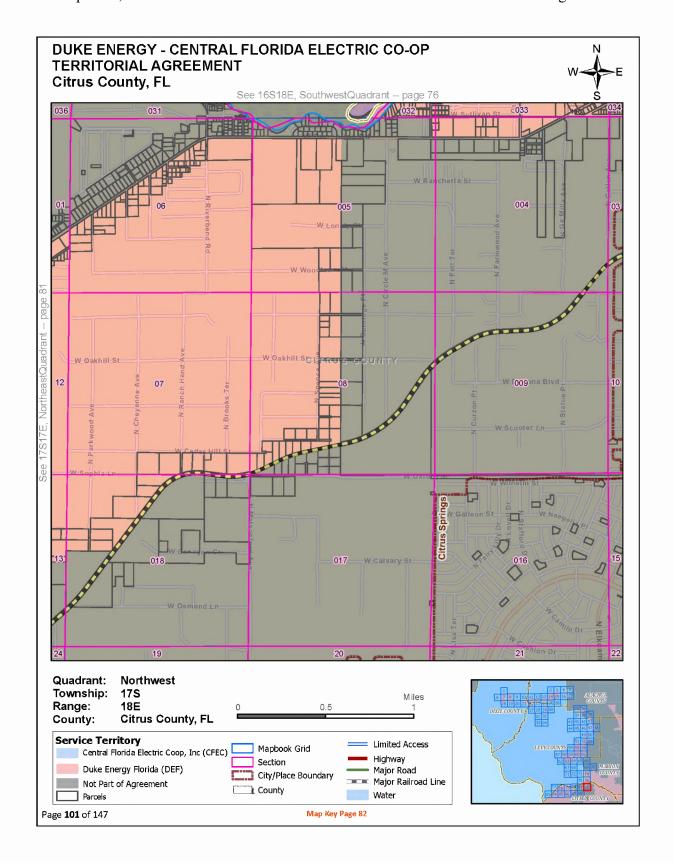


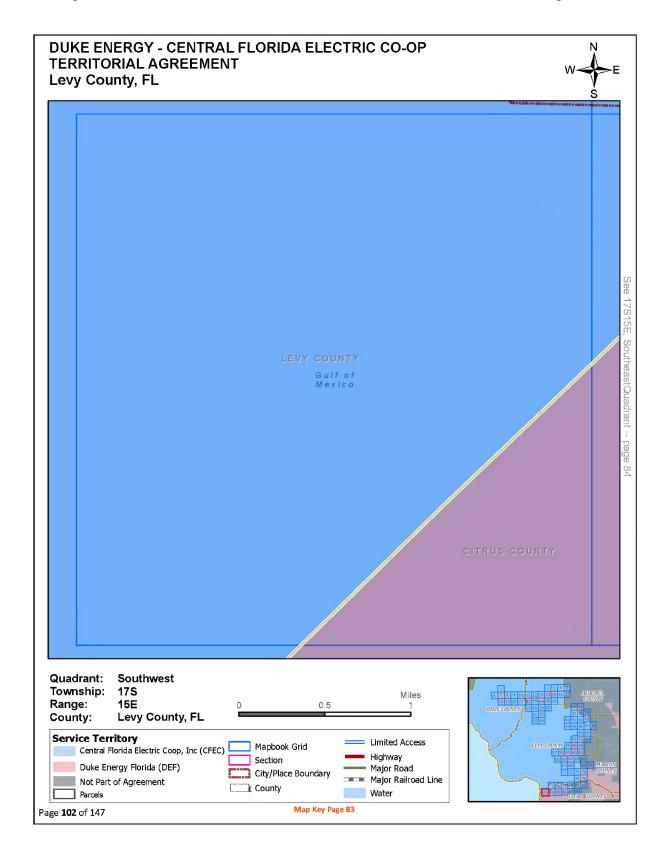


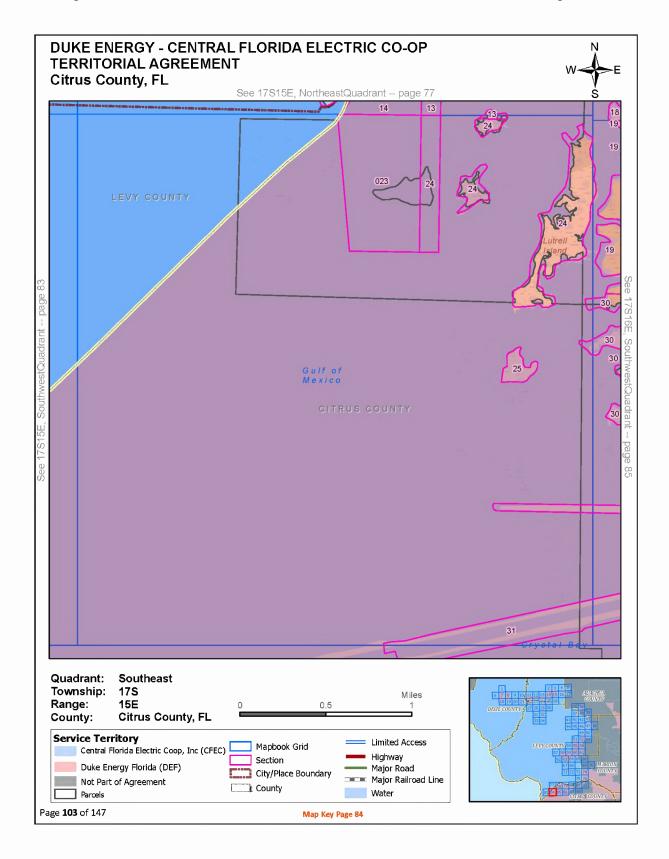


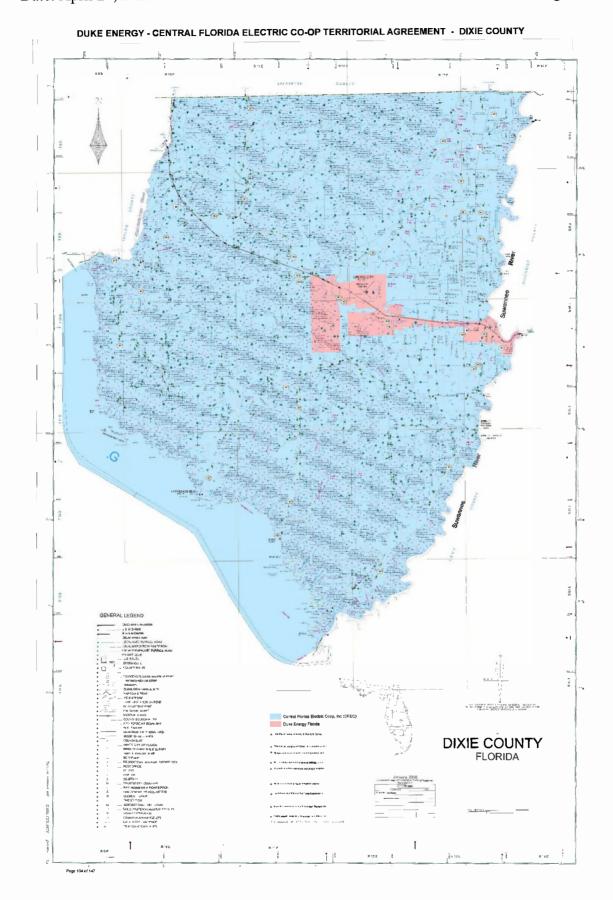


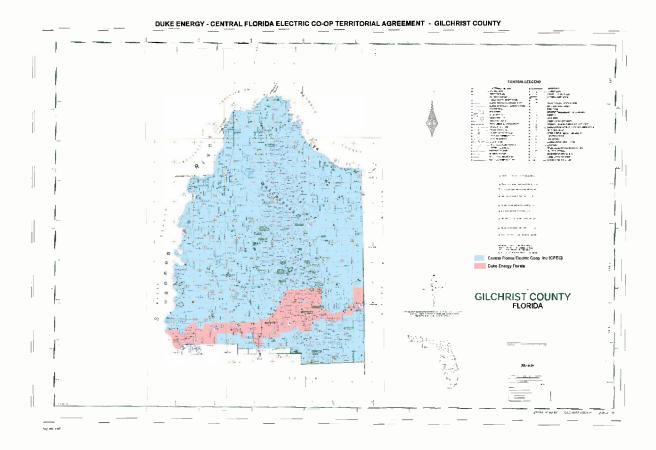








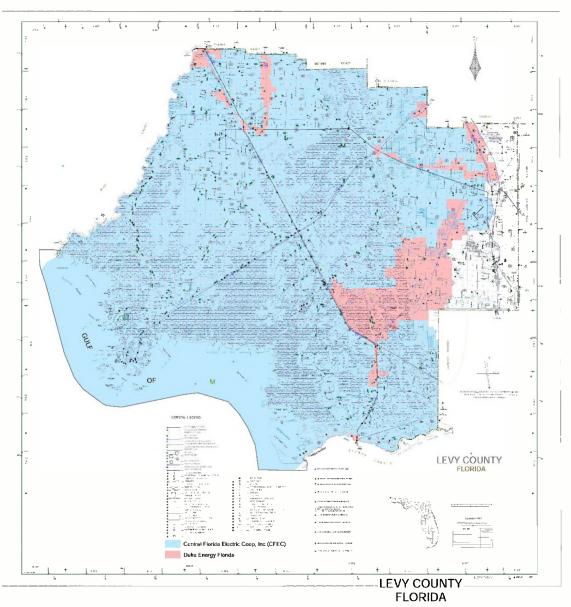




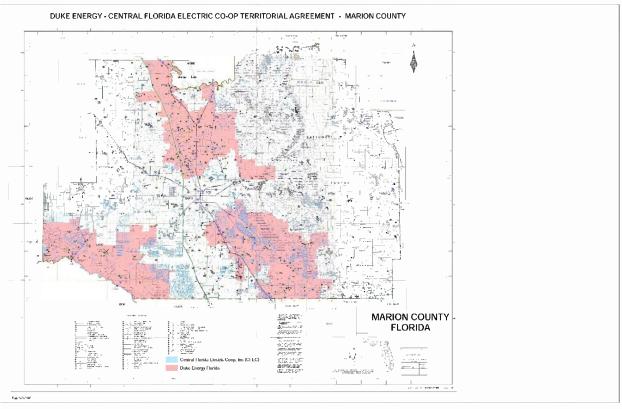
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DUKE ENERGY - CENTRAL FLORIDA ELECTRIC CO-OP TERRITORIAL AGREEMENT - LEVY COUNTY



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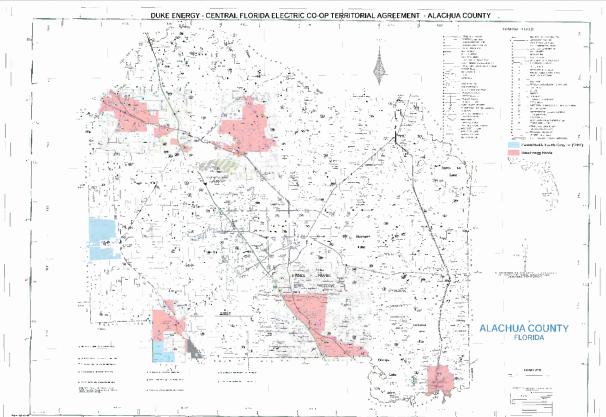


EXHIBIT B

EXTRA-TERRITORIAL CUSTOMERS SERVED BY DUKE ENERGY FLORIDA AND SUBJECT TO TRANSFER TO CENTRAL FLORIDA ELECTRIC COOPERATIVE

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EXHIBIT B

EXTRA-TERRITORIAL CUSTOMERS SERVED BY DUKE ENERGY AND SUBJECT TO TRANSFER TO CENTRAL FLORIDA ELECTRIC COOPERATIVE

| No. | Premise Address | Customer Type | County | Premise No. |
|-----|---|---------------|--------|-------------|
| 1 | 76 SE 35TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5205831286 |
| 2 | 30 SE 35TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5206682912 |
| 3 | 30 SE 35TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5205966324 |
| 4 | 326 NE 256 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5205495650 |
| 5 | 327 NE 256 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5205572995 |
| 6 | 1005 SE 10TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5205970940 |
| 7 | 815 SW 10TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5204952214 |
| 8 | 915 SW 10TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5206067378 |
| 9 | 289 NE 223RD AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 5206204976 |
| 10 | 146 SE 239TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5206471154 |
| 11 | 582 SE 242ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5204558353 |
| 12 | 616 SE 242ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5205514954 |
| 13 | 780 SE 242ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5205444861 |
| 14 | 188 SE 297TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5206656658 |
| 15 | 291 SE 697TH STREET, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206590304 |
| 16 | 22 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206130059 |
| 17 | 75 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5205837112 |
| 18 | 76 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206259226 |
| 19 | 108 SE 118TH AVENUE, OLD TOWN, FL 32680 | COMMERCIAL | DIXIE | 5205625033 |
| 20 | 131 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5205934629 |
| 21 | 157 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206790213 |
| 22 | 164 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206557006 |
| 23 | 184 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5205818228 |
| 24 | 187 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206424224 |
| 25 | 216 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206363230 |
| 26 | 217 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206038937 |
| 27 | 244 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5205887592 |
| 28 | 245 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5205392702 |
| 29 | 254 SE 118TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5206601388 |
| 30 | 1564 SE HIGHWAY 55A, OLD TOWN, FL 32680 | COMMERCIAL | DIXIE | 5206266196 |
| 31 | 17110 NW US HIGHWAY 19, FANNING SPRINGS, FL 32693 | RESIDENTIAL | LEVY | 580521857 |
| 32 | 17110 NW US HIGHWAY 19, FANNING SPRINGS, FL 32693 | COMMERCIAL | LEVY | 5205645301 |
| 33 | 250 FAIRGROUND AVENUE, BRONSON, FL 32621 | RESIDENTIAL | LEVY | 5206218268 |
| 34 | 290 FAIRGROUND AVENUE, BRONSON, FL 32621 | RESIDENTIAL | LEVY | 5206765151 |

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| 35 | 768 PENNSYL VANIA AVENUE, BRONSON, FL 32621 | RESIDENTIAL | LEVY | 5206364508 |
|----|---|-------------|------|------------|
| 36 | 14890 NE 57TH PLACE, WILLISTON, FL 32969 | RESIDENTIAL | LEVY | 5205476619 |
| 37 | 5750 NE 157TH TERRACE, WILLISTON, FL 32969 | RESIDENTIAL | LEVY | 5206281395 |
| 38 | 16451 NE 10TH STREET, WILLISTON, FL 32969 | RESIDENTIAL | LEVY | 5204857406 |
| 39 | 15050 NE 20TH STREET, WILLISTON, FL 32696 | RESIDENTIAL | LEVY | 5206367835 |
| 40 | 15130 NE 20TH STREET, WILLISTON, FL 32969 | RESIDENTIAL | LEVY | 5204832514 |
| 41 | 237 HIGHWAY 40 WEST, INGLIS, FL 34449 | RESIDENTIAL | LEVY | 5205794321 |
| 42 | 279 HIGHWAY 40 WEST, INGLIS, FL 34449 | COMMERCIAL | LEVY | 5205978419 |
| 43 | 1309 NW 14TH STREET, CHIEFLAND, FL 32626 | RESIDENTIAL | LEVY | 5205469801 |
| 44 | 1507 N YOUNG BLVD, CHIEFLAND, FL 32626 | COMMERCIAL | LEVY | 5206184795 |
| 45 | 1515 N YOUNG BLVD, CHIEFLAND, FL 32626 | COMMERCIAL | LEVY | 5206362773 |

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EXHIBIT C

EXTRA-TERRITORIAL CUSTOMERS SERVED BY CENTRAL FLORIDA ELECTRIC COOPERATIVE AND SUBJECT TO TRANSFER TO DUKE ENERGY FLORIDA

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EXHIBIT C

EXTRA-TERRITORIAL CUSTOMERS SERVED BY CENTRAL FLORIDA ELECTRIC COOPERATIVE AND SUBJECT TO TRANSFER TO DUKE ENERGY

| No. | 'Premise Address | Customer Type | County | Identifier |
|-----|--|---------------|--------|------------|
| 1 | 210 SE HIGHWAY 317, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 200015949 |
| 2 | 179 SE HIGHWAY 317, OLD TOWN, FL 32680 | COMMERCIAL | DIXIE | 582987756 |
| 3 | 250 SE HIGHWAY 317, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 990056855 |
| 4 | 281 SE HIGHWAY 317, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 203033287 |
| 5 | 379 SE HIGHWAY 317, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 827179987 |
| 6 | 228 SE HIGHWAY 317, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 10027562 |
| 7 | 160 SE 43RD AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 431180868 |
| 8 | 201 SE 43RD AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 204082523 |
| 9 | 38 SE 117TH AVENUE, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 208075747 |
| 10 | 688 SE 259TH STREET, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 4327354025 |
| 11 | 148 NE 508TH STREET, OLD TOWN, 32680 | RESIDENTIAL | DIXIE | 204002034 |
| 12 | 311 SE 633RD STREET, OLD TOWN, 32680 | RESIDENTIAL | DIXIE | 761596485 |
| 13 | 15007 NE HIGHWAY 19, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 5923758428 |
| 14 | 23636 SE HIGHWAY 19, OLD TOWN, FL 32680 | RESIDENTIAL | DIXIE | 10013728 |
| 15 | 14975 NW HIGHWAY 19, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 7316461347 |
| 16 | 15007 NW HIGHWAY 19, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 10027981 |
| 17 | 15079 NE HIGHWAY 19, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 10019108 |
| 18 | 15127 NW HIGHWAY 19, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10029358 |
| 19 | 18504 SE HIGHWAY 19, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10019415 |
| 20 | 18644 US HIGHWAY 19, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4116114127 |
| 21 | 566 NE HIGHWAY 351, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4644851133 |
| 22 | 588 NE HIGHWAY 351, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 142363324 |
| 23 | 624 NE HIGHWAY 351, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10021777 |
| 24 | 636 NE HIGHWAY 351 # 2, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10023149 |
| 25 | 636 NE HIGHWAY 351 # 3, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10001087 |
| 26 | 636 NE HIGHWAY 351 # 4, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10005353 |
| 27 | 636 NE HIGHWAY 351 # 5, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 206035529 |
| 28 | 636 NE HIGHWAY 351 # 6, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10001072 |
| 29 | 636 NE HIGHWAY 351 # 7, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10001202 |
| 30 | 636 NE HIGHWAY 351 # 9, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10008253 |
| 31 | 636 NE 351 Hwy # 10, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 205000185 |
| 32 | 136 SE 36 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 206036295 |
| 33 | 16 SE 38TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10027074 |
| 34 | 16 SE 38TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 970043188 |
| 35 | 25 SE 38TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10029031 |
| 36 | 25 SE 38TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10028856 |
| 37 | 55 SE 38TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10021833 |
| 38 | 60 SE 38TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10031966 |
| 39 | 60 SE 38TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10031967 |
| 40 | 97 SE 38 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5924738908 |
| 41 | 106 SE 38 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4190685505 |

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| 42 | 35 SE 43RD AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10033434 |
|----|---|-------------|-------|------------|
| 43 | 61 SE 43RD AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 2721266688 |
| 44 | 86 SE 43RD AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 980021174 |
| 45 | 93 SE 43 RD AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4461089262 |
| 46 | 124 SE 43RD AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10028342 |
| 47 | 137 SE 43RD AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 6912809586 |
| 48 | 201 SE 43RD AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4882525712 |
| 49 | 2 SE 45 th AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 980050934 |
| 50 | 15 SE 45TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10004042 |
| 51 | 59 SE 45 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 204088066 |
| 52 | 203 SE 45th AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 980020234 |
| 53 | 21 NE 50 STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 208000638 |
| 54 | 187 NE 50TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 960105583 |
| 55 | 79 SE 65TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10020739 |
| 56 | 81 SE 65 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10033482 |
| 57 | 83 SE 65 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 201020161 |
| 58 | 85 SE 65TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10033414 |
| 59 | 50 SE 74TH AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 10002364 |
| 60 | 50 SE 74TH AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 10005345 |
| 61 | 50 SE 74 TH AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 10002362 |
| 62 | 50 SE 74TH AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 10002363 |
| 63 | 95 SE 74TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10034080 |
| 64 | 119 SE 74 TH AVENUE #8, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 205104318 |
| 65 | 141 SE 74TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10032847 |
| 66 | 159 SE 74 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10032047 |
| 67 | 192 SE 74TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10005248 |
| 68 | 223 SE 74 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 2492406166 |
| 69 | 231 SE 74 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 2490201825 |
| 70 | 365 SE 74TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 161427778 |
| 71 | 372 SE 74TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10034037 |
| 72 | 321 NE 124 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4236546182 |
| 73 | 59 NE 132ND AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 205052087 |
| 74 | 190 NE 132ND AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 204104210 |
| 75 | 237 NE 132ND AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 205091127 |
| 76 | 257 NE 132ND AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 203111208 |
| 77 | 275 NE 132ND AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 205046600 |
| 78 | 299 NE 132ND AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 990063745 |
| 79 | 367 NE 132ND AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10005199 |
| 80 | 67 NE 139 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10003139 |
| 81 | 99 NE 139 STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10007085 |
| 82 | 114 NE 139TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10016607 |
| 83 | 77 NE 152 ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10033545 |
| 84 | 196 NE 152ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10033343 |
| 85 | 212 NE 152ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10029990 |
| 86 | 212 NE 152 - STREET, CROSS CIT 1, FL 32028 219 NE 152ND STREET, CROSS CIT Y, FL 32628 | RESIDENTIAL | DIXIE | 7337438241 |
| 87 | 228 NE 152ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10022423 |
| 88 | 269 NE 152ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 990004186 |
| 89 | 46 NE 157 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | + | 4384863249 |
| | 82 NE 162 ND STREET, CROSS CITY, FL 32628 | | DIXIE | |
| 90 | 62 NE 102 51 KEE1, CKOSS CH Y, FL 32028 | RESIDENTIAL | DIXIE | 5923623200 |

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| 91 | 110 NE 162 STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10005484 |
|-----|---|-------------------------|-------|------------|
| 92 | 126 NE 162ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 2034848156 |
| 93 | 153 NE 162ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 200072718 |
| 94 | 188 NE 162 ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10028294 |
| 95 | 200 NE 170TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10031620 |
| 96 | 216 NE 170TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 2859844512 |
| 97 | 216 NE 170 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 7037984361 |
| 98 | 61 NE 176 TH AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 201009644 |
| 99 | 61 NE 176TH AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 201009628 |
| 100 | 76 NE 186TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 950038307 |
| 101 | 150 NE 186 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 1423099611 |
| 102 | 15 NE 190TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 990081556 |
| 103 | 33 NE 190TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 200070712 |
| 104 | 651 NE 214 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10033339 |
| 105 | 230 NE 217TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 201046620 |
| 106 | 276 NE 217 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10016409 |
| 107 | 276 NE 217 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10010663 |
| 108 | 293 NE 217 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 3064084100 |
| 109 | 293 NE 217 AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 960108215 |
| 120 | 325 NE 217 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 950014183 |
| 121 | 342 NE 217 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10033591 |
| 122 | 104 NE 218TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 207002379 |
| 123 | 305 NE 222ND AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10008255 |
| 124 | 40 NE 240 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10021918 |
| 125 | 49 NE 240 TH AVENUE, CROSS CITY, FL 32628 | COMMERCIAL | DIXIE | 207014986 |
| 126 | 49 NE 240 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4887063529 |
| 127 | 60 NE 240 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10034025 |
| 128 | 88 NE 240 AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10007201 |
| 129 | 108 NE 240 TH AVENUE, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10006834 |
| 130 | 761 SE 242 ND STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 3794541809 |
| 131 | 104 NE 259 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 3557446642 |
| 132 | 104 NE 259 TREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 3557448473 |
| 133 | 190 NE 259 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 204011860 |
| 134 | 209 NE 259th STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 206092249 |
| 135 | 244 NE 259th STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10028475 |
| 136 | 322 NE 259 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5300170049 |
| 137 | 380 NE 259 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 5291988243 |
| 138 | 712 SE 259TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10002699 |
| 139 | 10 NE 277 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 7312074664 |
| 140 | 125 SE 277 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4025036171 |
| 141 | 118 SE 277TH ST, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10003015 |
| 142 | 188 SE 277 STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 4197263405 |
| 142 | 120 NE 279TH STREET, CROSS CITY, FL 32628 | | _ | |
| | 482 SE 289 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL RESIDENTIAL | DIXIE | 532188901 |
| 144 | | | DIXIE | 10020015 |
| 145 | 615 NE 289 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 205115140 |
| 146 | 100 SE 294TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10023983 |
| 147 | 219 SE 375TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 205029697 |
| 148 | 19 SE 411 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10029268 |
| 149 | 20 SE 411 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10029744 |

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| 150 | 40 SE 411TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 203076773 |
|----------|--|-------------------------|-----------|------------|
| \vdash | | | | |
| 151 | 60 SE 411 STREET, CROSS CITY, FL 32628 83 NE 411th STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10019156 |
| 152 | * | RESIDENTIAL | DIXIE | 10003742 |
| 153 | 124 SE 412 TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10031313 |
| 154 | INACTIVE 289 SE WARD STREET, CROSS CITY, FL 32628 | RESIDENTIAL RESIDENTIAL | DIXIE | 000056717 |
| 155 | 156 NE 162ND STREET, CROSS CITY, FL 32628 | | DIXIE | 980056717 |
| 156 | | RESIDENTIAL PUBLIC | DIXIE | 936816107 |
| 157 | 103 SE 45TH AVENUE, CROSS CITY, FL 32628 | AUTHORITIES | DIXIE | 200012730 |
| 158 | 563 SE 289TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10050074 |
| 159 | 125 SE 277TH STREET, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 10001021 |
| 160 | GENERAL DELIVERY, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 205050099 |
| 161 | 6172 SE 55A HIGHWAY, CROSS CITY, FL 32628 | RESIDENTIAL | DIXIE | 201027018 |
| 162 | 6650 SE 75 TH AVENUE, NEWBERRY, FL 32669 | COMMERCIAL | GILCHRIST | 4155536222 |
| 163 | 6650 SE 75 TH AVENUE, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 4155813431 |
| 164 | 6779 SE 83RD COURT, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 10033331 |
| 165 | 6819 SE 83 RD COURT, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 10033326 |
| 166 | 6900 SE 83RD COURT, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 4944267089 |
| 167 | 6930 SE 83 RD COURT, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 10007695 |
| 168 | 6939 SE 83RD COURT, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 201007945 |
| 169 | 6869 SE 83RD COURT, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 937911477 |
| 170 | 6940 SE 83RD COURT, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 205027519 |
| 171 | 6949 SE 90 TH AVENUE, NEWBERRY, FL 32669 | RESIDENTIAL | GILCHRIST | 4153081684 |
| 172 | 1002 SW 9TH AVENUE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 207055948 |
| 173 | 1108 SW 9 TH AVENUE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10028711 |
| 174 | 4740 SW SR 26, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 202086484 |
| 175 | 7179 SE SR 26, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 4146908142 |
| 176 | 7179 SE SR 26, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 10008771 |
| 177 | 4659 SW 80TH STREET, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 10002007 |
| 178 | 720 SW 85TH PLACE, TRENTON, FL, 32693 | | | 990019226 |
| 179 | 7040 SW 85TH PLACE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10004066 |
| 180 | 7049 SW 85TH PLACE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 1818970848 |
| 181 | 7180 SW 85TH PLACE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10018680 |
| 182 | 7210 SW 85TH PLACE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 980086631 |
| 183 | 7280 SW 85TH PLACE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10015098 |
| 184 | 7320 SW 85TH PLACE, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10015097 |
| 185 | 9239 S US HIGHWAY 129, TRENTON, FL, 32693 | PUBLIC AUTHORITIES | GILCHRIST | 207082884 |
| 186 | 9299 S US HIGHWAY 129, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 10031118 |
| 187 | 9419 S US HIGHWAY 129, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10020790 |
| 188 | 8169 SW CR 232, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 1618360042 |
| 189 | 8169 SW CR 232, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 10011234 |
| 190 | 8180 SW CR 232, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10024056 |
| 191 | 8230 SW CR 232, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 661311084 |
| 192 | 8260 SW CR 232, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 10015043 |
| 193 | 8279 SW CR 232, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 7790388768 |
| 194 | 8350 SW CR 232, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 960110401 |
| 195 | 8499 SW CR 232, TRENTON, FL, 32693 | RESIDENTIAL | GILCHRIST | 5669624503 |
| 196 | 8369 SW CR 313, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 205027931 |
| 197 | 8379 SW CR 313, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 10011961 |

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| 198 | 4949 SW SR 26, TRENTON, FL 32693 | COMMERCIAL | GILCHRIST | 10002266 |
|-----|--|-------------|-----------|-----------|
| 199 | 2604 SOUTH MAIN STREET, TRENTON, FL, 32693 | COMMERCIAL | GILCHRIST | 10029575 |
| 200 | 5960 NE 137TH TERRACE, WILLISTON, FL 32696 | RESIDENTIAL | GILCHRIST | 203055017 |
| 201 | 17732 NW 90TH TERRACE, FANNING SPRINGS, FL 32693 | RESIDENTIAL | LEVY | 10014235 |
| 202 | 17731 NW 90TH TERRACE, FANNING SPRINGS, FL 32693 | RESIDENTIAL | LEVY | 10034857 |
| 203 | 17750 NW 90TH COURT, FANNING SPRINGS, FL 32693 | RESIDENTIAL | LEVY | 203057849 |
| 204 | 9250 NW 177TH LANE, FANNING SPRINGS, FL 32693 | RESIDENTIAL | LEVY | 10032440 |
| 205 | 9210 NW 177TH LANE, TRENTON, FL 32693 | RESIDENTIAL | LEVY | 206089401 |
| 206 | 9270 NW 177TH LANE, FANNING SPRINGS, FL 32693 | RESIDENTIAL | LEVY | 206045486 |
| 207 | 9290 SW 177TH LANE, TRENTON, FL 32693 | RESIDENTIAL | LEVY | 203034483 |
| 208 | 1005 NW 18TH AVENUE, CHIEFLAND, FL 32626 | RESIDENTIAL | LEVY | 10010854 |
| 209 | 9651 NW 70TH STREET, CHIEFLAND, FL 32693 | RESIDENTIAL | LEVY | 205010812 |
| 210 | 1708 NORTH YOUNG BLVD, CHIEFLAND, FL 32626 | COMMERCIAL | LEVY | 10030449 |
| 211 | 818 NW 17TH AVENUE, CHIEFLAND, FL 32626 | COMMERCIAL | LEVY | 582952065 |
| | | | | |

EXHIBIT D

WRITTEN DESCRIPTIONS OF THE TERRITORIAL AREAS SERVED IN DIXIE, GILCHRIST, LEVY, MARION & ALACHUA COUNTIES

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| Map Page | County | Township/ Range | Section(s) | Description/Notes |
|-------------|-----------|--------------------|------------------------------------|---|
| 1 | Dixie | T9S, R12E | 19, 20, 21, 28, 29, 30, 31, 32, 33 | The entire section is served by CFEF. No areas are served by DEF. |
| 2 | Gilchrist | T9S, R15E | 22, 23, 24, 25, 26, 27, 34 | The entire section is served by CFEF. No areas are served by DEF. |
| 2 | Gilchrist | T9S, R15E | 35 | CFEC serves west of SR 47. DEF serves east of SR 47. |
| 2 | Gilchrist | T9S, R15E | 36 | The entire section is served by DEF. No areas are served by CFEF. |
| 3 | Gilchrist | T9S, R16E | 19, 20, 21, 28, 29, 30 | The entire section is served by CFEF. No areas are served by DEF. |
| 3 | Gilchrist | T9S, R16E | 31, 32 | The entire section is served by DEF. No areas are served by CFEF. |
| 3 | Gilchrist | T9S, R16E | 33 | The entire section is served by CFEF. No areas are served by DEF. |
| 4 | Gilchrist | T9S, R16E | 22, 23, 24, 25, 36, 27, 34, 35 | The entire section is served by CFEF. No areas are served by DEF. |
| 4 | Gilchrist | T9S, R16E | 36 | The entire section is served by DEF. No areas are served by CFEF. |
| 5 | Alachua | T9S, R17E | 19, 20, 21 | This section is Not Part of this Agreement. |
| 5 | Alachua | T9S, R17E | 28, 29, 30 | CFEC serves the entire section except for the areas that are Not Part of this Agreement. |
| 5 | Alachua | T9S, R17E | 31, 32 | The entire section is served by CFEF. No areas are served by DEF. |
| 5 | Alachua | T9S, R17E | 33 | CFEC serves the entire section except for the areas that are Not Part of this Agreement. |
| 6 | Dixie | T10S, R11E | 1, 2, 3, 10, 11, 12, 13, 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| 7 | Dixie | T10S, R12E | 4 | CFEC serves the northern half of the section except for the area served by DEF. DEF serves the southern half of the section except for the two parcels in the northwestern part of the southern section that are served by CFEC. DEF also serves seven parcels in the northeastern half of the section. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 7 | Dixie | T10S, R12E | 5 | CFEC serves the northwestern corner of the section. CFEC also serves southeast of NE 50 th Street and north of NE 223 rd Avenue in the northeastern corner of the section. DEF serves the remainder of the section. |
|---|-------|------------|--------------|--|
| 7 | Dixie | T10S, R12E | 6 | CFEC serves north of US 19. DEF serves south of US 19. |
| 7 | Dixie | T10S, R12E | 7 | The entire section is served by DEF. No areas are served by CFEF. |
| 7 | Dixie | T10S, R12E | 8 | DEF serves the entire section except where CFEC serves adjacent to the eastern section line. CFEC serves east and west of SW 10 th Street adjacent to the eastern section line in the southeastern corner of the section. |
| 7 | Dixie | T10S, R12E | 9 | DEF serves the entire section except where CFEC serves in the southern half of the southern half of the section. CFEC serves ten parcels east of US 19 in the southwestern corner of the section. CFEC also served fourteen parcels in the southeastern corner of the section. |
| 7 | Dixie | T10S, R12E | 16 | CFEC serves the western half of the section. CFEC also serves the northeastern half of the section. DEF serves the southeastern half of the section. |
| 7 | Dixie | T10S, R12E | 17 | DEF serves the entire section except for the parcels in the northeastern corner of the section that are served by CFEC. |
| 7 | Dixie | T10S, R12E | 18 | The entire section is served by DEF. No areas are served by CFEF. |
| 8 | Dixie | T10S, R12E | 1 | The entire section is served by CFEF. No areas are served by DEF. |
| 8 | Dixie | T10S, R12E | 2, 3, 10, 11 | The entire section is served by DEF. No areas are served by CFEF. |
| 8 | Dixie | T10S, R12E | 12 | The entire section is served by CFEF. No areas are served by DEF. |
| 8 | Dixie | T10S, R12E | 13 | DEF serves the entire section except for the five parcels adjacent to the western section line that are served by CFEC. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| Dixie Dixie Dixie Dixie Dixie | T10S, R12E T10S, R12E T10S, R13E T10S, R13E T10S, R13E T10S, R13E | 14 15 4, 5, 6, 7, 8, 9, 16 17, 18 1, 2, 3, 10, 11, 12 | DEF serves the entire section except for the fourteen parcels in the northwestern quarter of the section that are served by CFEC. DEF serves the northern half of the northern half of the section. DEF also serves the southern half of the section. CFEC serves the southern half of the northern half of the section. The entire section is served by CFEF. No areas are served by DEF. CFEC serves north of US 19. DEF serves south of US 19. The entire section is served by CFEF. No areas are served by DEF. CFEC serves the entire section that is north of the railroad line that is in Dixie county. CFEC also serves the |
|-----------------------------------|---|---|--|
| Dixie Dixie Dixie | T10S, R13E T10S, R13E T10S, R13E | 4, 5, 6, 7, 8, 9, 16 17, 18 1, 2, 3, 10, 11, 12 | section. CFEC serves the southern half of the northern half of the section. The entire section is served by CFEF. No areas are served by DEF. CFEC serves north of US 19. DEF serves south of US 19. The entire section is served by CFEF. No areas are served by DEF. |
| Dixie Dixie | T10S, R13E | 17, 18 | CFEC serves north of US 19. DEF serves south of US 19. The entire section is served by CFEF. No areas are served by DEF. |
| Dixie | T10S, R13E | 1, 2, 3, 10, 11, 12 | The entire section is served by CFEF. No areas are served by DEF. |
| | , | | |
| Dixie | T10S, R13E | 13 | CEEC serves the entire section that is porth of the reilroad line that is in Divis county. CEEC also serves the |
| | | | entire section north of the railroad line that is in Gilchrist county, except for the parcel adjacent to the railroad line that is served by DEF. DEF also serves south of the railroad line in Dixie county. |
| Dixie | T10S, R13E | 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| Gilchrist | T10S, R14E | 4, 5, 6, 7, 8, 9 | The entire section is served by CFEF. No areas are served by DEF. |
| Silchrist | T10S, R14E | 16 | DEF serves one parcel adjacent to the western section line in the northern half of the section. DEF also serves five parcels adjacent to the eastern section line in the northern half of the section. DEF also serves the southern half of the section. CFEC serves eleven parcels in the northern half of the section. |
| Gilchrist | T10S, R14E | 17 | The entire section is served by DEF except for the five parcels in the northern half of the section that are served by CFEC. |
| Gilchrist | T10S, R14E | 18 | CFEC serves the northern half of the section. CFEC also serves the southeastern half of the section. DEF serves the southwestern half of the section. |
| Gilchrist | T10S, R14E | 1, 2, 3, 10, 11, 12 | The entire section is served by CFEF. No areas are served by DEF. |
| | T10S, R14E | 13, 14 | The entire section is served by DEF. No areas are served by CFEF. |
| 3 | ilchrist ilchrist | ilchrist T10S, R14E ilchrist T10S, R14E ilchrist T10S, R14E | ilchrist T10S, R14E 17 ilchrist T10S, R14E 18 ilchrist T10S, R14E 1, 2, 3, 10, 11, 12 |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| 12 | Gilchrist | T10S, R14E | 13, 14 | The entire section is served by DEF except for the two parcels adjacent to the northern section line that are served by CFEC. |
|----|-----------|------------|--------------|---|
| 13 | Gilchrist | T10S, R15E | 4, 5, 6, 7 8 | The entire section is served by CFEF. No areas are served by DEF. |
| 13 | Gilchrist | T10S, R15E | 9 | CFEC serves the northern half of the section as well as the northern half of the southern half of the section, except where DEF serves. DEF serves the southern half of the southern half of the section. DEF also serves south of SR 47. |
| 13 | Gilchrist | T10S, R15E | 16, 17, 18 | The entire section is served by DEF. No areas are served by CFEF. |
| 14 | Gilchrist | T10S, R15E | 1 | The entire section is served by DEF. No areas are served by CFEF. |
| 14 | Gilchrist | T10S, R15E | 2 | CFEC serves north of SR 47. DEF serves south of SR 47. |
| 14 | Gilchrist | T10S, R15E | 3 | CFEC serves north of SR 47. CFEC also serves three parcels south of SR 47. DEF serves four parcels south of SR 47. |
| 14 | Gilchrist | T10S, R15E | 10 | CFEC serves north of SR 47 as well as one parcel adjacent to the south side of SR 47. DEF serves the entire section except where CFEC serves. |
| 14 | Gilchrist | T10S, R15E | 11, 12 | The entire section is served by DEF. No areas are served by CFEF. |
| 14 | Gilchrist | T10S, R15E | 13 | CFEC serves four parcels in the southern half of the section. DEF serves the entire section except where CFEC serves. |
| 14 | Gilchrist | T10S, R15E | 14, 15 | The entire section is served by DEF. No areas are served by CFEF. |
| 15 | Gilchrist | T10S, R16E | 4 | The entire section is served by CFEF. No areas are served by DEF. |
| 15 | Gilchrist | T10S, R16E | 5 | The entire section is served by DEF. No areas are served by CFEF. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| 15 | Gilchrist | T10S, R16E | 6 | The entire section is served by DEF except for the one parcel that is served by CFEC. |
|----|-----------|------------|----------------|--|
| 15 | Gilchrist | T10S, R16E | 7 | The entire section is served by DEF. No areas are served by CFEF. |
| 15 | Gilchrist | T10S, R16E | 8 | The entire section is served by DEF except for the three parcels adjacent to the north-eastern section line and the two parcels adjacent to the south-western that are served by CFEC. |
| 15 | Gilchrist | T10S, R16E | 16, 17 | The entire section is served by CFEF. No areas are served by DEF. |
| 15 | Gilchrist | T10S, R16E | 18 | The entire section is served by DEF. No areas are served by CFEF. |
| 16 | Gilchrist | T10S, R16E | 1 | The entire section is served by DEF except for the two parcels in the southeast corner that are served by CFEC. |
| 16 | Gilchrist | T10S, R16E | 2 | CFEC serves the entire section except for the large parcel in the southwestern quarter of the section that is served by DEF. |
| 16 | Gilchrist | T10S, R16E | 3 | The entire section is served by CFEF. No areas are served by DEF. |
| 16 | Gilchrist | T10S, R16E | 10 | CFEC serves north of SR 26. CFEC also serves one parcel south of SR 26. DEF serves south of SR 26 except for the parcel served by CFEC. |
| 16 | Gilchrist | T10S, R16E | 11 | DEF serves the northern half of the section. CFEC serves the southern half of the section. |
| 16 | Gilchrist | T10S, R16E | 12, 13, 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| 17 | Alachua | T10S, R17E | 4 | This section is Not Part of this Agreement. |
| 17 | Alachua | T10S, R17E | 5, 6, 7 | CFEC serves the entire section except for the areas that are Not Part of this Agreement. |
| 17 | Alachua | T10S, R17E | 8 | The entire section is served by CFEF. No areas are served by DEF. |
| | | | | |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| 17 | Alachua | T10S, R17E | 9 | CFEC serves the entire section except for the areas that are Not Part of this Agreement. |
|----|---------|------------|------------------------|---|
| 17 | Alachua | T10S, R17E | 16, 17, 18 | This section is Not Part of this Agreement. |
| 18 | Dixie | T10S, R12E | 19, 20 | The entire section is served by DEF. No areas are served by CFEF. |
| 18 | Dixie | T10S, R12E | 21 | CFEC serves the western half of the section. DEF serves the eastern half of the section. |
| 18 | Dixie | T10S, R12E | 28 | The entire section is served by CFEF. No areas are served by DEF. |
| 18 | Dixie | T10S, R12E | 29 | DEF serves the entire section except for the area adjacent to the eastern section line that is served by CFEC. |
| 18 | Dixie | T10S, R12E | 30 | The entire section is served by DEF. No areas are served by CFEF. |
| 18 | Dixie | T10S, R12E | 31, 32, 33 | The entire section is served by CFEF. No areas are served by DEF. |
| 19 | Dixie | T10S, R12E | 22, 23 | The entire section is served by DEF. No areas are served by CFEF. |
| 19 | Dixie | T10S, R12E | 24 | DEF serves the entire section except for the two parcels in the southwestern quarter that are served by CFEC. |
| 19 | Dixie | T10S, R12E | 25, 26, 27, 34, 35, 36 | The entire section is served by CFEF. No areas are served by DEF. |
| 20 | Dixie | T10S, R13E | 19 | DEF serves the northern half of the section. CFEC serves the southern half of the section and one parcel in the northeastern half of the section. |
| 20 | Dixie | T10S, R13E | 20 | CFEC serves north of US 19. CFEC also serves five parcels in the northern half of the section and one large parcel that is both the northern and southern halves of the section. DEF serves the northern half of the section except for the area north of US 19 and the railroad line that is served by CFEC. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| 20 | Dixie | T10S, R13E | 21 | CFEC serves north of US 19. CFEC also serves the southern half of the section. DEF serves the northern half of the section south of US 19. |
|----|-------|------------|------------------------|--|
| 20 | Dixie | T10S, R13E | 28, 29, 30, 31, 32, 33 | The entire section is served by CFEF. No areas are served by DEF. |
| 21 | Dixie | T10S, R13E | 22 | CFEC serves north of the railroad line. CFEC also serves the southern half of the northern half of the section. CFEC also serves the southern half of the section. DEF serves the parcels adjacent to the northern side of SR 19 and south of the railroad line. DEF also serves the parcels adjacent to the south side of SR 19. |
| 21 | Dixie | T10S, R13E | 23, 24 | CFEC serves north of the railroad line. DEF serves the remainder of the section. |
| 21 | Dixie | T10S, R13E | 25 | DEF serves the northern half of the section and eight parcels in the southern half of the section. CFEC serves the southern half of the section. CFEC also serves three parcels adjacent to the western section line in the northern half of the section. |
| 21 | Dixie | T10S, R13E | 26 | DEF serves the northern half of the section. CFEC serves the southern half of the section. |
| 21 | Dixie | T10S, R13E | 27, 34, 35, 36 | The entire section is served by CFEF. No areas are served by DEF. |
| 22 | Levy | T10S, R14E | 19, 20, 21 | The entire section is served by DEF. No areas are served by CFEF. |
| 22 | Levy | T10S, R14E | 28 | DEF serves the northern half of the section. DEF also serves one parcel south of the railroad line. CFEC serves the southern half of the section. |
| 22 | Levy | T105, R14E | 29 | DEF serves west of the railroad line. DEF also serves @twenty-six parcels adjacent to the eastern side of the railroad line in the eastern half of the section. CFEC serves @sixteen parcels east of the railroad line. |
| 22 | Levy | T10S, R14E | 30 | DEF serves the entire section except for the two parcels in the southwestern corner of the section that are served by CFEC. |
| 22 | Levy | T10S, R14E | 31 | DEF serves the northern half of the section that is within Dixie county. DEF also serves the northern half as well as the northern half of the southern half in Levy county. CFEC serves the southern half of the northern half as well as the southern half of the section that is in Dixie county. CFEC also serves the southern half of the southern h |

