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December 2, 2025

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Item 1

State of Florida



Public Service Commission

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

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

DATE: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (D'Sa, D. Buys) *MC*
Office of the General Counsel (Sparks) *SPS*

RE: Docket No. 20250133-GU – Application for authorization to issue sell securities, and to enter into agreements for interest rate swap products, equity products and other financial derivatives, by Chesapeake Utilities Corporation.

AGENDA: 12/2/2025 - Consent Agenda - Final Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

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

Docket No. 20250133-GU - *Application for authorization to issue sell securities, and to enter into agreements for interest rate swap products, equity products and other financial derivatives in 2025, by Chesapeake Utilities Corporation.*

Chesapeake Utilities Corporation (Chesapeake or Company) requests authority to issue during calendar year 2026: up to 10.1 million shares of Chesapeake common stock; up to 2 million shares of Chesapeake preferred stock; up to \$800 million in secured and/or unsecured long-term debt; short-term borrowings in an amount not to exceed \$600 million; and to enter into agreements up to \$600 million in interest rate swap products, equity products, and other financial derivatives.

Chesapeake allocates funds to Florida Public Utilities Company (FPUC) and Pivotal Utility Holdings (d/b/a Florida City Gas) on an as-needed basis. Chesapeake acknowledges that in no event will such allocations to the Florida regulated electric and gas distribution utilities exceed 75 percent of the proposed equity securities (common stock, and preferred stock), long-term debt, short-term debt, interest rate swap products, equity products, and financial derivatives issued by Chesapeake.

Staff has reviewed the Company's estimated capital expenditures in Exhibit B. The total amount requested by Chesapeake (\$2.0 billion) exceeds its estimated capital expenditures of approximately \$179 million for FPUC and FCG for calendar year 2026. The requested amount

exceeding its estimated capital expenditures allows for financial flexibility with regard to unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are reasonable and appropriate. Staff recommends Chesapeake's application for authority to issue and sell securities during the calendar year 2026 be approved.

For monitoring purposes, this docket should remain open until May 7, 2027, to allow the Company time to file and staff to review the Consummation Report.

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Smith II, Ramos) *TB*
Office of the General Counsel (Bloom, Crawford) *JSC*

RE: Docket No. 20250117-WS – Request for cancellation of Certificate Nos. 683-W and 583-S by North Lake County Water & Sewer Company LLC.

AGENDA: 12/2/2025 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Request for cancellation of Certificate Nos. 683-W and 583-S on the consent agenda for approval.

Docket No. 20250117-WS – *Request for cancellation of Certificate Nos. 683-W and 583-S by North Lake County Water & Sewer Company LLC.*

North Lake County Water & Sewer Company LLC (North Lake or Utility) is requesting cancellation of its water and wastewater certificates. North Lake was formed to provide water and wastewater services to approximately 535 residential and three commercial customers in Lake County. The Utility anticipated beginning service in the first quarter of 2025. However, North Lake now states that it has determined that the future residents of the development would be better served by interconnecting with an existing utility.

In its request, the Utility confirmed that no utility plant or facilities were constructed and there are no customers. Additionally, North Lake stated that the developer of the certificated area is a related party to the Utility, and it has been notified of the request to cancel these certificates. The Utility is current with respect to both its annual reports and regulatory assessment fees.

Staff has reviewed North Lake's request and believes it is appropriate. Therefore, staff recommends North Lake's request to cancel Certificate Nos. 683-W and 583-S be approved. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed.

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: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Mallow)^{CH}
Office of the General Counsel (Sparks)^{SPS}

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 12/2/2025 - Consent Agenda - Proposed Agency Action - Interested 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.

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
20250129-TX	TALKIE COMMUNICATIONS, INC.	9010

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

FILED 11/21/2025
DOCUMENT NO. 15131-2025
FPSC - COMMISSION CLERK

REVISED 11/21/2025

State of Florida



Public Service Commission

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

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

DATE: ~~October 23~~ November 21, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Brownless) *JSC*
Division of Economics (Barrett, Pope, Prewett) *EPD*

RE: Docket No. 20250039-EU – Petition to resolve territorial dispute in Gadsden County with the City of Quincy, by Talquin Electric Cooperative, Inc.

AGENDA: ~~11/04/25~~ 12/02/25 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On March 10, 2025, Talquin Electric Cooperative, Inc. (Talquin) filed a petition to resolve a territorial dispute with the City of Quincy (Quincy). The territory in dispute is a proposed development of 65 acres on Bostick Road, with future plans for up to 155 residential lots with a projected load of approximately 930-1,240 kilowatts (kW). A total of 4 phases are planned for the overall development, with Phases 1-3 being located in the disputed area within the 65 acres (a/k/a “the Bostick Road Property”). Phase 4, consisting of 75 residential lots, is planned to be constructed on an adjacent property.

The parties executed a territorial agreement in 1995 (1995 Territorial Agreement) which expired in 2010.¹ Since that time the parties have continued to abide by the boundaries of the 1995

¹ Order No. PSC-95-1522-FOF-EU, issued December 11, 1995, in Docket No. 950532-EU, *In re: Joint petition for approval of territorial agreement between Talquin Electric Cooperative, Inc. and City of Quincy*.

Territorial Agreement. The dispute between Talquin and Quincy is to which utility would provide electric service to the new development located on the Bostick Road Property. Both parties agreed that Phase 4 lies wholly within Quincy's territorial area as defined by the 1995 Territorial Agreement.^{2,3} Both Quincy and Talquin requested to provide service to the entire Bostick Road Property as portions of Phases 1-3 are located within each party's respective service territory according to the 1995 Territorial Agreement.^{4,5}

This docket was originally set for an evidentiary hearing on October 28-29, 2025, by Order No. PSC-2025-0262-PCO-EU, issued July 8, 2025.⁶ On July 22, 2025, Quincy and Talquin filed a joint motion to extend the time until August 29, 2025, to file their direct testimony which was granted by Order No. PSC-2025-0286-PCO-EU, issued July 23, 2025.⁷

On August 27, 2025, Quincy and Talquin filed a joint motion to suspend the procedural schedule, so that the parties could focus on formalizing the new territorial agreement. This joint motion was granted by Order No. PSC-2025-0326-PCO-EU, issued August 29, 2025.⁸

On September 5, 2025, Quincy and Talquin filed a petition to approve a new territorial agreement (2025 Territorial Agreement) dated August 26, 2025, which resolved all outstanding issues between the parties. ~~This recommendation addresses the~~ The 2025 Territorial Agreement ~~which was~~ intended to replace the 1995 Territorial Agreement and also reconcile the dispute over the Bostick Road Property by setting Quincy's boundary line to include Phase 4 and Talquin's boundary line to include Phases 1-3.

At the November 4, 2025 Agenda Conference, after hearing from staff, both parties, and Wesley Cox, currently a Talquin customer, this matter was deferred. On November 14, 2025, the parties filed a Joint Motion for Approval of an Amended Territorial Agreement (Amended 2025 Territorial Agreement). Aside from revising the territorial boundary to avoid the transfer of the Cox accounts from Talquin to Quincy, the terms of the Amended 2025 Territorial Agreement are substantially identical to the terms of the original 2025 Territorial Agreement.

During the review process of both petitions, Quincy and Talquin responded to four Staff Data Requests. The proposed Amended 2025 Territorial Agreement, if approved as filed, would establish new territorial boundaries, effect the transfer of extra-territorial customers being served by Talquin to Quincy, and assist the joint petitioners in identifying necessary and appropriate facility transfers. The Amended 2025 Territorial Agreement is the subject of this staff

² Document No. 01430-2025, Petition of Talquin Electric Cooperative, Inc. to Resolve Territorial Dispute.

³ Document No. 02321-2025, City of Quincy's Opposition to the Petition of Talquin Electric Cooperative, Inc. to Resolve Territorial Dispute.

⁴ Document No. 03660-2025, Talquin Electric Cooperative's Response to Staff's Third Data Request, No. 5.

⁵ Document No. 03668-2025, City of Quincy's Responses to Staff's Third Data Request, No. 5.

⁶ Order No. PSC-2025-0262-PCO-EU, issued July 8, 2025, in Docket No. 20250039-EU, *In re: Petition to resolve territorial dispute in Gadsden County with the City of Quincy, by Talquin Electric Cooperative, Inc.*

⁷ Order No. PSC-2025-0286-PCO-EU, issued July 23, 2025, in Docket No. 20250039-EU, *In re: Petition to resolve territorial dispute in Gadsden County with the City of Quincy, by Talquin Electric Cooperative, Inc.*

⁸ Order No. PSC-2025-0326-PCO-EU, issued August 29, 2025, in Docket No. 20250039-EU, *In re: Petition to resolve territorial dispute in Gadsden County with the City of Quincy, by Talquin Electric Cooperative, Inc.*

Docket No. 20250039-EU

Date: ~~October 23~~ November 21, 2025

recommendation. This Commission has jurisdiction over this matter pursuant to Secion 366.04, Florida Statutes (F.S.)

Discussion of Issues

Issue 1: Should the Commission approve the proposed Amended 2025 Territorial Agreement between Talquin and Quincy, dated ~~September 5~~ November 14, 2025?