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| 22 | Levy | T10S, R14E | 32 | DEF serves the northern half of the section. DEF also serves the northern half of the southern half of the section. CFEC serves the southern half of the southern section. |
|----|-----------|------------|----------------|---|
| 22 | Levy | T10S, R14E | 33 | DEF serves west of the railroad line except for the five parcels in the southwestern quarter of the section that are served by CFEC. CFEC also serves the entire section east of the railroad line. |
| 23 | Levy | T10S, R14E | 22 | The entire section is served by DEF. No areas are served by CFEF. |
| 23 | Levy | T10S, R14E | 23, 24, 25, 26 | The entire section is served by CFEF. No areas are served by DEF. |
| 23 | Levy | T10S, R14E | 27 | DEF serves the western half of the section. DEF also serves two parcels adjacent to the northern section line in the eastern half of the section. CFEC serves the western half of the section except for the two parcels which are served by DEF. |
| 23 | Levy | T10S, R14E | 34, 35, 36 | The entire section is served by CFEF. No areas are served by DEF. |
| 24 | Gilchrist | T10S, R15E | 19 | DEF serves two parcels in the northern half of the section. CFEC serves the remainder of the section. |
| 24 | Gilchrist | T10S, R15E | 20 | CFEC serves the western half of the section. DEF serves the eastern half of the section. |
| 24 | Gilchrist | T10S, R15E | 21 | DEF serves the northern half of the section. DEF also serves the southwestern half of the section. CFEC serves the southern half of the section except for the area served by DEF. CFEC also serves one parcel in the northern half of the section. |
| 24 | Gilchrist | T10S, R15E | 28 | DEF serves the northwestern half of the section. DEF also serves five parcels adjacent to the western section line that are served by DEF. CFEC serves the entire section except for where DEF serves. |
| 24 | Gilchrist | T10S, R15E | 29 | CFEC serves the western half of the section. CFEC also serves the western half of the northeastern half of the section. DEF serves the eastern half of the northeastern half of the section. DEF also serves the southeastern half of the section. |
| 24 | Gilchrist | T10S, R15E | 30, 31 | The entire section is served by CFEF. No areas are served by DEF. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 24 | Gilchrist | T10S, R15E | 32 | CFEC serves the western half of the section as well as one parcel adjacent to the northern section line in the eastern half of the section. DEF serves the eastern half of the section except for the one parcel that is served by CFEC. |
|----|-----------|------------|---------------------------------------|--|
| 24 | Gilchrist | T10S, R15E | 33 | DEF serves the western half of the section except for one parcel that is serves by CFEC adjacent to the northern section line. CFEC serves the eastern half of the section. |
| 25 | Gilchrist | T10S, R15E | 22 | DEF serves the northern half of the section. CFEC serves the southern half of the section. |
| 25 | Gilchrist | T10S, R15E | 23, 24, 25, 26, 27, 34, 35, 36 | The entire section is served by CFEF. No areas are served by DEF. |
| 26 | Gilchrist | T10S, R16E | 19, 20, 21, 28, 29, 30, 31, 32, 33 | The entire section is served by CFEF. No areas are served by DEF. |
| 27 | Levy | T11S, R14E | 4 | CFEC serves the entire section except for the thirteen parcels adjacent to the west side of the railroad line that are served by DEF. |
| 27 | Levy | T11S, R14E | 5, 6, 7, 8, 9 | The entire section is served by CFEF. No areas are served by DEF. |
| 27 | Levy | T11S, R14E | 16 | CFEC serves the entire section except for the parcels adjacent to the north and south side of NW 136 th Street that are served by DEF, as well as the parcels in the southeastern portion of the section that are also served by DEF. |
| 27 | Levy | T11S, R14E | 17, 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 28 | Levy | T11S, R14E | 1, 2 | The entire section is served by CFEF. No areas are served by DEF. |
| 28 | Levy | T11S, R14E | 3 | CFEC serves the entire section except for the parcels in the southwestern corner of the section, south of the railroad line that are served by DEF. |
| 28 | Levy | T11S, R14E | 10 | CFEC serves the entire section except for the two parcels south of the railroad line in the northwestern quarter of the section that are served by DEF. |
| 28 | Levy | T11S, R14E | 11, 12, 13 | The entire section is served by CFEF. No areas are served by DEF. |
| | | | I | |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 28 | Levy | T11S, R14E | 14 | CFEC serves the entire section except for the one parcel in the southwestern corner of the section, south of the railroad line that is served by DEF. |
|----|------|------------|---------------------------------|---|
| 28 | Levy | T11S, R14E | 15 | DEF serves the entire section except for one parcel in the northwestern corner of the section that is served by CFEC. |
| 29 | Levy | T11S, R15E | 4 | DEF serves the western half of the section except for three parcels that are served by CFEC. CFEC serves the eastern half of the section as well as three parcels in the western half. |
| 29 | Levy | T11S, R15E | 5 | CFEC serves the western half of the section. DEF serves the eastern half of the section. |
| 29 | Levy | T11S, R15E | 6, 7 | The entire section is served by CFEF. No areas are served by DEF. |
| 29 | Levy | T11S, R15E | 8 | CFEC serves the western half of the section. DEF serves the eastern half of the section. |
| 29 | Levy | T115, R15E | 9 | DEF serves the western half of the section. DEF also serves one parcel in the southern half of the southwestern half of the section. CFEC serves the eastern half of the section except for the parcel adjacent to the southwestern section line that is served by DEF. |
| 29 | Levy | T11S, R15E | 16 | DEF serves the western half of the section. DEF also serves one parcel in the northern half of the northeastern half of the section. CFEC serves the eastern half of the section except for the parcel adjacent to the northeastern section line that is served by DEF. |
| 29 | Levy | T11S, R15E | 17 | CFEC serves the western half of the section. DEF serves the eastern half of the section. |
| 29 | Levy | T11S, R15E | 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 30 | Levy | T11S, R15E | 1, 2, 3, 10, 11, 12, 13, 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| 31 | Levy | T11S, R14E | 22 | CFEC serves the entire section except for the two parcels in the northeastern corner of the section that are served by DEF. |
| 31 | Levy | T11S, R14E | 23 | DEF serves four parcels south of and adjacent to the railroad line in the western half of the section. CFEC serves the remainder of the section. |
| | | | | I . |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 31 | Levy | T11S, R14E | 24 | The entire section is served by CFEF. No areas are served by DEF. |
|----|------|------------|------------|---|
| 31 | Levy | T11S, R14E | 25 | DEF serves @fifty parcels west of the railroad line as well as @sixteen parcels west of US 27 in the southwestern half of the section. DEF also serves one parcel adjacent to the west side of US 19. DEF also serves three parcels adjacent to the east side of US 19. CFEC serves the remainder of the section. |
| 31 | Levy | T11S, R14E | 26 | CFEC serves the entire section except for the twenty-one parcels adjacent to the eastern section line that are served by DEF. |
| 31 | Levy | T11S, R14E | 27, 34, 35 | The entire section is served by CFEF. No areas are served by DEF. |
| 31 | Levy | T11S, R14E | 36 | CFEC serves the entire section west of the railroad line except for the @thirty parcels in the southeastern half south of the railroad line that are served by DEF. CFEC also serves seven parcels east of the railroad line. DEF serves the entire section east of the railroad line except for the parcels that are served by CFEC. |
| 32 | Levy | T11S, R15E | 19 | The entire section is served by CFEF. No areas are served by DEF. |
| 32 | Levy | T11S, R15E | 20 | DEF serves seven parcels in the eastern half of the section. CFEC serves the western half of the section. |
| 32 | Levy | T11S, R15E | 21 | DEF serves the large parcel adjacent to the western and northern section line. CFEC serves the remainder of the section. |
| 32 | Levy | T11S, R15E | 28 | DEF serves the western half of the western section. CFEC serves the eastern half of the western half of the section. CFEC also serves the eastern half of the section. |
| 32 | Levy | T11S, R15E | 29 | CFEC serves the entire section except for the southeastern corner of the section that is served by DEF. |
| 32 | Levy | T11S, R15E | 30 | The entire section is served by CFEF. No areas are served by DEF. |
| 32 | Levy | T11S, R15E | 31 | DEF serves south of US 27. DEF also serves two parcels in the southeastern corner of the section. CFEC serves north of US 27 except for the two parcels served by DEF. |
| 32 | Levy | T11S, R15E | 32 | DEF serves the southern half of the southern half of the section. DEF also serves the eastern half of the eastern half of the section. CFEC serves the western half except where DEF serves along the southern |

If there are any discrepancies between Exhibit A and Exhibit D, then the territorial boundary maps in Exhibit A shall prevail.

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Written Description of the Territorial Boundary Lines*

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| | | | | section line. CFEC also serves the western half of the eastern half of the section except where DEF serves along the eastern section line. |
|------------|---------|------------|--|---|
| 32 | Levy | T11S, R15E | 33 | CFEC serves the entire section except for the two parcels adjacent to the western section line that are served by DEF. |
| 33 | Levy | T12S, R14E | 1 | DEF serves north of US 19. DEF also serves seven parcels adjacent to the south side of US 19 in the northeastern corner of the section. CFEC serves the reminder of the section except where DEF serves in the northeastern quarter of the section. |
| 33 | Levy | T12S, R14E | 2, 3, 10, 11, 12, 13, 1 4 , 15 | The entire section is served by CFEF. No areas are served by DEF. |
| 34 | Levy | T12S, R15E | 4 | The entire section is served by CFEF. No areas are served by DEF. |
| 34 | Levy | T12S, R15E | 5 | DEF serves the northern half of the section except for the two split parcels and the single parcel that is served by CFEC. CFEC also serves the southern half of the section. |
| 34 | Levy | T12S, R15E | 6, 7, 8, 9, 16, 17, 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 3 5 | Alachua | T11S, R17E | 1, 2, 3, 10, 11, 12 | This section is Not Part of this Agreement. |
| 35 | Alachua | T11S, R17E | 13, 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| 36 | Alachua | T11S, R18E | 4 | This section is Not Part of this Agreement. |
| 36 | Alachua | T11S, R18E | 5 | DEF serves east of US 27. The remainder of the section is Not Part of this Agreement. |
| 36 | Alachua | T11S, R18E | 6 | This section is Not Part of this Agreement. |
| 36 | Alachua | T11S, R18E | 7 | The entire section is served by DEF. No areas are served by CFEF. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 36 | Alachua | T11S, R18E | 8, 9, 16 | DEF serves the entire section that is part of this Agreement. |
|----|---------|------------|----------------|---|
| 36 | Alachua | T11S, R18E | 17, 18 | The entire section is served by DEF. No areas are served by CFEF. |
| 37 | Levy | T11S, R17E | 22, 23 | The entire section is served by CFEF. No areas are served by DEF. |
| 37 | Levy | T11S, R17E | 24 | CFEC serves the northern half of the section. DEF serves the southern half of the section. |
| 37 | Levy | T11S, R17E | 25 | The entire section is served by DEF. No areas are served by CFEF. |
| 37 | Levy | T11S, R17E | 26 | CFEC serves north of SR 24 except for the eleven parcels that are adjacent to the north side of SR 24 that are served by DEF. CFEC also serves eight parcels adjacent to the south side of SR 24. DEF serves eleven parcels on the north side of SR 24 as well as three parcels on the south side of SR 24. |
| 37 | Levy | T11S, R17E | 27, 34, 35, 36 | The entire section is served by CFEF. No areas are served by DEF. |
| 38 | Alachua | T11S, R18E | 19 | The entire section is served by DEF. No areas are served by CFEF. |
| 38 | Alachua | T11S, R18E | 20 | This section is Not Part of this Agreement. |
| 38 | Alachua | T11S, R18E | 21 | DEF serves all areas that are Part of this Agreement. |
| 38 | Alachua | T11S, R18E | 28, 29 | This section is Not Part of this Agreement. |
| 38 | Alachua | T11S, R18E | 30, 31, 32 | The entire section is served by CFEF. No areas are served by DEF. |
| 38 | Alachua | T11S, R18E | 33 | This section is Not Part of this Agreement. |

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| 39 | Alachua | T11S, R18E | 22 | DEF serves all areas that are Part of this Agreement. This is an irregular section. |
|----|---------|------------|----------------|---|
| 39 | Alachua | T11S, R18E | 23, 24, 25, 26 | This section is Not Part of this Agreement. |
| 39 | Alachua | T11S, R18E | 27, 34 | DEF serves all areas that are Part of this Agreement. This is an irregular section. |
| 39 | Alachua | T11S, R18E | 35 | DEF serves all areas that are Part of this Agreement. |
| 39 | Alachua | T11S, R18E | 36 | This section is Not Part of this Agreement. |
| 40 | Alachua | T12S, R17E | 4, 5, 6 | The entire section is served by CFEF. No areas are served by DEF. |
| 40 | Alachua | T12S, R17E | 7 | CFEC serves the entire section except for the parcels in the southeastern quarter that are served by DEF. DEF serves @twenty-seven parcels in the southeastern quarter of the section. |
| 40 | Alachua | T12S, R17E | 8 | CFEC serves north of SR 24 except for the eight parcels north of SR 24 that are served by DEF. DEF serves @fifty parcels (some partial parcels) in the southwestern quarter of the section, south of SR 24. CFEC serves the remainder of the section. |
| 40 | Alachua | T12S, R17E | 9 | The entire section is served by CFEF. No areas are served by DEF. |
| 40 | Alachua | T12S, R17E | 16 | CFEC serves the northern half of the section. CFEC also serves three parcels north of US 27. CFEC also serves eight parcels south of US 27. DEF serves the southern section except for the parcels that are served by CFEC. |
| 40 | Alachua | T12S, R17E | 17 | DEF serves the northwestern quarter of the section except for the @ eighteen parcels adjacent to the west side of Pine Street that are served by CFEC. DEF also serves the southwestern quarter except for the @ eleven parcels that are served by CFEC. CFEC serves the northeastern half of the section except where DEF serves. DEF serves seven parcels in the northeastern half of the section. CFEC serves the southeastern half of the section except for the eight parcels north of US 27 that are served by DEF. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| 40 | Alachua | T12S, R17E | 18 | CFEC serves the entire section except for the @nineteen parcels in the northeastern quarter of the section that are served by DEF. |
|----|---------|------------|------------------------------|--|
| 41 | Levy | T12S, R17E | 1, 2, 3, 10, 11, 12, 13, 14 | The entire section is served by CFEF. No areas are served by DEF. |
| 41 | Levy | T12S, R17E | 15 | CFEC serves the entire section except for the @seventeen parcels adjacent to the southern section line that are served by DEF. |
| 42 | Levy | T12S, R18E | 4, 5, 6, 7, 8, 9, 16, 17, 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 43 | Levy | T12S, R18E | 1, 2 | DEF serves all areas that are Part of this Agreement. |
| 43 | Levy | T12S, R18E | 3 | CFEC serves the entire section except for one parcel in the northeast corner of the section that is served by DEF. This is an irregular section. |
| 43 | Levy | T12S, R18E | 10 | The entire section is served by CFEF. No areas are served by DEF. This is an irregular section. |
| 43 | Levy | T12S, R18E | 11 | DEF serves the entire section except for the six parcels adjacent to the southern section line that are served by CFEC. |
| 43 | Levy | T12S, R18E | 12, 13 | DEF serves all areas that are Part of this Agreement. |
| 43 | Levy | T12S, R18E | 14 | CFEC serves the entire section except for one parcel in the northeastern corner of the section that is served by DEF. |
| 43 | Levy | T12S, R18E | 15 | The entire section is served by CFEF. No areas are served by DEF. This is an irregular section. |
| 44 | Levy | T12S, R17E | 19, 20, | The entire section is served by CFEF. No areas are served by DEF. |
| 44 | Levy | T12S, R17E | 21 | CFEC serves south of US 27. DEF serves north of US 27. |
| 44 | Levy | T12S, R17E | 28, 29, 30, 31, 32, 33 | The entire section is served by CFEF. No areas are served by DEF. |
| | | | | |

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Written Description of the Territorial Boundary Lines*

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| 45 | Levy | T12S, R17E | 22 | DEF serves the northwestern quarter of the section, north of US 27. DEF also serves two parcels adjacent to the north side of US 27 in the northeastern quarter of the section. CFEC serves south of US 27 and the northeastern quarter of the section. |
|----|------|------------|------------------------|--|
| 45 | Levy | T12S, R17E | 23 | CFEC serves the entire section except for the parcels adjacent to the north side of US 27 which are served by DEF. |
| 45 | Levy | T12S, R17E | 24 | CFEC serves the northern half of the section. CFEC also serves the northern half of the southern half of the section. DEF serves the southern half of the southern half of the section. |
| 45 | Levy | T12S, R17E | 25, 26, 27, 34, 35, 36 | The entire section is served by CFEF. No areas are served by DEF. |
| 46 | Levy | T12S, R18E | 19 | CFEC serves the northern half of the section. CFEC also serves the northern half of the southern half of the section. DEF serves the southern half of the southern half of the section. |
| 46 | Levy | T12S, R18E | 20 | CFEC serves the northern half of the section except for the three parcels that are served by DEF. DEF serves the southern half of the section except for the five parcels that are served by CFEC. |
| 46 | Levy | T12S, R18E | 21 | CFEC serves the western half of the section except for the five parcels adjacent to the southern section line that are served by DEF. DEF serves the eastern half except for the two parcels in the northwestern half of the western half that are served by CFEC. |
| 46 | Levy | T12S, R18E | 28 | CFEC serves the entire section except for the eleven parcels in the northern half of the section that are served by DEF. |
| 46 | Levy | T12S, R18E | 29 | CFEC serves the entire section except for the five parcels in the northern half of the section that are served by DEF. |
| 46 | Levy | T12S, R18E | 30 | CFEC serves the entire section except for the fourteen parcels in the northern half of the section that are served by DEF. |
| 46 | Levy | T12S, R18E | 31, 32, 33 | The entire section is served by CFEF. No areas are served by DEF. |
| 47 | Levy | T12S, R18E | 22 | CFEC serves the northern half of the section except for the two parcels that are served by DEF. DEF serves the southern half of the section except for the four parcels that are served by CFEC. This is an irregular section. |
| | | | | |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 47 | Levy | T12S, R18E | 23 | The entire section is served by CFEF. No areas are served by DEF. This is an irregular section. |
|----|------|------------|---------------|---|
| 47 | Levy | T12S, R18E | 24 | DEF serves the northern half of the section. CFEC serves the southern half of the section except for the parcel adjacent to the eastern section line that is served by DEF. This is an irregular section. |
| 47 | Levy | T12S, R18E | 25 | CFEC serves five parcels in the northern half of the northern half of the section. CFEC also serves fifteen parcels in the southern half of the southern half of the section. DEF serves sixteen parcels in the middle and eastern portions of the section. |
| 47 | Levy | T12S, R18E | 26 | CFEC serves eight parcels in the northern half of the northern half of the section. CFEC also serves three parcels in the southern half of the southern half of the section. DEF serves the remainder of the section. |
| 47 | Levy | T12S, R18E | 27 | DEF serves seventeen parcels in the northern half of the section. CFEC serves the remainder of the section. |
| 47 | Levy | T12S, R18E | 34, 35 | The entire section is served by CFEF. No areas are served by DEF. |
| 47 | Levy | T12S, R18E | 36 | CFEC serves all areas that are Part of this Agreement. |
| 48 | Levy | T12S, R19E | 19 | DEF serves all areas that are Part of this Agreement. This is an irregular section. |
| 48 | Levy | T12S, R19E | 20, 21, 28 | This section is Not Part of this Agreement. This is an irregular section. |
| 48 | Levy | T12S, R19E | 29, 30, 31 | DEF serves all areas that are Part of this Agreement. |
| 48 | Levy | T12S, R19E | 32, 33 | This section is Not Part of this Agreement. |
| 49 | Levy | T13S, R18E | 4, 5, 6, 7, 8 | The entire section is served by CFEF. No areas are served by DEF. |
| 49 | Levy | T13S, R18E | 9 | The entire section is served by DEF. No areas are served by CFEF. |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 49 | Levy | T13S, R18E | 16 | CFEC serves @ninety-nine parcels in the northwestern quarter of the section. DEF serves the remainder of the section. |
|----|------|------------|------------------------|--|
| 49 | Levy | T13S, R18E | 17, 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 50 | Levy | T13S, R18E | 1 | CFEC serves all areas that are Part of this Agreement. |
| 50 | Levy | T13S, R18E | 2, 3 | The entire section is served by CFEF. No areas are served by DEF. |
| 50 | Levy | T13S, R18E | 10 | DEF serves the entire section except for the three parcels north of SR 121 that are served by CFEC. CFEC also serves one parcel adjacent to the eastern section line in the eastern half of the section. |
| 50 | Levy | T13S, R18E | 11, 12, 13, 14 | The entire section is served by CFEF. No areas are served by DEF. |
| 50 | Levy | T135, R18E | 15 | DEF serves the western half of the section as well as three parcels in the eastern half. CFEC serves the eastern half of the section except for the three parcels that are served by DEF. |
| 51 | Levy | T13S, R17E | 22, 23, 24, 25, 26, 27 | The entire section is served by CFEF. No areas are served by DEF. |
| 51 | Levy | T13S, R17E | 34 | CFEC serves west of SE County Road 337. DEF serves east of SE County Road 337. |
| 51 | Levy | T13S, R17E | 35 | The entire section is served by DEF except for the parcel adjacent to the northern section line that is served by CFEC. |
| 51 | Levy | T13S, R17E | 36 | The entire section is served by DEF. No areas are served by CFEF. |
| 52 | Levy | T13S, R18E | 19 | The entire section is served by CFEF. No areas are served by DEF. |
| 52 | Levy | T13S, R18E | 20 | CFEC serves the western half of the section except for the two parcels adjacent to the southern section line that are served by DEF. DEF also serves the eastern half of the section. |
| 52 | Levy | T13S, R18E | 21, 28, 29 | The entire section is served by DEF. No areas are served by CFEF. |

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EXHIBIT D

| 52 | Levy | T13S, R18E | 30, 31 | The entire section is served by CFEF. No areas are served by DEF. |
|------------|------|------------|---------------------------------|---|
| | , | , | , | |
| 52 | Levy | T13S, R18E | 32 | The entire section is served by DEF. No areas are served by CFEF. |
| 52 | Levy | T13S, R18E | 33 | DEF serves all areas that are Part of this Agreement. |
| 53 | Levy | T13S, R18E | 22 | CFEC serves the northern half of the northern half of the section except for the seven parcels that are adjacent to the western section line that are served by DEF. CFEC also serves all of the parcels adjacent to the eastern section line. The remainder of the section is served by DEF. |
| 53 | Levy | T13S, R18E | 23, 24 | The entire section is served by CFEF. No areas are served by DEF. |
| 53 | Levy | T13S, R18E | 25, 26 | This section is Not Part of this Agreement. |
| 53 | Levy | T13S, R18E | 27 | DEF serves all areas that are Part of this Agreement. |
| 53 | Levy | T13S, R18E | 34, 35, 36 | This section is Not Part of this Agreement. |
| 54 | Levy | T14S, R17E | 4, 5, 6, 7, 8, 9 | The entire section is served by CFEF. No areas are served by DEF. |
| 54 | Levy | T14S, R17E | 16 | The entire section is served by DEF. No areas are served by CFEF. |
| 54 | Levy | T14S, R17E | 17, 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 5 5 | Levy | T14S, R17E | 1, 2, 3, 10, 11, 12, 13, 14, 15 | The entire section is served by DEF. No areas are served by CFEF. |
| 56 | Levy | T14S, R18E | 4 | DEF serves all areas that are Part of this Agreement. |
| | 1 | 1 | I | 1 |

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| 56 | Levy | T14S, R18E | 5, 6, 7, 8 | The entire section is served by DEF. No areas are served by CFEF. |
|------------|------|------------|----------------|---|
| 56 | Levy | T14S, R18E | 9, 16 | DEF serves all areas that are Part of this Agreement. |
| 56 | Levy | T14S, R18E | 17, 18 | The entire section is served by DEF. No areas are served by CFEF. |
| 5 7 | Levy | T14S, R16E | 19, 20 | The entire section is served by CFEF. No areas are served by DEF. |
| 57 | Levy | T14S, R16E | 21 | CFEC serves the entire section except for one large parcel south of US 19 that is adjacent to the western and southern section lines that is served by DEF. |
| 57 | Levy | T14S, R16E | 28 | CFEC serves south of US 19. DEF serves north of US 19. |
| 57 | Levy | T145, R16E | 29, 30, 31, 32 | The entire section is served by CFEF. No areas are served by DEF. |
| 57 | Levy | T14S, R16E | 33 | CFEC serves south of US 19. DEF serves north of US 19. |
| 58 | Levy | T14S, R16E | 22 | DEF serves three large parcels adjacent to the southern section line. CFEC serves the remainder of the section. |
| 58 | Levy | T14S, R16E | 23, 24 | The entire section is served by CFEF. No areas are served by DEF. |
| 58 | Levy | T14S, R16E | 25, 26 | CFEC serves the parcels adjacent to the northern section line. The remainder of the section is served by DEF. |
| 58 | Levy | T14S, R16E | 27 | The entire section is served by DEF. No areas are served by CFEF. |
| 58 | Levy | T14S, R16E | 34 | CFEC serves south of US 19. DEF serves north of US 19. |
| 58 | Levy | T14S, R16E | 35, 36 | The entire section is served by DEF. No areas are served by CFEF. |
| | | | | |

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| 59 | Levy | T14S, R17E | 19, 20, 21 | The entire section is served by CFEF. No areas are served by DEF. |
|----|------|------------|------------------------------------|---|
| 59 | Levy | T14S, R17E | 28, 29, 30, 31, 32, 33 | The entire section is served by DEF. No areas are served by CFEF. |
| 60 | Levy | T14S, R17E | 22, 23, 24, 25, 26, 27, 34, 35, 36 | The entire section is served by DEF. No areas are served by CFEF. |
| 61 | Levy | T14S, R18E | 19, 20 | The entire section is served by DEF. No areas are served by CFEF. |
| 61 | Levy | T14S, R18E | 21, 28 | DEF serves all areas that are Part of this Agreement. |
| 61 | Levy | T14S, R18E | 29, 30, 31 | The entire section is served by DEF. No areas are served by CFEF. |
| 61 | Levy | T145, R18E | 32 | DEF serves all areas that are Part of this Agreement. |
| 61 | Levy | T14S, R18E | 33 | This section is Not Part of this Agreement. |
| 62 | Levy | T15S, R16E | 4 | CFEC serves south of US 19. DEF serves north of US 19. |
| 62 | Levy | T15S, R16E | 5, 6, 7, 8 | The entire section is served by CFEF. No areas are served by DEF. |
| 62 | Levy | T15S, R16E | 9 | CFEC serves south of US 19. DEF serves north of US 19. |
| 62 | Levy | T15S, R16E | 16, 17, 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 63 | Levy | T15S, R16E | 1, 2, 3 | The entire section is served by DEF. No areas are served by CFEF. |
| 63 | Levy | T15S, R16E | 10 | CFEC serves south of US 19. DEF serves north of US 19. |
| | | | | |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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| 63 | 11 | T15S, R16E | 11, 12, 13 | The entire section is served by DEF. No areas are served by CFEF. |
|------------|--------|---------------------|------------------------------|--|
| 63 | Levy | 1155, K10E | 11, 12, 13 | The entire section is served by Der. No areas are served by Cher. |
| 63 | Levy | T15S, R16E | 14, 15 | CFEC serves south of US 19. DEF serves north of US 19. |
| 64 | Levy | T15S, R17E | 4, 5, 6, 7, 8 | The entire section is served by DEF. No areas are served by CFEF. |
| 64 | Levy | T 15 S, R17E | 9, 16, 17 | The entire section is served by CFEF. No areas are served by DEF. |
| 64 | Levy | T15S, R17E | 18 | The entire section is served by DEF. No areas are served by CFEF. |
| 65 | Levy | T15S, R17E | 1 | This section is Not Part of this Agreement. |
| 6 5 | Levy | T15S, R17E | 2, 3 | The entire section is served by DEF. No areas are served by CFEF. |
| 65 | Levy | T15S, R17E | 10, 11 | The entire section is served by CFEF. No areas are served by DEF. |
| 6 5 | Levy | T15S, R17E | 12, 13 | CFEC serves all areas that are Part of this Agreement. |
| 65 | Levy | T15S, R17E | 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| 66 | Marion | T15S, R18E | 4, 5, 6, 7, 8, 9, 16, 17, 18 | This section is Not Part of this Agreement. |
| 67 | Levy | T15S, R16E | 22, 23 | The entire section is served by CFEF. No areas are served by DEF. |
| 67 | Levy | T15S, R16E | 24 | CFEC serves four parcels west of US 19. DEF serves north and east of US 19 and two parcels west of US 19. |
| 67 | Levy | T15S, R16E | 25 | CFEC serves the entire section west of US 19 except for the five parcels adjacent to the west side of US 19 that are served by DEF. DEF also serves the parcels on the east side of US 19. |

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| 67 | Levy | T15S, R16E | 26, 27, 34, 35 | The entire section is served by CFEF. No areas are served by DEF. |
|----|--------|------------|---------------------------------------|--|
| 67 | Levy | T15S, R16E | 36 | CFEC serves the entire section west of US 19 except for the four parcels adjacent to the west side of US 19 that are served by DEF. DEF also serves the parcels on the east side of US 19. |
| 68 | Levy | T15S, R17E | 19, 20, 21, 28, 29, 30, 31, 32, 33 | The entire section is served by CFEF. No areas are served by DEF. |
| 69 | Marion | T15S, R18E | 19, 20, 21, 28, 29, 30, 31, 32, 33 | This section is Not Part of this Agreement. |
| 70 | Marion | T15S, R18E | 22, 23, 24, 25, 26, 27, 34 | This section is Not Part of this Agreement. |
| 70 | Marion | T15S, R18E | 35, 36 | DEF serves all areas that are Part of this Agreement. |
| 71 | Levy | T165, R16E | 1 | DEF serves the entire section except for one parcel adjacent to the western section line that is served by CFEC. |
| 71 | Levy | T16S, R16E | 2, 3, 10, 11 | The entire section is served by CFEF. No areas are served by DEF. |
| 71 | Levy | T16S, R16E | 12 | DEF serves the northern half of the section except for one parcel adjacent to the western section line that is served by CFEC. CFEC serves the southern half of the section. |
| 71 | Levy | T16S, R16E | 13, 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| 72 | Levy | T16S, R17E | 4, 5 | The entire section is served by CFEF. No areas are served by DEF. |
| 72 | Levy | T16S, R17E | 6 | DEF serves the northern half of the section. CFEC serves the southern half of the section. |
| 72 | Levy | T16S, R17E | 7, 8, 9, 16, 17, 18 | The entire section is served by CFEF. No areas are served by DEF. |
| 73 | Levy | T16S, R17E | 1, 2, 3, 10, 11, 12, 13, 14, 15 | The entire section is served by CFEF. No areas are served by DEF. |
| | | | <u> </u> | |

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| 74 | Marion | T16S, R18E | 4, 5, 6, 7, 8, 9, 16, 17, 18 | The entire section is served by DEF. No areas are served by CFEF. |
|----|--------|------------|--------------------------------|--|
| 75 | Levy | T16S, R17E | 22, 23, 24, 25, 26, 27, 34, 35 | The entire section is served by DEF. No areas are served by CFEF. |
| 75 | Levy | T16S, R17E | 36 | CFEC serves all areas that are Part of this Agreement. |
| 76 | Marion | T16S, R18E | 19 | CFEC serves five parcels west of SW Highway 336. DEF serves east of SW Highway 336. |
| 76 | Marion | T16S, R18E | 20, 21, 28, 29 | The entire section is served by DEF. No areas are served by CFEF. |
| 76 | Marion | T16S, R18E | 30 | CFEC serves six parcels west of SW Highway 336. DEF serves east of SW Highway 336 and south of W Highway 40. |
| 76 | Marion | T16S, R18E | 31, 32 | DEF serves all areas that are Part of this Agreement. |
| 76 | Marion | T16S, R18E | 33 | The entire section is served by DEF. No areas are served by CFEF. |
| 77 | Levy | T17S, R15E | 1, 2, 11, 12, 13 | CFEC serves all areas that are Part of this Agreement. Part of Citrus county is shown and is Not Part of this Agreement. |
| 78 | Levy | T17S, R16E | 4, 5, 6, 7 | CFEC serves all areas that are Part of this Agreement. Part of Citrus county is shown and is Not Part of this Agreement. |
| 78 | Citrus | T17S, R16E | 8, 9, 16, 17, 18 | The entire section is served by DEF. No areas are served by CFEF. This is Citrus county and is Not Part of this Agreement. |
| 79 | Levy | T17S, R16E | 1 | CFEC serves the entire section except for the western corner that is served by DEF. |
| 79 | Levy | T17S, R16E | 2 | DEF serves thirty-one parcels in the western half of the section, north of Citrus county. CFEC serves the remainder of the section within Levy county. Part of Citrus county is shown and is Not Part of this Agreement. |

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| 79 | Levy | T17S, R16E | 3 | CFEC serves eighteen parcels in the northwestern half of the section. CFEC also serves ten parcels in the northeastern half of the section. DEF serves the remainder of the section within Levy county. Part of Citrus county is shown and is Not Part of this Agreement. |
|----|--------|------------|------------------------|---|
| 79 | Citrus | T17S, R16E | 10, 11, 12, 13, 14, 15 | Part of Citrus county is shown and is Not Part of this Agreement. |
| 80 | Levy | T17S, R17E | 4, 5, 6 | The entire section is served by CFEF. No areas are served by DEF. |
| 80 | Levy | T17S, R17E | 7,8 | CFEC serves the entire section that is within Levy county. Part of Citrus county is shown and is Not Part of this Agreement. |
| 80 | Citrus | T17S, R17E | 9, 16 | This section is Not Part of this Agreement. |
| 80 | Citrus | T17S, R17E | 17, 18 | Part of Citrus county is shown and is Not Part of this Agreement. |
| 81 | Citrus | T17S, R17E | 1 | DEF serves all areas that are Part of this Agreement. |
| 81 | Citrus | T17S, R17E | 2 | This section is Not Part of this Agreement. |
| 81 | Citrus | T17S, R17E | 3 | CFEC serves all areas that are Part of this Agreement. |
| 81 | Citrus | T17S, R17E | 10 | This section is Not Part of this Agreement. |
| 81 | Citrus | T17S, R17E | 11, 12, 13, 14 | DEF serves all areas that are Part of this Agreement. |
| 81 | Citrus | T17S, R17E | 15 | This section is Not Part of this Agreement. |
| 82 | Citrus | T17S, R18E | 4, 5, 6 | DEF serves all areas that are Part of this Agreement. |
| | | | 1 | |

 $If there \ are \ any \ discrepancies \ between \ Exhibit \ A \ and \ Exhibit \ D, \ then \ the \ territorial \ boundary \ maps \ in \ Exhibit \ A \ shall \ prevail.$

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Written Description of the Territorial Boundary Lines*

EXHIBIT D

| 82 | Citrus | T17S, R18E | 7 | The entire section is served by DEF. No areas are served by CFEF. |
|----|--------|------------|----------------|---|
| 82 | Citrus | T17S, R18E | 8 | DEF serves all areas that are Part of this Agreement. |
| 82 | Citrus | T17S, R18E | 9, 16, 17 | This section is Not Part of this Agreement. |
| 82 | Citrus | T17S, R18E | 18 | DEF serves all areas that are Part of this Agreement. |
| 83 | Levy | T17S, R15E | Not shown | The portion that is within Levy county is served by CFEC. Part of Citrus county is shown and is Not Part of this Agreement. |
| 84 | Levy | T17S, R15E | 23, 24, 25, 31 | The portion that is within Levy county is served by CFEC. Part of Citrus county is shown and is Not Part of this Agreement. |
| | | | | This line intentionally left blank. |
| | | | | This line intentionally left blank. |

If there are any discrepancies between Exhibit A and Exhibit D, then the territorial boundary maps in Exhibit A shall prevail.

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EXHIBIT E

SAMPLE COPY OF LETTERS PROVIDING NOTIFICATION OF THE TERRITORIAL AGREEMENT TO CUSTOMERS SUBJECT TO TRANSFER

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CROSS CITY, FL 32628

RE: Duke Energy Account No. 61664

Dear Customer:

To ensure that electric utilities in Florida, such as Duke Energy Florida (DEF), are able to provide reliable and economical electric service to their customers, utilities enter into agreements with one another establishing the geographical areas in which each utility is the exclusive provider of electric service. Utilities enter into these territorial agreements in an effort to avoid the unnecessary and uneconomic construction of duplicate electrical distribution lines and other facilities to serve their customers.

In an effort to efficiently serve the customers in your area, we will soon enter into a territorial agreement with Central Florida Electric Cooperative that will revise some of the service area boundaries between the utilities and enable each utility to serve its customers more reliably and economically. The new agreement must be approved by the Florida Public Service Commission (FPSC) before it can become effective and you will have the opportunity prior to that approval to provide your comments to the Commission. If you wish to do so, please contact me and I will provide the pertinent contact information for the FPSC once the territorial agreement has been filed and docketed.

If approved by the FPSC, the terms of the amended territorial agreement call on Central Florida Electric Cooperative to provide electric service in your area and your account would be transferred to Central Florida Electric Cooperative. You will not need to do anything to initiate this transfer as DEF and Central Florida Electric Cooperative will handle all of the arrangements on your behalf. If you have a deposit with DEF, your deposit will be applied to your last electric bill and any surplus will be refunded directly to you. You should experience only a minor disruption of service during the transfer and you will be notified in the unlikely event that a minimal interruption of service is required.

To provide you a rate comparison, in ______ the residential rate of Duke for 1,000 KWH was _____ For the same month, the residential rate of Central Florida Electric Cooperative for 1,000 KWH was \$_____ . The rates of both utilities are subject to periodic change and may be raised or lowered in the future.

While we regret losing the opportunity to serve you in the future, the Central Florida Electric Cooperative is an excellent utility and I am confident you will find their service to be satisfactory.

Please contact me if you have any questions or concerns about the proposed transfer of your service to Central Florida Electric Cooperative, or if you would like information about contacting the FPSC. You can reach me by phone at 727-820-5846.

Sincerely,

Territorial Program Manager Duke Energy

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CENTRAL FLORIDA ELECTRIC COOPERATIVE. INC.

P.O. Box 9, Chiefland, Florida 32644 Phone 352.493.2511 1.800.227.1302

INSERT DATE

«AddressBlock»

Account Number: «Account_Number»

Dear «Title» «Last_Name»,

To ensure that electric utilities in Florida, such as Central Florida Electric Cooperative, are able to provide reliable and economical electric service to their customers, utilities enter into agreements with one another establishing geographical territories in which each utility is the exclusive provider of electric service. Utilities enter into these territorial agreements in an effort to avoid unnecessary and uneconomic construction of duplicate electrical distribution lines and other facilities that can occur when two utilities serve customers in the same area. Approval of the Florida Public Service Commission is required to ensure these objectives are met.

Over the past many years, we at Central Florida Electric Cooperative (CFEC) have had the pleasure of serving customers in your area because of territorial agreements with our neighboring utility, Duke Energy. We have recently entered into a new territorial agreement with Duke Energy that will revise some of the service area boundaries between the two utilities and enable each to serve its customers more reliably and economically. The new agreement must be approved by the Public Service Commission before it can become effective, and you will have the opportunity to provide your comments to the Commission before making its decision. If you wish, we will provide the pertinent contact information when the territorial agreement has been filed and docketed with the Commission.

If approved, the terms of the new territorial agreement call on Duke Energy to provide electric service in your area. Your account will be transferred to Duke Energy as soon as practicable after approval of the agreement. While we regret losing the opportunity to serve you and your neighbors in the future, Duke Energy is an excellent utility, and I am confident you will find their service to be satisfactory.

You will not need to do anything to initiate this transfer since Duke Energy and CFEC will handle all of the arrangements on your behalf. If you have a deposit with Central Florida Electric Cooperative, it will be refunded directly to you. You should not experience any significant disruption of service as a result of this transfer, and you will be notified in the event that anything more than a minimal service interruption is required.

To provide you with a rate comparison, in September 2023, the residential rate of CFEC for 1,000 kilowatt-hours (kWh) was \$129.50. For the same month, according to the information we have been provided, the residential rate of Duke Energy for 1,000 kWh was \$_____. The rates of both utilities are subject to periodic change and may be raised or lowered in the future.

Please let me know if you have any questions or concerns about this change in your electric service. You can reach me by phone at 352.493.2511, by email at dgeorge@cfec.com or by regular mail at Central Florida Electric Cooperative, Attn: Denny George, PO Box 9, Chiefland, FL 32644.

Sincerely, Denny George General Manager

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Item 21

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (P. Kelley)

Office of the General Counsel (Sandy) JSC

RE: Docket No. 20240159-GU – Joint petition by Florida Public Utilities Company

and Florida City Gas for approval of tariff changes to standardize and align Florida Public Utilities Company and Florida City Gas's transportation service tariffs and

to implement a flexible gas service tariff for Florida City Gas.

AGENDA: 05/06/25 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 7/20/25 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On November 20, 2024, Florida Public Utilities Company (FPUC) and Florida City Gas (FCG) (jointly, the Companies) filed a joint petition for approval of standardization and alignment of the Parties' transportation service tariffs and to implement a flexible gas service tariff for Florida City Gas. The Companies are not proposing any rate changes at this time. Instead, the Parties state this petition is an ongoing effort to eliminate inconsistencies and to standardize their individual transportation service programs.

In September 2023, Chesapeake Utilities Corporation (Chesapeake) purchased FCG from NextEra Energy, making Chesapeake the parent company of both FCG and FPUC. Since the acquisition, the Parties have taken steps to standardize the tariffs of FPUC and FCG. FPUC and FCG currently have in place separate Commission-approved tariffs and will continue to do so, at

Docket No. 20240159-GU Date: April 24, 2025

this time. The Companies stated that it is their goal in a future filing to request Commission-approval for a single consolidated tariff, including consolidated rates.

The Commission has previously approved for FPUC, FPUC - Indiantown Division (Indiantown), FPUC - Fort Meade (Ft. Meade), and the Florida Division of Chesapeake Utilities Corporation (Chesapeake) a similar consolidation of the utilities' four different Commission-approved tariffs to align terms and conditions.¹

By Order No. PSC-2025-0030-PCO-GU, issued January 27, 2025, the Commission suspended the proposed tariffs to allow staff sufficient time to analyze the utility's filing, pursuant to Section 366.06(3), Florida Statutes (F.S.). Commission staff issued its first data request to the Parties on March 17, 2025, which the Companies provided their responses on March 31, 2025.

FCG's revised tariff sheets are shown in Attachment A to the recommendation. FPUC's revised tariff sheets are shown in Attachment B to the recommendation. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, F.S.

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¹ Order No. PSC-2021-0148-TRF-GU, issued April 22, 2021, in Docket No. 20200214-GU, *In re: Joint petition of Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation for approval of consolidation of tarys, for modifications to retail choice transportation service programs, and to change the MACC for Florida Public Utilities Company.*

² Order No. PSC-2025-0030-PCO-GU, issued January 27, 2025, in Docket No. 20240159-GU, In re: Joint petition by Florida Public Utilities Company and Florida City Gas for approval of tariff changes to standardize and align Florida Public Utilities Company and Florida City Gas's transportation service tariffs and to implement a flexible gas service tariff for Florida City Gas.

Docket No. 20240159-GU Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission approve the Companies' proposed tariff changes to standardize and align the transportation service programs and to implement a flexible gas service for FCG?

Recommendation: Yes. The Commission should approve the Companies' proposed tariff changes to standardize and align the transportation service programs and to implement a flexible gas service for FCG. After reviewing the Companies' filings and supporting documentation, the changes appear to align the Companies' tariffs and are reasonable. For the proposed tariff changes to FCG's tariff (Attachment A to the recommendation) the Companies are requesting the Commission give staff administrative authority to approve the tariffs, which would be no earlier than September 1, 2025. The proposed changes to FPUC's tariff (Attachment B to the recommendation) should go into effect 30 days from the date of the Commission vote. (P. Kelley)

Staff Analysis:

Revisions to FCG's Tariffs

The Companies are proposing FCG adopt FPUC's transportation service programs that have been approved by Order No. PSC-2023-0103-FOF-GU.³ Transportation service applies to customers that purchase their natural gas supplies from shippers, or pool managers. Both FCG and FPUC offer two transportation programs: aggregated pool service and individual transportation service. Key transportation tariff provisions are discussed below.

First, the Companies seek implementation of consistent tariff provisions regarding contact persons available to receive communications from the Companies on operating matters at any time, maintaining proper system pressure, operational flow order notices,⁴ alert day notices, pipeline balancing charges, and disposition of penalties.

Second, the Companies seek implementation of a consistent daily demand requirement (DDR) calculation and allocation process across the Parties' platforms. The DDR represents at any given day the total demand requirement of all customers participating in a transportation pool. This would align their DDR calculation and quantity capacity release methodology for each month after adequate capacity is allocated to the Parties' regulated sales service pool (sales service applies to customers who purchase their natural gas from the Companies). The Parties would then determine the aggregated DDR to be sent to each transportation service pool manager.

The Companies also seek to standardize the Companies' interstate pipeline capacity release calculations through their service agreements with Transportation Service Providers (TSP). The TSPs are defined as the interstate, intrastate, or local distribution companies that transport natural gas. The Companies' would retain adequate quantities of capacity on the TSP's systems to serve

³ Order No. PSC-2023-0103-FOF-GU, issued March 15, 2023, in Docket No 20220067-GU, *In re: Petition for approval of rate adjustment, depreciation study, consolidated rates and rate structure under FPUC, and request for interim rate relief.*

⁴ An operational flow order is defined as any day where Companies notify the transportation customer or pool manager of conditions that could threaten the safe operation or the system integrity.

Docket No. 20240159-GU

Date: April 24, 2025

their regulated sales service customers pool prior to the allocation of capacity to pool managers or individual transportation service customers.

Issue 1

Finally, FCG is proposing to adopt the existing FPUC Off System Sales Service-1 (OSSS-1) rate schedule and associated form. Off system sales are interruptible sales the Companies can make to a customer that is not connected to the Company's distribution system. Fifty percent of the net revenues of such sales are retained by the utility and the remaining 50 percent are credited to the Purchased Gas Adjustment Clause.

Other changes to the tariffs would modify FCG's technical terms and abbreviations to include the terms and abbreviations that apply under the proposed standardized tariff. Any unused terms or abbreviations in the proposed tariffs have been deleted. Changes to rules and regulations section of the transportation tariffs have been made for the classification of customers, pool managers, and services and have all been added and lists all applicable customer classifications.

The Companies stated that to implement the standardized gas management system for FCG, it would take six months or longer to ensure that the customer data for FCG's transportation customers are correctly set up. Therefore, the Companies requested that they will notify staff of the final implementation date, for administrative approval of the changes to the FCG tariffs, no earlier than September 1, 2025.

Revisions to FPUC's Tariffs

The Companies explained that FPUC reviewed its existing tariff to ensure it is correct and reflects actual and best industry practices. The changes to FPUC's tariffs focus on updating and clarifying changes and include adopting FCG language for determining an imbalance and assessing appropriate penalties, correcting sheet numbers, and removing duplicative wording.

Changes to the FPUC tariff include adopting FCG's tariff language regarding the Companies' interruption and curtailment rights when the customer will use a greater volume of gas to which customer is entitled, or the Company is notified by the delivering pipeline to interrupt or curtail deliveries, or when necessary to maintain operational reliability of the Company's system. The tariff provides that the Companies will endeavor to give as much notice as possible to the transportation customer in the event of interruption or curtailment.

Changes to the FPUC tariff also include the adoption of FCG's tariff language regarding daily balancing provisions. The Companies are required to balance the gas requirements of transportation service and actual gas deliveries on a daily basis. Pool managers are assessed per therm charges for imbalances (which can be over- or under-deliveries of natural gas) over five percent.

Flexible Gas Service Tariff for FCG

FCG is asking for Commission approval to adopt FPUC's Flexible Gas Service (FGS) option in its tariff. The FGS tariff applies to customers, especially large industrial customers that have multiple fuel options available to them. These options include the ability to bypass the Companies' distribution system and connect directly to interstate or intrastate pipelines, or replace natural gas with fuel oil or electricity.

Docket No. 20240159-GU Issue 1

Date: April 24, 2025

The FGS tariff is available at the Companies' option to current and new customers who meet two applicability standards. First, the customer must provide verifiable documentation of a viable economic energy alternative. Second, the Company must demonstrate that the new customer will not cause any additional cost to the Company's general body of ratepayers. The negotiated terms of service under the FGS tariff will be set forth in individual agreements between the Company and the customer. The negotiated FGS rates will not be set lower than the incremental cost of providing service to the customer. The individual agreements will not require Commission approval.

The Commission has previously approved similar FGS tariffs for natural gas utilities in Florida in Order Nos. PSC-98-1485-FOF-GU⁵ and PSC-2014-0710-TRF-GU.⁶ Furthermore, FCG used to have a Commission-approved FGS tariff, which was approved in 1996.⁷ However, the Companies explained that FCG later cancelled the FGS tariff in its 2017 rate case because, at the time, it was not being utilized.⁸ In response to staff's data request, the Companies explained that they have received now inquiries from large users that currently have alternate energy options.

The FGS tariff provides that the shareholders are at risk of any investments made to serve an FGS customer, not the general body of ratepayers. The proposed tariffs incorporate accounting measures which are designed to protect the Companies' general body of ratepayers by placing all capital costs, expenses, and revenues associated with this tariff below-the-line in earnings surveillance reports and future rate cases.

FPUC Convergence Gas Transportation System

The Parties are currently operating under two different software systems, with FCG using the Gas Star system to manage gas transportation. FCG is switching to provide the Parties with a gas management portal that can easily accommodate changes in the industry and with gas delivery, make day to day operations easier for suppliers and business partners, and consolidate administrative and business procedures which would reduce errors.

Conclusion

The Companies state that they have informed the pool managers through letters and follow-up phone calls of the proposed tariff revisions to implement a standardized transportation program and if the Commission approved the requested tariff revisions, the Companies plan to further meet with the pool managers to discuss the transition.

Staff recommends that the Commission should approve the Parties' proposed tariff changes to standardize and align the transportation service programs and flexible gas service for FCG. After reviewing the Parties' filings and supporting documentation, the changes appear to align the Parties' tariffs and are reasonable. For the proposed tariff changes to FCG's tariff (Attachment A

⁵ Order No. PSC-98-1485-FOF-GU, issued November 5, 1998, in Docket No. 19980895-GU, *In re: Petition for authority to implement proposed flexible gas service rate tary f and revise certain tary f sheets.*

⁶ Order No. PSC-2014-0710-TRF-GU, issued December 30, 2014, in Docket No. 20140204-GU, *In re: Joint petition for approval of flexible gas service tar*₁*f*.

⁷ Order No. PSC-96-1218-FOF-GU, issued September 24, 1996, in Docket No. 960920-GU, *In re: Petition for approval of flexible service tar* $_{\omega}f$ *by City Gas Company of Florida.*

⁸ Order No. PSC-2018-0190-FOF-GU, issued April 20, 2018, in Docket No. 20170179-GU, *In re: Petition for rate increase by Florida City Gas*.

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Issue 1

to the recommendation) the Companies are requesting the Commission give staff administrative authority to approve the tariffs, which would be no earlier than September 1, 2025. The proposed changes to FPUC's tariff (Attachment B to the recommendation) should go into effect 30 days from the date of the Commission vote.

Docket No. 20240159-GU Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect and held subject to refund pending resolution of the protest. If no timely protest is filed, a Consummating Order should be issued. This docket should remain open for staff's verification that FCG's tariffs have been filed and implemented. Once staff has verified that FCG's tariffs have been filed and implemented, the docket should be closed administratively. (Sandy)

Staff Analysis: If a protest is filed within 21 days of the issuance of the Order, the tariff should remain in effect and held subject to refund pending resolution of the protest. If no timely protest is filed, a Consummating Order should be issued. This docket should remain open for staff's verification that FCG's tariffs have been filed and implemented. Once staff has verified that FCG's tariffs have been filed and implemented, the docket should be closed administratively.

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TECHNICAL TERMS AND ABBREVIATIONS

Agent. A contractually authorized Marketer or Designee of Customer under these Rules and Regulations.

Aggregated Transportation Service. Transportation Service provided by Company to those Customers assigned to the applicable Customer Pool wherein the authorized Pool Manager causes Gas to be delivered to Company for transportation to the Customer Accounts.

Aggregated Transportation Service Agreement. An agreement between the Company and the authorized Pool Manager establishing terms and conditions for the management of a Cl Customer Pool.

Alert Day. Any Gas Day where Company notifies, Customer, Pool Manager, or Shipper's Designee of restrictions on the deliveries of Gas within certain specified tolerances.

Alternate Fuel. A gas which provides an equivalent amount of energy computed on a "BTU" basis. It is not limited to any specified source of energy. Alternate fuel may include natural gas and, in the Company's opinion, any viable economic alternatives.

Brevard Pool. The service area of the Company's distribution system that is north of Florida Gas Transmissions' compressor station number 21.

<u>British Thermal Unit (BTU).</u> The quantity of heat required to raise the temperature of one pound of water one degree Fahrenheit at or near 39.2 degrees Fahrenheit.

<u>Biogas.</u> residues or gases from forest products manufacturing, waste, byproducts, or products from agricultural and orchard crops, waste or coproducts from livestock and poultry operations, waste or byproducts from food processing, urban wood waste, municipal solid waste, municipal liquid waste treatment operations, and landfill gas.

CI Cycle Read Pool. That group of certain Space Coast Service Area and South Florida Service Area Non-residential Aggregated Transportation Service Customers who have, (i) executed a Letter of Authorization with a Company-approved Pool Manager to utilize Transportation Service through an aggregated Customer Pool and (ii) who have field meters that are "manually" read by the Company on a scheduled monthly cycle, once per month.

CI Daily Read Pool. That group of certain Space Coast Service Area and South Florida Service Area Non-residential Aggregated Transportation Service Customers who have (i) executed a Letter of Authorization with a Company-approved Pool Manager to utilize Transportation Service through an aggregated Customer Pool, and (ii) who have RTU and/or MTU measurement that is downloaded daily by the Company.

Commission or PSC. Unless otherwise indicated means the Florida Public Service Commission.

Company, Florida City Gas ("City Gas").

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TECHNICAL TERMS AND ABBREVIATIONS CONTINUED

Company Delivery Point or Company Point of Delivery. The point at the interconnection between the facilities of Company and a Customer at which the Gas leaves the outlet side of Company's custody transfer point and enters the Customer's installation.

Company Operating Units. The Company's FCG Space Coast Service Area and South Florida Service Area, inclusive of those counties and communities served and identified individually in Sheet Nos. 4 and 5, maps and Communities Served in this Tariff.

Company Receipt Point. The point at the connection of the facilities of Transportation Service Provider and Company at which the Gas leaves the outlet side of Transportation Service Provider's custody transfer point and enters the Company's facilities.

Company's Regulated Sales Service Pool. The group of Company Customers who purchase their Gas supply directly from the Company and pays the Company's Purchased Gas Cost Recovery Factor listed in this Tariff.

Customer. A person or entity who takes service from the Company under a Rate Schedule.

Customer Pool. The group of Customers who are collectively served by a Company-authorized Pool Manager(s) in accordance with the applicable provisions of the Company's Aggregated Transportation Service program(s).

Curtailment. The suspension of gas service provided by Company to affected Customers, in accordance with the provisions of the Company's end use Curtailment plan, as amended from time to time, on file with the FPSC.

Daily Capacity (release) Quantity (DCQ). The quantity, in Dekatherms, of Transportation Service Provider pipeline capacity to be released to Customer's Pool Manager and Pool Manager is required to acquire for delivery by Pool Manager to the Company on a daily basis.

Daily Delivered Capacity (release) Variance (DDCV). The quantity of capacity, if any, each Pool Manager must deliver that is in addition to the quantity of firm capacity released by the Company to Pool Manager to meet Pool Manager's Customer Pool's aggregated Daily Demand Requirement i.e., the mathematical difference between each Pool Manager's specific Customer Pool's aggregated Daily Demand Requirement and Pool Manager's aggregated Daily Capacity (release) Quantity.

Daily Demand Requirement (DDR). The total demand requirement for any given day of all Customers participating in a Customer Pool. Calculated by the Company on a Monthly basis, the DDR is the average of the Customer's billed quantity divided by the number of Days in the then applicable billing period and divided by ten.

Essential Use. Consistent with "Priority 1 Use" as defined in Florida Gas Transmission's tariff.

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TECHNICAL TERMS AND ABBREVIATIONS CONTINUED

<u>Gas.</u> Gas is any gas or mixture of gases suitable for domestic or industrial fuel and transmitted or distributed to the user through a piping system, including natural gas, manufactured gas, mixed gas, hydrogen gas, renewable natural gas, and liquefied petroleum gas distributed as a vapor with the mixture of air.

Letter of Authorization ("LOA"). An agreement executed by Customer and Customer's selected Pool Manager which i) authorizes Company to assign Customer to its selected Pool Manager's Customer Pool, ii) affirms Customer acceptance of Company's Tariff provisions, and iii) affirms Pool Manager's acceptance of Company's Tariff provisions.

<u>Manufactured Gas.</u> Any gas artificially produced by any generating or processing equipment, exclusive of naturally occurring hydrocarbon gas.

<u>Margin Revenue</u>. Revenue derived from applying undiscounted rates from billing Customer Charges, Demand Charges and Distribution Charges to a Customer.

Maximum Daily Transportation Quantity (MDTQ). The maximum quantity of Gas that the Company is obligated to transport and make available for delivery to a Customer or Pool Manager under any applicable Transportation Service Agreement for Transportation Service on any one Day.

Miami-Dade Pool. The service area of the Company's distribution system that is south of Florida Gas Transmissions' compressor station number 21.

<u>Mixed Gas.</u> Any mixture of two or more gases of materially different physical character or chemical composition.

Month. The period between any two (2) regular readings of Company's Meters at approximately thirty (30) Day intervals.

Monthly Imbalance Quantity. The operational imbalance amount for a billing period for an individual Customer or group of Customers in a Customer Pool.

<u>Natural Gas.</u> Naturally occurring hydrocarbon gas mixture consisting primarily of methane, but commonly including varying amounts of other hydrocarbons occurring naturally underground and of a quality consistent with the specifications defined in Florida Gas Transmission's tariff.

Nomination. A request by a Customer, Pool Manager, or Shipper's Designee to a Transportation Service Provider and Company for receipt and delivery of a physical quantity of Gas pursuant to Transportation Service Providers' and or Company's Tariff.

Non-Residential Customers. Those Customers who are not Residential.

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TECHNICAL TERMS AND ABBREVIATIONS CONTINUED

Operational Flow Order. Any Gas Day where Company notifies Customer, Pool Manager, or Shipper's Designee of conditions that could threaten the safe operation or system integrity of the Transportation Service Provider and / or Company or where Customer's, Pool Manager's, or Shipper's Designee's Gas deliveries are required to be within certain specified hourly or daily Gas flow quantities.

Pool Manager. An entity, authorized in accordance to the provisions of this FPSC-approved Tariff, that provides gas supply, Transportation Service Provider pipeline capacity management and other related services for those Customers receiving service under the Company's Aggregated Transportation Service program(s).

Primary Delivery Point(s). Delivery Point(s) listed in Customer's Transportation Service Agreement, or Pool Manager's Aggregated Transportation Service Agreement.

Primary Receipt Point(s). Point(s) of Receipt listed in Customer's Transportation Agreement or Pool Manager's Aggregated Transportation Service Agreement.

Receipt Point. The point at the interconnection between the facilities of the Transportation Service Provider(s) and upstream system at which the Gas enters the facilities of the Transportation Service Provider(s).

Relinquishment. The release of firm capacity right(s) pursuant to the Rules and Regulations in this Natural Gas Tariff and FERC rules.

Renewable Natural Gas (RNG)). Biogas that has been conditioned and upgraded to a quality and standard such that it meets, in the sole view of the Company, the Company's gas quality and heat standards in effect and applicable at the time.

Residential Customers. All those Customers using gas service for domestic purposes, for use in single family dwellings, in separately metered housing units, or for use in commonly owned areas of condominium associations, cooperative apartments, and homeowner associations for non-zerommercial uses.

Sales Service. Customers receiving gas supply from the Company_

Retainage. A percentage of Customer's or Sales Customer's Agent's Gas that Company is allowed to retain for unaccounted for Gas at no cost to Company.

Shipper. Customer or Pool Manager who has executed a Transportation Service Agreement or an Aggregated Transportation Service Agreement, and who has acquired capacity with a Transportation Service Provider. Customers receiving gas supply from a Third Party Supplier.

Shipper's Designee. A contractually authorized Marketer or Agent of an Individual Transportation Service Customer under these Rules and Regulations who is appointed by Customer and approved by Company to perform the obligations of an ITS Customer or Pool Manager on the Company's system such as invoicing and payment, nominations, monthly imbalance resolution or operator order responsibility.

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TECHNICAL TERMS AND ABBREVIATIONS CONTINUED

South Florida Service Area: FCG Service Area includes Customers located within the Company's service areas located south of Florida Gas Transmission Compressor Station 21 and excluding those Customers served in the Company's Space Coast Service Area.

Space Coast Service Area: FCG Service Area includes Customers located within the Company's service areas located north of Florida Gas Transmission Compressor Station 21 and excluding those Customers served in the Company's South Florida Service Area.

Therm. A unit of heating energy equivalent to one hundred thousand (100,000) British thermal units.

Transportation Service er. The service provided by Company where Customer-owned Gas is received by Company from a Transportation <u>GustomerService Provider at the Company Receipt Point(s)</u>, transported through Company's distribution system, and delivered by Company at the Company's Delivery Points to Customer.

<u>Transportation Service Agreement.</u> The fully executed Transportation Service Agreement or Contract Transportation Service Agreement between Company and Customer.

Transportation Service Provider. Any interstate pipeline, intrastate pipeline, or local distribution company that transports Gas to Company's Receipt Point(s).

Transportation Service Provider Delivery Point(s). The point at the connection of the facilities of Transportation Service Provider, at which the gas leaves the outlet side of the measuring equipment of Transportation Service Provider and enters an off-system facility.

Upstream Pipeline Capacity Costs. Expenses incurred by the Company including but not limited to reservation, demand, usage, commodity, fuel, and applicable fuel charges incurred by the Company as a result of Company's contractual arrangements with Transportation Service Provider(s).

Working Day. Shall have the same meaning as Business Day, previously defined herein.

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15. TRANSPORTATION - SPECIAL CONDITIONS

A. A Transpertation Service Agreement or other means of enrollment accepted by the Company is a condition precedent for Transportation Service under each applicable Rate Schedule, the initial term of which shall be no less than one (1) year and year to year thereafter until terminated by ninety (90) days written notice by either party.

B. The usage charges in the Rate Schedules shall be based upon actual or estimated consumption as determined by the Company, not by Third Party Supplier deliveries.

C. Nominations and Transportation of Gas

The Customer's Third Party Supplier ("TPS") shall nominate on behalf of its Customers the total monthly requirements for that billing month. The TPS is responsible for making arrangements for transporting the gas from its source to the Company's interconnection with the delivering pipeline supplier. The gas transported under this Rate Schedule is not the property of the Company. However, the Company reserves the right to commingle such gas with other supplies. Moreover, the Company reserves the right to utilize Customer's gas, when necessary, in accordance with its Gas Curtailment Plan.

D. Indemnification

As between Company and Customer, the Customer or its Third Party Supplier warrants that it has clear title to any gas supplies delivered into the Company's system for redelivery to Customer and Customer shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's system for redelivery to Customer. Customer agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries of gas on behalf of transporting Customer.

E. Gas Supply Obligation

In the event that Customer's Third Party Supplier fails to deliver gas on behalf of its Customers, the Company may, in its sole discretion, provide replacement gas supplies. The Company shall have no obligation to provide gas supplies to Customers that contract for gas supply from a TPS. In the event that a Customer seeks to purchase gas supplies from the Company, such sales may be made by the Company in its sole discretion under such terms and conditions as the Company may require.

F. Balancing Receipts and Deliveries

Third Party Suppliers will be billed for all their Customers' balancing and other transportation related charges, as set forth in the TPS Rate Schedule, determined by the Company to be billable to a TPS on behalf of their Customers. If there are any unpaid charges the TPS' Customers shall be individually responsible for any portion attributable to their individual action and/or-for-their prorata

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share as follows: The Company will first determine individual Customer charges, if any, and second prorate charges based on allocating thes

TRANSPORTATION SPECIAL CONDITIONS (Continued)

F. Balancing Receipts and Deliveries (Continued)

amount of TPS gas received, if any, in the following priority; first to the GS classes being served under ADDQ in the order of increasing annual usage, then to NGV, followed by the remaining GS classes in the order of increasing annual usage, then by KDS and lastly to FGS Customers. Each Customer in a Rate Schedule that does not receive gas supply to meet the entire Rate Schedule requirements will receive a prorata charge based on their percentage of gas consumed, as estimated or measured on the meter reading date following the incurrence of imbalance charges, to the total of their Rate Schedule for the period that charges apply.

G. Transportation Interruption and Curtailment

Company shall have the right to reduce or completely curtail deliveries to Customer as follows:

- (1) If, in Company's opinion, Customer will overrun the volume of gas to which it is entitled from its supplier (or overrun the volume of gas being delivered to Company for Customer's account); or
- (2) In the event Company is notified by its delivering pipeline pursuant to the Federal Energy Regulatory Commission approved curtailment plans or provision of its tariff to interrupt or curtail deliveries for uses of the same type or category as Customer's use of gas hereunder; or
- (3) When necessary to maintain the operational reliability of Company's system.

Company will endeavor to give as much notice as possible to Customer in the event of interruption or curtailment. Any gas taken in excess of the volume allocated to the Customer in an interruption or curtailment order shall be considered Unauthorized Gas Use

H. Facilities

Company shall not be obligated to, but may, at its sole discretion on a non-discriminatory basis, construct or acquire new facilities, or expand existing facilities, including facilities necessary to provide measurement of volumes and communication of deliveries, in order to perform service requested under each applicable Rate Schedule. If in Company's reasonable judgment it is necessary to construct or acquire new facilities, or to expand existing facilities, to enable Company to receive or deliver Customer's gas at the Points of Receipt and Delivery requested, and Company determines in its sole discretion to construct, acquire, or expand such facilities, then Company shall notify Customer of the estimated costs of such facilities, including electronic measurement

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equipment, shall, subject to the receipt and acceptance of any necessary regulatoryapproval, be constructed, acquired or expanded by Company in accordance with the terms of the executed Service Agreement.

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RULES AND REGULATIONS (Continued)

15. TRANSPORTATION - SPECIAL CONDITIONS (Continued)

H. Facilities (Continued)

Prior to the initial receipt of service hereunder, unless agreed otherwise. Customer shall reimburse Company in accordance with the terms of the Transportation Service Agreement, for thecest of any facilities which are constructed, acquired, or expanded by Company to receive or deliver Customer's gas.

All facilities required to provide service under each applicable Rate Schedule shall be designed, constructed, installed, operated, and owned by Company, unless otherwise agreed to by Company.

Company's execution of a Transportation Service Agreement under each applicable Rate Schedule may be conditioned on Customer's agreement to pay the total incremental cost of such facilities as specified herein and in the Service Agreement.

Designated Pools

This section designates the Pools that have been adopted for the Company's service territory in order to facilitate the operation of the Company's system.

Basic Pools result from the physical characteristics of the Company's system and the location of the delivery points of the interstate pipeline companies.

The Company's service territory is composed of two Primary Pools, each of which is composed of one or more Basic Pools:

- (a) Brevard
- (b) Miami-Dade
- J. Allocation, Assignment, of Capacity and Supply Assets

This section sets forth the method and provisions by which the Company will allocate, on an equal access, nondiscriminatory basis, the Company's Interstate Pipeline Capacity to a Third Party Supplier based upon the Average Daily Delivery Quantity ("ADDQ") and Demand Charge-Quantity ("DCQ") of the Transportation Customers served by the Third Party Shipper.

The portion of the Company's Interstate Pipeline Capacity not associated with premises served by Third Party Supplier will remain with the Company. The Company will hold the capacity required to service its Customers on a Design Day plus a reserve margin not to be less than 5%. The Company will post on the Electronic Bulletin Board ("EBB") each allocation of the Company's Interstate Pipeline Capacity to a Third Party Supplier for viewing only by such Third Party Shipper. Until the Company has sufficient Interstate Pipeline Capacity to satisfy 100% of its Sales and Essential Use Customers

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throughput the Company may opt to not release capacity to Third Party Suppliers. Once adequate capacity is obtained to meet the Sales and Essential Use Customers'needs, capacity releases will be prioritized based upon Customer groups. The Company will firstrelease Interstate Pipeline Capacity to service Cycle Read Customers (ADDQ) based upon ThirdParty Supplier market share.

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15. TRANSPORTATION SPECIAL CONDITIONS (Continued)

The remaining Interstate Capacity will then be released to service Daily Read Customers (DCQ)—that are identified as Essential Use based upon Third Party Supplier market share. Any remaining Interstate Pipeline Capacity will then be released to service Daily Read Customers that are not identified as Essential Use based upon Third Party Supplier market share.

Each month the Company will calculate market share for each Third Party Supplier based upon the sum of the ADDQ and DCQ of premises served by each Third Party Supplier. Each month the Company will make capacity allocations to each Third Party Supplier based upon theirmarket share as calculated on the twentieth (20th) calendar day of the preceding month. The Company will post on the EBB on the twentieth (20th) calendar day of the preceding month, the total Interstate Pipeline Capacity that a Third Party Supplier is allocated for viewing only by suchThird Party Shipper.

The rate for Interstate Pipeline Capacity will be the maximum rate stated in the applicable FERC Gas Tariff; provided, however, that if the proper regulatory approvals have been received, the rate for an assigned service will not exceed the rate charged to the Company as of the date of the assignment. Assignments will have a term of one calendar month and will be made and become effective on the first day of such month.

The Company will, when possible, provide firm gas delivery service to Sales Customers who were Transportation Customers. However, if sufficient interstate pipeline capacity is not available, those Customers may not receive firm gas delivery service.

All capacity charges associated with release of Interstate Capacity to Third Party Suppliers will be billed directly to the Third Party Supplier by the pipeline company.

K. Recall of Released Capacity

The Company, at its sole discretion, has the right to recall Interstate Pipeline Capacity from Third Party Suppliers if:

- (a) A determination by the Company, in a Force Majeure event to recall capacity in order to maintain the operational integrity of the system;
- (b) A Third Party Supplier's failure to meet the security requirements of this Tariff or meet itsresponsibilities as a replacement shipper on the Pipeline;
- (c) A filing of bankruptcy by a Third Party Supplier;
- (d) A Third Party Supplier fails to meet system delivery requirements;
- (e) An order of the State or Federal Commissions where recall would be necessary to complywith Commission orders;
- (a) The Company, for any reason, determines that recall is necessary to maintain the operational integrity of the system

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RULES AND REGULATIONS (Continued)

TRANSPORTATION - SPECIAL CONDITIONS (Continued)

L. Disposition of Recalled Capacity

Capacity recalled to the above section, shall be re-released as follows:

In the case of Interstate Pipeline Capacity is recalled, the Company will re-release the recalled Interstate Pipeline Capacity to all Third Party Suppliers promptly.

M. Limitations on Released Capacity

The Interstate Pipeline Capacity being released to Third Party Suppliers under—the provisions of this tariff was obtained for the purpose of making gas available to Customers in Florida. It is being released to Third Party Suppliers for the same purpose. Accordingly, in addition to any other limitations on the released capacity that may apply, and as a condition for receiving the released capacity, Third Party Suppliers must comply with the following limitations on the use of released capacity.

Any agreement to trade, assign, sell, or otherwise re-release the released capacity shall include the right of FCG to recall the capacity under Section K.

In the event that a Third Party Shipper sells, trades, or otherwise transfers all or part of the Third Party Supplier's Customer base to another Third Party Supplier, it shall also release to the other Third Party Supplier an equal percentage of its released Interstate Pipeline Capacity;

Any agreement to trade, assign, sell, or otherwise re-release the released. Interstate Pipeline Capacity shall include the right of Third Party Supplier to recall the capacity if the capacity is necessary to provide service to the Third Party Suppliers' Customers.

16. FORCE MAJEURE

Neither Company, Third Party Supplier, or Customer shall be liable for damages to the other for any act, omission, or circumstance occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraints of rulers and people, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, or software, line freezups, temporary failure of gas supply, temporary failure of firm transportation arrangements or curtailments, the binding order of any court or governmental authority which has been resisted in good faith by reasonable legal means, acts of third parties, and any other cause, whether

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of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of reasonable diligence such party is unable to prevent or overcome.

Such causes or contingencies affecting the performance by the Company, Third Party Supplier or Customer, however, shall not relieve it of liability in the event of its concurrent negligence, nor shall such causes or contingencies affecting performance relieve either party from its obligations to make payments of amounts then due hereunder in respect of gas theretofore delivered.

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15. TRANSPORTATION AND SPECIAL CONDITIONS

A. CLASSIFICATION OF POOL MANAGERS AND TRANSPORTATION SERVICES

- 1. Classification of Pool Managers:
 - a. Ci Pool Manager: Any Company-approved Pool Manager that is authorized to deliver Gas to: i) Company's Receipt Point(s), which is subsequently delivered by Company at the Company Delivery Point(s) to Commercial, Industrial, and/or Special Purpose Customers, or ii) a Transportation Service Provider Delivery Point(s) where Company provided the Off-System Delivery Point Operator Service.
- Classification of Services:
 Regulated Sales S
 - a. Regulated Sales Service: Gas sales made by the Company through Company's Purchased Gas Cost Recovery mechanism. This service is required for all Residential Customers located in all Florida City Gas' Service Areas and is optional for all Non-Residential Customers.
 - <u>Transportation Service:</u>
 <u>Transportation Service is optional for all Non-Residential Florida City Gas Customers. Transportation Services will be provided under Company's Individual or Aggregated Transportation Service Program(s), in accordance with the Rules and Regulations set forth in this Tariff.
 </u>
 - i. Individual Transportation Service (ITS):
 - Individual Transportation Service is available to Customers who are served under Company's Flexible Gas Service, (FGS), Contract Demand Service (KDS) and Special Contract Customers. Individual Transportation Service Customers are required to execute a Transportation Service Agreement with the Company.
 - ii. Aggregated Transportation Service (ATS):
 - CI Service Pools: All Florida City Gas Non-Residential Customers shall have the option of utilizing ATS and shall utilize a Company approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s) or purchasing Gas from Company's Regulated Sales Service Pool.
 - c. Special Contract Service (SCS): Transportation Service provided to a Customer at the sole option of the Company pursuant to Florida Public Service Commission Rule 25-9.034, FAC, where the rates, terms and conditions for service may be different than those set forth in the Company's approved Tariff. All SCS Customers shall enter into a Special Contract Agreement with the Company, which is subject to the approval of the FPSC. Billing Adjustments and Taxes and Fees, as set forth in the Rate Schedule Section of this Tariff, may also apply.

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RULES AND REGULATIONS - Continued

- d. Off System Sales Service (OSSS-1): Interruptible Natural Gas delivered by Company to any person not connected to Company's distribution system. Customer and Company shall rely on measurement made by the Transportation Service Provider. Unless curtailed, all Nominations to Customer's Transportation Service Provider Pipeline Delivery Point shall be considered to have been made by the Transportation Service Provider. Off-System Sales include i) intrastate and interstate pipeline capacity releases made by the Company, ii) commodity sales made by the Company, and / or iii) delivered sales made by the Company. Fifty percent (50%) of the net revenues shall be retained by Company. The remaining fifty percent (50%) of the net revenues shall be used to reduce Company's costs recovered through the Company's Purchase Gas Cost Recovery Clause.
- e. Shipper Administrative Service (SAS): Administrative service provided to a Pool Manager under the SAS rate schedule, in accordance with the Rules and Regulations set forth in this Tariff. The Company shall provide the following services to Pool Managers under the SAS; i) reading of Customer's Meters, ii) provision of Customer projected monthly usage information, along with Transportation Service Provider capacity quantity to be released to Pool Manager, iii) provision of Customer usage information to Pool Manager each Month, iv) retention of Customer's historical usage information, v) Letter of Authorization review and administration, and vi) other service as the company may determine necessary to administer Gas deliveries by Pool Managers to Customers. This service is required for CI Pool Managers. Billing Adjustments and Taxes and Fees, as set forth in the Rate Schedule Section of this Tariff, may also apply.

B. LIMITATIONS OF SUPPLY

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from nonaffiliated companies that may jeopardize service to existing Customers.

<u>Under no circumstances is Company required to deliver hourly quantities of natural gas greater than the hourly quantities of natural gas that has been scheduled by the interstate or intrastate pipeline directly upstream of Company's facilities.</u>

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C. WARRANTY, CONTROL, AND INDEMNIFICATION

1. Warranty:

Pool Manager warrants that it will have good and merchantable title to, all Gas delivered by Transportation Service Provider to Company for Shipper's account at Transportation Service Provider's Delivery Point(s), and that such Gas will be free and clear of all liens, encumbrances, and claims whatsoever. In the event any adverse claim in respect to said Gas is asserted, or Pool Manager breaches its warranty herein, Company, shall not be required to perform, its obligations to transport and deliver said Gas to Customer accounts in Pool Manager's Customer Pool or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Pool Manager until such claim has been finally determined; provided, however, that Pool Manager may receive service if i) in the case of an adverse claim, Pool Manager furnishes a bond to Company, conditioned for the protection of Company with respect to such claim, or ii) in the case of a breach of warranty, Pool Manager promptly furnishes evidence, satisfactory to Company, of Pool Manager's title to said Gas.

2 Control and Possession:

Pool Manager shall be deemed to be in control and possession of Gas prior to delivery to the Company Receipt Point(s) or Transportation Service Provider Delivery Point(s); and Company shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas by Transportation Service Provider to the Delivery Point(s), and until it shall have been delivered to Company's Point(s) of Delivery. Each party, while deemed to be in control and possession of such Gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.

3. Indemnification to Company by Customer: The Customer shall indemnify, hold harmless, and defend the Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the distribution and/or transportation of Gas by the Customer, as such may be defined in the CI Pool Manager Agreement.

D. TRANSPORTATION SERVICE

- 1. Individual Transportation Service:
 - a. Applicability: Individual Transportation Service is available to Customers who are served under Company's KDS rate schedule, FGS rate schedule, and Special Contract Customers. Individual Transportation Service Customers are required to execute the applicable Transportation Service Agreement, KDS Service Agreement, FGS Service Agreement or, Special Contract (that has been approved by the FPSC) with the Company.

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b. Company-Approved Pool Manager: Unless otherwise authorized by Company, all ITS Customers shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company's Delivery Point(s). Customer shall have the right to change their Pool Manager pursuant to Section D4 below. Customer will not be charged to designate it's initial Pool Manager.

c. Service Agreement:

All Customers receiving Individual Transportation Service shall enter into the applicable Transportation Service Agreement with Company. Upon receipt of the Customer's executed Transportation Service Agreement, the Company shall have up to thirty (30) Days to initiate service under the Agreement, in addition to any time requirements for the physical extension or improvement to the Company's facilities required to provide such service.

d. Service Initiation:

Transportation Service may begin on the first day of the Month, provided that timely Nominations are submitted in accordance with the Company's Tariff, and such other actions as are required to cause Gas to be delivered to the Company for transportation to the Customer, are undertaken by Customer, or Customer's Agent.

e. Full Requirements:

All Customers receiving Individual Transportation Service shall transport all of their natural gas quantity requirements through Company's distribution system. Regulated Sales Service shall not be available from the Company. Gas quantities scheduled for delivery to the Company by the Customer, or Customer's Agent that are not in balance with actual metered consumption at the Company's Delivery Point shall be subject to the imbalance resolution provisions of this Tariff.

f. Shipper Designee:

Marketers, brokers, or other third-party suppliers of Gas that wish to act as Designees for Individual Transportation Service Customer, shall be required to execute a Shipper's Designee Form with the Company. Customer's Designee shall warrant clear title, any Gas delivered into Company's system, and Customer's facilities. Designee shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Designee shall indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

- g. Limitation of Transportation Service:
 - New Premise:

Company reserves the right, subject to the regulatory authority having jurisdiction, to limit or restrict usage through establishment of an MDTQ or refuse Transportation Service to a new premise that will result in additions to

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its distribution system that may jeopardize Transportation Service to existing Customers.

ii. Existing Premise:
 Company may establish a MDTQ for Gas for Non-Residential Customers at an existing premise that requests an increase in annual usage, if, in the reasonable opinion of Company, establishment of an MDTQ is necessary to protect system integrity or to ensure other existing premises are not adversely affected by said Non-Residential Customer(s) request. Company shall not be obligated to transport Non-Residential Customer-owned Gas above Non-Residential Customer's MDTQ, if established, but may do so if feasible and without adverse effect to other Customers, in the reasonable opinion of Company.

2. Aggregated Transportation Services:

a. Cl Pools:

Company is responsible for the transportation of Customers' Gas. Company is not responsible for providing Gas commodity for Customers. If Customer, or Customer's Agent, if applicable, fails to provide Gas, Company may disconnect service to Customer. In the event, the Company's authorized Pool Manager fails to cause to be delivered on any day at the assigned Company Receipt Point(s) with the Company, any portion of the quantities of Gas for transportation to the Customers in the Customer Pool, the Company may immediately seek the remedies set forth in Section E2, and the applicable provisions of the Cl Pool Manager Agreement(s). If such remedies result in the termination of the Pool Manager Customer will be assigned to Company's Regulated Sales Service Pool, until such time as the Customer is enrolled in a subsequent applicable Transportation Service program.

i. Applicability:
All Florida City Gas Service Area Non-Residential Customers shall have the option of using Company's Transportation Service and shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

ii. Company-Approved Pool Manager: Unless otherwise authorized by Company, Company will require all Non-residential Customers who elect to use Company's Transportation Service to designate a Pool Manager from a list of approved Pool Managers posted by Company on Company's website. Customer shall have the right to change their Pool Manager pursuant to Section G4 below. Customer will not be charged to designate its initial Pool Manager.

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iv. New Customers:

New Customers must request CI Transportation Service by submitting a Request for Gas Service. All Non-Residential Customers will be assigned to an applicable Customer Pool pursuant to Section G2 below.

y. Service Initiation:

Service will be initiated to Customer pursuant to Section U below.

Notwithstanding the above provisions, the Company may extend the time period for the initiation of service to accommodate the physical extension or improvement of the Company's facilities required to provide such service.

vi. SAS Rate Schedule:
Upon initiation of service, all CI Pool Managers shall be assigned to the SAS Rate Schedule.

vii. Service Limitation:
Customers served under a KDS, FGS, or a Special Contract shall not be eligible to receive Aggregated Transportation Service unless otherwise approved by Company.

E, AUTHORIZED POOL MANAGERS

1. Cl Pool Manager Minimum Requirements:

- <u>Pool Manager(s) shall be a duly authorized shipper on all Company's</u>
 <u>Transportation Service Provider's interstate pipeline systems.</u>
- <u>Pool Manager(s) shall demonstrate their capability to meet Company's standards</u> for creditworthiness.
- c. Pool Manager(s) shall execute a CI Pool Manager Agreement with the Company prior to providing gas supply and transportation management services to the Customer Pool(s).

2. Pool Manager's Non-performance:

a. The Company shall establish in the CI Pool Manager Agreements such standards of performance for the Pool Manager as are reasonably required to assure reliable service to the Customer Pool(s). At a minimum, all Pool Manager(s) shall be obligated to cause sufficient quantities of Gas to be delivered for the Customer Pool each and every day such that scheduled quantities for the Customer Pool remain in reasonable balance with actual consumption. The Company shall establish appropriate penalties to be enforced should the Pool Manager fail to perform. In the event of substantial non-performance, as defined in the CI Pool Manager Agreement, the Company shall terminate the Pool Manager, and transfer Pool Manager's Customers to the Company's Regulated Sales Service pool.

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 Rate Impact of Aggregation: Aggregated loads will not result in lower transportation rates for individual Customers.

F. CUSTOMER'S AGENT OR SHIPPER'S DESIGNEE

1. Designee Agreement:

Marketers, brokers, or other third-party suppliers of Gas that wish to act either as Agents for Individual Transportation Service Customers shall be required to execute an ITS Shipper Designee Form with the Company (Sheet No. 91).