Recommendation: Yes, the Commission should approve the proposed Amended 2025 Territorial Agreement between Talquin and Quincy in Gadsden County, as consistent with the standards for approval set forth in Rule 25-6.0440(2), Florida Administrative Code (F.A.C.). The proposed Amended 2025 Territorial Agreement, if approved, adjusts the territorial boundary line set forth in the utilities' 1995 Territorial Agreement, allowing the joint petitioners to accommodate future loads in a more efficient and cost-effective manner. Also, the terms of the proposed Amended 2025 Territorial Agreement would permit the joint petitioners to avoid unnecessary duplication of transmission and distribution facilities as well as better serve the future needs of their respective customers. (Clark)

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 2025 Territorial Agreement will cause a detriment to the public interest, the 2025 Territorial Agreement should be approved.⁹

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 Amended 2025 Territorial Agreement

Talquin and Quincy executed the proposed Amended 2025 Territorial Agreement addressing common boundaries surrounding the City of Quincy on ~~September 5~~, November 14, 2025, to replace and supersede all prior expired agreements. Through the proposed Amended 2025 Territorial Agreement, the joint petitioners seek to:

⁹ *Utilities Commission of the City of New Smyrna Beach v. Florida Public Service Commission*, 469 So. 2d 731(Fla. 1985).

- (1) Reallocate service areas to better service accommodations for future loads in a more efficient and cost-effective manner;
- (2) Clarify utility services for future developments in the City of Quincy; and
- (3) Transfer facilities and all extra-territorial customers of Talquin to Quincy within six months of the Commission's approval of the proposed 2025 Territorial Agreement.
- (4) Revise the 2025 Territorial Agreement previously filed with the Commission so that the Cox properties are located within Talquin's service territory.

Included in the Amended 2025 Territorial Agreement are maps displaying the territorial boundary lines separating Talquin and Quincy's service areas along with an exhibit depicting the changes in the territorial boundary lines from the 1995 Territorial Agreement to the Amended 2025 Territorial Agreement. Also included are written descriptions of the territorial areas, terms for temporary service, correction of inadvertent service errors, procedures for the transfer of customers and facilities, the method of compensation for transferred facilities, lists of extra-territorial customers' addresses being transferred, and a sample copy of the letter provided to customers subject to transfer. With the items previously described, Quincy and Talquin's Amended 2025 Territorial Agreement completes the items required per Rule 25-6.0440(1), F.A.C.

The proposed Amended 2025 Territorial Agreement, if approved, would remain in effect for 30 years from date upon which the Commission's order approving the Agreement is no longer subject to judicial review.¹⁰ Upon the expiration of the initial 30-year term, the Agreement automatically renews for successive one-year renewal terms. Either party may terminate this Agreement provided that such termination becomes effective after the initial 30-year term by providing notice of termination to the other party no fewer than 12 months prior to the effective date of the termination in accordance with Section 8.3.

Proposed Boundary Changes

The joint petitioners assert that the proposed boundary line changes would avoid and eliminate the circumstances giving rise to duplication of service facilities and possible hazards.¹¹ The proposed boundary line changes address the previous 1995 Territorial Agreement's boundary line going through customers' properties and splitting land parcels as seen on Exhibit A-3.¹² These changes extend and/or compress the utilities' service areas by shifting the boundary line to coincide with the boundaries of the land parcels.

The boundary line changes found on Exhibit A-3 Map Page 10 of the proposed Amended 2025 Territorial Agreement delineate the utilities' service territories and reconciles the main issue concerning the proposed Bostic Road Property housing development found in Talquin's petition filed on March 10, 2025.¹² Exhibit D of Talquin's petition provides the Master Plan for the development site. Pursuant to the 2025 Territorial Agreement, Quincy's service area would consist of Phase 4 while Talquin's service area would consist of Phases 1 – 3.¹³

¹⁰ Document No.15084-2025, Section 6.1 of Amended 2025 Territorial Agreement.

¹¹ Document No.15084-2025, Background 9 of 2025 Amended 2025 Territorial Agreement.

¹² Document No. 15084,-2025, Exhibit A-3 of Amended 2025 Territorial Agreement.

¹³ Document No. 01430-2025, Petition of Talquin Electric Cooperative, Inc. to Resolve Territorial Dispute.

Date: ~~October 23~~ November 21, 2025

The Amended 2025 Territorial Agreement is identical to the original 2025 Territorial Agreement with one exception: moving the boundaries to include the Cox properties within the Talquin service area. This adjustment is consistent with the terms of the 1995 Territorial Agreement. The Cox properties have been receiving service from Talquin for decades and wish to remain Talquin customers. Since the Cox properties are already receiving service from Talquin, there are no adjustments to distribution or transmission lines or other facilities that need to be built to continue providing them service. In sum, revising the boundaries to place the Cox properties into Talquin's service territory has no financial or systemic effect at all on either Quincy or Talquin. The adjustment simply aligns Talquin's territory boundary lines to accurately reflect service being currently provided to the Cox properties.

Proposed Customer Transfers, Notifications, and Bills

The Commission has limited jurisdiction over rural electric cooperatives and municipal electric utilities, i.e., Talquin and Quincy. The jurisdiction over these electric utilities is limited to: imposition of uniform systems and classifications of accounts; rate structure; conservation and reliability within a coordinated grid; approval of territorial agreements; and resolution of territorial disputes with other electric utilities. Section 366.04(2), F.S. The issues raised above are of the type that are appropriately raised with the City of Quincy Utility Department.

While staff recognizes that these could be areas of legitimate concern, 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 587.¹⁴

The joint petitioners assert that, upon the effective date, there would be no active temporary service customers as they will have either been converted to permanent customers or will be treated as extra-territorial customers pursuant to Article III.¹⁵ The joint petitioners have identified ~~41~~ 35 extra-territorial accounts (8 commercial and ~~33~~ 27 residential) that have a point of use located within Quincy's territorial area but are receiving electric service from Talquin on the effective date of the proposed Amended 2025 Territorial Agreement and are subject to transfer to Quincy. Per the Amended 2025 Territorial Agreement, such accounts would be transferred to Quincy within 6 months, and the parties will notify the Commission if circumstances require additional time.¹⁶

As required by Rule 25-6.0440(1)(d), F.A.C., the joint petitioners provided notification to the affected customers by letters dated September 2, 2025. Of the 35 extra-territorial accounts, Talquin states the United States Postal Services' records reflect 32 letters have been delivered, 2 letters were in transit to Washington state, and 7 were attempted deliveries and were returned as

¹⁴ 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*.

¹⁵ Document No. 15084-2025, Section 2.4 of Amended 2025 Territorial Agreement.

¹⁶ Document No. 15084-2025, Section 3.2 of 2025 Amended Territorial Agreement.

Date: ~~October 23~~ November 21, 2025

undelivered.¹⁷ In its letter to the extra-territorial customers, Talquin asserts that Quincy and Talquin will handle all of the transfer arrangements, and if these customers have a deposit with Talquin, the deposit will be applied to their last bill and any surplus will be refunded directly to the customer.¹⁸ Rule 25-6.0440(1)(d), F.A.C., also requires that affected customers experiencing differences in rates have such rate changes explained. In regards to the customer transfers from Talquin to Quincy noted above, Quincy and Talquin provided a July 2025 sample bill for a residential and commercial class customer using 1,000 kilowatt-hours (kWh) per month. The residential July 2025 sample bill at 1,000 kWh was \$159.26 for Talquin and \$133.41 for Quincy.¹⁹ Similarly, the sample commercial bill calculations provided show lower July 2025 bills for Quincy compared to Talquin.²⁰

Pursuant to Rule 25-6.0440(1)(e), F.A.C., Talquin received communications from three customers by telephone. Of these three, one customer did not appear concerned about the transfer after receiving an explanation. The other two customers expressed discontent over their accounts being transferred over to Quincy, and of these two, one has also submitted written correspondence to the Commission.²¹ There are several concerns raised in the written correspondence regarding Quincy's service. First, that the public was only given notice of the 2025 Territorial Agreement after the agreement was finalized, and not given a chance to give input during the negotiation process. Second, that billing was often not sent out on time resulting in very little time to pay before a late fee was imposed. Third, that restoration of power outages was slow. Fourth, that the Quincy electric utility's financial stability is questionable since the City owed Duke Energy Florida, LLC for wholesale electric and natural gas purchases a combined total of \$2.2 million as of July of 2025.²² The Amended 2025 Territorial Agreement modifies the previously filed 2025 Territorial Agreement by placing the Cox properties in Talquin's service territory.

~~The Commission has limited jurisdiction over rural electric cooperatives and municipal electric utilities, i.e., Talquin and Quincy. The jurisdiction over these electric utilities is limited to: imposition of uniform systems and classifications of accounts; rate structure; conservation and reliability within a coordinated grid; approval of territorial agreements; and resolution of territorial disputes with other electric utilities. Section 366.04(2), F.S. The issues raised above are of the type that are appropriately raised with the City of Quincy Utility Department.~~

~~While staff recognizes that these could be areas of legitimate concern, 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~~

¹⁷ Document No. 14046-2025, Joint petitioners' response to Staff's Fourth Data Request, No. 3.a.