2. Indemnification:

Customer's Agent shall warrant clear title, or right to transport, any Gas delivered into Company's system, and Customer's Agent shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Agent agrees to indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

G. SELECTION OF POOL MANAGER

1. Approved Pool Manager:

Unless otherwise authorized by Company, all Non-Residential Customers who chose to utilize Company's Transportation Service shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

- Service Initiation New Premise Initial Service Assignment:
 New Customers will be initially assigned to Company's Regulated Sales Service Pool until such time as Customer receives an initial bill from the Company and Customer submits a Letter of Authorization to a Company-approved Pool Manager and Pool Manager enrolls Customer into Pool Manager's respective CI Customer Pool.
- 3. Service Initiation Existing Premise: To initiate Transportation Service that includes Individual Transportation Service and CI Transportation Service, a Customer requesting service at an existing premise shall select a Company-approved Pool Manager and initial Pool Manager shall enroll Customer electronically via Company's website. Prior to electronic enrollment, Pool Manager shall obtain a Letter of Authorization from the Customer in the form set forth on Sheet Nos. 94-97 of this tariff and have signed by the Customer prior to enrollment.

Transportation Service by the Company to a Customer account to which an initial bill has been issued and for which service hereunder has been properly requested by electronic enrollment prior to the tenth (10th) Business Day prior to the end of the month will commence on the first day of the following calendar month following receipt by the Company of the afcresaid electronic enrollment.

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For new Customer premises to which an initial bill has not been issued. Service will be delayed until the first day of the second calendar month following enrollment by the Pool Manager.

- 4. Service Transfer Between Pools:
 To initiate the transfer of service between Transportation Service pools that includes Individual Transportation Service, CI Transportation Service, a Customer shall select a Company-approved replacement Pool Manager and replacement Pool Manager shall enroll Customer electronically via Company's website. Prior to electronic enrollment transfer, Pool Manager shall obtain a Letter of Authorization from the Customer in the form set forth on Sheet Nos. 94-97 of this tariff and have signed by the Customer prior to enrollment. Transportation Service by the Company to a Customer account for which service hereunder has been properly requested by electronic enrollment prior to the tenth (10th) Business Day prior to the end of the month will commence on the first day of the following calendar month following receipt by the Company of the aforesaid electronic enrollment.
- 5. Customers Currently Receiving Service from CI Pool Manager: Non-Residential Customers receiving service from a CI Pool Manager may select to be assigned to Company's Regulated Sales Service. Said Non-Residential Customer shall execute a Request to Return to Regulated Sales Service Form no later than ten (10) Working Days prior to the end of the Month. Customer who elects to return to Company's Regulated Sales Service Pool will be required to remain on Regulated Sales Service for a period of not less than twelve (12) Months.
- 6. Termination of Shipper Status:
 - a. CI Pool Manager:

 If Company terminates a CI Pool Manager, Pool Manager's Customers shall be assigned by Company to Company's Regulated Sales Service Pool.
 - b. Non-Residential Customers:
 - <u>CI Pool Manager:</u> Non-Residentjal Customers selecting an approved CI Pool Manager shall establish price and other terms and conditions of service directly with the selected CI Pool Manager.
 - Selection of CI Pool Manager: Non-Residential Customers participating in Company's Regulated Sales Service Pool may select any approved CI Pool Manager at any time in accordance with the procedure set forth above.

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H. INITIATION OF TRANSPORTATION SERVICE

Initiation of Pool Manager Service:

Any Company-approved Pool Manager or Shipper Designee that is authorized to deliver Gas to Company's Receipt Point(s), which is subsequently delivered by Company at the Company's Delivery Point(s) under one of the Company's Transportation Service Programs will be required to meet the following provisions before service can be initiated to the Pool Manager.

- 1. Cl Pool Manager Requirements:
 - a. An entity is eligible to become a CI Pool Manager shall:

i. Execute a Cl Pool Manager Agreement (Sheet Nos. 104-107);

- <u>Establish credit sufficient to Company in accordance with these Rules and Regulations:</u>
- iii. Agree to retain copies of fully executed Customer Letter of Authorizations and provide such LOA upon request by the Company and
- iv. Agree to receive SAS service.
- 2. Establishment of Credit:
 - a. All Pool Managers shall establish credit prior to commencing deliveries of Gas and shall maintain such credit during the term hereof. The amount of credit established by each Pool Manager will be equal to the greater of \$10,000 or an amount equal to Pool Manager's highest two (2) months aggregated Daily Demand Requirement for the most recent 24-month period multiplied by the applicable Transportation Service Provider's applicable rate schedule(s). Credit will be established by one of the following methods:
 - i. Payment of a cash deposit with Company;
 - ii. Furnishing an irrevocable letter of credit from a bank;
 - iii. Furnishing a surety bond issued by an entity acceptable to the Company;
 - iv. Possessing and maintaining a Standard & Poor's Long-Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to Company; or
 - v. Providing an acceptable parental or corporate guarantee.

If the Pool Manager seeks to establish credit, Pool Manager shall furnish to Company Pool Manager's audited financial statements (accompanied by the opinion of and independent certified public accountants or chartered accountants of a recognized national or regional standing) for at least the two most recently completed fiscal years.

All Pool Manager deposits will be subject to an annual review by Company and will be adjusted and billed accordingly. The minimum deposit maintained by each Pool Manager will be \$10,000.

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I. CAPACITY ASSIGNMENT AND RECALL

1. Intent of Capacity Release: Company, through its Service Agreements with Transportation Service Providers, has contracted for firm capacity rights on the Transportation Service Providers' pipeline systems. Company will temporarily relinquish capacity to Customer or Pool Manager, as applicable, each Month, utilizing the methodology described below, on Transportation Service Provider's systems for Customers and Pool Managers' use in transporting Gas to Company's Individual Transportation Service, and Cl Customer Pool(s). Company will retain enough capacity to serve Company's Regulated Sales Service Customer Pool each Month.

2. Capacity Release Methodology: The Company shall retain, adequate quantities of capacity on Transportation Service Providers' systems to serve Company's Regulated Sales Service Customer Pool prior to the allocation of capacity to Individual Transportation Service Customers who have executed a capacity release agreement with the Company, and Pool Manager Customer Pools. The Company shall temporarily relinquish quantities of Transportation Service Provider Capacity to i) individual Customers who have executed Capacity Release Agreements with the Company and ii) CI Pool Managers each Month.

- 3. Daily Demand Requirement Calculation and Quantity of Capacity for Release: Each Month after adequate capacity is allocated to Company's Regulated Sales Service Pool, Company shall determine the aggregated DDR to be relinquished to each Aggregated Transportation Service Pool Manager using the following methodology:
 - a. For each existing and new Aggregated Transportation Service Customer (both Cl Daily and Cycle Read Pools), the aggregated DDR shall be determined by using the prior year's applicable Month Gas consumption for each Customer in the Customer Pool (adjusted for Customer additions and losses from the succeeding eleven-Month period) and dividing by the number of days in the applicable Month, then dividing the result of this calculation (Therms per Gas Day) by ten (10) (to convert Therms to Dekatherms); and then rounding up to the next whole Dekatherm. In the case of the Cl Daily Read Pool(s) and only for the purposes of calculating the Pool Manager's aggregated Daily Capacity (release) Quantity ("DCQ"), the aggregated DDR calculated above will be multiplied by 0.0 or no greater than 1.0, ("DCQ Factor") at the Company's sole discretion. The DCQ Factor will be determined on an annual basis by the Company.
 - <u>Daily Read Pool Managers may request and Company may provide, in Company's sole discretion, up to one hundred percent (100%) of Customer's total historical DDR.</u>
 - <u>Each Month, the Company shall determine the total aggregated DDR for each Customer Pool, in accordance with the methodology described herein.</u>
 <u>Adjustments to Pool Manager's aggregated DDR will occur from time to time to reflect changes in the Company's weighted average cost of capacity and as a</u>

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Daily Demand Requirement Calculation and Quantity of Capacity for Release - Continued

result of the enrollment and transfer of Customers to and between Customer Pools,

For each existing and new Individual Transportation Service Customer, Company will relinquish capacity based on Customer MDTQ as provided in the Capacity Release Agreement (if any) between Customer and Company. Customer must elect a MDTQ of sufficient quantity to satisfy the Customer's Monthly natural gas requirements. Company will provide Customer a twelve-Month consumption history to assist in making its initial election.

4. Scope of Capacity Release:

- Pool Manager Service Agreements with Transportation Service Providers: Pool Manager shall enter into all required agreements with each Transportation Service Provider so that Pool Manager has all necessary rights to accept and acquire the relinquished capacity from Company hereunder. Capacity releases shall be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time. Pool Manager shall have sole responsibility for complying with all provisions of such agreements and all applicable provisions of Transportation Service Providers' FERC Tariffs.
- b. Relinquishment Notices: Each Month, Company shall provide to Transportation Service Providers the notice of capacity release required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff. Such notices shall offer to relinquish, on a temporary basis, that portion of the Pool Manager's aggregated DCQ to be relinquished by Company by Customer Pool. Company shall diligently and in a time sufficient for Pool Manager to commence use of the released capacity, take all other actions required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff to relinquish capacity to Pool Manager. Capacity releases will be released to Customers, Pool Managers, and Shipper's Designee(s) pursuant to Company's state-approved retail choice programs as set forth in this Section W. of this Tariff.
- c. Acceptance of Capacity Release: Pool Manager shall diligently and in a timely manner take all actions necessary under the rules and regulations of Transportation Service Provider's FERC Tariffs to acquire and accept the capacity relinquished by Company. Company has no obligation to relinquish capacity to Pool Manager in quantities greater than the Aggregated DCQ. If after five (5) days, Pool Manager does not acquire requisite capacity, Pool Manager may be terminated.

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RULES AND REGULATIONS - Continued

5. Capacity Exceeding Released Quantities: If Pool Manager's Customer Pool's aggregated DDR is greater than Pool Manager's Customer Pool's aggregated DCQ, Pool Manager shall be responsible for taking such actions as are required to obtain sufficient Transportation Service Provider capacity to meet its Customer Pool requirements (aggregated DDR), such additional quantities shall be defined as Pool Manager's Customer Pool's Daily Delivery Capacity Variance ("DDCV"). Pool Manager may acquire such Transportation Service Provider capacity quantities from any source.

6. Capacity Charges:
Pool Manager shall pay to Transportation Service Provider the rate listed in Company's relinquishment notice. Such rate will be based on Company's annualized weighted average cost of capacity excluding releases to ITS Customers, Customers receiving service under Rate Schedules KDS, FGS, and those Customers served by the Company pursuant to a Special Contract, those Customers who utilize upstream capacity released by the Company pursuant to an asset management agreement, and capacity released by Company pursuant to a long term capacity release i.e., a period a longer than one (1) year) or the negotiated rate for the capacity relinquished by the Company. Pool Manager shall indemnify Company and hold it harmless from any and all rates and charges assessed by Transportation Service Provider to Company for the relinquished capacity.

7. Capacity Payments: Pool Manager shall make all payments to Transportation Service Provider(s) for the relinquished capacity in accordance with Transportation Service Provider's FERC Tariffs, and by any applicable FERC rule or order. If Pool Manager fails to make such payments, Company may make such payments on behalf of Pool Manager (in a manner which preserves any rights which Pool Manager may have to dispute the nature or amount of the charges). Pool Manager shall reimburse Company for such payments inclusive of interest, at the highest interest rate allowed by law, from the date such payments are made by Company to Transportation Service Provider.

8. Recall Rights to Released Capacity:

- a. All capacity relinquished to Pool Manager by Company, may be recalled by Company from time to time to facilitate the redistribution of capacity among Pool Managers to accommodate Customer migration, or to change the rate of the release regardless of the term of a specific capacity release by Company to Pool Manager.
- b. Company shall have the right to recall temporarily or permanently a portion or all of the capacity relinquished hereunder, subject to the applicable notice requirements in Transportation Service Providers' FERC Tariffs, in the event that Pool Manager breaches its contractual obligations of payment to Transportation Service Provider for the released capacity; or (ii) Pool Manager otherwise breaches the terms and conditions of this Tariff. In the event Company temporarily recalls a portion of the relinquished capacity. Company shall rerelease such capacity to Pool Manager within ten (10) Working Days after Pool

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RULES AND REGULATIONS - Continued

Recall Rights to Released Capacity - Continued

Manager has provided assurance satisfactory to Company, in Company's reasonable discretion, that the cause which gave rise to Company's recall right has been removed.

- c. <u>Capacity is required to serve Company's high priority Customer or to maintain</u> the operational integrity of Company's distribution system(s).
- d. A Pool Manager's failure to meet the security requirements of this Tariff.
- e. A filing of bankruptcy by a Pool Manager.
- f. An order from the FPSC or FERC where recall would be necessary to comply with Commission orders.
- 9. Retained Right of First Refusal:

Company shall retain the sole right to affirmatively exercise, at the time specified in the Service Agreement. Transportation Service Provider's FERC Tariffs, or any FERC rule or order, any right of first refusal mechanism (however denominated), including the option to extinguish such right, applicable to the relinquished capacity; provided, however, that Company may not exercise any such right in a manner which would impair Pool Manager's right to use the relinquished capacity during the term of any release.

10. Periodic Open Seasons:

Company may hold an open season for incremental capacity releases not less than once per year. The open season may be held from April 1st through April 15th of each calendar year or other such period that Company may elect. Primary firm capacity from

the Company's interstate capacity portfolio will be made available to on-system Customers and Pool Managers on an as-available basis.

Releases by the Company will be for a period of not less than one year. Incremental quantities when aggregated with existing capacity release quantities made by Company to a Customer or Pool Manager will be not greater than the monthly historical demand quantity of the Customer or Customer Pool.

Releases requested during the applicable open season period will be awarded on a prorata basis and the awarded releases will be implemented not later than June 1st of the same calendar year or the first calendar Day of the month following the first full month after capacity has been awarded to the acquiring Customer or Pool Manager. Capacity awarded, if available, will be made on a not unduly discriminatory basis by the Company.

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RULES AND REGULATIONS - Continued

11. Capacity Acquisition:

- a. Customer Pools:
 Company shall provide to Pool Managers each Month, at least four (4) Days prior to Transportation Service Provider's deadline for posting capacity releases for the first day of the following Month, (i) a list of the accounts comprising Pool Manager's Customer Pool and the associated Non-Residential Customer DDRs, ii) the estimated total Gas requirements to meet the needs of each of Pool Manager's Customer Pools for such following Month i.e., Pool Manager's aggregated DDR and, (iii) the aggregated DCQ that Company proposes to relinquish to Pool Manager for each Customer Pool. Pool Manager shall confirm the accuracy of the list of accounts comprising Pool Manager's Customer Pool with Company within one (1) Business Day after delivery of the Customer list to Pool Manager. If Pool Manager fails to confirm the accuracy of said list, Company shall proceed with the release to Pool Manager based on the information provided.
- b. Maximum Daily Transportation Quantity (MDTQ):
 Company may establish a MDTQ for Gas for one or more Customer(s) or Pool
 Manager(s) if, in the reasonable opinion of the Company, it is necessary to
 protect system integrity or to ensure existing Customers are not adversely
 affected by Customer(s) and or Pool Manager(s) requiring an MDTQ. Company
 shall not be obligated to transport Gas above the Customer's or Pool Manager's
 MDTQ, if established, but may do so if feasible and without adverse effect to
 other Customers, in the reasonable opinion of the Company.

12. Pool Manager's Firm Delivery Requirements:

- a. Unless excused by Force Majeure, Pool Manager shall cause Transportation Service Providers to deliver on each Gas Day to Company Primary Receipt Points where Company is the DPO a quantity of Gas sufficient to reliably serve the requirements of its Customer Pool and off-system Customers. Pool Manager shall have no obligation to deliver Gas to Company on behalf of Customers whose service is terminated, either upon request of the Customer or for cause. Company shall promptly notify the Pool Manager of any known change in Customer account status that will affect Gas quantity deliveries.
- b. If any act or omission of Pool Manager causes Company, as the DPO, to incur any Transportation Service Provider penalties, other expenses or liabilities of any kind, Pool Manager will indemnify and reimburse Company for all said penalties, other expenses, or liabilities. Nothing herein shall be deemed to foreclose Company from employing other remedies, including cessation of deliveries for the unauthorized usage of Gas.

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RULES AND REGULATIONS - Continued

J. NOMINATIONS AND SCHEDULING

Nominations and Scheduling:

All CI Daily, Cycle Read Pool Managers and ITS Customers, shall submit to the Company all Nomination and scheduling information affecting Company's Delivery Points simultaneous to any submission to Transportation Service Provider(s). In addition, each Customer, Pool Manager, or Shipper Designee shall submit to Company each day Nominated quantities for each Individual Transportation Service Customer that is required to have and has electronic telemetering equipment installed, ("Telemetered Customer").

CI Cycle Read Pools will be permitted one Nomination change within the Month. Such Nomination must be delivered to Company no later than the fifteenth (15th) of the applicable Month.

CI Daily Read Pool(s) will be permitted to change Nominations throughout the applicable Month.

Such Nomination shall include the following information:

- 1. The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated "Del Loc" (Delivery Location);
- The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (PM Delivery Quantity);
- The downstream delivery facility name, and quantity in Therms of Gas to be delivered for each Company Customer account or Pool "Dn Name" (Duns Number):
- A beginning and ending date for each Nomination;
- Ranking for allocation 'Del Rank" (Delivery Rank)

Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

Transportation Interruption and Curtailment:

Company shall have the right to reduce or completely curtail deliveries to Customers as follows:

- If, in Company's opinion, Customer will overrun the volume of Gas to which it is entitled from its supplier (or overrun the volume of Gas being delivered to Company for Customer's account); or
- In the event Company is notified by its delivering pipeline pursuant to the FERC
 approved curtailment plans or provision of its tariff to interrupt or curtail deliveries; or
- 3. When necessary to maintain the operation reliability of company's system.

Company will endeavor to give as much notice as possible to Customer in the event of interruption or curtailment. Any Gas taken in excess of an interruption or curtailment order shall be considered Unauthorized Gas Use.

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RULES AND REGULATIONS - Continued

Unassigned Gas

"Unassigned Gas" shall mean any quantity of gas received at a Company Receipt Point for which there is no transportation nomination that can be readily identified by Company and assigned by Company to the appropriate Customer(s), Shipper's Designee(s), and Pool Manager(s).

Company shall post on its website the quantity, production month received on the Company's system, and the point of receipt associated with any Unassigned Gas ("Notice"). Company shall continue to post the Notice for a period of not less than one Business Day.

In order to be a valid claim for purposes hereof, a claim must:

1. Be provided to the Company in writing:

Identify the specific Unassigned Gas delivered;

3. Provide independent evidence of ownership of Unassigned Gas claimed; and

 Agree to indemnify Company fully with respect to any adverse claims to ownership of the Gas or to the proceeds resulting from the sale thereof.

If a valid claim is received, such quantities will be subject to purchase by the Company at seventy-five percent (75%) of the Gas Daily index for Gas delivered at the Florida City Gate.

If a valid claim is not received, such quantities of Gas will be credited to the Company's Regulated Sales Service fuel clause.

K. OPERATIONAL CONTROLS

Operational Controls Applicability:
 Operational Controls shall be applicable to all Customers, Customer Pools, Pool
 Managers, and Shipper Designees with the exception of Company's Cl Cycle Read
 Pool(s).

2. Contact Persons:

Any Customer taking delivery of Gas from Company or any Pool Manager or Shipper Designees causing Gas to be delivered to Company, shall cooperate fully with Company in maintaining the integrity of its system. All Customers, Pool Managers, and Shipper's Designees shall name an appropriate contact person(s) available to receive communication from Company on operating matters at any time, on a 24-hour a day, 365-day a year basis. For all Residential Customers, the contact person shall be that individual listed in the Company's records as the applicant for service or the account holder of record. If Company is unable after reasonable efforts to contact any Customer or Customer's contact person, such Customer shall be solely responsible for any consequences arising from such failure of communication.

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RULES AND REGULATIONS - Continued

3. Maintaining Proper System Pressure:
In the event that Company determines in its sole discretion, reasonably exercised, that action is required to avoid an operating condition in which system pressure is not maintained, in which system pressure is maintained at an operationally unacceptably high level, and/or Transportation Service Provider has issued an operational directive under Transportation Service Provider's Tariff, Company may issue the following Operational Controls to Customers, Shipper Designees, and/or Pool Managers.

4. Operational Flow Orders (OFO) Notices: The Company may issue an OFO notice and shall promptly notify via electronic means (electronic bulletin board, e-mail or telephone) all affected Customers, Customer's Designees and Pool Managers causing Gas to be delivered to the Company's Receipt Point(s), that such OFO has been issued.

- a. Operational Flow Orders Action Required:
 Such Operational Flow Orders may require Customers, Customer's Designees and Pool Managers to undertake any of the following:
 - <u>Company may issue an Operational Flow Order to individual Customer, Shipper's Designees, and Pool Managers, specific geographic regions, or at one or a group of specific Company Receipt Points.</u>
 - ij. To commence or increase supply inputs by a specific quantity.
 - iii. To cease or reduce supply inputs by a specified quantity.
 - iv. To commence or increase takes of Gas from the system by a specified volume.
 - v. To reduce takes of Gas from the system by specified volumes.
 - vi. In the event the action(s) set forth in (a)-(e) are not operationally feasible, the Operational Flow Order may require Customers, Customer's Designees and Pool Managers, to take other such action within Customers, Customer's Designees and Pool Managers control which would tend to alleviate the operating condition to be addressed.
- <u>Failure to Comply with Operational Flow Orders:</u>
 If the Customers, Customer's Designees, or Pool Managers violates the terms of the OFO, the Company shall charge the responsible Customers, Customer's Designees and Pool Managers.
 - i. If the Customers, Customer's Designees, or Pool Managers violates the terms of the OFO (i.e. is outside the established percentage usage tolerances of the notice), the Company shall charge the responsible Customers, Customer's Designees and Pool Managers two (2) times the applicable Transportation Service Provider'(s) FERC approved Tariff OFO penalty. Company may waive OFO penalties on a nondiscriminatory basis.
- Imbalances incurred on the of the Operational Flow Order shall be included in Customer or Pool Manager's monthly imbalance quantity and will be subject to monthly balancing.

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RULES AND REGULATIONS - Continued

Alert Day Notices:

The Company may issue an Alert Day notice when in its sole discretion. Alert Days will be used when other operational tools are perceived to be inappropriate to resolve the operating situation and shall promptly notify via electronic means (electronic bulletin board, e-mail or telephone) all affected Customers, Customer's Designees and Pool Managers causing Gas to be delivered to the Company's Receipt Point(s), that such Alert Day notice has been issued.

- Alert Day Notice Action Required: Such Alert Day Notices may require Customers, Customer's Designees, and Pool Managers to undertake any of the following:
 - i. Company may issue an Alert Day to individual Customers, Customer's Designees and Pool Managers, specific geographic regions, or at one or a group of specific Company Receipt Points.
 - ii. In the event the action(s) set forth above are not operationally feasible, the Alert Day notice may require Customers, Shipper's Designees, and Pool Managers, to take other such action within Customer's, Shipper's Designee's, or Pool Manager's control which would tend to alleviate the operating condition to be addressed.
- <u>Failure to Comply with Alert Day Notice:</u>
 If the Customers, Customer's Designees, or Pool Managers violates the terms of the Alert Day notice, the Company shall charge the responsible Customers, Customer's Designees and Pool Managers:
 - <u>For an overage Alert Day, two (2) times Transportation Service Provider's FERC approved Tariff Alert Day penalty.</u>
 - <u>For an underage Alert Day, 50% (fifty percent) of Transportation Service Provider's FERC approved Tariff Alert Day penalty.</u>
 - iii. Company may waive Alert Day penalties on a nondiscriminatory basis.
- Imbalances incurred on the day of the Alert Day will not be included in Customer or Pool Manager's monthly imbalance quantity and will not be subject to monthly balancing.
- 6. Pipeline Balancing Charges:

As the DPO, the Company shall comply with any operational balancing tools order issued by Transportation Service Provider(s), and as applicable, the Company, shall issue penalty charges directly to the responsible Customer(s), Customer's Designees and Pool Managers(s), to the extent such charges are able to be directly assigned. Such expenses shall include but not be limited to expenses associated with the use of storage capacity and gas supply as well as Liquified Natural Gas storage capacity and gas supply. The remaining balance of such charges will be allocated to the Company's Purchased Gas Cost Recovery Clause.

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7. Disposition of Penalties:

All penalties, net of payments to third parties, collected by the Company related to the operational control of the system, shall be issued directly to the responsible Customer(s), Shipper Designees and/or Pool Managers(s), to the extent such charges are able to be directly assigned. The remaining balance of such charges, if any, shall be allocated to the Company's Purchased Gas Cost Recovery Clause. The Company shall not, under any circumstances, retain any of the penalties collected from Customers, Customer's Designees, or the authorized Pool Manager, nor absorb any costs related to complying with valid Transportation Service Provider Operational Tool orders.

L. IMBALANCE RESOLUTION

1. Monthly Imbalances:

The balancing of the quantity of Gas scheduled and nominated for each Customer or Customer Pool at all Company Receipt Points for which Company, or Company's agent, is the DPO, and the actual usage by the sum of all Individual Transportation Service Customers and Customer Pools served by each Customer. Shipper Designee, or Pool Manager shall be calculated on a Monthly basis. Long or short Monthly Imbalance Quantities for each individual Customer Pool will be netted against Customer Pools administered by the same Pool Manager provided however. Customer Pools with an Imbalance Level (long or short) greater than 20% will not be eligible to be netted. The Company and Customer, Shipper's Designee or Pool Manager shall resolve all remaining Monthly Imbalance Quantities at the end of each Month, as follows:

a If the Monthly Imbalance Quantity is long (amount of Gas scheduled is greater than aggregated actual usage by Customer Pool(s)), the Company shall purchase from Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking: (i) the lowest weekly average (weeks where Friday is within the calendar Month) of the "Daily price survey" for Gas under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in Platt's Gas Daily, for the Month in which the positive (long) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

| Imbalance Level | Factor |
|------------------------|-------------|
| 0% to 5% | <u>1.00</u> |
| Greater than 5% to 20% | 0.90 |
| Greater than 20% | 0.80 |

The total amount due Customer, Shipper Designee, or Pool Manager shall be the product of the Unit Price and the positive (long) monthly imbalance.

b. If the Monthly Imbalance Quantity is short (amount of Gas scheduled is less than aggregated actual usage by Customer Pool(s)), the Company shall sell to Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking the (i) the highest weekly average (weeks where Friday is within the calendar Month) of the "Daily price survey" for

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Monthly Imbalances - Continued

Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the negative (snort) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

| Imbalance Level | <u>Factor</u> |
|------------------------|---------------|
| 0% to 5% | <u>1.00</u> |
| Greater than 5% to 20% | <u>1.10</u> |
| Greater than 20% | <u>1.20</u> |

and (ii) the Gulfstream Natural Gas 6% deliverability reservation per Therm tariff rate inclusive of all applicable surcharges (as it may change from time to time) plus the FGT FTS-1 usage rate per Therm, inclusive of all applicable surcharges.

The total amount due to the Company shall be the product of the Unit Price and the (short) negative monthly imbalance.

2. Daily Imbalances:

The Company shall, within the existing limitations of its system, provide for balancing between gas requirements and actual gas deliveries, net of an adjustment for Company Use and Unaccounted for Gas, received by the Company for the account of the Customers served by the PM that day. The Company shall not be obligated to provide gas service during an hourly, daily or monthly period in excess of the levels specified in the Rate Schedules under which Customers of the PM are served.

The Company reserves the right to require daily balancing on any other day in which the Company, in the exercise of its reasonable judgment, determines that such balancing is necessary for operational reasons. The Company will provide the PM in all instances with at least twenty-four (24) hours advance notice that daily balancing will be imposed.

In the event that daily balancing is imposed in accordance with this section, PM shall be assessed the following charges for daily imbalances:

| Imbalance * | Charge ** |
|------------------------|------------------|
| 0 to 5% | \$0.00 per Therm |
| 5.1% to 10% | \$0,10 per Therm |
| Under Deliveries > 10% | \$0.50 per Therm |
| Over Deliveries > 10% | \$0.10 per Therm |

Company may waive penalties on a not unduly discriminatory basis.

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M. MUTUALLY BENEFICIAL TRANSACTIONS

Pool Manager and Customer recognize that Company maintains the operation and integrity of Company distribution system on a daily basis. Pool Manager and Customer also recognizes that as DPO for the Transportation Service Provider's pipeline interconnects, Company or its agent is subject to the rules and regulations of the Transportation Service Provider(s) with regard to operational flow rates, pressures, and penalties. As such, Company may need Pool Manager or Customer to vary its daily delivery from the nominated delivery quantities. On those occasions, Company may request, at its sole discretion, and Pool Manager and Customer may agree to, a change to Customer's or Pool Manager's nominated Gas supply quantities and Transportation Service Provider(s) pipeline capacity. Terms and conditions of such transactions shall be agreed upon at the time of the transaction and shall be recorded and confirmed in writing within two Business Days after the transaction.

Disposition of Net Revenues:

Net revenues shall mean the revenues received by Company for Natural Gas above the cost of Natural Gas to the Company and revenues received by Company for pipeline demand charges above the prevailing rates for like period(s) as negotiated by Transportation Service Provider Customers via the Transportation Service Provider's Relinquishment program on its Electronic Bulletin Board system. Disposition of net revenues received by Company during each Month that this service is provided shall be as follows:

Fifty percent (50%) of the net revenues shall be retained by Company. The remaining fifty percent (50%) of the net revenues shall be used to reduce Company's cost of Natural Gas recovered through the Purchased Gas Cost Recovery Clause.

O. TERMINATION OF POOL MANAGER STATUS

Termination of Shipper Status:

Unless excused by Force Majeure, Company may terminate the Pool Manager's rights for the following:

- 1. Pool Manager fails to satisfy in full the terms and conditions of this Tariff;
- 2 Pool Manager voluntarily suspends the transaction of business where there is an attachment, execution, or other judicial seizure of any portion of their respective assets:
- 3. Pool Manager becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors:
- Pool Manager files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy;
- Pool Manager applies for or consents to the appointment of a receiver, trustee, or conservator for any portion of its properties or such appointment is made without its consent; or.
- 6. Pool Manager engages in slamming or other unlawful activities.

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Cl Pool Manager:

If Company terminates a CI Pool Manager, CI Pool Manager's Customers shall be assigned by Company to Company's Regulated Sales Service Pool.

FORCE MAJEURE

In the event either Company, Customer, Customer's Agent or Pool Manager is unable wholly or in part by Force Majeure to carry out its obligations under this Tariff, or under a Special Contract, other than to make payments due thereunder, it is agreed that on such party giving notice and full particulars of such Force Majeure to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.

The term "Force Majeure", as employed herein, shall mean acts of God, strikes, lockouts, or other Industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government-mandated quarantines associated herewith, landslides, lightning, earthquakes, fires, storms, hurricanes or evacuation orders due to hurricanes, floods, washouts, arrests and restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of well or lines of pipe, partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party is required to obtain servitudes, rights of way grants, permits, or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitude, right of way grants, permits, or licenses; and

(b) in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.

It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

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GENERAL SERVICE - 1 (GS-1)

APPLICABILITY

Service is available to Non-Residential Customers using between 0 and 5,999 therms per year as determined by the Company.

CHARACTER OF SERVICE

A firm delivery service of gas, including RNG delivered into the Company's system by any customer, delivered by the Company or Customers' Third Party SupplierPool Manager ("TPSPM") with a heating value on the order of 1,100 British Thermal Units per cubic foot.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from |
|--------------------------------|---------------------|---|
| Customer Charge | \$31.00 | <u>TPSPM</u> |
| Distribution Charge, per therm | \$0.57949 | \$31.00 |
| Commodity Charge | Per Rider "A" | \$0.57949 |
| , 3 | | Per TPS <u>PM</u> Agreement |

^{*}The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPSPM will be charged by the TPSPM for commodity according to any agreement between the Customer and the TPSPM. Only Non-Residential Customers are eligible to receive gas supply from a TPSPM.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

SPECIAL CONDITIONS OF SERVICE

- Application of this rate is subject to the general Rules and Regulations of the Company as they may be in effect from time to time and as filed with the regulatory authorities.
- 2. Each year the Company shall re-determine each Customer's eligibility based on their annual usage. If reclassification to another schedule is appropriate such reclassification shall be prospective only and shall not be retroactive.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

First Revised Sheet No. 33 Cancels Original Sheet No.33

GENERAL SERVICE - 1 (GS-1) (Continued)

SPECIAL CONDITIONS APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

- 1. See the Rules and Regulations for Transportation Special Conditions for terms related to Customers taking Gas Supply from a $\frac{1}{1}$ See the Rules and Regulations for Transportation Special Conditions for terms related to Customers taking Gas Supply from a $\frac{1}{1}$ See the Rules and Regulations for Transportation Special Conditions for terms
- 2. Customer's TPS shall deliver an Average Daily Delivery Quantity ("ADDQ"), as determined monthly by the Company.

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Third-Fourth Revised Sheet No. 34 Cancels Second-Third Revised Sheet No.34

GENERAL SERVICE - 6K (GS-6K)

APPLICABILITY

Service is available to Non-Residential Customers using between 6,000 and 24,999 therms per year as determined by the Company.

CHARACTER OF SERVICE

A firm delivery service of gas, including RNG delivered into the Company's system by any customer, delivered by the Company or Customers' Third Party SupplierPool Manager ("TPSPM") with a heating value on the order of 1,100 British Thermal Units per cubic foot.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from TPSPIVI |
|--------------------------------|---------------------|-------------------------|
| Customer Charge | \$44.00 | \$44.00 |
| Distribution Charge, per therm | \$0.48722 | \$0.48722 |
| Commodity Charge | Per Rider"A" | Per TPS PM |

Agreement

*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPSPM will be charged by the TPSPM for commodity according to any agreement between the Customer and the TPSPM. Only Non-Residential Customers are eligible to receive gas supply from a TPSPM.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

SPECIAL CONDITIONS OF SERVICE

- 1. Application of this rate is subject to the general Rules and Regulations of the Company as they may be in effect from time to time and as filed with the regulatory authorities.
- 2. Each year the Company shall re-determine each Customer's eligibility based on their annual usage. If reclassification to another schedule is appropriate such reclassification shall be prospective only and shall not be retroactive.

Issued by: Jeffrey Sylvester, Chief Operating Officer Effective: December 01, 2023 Florida City Gas

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First Revised Sheet No. 35 Cancels Original Sheet No.35

GENERAL SERVICE - 6K (GS-6K) (Continued)

SPECIAL CONDITIONS APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

- 1. See the Rules and Regulations for Transportation Special Conditions for terms related to Customers taking Gas Supply from a TPSPM.
- 2. Customer's TPS shall deliver an Average Daily Delivery Quantity ("ADDQ"), as determined monthly by the Company.

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Second-Third Revised Sheet No. 36
Cancels First-Second Revised Sheet No.36

GENERAL SERVICE - 25K (GS-25K)

APPLICABILITY

Service is available to Non-Residential Customers using between 25,000 and 119,999 therms per year as determined by the Company.

CHARACTER OF SERVICE

A firm delivery service of gas, including RNG delivered into the Company's system by any customer, delivered by the Company or Customers' Third Party Supplier Pool Manager ("TPSPM") with a heating value on the order of 1,100 British Thermal Units per cubic foot.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from TPSPM |
|--------------------------------|---------------------|-----------------------|
| Customer Charge | \$188.00 | \$188.00 |
| Distribution Charge, per therm | \$0.44046 | \$0.44046 |
| Commodity Charge | Per Rider "A" | Per TPS PM |

Agreement

*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPSPM will be charged by the TPSPM for commodity according to any agreement between the Customer and the TPSPM. Only Non-Residential Customers are eligible to receive gas supply from aTPSPM.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

SPECIAL CONDITIONS OF SERVICE

- 1. Application of this rate is subject to the general Rules and Regulations of the Company as they may be in effect from time to time and as filed with the regulatory authorities.
- 2. Each year the Company shall re-determine each Customer's eligibility based on their annual usage. If reclassification to another schedule is appropriate such reclassification shall be prospective only and shall not be retroactive.

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

First Revised Sheet No. 37 Cancels Original Sheet No.37

GENERAL SERVICE - 25K (GS-25K) (Continued)

SPECIAL CONDITIONS APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

- 1. See the Rules and Regulations for Transportation Special Conditions for terms related to Customers taking Gas Supply from a TPSPM.
- 2. Customer's TPS shall deliver an Average Daily Delivery Quantity ("ADDQ"), as determined monthly by the Company.

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Third-Fourth Revised Sheet No. 38
Cancels Second-Third Revised Sheet No.38

GENERAL SERVICE - 120K (GS-120K)

APPLICABILITY

Service is available to Non-Residential Customers using between 120,000 and 1,249,999 therms per year as determined by the Company.

CHARACTER OF SERVICE

A firm delivery service of gas, including RNG delivered into the Company's system by any customer, delivered by the Company or Customers' Third Party SupplierPool Manager ("TPSPM") with a heating value on the order of 1,100 British Thermal Units per cubic foot.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from |
|-------------------------------|---------------------|-----------------------|
| Customer Charge | \$375.00 | \$375.00 |
| Demand Charge, per DCBQ | \$0.719 | \$0.719 |
| Distribution Charge, pertherm | \$0.28336 | \$0.28336 |
| Commodity Charge | Per Rider "A" | Per TPS PM |

*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a <u>TPSPM</u> will be charged by the <u>TPSPM</u> for commodity according to any agreement between the Customer and the <u>TPSPM</u>. Only Non-Residential Customers are eligible to receive gas supply from a <u>TPSPM</u>.

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY(DCBQ)

The DCQ to be used in setting the The Customer's Billing-DCBQ will be determined by the Customer's maximum daily requirements in terms of therm units per day based on readings taken from an Automatic Meter Reading (AMR) device installed at the premise. The DCQ quantity used in setting the Billing-DCBQ shall be those from the Customer's daily metered therm consumption recorded for a period of up to three (3) years ending each March 31st. If historical consumption information of at least twelve (12) months is not available, then the Billing-DCBQ level shall be based upon the rating and expected usage of the Customer's gas equipment as determined by the Company.

The <u>Billing_DCBQ</u> will be determined annually by the Company based on the <u>DCQ</u> consumption history, as determined above. The Customer's <u>Billing_DCBQ</u> shall be adjusted to reflect the maximum recorded <u>DCBQ</u>. Adjustments will be made in April except the Company shall not increase such a Customer's <u>Billing_DCBQ</u> unless the Customer has had at least three (3) occurrences of <u>DCBQ</u>'s in excess of their current <u>Billing_DCBQ</u>.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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<u>First Revised Sheet No.</u> 39 <u>Cancels</u> Original Sheet No.39

GENERAL SERVICE - 120K (GS -120K) (Continued)

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY (DCBQ): (continued)

At any time a Customer may request an adjustment to its Billing-DCBQ. If the Customer is able to demonstrate an ongoing change in its maximum daily therm requirements then the Company may at its discretion adjust Customers Billing-DCBQ prospectively. However, the initial Billing DCBQ shall be established for all Customers with active service at the effective date of this tariff based on the highest daily actual therm consumption recorded at Customer's premises over the thirty-six month historic period ending March 31st of each year.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge and Demand Charge. In addition, a minimum annual charge shall be assessed by applying the Distribution Charge hereunder to the difference between the annual minimum qualifying therms specified in this Rate Schedule and the annual usage of the Customer.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

TERM OF CONTRACT

The initial term of which shall be no less than one (1) year and year to year thereafter until terminated by ninety (90) days written notice by either party.

SPECIAL CONDITIONS OF SERVICE

- 1. Application of this rate is subject to the general Rules and Regulations of the Company as they may be in effect from time to time and as filed with the regulatory authorities.
- 2. Each year the Company shall re-determine each Customer's eligibility based on their annual usage. If reclassification to another schedule is appropriate such reclassification shall be prospective only and shall not be retroactive.
- Automatic Meter Reading (AMR) equipment capable of providing daily readings is required for all Customers served under this Rate Schedule. See the Rules and Regulations for Metering for terms and conditions related to AMR's.

SPECIAL CONDITIONS, APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

1. See the Rules and Regulations for Transportation - Special Conditions for terms related to Customers taking Gas Supply from a <u>TPSPM</u>.

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Third-Fourth Revised Sheet No. 40 Cancels Second-Third Revised Sheet No.40

GENERAL SERVICE - 1,250K (GS-1,250K)

APPLICABILITY

Service is available to Non-Residential Customers using between 1,250,000 and 10,999,999 therms per year as determined by the Company.

CHARACTER OF SERVICE

A firm delivery service of gas, including RNG delivered into the Company's system by any customer, delivered by the Company or Customers' Third Party Supplier Pool Manager ("TPSPM") with a heating value on the order of 1,100 British Thermal Units per cubic foot.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from |
|--------------------------------|---------------------|-----------------------|
| Customer Charge | \$625.00 | \$625.00 |
| Demand Charge, per DCBQ | \$0.719 | \$0.719 |
| Distribution Charge, per therm | \$0.14073 | \$0.14073 |
| Commodity Charge | Per Rider "A" | Per TPS PM |

*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPSPM will be charged by the TPSPM for commodity according to any agreement between the Customer and the TPSPM. Only Non-Residential Customers are eligible to receive gas supply from a TPSPM.

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY (DCBQ)

The DCQ to be used in setting the The Customer's Billing-DCBQ will be determined by the Customer's maximum daily requirements in terms of therm units per day based on readings taken from an Automatic Meter Reading (AMR) device installed at the premise. The DCQ-quantity used in setting the Billing-DCBQ shall be those from the Customer's daily metered therm consumption recorded for a period of up to three (3) years ending each March 31st. If historical consumption information of at least twelve (12) months is not available, then the Billing-DCBQ level shall be based upon the rating and expected usage of the Customer's gas equipment as determined by the Company.

The Billing—DCBQ will be determined annually by the Company based on the DCQ consumption history, as determined above. The Customer's Billing-DCbQ shall be adjusted to reflect the maximum recorded DCbQ. Adjustments will be made in April except the Company shall not increase such a Customer's Billing-DCbQ unless the Customer has had at least three (3) occurrences of DCBQ's in excess of their current Billing-DCBQ.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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First Revised Sheet No. 41 Cancels Original Sheet No.41

GENERAL SERVICE - 1,250K (GS -1,250K) (Continued)

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY (DCBQ) (continued)

At any time a Customer may request an adjustment to its Billing-DCBQ. If the Customer is able to demonstrate an ongoing change in its maximum daily therm requirements then the Company may at its discretion adjust Customers Billing-DCBQ prospectively. However, the initial-Billing DCBQ shall be established for all Customers with active service at the effective date of this tariff based on the highest daily actual therm consumption recorded at Customer's premises over the thirty-six month historic period ending March 31st of each year.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge and Demand Charge. In addition, a minimum annual charge shall be assessed by applying the Distribution Charge hereunder to the difference between the annual minimum qualifying therms specified in this Rate Schedule and the annual usage of the Customer.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

TERM OF CONTRACT

The initial term of which shall be no less than one (1) year and year to year thereafter until terminated by ninety (90) days written notice by either party.

SPECIAL CONDITIONS OF SERVICE

- 1. Application of this rate is subject to the general Rules and Regulations of the Company as they may be in effect from time to time and as filed with the regulatory authorities.
- 2. Each year the Company shall re-determine each Customer's eligibility based on their annual usage. If reclassification to another schedule is appropriate such reclassification shall be prospective only and shall not be retroactive.
- 3. Automatic Meter Reading (AMR) equipment capable of providing daily readings is required for all Customers served under this Rate Schedule. See the Rules and Regulations for Metering for terms and conditions related to AMR's.

SPECIAL CONDITIONS, APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

See the Rules and Regulations for Transportation - Special Conditions for terms related to Customers taking Gas Supply from a TPSPM.

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Second-Third Revised Sheet No. 42 Cancels SecondFirst Revised Sheet No.42

One Committee

GENERAL SERVICE - 11M (GS - 11M)

APPLICABILITY

Service is available to Non-Residential Customers using between 11,000,000 and 24,999,999 therms per year as determined by the Company.

CHARACTER OF SERVICE

A firm delivery service of gas, including RNG delivered into the Company's system by any customer, delivered by the Company or Customers' Third Party SupplierPool Manager ("TPSPM") with a heatingvalue on the order of 1,100 British Thermal Units per cubic foot.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from |
|--------------------------------|---------------------|-----------------|
| Customer Charge | \$1,250.00 | \$1,250.00 |
| Demand Charge, per DCBQ | \$0.719 | \$0.719 |
| Distribution Charge, per therm | \$0.10320 | \$0.10320 |
| Commodity Charge | Per Rider "A" | Per TPSPM |

^{*}The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPSPM will be charged by the TPSPM for commodity according to any agreement between the Customer and the TPSPM. Only Non-Residential Customers are eligible to receive gas supply from a TPSPM.

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY(DCBQ)

The DCQ to be used in setting the The Customer's Billing DCBQ will be determined by the Customer's maximum daily requirements in terms of therm units per day based on readings taken from an Automatic Meter Reading (AMR) device installed at the premise. The DCQ quantity used in setting the Billing DCBQ shall be those from the Customer's daily metered therm consumption recorded for a period of up to three (3) years ending each March 31st. If historical consumption information of at least twelve (12) months is not available, then the Billing DCBQ level shall be based upon the rating and expected usage of the Customer's gas equipment as determined by the Company.

The Billing-DCBQ will be determined annually by the Company based on the DCQ-consumption history, as determined above. The Customer's Billing-DCBQ shall be adjusted to reflect the maximum recorded DCQ. Adjustments will be made in April except the Company shall not increase such a Customer's Billing-DCBQ unless the Customer has had at least three (3) occurrences of DCBQ's in excess of their current Billing DCBQ.

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First Revised Sheet No. 43 Cancels Original Sheet No.43

GENERAL SERVICE - 11M (GS - 11M) (Continued)

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY (DCBQ) (continued)

At any time a Customer may request an adjustment to its Billing-DCBQ. If the Customer is able to demonstrate an ongoing change in its maximum daily therm requirements then the Company may at its discretion adjust Customers Billing-DCBQ prospectively. However, the initial Billing DCBQ shall be established for all Customers with active service at the effective date of this tariff based on the highest daily actual therm consumption recorded at Customer's premises over the thirty-six month historic period ending March 31 st of each year.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge and Demand Charge. In addition, a minimum annual charge shall be assessed by applying the Distribution Charge hereunder to the difference between the annual minimum qualifying therms specified in this Rate Schedule and the annual usage of the Customer.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

TERM OF CONTRACT

The initial term of which shall be no less than one (1) year and year to year thereafter until terminated by ninety (90) days written notice by either party.

SPECIAL CONDITIONS OF SERVICE

- 1. Application of this rate is subject to the general Rules and Regulations of the Company as they may be in effect from time to time and as filed with the regulatory authorities.
- 2. Each year the Company shall re-determine each Customer's eligibility based on their annual usage. If reclassification to another schedule is appropriate such reclassification shall be prospective only and shall not be retroactive.
- 3. Automatic Meter Reading (AMR) equipment capable of providing daily readings is required for all Customers served under this Rate Schedule. See the Rules and Regulations for Metering for terms and conditions related to AMR's.

SPECIAL CONDITIONS, APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

See the Rules and Regulations for Transportation - Special Conditions for terms related to Customers taking Gas Supply from a $\overline{\text{TPSPM}}$.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Second-Third Revised Sheet No. 44
Cancels First-Second Revised Sheet No.44

GENERAL SERVICE - 25M (GS - 25M)

APPLICABILITY

Service is available to Non-Residential Customers using 25,000,000 or more therms per year as determined by the Company.

CHARACTER OF SERVICE

A firm delivery service of gas, including RNG delivered into the Company's system by any customer, delivered by the Company or Customers' Third Party SupplierPool Manager ("TPSPM") with a heatingvalue on the order of 1,100 British Thermal Units per cubic foot.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from |
|--------------------------------|---------------------|-----------------------|
| Customer Charge | \$2,500.00 | \$2,500.00 |
| Demand Charge, per DCBQ | \$0.719 | \$0.719 |
| Distribution Charge, per therm | \$0.05160 | \$0.05160 |
| Commodity Charge | Per Rider "A" | Per TPS PM |

*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPSPM will be charged by the TPSPM for commodity according to any agreement between the Customer and the TPSPM. Only Non-Residential Customers are eligible to receive gas supply from a TPSPM.

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY (DCBQ)

The DCQ to be used in setting the The Customer's Billing-DCBQ will be determined by the Customer's maximum daily requirements in terms of therm units per day based on readings taken from an Automatic Meter Reading (AMR) device installed at the premise. The DCQ-quantity used in setting the Billing-DCBQ shall be those from the Customer's daily metered therm consumption recorded for a period of up to three (3) years ending each March 31st. If historical consumption information of at least twelve (12) months is not available, then the Billing-DCBQ level shall be based upon the rating and expected usage of the Customer's gas equipment as determined by the Company.

The <u>Billing_DCBQ</u> will be determined annually by the Company based on the <u>DCQ consumption_history</u>, as determined above. The Customer's <u>Billing_DCBQ</u> shall be adjusted to reflect the maximum recorded DCBQ. Adjustments will be made in April except the Company shall not increase such a Customer's <u>Billing_DCBQ</u> unless the Customer has had at least three (3) occurrences of DCBQ's in excess of their current <u>Billing_DCBQ</u>.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

First Revised Sheet No. 45 Cancels Original Sheet No.45

GENERAL SERVICE - 25M (GS - 25M) (Continued)

DETERMINATION OF THE DEMAND CHARGE BILLING QUANTITY (DCBQ) (continued)

At any time a Customer may request an adjustment to its Billing-DCBQ. If the Customer is able to demonstrate an ongoing change in its maximum daily therm requirements then the Company may at its discretion adjust Customers Billing-DCBQ prospectively. However, the initial Billing DCBQ shall be established for all Customers with active service at the effective date of this tariff based on the highest daily actual therm consumption recorded at Customer's premises over the thirty-six month historic period ending March 31st of each year.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge and Demand Charge. In addition, a minimum annual charge shall be assessed by applying the Distribution Charge hereunder to the difference between the annual minimum qualifying therms specified in this Rate Schedule and the annual usage of the Customer.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof bythe Company.

TERM OF CONTRACT

The initial term of which shall be no less than one (1) year and year to year thereafter until terminated by ninety (90) days written notice by either party.

SPECIAL CONDITIONS OF SERVICE

- Application of this rate is subject to the general Rules and Regulations of the Company as they may be in effect from time to time and as filed with the regulatory authorities.
- Each year the Company shall re-determine each Customer's eligibility based on their annual usage. If reclassification to another schedule is appropriate such reclassification shall be prospective only and shall not be retroactive.
- Automatic Meter Reading (AMR) equipment capable of providing daily readings is required for all Customers served under this Rate Schedule. See the Rules and Regulations for Metering for terms and conditions related to AMR's.

SPECIAL CONDITIONS, APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

See the Rules and Regulations for Transportation - Special Conditions for terms related to Customers taking Gas Supply from a TPSPM.

Issued by: Jeffrey Sylvester, Chief Operating Officer Effective: December 01, 2023 Florida City Gas

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Second-Third Revised Sheet No. 49
Cancels First Second Revised Sheet No.49

NATURAL GAS VEHICLE SERVICE-I (NGV-I) (CLOSED SCHEDULE)

APPLICABILITY

For gas delivered to any Customer through a separate meter for the purpose of compression and delivery into motor vehicle fuel tanks or other transportation containers. NGV-I is only available to those Customers who are presently receiving this service as of August 13, 2013. Customers seeking such service after this date shall take service under the NGV-II terms of this Tariff.

*MONTHLY RATE

| | Gas Supply from PGA | Gas Supply from TPSPM |
|--------------------------------|---------------------|-----------------------|
| Customer Charge | \$31.00 | \$31.00 |
| Distribution Charge, per therm | \$0.23232 | \$0.23232 |
| Commodity Charge | Per Rider "A" | Per TPS PM |
| Agreement | | |

*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPSPM will be charged for commodity according to any agreement between the Customer and the TPSPM.

MINIMUM BILL

The minimum monthly bill shall be the Customer Charge. In addition, a minimum annual charge, if applicable, shall be assessed by applying the applicable rates and adjustments hereunder to the difference between the minimum therms, if any, established per the Customer's Agreement and the Customers annual usage.

TERMS OF PAYMENT

Bills are due upon receipt by the Customer and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

SPECIAL CONDITIONS

Service under this Rate Schedule shall be subject to the general Rules and Regulations of the Company as they may be in effect from time to time, and as filed with the regulatory authorities.

SPECIAL CONDITIONS APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM THIRD PARTY SUPPLIERPOOL MANAGERS (TPSPM)

- 1. See the Rules and Regulations for Transportation Special Conditions for terms related to Customers taking Gas Supply from a TPSPM.
- 2. Automatic Meter Reading (AMR) equipment is required for transportation Customers served under this Rate Schedule using over 120,000 therms per year. See the Rules and Regulations for Metering for terms and conditions related to Amr's.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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First Revised Sheet No. 60 Cancels Original Sheet No.60

RESERVED FOR FUTURE USE

THIRD PARTY SUPPLIER (TPS)

APPLICABILITY

The provisions of this Rate Schedule shall apply to brokers, marketers, Customers intending to act as their own gas supplier, and other third party suppliers (collectively "Third Party Suppliers" or "TPS") of natural gas that wish to either act as agents for Transportation Customers or deliver natural gas supplies to Company's City Gate for Transportation Customers. Third Party Suppliers wishing to sell and/or deliver gas on the Company's system will be required to sign a Service Agreement in which they will agree to be bound by the terms and conditions of the Company's Tariff.

TERM OF CONTRACT

The term of the contract shall be at least three (3) years and from month to month thereafter unless terminated on thirty (30) days written notice.

TERMS OF PAYMENT

The TPS agrees to pay for all balancing and other transportation related charges determined by the Company to be billable to a TPS on behalf of their Customers as provided for in this tariff. All charges due from a TPS under this Rate Schedule shall be paid in full within 20 days of the billing date. The TPS and the Company will resolve any disputed amounts. Adjustments, if any, will be reflected on future billings.

CREDITWORTHINESS

Company shall not be required to permit any TPS who fails to meet Company's standards for creditworthiness to sell or deliver gas on its system. Company may require that TPS provide the following information:

- 1. Current financial statements (to include a balance sheet, income statement, and statement of cash flow), annual reports, 10-K reports or other filings with regulatory agencies, a list of all corporate affiliates, parent companies and subsidiaries and any reports from credit agencies which are available. If audited financial statements are not available, then TPS also should provide an attestation by its chief financial officer that the information shown in the un audited statements submitted is true, correct and a fair representation of TPS's financial condition.
 - 2. A bank reference and at least three trade references.
- 3. A written attestation from TPS that it is not operating under any chapter of the bankruptcy laws and is not subject to liquidation or debt reduction procedures under state laws, such as an assignment for the benefit of creditors, or any informal creditor's committee agreement. An exception can be made for a TPS who is a debtor in possession operating under Chapter XI of the Federal Bankruptcy Act but only with adequate assurances that any charges from the Company will be paid promptly as a cost of administration.

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RESERVED FOR FUTURE USE

THIRD PARTY SUPPLIER (TPS) (Continued)

CREDITWORTHINESS (Continued)

| 4. A written attestation from TPS that it is not subject to the uncertainty of pending litigation or regulatory proceedings in state or federal courts which could cause a substantial deterioration in its financial condition or a condition of insolvency. |
|---|
| 5. A written attestation from TPS that no significant collection lawsuits or judgments are outstanding which would seriously reflect upon the TPS's ability to remain solvent. |
| |

To remain in good standing, no uncontested delinquent balances should be outstanding for natural gas sales, storage, Transportation Services, or imbalances previously billed by Company, and TPS must have paid its account according to the established terms, and not made deductions or withheld payment for claims not authorized by contract.

TPS shall furnish Company at least annually, and at such other time as is requested by Company, updated credit information for the purpose of enabling Company to perform an updated credit appraisal. In addition, Company reserves the right to request such information at any time if Company is not reasonably satisfied with TPS's creditworthiness or ability to pay based on information available to Company at that time.

Company shall not be required to permit and shall have the ability to suspend any TPS who is or has become insolvent, fails to demonstrate creditworthiness, fails to timely provide information to Company as requested, or fails to demonstrate ongoing creditworthiness as a result of credit information obtained; provided, however, TPS may continue to sell / deliver gas on the Company's system if TPS elects one of the following options:

- (A) Payment in advance for up to three (3) months service as determined by the Company:
- (B) A standby irrevocable letter of credit in form and substance satisfactory to Company in a face amount up to three (3) months service. The letter of credit must be drawn upon a bank acceptable to Company.
- (C) A guaranty in form and substance satisfactory to Company, executed by a person that Company deems creditworthy, of TPS's performance of its obligations to Company.
- (D) Such other form of security as TPS may agree to provide and as may be acceptable to Company.

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RESERVED FOR FUTURE USE

THIRD PARTY SUPPLIER (TPS) (Continued)

CREDITWORTHINESS (Continued)

In the event TPS fails to meet the terms of this Creditworthiness section, Company may, without waiving any rights or remedies it may have, and subject to any necessary authorizations, suspend TPS until such time as they are deemed compliant by the Company.

The insolvency of a TPS shall be evidenced by the filing by TPS, or any parent entity thereof, of a voluntary petition in bankruptcy or the entry of a decree or order by a court having jurisdiction adjudging the TPS, or any parent entity thereof, bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of the TPS, or any Parent entity thereof, under the Federal Bankruptcy Act or any other applicable federal or state law, or appointing a receiver, liquidator, assignee, trustee, sequestrator, (or similar official) of the TPS or any parent entity thereof or of any substantial part of its property, or the ordering of the winding up or liquidation of its affairs.

MONTHLY RATE

Customer Charge

\$400.00

Charge for each Transportation Customer served by the TPS

\$6.21

DETERMINATION OF THE AVERAGE DAILY DELIVERY QUANTITY ("ADDQ")

The ADDQ for each Customer without an AMR device will be calculated by the Company by dividing the Customer's usage for each of the most recent twelve (12) billing months by the total number of days in each billing month. Company may adjust Customer's ADDQ at any time, due to changes in Customer's equipment or pattern of usage. For new Customers, the initial ADDQ will be estimated by Company, based upon the rating of the Customer's gas equipment and expected utilization of the equipment. The TPS will be obligated to deliver the aggregate ADDQ each day for Customers itserves.

The Company will notify TPS of its aggregate ADDQ obligation for each day of the next succeeding month on the Company's EBB, or other means as determined by the Company. If TPS does not agree with Company's determination of TPS's aggregate ADDQ, it must notify the Company in writing within two business days no later than 5:00 p.m. Eastern Standard Time. Company and TPS will reconcile any differences no later than 5:00 p.m. Eastern Standard Time on the twentieth (20th) of the month.

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RESERVED FOR FUTURE USE

THIRD PARTY SUPPLIER (TPS) (Continued)

NOMINATIONS FOR SERVICE

The TPS daily nominations shall consist of the ADDQ amount as provided by the Company, if applicable, plus an amount to meet their non-ADDQ Customers daily requirements. The TPS shall use its best efforts to match their daily nominations to ADDQ and non-ADDQ requirements for the Customers it serves. Failure to provide nominations may result in suspension of service to Customers of the offending TPS. In addition, TPS must identify interstate pipeline contract(s) on which deliveries will be made to the Company's distribution system on the Company's EBB conforming with NAESB cycles. Failure to comply with the Company's nominating procedures may result in curtailment of third party gas deliveries or additional monthly cash-outs. Company reserves the right to require daily balancing, and shall have the right to curtail service to ensure deliveries on a uniform basis and to correct any imbalances.

Company shall be entitled to retain at no cost to Company a percentage of the quantity of gas delivered by or for the account of Customer at each Receipt Point for transportation to Customer, as gas which shall be deemed to be an allowance for transportation shrinkage in the performance of service under each applicable Rate Schedule. Such percentage shall not be higher than 1.5% without prior approval of the Florida Public Service Commission. The Companyshall have the right to adjust the percentage from time to time to reflect the actual operating experience of the Company and/or any change in the methodology used by Company to calculate the amount of gas deemed as transportation shrinkage. Upon request, Company shall furnish to Customer information to support any such adjustment to such percentage.

In making Nominations the TPS shall provide the following:

(1) The pipeline company and the pipeline transportation contract identifiers—under which gas deliveries will be made to the Company's distribution system.

(2) The daily quantity of gas, expressed in MMBTU (Dekatherms), to be tendered at each receipt point, however the Company reserves the right to specify at which pipeline receipt point a TPS will deliver gas as a percentage of the TPS total monthly deliveries.

(3) The estimated term of the nomination.

(4) The name, address, and telephone number of a contact person that is available to receive communication from Company at any and all times and upon whose written and oral communications Company may exclusively rely.

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THIRD PARTY SUPPLIER (TPS) (Continued)

NOMINATIONS FOR SERVICE (Continued)

(5) — Any additional information as may be required by the Company in order to perform its functions as a Delivery Point Operator on the pipeline transportation system.

If Customer's TPS fails to comply with provisions 1 through 5 above, Company may not schedule the commencement of service or change a prior nomination.

DAILY NOMINATION PENALTIES

The TPS shall deliver, or cause to be delivered, to the Company at the point(s) of receipt and receive, or cause to be received, from Company at the point(s) of delivery, on a uniform daily basis, that quantity of natural gas that has been Nominated for Service.

Except for conditions of Force Majeure or per prior agreement with the Company to modify nominations, on any day that the sum of the actual daily quantity of natural gas received by Company ("Actual Receipts") varies from the sum of daily quantities Nominated for Service during such day for transportation at the points of receipt (Scheduled Volumes) by more than ten percent of the Nominated Receipts, the Company may impose a penalty equal to Unauthorized Gas Use charge times the variance in excess of ten percent of the Nominated Receipts unless in its opinion the system or Customers receiving PGA service were not harmed as a result of the imbalance. The Company reserves the right to limit this imbalance to five percent upon twenty four hours notice to the TPS representatives.

These charges are in addition to monthly cash-outs and any other imbalance charges and convey no rights to any quantities of gas to the TPS or its Customers. In the event of non-payment, these charges shall not be assessed to the TPS Customers by the Company. In addition, the Company shall not be required to continue to perform service for TPS Customers if their TPS fails to deliver adequate gas supplies per their daily nominations. The Company reserves the right to discontinue receipts from a TPS until the penalty is paid in full.

PIPELINE IMBALANCES AND CHARGES

Company and TPS recognize that Company may be subjected to imbalance charges from its interstate pipeline suppliers as a result of TPS's failure to deliver confirmed quantities of gas. In the event that Company is assessed penalties as a result of TPS's actions or omissions, TPS shall reimburse Company for such penalties as may be attributable to TPS's actions or omissions. The Company reserves the right to commingle and charge TPSs on a prorated basis, as determined by the Company, any pipeline charges related to transportation that are not readily identifiable to a specific TPS.

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Effective: December 01, 2023

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THIRD PARTY SUPPLIER (TPS) (Continued)

INDEMNIFICATION

As between the Company and TPS, TPS warrants that it has clear title to any gas delivered into the Company's system, and TPS shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's system for redelivery to Customer. TPS agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

ALLOCATION OF SUPPLIES

Gas received by the Company from the TPS shall be allocated first to the GS classes being served under ADDQ in the order of increasing annual usage, then to NGV followed by the remaining GS classes in the order of increasing annual usage, then by KDS and lastly to FGS Customers.

DAILY AND MONTHLY CONTRACT BALANCING

Third Party Suppliers will be billed for all their Customers' balancing charges as follows:

a) Daily Imbalance Charge

The Company shall, within the existing limitations of its system, provide for balancing between gas requirements and actual gas deliveries, net of an adjustment for Company Use and Unaccounted for Gas, received by the Company for the account of the Customers served by the TPS that day. The Company shall not be obligated to provide gas service during an hourly, daily or monthly period in excess of the levels specified in the Rate Schedules under which Customers of the TPS are served.

The Company reserves the right to require daily balancing on any other day in which the Company, in the exercise of its reasonable judgment, determines that such balancing is necessary for operational reasons. The Company will provide the TPS in all instances with at least twentyfour (24) hours advance notice that daily balancing will be imposed.

In the event that daily balancing is imposed in accordance with this section, TPS shall be assessed the following charges for daily imbalances:

| | Imbalance * | Charge ** |
|-----------------------------------|---|--|
| Underdeliveries Overdeliveries | 0% to 5% 5.1% to 10% > 10% > 10% | \$0.00 per therm \$0.10 per therm \$0.50 per therm \$0.10 per therm |

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RESERVED FOR FUTURE USE

THIRD PARTY SUPPLIER (TPS) (Continued)

DAILY AND MONTHLY CONTRACT BALANCING (Continued)

a) Daily Imbalance Charge (Continued)

*The Company reserves the right to limit daily imbalances to plus or minus 5% of the actual quantity received. If the Company limits daily imbalances to plus or minus 5%, all underdeliveries in excess of 5% shall be considered Unauthorized Gas Use and shall be subject to the Unauthorized Gas Use charges.

**The Company may suspend overdelivery charges if it determines such overdeliveries would be beneficial to the systems operation.

All TPSs will automatically be placed in a non-discriminatory daily balancing pool. The Company will aggregate the deliveries and receipts of gas of all TPS Customers participating in the pool for the purpose of determining whether imbalance charges will apply. In the event that charges are nonetheless assessed to certain TPSs, such charges will be no greater than the charges that otherwise would have been assessed if the Company did not have a daily balancing pool. TPSs trading imbalances will nonetheless have to set their own prices or methods by which over or under balances will be traded among individual TPSs.

b) Monthly Imbalance Cash-Out Charge

At the conclusion of every month, the Company will cash out imbalances between TPS's deliveries and their Customers consumption made up of actual and or estimated volumes as follows:

| Imbalance Level | Underdeliveries (1) <u>Factor</u> | Overdeliveries (2) <u>Factor</u> |
|-----------------|--------------------------------------|-------------------------------------|
| 0 to 5% | 1.00 | 1.00 |
| 5.1% to 20% | 1.10 | 0.90 |
| > 20% | 1.20 | 0.80 |

The Company reserves the right to gross up Customer's total consumption for fuelloss at a rate not to exceed 1.5%.

(1) For underdeliveries the amount due to the Company shall be the Imbalance Quantity multiplied by the product of the corresponding Imbalance Level Factor and the applicable price per therm. The price per therm shall be the higher of the total GS-25k Sales Service rate or the monthly average spot price of gas delivered to Florida Gas Transmission at St. Helena Parish, as reported in Platts Gas Daily plus Florida Gas Transmission Company's transportation cost and fuel, if applicable. In the event that this price is no longer available or the basis upon which such price is reported or calculated in such publication changes substantively, Company will file to change its tariff and may, at its discretion, select a representative price in the interim period, subject to FPSC approval.

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THIRD PARTY SUPPLIER (TPS) (Continued)

DAILY AND MONTHLY CONTRACT BALANCING (Continued)

b) Monthly Imbalance Cash-Out Charge (Continued)

(2) For overdeliveries the amount payable by the Company-shall be the Imbalance-Quantity multiplied by the product of the corresponding Imbalance Level Factor and the applicable price per therm. The price per therm shall be the Company's lowest supplier commodity rate applicable to the billing month in which the Customer over tendered gas to the Company, or the monthly average spot price for gas delivered to Florida Gas Transmission at Tivoli, as reported in Platte Gas Daily plus Florida Gas Transmission Company's transportation cost and fuel, if applicable. In the event that this price is no longer available or the basis upon which such price is reported or calculated in such publication changes substantively, Company will file to change its tariff and may, at its discretion, select a representative price in the interim period, subject to FPSC approval.

The offering of gas service above the 5% allowed imbalance for the month is at the sole discretion of the Company. If it determines that it cannot continue to provide such service or that it must limit such service, it will notify TPSs served under this Rate Schedule. The use of service above the level allowed by the Company after notification shall constitute Unauthorized Gas Use and shall be subject to the Unauthorized Gas Use charges specified in the Rules and Regulations section of this tariff.

CAPACITY ASSIGNMENT

TPSs will be required to obtain firm interstate pipeline capacity into the Company's distribution system at points designated by the Company at a quantity equivalent to their Customers' aggregate ADDQ. TPSs that do not demonstrate sufficient interstate firm capacity will be required to accept assignment of such capacity from the Company to the extent that it's available, and consistent with the capacity assignment process outlined in the Rules and Regulations Section 15 (Transportation — Special Conditions) section of the tariff.

Refer to Rules and Regulations Section 15 (Transportation – Special Conditions) for the terms associated with the Capacity Assignment process for TPSs.

TREATMENT OF REVENUE

All revenue produced under this Rate Schedule derived from any balancing charges or other revenue related to the recovery of gas costs, exclusive of applicable taxes and assessments, shall be credited to the Purchased Gas Adjustment Clause.

STANDARDS OF CONDUCT

In addition to the above terms and conditions, TPS' must agree to comply with any standards of conduct or other requirements set forth by the Florida Public Service Commission.

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First Revised Sheet No. 68 Cancels Original Sheet No.68

RESERVED FOR FUTURE USE

TRANSPORTATION SUPPLY SERVICE (TSS)

APPLICABILITY

Service is available to a TPS who signs a service agreement with the Company.

CHARACTER OF SERVICE

At the Company's discretion gas will be made available for this service only to the extent that such gas supplies can be incrementally purchased providing that Company facilities are suitable and gas supplies can be secured for this service. The Company reserves the right to interrupt this service upon two (2) hours notice at its sole discretion.

*CHARGES

- 1. An Annual Service Charge of \$500 shall be assessed upon the initial request for this service. This charge will be reassessed for subsequent requests made after June 30 of any year.
- 2. A Daily Usage Charge of \$50.00 shall be assessed for each day this service is utilized.
- 3. The Commodity rate per therm for gas used shall be computed to be the higher of a) the PGA or b) the incremental cost of purchasing or producing said gas plus \$0.0750 per therm.

*The charges set forth in this Rate Schedule will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company.

TERMS OF PAYMENT

Bills are due upon receipt by the TPS and become delinquent if unpaid after expiration of twenty days from date of mailing or other delivery thereof by the Company.

SPECIAL CONDITIONS

- 1. <u>Gas Supply: gas purchased for sale under this Rate Schedule shall not be included as part of the gas costs that are recoverable through the PGA Charge.</u>
- Balancing: gas supplied under this rate schedule shall be deemed a gas delivery
 by the TPS for purposes of applying the Daily and Monthly Contract Balancing terms of the TPS
 Rate Schedule.

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TRANSPORTATION SUPPLY SERVICE (TSS) (Continued)

SPECIAL CONDITIONS (Continued)

3. Rules and Regulations: service under this Rate Schedule shall be subject to the Rules and Regulations set forth in the tariff, except to the extent modified under this Rate Schedule and / or in a service agreement.

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RESERVED FOR FUTURE USE

OFF-SYSTEM SALES SERVICE (OSS)

AVAILABILITY

Throughout the service areas of Company, and of any interstate or intrastate gas pipeline serving the Company (collectively, the "Pipelines")

APPLICABILITY

Interruptible Gas-delivered by Company through the facilities of a Pipeline, using Company's transportation capacity rights on such Pipeline, to any person not connected to Company's distribution system.

CHARGES

Customer Charge None

Transaction Charge \$100.00 per transaction

Commodity Charge As set forth below

For all Scheduled Quantities (as such term is defined in Special Condition 4 below), the Commodity Charge per therm shall be established by agreement between Company and Customer prior to each transaction pursuant to this Rate Schedule.

The Commodity Charge for service pursuant to this Rate Schedule shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include, but are not necessarily limited to: the cost of gas which is available to service Customer: the delivered price and availability of Customer's designated alternate fuel; and the nature of Customer's operations (such as load factor, fuel efficiency, alternate fuel capacity, etc.). Companymay from time to time increase or reduce the Commodity Charge as it deems necessary or appropriate to meet competition or remain competitive, but shall have not an obligation to do so.

The Commodity Charge per therm shall include, at a minimum, the cost per therm of the Gas delivered to Customer pursuant to this Rate Schedule, including all variable costs incurred by Company for (or in connection with) Pipeline transportation and all applicable taxes. Company's Purchase Gas Cost Recovery Adjustment Clause, Energy Conservation Cost Recovery Clause and Competitive Rate Adjustment Clause shall not apply to purchases of Gas made by Customer Pursuant to this Rate Schedule.

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| <u>OF</u> I | F-SYSTEM SALES SERVICE (OSS) (Continued) |
| SPECIAL CONDITIONS | |
| minimum quantity of Gas or pig | nor Company shall have any obligation to other for any specific peline capacity on any day or during any month, and deliveries hall be subject to curtailment or interruption at any time in the sole |
| paragraph "net revenues" shall of gas delivered to Customer increvenues shall be retained by C | et Revenues and Transaction Charges. For purposes of this equal the difference between the Commodity Charge and the cost clusive of all taxes and adjustments. Fifty percent (50%) of all net company. The remaining fifty percent (50%) of such net revenues hall be used to reduce Company's cost of gas recovered through try Adjustment Clause. |
| or cease using gas. Company w gas taken in excess of the volu shall be considered Unauthorize | Curtailment. Company may notify Customer at any time to reduce rill endeavor to give as much notice as possible to Customer. Any time allocated to Customer in an interruption or curtailment order and Gas-Use. Company may bill and Customer shall pay for such s in the Rules and Regulations - Unauthorized Gas-Use section. |
| Schedule, Customer shall provi desires to receive at the specifier a-timely and complete nomination | which Customer desires to receive service pursuant to this Rate de a nomination to Company specifying the quantity of Gas it d point of delivery pursuant to this Agreement. Following receipt of n-from Customer, Company will confirm the quantities of Gas to be stomer at such point of delivery. Quantities confirmed by Company Quantities". |
| 5.1. The point of delivery point of the delivering Pi | very for all gas sold pursuant to this Rate Schedule shall be the peline-specified by Customer. |
| 6 | |
| Except as modified by the provision to the Rules and Regulations set fo | s set forth above, service under this Rate Schedule shall be subject rth-in this tariff. |
| | |
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POOL MANAGER RATE SCHEDULES POOL MANAGER SERVICE - (PMS)

Applicability:

The provisions of this Rate Schedule shall apply to each broker, marketer or other third-party supplier (collectively "Pool Manager") of natural Gas that wishes to act as Agents for the purpose of purchasing and scheduling natural Gas for Customers electing Transportation Services. Pool Managers desiring to provide service to Customers will be required to sign a Pool Manager Agreement in which they will agree to be bound by the terms and conditions of the Company's FPSC Gas Tariff.

Term of Contract:

The term of the Pool Manager Agreement shall be at least one (1) year and from month to Month thereafter unless terminated upon sixty (60) days written notice.

Creditworthiness:

- All Pool Managers shall establish credit prior to commencing deliveries of Gas and shall maintain such credit during the term hereof. The amount of credit established by each Pool Manager will be equal to the greater of \$10,000 or an amount equal to Pool Manager's highest two months aggregated DDR for the most recent 24-month period multiplied by the applicable Transportation Service Provider's applicable rate schedule(s). Credit will be established by one of the following methods:
 - a. Payment of a cash deposit with Company;
 - b. Furnishing an irrevocable letter of credit from a bank;
 - c. Furnishing a surety bond issued by an entity acceptable to the Company;
 - d. Possessing and maintaining a Standard & Poor's Long-Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to Company; or
 - e. Providing an acceptable parental or corporate guarantee.

If the Pool Manager seeks to establish credit pursuant to paragraph 1e above, Pool Manager shall furnish to Company Pool Manager's audited financial statements (accompanied by the opinion of and independent certified public accountants or chartered accountants of a recognized national or regional standing) for at least the two most recently completed fiscal years.

All Pool Manager deposits will be subject to an annual review by Company and will be adjusted and billed accordingly. The minimum deposit maintained by each Pool Manager will be \$10,000.

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Original Sheet No. 71B

POOL MANAGER SERVICE - (PMS) - CONTINUED

Creditworthiness Continued

Upon meeting Company's standards for creditworthiness, Company will include Pool Manager on Company's list of Approved Pool Managers. Company shall not be required to permit any Pool Manager who fails to provide the above referenced documentation to sell natural Gas on Company's distribution system.

In the event that Pool Manager defaults in its payment obligation to Transportation Service
Provider for capacity relinquished as defined below, Company upon receiving notification from
Transportation Service Provider of such default shall immediately terminate Pool Manager
Agreement with Pool Manager. Company will not be required to permit any Pool Manager who
defaults in its payment obligation to Transportation Service Provider to sell natural Gas on
Company's distribution system.

Capacity Relinquishment:

Pool Manager will be required to accept a Capacity Relinquishment as required in this Tariff.

Failure to accept Capacity Relinquishment by Pool Manager may result in Curtailment of service to Customers being served by Pool Manager or termination of Pool Manager.

Supplying Gas for Delivery:

Pool Manager shall be responsible for purchasing the natural Gas to be delivered for Customers served by the Pool Manager and for causing the same to be delivered to the Company's City Gate(s). Pool Manager shall diligently and in a timely manner take all actions required under the General Terms and Conditions of Transportation Service Provider's FERC Tariff to effectuate

such delivery of natural Gas.

Force Majeure:

Except for making payments due, neither the Company nor the Pool Manager shall be liable in damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government-mandated quarantines associated therewith, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze ups, temporary failure of Gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or present any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered

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POOL MANAGER SERVICE - (PMS) - CONTINUED

Force Majeure Continued

to be a matter within the control of the party claiming suspension.

Neither party will be entitled to the benefit of the force majeure provision hereof under either or both of the following circumstances: i) to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch; or ii) if the failure was caused by lack of funds, or with respect to the payment of any amount or amounts then due hereunder.

Aggregated Daily Demand Requirement:

Company will calculate the Pool Manager's aggregated Daily Demand Requirement by summing Pool Manager's Daily Demand Requirements, plus applicable Retainage, for each Customer being served by Pool Manager and rounding the total to the next greatest dekatherm. The Company will inform Pool Manager via e-mail of Pool Manager's aggregated Daily Demand Requirement by City Gate for the upcoming Month upon expiration of Company's enrollment deadline.

The Company shall assess the Pool Manager a per MMBtu charge equal to the maximum of \$15.00 or 200% of the otherwise applicable highest weekly overage Alert Day Price as is poster or otherwise would be calculated by Florida Gas Transmission Company for each day when delivery to Company by Pool Manager differs from Pool Manager's Pool(s) aggregated DCQ. The Company may waive this charge from time-to-time on a non-discriminatory basis.

Pool Manager Nominations

Each Pool Manager shall submit to Company first of the month scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s). In addition, no later than the fifteenth (15th) of each month, Pool Manager may submit a mid-month nomination change for each Customer Pool. Pool Manager shall submit to Company, this scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s).

Such Nomination shall include the following information:

- The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated – "Del Loc" (Delivery Location);
- The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (PM Delivery

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Original Sheet No. 71D

POOL MANAGER SERVICE - (PMS) - CONTINUED

Pool Manager Nominations Continued

Quantity);

- The downstream delivery facility name, and quantity in Therms of Gas to be delivered for each Company Customer account or Pool "Dn Name" (Duns Number);
- A beginning and ending date for each Nomination;
- 5. Ranking for allocation 'Del Rank" (Delivery Rank)

Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

Company shall be entitled to retain at no cost to Company a percentage of the quantity of Gas delivered by or for the account of Customer at each Company Receipt Point for transportation to Customer, as Gas which shall be deemed to be an allowance for transportation Retainage in the performance of service under each applicable Rate Schedule. Such percentage shall not be higher than 1.5% without prior approval of the Florida Public Service Commission.

Capacity Exceeding Released Quantities:

If Pool Manager's Customer Pool's aggregated DDR is greater than Pool Manager's Customer Pool's aggregated DCQ, Pool Manager shall be responsible for taking such actions as are required to obtain sufficient Transportation Service Provider capacity to meet its Customer Pool requirements, such additional quantities shall be equal to Pool Manager's Customer Pool's DDCV. Pool Manager may acquire such Transportation Service Provider capacity quantities from any source.

Pool Manager Warranty:

Each Pool Manager warrants that it will have at the time it delivers or causes the delivery of natural Gas into the Company's distribution system good title to deliver the Gas. Each Pool Manager warrants that the natural Gas it delivers or causes to be delivered shall be free and clear of all liens, encumbrances, and claims whatsoever; that it will indemnify the Company and hold it harmless from all suits, actions, debts, losses and expenses arising from any adverse claims of any person to the natural Gas; and that it will indemnify the Company and hold it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by the party making delivery.

Responsibility for Natural Gas:

The Company and the Pool Manager shall be jointly and severely liable for the natural Gas while it is in the Company's distribution system between Company's City Gate(s) and the point of delivery to the Customer. The Pool Manager shall be solely liable for the natural Gas until it is delivered to Company's City Gate(s). The party or parties thus responsible for the natural Gas shall bear liability for all injury or damage caused thereby. Notwithstanding anything to the contrary stated herein, a Pool Manager shall indemnify the Company for all injury, damage, loss, or liability of the Company caused by Pool Manager's delivery of natural Gas not complying with the Natural Gas Quality Section of this Tariff.

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POOL MANAGER SERVICE - (PMS) - CONTINUED

Natural Gas Quality:

All-natural Gas delivered, or caused to be delivered, into Company's distribution system by or on behalf of a Pool Manager will be merchantable and shall conform to the natural Gas quality specifications set forth in the "Quality of Gas" section of this Tariff.

Billing:

The Company shall render to a Pool Manager on or before the 20th calendar day of each Month a bill for Pool Manager's monthly Customer Charge and for all imbalance charges as defined in Billing Adjustments during the preceding Month.

Pool Manager shall pay the Company the amount due under any bill from the Company within ten (10) days after receipt by the Pool Manager of the bill from the Company. The Company may at its option require the Pool Manager to make payment of any bill by electronic transfer within such ten (10) day period. Any bill not paid within such ten (10) day period shall bear interest at the rate of one and one-half percent (1.5%) per Month.

Billing Disputes:

Pool Manager may dispute the amount of any bill by notifying the Company within sixty (60) days of receipt by the Pool Manager of the bill from the Company. If a Pool Manager in good faith disputes the amount of any bill, the Pool Manager shall nevertheless pay to the Company the amount of such bill. Company shall have thirty (30) days to resolve such disputes with Pool Manager and will refund to Pool Manager any amount resolved in favor of Pool Manager within ten (10) days of such resolution.

Standards of Conduct:

In addition to the above terms and conditions, Pool Managers must agree to comply with any standards of conduct or other requirements set forth by the FPSC.

Termination of Service:

Pool Manager will be responsible for providing Company with a duly executed Cl Pool Manager Customer Termination Notice (See Sheet No. 93) not less than thirty (30) Working Days prior to the Pool Manager's desired date for termination of service to Customer.

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| Florida City Gas FPSC Natural Gas Tariff | |
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| SHIPPER ADMINISTRATIVE S | ERVICE - (SAS) |
| Availability: Throughout the Service Areas of the Company. | |
| Applicability: Service under this Rate Schedule is mandatory for all CI P delivered, Gas to the Company's distribution system for tra | Pool Managers, delivering, or causing to be an apportation to Customers. |
| Monthly Rate: | |
| CI Pool Administration Charge: Space Coast and South Florida Service Areas: | \$400.00 per pool |
| Per Customer Charge: Space Coast and South Florida Service Areas | \$6.21 per Customer |
| Minimum Charge: The Cl Pool Administration Charge. | |
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Effective:

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

Original Sheet No. 71G

OFF SYSTEM SALES SERVICE - 1 - (OSSS-1)

Availability:

Available within areas served by the Company, and within the area served by an interstate or intrastate natural Gas pipeline also serving the Company.

Applicability:

Interruptible Natural Gas, interstate or intrastate pipeline capacity releases, or delivered natural Gas capacity and supply combined, released or delivered by Company through the facilities of a Transportation Service Provider, using Company's transportation capacity rights on such Transportation Service Provider's pipeline, to any person not connected to Company's distribution system.

This rate schedule is applicable to both bundled and unbundled gas service, i.e., interstate or intrastate pipeline capacity only that is released by Company pursuant to Transportation Service Provider's FERC gas Tariff as well as interstate or intrastate pipeline capacity that is bundled with natural gas supply and is subsequently delivered by the Company to Customer.

Limitation of Service:

Company may notify Customer at any time to reduce or cease using Natural Gas. Company will endeavor to give as much notice as possible to Customer.

Any Gas taken in excess of the volume allocated to Customer during an interruption or Curtailment order shall be considered to be unauthorized overrun Gas. Company may bill and Customer shall pay for such unauthorized overrun Gas, in addition to other charges payable hereunder, at the greater of \$1.50 per Therm or the rate per Therm imposed on Company by the delivering Pipeline.

For each day on which Customer desires to receive service pursuant to this rate schedule, Customer shall provide a Nomination to Company specifying the quantity of Natural Gas it desires to receive at the specified point of delivery pursuant to this Agreement. Following receipt of a timely and complete Nomination from Customer, Company will confirm the quantities of Natural Gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by Florida Public Utilities Company for delivery shall be "Scheduled Quantities".

Except as nominated by Customer and scheduled by Company, neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of Natural Gas or pipeline capacity on any day or during any Month. Deliveries pursuant to this rate schedule shall be subject to Curtailment or interruption at any time in the sole discretion of Company.

The point of delivery for all-natural Gas sold pursuant to this rate schedule shall be the Delivery Point of the delivering Pipeline specified by Customer. The Delivery Point operator shall be

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| <u>Florida City Gas</u> FPSC Natural Gas Tariff |
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| Volume No. 11 Original Sheet No. 71H |
| OFF SYSTEM SALES SERVICE - 1 - (OSSS-1) - CONTINUED |
| Limitation of Service Continued |
| solely responsible for all balancing with the Pipeline, financially and physically. |
| Customer and Company shall rely on measurement made by the Pipeline. Unless curtailed, all Nominations to Customer's Transportation Service Provider's Delivery Point shall be considered to have been made by the Transportation Service Provider. |
| Character of Service: Natural Gas or its equivalent, with an approximate average heating value of in the range of one thousand one hundred (1,000) to one thousand one hundred (1,100) British Thermal Units per standard cubic foot. |
| Monthly Rate: Customer Charge: None |
| Non-Fuel Energy Charge: For all Scheduled Quantities, an amount not less than \$.000 per Therm, which Non-Fuel Energy Charge shall be established by agreement between Company and Customer prior to each transaction pursuant to this rate schedule. |
| The Non-Fuel Energy Charge for service pursuant to this rate schedule shall be determined by Company based upon Company's evaluation of competitive conditions. Company may from time to time increase or reduce the Non-Fuel Energy Charge as it deems necessary or appropriate to remain competitive but shall have no obligation to do so; provided, however, that the Non-Fuel Energy Charge shall at all times remain within the limits set forth above. The bill for Therms billed at the above rates shall be increased by the agreed upon price per Therm of the Natural Gas delivered to Customer pursuant to this rate schedule, including all costs incurred by Company associated with Transportation Service Provider transportation. |
| This rate schedule shall not be adjusted by the Company's Purchased Gas Cost Recovery Clause. |
| <u>Transportation</u> Administration Charge: Not applicable |
| Minimum Bill: Not applicable |
| Terms of Payment: Bills are rendered net and are due and payable within ten (10) calendar days of receipt of invoice rom Company. |
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Effective:

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Florida City Gas FPSC Natural Gas Tariff Volume No. 11

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OFF SYSTEM SALES SERVICE - 1 - (OSSS-1) - CONTINUED

Billing Adjustment:

Purchased Gas Cost Recovery Factor:

Not applicable to this rate schedule.