¹⁸ Document No. 15084-2025, Exhibit C of Amended 2025 Territorial Agreement.

¹⁹ Document No. 14046-2025, Joint petitioners' response to Staff's Fourth Data Request, No. 1.F

²⁰ Document No. 14046-2025, Joint petitioners' response to Staff's Fourth Data Request, No. 2.

²¹ Document No. 14046-2025, Joint petitioners' response to Staff's Fourth Data Request, No. 3.b.

²² Document No. 13794-2025.

~~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.~~²³

Staff Review

In its review, staff analyzed the proposed Amended 2025 Territorial Agreement for compliance with each component of Rule 25-6.0440(2), F.A.C. Regarding paragraph (2)(a), staff notes that while no dollar amounts are given, the joint petitioners have outlined a compensation formula for the transfer of electric distribution facilities used exclusively for providing electric service to transferred customers. The amount of compensation would be based upon the replacement cost (new) at the time of the proposed transfer, less depreciation calculated on a 30-year straight-line basis over the life of the asset (facility) as determined from the transferring party's books and records and any costs incurred by the transferring party for the reintegration of its remaining system to the extent such reintegration costs are reasonably required by sound utility practices.²⁴ This compensation would consist of a cash payment made within 60 days of the presentation of an invoice from the transferring party.²⁵

Consistent with Rule 25-6.0440(2)(b), F.A.C., the Amended 2025 Territorial Agreement is not expected to result in a decrease in the reliability of electrical service for existing or future customers of either Talquin or Quincy. The joint petitioners state the Amended 2025 Territorial Agreement largely maintains the status quo. Talquin and Quincy argue that they have the capacity for future growth as Talquin has three substations (Gretna, Point Milligan, and Wetumpka) in the surrounding area, which has a combined capacity to serve 112 megavolt-amperes (MVA). Quincy maintains two substations (North and South) that have a combined capacity to serve 81 MVA.²⁶ Staff believes Quincy and Talquin have more than adequate capacity to meet the needs of current load and future growth.

The joint petitioners state that the proposed Amended 2025 Territorial Agreement will eliminate existing and potential uneconomic duplication of facilities as referenced in Rule 25-6.0440(2)(c), F.A.C. In order to eliminate potentially uneconomic duplications of facilities, Talquin will transfer certain facilities related to the extra-territorial customers to Quincy necessary to serve customers within Quincy's service area. Currently, the parties are only aware of one Talquin Express Distribution Line running north and west along Moore Road within Quincy's service territory.²⁷ Talquin suspects that when it was built in 1989, it was to minimize vegetation removal costs, but the parties do not believe it will result in uneconomic duplication of facilities.²⁸ Staff agrees that both parties have adequately addressed this issue as no Quincy facilities currently exist along Moore Road.

The Commission has broad discretion under Rule 25-6.0440(2)(d), F.A.C, to consider any other factors that it may believe are relevant to it in reaching a public interest determination. Staff's

²³ 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*.

²⁴ Document No. 15084-2025, Section 4.3 of Amended 2025 Territorial Agreement.

²⁵ Document No. 15084-2025, Section 4.4 of Amended 2025 Territorial Agreement.

²⁶ Document No. 14046-2025, joint petitioners' response to Staff's Fourth Data Request, No. 4.

²⁷ Document No. 14046-2025, joint petitioners' response to Staff's Fourth Data Request, No. 5.a.

²⁸ Document No. 14046-2025, joint petitioners' response to Staff's Fourth Data Request, No. 5.c.

Date: ~~October 23~~ November 21, 2025

review did not identify any other relevant factors. As it relates to the transfer of extra-territorial customers from Talquin to Quincy noted above, staff notes that the provided July 2025 sample bills were lower for Quincy when compared to Talquin.

Conclusion

Staff has thoroughly reviewed the Amended 2025 Territorial Agreement. Based on the above analysis, staff believes the Commission should approve the proposed Amended 2025 Territorial Agreement between Talquin and Quincy, as consistent with the Standards for Approval set forth in Rule 25-6.0440(2), F.A.C. Staff believes the proposed Amended Territorial Agreement, if approved, amends the respective boundary lines between these utilities allowing the joint petitioners to further accommodate their service to future loads in a more efficient and cost-effective manner in their respective retail service areas. Also, the terms of the proposed Amended 2025 Territorial Agreement, if approved, would allow the joint petitioners to avoid unnecessary duplication of transmission and distribution facilities and better serve the future needs of their respective customers.

Date: ~~October 23~~ November 21, 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. (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.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition to resolve territorial dispute in
Gadsden County with the City of Quincy, by
Talquin Electric Cooperative, Inc.

DOCKET NO. 20250039-EU

FILED: November 14, 2025

**JOINT MOTION OF TALQUIN ELECTRIC
COOPERATIVE, INC. AND THE CITY OF QUINCY FOR
APPROVAL OF AMENDED TERRITORIAL AGREEMENT**

Talquin Electric Cooperative, Inc. (“Talquin”) and the City of Quincy (“Quincy”) (collectively, the “Parties”), have reached an agreement to resolve the objections raised by Talquin Member Wesley Cox to the Parties’ Joint Petition to Approve Territorial Agreement (*See* DN 09161-2025) and request that the Florida Public Service Commission (“Commission”) consider and approve the Parties’ Amended Territorial Agreement as described below, and state:

I. Background

1. On March 10, 2025, Talquin filed a Petition to Resolve Territorial Dispute with Quincy¹ (“Petition”) to seek reaffirmation of the territorial boundaries described in the Parties’ now expired 1995 Territorial Agreement² and to resolve an immediate dispute that existed between Talquin and Quincy as to which utility would provide electric service to a new development to be located on a 65-acre vacant parcel of property on Ben Bostick Road in Gadsden County (Parcel No. 3-10-2N-4W-0000-00441-0100) together with the surrounding parcels.

2. On March 31, 2025, Quincy filed a petition in opposition to the Petition.³

¹ *See* DN 01430-2025.

² Order No. PSC-1995-1522-FOF-EU, issued December 11, 1995 in Docket No. 950532-EU.

³ *See* DN 02321-2025.

3. After lengthy negotiations between the Parties in an effort to resolve the Territorial Dispute, on September 5, 2025 the Parties filed a Joint Petition to Approve Territorial Agreement (“Joint Petition”).⁴ The Parties’ proposed Territorial Agreement (“Original 2025 Agreement”)⁵ resolved all outstanding issues between the Parties and established new territorial boundaries which largely aligned with the boundaries of the Parties’ 1995 Territorial Agreement, with changes to extend and/or compress the utilities’ service areas by shifting the boundary lines to coincide with the boundaries of the land parcels. In addition, the Original 2025 Agreement contemplated the transfer of 41 extra-territorial accounts that have points of use located within Quincy’s territorial area but are currently receiving electric service from Talquin on the effective date of the proposed Original 2025 Agreement.

4. Talquin Member Wesley Cox, together with his brother, David Cox, maintain 6 of the 41 extra-territorial accounts to be transferred (collectively “the Cox Accounts”).

5. Wesley Cox (on behalf of himself and his brother) contacted Talquin’s General Counsel, General Manager, and a Talquin Trustee to express his discontent over the proposed transfer of his accounts to Quincy. He subsequently submitted a written correspondence to the Commission dated September 17, 2025⁶ and attended the Commission meeting on November 4, 2025 to express his objection to the transfer of his utility service from Talquin to Quincy.

6. Following the November 4, 2025 hearing and the Commission’s decision to defer consideration of the Joint Petition to a later hearing date, the Parties (in consultation with Mr. Cox)

⁴ See DN 09161-2025.

⁵ See DN 09161-2025, Exhibit 1.

⁶ See DN 13794-2025.

reached an agreement to modify the territorial boundaries presented in the Original 2025 Agreement and avoid the transfer of the Cox Accounts from Talquin to Quincy.

7. Attached hereto as Exhibit “1” is an Amended Territorial Agreement dated November 14, 2025 (the “Amended 2025 Agreement”), which was approved by Talquin’s Board of Trustees on November 14, 2025, and approved by Quincy’s City Commission on November 13, 2025. The effectiveness of the Amended 2025 Agreement is subject to the approval of the Commission.

8. Aside from the revision to the territorial boundary relating to the Cox Accounts, the terms of the Amended 2025 Agreement are substantively identical to the terms of the Original 2025 Agreement.⁷

9. A detailed map identifying the Parties’ agreed upon changes to the proposed territorial boundaries in the Original 2025 Agreement compared to the Amended 2025 Agreement is attached hereto as Exhibit “3.”⁸ The Parties assert that these changes will not result in the uneconomic duplication of facilities.

⁷ A redlined comparison of the terms of the Original 2025 Agreement vs. the Amended 2025 Agreement is attached hereto as Exhibit “2”. The revisions appear on Pages 1 and 16 of the Agreements, and to the Extra-Territorial Customer List on Exhibit “B” to the Agreements.