All other Billing Adjustments:

Riders A through E may apply

Term of Service:

As mutually agreed between Company and Customer.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.

Disposition of Net Revenues:

For purposes of this rate schedule "net revenues" shall mean the total Non-Fuel Energy Charges received by Company for service pursuant to this rate schedule, revenues received by Company for Natural Gas above the cost of Natural Gas to the Company and revenues received by Company for pipeline demand charges above the prevailing rates for like period(s) as negotiated by Pipeline Customers via the Transportation Service Provider's Relinquishment program on its Electronic Bulletin Board system. Disposition of net revenues received by Company during each Month that service is provided pursuant to this rate schedule shall be as follows:

Fifty percent (50%) of the net revenues shall be retained by Company. The remaining fifty percent (50%) of the net revenues shall be used to reduce Company's cost of Natural Gas recovered through the Purchased Gas Cost Recovery Factor Clause.

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Original Sheet No. 74.4

FLEXIBLE GAS SERVICE - (FGS)

Objective:

The objective of this Rate Schedule is to enable the Company the opportunity to compete in markets where natural gas service is not a monopoly service.

This Tariff provides the Company with both the opportunity and risk to compete in these markets. It is designed to increase load by working with Customers with regard to the specific terms and conditions of service.

This Tariff places the Company's shareholders at risk, not the general body of ratepayers (see rate-making treatment).

Applicability:

This service is available at the Company's option to Customer(s) meeting the applicability standards, which include: (1) the Customer must provide the Company with a viable economic energy alternative including verifiable documentation of Customer alternative, and (2) the Company must demonstrate that this new Customer will not cause any additional cost to the Company's other rate classes. The Company is under no obligation to grant service under this Tariff. Absent a service agreement with the Company under this rate schedule, Customers are under no obligation to accept service under this rate schedule and may elect to receive service under other applicable Tariff rate schedules.

Terms of service under this rate schedule, including pressure, capital repayment, operating conditions and length of service are separately set forth in individual agreements between the Company and the Customers.

Monthly Rate:

The rate will be developed based on economic market conditions at the time gas service is requested. The rate shall not be set lower than the incremental cost the Company incurs to serve the Customer.

Confidentiality:

The Company and Customer each regard the terms and conditions of the negotiated service agreement as confidential, proprietary business information.

The Company and Customer agree to utilize all reasonable and available measures to guard the confidentiality of said information, subject to requirements of courts and agencies having jurisdiction hereof.

In the event either party is asked to provide the information by such a court or agency, it will promptly inform the other of the request, and will cooperate in defending and maintaining the confidentiality of the information.

This provision shall not prohibit or restrict the FPSC from reviewing the service agreement in the performance of its duties, but the FPSC shall treat the service agreement as a confidential document.

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Original Sheet No. 74.5

FLEXIBLE GAS SERVICE - (FGS) - CONTINUED

Rate-Making Treatment:

To the extent that the Company enters into Flexible Gas Service agreements with Customers, the Company is at risk for the capital investment necessary to serve the Flexible Gas Service Tariff Customers, not the general body of ratepayers.

Rate Base:

In the case of providing service to a new Customer under this Tariff, the Company will identify the incremental capital costs, including construction work-in-progress, required to provide service to the Customer. In this instance, the Company will separately account for all such costs, excluding them from rate base.

Where the Customer is served from the Company's existing distribution system, a portion of the net book value of common distribution facilities, including Mains and measuring and regulating stations, reflecting the Customer's distance from the nearest point on an Interstate Gas Pipeline and the size of pipe required to serve that Customer's peak demand for Gas shall be removed from rate base.

In the case of transferring an existing Customer to this Tariff, in addition to excluding all incremental capital costs and common distribution facilities from rate base, the net book value of Mains, Service Lines, and metering equipment that were specifically installed to serve the particular Customer shall be removed from rate base.

Operating, Maintenance and Administrative Expenses:

The Company will specifically identify all incremental costs, if any, associated with the Flexible Gas Service Tariff Customer. These expenses will primarily be related to the incremental capital required to serve the Customer. In addition, the Company will allocate embedded costs including general distribution and maintenance, Meter reading, Customer billing and accounting, sales, and administrative expenses.

Operating, Maintenance, and Administrative Expenses Continued

The Company will specifically identify all incremental costs, if any, associated with the Flexible Gas Service Tariff Customer. These expenses will primarily be related to the incremental capital required to serve the Customer. In addition, the Company will allocate embedded costs including general distribution and maintenance, meter reading. Customer billing and accounting, sales, and administrative expenses. In future rate cases and earnings surveillance reports, the Company will exclude all operating, maintenance, and administrative costs related to this Tariff as determined by this methodology.

Depreciation and Amortization Expenses:

The Company will exclude all depreciation and amortization expenses related to this Tariff in future rate cases and in its earnings surveillance report. Depreciation and amortization expenses may be incremental and/or allocated and will be determined based on the rate base allocated to each Customer under this Tariff as defined above.

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FLEXIBLE GAS SERVICE - (FGS) - CONTINUED

Revenue and Related Taxes:

Revenues related to this Tariff will be excluded from regulated revenues. In filing earnings surveillance reports, the Company will remove actual revenues related to this Tariff, as well as revenue related taxes and income taxes from its calculation of FPSC adjusted rate of return.

All cost allocation related to this Tariff shall remain subject to FPSC audit.

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| B. ITS SHIPPER DESIGNEE FORM | <u>91</u> |
| C. CI POOL MANAGER CUSTOMER TERMINATION NOTICE | 93 |
| D LETTER OF AUTHORIZATION | 94 |
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| Florida City Gas FPSC Tariff |
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| Original Volume No. 11 Original Sheet No. 84 |
| A. TRANSPORTATION SERVICE AGREEMENT |
| FLORIDA CITY GAS TRANSPORTATION SERVICE AGREEMENT |
| This Agreement entered into this day of , 20 , by and between Florida City Gas, herein after referred to as "Company" and: |
| Company Name: Account Number: Contact Person & Title: Mailing Address: Telephone Number: E-mail Address: |
| Herein referred to as "Customer." WITNESSETH: |
| Subject to the terms and conditions contained herein, Company agrees to sell or deliver and Customer agrees to purchase or pay for services required by Customer under Company's Rate Schedule |
| Term of Agreement |
| Service under this Agreement shall commence on the day of .20 or on the first day following the date the Company completes the installation of necessary Mains, meters, and other essential equipment to service the Customer, whichever is later. This Agreement will remain in effect for an initial term of year(s) beginning with the commencement of service by the Company, and thereafter from year to year. At any time after the initial term, either party may terminate this contract by giving written notice of termination (specifying a termination date at the end of such contract year or any contract yearly period thereafter) upon at least sixty (60) days prior notice. |
| Duly Constituted Authorities |
| The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the FPSC. Tariff for Gas Service |
| All terms and conditions set forth in Company's FPSC Tariff are incorporated herein by reference. All services are subject to the Rules and Regulations of Company's FPSC Tariff and more specifically by the conditions contained in the Rate Schedule elected herein. Copies of |
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| Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas |

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Florida City Gas
FPSC Tariff
Original Volume No. 11

Original Sheet No. 85

A. TRANSPORTATION SERVICE AGREEMENT - CONTINUED

Company's FPSC Tariff are available for public reference during normal business hours at each of the Company's natural Gas offices.

Type of Service

The service contemplated hereunder is of an Industrial or commercial character and Company does not guarantee it to be free from interruption or that the chemical composition or specific gravity of the Gas delivered may not vary from time to time. The Customer agrees to provide and maintain suitable safety and control equipment on Customer's facilities and equipment and to use only equipment of a character to ensure safe utilization of Gas sold or delivered hereunder. In case the supply of Gas is interrupted by any cause, Company shall not be held liable for damages on account of such interruption or any consequences resulting there from or from the restoration of service thereafter.

Full Requirements

Customer agrees Customer shall transport all of their natural gas quantity requirements through Company's distribution system. Regulated Sales Service shall not be available from the Company.

Responsibility and Liability

The Company and Customer do respectively assume full liability for the maintenance and operation of facilities operated by each party. Each party shall indemnify and save harmless the other from any and all loss or damage sustained, and from any and all liability including injury to persons and property insured, arising from any act or accident in connection with the installation, presence, maintenance and operation of facilities operated by the indemnifying party unless the same shall be due to the sole negligence of the other party, its agents, employees, contractors, guests or invitees.

Notices

All correspondence and notices required under this Agreement, except notice of Gas supply interruption or restoration of service are to be addressed at the above listed address or e-mail address and to Company at Florida City Gas, Energy Logistics Department PO Box 960, Winter Haven, Florida 33882. Notices with respect to interruption or restoration of deliveries of Gas shall be sufficient if given by Company, at the Company's option, in writing or orally in person or by telephone to the person or one of the persons designated from time to time by Customer as authorized to receive such notice. If Customer shall not have made such designation or, if made, Company is unsuccessful in its effort promptly to establish communication with the person or one of the persons so designated then in any such event, said notice shall be sufficient if given by Company to any person or persons who are on said premises

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Florida City Gas FPSC Tariff Original Volume No. 11

Original Sheet No. 86

A. TRANSPORTATION SERVICE AGREEMENT - CONTINUED

or who answer Customer's telephone.

Customer Designation of Pool Manager

<u>Customer shall designate a Pool Manager from Company' List of Approved Pool Managers on Company's website.</u> <u>Customer shall deliver a Letter of Authorization with a duly authorized signature acknowledging such election to the selected Pool Manager.</u>

Point of Receipt and Point of Delivery

ITS Customers or Customer's Designee will cause Customer's natural Gas to be delivered to Company's Point of Receipt as specified in Exhibit A. Customer has requested and Company agrees to receive and transport Customer's natural Gas from the Company's Point of Receipt to the Customer's Point of Delivery as specified in Exhibit A.

Election of Service Level

ITS Customers will elect a Maximum Daily Contract Quantity ("MDCQ") by Month in Exhibit A. If applicable, Customer's Pool Manager will be required to accept a capacity Relinquishment in a quantity equal to the Maximum Daily Contract Quantity elected by Customer.

Monthly Minimum Bill Quantity (Applicable Rate Schedules)

<u>Customers who are served under certain specific rate schedules requiring minimum monthly billing quantities and ITS Customers agree to purchase or receive from Company and Company agrees to sell or deliver to Customer the monthly minimum bill quantity of natural Gas at the Point of Delivery as listed in Exhibit A.</u>

Miscellaneous Provisions

(A) No agent or employee of Company has any power to amend or waive any of the provisions of this Agreement or to make any promise or representation contrary to, or inconsistent with, the provisions hereof. (B) This Agreement with portions included by reference constitutes the entire contract between the parties. (C) This Agreement shall not be binding upon Company until approved and accepted on its behalf by one of its executive officers in the space provided below, and thereafter shall bind and benefit the parties hereto, their successors and assigns.

Delivery Pressure

The Company shall endeavor to deliver Gas to Customer at the Point of Delivery at a pressure of not less than p.s.i.g.

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A. TRANSPORTATION SERVICE AGREEMENT - CONTINUED

Bills for Service

Bills and payments shall be rendered in accordance with the Rules and Regulations section of the Company's currently effective FPSC Tariff.

Assignment

<u>Customer shall not assign this Agreement or any portion hereof, or any of its rights and obligations under this Agreement without the express written permission of the other party.</u>

Headings and Captions

The headings and captions in this Agreement are for convenience and shall not constitute a part of the Agreement or be considered interpretive of the Agreement.

Performance

The failure of either Party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of or estoppel against asserting the right to require such performance in the future, nor shall a waiver or estoppel in any one instance constitute a waiver or estoppel with respect to a later breach of a similar nature or otherwise.

Governmental Agencies

Governmental agencies that are Customers under this Agreement may attach a Rider detailing matters that are required to be included by such agencies pursuant to Florida Law. The Rider is to be prepared at Customer's expense and submitted in duplicate as an attachment to this Agreement.

Interpretation

This Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, without regard to principles of conflict of law.

Settlement of Disputes

The parties desire to resolve disputes arising out of this Agreement without litigation.

Accordingly, except for any 1) dispute which is subject to the exclusive jurisdiction of the Florida Public Service Commission, 2) action seeking a restraining order or an injunction related to the purposes of the Agreement, and 3) suit to compel compliance with this dispute resolution process, the parties agree to use the following dispute resolution procedure as their

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Original Sheet No. 88

A. TRANSPORTATION SERVICE AGREEMENT - CONTINUED

sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or it's breach.

At the written request of a party, each party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising under this Agreement. The parties intend that these negotiations be conducted by non-lawyer, business representatives. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, which shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in evidence in the arbitration or lawsuit.

If the negotiations do not resolve the dispute within sixty (60) days of the initial written request, the dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. A party may demand such arbitration in accordance with the procedures set out in those rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section. Each party may submit in writing to a party, and that party shall so respond to, a maximum of thirty-five (35) (none of which may have subparts) of the following: interrogatories, demands to produce documents, or requests for admission. Each party is also entitled to take the oral deposition of one individual of another party. Additional discovery may be permitted upon mutual agreement of the parties. The arbitration hearing shall commence within sixty (60) days of the demand for arbitration. The arbitration shall be held in West Palm Beach, Florida for West Palm Beach Customers and in Debary, Florida for Mid-Florida Customers. The arbitrator shall control the scheduling sc as to process the matter expeditiously. The parties may submit written briefs. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings. The times specified in this section may be extended upon mutual agreement of the parties or by the arbitrator upon a showing of good cause. Judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

Each party shall bear its own costs of these procedures. A party seeking discovery shall reimburse the responding party the costs of production of documents (including search time and reproduction costs). The parties shall equally split the fees of the arbitration and the arbitrator.

The venue for any action at law or in equity, commenced by either party against the other and arising out or of in connection with this Agreement, shall be in Palm Beach County, Florida.

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| Florida City Gas | |
|---|-------------------------|
| FPSC Tariff Original Volume No. 11 | Original Sheet No. 89 |
| A. TRANSPORTATION SERVICE AGREEMENT - CO | |
| | |
| IN WITNESS WHEREOF the parties hereto have caused this Agreement | ent to be duly executed |
| the day and year first written above. | |
| | |
| Attest: | |
| Florida City Gas | |
| | |
| | |
| By: | |
| Title: | |
| | |
| Attest: | |
| <u>rijivat.</u> | |
| CUSTOMER: | |
| | |
| By: | |
| Title: | |
| Ch. (A.M.M.) — Annual State Company of the Company | |

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| FISC Tariff Original Volume No. 11 A. TRANSPO | DRTATION SERVICE AGREEI | Original Sheet No. 90 MENT - CONTINUED |
|--|--|--|
| TO THE TRANSPORTATION | EXHIBIT A ON SERVICE AGREEMENT B GAS | Y AND BETWEEN FLORIDA CITY |
| CAPACITY RELEASE QUAN | NTITIES - MMBTUS PER DAY | · |
| JAN | FEB | MAR |
| APR | MAY | JUN |
| JUL | <u>AUG</u> | SEP |
| <u>OCT</u> | NOV | DEC |
| POI Number COMPANY'S RECEIPT POI | NT | |
| Point Name COMPANY'S DELIVERY PO Company shall deliver natura | Anguyo care con escuence (Anguyo con escuence (Angu | ny owned Meter located at: |
| Customer's Service Address MONTHLY MINIMUM BILL O | . City, State, Zip code | PLICABLE |
| | | |

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Florida City Gas FPSC Tariff Original Volume No. 11

Nominations

Original Sheet No. 91

Operator Order Responsibility

B. ITS SHIPPER DESIGNEE FORM



ITS or OS-DPO Shipper Designee Form

Shipper, Designee, and Company hereby agree, for all purposes relating to the functions identified above, that:

- The designation by Shipper of Agent as Shipper's Agent shall be effective as of the beginning of the day commencing on
- Communications by Company to Designee shall be deemed to be notice to Shipper.
 Company has the right to rely on any written or verbal communication from Designee.
- Designee shall perform the functions identified above in a manner consistent with Company's Tariff on file with the Florida Public Service Commission (FPSC), as the same may be amended from time to time.
- 4. Shipper shall remain liable to Company (a) with respect to any act or omission of Designee in the performance of the functions identified above and, (b) for all charges arising from services provided to Shipper by Company as provided by Company's FPSC Tariff and/or OS-DPO Shipper Agreement. Shipper shall indemnify, hold harmless and defend Company from and against any and all acts or omissions of Designee.

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Original Sheet No. 92

B. ITS SHIPPER DESIGNEE FORM - CONTINUED

| SHIPPER INFORMATION (Full Company Legal Name) | DESIGNEE INFORMATION (Full Company Legal Name) |
|--|--|
| SHIPPER: | DESIGNEE: |
| DUNS NO: | DUNS NO: |
| COMPANY ACCOUNT NO. | COMPANY ACCOUNT NO. |
| MAILING ADDRESS: | MAILING ADDRESS: |
| CITY: | CITY: |
| STATE AND ZIP CODE: | STATE AND ZIP CODE: |
| CONTACT PERSON: | CONTACT PERSON: |
| TELEPHONE: | TELEPHONE: |
| E-MAIL: | E-MAIL: |

| -or Snipper: | For Designee. |
|----------------------|---------------|
| Ву: | Ву: |
| Name: | Name: |
| Date: | Date: |
| Accepted for Company | |
| <u>.</u> | Date: |
| | |

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Original Sheet No. 93

C. CI POOL MANAGER - CUSTOMER TERMINATION NOTICE



CI Pool Manager - Customer Termination Notice

| Date: |
|---|
| CI Pool Manager: |
| CI Pool Manager provides notice to Florida City Gas ("Company") that Gas supply service to the following Customer shall be terminated as provided by Company's FPSC Tariff: |
| Customer Name: |
| Service Location: |
| Customer Account No: |
| Effective Date of Termination: |
| |
| Note: A separate termination notice must be provided for each Company account. |
| A copy of this notice may be provided to the above listed Customer by Company. Cl Pool Manager is responsible for providing notice to Customer of its Gas supply service termination. |
| Executed for CI Pool Manager: |
| <u>By</u> |
| Name: |
| Title: |
| Accepted by Company: |
| Date: |
| |
| |

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Florida City Gas **FPSC Tariff** Original Volume No. 11 Original Sheet No. 94 D. LETTER OF AUTHORIZATION CITY GAS Florida City Gas Attn: Energy Logistics Department 208 Wildlight Avenue Yulee, Florida 32097 Date: Florida Choice Aggregated Transportation Agreement Letter of Authorization ("LOA") Full legal name: Address: City/St/Zip: E-mail: Phone: Contact name: Title: Account number - one per LOA: Billing address: If different from above City/St/Zip Service Area: FCG - Space Coast FCG – South Florida This letter constitutes a formal request by the undersigned, "Customer," for Transportation Service pursuant to Florida City Gas's, as applicable (the "Company" or "FCG") provisions of the Company's Tariff, on file with the Florida Public Service Commission, as the same may be amended from time to time (the "Tariff") for the above account number(s). Pool Manager:

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D. LETTER OF AUTHORIZATION - CONTINUED

- <u>Customer authorizes Company to release to the Pool Manager named above, the twelve-Month historic Gas usage for the above account number(s).</u>
- <u>Customer has entered, or intends to enter, into one or more agreement(s) with Pool Manager providing for Pool Manager's delivery of the Gas purchased by Customer from or through Pool Manager to Company. Delivery of the Gas takes place pursuant to a separate CI Pool Manager Agreement between Company and Pool Manager (the "Pool Manager Agreement").</u>
- Provided the Pool Manager Agreement is in effect at the time Gas is tendered to Company by or on behalf of Pool Manager for Customer's account(s) listed above, Company will transport Gas delivered for such account(s) pursuant to the applicable provisions of Company's Tariff.
- Subject to the terms of this Agreement, this service shall continue until the Customer, Pool
 Manager or Company gives written notice to the others of termination of this agreement. If
 this Agreement is terminated for any reason as it applies to Gas to be delivered for Customer's
 account(s), and Customer has not executed a service contract with another Pool Manager,
 Company has the right to immediately reassign Customer to Company's regulated sales
 service Pool.
- In the event the Pool Manager terminates its agreement with the Customer, the Customer may select a new Pool Manager.
- CI Customer understands that it is responsible for the payment of all bills rendered to Customer by Pool Manager, and that each Pool Manager's bill for Gas purchased by Customer will be rendered separately from Company's CI Customer's bill(s) for Transportation Service. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third-party (including a third-party Gas supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Transportation service.
- The undersigned Pool Manager agrees that it will keep confidential, and not use or disclose to any person not named herein, information released pursuant to the above authorization, or information received from the above Customer, expect to the extent necessary to deliver Gas to Company for transportation to the above Customer account(s), or as may be required by law (in which case Pool Manager will provide notice to Company prior to making such disclosure).

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| Florida City Gas FPSC Tariff Original Volume No. 11 D. LETTER OF AUTHORIZATION | Original Sheet No. 96 N - CONTINUED |
|--|--|
| Customer: | Pool Manager: |
| Print name | Print name: |
| Title: | Title: |
| Pool Manager agrees to maintain the original copy Company request | to the same of the |
| | |
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Effective:

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| Florida City Gas | |
|---|------------------------------|
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| D. LETTER OF AUTHORIZ | ZATION - CONTINUED |
| <u>Letter of Auth</u> <u>Attachme</u> <u>If Enrolling Additional Acti</u> | <u>nt "A"</u> |
| Please provide the following information for each le | ocation. |
| DBA: | Customer's Initials: |
| Service Address: | Billing Address: |
| City, State, Zip Code: | Account No. |
| The above information can be duplicated for multir | ole locations. |

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Original Sheet No. 98

E. REQUEST TO RETURN TO REGULATED SALES SERVICE



REQUEST TO RETURN TO REGULATED SALES SERVICE

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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| <u>Florida City Gas</u> FPSC Tariff |
|--|
| Original Volume No. 11 Original Sheet No. 99 |
| F. OFF SYSTEM SALES LETTER AGREEMENT |
| OFF SYSTEM SALES LETTER AGREEMENT |
| Date |
| Name: |
| Title: |
| City, State, Zip Code |
| Dear |
| As was verbally requested by on |
| 20 ("Customer") desires to purchase up to |
| MMBtu per day of natural Gas, pipeline capacity and / or delivered natural Gas from Florida City Gas ("Company") for the term beginning 20 and |
| ending . 20 . Company is will and able to deliver such quantity of |
| natural Gas directly to Customer for the specified term pursuant to Company's Rate Schedule |
| OSSS-1 a copy of which is attached here to and becomes part hereof and under the terms and |
| conditions of this agreement. Company will purchase gas supply and/or release Transportation |
| Service Provided interstate pipeline capacity for necessary quantities of Gas supply and |
| capacity and, if applicable nominate the necessary quantity of transportation capacity at Receipt |
| and Delivery Points on the interstate pipeline system of in order to |
| effectuate this transaction. This Letter Agreement expresses the mutual understanding of |
| Company and Customer with respect to the terms to apply to such deliveries of natural gas. |
| In consideration of the mutual benefits set forth herein, this Letter Agreement is being made and |
| entered into this day of , 20 , between Company and Customer, in |
| accordance with the following terms and conditions: |
| 1. Daily Delivery Quantity: |
| Customer shall make a reasonable effort to nominate supplies evenly throughout the |
| term of this Agreement, subject to the requirements of Transportation Service Provider's |
| Tariff, including but not limited to Nomination changes for monthly balancing, "Alert |
| Days", and plant operations. The Daily Delivery Quantity may be changed by mutual |
| agreement of the parties. |
| |
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| Issued by: Jeffrey Sylvester, Chief Operating Officer Effective: |
| Florida City Gas |

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> Florida City Gas FPSC Tariff Original Volume No. 11 Original Sheet No. 100 F. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED 2. Term: Company shall arrange for the delivery of the Daily Delivery Quantity of natural Gas purchased by Customer under this Letter Agreements during the above referenced term; after which this Letter Agreement shall continue in force thereafter subject to termination by either party on fifteen (15) days' notice. 3. Delivery Point: Company shall deliver all-natural Gas under this letter Agreement directly to Customer's Delivery Point number(s) on the pipeline system. 4. Authorization to Make Direct Deliveries: The natural Gas purchased by Customer pursuant to this Letter Agreement will be transported by under Company's firm Transportation Service Agreement. In accordance with the Transportation Service Provider's currently effective Federal Energy Regulatory Commission ("FERC") Tariff. Company will exercise its alternate Delivery Point rights so that, upon Transportation Service Provider approval, Transportation Service Provider will deliver the natural Gas directly to Customer at the Delivery Point(s) set forth above Customer shall be responsible for any applicable reporting or filings to be made with Federal or State governmental authorities associated with this transaction. Company retains the right to recall these volumes upon two (2) hours prior notice to Customer. This supply is fully Interruptible and will be made

5. Billing and Payment: Company and Customer agree that the charge for the gas services provided under this Letter Agreement shall be as follows:

Gate(s), loss of supply, unfavorable pipeline conditions, etc.

on a best efforts basis. Interruption and may be due to, but not limited to, the necessity of Company to use said Gas supply and/or capacity to service Customers behind its City

Description MMBtu/Day Charge Commodity Cost of Gas See following text See below per MMBtu Reservation Charge DDQ DDQ Usage Charge per MMBtu Company Administration Charge See below per MMBtu TOTAL CHARGE

Sum of items 1 through 4

NOTE: As nominated for delivery to Transportation Service Provider as indicated on Exhibit A.

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Original Sheet No. 101

F. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED

| The commodity cost of Gas for supplies nominated (if applicable) to be delivered starting with |
|--|
| the first day of each Month shall be priced using the price posted per MMBtu in |
| plus \$ per MMBtu until the first interruption of flowing Gas. |

Thereafter, Gas supplies which start flowing after the first of each Month shall be priced using the plus \$ per MMBtu. The commodity cost of Gas shall be determined in accordance with

The "Total Charge" set forth above includes the amount to be charged by Company to Customer for the natural Gas commodity, the applicable reservation and usage charges under the applicable Transportation Service Provider's FERC Gas Tariff, as well as all applicable surcharges under Transportation Service Provider's FERC Gas Tariff.

In addition to the "Total Charge" set forth above. Customer shall remit to Company any incremental charges that Company may incur as a result of the services provided under this Letter Agreement, to include, but not be limited to, any charge imposed by Transportation Service Provider directly related to this transaction, such as for imbalances and fuel reimbursement, reporting or filing fees associated with this transaction, and such other charges, fees, or assessments, including Federal and State taxes, authorized by governmental authorities.

Customer shall pay the "Total Charge", incidental charges, and any other obligations that arise as a result of this Letter Agreement, regardless of whether Customer has actually used the Daily Delivery Quantity, so long as Company has arranged for the delivery to Customer of the Daily Delivery Quantity as indicated in Exhibit A.

Customer shall remit payment to Company for the "Total Charge," any incidental charges, and any other obligation that arises as a result of this Letter Agreement within ten (10) calendar days of receipt of invoice from Company at the address set forth below in the "Execution" section of this Letter Agreement. Customer shall be deemed in receipt of Company's invoice upon delivery in person the third Business Day after mailing by registered or certified mail, postage prepaid; the next Business Day after timely delivery to a common carrier service, service fee payable by sending party, for next-day delivery. If Customer fails to pay any amount when due hereunder. Customer shall pay interest on the overdue amount at an annual rate of interest of eighteen (18) percent, calculated from the date that payment is due until the date of remittance hereunder.

6. Warranty of Title:

Company warrants that it will have title to the natural Gas sold hereunder from the time it is received at a Receipt Point until delivery to Customer at the Company Receipt Point(s) specified above, at which point(s) title shall pass to Customer.

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F. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED

7. Force Majeure:

Force Majeure: The obligations of Company and Customer under this Letter Agreement, and the performance thereof, other than a failure or delay in the payment of money due hereunder, shall be excused during periods of Force Majeure. Force Majeure shall mean acts of God, strikes, lock-outs, or other Industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government mandated guarantines associated therewith, landslides, sinkholes, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery, generating equipment, or lines of pipe, the necessity for maintenance of or making repairs or alterations to machinery, generating equipment, or lines of pipe, freezing of wells or lines of pipe, failure or depletion of wells, loss or interruption of supply, Curtailment of transportation capacity on the applicable Transportation Service Provider's pipeline system. interruption or unavailability of transportation due to an event constituting Force Majeure under Company's Transportation Service agreement(s) with the applicable Transportation Service Provider, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which in each of the above cases, by the exercise of due diligence such party is unable to prevent or overcome. The party whose performance is excused by an event of Force Majeure shall promptly notify the other party of such occurrence and its estimated time of duration and shall use all reasonable efforts to remedy such Force Majeure and resume such performance.

8. Limitation on Liability:

Neither Customer nor Company shall be liable to the other or to any other party claiming through the other for special, indirect or consequential damages relating to any matter covered by this Letter Agreement.

9. Entire Agreement:

This Letter Agreement constitutes the entire agreement between the parties with respect to the sale of natural Gas hereunder to Customer and supersedes all prior agreements and understandings between the parties.

WHEREFORE, in consideration of the foregoing terms and conditions of this Letter Agreement and the mutual benefits to be obtained therefore, the parties hereto have caused this Letter Agreement to be duly executed by their respective authorized officials.

| Agreed to this day or . 20 | | |
|---|----------------|------------|
| Witness | <u>Officer</u> | |
| | | |
| Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas | | Effective: |

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Florida City Gas

FPSC Tariff Original Volume No. 11 Original Sheet No. 103 F. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED EXHIBIT "A" TO THE OFF-SYSTEM SALES LETTER AGREEMENT
BY AND BETWEEN
CHESAPEAKE UTILITES CORPORATION, FLORIDA DIVISION AND DATED . 20 NOMINATED FOR DELIVERY TO (TRANSPORTATION SERVICE PROVIDER) MMBtu / DAY * DATE(S) 1. 2. 3. * INCLUDED FUEL PER TSP'S TARIFF Chesapeake Utilities Corporation, Florida Division (Customer) BY: BY: TITLE: TITLE: DATE: DATE:

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Original Sheet No. 104

G. CI POOL MANAGER AGREEMENT

CI POOL MANAGER AGREEMENT

This CI POOL MANAGER AGREEMENT is made and entered into by and between Florida City

Gas hereinafter referred to as "Company" and ______a

corporation hereinafter referred to as "CI Pool Manager".

WITNESSETH:

WHEREAS, Pool Manager desires to operate as a CI Pool Manager on Company's Gas distribution system, and is requesting service as provided in Company's FPSC Tariff.

WHEREAS, Company offers such services under the applicable Rate Schedules and Rules and Regulations of its FPSC Tariff, and

WHEREAS, Company is a party to Service Agreements with Transportation Service Providers;

WHEREAS, CI Pool Manager is an authorized shipper on Transportation Service Providers' interstate Gas transmission system(s), and wishes to ship certain quantities of Gas, on a firm basis, using Company's relinquished Transportation Service Provider Capacity to Company's respective Primary Delivery Points to Company's distribution system, for delivery by Company to the Customer Accounts comprising the Customer Pool (as hereinafter defined); and

WHEREAS. Company wishes to temporarily release to CI Pool Manager, and CI Pool Manager wishes to acquire, a portion of Company's Firm Capacity Rights under the Service Agreements, pursuant to the capacity relinquishment provisions of the General Terms and Conditions of Transportation Service Providers' Federal Energy Regulatory Commission ("FERC") Tariffs, the Rules and Regulations of Company's FPSC Tariff, and the terms and conditions of this Agreement, to enable CI Pool Manager to ship Gas hereunder; and

WHEREAS, Company, or its designee, has certain operational and administrative obligations, as the Delivery Point Operator ("DPO") under the Transportation Service Providers FERC Tariffs, the Company FPSC Tariff and this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

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G. CI POOL MANAGER AGREEMENT - CONTINUED

- 1. This Agreement shall be effective on the date authorized by the FPSC for the implementation of Company's Transportation Service Programs and shall continue in effect for a period two (2) years and shall thereafter be extended for additional annual periods; unless either party gives written notice of termination to the other party, not less than ninety (90) days prior to the expiration of the initial term. This Agreement may be terminated earlier: i) at the Company's option in accordance with the provisions of its FPSC Tariff or ii) otherwise in accordance with the provisions of this Agreement and the Parties' respective rights under applicable law.
- 2. Should any amendment or modification to Company's authority to provide service under the CI Transportation Service program and Company's FPSC Tariff cause the terms and conditions hereof to change such that performance hereunder would be unreasonably burdensome for either party, then such burdened party may, by providing no less than thirty (30) days written notice to the other party, terminate this Agreement, without penalty, effective no earlier than on the first day of the Month subsequent to said thirty (30) day notice period.
- CI Pool Manager agrees to comply with and be subjected to all the provisions of Company's FPSC Tariff applicable to the service provided to CI Pool Managers by Company.
- 4. Cl Pool Manager understands that Company's Shipper Administrative Services (SAS) is mandatory for all Cl Pool Managers. The SAS provides the administrative services related to Gas transportation deliveries. Cl Pool Manager shall be billed for services in accordance with Company's SAS rate schedule.
- 5. Company shall temporarily relinquish to CI Pool Manager, and Cl Pool Manager shall acquire, each Month a portion of the Firm Capacity Rights that Company is entitled to relinquish under its Transportation Service Provider Service Agreements, as provided by Company's FPSC Tariff. All capacity relinquishments shall be executed in accordance with the provisions of the respective Transportation Service Provider's FERC Tariff.
- 6. Except for Force Majeure events or Mutually Beneficial Transactions, as provide by Company's FPSC Tariff, CI Pool Manager shall have a firm obligation to deliver each day to the Company's distribution system, Gas quantities sufficient to meet the demand requirements of Pool Manager's CI Customer Pool(s). Pool Manager shall be obligated to cause sufficient quantities of Gas to be delivered for the Customer Pool each and every day such that scheduled quantities for the Customer Pool remain in reasonable balance with actual consumption. Delivery of all such Gas shall be at the Primary Delivery Point(s) and pathed along the Transportation Service Provider(s) pipeline, as established by the relinquishment notice describing the pipeline capacity release to the Pool Manager.

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Original Sheet No. 106

G. CI POOL MANAGER AGREEMENT - CONTINUED

- 7. and released under the applicable FERC and Transportation Service Provider rules and regulations. The Company shall establish appropriate penalties to be enforced should the Pool Manager fail to perform under Rate Schedule PM. In the event of substantial non-performance, as defined in the Company's Tariff, the Company shall terminate the Pool Manager.
- 8. If any act or omission of Pool Manager causes Company to incur penalties or other expenses or liabilities for unauthorized overrun Gas, for imbalances on a pipeline system, for a failure to comply with Transportation Service Provider's Tariff, or for a failure to comply with a curtailment notice or to take deliveries as scheduled, Pool Manager will indemnify and reimburse Company for all such amounts which the acts or omissions of Pool Manager or its supplier have caused Company to incur. Nothing herein shall be deemed to foreclose Company from employing other remedies including cessation of deliveries, and Company reserves the right to do so, for the unauthorized consumption of Gas.
- 9. CI Pool Manager will participate in Company's Space Coast and South Florida Service Areas and the Company's i) CI Cycle Read Pool where released capacity equals up to 100% historical monthly quantities, ii) CI Daily Read Pool where released capacity equals not greater than 50% of historical monthly quantities and, iii) Special Contract Pool where capacity is release per contract with the Customer.
- 10. Notices or communications to CI Pool Manager shall be given to:

| Mailing Address: |
|--|
| Attention: |
| Telephone: |
| E-mail: |
| 11. This Agreement shall become effective at the start of the Gas Day (as defined in Transportation Service Provider's FERC Tariff) on |

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| Florida City Gas FPSC Tariff | | |
|---|------------------------|--|
| Original Volume No. 11 G. CI POOL MANAGER AGREEME. | Original Sheet No. 107 | |
| S. SI POSE MAINIGE (NOT CENTER) | 2 COLUMN Starter | |
| IN WITNESS WHEREOF, the parties have duly executed this agreement in multiple originals on | | |
| processes and consistence of the construction | | |
| | | |
| Florida City Gas: | Pool Manager: | |
| BY: | BY: | |
| NAME: | NAME: | |
| TITLE: | | |
| DATE: | DATE: | |
| | | |
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Issued by: Jeffrey Sylvester, Chief Operating Officer Florida City Gas

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Florida Public Utilities Company
FPSC Tariff

Original Volume No. 2

First Revised Sheet No. 6.028

Replaces Original Sheet No. 6.028

RULES AND REGULATIONS - CONTINUED

 All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

ii. Aggregated Transportation Service (ATS):

1. CI Service Pools:

Unless otherwise authorized by Company, all Non-Residential Customers in the Indiantown and CFG Service Areas, shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

All Ft, Meade and FPUC Scrvice Area Non-Residential Customers shall have the option of utilizing ATS and shall utilize a Company approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s) or purchasing Gas from Company's Regulated Sales Service Pool.

2. TTS Service Pool(s):

Unless otherwise authorized by Company, all Indiantown and CFG Residential Customers shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at Company's Receipt Point(s).

a. Contract Transportation Service (CTS):

Transportation Service provided to Customer that has Alternate Fuel or physical or economical bypass capabilities and that:

- i. Meets the minimum annual threshold of 25,000 Therms of required Gas supply;
- ii. Has executed a CTS Affidavit and Contract Transportation Service Agreement which is accepted by the Company; and
- iii. Company may periodically adjust its Tariff rates for gas service to compete with Customers' Alternative Fuel pricing or bypass alternative as provided in the CTS Rider, the Rules and Regulations set forth in this Tariff, and other approved Rule or Regulations of the Company, as applicable. Billing Adjustments and Taxes and Fees, as set forth in Sheet Nos. 7.300-7.417, may

Issued by: Jeffrey Sylvester, Chief Operating Officer Effective: March 1, 2023 Florida Public Utilities Company

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Florida Public Utilities Company
FPSC Tariff
First Revised Sheet No. 6.029
Original Volume No. 2

also apply.

Replaces Original Sheet No. 6.029

RULES AND REGULATIONS - CONTINUED

b. Special Contract Service (SCS):

Transportation Service provided to a Customer at the sole option of the Company pursuant to Florida Public Service Commission Rule 25-9.034, FAC, where the rates, terms and conditions for service may be different than those set forth in the Company's approved Tariff. All SCS Customers shall enter into a Special Contract Agreement with the Company, which is subject to the approval of the FPSC. Billing Adjustments and Taxes and Fees, as set forth in Sheet Nos. 7.300-7.417, may also apply.

c. Shipper of Last Resort Service (SOLR):

In the event all TTS Pool Manager(s) are terminated, the Company shall perform all TTS Pool Manager functions as defined in this Tariff. The SOLR service will be provided in accordance with the Rules and Regulations set forth in this Tariff, the terms and conditions of the TTS Pool Manager Agreement(s), and other approved rules and regulations of the FPSC. The Company shall provide this service to Customers until a replacement TTS Pool Manager is selected. Billing Adjustments and Taxes and Fees, as set forth in Sheet Nos. 7.300-7.417, may also apply.

d. Flexible Gas Service (FGS):

This service is available at the Company's option to Customers meeting the applicability standards which include i) the Customer must demonstrate to the Company that Customer has a viable economic energy alternative including verifiable documentation of Customer's energy alternative; and iii) the Company must demonstrate that this new Customer will not cause any additional costs to, or cross-subsidization by, the Company's other rate classes; ; and iii) all FGS Customers shall enter into a Flexible Gas Service Agreement with the Company. Service agreements under this tariff will not require FPSC approval, nothing in this tariff shall be construed to prohibit or restrict the FPSC from reviewing the service agreement in the performance of its duties, but the FPSC shall treat the service agreement as a confidential document. The Company is under no obligation to grant service under this Tariff.

e. Off System Sales Service (OSSS-1):

Interruptible Natural Gas delivered by Company to any person not connected to Company's distribution system. Customer and Company shall rely on measurement made by the Transportation Service Provider. Unless curtailed, all Nominations to Customer's Transportation Service Provider Pipeline Delivery Point shall be considered to have been made by the Transportation Service Provider. Off-System Sales include i) intrastate and interstate pipeline capacity releases made by the Company, ii) commodity sales made by the Company, and / or iii) delivered sales made by the Company. Fifty percent (50%) of the net revenues shall be retained by Company. The remaining fifty percent (50%) of the net revenues shall be used to reduce Company's costs recovered through the Company's Purchase Gas Cost Recovery Clause.

Effective: March 1, 2023

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FPSC Tariff
First Revised Sheet No. 6.030
Original Volume No. 2
Replaces Original Sheet No. 6.030

RULES AND REGULATIONS - CONTINUED

f. Renewable Natural Gas Service (RNG):

Service provided to RNG producers which includes conditioning or upgrading biogas into pipeline quality RNG for interconnection, injection, and delivery into the Company's distribution systems. The Company may provide upgrade equipment, compressors, blowers, anaerobic digestors, site work, piping, heat exchangers, driers, metering, system interconnects, injection equipment, storage vessels, and other equipment deemed necessary for the safe and reliable operation of the biogas conditioning site and system interconnect/injection point(s). The Company's provision of RNG service to the Customer may require an agreement between the Company and the Customer. RNG shall conform to the Quality of Gas provisions contained in this tariff.

g. Pool Manager Services:

i. Shipper Administrative and Billing Service (SABS): Administrative and billing service provided to a Pool Manager under the SABS rate schedule, in accordance with the Rules and Regulations and Agreements set forth in this Tariff. The Company shall provide the following services to Pool Managers under the SABS; i) reading of Customer's Meters, ii) provision of Customer projected monthly usage information, along with Transportation Service Provider capacity quantity to be released to Pool Manager, iii) provision of Customer usage information to Pool Manager each Month, iv) retention of Customer's historical usage information, v) Letter of Authorization review and administration, vi) receipt and administration of Pool Manager's Gas rates for Customer billing, vii) calculation and presentation of Pool Manager's gas billing charges on Company's monthly bill or, at Company's sole option, on a separate bill to Customer, viii) collection and application of Customer payments for Pool Manager's Gas billing charges, ix) remittance of Customer payments for Pool Manager's gas billing charges to Pool Manager, net of Pool Manager's billing charges that are bad dcbt write-offs and recovery of said bad debts, the SABS Tariff-approved charges and other applicable charges and adjustments, and x) other services as the Company may determine necessary to administer Gas deliveries by Pool Managers to Customers. This service is required for TTS Pool Managers and is not available to CI Pool Managers. Billing Adjustments and Taxes and Fccs, as set forth on Sheet Nos. 7.300-7.417, may also apply.