⁸ The revisions to the territorial map boundaries from the Original 2025 Agreement to the Amended 2025 Agreement appear on the following Pages of the Amended 2025 Agreement:

Exhibit A-1	Overview Map
	Map Page 14 of 33
	Map Page 18 of 33
Exhibit A-2	Description for Map 14
	Description for Map 18
Exhibit A-3	Overview Map
	Map Page 14
	Map Page 18

10. The Amended 2025 Agreement is substantively identical to the Original 2025 Agreement other than the changes to the boundary applicable to the Cox Accounts. The Amended 2025 Agreement accordingly satisfies all elements required by Rule 25-6.0440(1) and each of the factors listed in Rule 25-6.0440(2) weighs in favor of approval of the Amended 2025 Agreement for the reasons stated in the Parties' Joint Petition.

11. The Parties therefore request that the Commission enter an order approving the Amended 2025 Agreement.

12. The undersigned counsel for Talquin has consulted with Talquin Member Wesley Cox regarding the proposed changes to the territorial boundaries and confirmed that the revised boundaries proposed in the Amended 2025 Agreement avoid the transfer of the Cox Accounts from Talquin to Quincy.

WHEREFORE, for the reasons stated above, Cooperative and Quincy respectfully request the Commission to consider and approve the Amended 2025 Agreement attached hereto as Exhibit "1".

Respectfully submitted this 14th day of November, 2025.

/s/ Malcolm N. Means
Malcolm N. Means
Fla. Bar No. 127586
mmeans@ausley.com
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ATTORNEYS FOR TALQUIN
ELECTRIC COOPERATIVE, INC.

/s/ Gary A. Roberts
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130 Salem Court.
Tallahassee, Florida 32301
(850) 513-0505
(850) 513-0318-Facsimil
garyr@garyrobertslaw.com
ATTORNEY FOR CITY OF QUINCY

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that electronic copies of the foregoing Joint Motion has been furnished by electronic mail on November 14, 2025 to the following:

Ms. Suzanne Brownless
Office of General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850
sbrownle@psc.state.fl.us

Mr. Gary A. Roberts
City Attorney, Quincy, Florida
130 Salem Court
Tallahassee, FL 32301
garyr@garyrobertslaw.com

Wesley Cox
peppystune@att.net

/s/ Malcolm N. Means
ATTORNEY

EXHIBIT 1

Amended Territorial Agreement dated November 14, 2025

AMENDED TERRITORIAL AGREEMENT

Section 0.1 THIS TERRITORIAL AGREEMENT (“AGREEMENT”), is made and entered into this 14th day of November, 2025, by and between TALQUIN ELECTRIC COOPERATIVE, INC., an electric cooperative corporation organized and existing under the laws of the State of Florida (herein called the “COOPERATIVE”), and CITY OF QUINCY, a municipal corporation organized and existing under the laws of the State of Florida (herein called the “CITY”).

WITNESSETH:

Section 0.2 WHEREAS, the COOPERATIVE, by virtue of Florida Statutes, Chapter 425, and the Charter issued to it thereunder, is authorized and empowered to furnish electricity and power to its Members, governmental agencies, political subdivisions, private individuals, corporations and others, as defined by the laws of Florida, and pursuant to such authority, presently furnishes electricity and power to Members in areas of Leon, Liberty, Wakulla, and Gadsden County, Florida; and

Section 0.3 WHEREAS, the CITY, by virtue of its Charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations, both within and without its corporate limits, and presently furnishes electricity and power to customers in areas of Gadsden County, Florida; and

Section 0.4 WHEREAS, the COOPERATIVE and the CITY were parties to a territorial agreement delineating their respective service territories in Gadsden County, Florida dated March 22, 1995, which was subsequently approved by the Commission in an Order Approving Territorial Agreement Between Talquin Electric Cooperative, Inc., and the City of Quincy (Order No. PSC-95-1522-FOF-EU issued on December 11, 1995 in Docket No. 950532-EU (the “1995

Agreement”). The 1995 Agreement expired as of December 11, 2010; however, from December 2010 to the present, the parties have continued to honor the territorial area prescribed in the Territorial Agreement and the parties are unaware of any unapproved infringements upon either party’s territorial area.; and

Section 0.5 WHEREAS, the respective areas of retail service of the parties hereto are contiguous in many places with the result that in the future substantial duplication of service facilities will occur unless such duplication is precluded; and

Section 0.6 WHEREAS, the Florida Public Service Commission (the “Commission”) has previously recognized that any such duplication of said service facilities by the parties results in needless and wasteful expenditures and creates hazardous situations; both being detrimental to the public interest; and

Section 0.7 WHEREAS, the parties desire to continue to avoid and eliminate the circumstances giving rise to the aforesaid duplications and possible hazards and to that end desire to operate within delineated retail service areas for the period hereinafter fixed and set forth; and

Section 0.8 WHEREAS, the parties desire to enter into a new Agreement better to service their interests and the interests of their respective customers and Members in realizing the planning, operational and customer service benefits provided by their respective electric systems by the properly constructed, approved, and supervised territorial agreement; and

Section 0.9 WHEREAS, in order to accomplish these goals, the parties have delineated boundary lines in portions of Gadsden County, Florida, hereinafter referred to as “Territorial Boundary Lines”, and said meandrous boundary lines define and delineate the retail service areas of the parties in portions of Gadsden County, Florida; and

Section 0.10 WHEREAS, subject to the provisions hereof, the herein defined

“Cooperative Territorial Area” will be allocated to the COOPERATIVE as its service area and the herein defined “City Territorial Area” will be allocated to the CITY as its service area; and

Section 0.11 WHEREAS, the Florida Public Service Commission has recognized on several occasions the wisdom of retail territorial agreements between competing utilities and has adhered to the general opinion that retail territorial agreements, when properly presented to the Commission, in the proper circumstances, are advisable and in the public interest; and

Section 0.12 WHEREAS, the Florida Public Service Commission is empowered by the Florida legislature 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 safe and efficient operations by utilities in rendering electric service provided to their customers, and therefore serve the public interest;

Section 0.13 NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the parties hereto, subject to and upon the terms and conditions herein set forth, do hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Territorial Boundary Lines - As used herein, the term “Territorial Boundary Lines” shall mean the boundary line(s) as depicted on the maps attached hereto as Exhibit A-1 which delineate and differentiate the parties’ respective Territorial Areas in Gadsden County. A written description of the territorial boundaries is included in Exhibit A-2 as required by Rule 25-6.0440(1)(a), F.A.C. Maps depicting the changes in the territorial boundaries from the 1995

Agreement to this Agreement are attached hereto as Exhibit A-3.

Section 1.2 Cooperative Territorial Area - As used herein the term “Cooperative Territorial Area” shall mean all of the territory and lands in Gadsden County, Florida, lying within Territorial Boundary Lines and labeled in “Cooperative Territorial Area” and more particularly described in Composite Exhibit A.

Section 1.3 City Territorial Area - As used herein the term “City Territorial Area” shall mean all of the territory and lands in Gadsden County, Florida, lying within Territorial Boundary Lines and labeled “City Territorial Area” and more particularly described in Composite Exhibit A.

Section 1.4 New Customers - As used herein, the term “New Customer” shall mean all retail electric consumers applying for service to either CITY or COOPERATIVE after the date of entry of the order from the Florida Public Service Commission contemplated in Section 5.1 of this Agreement.

Section 1.5 Existing Customers – As used herein, the term “Existing Customer” shall mean any person receiving retail electric service from either COOPERATIVE or CITY at the location for which the service is existent on the effective date of this Agreement. The term Existing Customer shall include the widow, widower, or divorced spouse of an Existing Customer who received retail electric service at the same location as of the effective date of this Agreement.

Section 1.6 Person – As used herein, the term “Person” shall have the same inclusive meaning given to it in Section 1.01(3), Florida Statutes (2025).

Section 1.7 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 the customer’s point of delivery where metering is located. The point of use – not

the point of connect or metering – shall be determinative as to who shall be the provider of the electric service under this Agreement.

Section 1.8 Express Distribution Lines – As used herein, the term “Express Distribution Lines” shall mean a line and related facilities, at distribution voltage, that transports power through the other party’s Territorial Area but serves no load within such territory.

Section 1.9 Temporary Service Customers. As used herein, “Temporary Service Customers” shall mean those customers who are being temporarily served under the temporary service provisions of this Agreement.

Section 1.10 Extra Territorial Customers. As used herein, the term “Extra-Territorial Customers” shall mean those customers whose point of use is located within the Territorial Area of one Party, but which are receiving electrical service from the other Party on the Effective Date of this Agreement.

ARTICLE II AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations – The Cooperative Territorial Area, as herein defined, will be exclusively allocated to the COOPERATIVE as its service area for the period of time hereinafter specified; and the City Territorial Area, as herein defined, will be exclusively allocated to the CITY as its service area for the same period; and, except as otherwise specifically provided herein, neither party shall deliver any electric energy across any Territorial Boundary for use at retail in any of the service areas, as herein defined, of the other.

Section 2.2 New Customers - Neither party shall hereafter knowingly serve or offer to serve a New Customer whose Point of Use is located in the Territorial Area of the other party, except as provided in Section 2.3 below.

The parties acknowledge that there are instances where the Territorial Boundary Line will

traverse the property of a New Customer and, in some instances, the information needed to locate the New Customer's various points of use in relation to the Territorial Boundary Line with reasonable certainty may be unavailable or difficult to determine. Therefore, the parties agree that in such event, the Party with the greater portion of the New Customer's property in its Territorial Area, including where the preponderance of the Customer's electric energy usage is expected to occur, shall be entitled to serve all of the New Customer's usage.

Notwithstanding the foregoing, the parties agree that if a distinct phase of a construction development is being constructed at a single period in time and falls on both sides of the Territorial Boundary Line, then the Territorial Boundary Line shall be altered by amendment to this Agreement so that the utility serving the predominant number of customers of that current phase of the construction development would be entitled to serve the entirety of that current phase of the construction development. Any amendment under this Section shall be submitted to the Commission for approval.

Section 2.3 Temporary Service – It shall be the responsibility of each party to furnish electric service to all customers located within its Territorial Area; however, 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 the New Customer's Point of Use is located (the "Requesting Party"). In such instances, upon written approval by Requesting Party, the other party (the "Temporary Serving Party") may, in its sole discretion, agree in writing to provide temporary service to such New Customer (the "Temporary Service Customer"), subject to the following terms:

- a) Prior to the commencement of the temporary service, the Requesting Party shall

reimburse the Temporary Serving Party the cost required (including both labor and materials) for the Temporary Serving Party to provide service to the Temporary Service Customer (the “Temporary Service Cost in Aid of Construction”).

- b) Prior to the commencement of the temporary service, the Temporary Serving Party shall inform the Temporary Service Customer of the temporary nature of its service and that the Requesting Party may ultimately serve the New Customer if service can be provided by the Requesting Party within 12-months from the date of commencement of service (the “12-month Temporary Service Period”).
- c) Within the 12-month Temporary Service Period, the Requesting Party may provide written notice of its intent and ability to permanently serve the Temporary Service Customer so long as the effective date of the commencement of service falls within the initial 12-month period. The parties shall coordinate the transfer of the service to minimize the inconvenience to the Temporary Service Customer. Within sixty (60) days of the commencement of permanent service by the Requesting Party to the former Temporary Service Customer, the Temporary Serving Party shall reimburse the Requesting Party for the salvage costs of any materials retained following removal of the facilities less the labor costs incurred to remove the facilities.
- d) The Parties agree that after the 12-month Temporary Service Period, the service is no longer considered “temporary” and the Temporary Serving Party shall be entitled to permanently serve the Temporary Service Customer.
- e) Following the 12-month Temporary Service Period, the Parties agree to jointly petition the Commission to seek approval of an amendment to this Agreement to

amend the Territorial Boundary Lines to reflect the transfer of the parcel being served to the Territorial Area of the Temporary Serving Party that provided 12-months of continuous service to the Temporary Service Customer. Upon approval of the amendment to the Territorial Boundary Lines by the Commission, the former Temporary Serving Party shall notify the former Temporary Service Customer of the permanent status of the service.

- f) Within sixty (60) days after Commission approval of the amended Territorial Boundary Lines, and the Requesting Party shall be entitled to reimbursement of the full amount paid for the Temporary Service Cost in Aid of Construction.

Under no circumstances shall the Requesting Party be entitled to compensation for any loss of revenues for the period during which such temporary service was provided by the Temporary Serving Party.

Notwithstanding the foregoing, it is understood that the COOPERATIVE must furnish its service mainly to its Members in order to preserve its tax-exempt status; therefore, if the proposed recipient of temporary service will not join the COOPERATIVE as a Member, then the COOPERATIVE may decline such request by the CITY when the COOPERATIVE determines that providing such service may jeopardize its tax-exempt status under applicable federal law. Nothing herein shall be construed as requiring either party to provide temporary service within the other parties' Territorial Area in any instance where, in its sole discretion, a party determines that providing such temporary service would be unduly burdensome or inconsistent with the utility's governing law, policies, or financial structure.

Section 2.4 Present Temporary Service Customers – This Agreement is intended to apply to New Customers, as herein defined. It is the parties' intention that, upon the Effective Date, there

will be no active Temporary Service Customers as they will have either been converted to permanent customers based on adjustments made to the parties' respective Territorial Area pursuant to this Agreement or they will be treated as Extra-Territorial Customers pursuant to Article III.

Section 2.5 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 2.6 Non-Solicitation – The parties shall not solicit potential or existing electric utility customers within the other party's Territorial Area.

Section 2.7 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 proper party will be established at the earliest practicable time, but in any event within twelve (12) months of the date the inadvertent service error was discovered. Until service by the proper party can be reasonably established, the inadvertent service will be deemed to be a temporary service provided and governed in accordance with Section 2.3, above, with the date the inadvertent service error was discovered serving as the commencement date of the 12-month Temporary Service Period.

Section 2.8 Annexation or De-Annexation – The Territorial Boundary Line shall not be affected by any change that may occur in the corporate limits of CITY lying within the Cooperative Territorial Area or the City Territorial Area; provided, however, that those customers with a Point

of Use annexed into the municipal boundaries of the CITY shall be subject to a franchise fee pursuant to any duly adopted franchise ordinance and agreement between the parties.

Section 2.9 Franchise – COOPERATIVE acknowledges CITY's right to require utility providers to enter into an agreement for the payment of a franchise fee to the CITY in exchange for the right of the utility to use the municipal right-of-way to provide utility services. COOPERATIVE agrees to negotiate with the CITY in good faith to enter into a franchise agreement outlining, among other things, the payment of a reasonable fee equal to a percentage of all of the COOPERATIVE's retail sales within the city's corporate limits in exchange for the right to locate the COOPERATIVE's facilities within the municipal right-of-way.

ARTICLE III TRANSFER OF CUSTOMERS AND FACILITIES

Section 3.0 General – The parties agree that all Extra-Territorial Customers shall be transferred to the Party in whose Territorial Area such customers' Point of Use is located under this Agreement at the earliest practical time, consistent with sound utility practices and reasonable customer notices. To that end, the parties agree to complete the transfer of all Extra-Territorial Customers within six (6) months of the Effective Date and will notify the Commission in writing if circumstances require additional time to complete the transfer.

The parties have not identified any Extra-Territorial Customers currently served by the CITY and subject to transfer to COOPERATIVE pursuant to this Agreement.

The Extra-Territorial Customers currently served by COOPERATIVE and subject to transfer to CITY pursuant to this Agreement are listed by the service address and/or other identifying factor in Exhibit B, attached hereto.

In accordance with Rule 25-6.0440(1)(d), Florida Administrative Code, 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 hereto as Exhibit C, attached hereto.

Section 3.1 Transfer of Related Service Facilities. In conjunction with the transfer of Extra-Territorial Customers pursuant to Section 3.0 above, the receiving party may elect to purchase certain electric distribution facilities of the transferring party used exclusively for providing electric service to the transferred customers in exchange for payment of an amount to be determined in accordance with Section 4.3 below. COOPERATIVE affirms that it is willing to sell certain of its electric distribution facilities used exclusively for providing electric service to the transferred customers to the CITY, subject to the COOPERATIVE's right to exclude specific equipment or facilities from the sale for retention by the COOPERATIVE.

Section 3.2 Transfer Closings. For each transfer the parties shall mutually agree on a closing date within six (6) months of the Effective Date, allowing sufficient time for the parties to notify the customers, identify any facilities to be transferred, determine the compensation for transferred facilities, and to prepare the appropriate closing statements, assignments and other instruments to transfer and convey the transferring party's interest in the electric distribution facilities to the receiving party pursuant to Section 3.1 above.

Section 3.3 Transfer Instruments. For each transfer made under this Article III, the transferring party will make, execute, and deliver to the receiving party a conveyance, deed, or other instrument of transfer, as is appropriate, in order to convey all rights, titles, and interests of the transferring party in any facilities, rights-of-way, easements, road permits, or other rights to the receiving party. Notwithstanding anything to the contrary herein, all payments related to the transfer of any electric distribution facilities shall be made at the time of closing under Section 3.2.

ARTICLE IV
OPERATION AND MAINTENANCE

Section 4.1 Facilities to Remain - All Generating Plant, Transmission Lines, Substations, Distribution Lines and related facilities now or hereafter constructed and/or used by either party in conjunction with their respective electric utility systems, and which are directly or indirectly used and useful in serving customers in their respective service area, shall be allowed to remain where situated and shall not be subject to removal hereunder; provided, however, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party.

Section 4.2 Joint Use - The parties hereto realize that it may be necessary, under certain circumstances and in order to carry out this Agreement, to make arrangements for the joint use of their respective service facilities, in which event such arrangements shall be made by separate instruments incorporating prudent engineering practices and providing proper clearances with respect thereto.

Section 4.3 Compensation for Transferred Facilities – This Section shall only apply in the event facilities must be transferred from one party to the other and the compensation amount for those facilities has not already been expressly determined by this Agreement. In those circumstances, 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) at the time of the proposed transfer, less (i) depreciation calculated on a 30-year straight-line basis over the life of the asset (facility) as determined from the transferring party's books and records and (ii) any costs incurred by the transferring party for the reintegration of its remaining system to the extent such reintegration costs are reasonably required by sound utility practices.

Section 4.4 Time of Payment – All payments from the receiving party to the transferring party determined in accordance with this Section shall be made in cash within sixty (60) days of the presentation of an invoice from the transferring party.