Effective: March 1, 2023

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RULES AND REGULATIONS - CONTINUED

ii. Shipper Administrative Service (SAS):

Administrative service provided to a Pool Manager under the SAS rate schedule, in accordance with the Rules and Regulations ser forth in this Tariff. The Company shall provide the following services to Pool Managers under the SAS; i) reading of Customer's Meters, ii) provision of Customer projected monthly usage information, along with Transportation Service Provider capacity quantity to be released to Pool Manager, iii) provision of Customer usage information to Pool Manager each Month, iv) retention of Customer's historical usage information, v) Letter of Authorization review and administration, and vi) other service as the company may determine necessary to administer Gas deliveries by Pool Managers to Customers. This service is required for CI Pool Manager or Customers that have executed an PGS or Special Contract Agreement, as may be negotiated by Company, and is not available to TTS Pool Manager. Billing Adjustments and Taxes and Pces, as set forth on Sheet Nos. 7.300-7.417, may also apply.

iii. Delivery Point Operator Service (DPO):

Administrative service provided to a Pool Manager by Company, or Company's agent acting as DPO, in accordance with the Rules and Regulations set forth in this Tariff. Company shall provide the following services to Pool Managers receiving DPO service; i) receipt and administration of scheduled Gas quantities for Pool Manager's Customer Pool, ii) compilation of measured Gas quantities for Pool Manager's Customer Pool, iii) resolution of monthly imbalances with Transportation Service Provided (difference between scheduled Gas quantities for all Pool Managers and measured Gas quantities at the Company's Receipt Points), using approved book-out and/or cash-out processes of Transportation Service Provider(s), iv) resolution of monthly imbalances with Pool Manager (difference between scheduled Gas quantities and measured Gas quantities for Pool Manager's Customer Pool), in accordance with this Tariff, v) administration of the Operational Balancing Account ("OBA"), in accordance with this Tariff, vi) administration of Transportation Service Provider Operational Orders, including financial transactions, if any, and vii) other service as Company may determine necessary to administer Gas deliveries by Shippers to Customers.

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RULES AND REGULATIONS - CONTINUED

iv. Off-System Delivery Point Operator Service (OS-DPO):

Administrative service, in accordance with an executed Off-System Delivery Point Operator Agreement, provided at Company Receipt Point(s) to a Pool Manager by Company, or Company's agent acting as DPO, in accordance with the Rules and Regulations set forth in this Tariff, as applicable. Company shall provide the following services to Pool Managers under the OS-DPO Service, i) receipt and administration of scheduled Gas quantities for Pool Manager's Customer Pool, ii) compilation of measured Gas quantities for Pool Manager's Customer Pool, iii) resolution of monthly imbalances with Transportation Service Provider (difference between scheduled Gas quantities for all Pool Managers and measured Gas quantities at the Company Receipt Point(s)), using approved book-out and/or cash-out processes of Transportation Service Provider, iv) resolution of monthly imbalances with Pool Manager ((difference between scheduled Gas quantities and measured Gas quantities for Pool Manager's Customer Pool), in accordance with this Tariff, v) administration of the OBA account, in accordance with this Tariff, vi) administration of Transportation Service Provider Operational Orders, including financial transactions, if any, in accordance with this Tariff, and vii) other services as Company may determine necessary to administer Gas deliveries by Pool Managers to Customers. Billing Adjustments and Taxes and Fees, as set forth on Sheet Nos. 7.300-7.417, may also apply. Upon initiation of service, any TTS Pool Manager or CI Pool Manager who has executed an Off-System Delivery Point Operator Agreement will be assigned to the OS-DPO rate schedule.

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First Revised Sheet No. 6.350 Replaces Original Sheet No. 6.350

RULES AND REGULATIONS - CONTINUED

N. LIMITATIONS OF SUPPLY

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from nonaffiliated companies that may jeopardize service to existing Customers.

<u>Under no circumstances is Company required to deliver hourly quantities of natural gas greater than the hourly quantities of natural gas that has been scheduled by the interstate or intrastate pipeline directly upstream of Company's facilities.</u>

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First Revised Sheet No. 6.451 Replaces Original Sheet No. 6.451

RULES AND REGULATIONS - CONTINUED

a. Full Requirements:

All Customers receiving Individual Transportation Service shall transport all of their natural gas quantity requirements through Company's distribution system. Regulated Sales Service shall not be available from the Company. Gas quantities scheduled for delivery to the Company by the Customer, or Customer's Agent that are not in balance with actual metered consumption at the Company's Delivery Point shall be subject to the imbalance resolution provisions of this Tariff.

b. Electronic Measurement:

All Customers receiving Transportation Service, whose annual consumption of Gas exceeds 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense.

c. SAS Rate Schedule:

Upon initiation of service, all ITS Shippers shall be assigned to the SAS rate seheduleRate Schedule.

d. Shipper Designee / Shipper Designee:

Marketers, brokers, or other third-party suppliers of Gas that wish to either act as Designees for Individual Transportation Service Customers or Off-System Delivery Point Operator Service Customer, shall be required to execute a Shipper's Designee Form with the Company. Customer's Designee shall warrant clear title, any Gas delivered into Company's system, and Customer's facilities. Designee shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Designee shall indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

e. <u>Limitation of Transportation Service</u>:

i. New Premise:

Company reserves the right, subject to the regulatory authority having jurisdiction, to limit or restrict usage through establishment of an MDTQ or refuse Transportation Service to a new premise that will result in additions to its distribution system that may jeopardize Transportation Service to existing Customers.

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First Revised Sheet No. 6.453 Replaces Original Sheet No. 6.453

RULES AND REGULATIONS - CONTINUED

iii.Company-Approved Pool Manager:

Unless otherwise authorized by Company, Company will require all Non-residential Customers in the Indiantown and CFG Service Areas Customers and those Non-Residential Customers in the Ft. Meade and FPUC Service Areas who elect to use Company's Transportation Service to designate a Pool Manager from a list of approved Pool Managers posted by Company on Company's website. Customer shall have the right to change their Pool Manager pursuant to Section U4 below. Customer will not be charged to designate its initial Pool Manager. Ft. Meade and FPUC Service Area Customers will be charged a \$23.00 fee if a Pool Manager is changed after its initial designation.

iv. New Customers:

New Customers in the Indiantown and CFG Service Areas must request CI Transportation Service by submitting a Request for Gas Service. New Non-Residential Customers located in the Indiantown and CFG Service Areas will be assigned to an applicable Customer Pool pursuant to Section U2 below.

New Customers in the Ft Meade and FPUC Service Areas must request CI Transportation Service by submitting a Request for Gas Service. All Non-Residential Customers in the New Ft. Meade and FPUC Service Areas will be assigned to an applicable Customer Pool pursuant to Section U2 below.

v. Service Initiation:

Service will be initiated to Customer pursuant to Section U2 below.

Notwithstanding the above provisions, the Company may extend the time period for the initiation of service to accommodate the physical extension or improvement of the Company's facilities required to provide such service.

vi. SAS Rate Schedule:

Upon initiation of service, all CI Pool Managers shall be assigned to the SAS rate scheduleRate Schedule.

vii. Service Limitation:

Customers served under ana FGS, CTS, or a Special Contract shall not be cligible to receive Aggregated Transportation Service unless otherwise approved by Company.

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RULES AND REGULATIONS - CONTINUED

iv. New Customers:

New Indiantown Service Area Non-Residential and CFG Service Area Non-Residential Customers must request to participate in a TTS Pool by submitting a Request for Transportation Service.

v. Service Initiation:

Upon receipt of Customer's Request for TTS Service, the Company and Pool Manager shall make all reasonable efforts to initiate Transportation Service in accordance with Customer's requested initiation date.

Notwithstanding the above provisions, the Company may extend the time period for the initiation of service to accommodate the physical extension or improvement of the Company's facilities required to provide such service.

vi. SABS Rate Schedule:

Upon initiation of service, all Indiantown and CFG Service Area TTS Pool Managers shall be assigned to the SABS rate-scheduleRate Schedule.

vii. Service Limitation:

Customers served under ana FGS, CTS or a Special Contract shall not be eligible to receive Aggregated Transportation Service (either TTS or CI) unless otherwise approved by Company.

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<u>First Revised Sheet No. 6.475</u> Replaces Original Sheet No. 6.475

RULES AND REGULATIONS - CONTINUED

S. AUTHORIZED POOL MANAGERS

1. The Company, on behalf of the Customer Accounts in the TTS Customer Pool(s), shall, select qualified Pool Manager(s) to provide Gas supply and transportation management services to the TTS Customer Pool(s). The Company shall issue a Request for Proposal (RFP) from time-to-time, soliciting bids from qualified gas marketing companies interested in becoming a Pool ManagersManager. The RFP shall be disseminated in such a manner as to ensure its reasonable distribution to gas marketing companies active in the Florida retail gas market. Nothing in this Tariff shall preclude the Company from joining with other parties to issue a joint RFP, combining Customer volumes from all parties, for the purpose of obtaining more favorable gas supply and transportation management terms.

2. CI and TTS Pool Manager Minimum Requirements:

- a. Pool Manager(s) shall be a duly authorized shipper on all Company's Transportation Service Provider's interstate pipeline systems.
- Pool Manager(s) shall demonstrate their capability to meet Company's standards for creditworthiness.
- c. Pool Manager(s) shall execute either a CI Pool Manager Agreement or a TTS Pool Manager Agreement, as applicable with the Company prior to providing gas supply and transportation management services to the Customer Pool(s).

3. TTS Pool Manager's Obligation to Serve:

a. The Pool Manager(s) shall be required to provide natural Gas sales and management services to all of the Company's Indiantown and CFG Service Arca Residential Customers and those Non-Residential accounts transferred into the Customer Pool, as well as other accounts that may be added to the Customer Pool during the term of the Agreement. Subsequent to the initial transfer of Customers into the Customer Pool as described, above, Customers shall be added to the Customer Pool as follows: (i) Indiantown and CFG Service Area Residential Customers receiving a new service connection for the purpose of initiating Transportation Service, (ii) Indiantown and CFG Service Area Residential Customers reactivating an existing disconnected service, (iii) Indiantown and CFG Service Area Non-Residential Customers, upon request, with the prior approval of the Pool Manager, (iv) Indiantown and CFG Service Area Non-Residential Customers unable to receive service from Transportation Service Provider or a gas marketer under the Individual Transportation Service Program, with the stipulations that a) Pool Manager may establish reasonable deposit or account security requirements prior to initiating gas service and, b)

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RULES AND REGULATIONS - CONTINUED

T. CUSTOMER'S AGENT OR SHIPPER'S DESIGNEE

1. Designee Agreement:

Marketers, brokers, or other third-party suppliers of Gas that wish to either act as Agents for Individual Transportation Service Customers or Off-System Delivery Point Operator Service and, shall be required to execute an ITS and OS-DPO Shipper Designee Form with the Company (Sheet Nos. 8.130-No. 8.131).

2. Indemnification:

Customer's Agent shall warrant clear title, or right to transport, any Gas delivered into Company's system, and Customer's Agent shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Agent agrees to indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

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RULES AND REGULATIONS - CONTINUED

Service Initiation Existing Premise Continued:

For new Customer premises to which an initial bill has not been issued, Scrvice will be delayed until the first day of the second calendar month following enrollment by the Pool Manager.

2. Service Transfer Between Pools:

To initiate the transfer of service between Transportation Service pools that includes Individual Transportation Service, CI Transportation Service, and TTS Service, a Customer shall select a Company-approved replacement Pool Manager and replacement Pool Manager shall enroll Customer electronically via Company's website. Prior to electronic enrollment transfer, Pool Manager shall obtain a Letter of Authorization from the Customer in the form set forth on Sheet Nos. 8.134-8.137 of this tariff and have signed by the Customer prior to enrollment. Transportation Service by the Company to a Customer account for which service hereunder has been properly requested by electronic enrollment prior to the tenth (10th) Business Day prior to the end of the month will commence on the first day of the following calendar month following receipt by the Company of the aforesaid electronic enrollment.

3. Reactivation of Existing Residential Customer Premise:

Residential Customers reactivating Transportation Service at an existing premise shall be assigned to the TTS Pool Manager that was serving the previous Residential Customer located at the premise.

6. Transfer of Residential Customer:

When a Residential Customer transfers Transportation Service from an existing premise to another premise, upon request by Customer, said Residential Customers' existing TTS Pool Manager shall transfer with the Customer to the new premise.

7. Transfer of Non-Residential Customer:

Non-Residential Customers transferring Transportation Service from an existing premise to another premise shall be required to submit a new LOA to Pool Manager, and Pool Manager shall transfer service no later than ten (10) Working Days prior to the end of the Month to retain its selected Pool Manager at the new premise. All Ft. Meade and FPUC Service Area Non-Residential Customers who change Pool Managers will be charged a \$23.00 fee when a Pool Manager is changed after Customer's initial designation.

8. <u>Indiantown and CFG Service Area Non-Residential Customers Currently Receiving</u> Service from CI Pool Manager:

Non-Residential Customers receiving service from a CI Pool Manager may select to be assigned to a TTS Customer Pool. Said Non-Residential Customer shall execute a Letter of Authorization specifying the TTS Pool Manager or shall be assigned by Company to a TTS Pool Manager—no later than ten (10) Working Days prior to the end of the Month.

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RULES AND REGULATIONS - CONTINUED

 Ft. Meade and FPUC Service Area Non-Residential Customers Currently Receiving Service from CI Pool Manager;

Non-Residential Customers receiving service from a CI Pool Manager may select to be assigned to Company's Regulated Sales Service. Said Non-Residential Customer shall execute a Request to Return to Regulated Sales Service Form no later than ten (10) Working Days prior to the end of the Monfa. Customer who elects to return to Company's Regulated Sales Service Pool will be required to remain on Regulated Sales Service for a period of not less than twelve (12) Montas.

10. Termination of Shipper Status:

a. Cl Pool Manager:

If Company terminates a CI Pool Manager, CI Pool Manager's Indiantown and CFG Service Area Customers shall be assigned by Company to a TTS Pool Manager or CI Pool Manager Ft. Meade and FPUC Service Area Customers shall be assigned by Company to Company's Regulated Sales Service Poot.

b. TTS Pool Manager - Indiantown and CFG Service Areas:

If Company terminates a TTS Pool Manager, TTS Pool Manager's Customers shall revert to the remaining TTS Pool Manager(s) until a replacement TTS Pool Manager is approved. Upon selection of a replacement TTS Pool Manager, such Customers shall be transferred back to the replacement TTS Pool Manager. If all TTS Pool Managers' rights are terminated, Company shall serve Customers in the TTS program under its SOLR Service, until a replacement TTS Pool Manager is approved or any Non-Residential Customers select a CI Pool Manager in accordance with Section 3

11. Assignment or Selection of Shipper Pricing Options by Customers:

a. Residential Customers - Indiantown and CFG Service Areas:
Residential Customers assigned to a TTS Pool Manager shall receive the standard pricing option as identified in Company's TTS Pool Manager Agreement with each TTS Pool Manager. Residential Customers transferring service from an existing premise to another premise shall, upon request by Customer, retain the standard pricing option with the same TTS Pool Manager at the original premise. Residential Customers shall, request to change their selection of TTS Pool Manager once within a twelve-Month period. Company does not assume any liability related to the selections made by each Residential Customer and does not warrant that each Residential Customer will select the TTS Pool Manager that is most advantageous.

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RULES AND REGULATIONS - CONTINUED

V. INITIATION OF TRANSPORTATION SERVICE

Initiation of Pool Manager Service:

Any Company-approved Pool Manager or Shipper Designee that is authorized to deliver Gas to Company's Receipt Point(s), which is subsequently delivered by Company at the Company's Delivery Point(s) under one of the Company's Transportation Service Programs will be required to meet the following provisions before service can be initiated to the Pool Manager.

- 1. TTS Pool Manager Requirements:
 - a. TTS Pool Manager(s) selected by the Company shall:
 - i. Execute a TTS Pool Manager Agreement (Sheet Nos. 8.157-8.170);
 - ii. Establish credit sufficient to Company in accordance with these Rules and Regulations; and
 - iii. Agree to receive SABS service.
- 2. TTS Pool Manager Competitive Bid Process:
 - a. Through a competitive Request for Proposal process, the Company shall select one or more TTS Pool Managers to provide gas supply and related services to the Company's TTS Customers.
- 3. Allocation of Customers to TTS Pool Managers (Indiantown and CFG Service Areas): Customers shall be initially assigned to the TTS Customer Pools. Residential Customers may request to change their selection of TTS Pool Manager once within a twelve-Month period. Company does not assume any liability related to the selections made by each Customer and does not warrant that each Customer will select the TTS Pool Manager that is the most advantageous. Non-Residential CFG Service Area and Indiantown Service Area Customers can select any Company-approved CI Pool Manager and exit the TTS program in accordance with Section U3.
- 4. CI Pool Manager Requirements:
 - a. An entity is eligible to become a CI Pool Manager shall:
 - i. Execute a CI Pool Manager Agreement (Sheet Nos. (8.153-8.156);
 - Establish credit sufficient to Company in accordance with these Rules and Regulations;
 - Agree to retain copies of fully executed Customer Letter of Authorizations and provide such LOA upon request by the Company and
 - iv. Agree to receive SAS service.

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First Revised Sheet No. 6.575 Replaces Original Sheet No. 6.575

RULES AND REGULATIONS - CONTINUED

W. CAPACITY ASSIGNMENT AND RECALL

1. Intent of Capacity Release:

Company, through its Service Agreements with Transportation Service Providers, has contracted for firm capacity rights on the Transportation Service Providers' pipeline systems. Company will temporarily relinquish capacity to Customer or Pool Manager, as applicable, each Month, utilizing the methodology described below, on Transportation Service Provider's systems for Customers and Pool Managers' use in transporting Gas to Company's Individual Transportation Service, CI, and TTS Customer Pool(s). Company will retain enough capacity to serve Company's Regulated Sales Service Customer Pool each Month.

2. Capacity Release Methodology:

The Company shall retain, adequate quantities of capacity on Transportation Service Providers' systems to serve Company's Regulated Sales Service Customer Pool prior to the allocation of capacity to Individual Transportation Service Customers who have executed a capacity release agreement with the Company, and Pool Manager Customer Pools. The Company shall temporarily relinquish quantities of Transportation Service Provider Capacity to i) individual Customers who have executed Capacity Release Agreements with the Company, ii) TTS Pool Managers, and iii) CI Pool Managers each Month.

- 3. <u>Daily Demand Requirement Calculation and Quantity of Capacity for Release:</u>
 Each Month after adequate capacity is allocated to Company's Regulated Sales Service Pool, Company shall determine the aggregated DDR to be relinquished to each Aggregated Transportation Service Pool Manager using the following methodology:
 - a. For each existing and new Aggregated Transportation Service Customer (both CI Daily and Cycle Read Pools and TTS Pool(s)), the aggregated DDR shall be determined by using the prior year's applicable Month Gas consumption for each Customer in the Customer Pool (adjusted for Customer additions and losses from the succeeding eleven-Month period) and dividing by the number of days in the applicable Month, then dividing the result of this calculation (Therms per Gas Day) by ten (10) (to convert Therms to Dekatherms); and then rounding up to the next whole Dekatherm. In the case of the CI Daily Read Pool(s) and only for the purposes of calculating the Pool Manager's aggregated Daily Capacity (release) Quantity ("DCQ"), the aggregated DDR calculated above will be multiplied by 0.50. CI Daily Read Pool Managers may request and Company may provide, in Company's sole discretion, up to no greater than one hundred percent (100%) of Customer's total historical DDR.

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RULES AND REGULATIONS - CONTINUED

Daily Demand Requirement Calculation and Quantity of Capacity for Release Continued

b. Each Month, the Company shall determine the total aggregated DDR for each Customer Pool, in accordance with the methodology described herein. Adjustments to Pool Manager's aggregated DDR will occur from time to time to reflect changes in the Company's weighted average cost of capacity and Pool Manager's Customer as a result of the enrollment and transfer of Customers to and between Customer Pools.

For each existing and new Individual Transportation Service Customer, Company will relinquish capacity based on Customer MDTQ as provided in the Capacity Release Agreement (if any) between Customer and Company. Customer must clect a MDTQ of sufficient quantity to satisfy the Customer's Monthly natural gas requirements. Company will provide Customer a twelve-Month consumption history to assist in making its initial election.

c. Remaining capacity, if any, may be allocated to the Company's Regulated Sales Service Pool and TTS Pool(s) on a pro-rata basis based on the prior Month's actual throughput for each of the Regulated Sales Service and TTS Pool(s).

4. Scope of Capacity Release:

a. Pool Manager Service Agreements with Transportation Service Providers:

Pool Manager shall enter into all required agreements with each Transportation
Service Provider so that Pool Manager has all necessary rights to accept and
acquire the relinquished capacity from Company hereunder. Capacity releases
shall be made on a temporary basis, in accordance with applicable FERC rules
and regulations, as they may change from time to time. Pool Manager shall have
sole responsibility for complying with all provisions of such agreements and all
applicable provisions of Transportation Service Providers' FERC Tariffs.

b. Relinquishment Notices:

Each Month, Company shall provide to Transportation Service Providers the notice of capacity release required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff. Such notices shall offer to relinquish, on a temporary basis, that portion of the Pool Manager's aggregated DCQ to be relinquished by Company by Customer Pool. Company shall diligently and in a time sufficient for Pool Manager to commence use of the released capacity, take all other actions required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff to relinquish capacity to Pool Manager. Capacity releases will be released to Customers, Pool Managers, and Shipper's Designee(s) pursuant to Company's state-approved

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retail choice programs as set forth in this Section W. of this Tariff.

RULES AND REGULATIONS - CONTINUED

Relinquishment Notices Continued

retail choice programs as set forth in this Section W. of this Tariff.

c. Acceptance of Capacity Release:

Pool Manager shall diligently and in a timely manner take all actions necessary under the rules and regulations of Transportation Service Provider's FERC Tariffs to acquire and accept the capacity relinquished by Company. Company has no obligation to relinquish capacity to Pool Manager in quantities greater than the Aggregated DCQ. If after five (5) Daysdays, Pool Manager does not acquire requisite capacity, Pool Manager may be terminated.

5. Capacity Exceeding Released Quantities:

If Pool Manager's Customer Pool's aggregated DDR is greater than Pool Manager's Customer Pool's aggregated DCQ, Pool Manager shall be responsible for taking such actions as are required to obtain sufficient Transportation Service Provider capacity to meet its Customer Pool requirements (aggregated DDR), such additional quantities shall be defined as Pool Manager's Customer Pool's Daily Delivery Capacity Variance ("DDCV"). Pool Manager may acquire such Transportation Service Provider capacity quantities from any source.

6. Capacity Charges:

Pool Manager shall pay to Transportation Service Provider the rate listed in Company's relinquishment notice. Such rate will be based on Company's annualized weighted average cost of capacity excluding releases to ITS Customers, Customers receiving service under Rate Schedules FGS and Rider CTS, those Customers served by the Company pursuant to a Special Contract, those Customers who utilize upstream capacity released by the Company pursuant to an asset management agreement, and capacity released by Company pursuant to a long term capacity release i.e., a period a longer than one (1) year) or the negotiated rate for the capacity relinquished by the Company. Pool Manager shall indemnify Company and hold it harmless from any and all rates and charges assessed by Transportation Service Provider to Company for the relinquished capacity.

7. Capacity Payments:

Pool Manager shall make all payments to Transportation Service Provider(s) for the relinquished capacity in accordance with Transportation Service Provider's FERC Tariffs, and by any applicable FERC rule or order. If Pool Manager fails to make such payments, Company may make such payments on behalf of Pool Manager (in a manner which preserves any rights which Pool Manager may have to dispute the nature or

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| amount of the charges). Pool Manager s | shall reimburse Company for such payments | | | |
| RULES AND REGULATIONS - CONTINUED | | | | |

Capacity Payments Continued

inclusive of interest, at the highest interest rate allowed by law, from the date such payments are made by Company to Transportation Service Provider.

8. Recall Rights to Released Capacity:

- a. All capacity relinquished to Pool Manager by Company, may be recalled by Company from time to time to facilitate the redistribution of capacity among Pool Managers to accommodate Customer migration, or to change the rate of the release regardless of the term of a specific capacity release by Company to Pool Manager.
- b. Company shall have the right to recall temporarily or permanently a portion or all of the capacity relinquished hereunder, subject to the applicable notice requirements in Transportation Service Providers' FERC Tariffs, in the event that Pool Manager breaches its contractual obligations of payment to Transportation Service Provider for the released capacity; or (ii) Pool Manager otherwise breaches the terms and conditions of this Tariff. In the event Company temporarily recalls a portion of the relinquished capacity, Company shall rerelease such capacity to Pool Manager within ten (10) Working Days after Pool Manager has provided assurance satisfactory to Company, in Company's reasonable discretion, that the cause which gave rise to Company's recall right has been removed.
- c. Capacity is required to serve Company's high priority Customers or to maintain the operational integrity of Company's distribution system(s).
- d. A Pool Manager's failure to meet the security requirements of this Tariff.
- e. A filing of bankruptcy by a Pool Manager.
- f. An order from the FPSC or FERC where recall would be necessary to comply with Commission orders.
- 9. Retained Right of First Refusal:

Company shall retain the sole right to affirmatively exercise, at the time specified in the Service Agreement, Transportation Service Provider's FERC Tariffs, or any FERC rule or order, any right of first refusal mechanism (however denominated), including the

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida Public Utilities Company

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Florida Public Utilities Company FPSC Tariff Original Volume No. 2

First Revised Sheet No. 6.579 Replaces Original Sheet No. 6.579

RULES AND REGULATIONS - CONTINUED

Retained Right of First Refusal ContinuedPeriodic Open Seasons Continued

option to extinguish such right, applicable to the relinquished capacity; provided, however, that Company may not exercise any such right in a manner which would impair Pool Manager's right to use the relinquished capacity during the term of any release.

10. Periodic Open Seasons:

Company may hold an open season for incremental capacity releases not less than once per year. The open season may be held from April 1st through April 15th of each calendar year or other such period that Company may elect. Primary firm capacity from

the Company's interstate capacity portfolio will be made available to on-system Customers and Pool Managers on an as-available basis.

Releases by the Company will be for a period of not less than one year. Incremental quantities when aggregated with existing capacity release quantities made by Company to a Customer or Pool Manager will be not greater than the monthly historical demand quantity of the Customer or Customer Pool.

Releases requested during the applicable open season period will be awarded on a prorata basis and the awarded releases will be implemented not later than June 1st of the same calendar year or the first calendar Day of the month following the first full month after capacity has been awarded to the acquiring Customer or Pool Manager. Capacity awarded, if available, will be made on a not unduly discriminatory basis by the Company.

11. Capacity Acquisition:

a. Customer Pools:

Company shall provide to Pool Managers each Month, at least four (4) Days prior to Transportation Service Provider's deadline for posting capacity releases for the first day of the following Month, (i) a list of the accounts comprising Pool Manager's Customer Pool and the associated Non-Residential Customer DDRs, ii) the estimated total Gas requirements to meet the needs of each of Pool Manager's Customer Pools for such following Month i.e., Pool Manager's aggregated DDR and, (iii) the aggregated DCQ that Company proposes to relinquish to Pool Manager for each Customer Pool. Pool Manager shall confirm the accuracy of the list of accounts comprising Pool Manager's Customer Pool with Company within one (1) Business Day after delivery of the Customer list to Pool Manager. If Pool Manager fails to confirm the accuracy of said list, Company shall proceed with the release to Pool Manager based on the information provided.

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Florida Public Utilities Company
FPSC Tariff
- First Revised Sheet No. 6,580
Original Volume No. 2
Replaces Original Sheet No. 6.580

RULES AND REGULATIONS - CONTINUED

b. Maximum Daily Transportation Quantity (MDTQ):

Company may establish a MDTQ for Gas for one or more Customer(s) or Pool Manager(s) if, in the reasonable opinion of the Company, it is necessary to protect system integrity or to ensure existing Customers are not adversely affected by Customer(s) and or Pool Manager(s) requiring an MDTQ. Company shall not be obligated to transport Gas above the Customer's or Pool Manager's MDTQ, if established, but may do so if feasible and without adverse effect to other Customers, in the reasonable opinion of the Company.

12. Pool Manager's Firm Delivery Requirements:

a. Unless excused by Force Majeure, Pool Manager shall cause Transportation Service Providers to deliver on each Gas Day to Company Primary Receipt Points where Company is the DPO a quantity of Gas sufficient to reliably serve the requirements of its Customer Pool and off-system Customers. Pool Manager shall have no obligation to deliver Gas to Company on behalf of Customers whose

Pool Manager's Delivery Obligations Continued

service is terminated, either upon request of the Customer or for cause. Company shall promptly notify the Pool Manager of any known change in Customer account status that will affect Gas quantity deliveries.

b. If any act or omission of Pool Manager causes Company, as the DPO, to incur any Transportation Service Provider penaltics, other expenses or liabilities of any kind, Pool Manager will indemnify and reimburse Company for all said penaltics, other expenses, or liabilities. Nothing herein shall be deemed to foreclose Company from employing other remedics, including cessation of deliveries for the unauthorized usage of Gas.

13. Non-Performance Penalty:

The Company shall assess the Pool Manager a per MMBtu charge equal to the higher of \$15.00 or 200% of the highest of the FGT zone 1, FGT zone 2, or FGT zone 3 Midpoint price published in Platts Gas Daily for each day when delivery to Company by Pool Manager differs from Pool Manager's Pool(s) aggregated DCQ. The Company may waive this charge from time to time on a non-discriminatory basis.

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Florida Public Utilities Company FPSC Tariff Original Volume No. 2

First Revised Sheet No. 6.600 Replaces Original Sheet No. 6.600

RULES AND REGULATIONS - CONTINUED

X. NOMINATIONS AND SCHEDULING

Nominations and Scheduling:

All TTS Pool Managers and CI Daily and Cycle Read Pool Managers, shall submit to the Company all Nomination and scheduling information affecting Company's Delivery Points simultaneous to any submission to Transportation Service Provider(s). In addition, each Customer, Pool Manager, or Shipper Designee shall submit to Company each day Nominated quantities for each Individual Transportation Service Customer that is required to have and has electronic telemetering equipment installed, ("Telemetered Customer").

CI Cycle Read Pools will be permitted one Nomination change within the Month. Such Nomination must be delivered to Company no later than the fifteenth (15th) of the applicable Month.

TTS Pool(s) and CI Daily Read Pool(s) will be permitted to change Nominations throughout the applicable Month.

Such Nomination shall include the following information:

- 1. The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated "Del Loc" (Delivery Location);
- 2. The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (TPS Delivery Quantity);
- 3. The downstream delivery facility name, and quantity in Therms of Gas to be delivered for each Company Customer account or Pool "Dn Name" (Duns Number);
- 4. A beginning and ending date for each Nomination;
- 5. Ranking for allocation 'Del Rank" (Delivery Rank)

Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

Transportation Interruption and Curtailment:

Company shall have the right to reduce or completely curtail deliveries to Customers as follows:

- If, in Company's opinion, Customer will overrun the volume of Gas to which it is entitled from its supplier (or overrun the volume of Gas being delivered to Company for Customer's account); or
- In the event Company is notified by its delivering pipeline pursuant to the FERC approved curtailment plans or provision of its tariff to interrupt or curtail deliveries; or
- 3. When necessary to maintain the operation reliability of Company's system.

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| Florida Public Utilities Company | |
|----------------------------------|----------------------------------|
| FPSC Tariff | First Revised Sheet No. 6.601 |
| Original Volume No. 2 | Replaces Original Sheet No. 6.60 |
| DILLES AND DECLI | ATIONS CONTINUED |

Transportation Interruption and Curtailment Continued

Company will endeavor to give as much notice as possible to Customer in the event of interruption or curtailment. Any Gas taken in excess of an interruption or curtailment order shall be considered Unauthorized Gas Use.

Unassigned Gas

"Unassigned Gas" shall mean any quantity of gas received at a Company Receipt Point for which there is no transportation nomination that can be readily identified by Company and assigned by Company to the appropriate Customer(s), Shipper's Designee(s), and Pool Manager(s).

Company shall post on its website the quantity, production month received on the Company's system, and the point of receipt associated with any Unassigned Gas ("Notice"). Company shall continue to post the Notice for a period of not less than one Business Day.

In order to be a valid claim for purposes hereof, a claim must:

- 1. Be provided to the Company in writing;
- 2. Identify the specific Unassigned Gas delivered;
- 3. Provide independent evidence of ownership of Unassigned Gas claimed; and
- Agree to indemnify Company fully with respect to any adverse claims to ownership of the Gas or to the proceeds resulting from the sale thereof.

If a valid claim is received, such quantities will be subject to purchase by the Company at seventy-five percent (75%) of the Gas Daily index for Gas delivered at the Florida City Gate.

If a valid claim is not received, such quantities of Gas will be credited to the Company's Regulated Sales Service fuel clause.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida Public Utilities Company

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Date: April 24, 2025

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Florida Public Utilitics Company

FPSC Tariff

Original Volume No. 2

First Revised Sheet No. 6.650

Replaces Original Sheet No. 6.650

RULES AND REGULATIONS - CONTINUED

YY. IMBALANCE RESOLUTION

1. Monthly Imbalances:

The balancing of the quantity of Gas scheduled and nominated for each Customer or Customer

Pool at all Company Receipt Points for which Company, or Company's agent, is the DPO, and the actual usage by the sum of all Individual Transportation Service Customers and Customer Pools served by each Customer, Shipper Designee, or Pool Manager shall be calculated on a Monthly basis. Long or short Monthly Imbalance Quantities for each individual Customer Pool will be netted against Customer Pools administered by the same Pool Manager provided however, Customer Pools with an Imbalance Level (long or short) greater than 20% will not be eligible to be netted. The Company and Customer, Shipper's Designee or Pool Manager shall resolve all remaining Monthly Imbalance Quantities at the end of each Month, as follows:

4-a.If the Monthly Imbalance Quantity is long (amount of Gas scheduled is greater than aggregated actual usage by Customer Pool(s)), the Company shall purchase from Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking: (i) the lowest weekly average (weeks where Friday is within the calendar Month) of the "Daily price survey" for Gas under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platt's Gas Daily*, for the Month in which the positive (long) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

| Imbalance Level | <u>Factor</u> |
|------------------------|---------------|
| 0% to 5% | 1.00 |
| Greater than 5% to 20% | 0.90 |
| Greater than 20% | 0.80 |

The total amount due Customer, Shipper Designee, or Pool Manager shall be the product of the Unit Price and the positive (long) monthly imbalance.

2.b. If the Monthly Imbalance Quantity is short (amount of Gas scheduled is less than aggregated actual usage by Customer Pool(s)), the Company shall sell to Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking the (i) the highest weekly average (weeks where Friday is within the calendar Month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the negative (short) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

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RULES AND REGULATIONS - CONTINUED

| Imbalance Level | <u>Factor</u> |
|------------------------|---------------|
| 0% to 5% | 1.00 |
| Greater than 5% to 20% | 1.10 |
| Greater than 20% | 1.20 |

and (ii) the Gulfstream Natural Gas 6% deliverability reservation per Therm tariff rate inclusive of all applicable surcharges (as it may change from time to time) plus the FGT FTS-1 usage rate per Therm, inclusive of all applicable surcharges.

The total amount due to the Company shall be the product of the Unit Price and the (short) negative monthly imbalance.

2. Daily Imbalances:

The Company shall, within the existing limitations of its system, provide for balancing between gas requirements and actual gas deliveries, net of an adjustment for Company Use and Unaccounted for Gas, received by the Company for the account of the Customers served by the TPS that day. The Company shall not be obligated to provide gas service during an hourly, daily or monthly period in excess of the levels specified in the Rate Schedules under which Customers of the TPS are served.

The Company reserves the right to require daily balancing on any other day in which the Company, in the exercise of its reasonable judgment, determines that such balancing is necessary for operational reasons. The Company will provide the TPS in all instances with at least twenty-four (24) hours advance notice that daily balancing will be imposed.

In the event that daily balancing is imposed in accordance with this section, TPS shall be assessed the following charges for daily imbalances:

| Imbalance * | Charge ** |
|------------------------|------------------|
| 0 to 5% | \$0.00 per Therm |
| 5.1% to 10% | \$0.10 per Therm |
| Under Deliveries > 10% | \$0.50 per Therm |
| Over Deliveries > 10% | \$0.10 per Therm |

Company may waive penalties on a not unduly discriminatory basis.

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Florida Public Utilities Company FPSC Tariff Original Volume No. 2

First Revised Sheet No. 7. 202 Replaces Original Sheet No. 7.202

POOL MANAGER SERVICE - (PMS) - CONTINUED

Force Majeure Continued

to be a matter within the control of the party claiming suspension.

Neither party will be entitled to the benefit of the force majeure provision hereof under either or both of the following circumstances: i) to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch; or ii) if the failure was caused by lack of funds, or with respect to the payment of any amount or amounts then due hereunder.

Aggregated Daily Demand Requirement:

Company will calculate the Pool Manager's aggregated Daily Demand Requirement by summing Pool Manager's Daily Demand Requirements, plus applicable Retainage, for each Customer being served by Pool Manager and rounding the total to the next greatest dekatherm. The Company will inform Pool Manager via e-mail of Pool Manager's aggregated Daily Demand Requirement by City Gate for the upcoming Month upon expiration of Company's enrollment deadline.

The Company shall assess the Pool Manager a per MMBtu charge equal to the maximum of \$15.00 or 200% of the otherwise applicable highest weekly overage Alert Day Price as is posted or otherwise would be calculated by Florida Gas Transmission Company for each day when delivery to Company by Pool Manager differs from Pool Manager's Pool(s) aggregated DCQ. This charge will serve as the final resolution between Company and Customer for such variances. The Company may waive this charge from time-to-time on a non-discriminatory basis.

Pool Manager Nominations

Each Pool Manager shall submit to Company first of the month scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s). In addition, no later than the fifteenth (15th) of each month, Pool Manager may submit a mid-month nomination change for each Customer Pool. Pool Manager shall submit to Company, this scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s).

Such Nomination shall include the following information:

- 1. The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated "Del Loc" (Delivery Location);
- 2. The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (TPS Delivery

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First Revised Sheet No. 7. 203 Replaces Original Sheet No. 7.203

POOL MANAGER SERVICE - (PMS) - CONTINUED

Pool Manager Nominations Continued

Quantity);

- 3. The downstream delivery facility name, and quantity in Therms of Gas to be delivered for each Company Customer account or Pool "Dn Name" (Duns Number);
- 4. A beginning and ending date for each Nomination;
- 5. Ranking for allocation 'Del Rank" (Delivery Rank)

Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

Capacity Exceeding Released Quantities:

If Pool Manager's Customer Pool's aggregated DDR is greater than Pool Manager's Customer Pool's aggregated DCQ, Pool Manager shall be responsible for taking such actions as are required to obtain sufficient Transportation Service Provider capacity to meet its Customer Pool requirements, such additional quantities shall be equal to Pool Manager's Customer Pool's DDCV. Pool Manager may acquire such Transportation Service Provider capacity quantities from any source.

Pool Manager Warranty:

Each Pool Manager warrants that it will have at the time it delivers or causes the delivery of natural Gas into the Company's distribution system good title to deliver the Gas. Each Pool Manager warrants that the natural Gas it delivers or causes to be delivered shall be free and clear of all liens, encumbrances, and claims whatsoever; that it will indemnify the Company and hold it harmless from all suits, actions, debts, losses and expenses arising from any adverse claims of any person to the natural Gas; and that it will indemnify the Company and hold it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by the party making delivery.

Responsibility for Natural Gas:

The Company and the Pool Manager shall be jointly and severely liable for the natural Gas while it is in the Company's distribution system between Company's City Gate(s) and the point of delivery to the Customer. The Pool Manager shall be solely liable for the natural Gas until it is delivered to Company's City Gate(s). The party or parties thus responsible for the natural Gas shall bear liability for all injury or damage caused thereby. Notwithstanding anything to the contrary stated herein, a Pool Manager shall indemnify the Company for all injury, damage, loss, or liability of the Company caused by Pool Manager's delivery of natural Gas not complying with the Natural Gas Quality section belowSection of this Tariff.

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida Public Utilities Company

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Florida Public Utilities Company FPSC Tariff Original Volume No. 2

<u>First Revised Sheet No. 7. 204</u> Replaces Original Sheet No. 7.204

POOL MANAGER SERVICE - (PMS) - CONTINUED

Natural Gas Quality:

All-natural Gas delivered, or caused to be delivered, into Company's distribution system by or on behalf of a Pool Manager will be merchantable and shall conform to the natural Gas quality specifications set forth in the "Quality of Gas" section of this Tariff.

Billing:

The Company shall render to a Pool Manager on or before the 20th calendar day of each Month a bill for Pool Manager's monthly Customer Charge and for all imbalance charges as defined in Billing Adjustments during the preceding Month.

Payment

Pool Manager shall pay the Company the amount due under any bill from the Company within ten (10) days after receipt by the Pool Manager of the bill from the Company. The Company may at its option require the Pool Manager to make payment of any bill by electronic transfer within such ten (10) day period. Any bill not paid within such ten (10) day period shall bear interest at the rate of one and one-half percent (1.5%) per Month.

Billing Disputes:

Pool Manager may dispute the amount of any bill by notifying the Company within sixty (60) days of receipt by the Pool Manager of the bill from the Company. If a Pool Manager in good faith disputes the amount of any bill, the Pool Manager shall nevertheless pay to the Company the amount of such bill. Company shall have thirty (30) days to resolve such disputes with Pool Manager and will refund to Pool Manager any amount resolved in favor of Pool Manager within ten (10) days of such resolution.

Standards of Conduct:

In addition to the above terms and conditions, Pool Managers must agree to comply with any standards of conduct or other requirements set forth by the FPSC.

Termination of Service:

Pool Manager will be responsible for providing Company with a duly executed CI Pool Manager Customer Termination Notice (See Sheet No. 8.132) not less than thirty (30) Working Days prior to the Pool Manager's desired date for termination of service to Customer.

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Date: April 24, 2025 Page 28 of 29

Florida Public Utilities Company FPSC Tariff Original Volume No. 2

First Revised Sheet No. 8.117 Replaces Original Sheet No. 8.117

N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED

Responsibility and Liability

The Company and Customer do respectively assume full liability for the maintenance and operation of facilities operated by each party. Each party shall indemnify and save harmless the other from any and all loss or damage sustained, and from any and all liability including injury to persons and property insured, arising from any act or accident in connection with the installation, presence, maintenance and operation of facilities operated by the indemnifying party unless the same shall be due to the sole negligence of the other party, its agents, employees, contractors, guests or invitees.

Notices

All correspondence and notices required under this Agreement, except notice of Gas supply interruption or restoration of service are to be addressed at the above listed address or e-mail address and to Company at Florida Public Utilities Company, Energy Logistics Department PO Box 960, Winter Haven, Florida 33882. Notices with respect to interruption or restoration of deliveries of Gas shall be sufficient if given by Company, at the Company's option, in writing or orally in person or by telephone to the person or one of the persons designated from time to time by Customer as authorized to receive such notice. If Customer shall not have made such designation or, if made, Company is unsuccessful in its effort promptly to establish communication with the person or one of the persons so designated then in any such event, said notice shall be sufficient if given by Company to any person or persons who are on said premises or who answer Customer's telephone.

Customer Designation of Pool Manager

Customer shall designate a Pool Manager from Company's List of Approved Pool Managers on Company's website. Customer shall deliver a Letter of Authorization with a duly authorized signature acknowledging such election to the selected Pool Manager.

Point of Receipt and Point of Delivery

CTS Customers or Customer's Designee will cause Customer's natural Gas to be delivered to Company's Receipt Point as specified in Exhibit Λ . Customer has requested and Company agrees to receive and transport Customer's natural Gas from the Company's Receipt Point to the Company's Delivery Point as specified in Exhibit Λ .

Issued by: Jeffrey Sylvester, Chief Operating Officer Florida Public Utilities Company

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Date: April 24, 2025 Page 29 of 29

Florida Public Utilities Company FPSC Tariff Original Volume No. 2

Florida Public Utilities Company

First Revised Sheet No. 8.154 Replaces Original Sheet No. 8.154

V. CI POOL MANAGER AGREEMENT - CONTINUED

4. and released under the applicable FERC and Transportation Service Provider rules and regulations. The Company shall establish appropriate penaltics to be enforced should the Pool Manager fail to perform under Rate Schedule PM. In the event of substantial non-

performance, as defined in the Company's Tariff, the Company shall terminate the Pool Manager.