Section 4.5 Transfer Instruments – For each transfer made under this Agreement, the transferring party will make, execute, and deliver to the receiving party a conveyance, deed or other instrument of transfer, as is appropriate, in order to convey all rights, titles and interests of the transferring party in any facilities, right-of-way, easements, road permits, or other rights to the receiving party.

Section 4.6 RUS Approval – The parties acknowledge that a property transfer from COOPERATIVE to CITY may be subject to approval and release from security documents by the United States of American Department of Agriculture and Rural Utilities Service (“RUS”) or other lenders. All property transferred from COOPERATIVE to CITY under this Agreement shall be free and clear of all liens and encumbrances. For the avoidance of any doubt, the parties acknowledge and agree that no debts or obligations of the COOPERATIVE shall transfer to the CITY as part of the transfer of any property pursuant to this Agreement.

Section 4.7 Express Distribution Lines – Nothing herein shall be construed to prevent or in any way prohibit the right of each party to maintain any existing Express Distribution Lines within the Territorial Area of the other party. The future construction of any Express Distribution Lines through the other party’s Territorial Area must be pre-approved by the party with the rights to the Territorial Area through which the proposed Express Distribution Line will traverse.

ARTICLE V PREREQUISITE APPROVAL

Section 5.1 Florida Public Service Commission - The provisions of this Agreement are subject to the regulatory authority of the Florida Public Service Commission; and appropriate

approval by that body of the provisions of this Agreement shall be an absolute condition precedent to the validity, enforceability, and applicability hereof. This Agreement shall have no effect whatsoever until that approval has been obtained and the date of the Commission's Order, if any, granting approval of this Agreement shall be deemed the effective date of this Agreement. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, the parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the parties' performance of this Agreement.

Section 5.2 Liability in the Event of Disapproval - In the event approval pursuant to Section 5.1, is not obtained, neither party will have an action against the other arising under this Agreement.

Section 5.3 Supersedes Prior Agreements – Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede all prior agreements between the parties defining the boundaries of their respective Territorial Areas within Gadsden County, Florida.

ARTICLE VI DURATION

Section 6.1 Term – This Agreement shall continue and remain in effect for a period of thirty (30) years from the date of the rendering of the Florida Public Service Commission's Order approving this Agreement pursuant to Section 5.1. Upon the expiration of the initial thirty (30) year Term, this Agreement shall automatically renew for successive one-year renewal terms. Either party may terminate this Agreement, provided that such termination becomes effective after the initial thirty (30) year term by providing notice of termination to the other party no fewer than twelve (12) months prior to the effective date of the termination. The notice shall be provided in accordance with Section 8.3 and shall state the effective date of termination.

ARTICLE VII
CONSTRUCTION OF AGREEMENT

Section 7.1 Intent and Interpretation - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to further this State's policy for 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.

Section 7.2 Other Electric Utilities – Nothing in this Agreement is intended to define, establish, or affect in any manner the rights of either party hereto relative to any other electric utility not a party to this Agreement with respect to furnishing of retail electric service, including, but not limited to, the service territory of either party hereto relative to the service territory of any other electric utility not a party to this Agreement.

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 ones 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 hereto unless the same shall be in writing signed by both parties and attached hereto.

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 hereto any right, remedy, or claim under or by reason of this Agreement or any provisions

or conditions herein contained which shall inure to the sole benefit of and shall be binding only upon the parties hereto and their respective representatives, successors and assigns.

Section 8.3 Notices - Notices given hereunder shall be deemed to have been given to the COOPERATIVE if mailed by certified mail, postage prepaid, to: General Manager, Talquin Electric Cooperative, Inc., P.O. Box 1679, Quincy, Florida 32353; and to the CITY if mailed by certified mail, postage prepaid, to: City Manager, City of Quincy, 404 West Jefferson Street, Quincy, Florida 32351.

Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

Section 8.4 Public Records – COOPERATIVE is not a public agency nor is it acting on behalf of a public agency under this Agreement. COOPERATIVE, however, acknowledges and agrees that CITY is required to comply with Article I, Section 24, Florida Constitution and Chapter 119, Florida Statutes, in the handling of any public records created under this Agreement.

Section 8.5 Counterparts – This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall be deemed to be one and same agreement. Transmission of images of signed signature pages by facsimile, e-mail or other means shall have the same effect as the delivery of manually signed documents in person.

IN WITNESS WHEREOF, as of the day and year first above written, this Agreement has been executed in duplicate by the COOPERATIVE in its name by its President and its corporate seal hereto affixed by the Secretary of the COOPERATIVE with the authorization and approval of the COOPERATIVE's Board at a meeting held on November 14, 2025, and by the CITY in its name by its City Manager and its corporate seal hereto affixed and attested by the City Clerk with the authorization and approval of the CITY's Commission at a meeting held on the 13th day of

November 2025,; and one of said duplicate copies has been delivered to each of the parties hereto.

TALQUIN ELECTRIC COOPERATIVE, INC.

ATTEST:

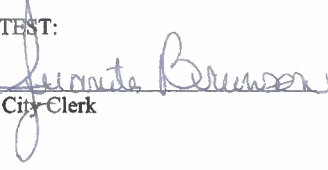
By: _____
William VanLandingham
Secretary

By: _____
Joseph Alexander
President

(Corporate Seal)

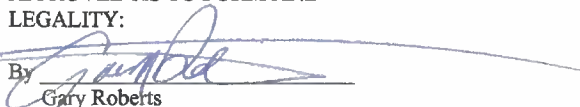
CITY OF QUINCY

ATTEST:

By: 
City Clerk

By: 
Dr. Beverly Nash
Mayor

APPROVED AS TO FORM AND
LEGALITY:

By: 
Gary Roberts
City Attorney

(Corporate Seal)

November 2025;; and one of said duplicate copies has been delivered to each of the parties hereto.

TALQUIN ELECTRIC COOPERATIVE, INC.

ATTEST:

By: 
William VanLandingham
Secretary

By: 
Joseph Alexander
President

(Corporate Seal)

CITY OF QUINCY

ATTEST:

By _____
City Clerk

By _____
Dr. Beverly Nash
Mayor

APPROVED AS TO FORM AND
LEGALITY:

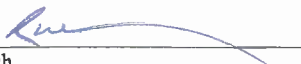
By _____
Gary Roberts
City Attorney

(Corporate Seal)

EXHIBIT A-1
BOUNDARY LINE MAP

Approved By:

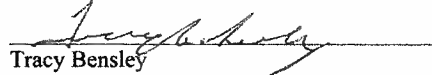
Tracy Bensley
General Manager, Talquin Electric Cooperative, Inc.



Richard Ash
Utilities Director, City of Quincy, Florida

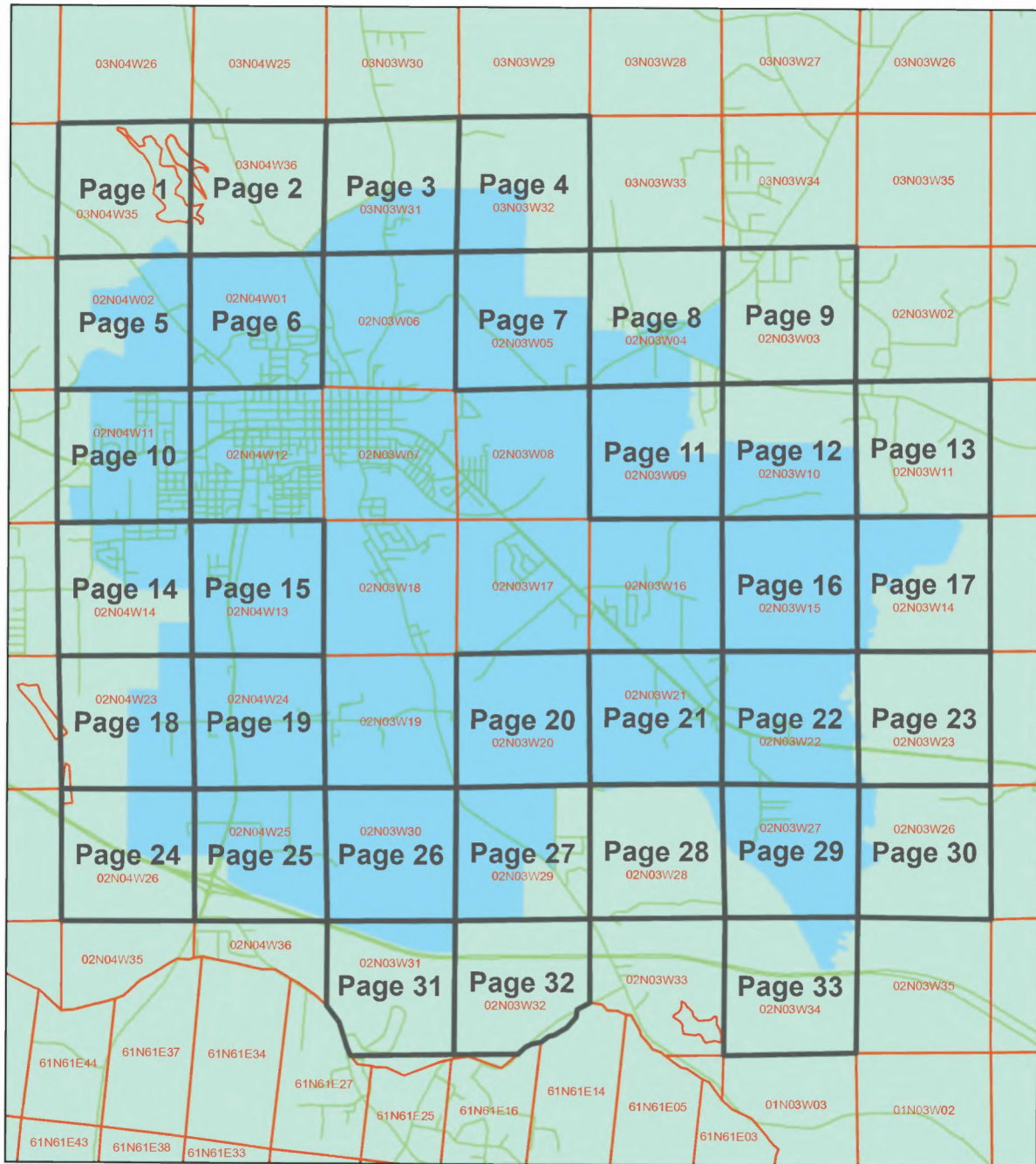
EXHIBIT A-1
BOUNDARY LINE MAP

Approved By:



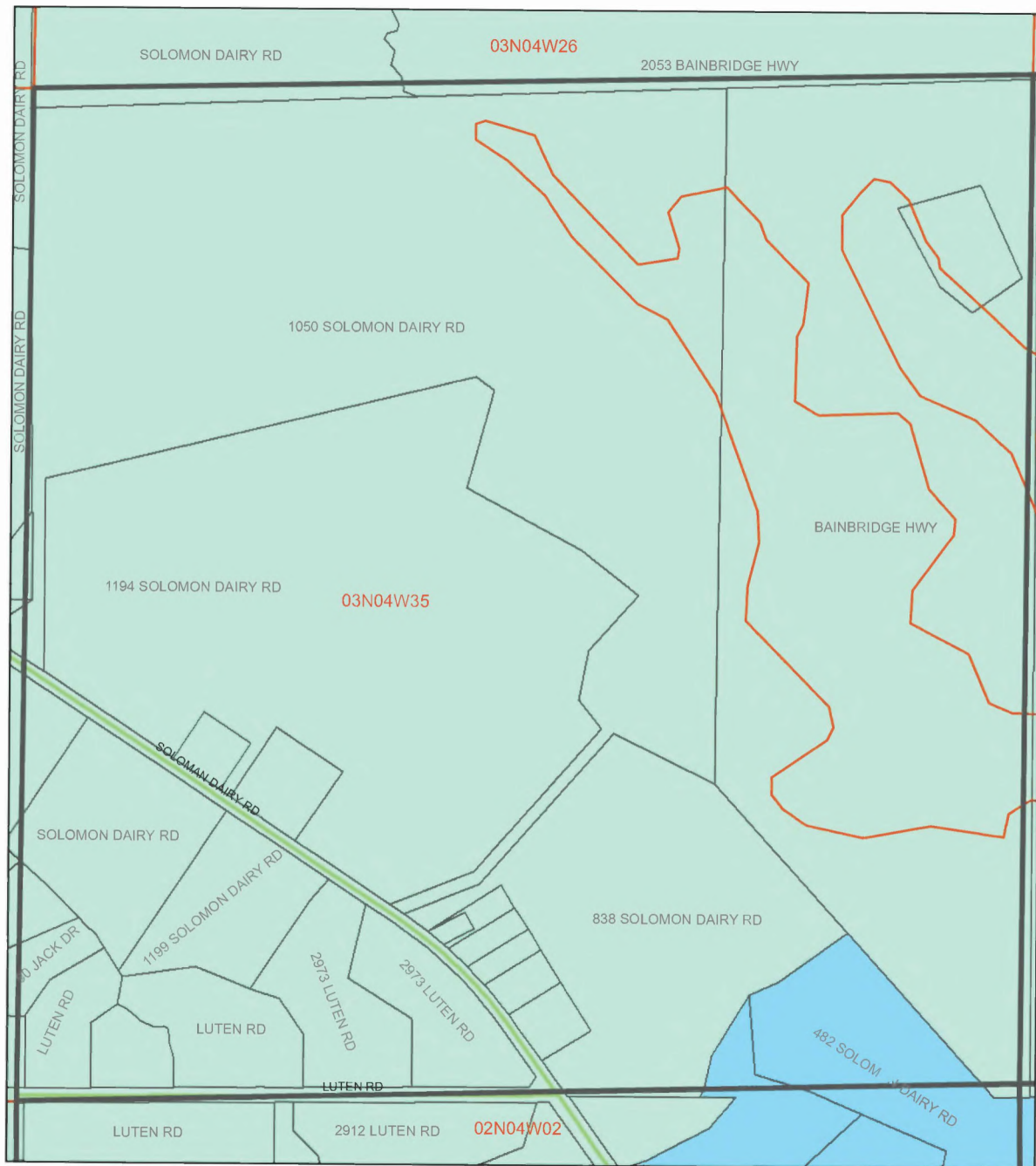
Tracy Bensley
General Manager, Talquin Electric Cooperative, Inc.

Richard Ash
Utilities Director, City of Quincy, Florida



**Talquin Electric - City of Quincy
 Territorial Boundary Overview Map
 2025 Agreement
 Gadsden County, Florida**

- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
- Section Boundary
- Map Page
- Road

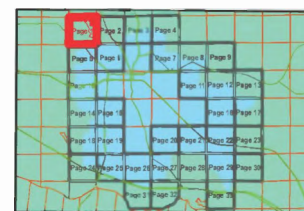


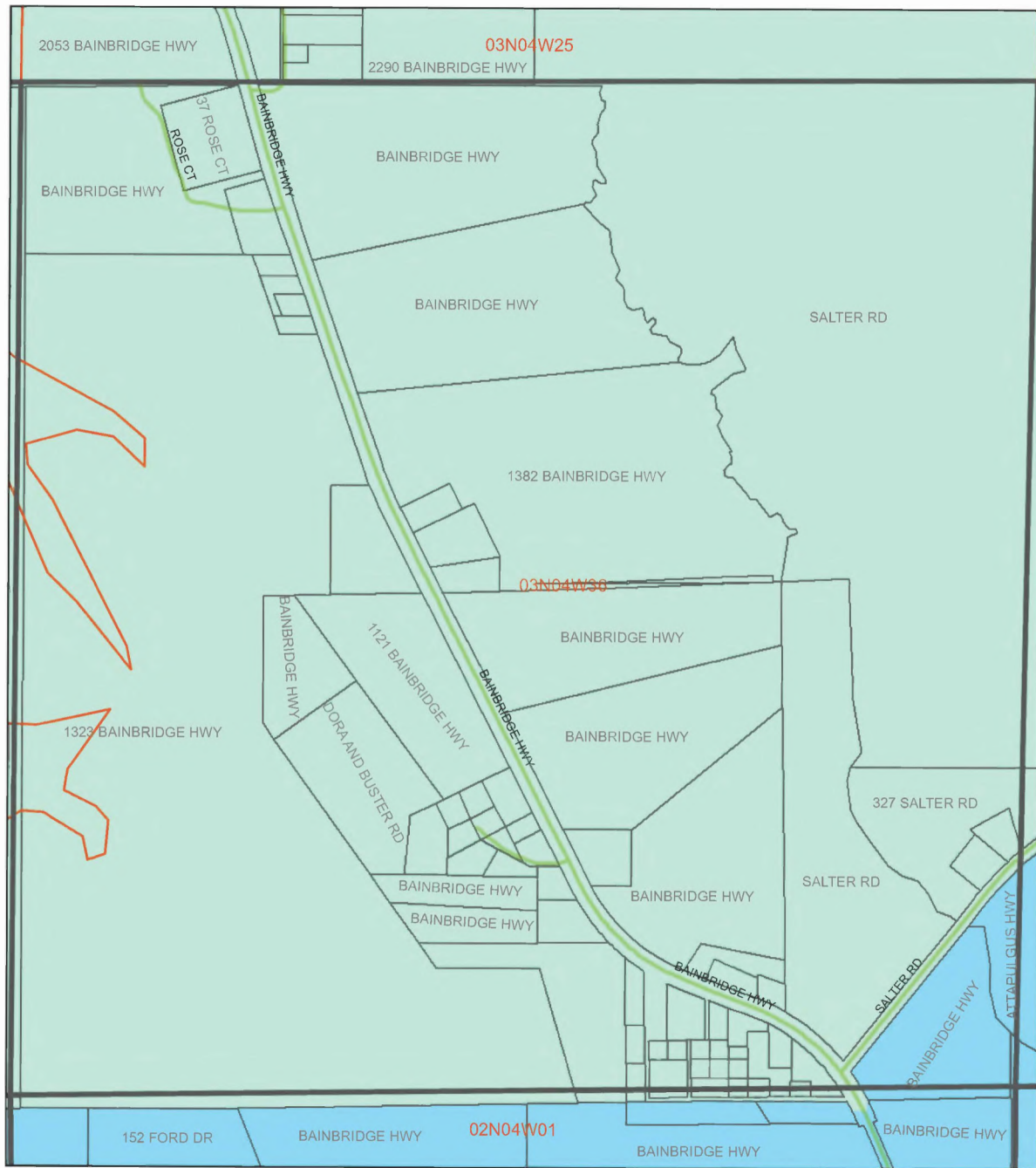
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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Talquin Electric - City of Quincy
Territorial Boundary Map
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- City of Quincy Service Territory - 2025 Agreement
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- Map Page
- Road