2.1.If any act or omission of Pool Manager causes Company to incur penalties or other expenses or liabilities for unauthorized overrun Gas, for imbalances on a pipeline system, for a failure to comply with Transportation Service Provider's Tariff, or for a failure to comply with a curtailment notice or to take deliveries as scheduled, Pool Manager will indemnify and reimburse Company for all such amounts which the acts or omissions of Pool Manager or its supplier have caused Company to incur. Nothing herein shall be deemed to foreclose Company from employing other remedies including cessation of deliveries, and Company reserves the right to do so, for the unauthorized consumption of Gas.

| 3.—CI Pool Manager will participate in Company's: | |
|---|--|
| Service Area: _Indiantown CFG Mcadc | FPUC &, Central Florida, F |
| <u>and FPUC Service Areas and the Company's i</u> Releasedwhere released capacity equal to equals 100% h quantities | |
| 2and ii) CI Daily Read PoolF equal toequals not greater than 50% of historical | Released where released capacity monthly quantities. |
| CI-Special Contract Pool Capacity re | eleased per mutual agreement |
| 4.3. Notices or communications to CI Pool Manager shall be | given to: |
| Mailing Address: | |
| Attention: | |
| Telephone: | |
| E-mail: | |
| 5.4. This Agreement shall become effective at the start of the Transportation Service Provider's FERC Tariff) on | |
| Issued by: Jeffrey Sylvester, Chief Operating Officer | Effective: March-1, 20 |

Item 22

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Pope, Barrett, Ward)

Office of the General Counsel (Crawford) 950

RE: Docket No. 20250057-GU – Petition for approval of tariff modification for

equipment financing, by Florida Public Utilities Company.

AGENDA: 05/06/25 - Regular Agenda - Tariff Suspension - Participation is at the

Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 06/03/2025 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On April 4, 2025, Florida Public Utilities Company (FPUC or the utility) filed a petition seeking approval of tariff changes to enable FPUC to provide and finance equipment related to compression, gas conversion, or Renewable Natural Gas (RNG) for its customers.

The requested tariff modifications (First revised Tariff Sheet No. 6.153 and Original Sheet No. 6.154) reflect a similar provision that the Commission approved for Florida City Gas (FCG). FPUC asserts that FCG has successfully utilized this similar provision to help customers manage the costs of converting appliances to natural gas. In its petition, FPUC stated that FCG's tariff has enabled it to help customers manage the cost of making conversions that might otherwise be

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¹ Florida City Gas Tariff, First Revised Sheet No. 26, Paragraph 19. FCG and predecessor companies have had equipment financing tariff provisions for compression and gas conversion equipment since the early 2000's. Tariff changes to add RNG equipment and make other minor wording changes were approved in subsequent tariff filings.

Docket No. 20250057-GU Date: April 24, 2025

cost prohibitive. FPUC states that it would like to implement the proposed tariff language to enable it to assist its own customers in the same way.

In its petition, the utility stated that with this tariff change to implement equipment financing, the utility and a customer will be able to enter into an agreement to recover the costs, plus interest, associated with the compression, gas conversion, or RNG equipment. The financing charge will be reflected on the customer's bill until paid off.

In its petition, FPUC stated that it anticipates a similar level of interest in equipment financing service as FCG has received, along with improved alignment between the two companies' offerings and an enhanced ability to serve its customers.

On April 18, 2025, staff issued a data request to FPUC, for which responses are pending.

This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes (F.S.).

Docket No. 20250057-GU Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission suspend FPUC's proposed tariff revisions (First revised Tariff Sheet No. 6.153 and Original Sheet No. 6.154) to provide and finance compression, gas conversion, or RNG equipment?

Recommendation: Yes. Staff recommends that FPUC's proposed tariff revisions (First revised Tariff Sheet No. 6.153 and Original Sheet No. 6.154) to provide and finance compression, gas conversion, or RNG equipment be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Pope, Ward)

Staff Analysis: Staff recommends that FPUC's proposed revisions to the tariffs to provide and finance compression, gas conversion, or RNG equipment for its customers be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Docket No. 20250057-GU Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission decision on the proposed revised tariffs. (Crawford)

Staff Analysis: This docket should remain open pending the Commission decision on the proposed revised tariffs.

Item 23

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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Lewis, Ramos, Smith II)

Division of Economics (Bruce, Lenberg)

Office of the General Counsel (Bloom, Crawford)

RE: Docket No. 20240151-WS – Application for amendment of Certificates 567-W

and 494-S to extend territory in Lake County, and petition for approval of special

developer agreements, by Florida Community Water Systems, Inc.

AGENDA: 05/06/25 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 31, 2024, Florida Community Water Systems, Inc. (FCWS or Utility) filed an application with the Florida Public Service Commission (Commission) to amend Certificate Nos. 567-W and 494-S, to add territory in Lake County, and for approval of two special developer agreements. FCWS is a Class C water and wastewater utility currently serving approximately 227 (225 residential and 2 general service) water customers, 66 irrigation customers, and 219 (217 residential and 2 general service) wastewater customers.

In 1996, the Commission issued original water and wastewater certificate Nos. 567-W and 494-S to Shangri-La-By-The-Lake Utilities, Inc.¹ The Utility has had two subsequent amendments.² In

¹ Order No. PSC-96-0062-FOF-WS, issued January 12, 1996, in Docket No. 19940653-WS, *In re: Application For Certificates to Provide Water and Wastewater Services in Lake County by Shangri-La by the Lake Utilities, Inc.*

Docket No. 20240151-WS Date: April 24, 2025

2012, the Commission granted a transfer of the Utility to Lakeside Waterworks.³ The Commission also approved the Utility's name change to FCWS in 2022.⁴

The proposed new service area, located adjacent and west of the existing service territory, will result in the addition of approximately 145 single family residential homes (SFRH) in the Goose Creek Neighborhood. The same developer of Goose Creek, Burgland LH, also intends to build 99 SFRH in the neighborhood known as Harbor Shores; however, Harbor Shores is already part of the Utility's certificated service territory. FCWS entered into two separate developer agreements with Burgland LH for the Goose Creek and Harbor Shores neighborhoods. As part of its amendment application, the Utility requested Commission approval of these two special developer agreements. Pursuant to Rule 25-30.550(1), Florida Administrative Code (F.A.C.), developer agreements shall be deemed to be approved under the utility's existing service availability policy, unless the Commission gives notice of intent to disapprove within 30 days. Staff reviewed both agreements and determined they are consistent with FCWS' existing service availability policy. Therefore, no further action is needed regarding these developer agreements.

This recommendation addresses the Utility's request to extend its water and wastewater service territory. The Commission has jurisdiction pursuant to Section 367.171, Florida Statutes (F.S.).

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² Order Nos. PSC-06-0095-FOF-WS, issued February 10, 2006, in Docket No. 20050875-WS, *In re: Application for amendment of Certificates 567-W and 49443 to extend water and wastewater service areas to include certain land in Lake County by Shangri-La-By-The Lake Unities, Inc.* and PSC-06-0106-FOF-WS, issued February 13, 2006, in Docket No. 20050642-WS, *In re: Application for amendment of Certificates 567-W and 494-S to extend water and wastewater service areas to include certain land in Lake County by Shangri-La-By-The-Lake Utilities, Inc.*

³ Order No. PSC-13-0425-PAA-WS, issued September 18, 2013, in Docket No. 20120317-WS, *In re: Application for approval to transfer water and wastewater system Certificate Nos. 567-W and 494-S in Lake County from Shangri-La by the Lake Utilities, Inc. to Lakeside Waterworks, Inc.*

⁴ Order No. PSC-2022-0095-FOF-WS, issued February 21, 2022, in Docket No. 20210192-WS, *In re: Joint application for acknowledgment of corporate reorganization and approval of name changes on Certificate No. 654-W in Lake County from Black Bear Waterworks, Inc., Certificate No. 339-W in Lake County from Brendenwood Waterworks, Inc., Certificate No. 002-W in Brevard County from Brevard Waterworks, Inc., Certificate Nos. 522-W and 565-S in Lake County from Harbor Waterworks, Inc., Certificate Nos. 667-W and 507-S in Sumter County from Jumper Creek Utility Company, Certificate No. 531-W in Lake County from Lake Idlewild Utility Company, Certificate Nos. 567-W and 494-S in Lake County from Lakeside Waterworks, Inc., Certificate No. 450-W in Lake County from Pine Harbour Waterworks, Inc., Certificate No. 539-W in Lake County from Raintree Waterworks, Inc., Certificate Nos. 507-W and 441-S in Sumter County from The Woods Utility Company to Florida Community Water Systems, Inc.*

Docket No. 20240151-WS Issue 1

Date: April 24, 2025

Discussion of Issues

Issue 1: Should the Commission approve Florida Community Water Systems, Inc.'s application for amendment of Certificate Nos. 567-W and 494-S to extend its territory from its certificated water and wastewater service territory in Lake County?

Recommendation: Yes. The Commission should amend Certificate Nos. 567-W and 494-S to include the territory as described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Florida Community Water Systems' amended certificates and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding. (Lewis)

Staff Analysis: FCWS' application to amend its authorized service territory is in compliance with the governing statute, Section 367.045, F.S., and Rule 25-30.036, F.A.C. The appropriate filing fee, as required by Section 367.145, F.S., was received by the Commission on November 5, 2024. The Utility provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030(5)(b), F.A.C. This notice provided 30 days for customers to file an objection to the transfer. No objections to the application have been received and the time for filing such has expired.

FCWS provided adequate service territory maps and territory descriptions to Commission staff. A legal description of the territory to be extended was provided, as well as, the resulting description of service territory which is shown in Attachment A. The Utility submitted an affidavit on March 5, 2025, consistent with Rule 25-30.036(2)(q), F.A.C., that it has tariffs on file with the Commission.

FCWS' existing Lakeside water treatment plant (WTP) is designed to produce 180,000 gallons per day (gpd). Raw water is drawn from two wells into a hypochlorination and aeration system consisting of two steel hydropneumatic tanks (3000, and 5,000 gallons) and one 20,000 gallon concrete ground storage tank. The aerator is rated at 1,500 gallons per minute. FCWS will upgrade its WTP to meet required County Fire Protection Requirements and replace equipment that was recently destroyed by Hurricane Milton. These upgrades include installing a 126,000 gallon ground storage tank, a new cascade aeration tower, a new 200 kW generator, as well as a new high service pump skid consisting of three pumps, and control panels. Pursuant to the developer agreements, the developer will pay for 54.95 percent and FCWS will pay for 45.05 percent of these upgrades, which is based upon the hydraulic share of the new homes versus the existing customers, since all water customers will benefit from these upgrades. The last sanitary survey was conducted on July 22, 2022. The Department of Environmental Protection (DEP) conducted an evaluation of all primary and secondary standards at the plant on March 19, 2024, with the Utility being in compliance.

The existing wastewater treatment plant (WWTP) is an extended aeration domestic treatment plant consisting of aeration, secondary clarification, chlorination, and aerobic digestion of biosolids, with a design capacity of 15,000 gpd three-month average daily flow. Pursuant to the developer agreements, there will be two separate upgrade phases, in order to provide wastewater

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Date: April 24, 2025

service to both Goose Creek and Harbor Shores, which will be funded entirely by the developer. Phase one will increase the existing treatment capacity from 15,000 gpd to 40,000 gpd. This will consist of adding new aeration and digester tanks, splitter boxes, bar screens, rapid infiltration basins, and lift station upgrades. Phase two will then add a duplicate treatment plant to mirror Phase one, which will increase the total WWTP capacity up to 70,000 gpd. The DEP inspected the existing WWTP on August 29, 2024, and the facility was determined to be in compliance on December 2, 2024.

Issue 1

Conclusion

The Commission should amend Certificates Nos. 567-W and 494-S to include the territory as described in Attachment A, effective the date of the Commission vote. The resultant order should serve as FCWS' amended certificates, and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding.

Docket No. 20240151-WS Issue 2

Date: April 24, 2025

Issue 2: Should this docket be closed?

Recommendation: Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of the final order. (Bloom, Crawford)

Staff Analysis: Yes. Since there are no pending issues in this docket, the docket should be closed upon the issuance of the final order.

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Date: April 24, 2025 Page 1 of 7

DESCRIPTION OF TERRITORY SERVED

FORMERLY LAKESIDE WATERWORKS, INC. DESCRIPTION OF WATER AND WASTEWATER TERRITORY LAKE COUNTY

PER ORDER NO. PSC-96-0062-FOF-WS

THE FOLLOWING DESCRIBED LANDS LOCATED IN SECTION 6, TOWNSHIP 19 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA:

BEGIN FOR A POINT OF BEGINNING AT THE SOUTHEAST CORNER OF SECTION 6, TOWNSHIP 19 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA, ALSO DESCRIBED AS THE SOUTHWEST CORNER OF GOVERNMENT LOT 9 OF SAID SECTION 6, RUN THENCE N.0°28'58" E, A DISTANCE OF 1285.90 FEET TO THE NORTHWEST CORNER OF SAID GOVERNMENT LOT 9, RUN THENCE NORTH 89°59'40" E, A DISTANCE OF 2711.55 FEET, MORE OR LESS TO THE WATERS OF LAKE EUSTIS TO A POINT HEREBY DESIGNATED AS POINT "A"; BEGIN AGAIN AT THE POINT OF BEGINNING AND RUN EAST ALONG THE SOUTH LINE OF SAID SECTION 6 A DISTANCE OF 1363.00 FEET, RUN THENCE NORTH 100.00 FEET, RUN THENCE EAST 450.00 FEET, MORE OR LESS, TO THE WATERS OF LAKE EUSTIS, RUN THENCE IN A NORTHEASTERLY DIRECTION ALONG THE WATERS OF LAKE EUSTIS TO THE AFORESAID POINT "A" AND POINT OF TERMINATION.

ALSO, THE SOUTH 685 FEET OF THE EAST 380 FEET OF THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST. LESS THE EAST 50 FEET AND LESS THE SOUTH 25 FEET THEREOF.

PER ORDER NO. PSC-06-0095-FOF-WS

PARCEL 1 (HARBOR SHORES) WATER SERVICE ONLY: THAT PART OF GOVERNMENT LOT 7, SECTION 6, TOWNSHIP 19 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA, BEING DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF GOVERNMENT LOT 7, THENCE RUN NORTH 89°26'52" EAST ALONG THE SOUTH LINE OF GOVERNMENT LOT 7, 66.00 FEET TO THE SOUTHERLY EXTENSION OF THE EAST RIGHT OF WAY LINE OF HARBOR SHORES DRIVE; THENCE RUN NORTH 00°04'08" WEST ALONG SAID SOUTHERLY EXTENSION, 33.00 FEET TO THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE AND EAST RIGHT OF WAY LINE OF SAID HARBOR SHORES DRIVE FOR THE POINT OF BEGINNING; THENCE RUN NORTH 00°04'08" WEST ALONG SAID EAST RIGHT OF WAY LINE, 951.09 FEET TO A POINT 300.00 FEET SOUTH OF THE NORTHWEST CORNER OF GOVERNMENT LOT 7; THENCE RUN

Docket No. 20240151-WS Attachment A
Date: April 24, 2025 Page 2 of 7

NORTH 89°26'52" EAST PARALLEL WITH THE NORTH LINE OF GOVERNMENT LOT 7, 726.00 FEET; THENCE RUN NORTH 00°04'08" WEST PARALLEL WITH THE WEST LINE OF GOVERNMENT LOT 7, 300.00 FEET TO A POINT 759.00 EAST OF THE NORTHWEST CORNER OF GOVERNMENT LOT 7; THENCE RUN NORTH 89°26'52" EAST ALONG SAID NORTH LINE, 594.19 FEET TO THE MEANDER LINE AS ESTABLISHED BY U.S. GENERAL LAND OFFICE IN 1926; THENCE RUN SOUTH 02°31'38" EAST ALONG SAID MEANDER LINE, 299.29 FEET; THENCE CONTINUE ALONG SAID MEANDER LINE SOUTH 29°50'19"; WEST, 667.71 FEET TO THE WESTERLY RIGHT OF WAY LINE OF HARBOR SHORES DRIVE; THENCE RUN SOUTH 39°23'45" WEST ALONG SAID WESTERLY RIGHT OF WAY LINE, 490.42 FEET TO THE INTERSECTION OF THE NORTH RIGHT OF WAY LINE AND WESTERLY RIGHT OF WAY LINE OF HARBOR SHORES DRIVE; THENCE RUN SOUTH 89°26'52" WEST ALONG SAID NORTH RIGHT OF WAY LINE, 688.37 FEET TO THE POINT OF BEGINNING.

ALSO

PARCEL 2 (INSIM ESTATES) WATER AND WASTEWATER SERVICE:

THAT PART OF GOVERNMENT LOTS 7 AND 12, SECTION 6, TOWNSHIP 19 SOUTH, RANGE 26 EAST, LAKE COUNTY, FLORIDA, BEING DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF GOVERNMENT LOT 7, THENCE RUN NORTH 89°26'52" EAST ALONG THE SOUTH LINE OF GOVERNMENT LOT 7, 813.11 FEET TO THE EASTERLY RIGHT OF WAY LINE OR HARBOR SHORES DRIVE FOR THE POINT OF BEGINNING; THENCE RUN NORTH 39°23'45" EAST ALONG SAID EASTERLY RIGHT OF WAY LINE, 130.44 FEET TO A LINE 100.00 FEET NORTH OF, WHEN MEASURED PERPENDICULAR TO, THE SOUTH LINE OF GOVERNMENT LOT 12; THENCE RUN NORTH 89°26'52" EAST ALONG SAID LINE 100 FEET NORTH OF GOVERNMENT LOT 12, 784 FEET MORE OR LESS TO THE WATER'S EDGE OF LAKE EUSTIS; THENCE RUN SOUTHWESTERLY ALONG SAID WATER'S EDGE TO THE SOUTH LINE OF GOVERNMENT LOT 12; THENCE RUN SOUTH 89°26'52" WEST ALONG THE SOUTH LINE OF GOVERNMENT LOT 12 AND 7,790 FEET MORE OR LESS TO THE POINT OF BEGINNING.

ALSO

PER ORDER NO. PSC-06-0106-FOF-WS

AMENDMENT TO WATER AND WASTEWATER SERVICE TERRITORY FOR SHANGRI-LA-BY-THE-LAKE UTILITIES, INC. IN LAKE COUNTY

THAT PORTION OF SECTION 6, TOWNSHIP 19 SOUTH, RANGE 26 EAST AND THAT PORTION OF SECTION 7, TOWNSHIP 19 SOUTH, RANGE 26 EAST, ALL IN LAKE COUNTY, FLORIDA BOUNDED AND DESCRIBED AS FOLLOWS:

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Date: April 24, 2025 Page 3 of 7

BEGINNING AT THE SOUTHWEST CORNER OF SAID SECTION 6, SAID CORNER ALSO BEING THE NORTHWEST CORNER OF SAID SECTION 7 RUN THENCE EAST 1363 FEET TO A POINT ON THE SOUTH LINE OR SAID SECTION 6; THENCE NORTH, 100.00 FEET; THENCE EAST 450 FEET, MORE OR LESS, TO THE WATERS OF LAKE EUSTIS AND A POINT HEREBY DESIGNATED AS POINT "A".

THENCE RETURN TO THE POINT OF BEGINNING AND RUN SOUTH 00°09'59" EAST, 460.00 FEET ALONG THE WEST LINE OF SAID SECTION 7; THENCE SOUTH 83°00'00" EAST TO THE WATERS OF LAKE EUSTIS, THENCE NORTHERLY AND EASTERLY ALONG AND WITH THE SAID WATERS OF LAKE EUSTIS TO THE AFOREMENTIONED POINT "A" FOR POINT OF TERMINUS.

ALSO:

THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4 LESS THE SOUTH 685 FEET OF THE EAST 380 FEET, LESS ROAD RIGHT-OF-WAY, IN SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA. (PARCEL ID# 01-19-25-0004-000-03100)

AND

THE SOUTHEAST 1/2 OF THE SOUTHWEST 1/4, OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA.

(PARCEL ID# 01-19-25-0004-03000)

AND

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 AND THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, ALL IN SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA. TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS DESCRIBED AS FOLLOWS:

AN EASEMENT EXTENDING 182.56 FEET, BEGINNING AT THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA, THENCE RUNNING SOUTH ACROSS THE WEST 20 FEET OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 1, AND CONTINUING SOUTH 147.44 FEET ACROSS THE WEST 15 FEET OF SAID NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 1 THEREOF. ALSO, AN EASEMENT EXTENDING SOUTH 330 FEET, ACROSS THE EAST 5 FEET OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 1 THEREOF.

(PARCEL ID # 01-19-25-0004-04100)

AND

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Date: April 24, 2025 Page 4 of 7

TOGETHER WITH AND EASEMENT FOR INGRESS AND EGRESS OVER THE FOLLOWING DESCRIBED PROPERTY: THE WEST 45 FEET OF THE WEST 200 FEET OF THE SOUTH 1/2 OF THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA. (PARCEL ID# 01-19-25-0004-000-02700)

ALSO AN EASEMENT FOR INGRESS AND EGRESS OVER THE FOLLOWING DESCRIBED PARCEL OF LAND: THE WEST 50 FEET OF THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 AND THE WEST 50 FEET OF THE NORTH 170.46 FEET OF THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA.

ALSO:

BURGLAND LH HAINES CREEK ESTATES LLC

EXHIBIT "A"

THE SOUTHEAST 1/4 OF THE SOUTHEAST 1/4, LESS THE SOUTH 885 FEET OF THE EAST 380 FEET, LESS ROAD RIGHT-OF-WAY, IN SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA. (PARCEL ID# 01-19-25-0004-000-03100)

AND

THE SOUTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA.

(PARCEL ID# 01-19-25-0004-000-03000) AND

THE NORTH 1/2 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 AND THE SOUTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4, ALL IN SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA. TOGETHER WITH AN EASEMENT FOR INGRESS AND EGRESS DESCRIBED AS FOLLOWS:

AN EASEMENT EXTENDING 182.56 FEET, BEGINNING AT THE NORTHWEST CORNER OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA, THENCE RUNNING SOUTH ACROSS THE WEST 20 FEET OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 1, AND CONTINUING SOUTH 147.44 FEET ACROSS THE WEST 15 FEET OF SAID NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 1 THEREOF. ALSO, AN EASEMENT EXTENDING SOUTH 330 FEET, ACROSS THE EAST 5 FEET OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF SAID SECTION 1 THEREOF.

(PARCEL ID# 01-19-25-0004-000-04100)

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Date: April 24, 2025
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AND

TOGETHER WITH AN EASEMENT FOR THE INGRESS AND EGRESS OVER THE FOLLOWING DESCRIBED PROPERTY: THE WEST 45 FEET OF THE WEST 200 FEET OF THE SOUTH 1/2 OF THE NORTH 1/2 OF THE NORTHWEST 1/4 OF THE NORTHEAST 1/4 OF THE NORTHEAST 1/4 OF THE SOUTHEAST 1/4 OF SECTION 1, TOWNSHIP 19 SOUTH, RANGE 25 EAST, LAKE COUNTY, FLORIDA. (PARCEL ID# 01-19-25-0004-000-02700)

Docket No. 20240151-WS Attachment A
Date: April 24, 2025 Page 6 of 7

FLORIDA PUBLIC SERVICE COMMISSION

authorizes Florida Community Water Systems, Inc. pursuant to Certificate Number 567-W

to provide water service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|----------------------|-------------|---------------|-----------------------|
| PSC-96-0062-FOF-WS | 01/12/1996 | 940653-WS | Original Certificate |
| PSC-06-0095-FOF-WS | 02/10/2006 | 050875-WS | Certificate Amendment |
| PSC-06-0106-FOF-WS | 02/13/2006 | 050642-WS | Certificate Amendment |
| PSC-13-0425-PAA-WS | 09/18/2013 | 120317-WS | Transfer |
| PSC-2023-0300-PAA-WS | 10/02/2023 | 20220201-WS | Name Change |
| * | * | 20240151-WS | Certificate Amendment |

^{*}Order Number and date to be provided at time of issuance.

Docket No. 20240151-WS Attachment A
Date: April 24, 2025 Page 7 of 7

FLORIDA PUBLIC SERVICE COMMISSION

authorizes Florida Community Water Systems, Inc. pursuant to Certificate Number 494-S

to provide wastewater service in Lake County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

| Order Number | Date Issued | Docket Number | Filing Type |
|----------------------|-------------|---------------|-----------------------|
| PSC-96-0062-FOF-WS | 01/12/1996 | 940653-WS | Original Certificate |
| PSC-06-0095-FOF-WS | 02/10/2006 | 050875-WS | Certificate Amendment |
| PSC-06-0106-FOF-WS | 02/13/2006 | 050642-WS | Certificate Amendment |
| PSC-13-0425-PAA-WS | 09/18/2013 | 120317-WS | Transfer |
| PSC-2023-0300-PAA-WS | 10/02/2023 | 20220201-WS | Name Change |
| * | * | 20240151-WS | Certificate Amendment |

^{*}Order Number and date to be provided at time of issuance.

Item 24

FILED 4/24/2025 DOCUMENT NO. 03123-2025 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: April 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Bruce, Bethea, Hudson, Richards)

Division of Accounting and Finance (Higgins)

Office of the General Counsel (Sparks, Harper)

RE: Docket No. 20220185-WS – Application for limited alternative rate increase in

Hardee, Manatee, Marion, Polk, and Pasco Counties, by Charlie Creek Utilities, LLC, Crestridge Utilities, LLC, East Marion Utilities, LLC, Heather Hills Utilities, LLC, Holiday Gardens Utilities, LLC, Lake Yale Utilities, LLC, McLeod Gardens Utilities, LLC, Orange Land Utilities, LLC, Sunny Shores Utilities, LLC, Sunrise

Water, LLC and West Lakeland Wastewater, LLC.

AGENDA: 05/06/25 - Regular Agenda - Proposed Agency Action - Interested Persons May

Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On November 4, 2022, Florida Utility Services 1, LLC (FUS1) filed an application for a limited alternative rate increase (LARI) pursuant to Rule 25-30.457, Florida Administrative Code (F.A.C.) for the following systems: Charlie Creek Utilities, LLC (Charlie Creek); Crestridge Utilities, LLC (Crestridge); East Marion, LLC (East Marion); Heather Hills Utilities, LLC (Heather Hills); Holiday Gardens Utilities, LLC (Holiday Gardens); Lake Yale Utilities, LLC (Lake Yale); McLeod Gardens, LLC (McLeod Gardens); Orange Land Utilities, LLC (Orange

Docket No. 20220185-WS Date: April 24, 2025

Land); Sunny Shores Utilities, LLC (Sunny Shores); Sunrise Water, LLC (Sunrise); and West Lakeland Wastewater, LLC (West Lakeland).

By Order No. PSC-2023-0192-PAA-WS, issued June 30, 2023, the Commission approved a limited alternative rate increase for the above-referenced systems. Each utility was required to hold any revenue increase granted subject to refund with interest in accordance with Rule 25-30.360(4), F.A.C. In order to ensure overearnings did not occur with the implementation of the rate increases, staff conducted an earnings review of the 12-month period following the implementation of the revenue increases. At the end of the 12-month period, each utility had 90 days to complete and file Form PSC 1025 (03/20), titled: "Limited Alternative Rate Increase Earnings Review." On August 22, 2024, by email, FUS1 indicated that for all systems, except Heather Hills and Sunny Shores, the earnings review period would be from September 2023 to August 2024 because the LARI rates were billed starting with the September 2023 usage. Because Heather Hills and Sunny Shores bill quarterly, the LARI rates were billed starting with the October 2023 usage, and as a result, the earnings review period would be October 2023 to September 2024. The forms for each of the utilities were submitted on December 2, 2024.

Pursuant to Rule 25-30.457, F.A.C., if the earning reviews demonstrate that the utility exceeded the range of its last authorized rate of return on equity, such overearnings, up to the amount held subject to refund, with interest, shall be disposed of for the benefit of the customers. If staff determines that the utility did not exceed the range of its last authorized return on equity, the revenue increase will no longer be held subject to refund. Based on review of the earnings review form, three of the systems reported overearnings.

On April 9, 2025, East Marion and the Office of Public Counsel (OPC) filed an agreement in regards to the disposition of the overearnings for its system.² Both East Marion and OPC agreed that the overearnings associated with East Marion system should be booked to CIAC due to the expense of making such a small refund exceeding the amount of the refund.

This recommendation addresses the earnings review. The Commission has jurisdiction pursuant to Section 367.0814(9) and 367.121(1), Florida Statutes (F.S.).

¹ Document No. 09361-2024, filed on October 4, 2024.

² Document No. 02721-2025, filed on April 9, 2025.

Discussion of Issues

Issue 1

Issue 1: Are any systems that were granted a Limited Alternative Rate Increase overearning, and if so, what are the appropriate revenue requirements going forward?

Recommendation: Three of the fourteen systems included in FUS1 LARI docket were found to be overearning. Those three systems are Crestridge, the water system for East Marion, and the wastewater system for Lake Yale. The appropriate revenue requirement should be \$251,161 for Crestridge; \$50,519 for East Marion's water system; and \$98,961 for Lake Yale's wastewater system. (Richards)

Staff Analysis: Pursuant to Rule 25-30.457(8), F.A.C., FUS1 filed its earnings review of the fourteen systems included in the LARI on December 2, 2024.³ After discussion with OPC in a telephone conference on February 28, 2025, FUS1 filed revisions to its Schedule No. 2 for each system. ⁴ Three of those systems were found to be overearning as shown below in Table 1-1.

Table 1-1 Results of Earnings Review⁵

| 9 | | | | | |
|---------------------------|------------|---------|---------------|--|--|
| <u>Utility</u> | System | Allowed | <u>Earned</u> | | |
| Charlie Creek Utilities | Water | 10.00% | 9.85% | | |
| Crestridge Utilities ** | Water | 10.77% | 43.17% | | |
| East Marion Utilities** | Water | 10.00% | 10.52% | | |
| East Marion Utilities | Wastewater | 10.00% | -3.15% | | |
| Heather Hills Utilities | Water | 12.00% | 11.19% | | |
| Heather Hills Utilities | Wastewater | 12.00% | 6.51% | | |
| Holiday Gardens Utilities | Water | 8.24% | 1.77% | | |
| Lake Yale Utilities | Water | 7.04% | 5.80% | | |
| Lake Yale Utilities ** | Wastewater | 12.00% | 44.01% | | |
| McLeod Gardens | Water | 12.00% | 11.54% | | |
| Orange Land Utilities | Water | 8.93% | -19.87% | | |
| Sunny Shores Utilities | Water | 12.00% | 4.99% | | |
| Sunrise Utilities | Water | 10.00% | -1.36% | | |
| West Lakeland Wastewater | Wastewater | 12.00% | 1.41% | | |
| | | | | | |

Sources: Prior Commission Orders and Document Nos. 10075-2024, 00421-2025, 01340-2025.

Crestridge Utilities, LLC.

In its earnings review, Crestridge reported a rate base of \$117,631, a net operating income of \$50,781 and annual revenues of \$289,273. This resulted in earnings of 43.17 percent (\$50,781 \div \$117,631). In Crestridge's previous rate case, the Commission approved a return on equity (ROE) of 11.16 percent with a range of 10.16 percent to 12.16 percent. Based on Crestridge's

³Document No. 10075-2024, filed December 2, 2024.

⁴Document No. 01340-2025, filed March 5, 2025.

^{5**}Denotes system that is overearning.

⁶Order No. PSC-2017-0042-PAA-WU, issued February 1, 2017, in Docket No. 20140175-WU; In re: Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.

Date: April 24, 2025

updated Schedule No. 2, filed on March 5, 2025, Crestridge had an allowed rate of return of 10.77 percent. This resulted in overearnings of approximately \$38,112, or 13.18 percent (\$38,112 ÷ \$289,273) for the 12-month period ended August 31, 2024. As such, staff recommends an adjusted revenue requirement for Crestridge of \$251,161 (\$289,273 - \$38,112).

East Marion Utilities, LLC.

In its earnings review, the water system for East Marion recorded a net operating income of \$4,061; annual revenues of \$50,720; and an adjusted operations and maintenance (O&M) expense of \$38,598. Pursuant to Section 367.081(4)(b)(1)(e), F.S., staff removed the rate case expense of \$499 from the overall O&M expense of \$39,097. This resulted in earnings of 10.52 percent (\$4,061 ÷ \$38,598).

Using the operating ratio methodology approved at the time, the Commission approved an operating margin of 10.00 percent in East Marion's prior rate case. This resulted in overearnings of approximately \$201, or 0.40 percent ($$201 \div $50,720$) for the 12-month period ended August 31, 2024. As such, staff recommends an adjusted revenue requirement for East Marion's water system of \$50,519 (\$50,720 - \$201). No adjustment to the revenue requirement for the East Marion wastewater system is necessary.

Lake Yale Utilities, LLC.

In its earnings review, the wastewater system for Lake Yale recorded net operating income of \$34,639; annual revenues of \$124,155; and an adjusted O&M expense of \$78,711. Pursuant to Section 367.081(4)(b)(1)(e), F.S., staff removed the rate case expense of \$188 from the overall O&M expense of \$78,899. There was no purchased wastewater expense for the Lake Yale wastewater system. This resulted in earnings of 44.01 percent ($$34,639 \div $78,711$).

Using the operating ratio methodology approved at the time, the Commission approved an operating margin of 12.00 percent in Lake Yale's prior rate case. This resulted in overearnings of approximately \$25,194, or 20.29 percent (\$25,194 ÷ \$124,155) for the 12-month period ended August 31, 2024. As such, staff recommends an adjusted revenue requirement for Lake Yale's wastewater system of \$98,961 (\$124,155 - \$25,194). No adjustment to the revenue requirement for the Lake Yale water system is necessary.

Conclusion

Based on the above, three of the fourteen systems included in the FUS1 LARI docket were found to be overearning. Those three systems are Crestridge, the water system for East Marion, and the wastewater system for Lake Yale. The appropriate revenue requirements should be \$251,161 for Crestridge; \$50,519 for East Marion's water system; and \$98,961 for Lake Yale's wastewater system.

⁷Order No. PSC-2017-0107-PAA-WS, issued March 24, 2017, in Docket No. 20150257-WS; *In re: Application for stajf-assisted rate case in Marion County, by East Marion Utilities, LLC.*

⁸Order No. PSC-2021-0106-PAA-WS, issued March 17, 2021, in Docket No. 20200169-WS; *In re: Application for stajf-assisted rate case in Lake County, and request for interim rate increased, by Lake Yale Utilities, LLC.*

Docket No. 20220185-WS Date: April 24, 2025

Issue 2: What are the appropriate monthly service rates for the three systems that are overearning?

Recommendation: The appropriate service rates are shown on Schedule No. 1. Crestridge and Lake Yale should file tariff sheets and proposed customer notices to reflect the Commissionapproved rates. East Marion's rates should remain unchanged. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notice. Crestridge and Lake Yale should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bethea, Hudson)

Staff Analysis: Crestridge and Lake Yale had price index rate increases effective June 1, 2024, during their earnings review period. In order to determine the appropriate percentage reduction to the rates for removal of overearnings, revenues should be annualized and compared to the adjusted revenue requirements in Issue 1. For East Marion, due to the less than one percent reduction to rates, staff recommends that the rates remain unchanged. The existing service rates for Crestridge and Lake Yale should be decreased by its respective percentage shown in Table 2-1.

> Table 2-1 **Staff Recommended Percentage Rate Decrease**

| | T T T | | | |
|------------------------|------------|-------------|-------------|----------|
| | (1) | (2) | (3) | (4) |
| | | Adjusted | (2)-(1) | (3)/(1) |
| | Annualized | Revenue | Annual | % Rate |
| Utility | Revenues | Requirement | Overearning | Decrease |
| Crestridge | \$290,885 | \$251,161 | -\$39,724 | -13.66% |
| Lake Yale (wastewater) | \$127,429 | \$98,961 | -\$28,468 | -22.34% |

Source: Staff's calculations

Staff calculated rates by applying the percentage rate decreases across-the-board to the existing rates for each utility. Further, Lake Yale wastewater rates include amortized rate case expense that expired on April 17, 2025. The rates which implemented the rate case amortization were effective April 17, 2021. However, they were first billed with the May 2021 usage. Typically, the removal of rate case expense is processed administratively by staff based on reductions approved by the Commission. However, due to the timing of reducing the rates for the overearnings, staff believes it is appropriate to remove the rate case expense from the staff's recommended decreased rates in order to avoid two rate changes in a short time frame and any confusion it may create on the customers. As a result, the staff recommended decreased rates due to the overearnings should be also reduced by the rate case expense reductions approved in Order No. PSC-2021-0106-PAA-WS.9

In addition, staff acknowledges that FUS1 provided reduced rates to remove the overearnings for staff's review. ¹⁰ Upon review, staff determined that the proposed rates created an underearning

⁹ Id. page 43

¹⁰ Document No. 00422-2025, filed January 24, 2025.

Docket No. 20220185-WS Issue 2

Date: April 24, 2025

of staff's recommended adjusted revenue requirement. Therefore, staff believes FUS1's proposed rates were inappropriate.

Conclusion

The appropriate staff recommended service rates are shown on Schedule No. 1. Crestridge and Lake Yale should file tariff sheets and proposed customer notices to reflect the Commission-approved rates. East Marion's rates should remain unchanged. The utility should file tariff sheets and proposed customer notices to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the rates should not be implemented until staff has approved the proposed customer notices. The utilities should provide proof of the date notice was given no less than 10 days after the date of the notice.

Docket No. 20220185-WS Issue 3

Date: April 24, 2025

Issue 3: What is the appropriate disposition of the overearnings?

Recommendation: For Crestridge and Lake Yale, the customers should be provided a refund pursuant to Rule 25-30.360(4), F.A.C. For East Marion, the refund should be recorded as contributions-in-aid-of-construction (CIAC) pursuant to the agreement with OPC. In determining the appropriate refund, for the refund period, the revenues calculated using the reduced rates should be subtracted from the revenues collected. Staff should be given administrative authority to approve the refund amount based on the aforementioned calculation prior to the commencement of the refund. The refunds should be made with interest in accordance with Rule 25-30.360(4) F.A.C. Pursuant to Rule 25-30.360(7), the refund should be made within 90 days of the Commission's order. During the process of the refund, monthly reports on the status of the refund should be made by the 20th of the following month. (Bethea, Hudson)

Staff Analysis: Pursuant to Rule 25-30.457(8)(c), F.A.C., if staff's earnings review demonstrates that the utility exceeded the range of its last authorized rate of return on equity, the amount held subject to refund, with interest, shall be disposed of for the benefit of the customers. In determining the appropriate refund for East Marion and Lake Yale, for the refund period of July 1, 2023, to the implementation of the reduced rates, the revenues calculated using the reduced rates should be subtracted from the revenues collected. For Lake Yale, the rates prior to removing the rate case expense should be used to calculate the refund. The refund for Crestridge and Lake Yale should be conducted pursuant to Rule 25-30.360, F.A.C. For East Marion, the refund should be recorded as CIAC pursuant to the agreement with OPC.

Conclusion

Based on the above, for Crestridge and Lake Yale, the customers should be provided a refund pursuant to Rule 25-30.360(4), F.A.C. For East Marion, the refund should be recorded as CIAC pursuant to the agreement with OPC. In determining the appropriate refund, for the refund period, the revenues calculated using the reduced rates from removing the overearnings should be subtract from the revenues collected. Staff should be given administrative authority to approve the refund amount based on the aforementioned calculation prior to the commencing of the refund. The refunds should be made with interest in accordance with Rule 25-30.360(4) F.A.C. Pursuant to Rule 25-30.360(7), the refund should be made within 90 days of the Commission's order. During the process of the refund, monthly reports on the status of the refund should be made by the 20th of the following month.

Docket No. 20220185-WS Issue 4

Date: April 24, 2025

Issue 4: Should this docket be closed?

Recommendation: No. If no person whose substantial interest 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 refunds have been completed and the revised tariff sheets and customer notice filed for approval by staff. Once these actions are complete, this docket should be closed administratively. (Sparks)

Staff Analysis: If no person whose substantial interest 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 refunds have been completed and the revised tariff sheets and customer notice filed for approval by staff. Once these actions are complete, this docket should be closed administratively.

Docket No. 20220185-WS Date: April 24, 2025

| Crestridge Utilities, LLC Earnings Review Period Ended August 31, 2024 Monthly Water Rates | | Schedule No. 1 Docket No. 20220185-WS Page 1 of 2 |
|--|--------------------------------|---|
| | UTILITY'S EXISTING RATES | STAFF RECOMMENDED OVEREARNINGS REDUCED RATES |
| Residential and General Service | | |
| Base Facility Charge by Meter Size | | |
| 5/8" x 3/4" | \$16.70 | \$14.42 |
| 3/4" | \$25.05 | \$21.63 |
| 1" | \$41.75 | \$36.05 |
| 1-1/2" | \$83.50 | \$72.10 |
| 2" | \$133.60 | \$115.36 |
| 3" | \$267.20 | \$230.72 |
| 4" | \$417.50 | \$360.50 |
| 6" | \$835.00 | \$721.00 |
| Charge per 1,000 gallons - Residential | | |
| 0-3,000 Gallons | \$5.49 | \$4.74 |
| Over 3,000 Gallons | \$10.90 | \$9.41 |
| Charge per 1,000 gallons - General Service | \$6.96 | \$6.01 |
| Typical Residential 5/8" x 3/4" Meter Bill Comparison | | |
| 2,000 Gallons | \$27.68 | \$23.90 |
| 6,000 Gallons | \$65.87 | \$56.87 |
| 8,000 Gallons | \$87.67 | \$75.69 |

Docket No. 20220185-WS

Date: April 24, 2025

| Lake Yale Utilities, LLC Earnings Review Period Ended August 31, 2024 | | | Schedule No. Docket No. 20220185 - W | | |
|--|-----------------------|-------------------------|---|-------------------------------------|--|
| Monthly Wastewater Rates | UTILITY'S EXISTING | OVEREARNINGS REDUCED | 4 YEAR RATE | Page 2 of 2 STAFF RECOMMENDED | |
| | RATES | RATES | REDUCTION | RATES | |
| Residential Service | | | | | |
| All Meter Sizes | \$18.39 | \$14.28 | \$0.04 | \$14.24 | |
| Charge per 1,000 gallons - Residential | \$10.77 | \$8.36 | \$0.02 | \$8.34 | |
| 6,000 gallonage cap | | | | | |
| General Service | | | | | |
| Base Facility Charge by Meter Size | | | | | |
| 5/8" x 3/4" | \$18.39 | \$14.28 | \$0.04 | \$14.24 | |
| 3/4" | \$27.59 | \$21.42 | \$0.06 | \$21.36 | |
| 1" | \$45.98 | \$35.70 | \$0.10 | \$35.60 | |
| 1-1/2" | \$91.95 | \$71.40 | \$0.20 | \$71.20 | |
| 2" | \$147.12 | \$114.24 | \$0.32 | \$113.92 | |
| 3" | \$294.24 | \$228.48 | \$0.64 | \$227.84 | |
| 4" | \$459.75 | \$357.00 | \$1.00 | \$356.00 | |
| 6" | \$919.50 | \$714.00 | \$2.00 | \$712.00 | |
| 8" | \$1,471.20 | \$1,142.40 | \$3.20 | \$1,139.20 | |
| Charge per 1,000 gallons - General Service | \$12.92 | \$10.03 | \$0.03 | \$10.00 | |
| Typical Residential 5/8" x 3/4" Meter Bill Comparison | <u>L</u> | | | | |
| 2,000 Gallons | \$39.93 | \$31.00 | | \$30.92 | |
| 6,000 Gallons | \$83.01 | \$64.44 | | \$64.28 | |
| 8,000 Gallons | \$83.01 | \$64.44 | | \$64.28 | |