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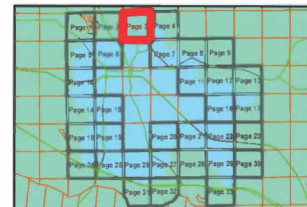


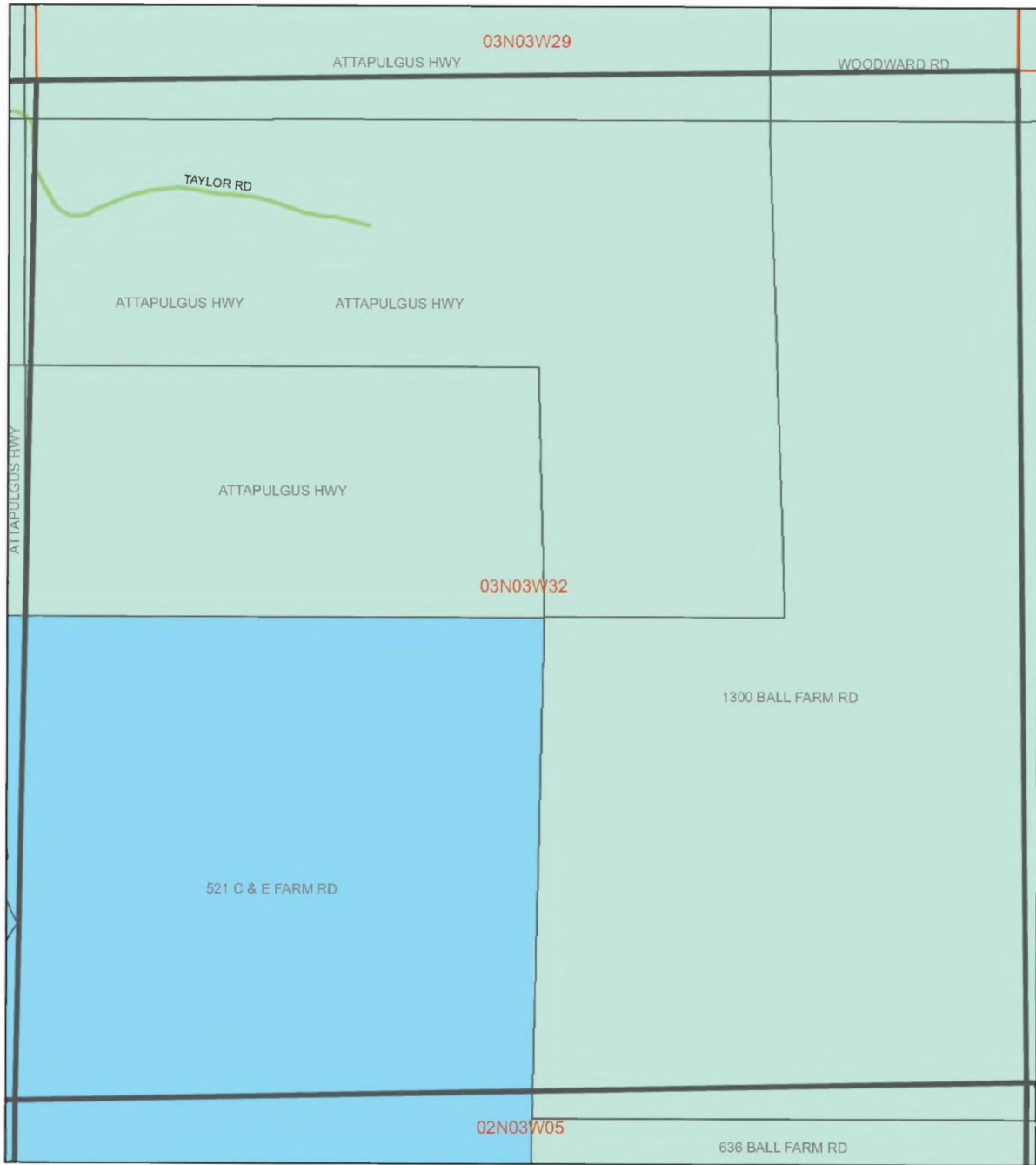
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
 Map Page 3 of 33**

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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
 Map Page 4 of 33**

- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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- Parcels
- Map Page

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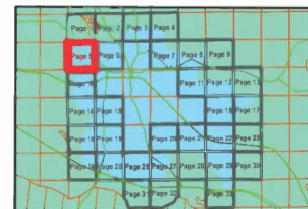


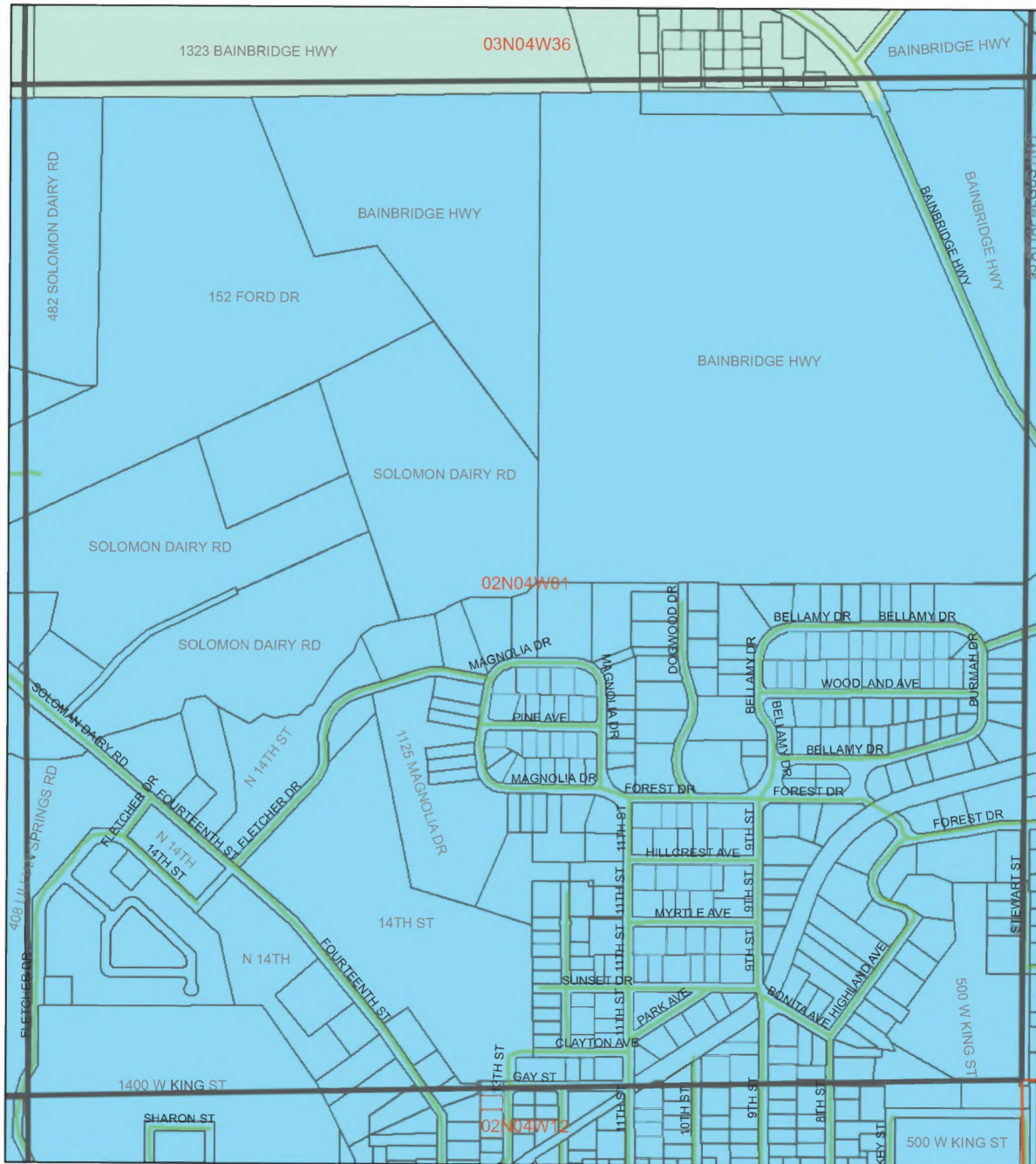


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
| Road | Map Page |

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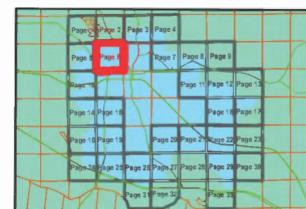


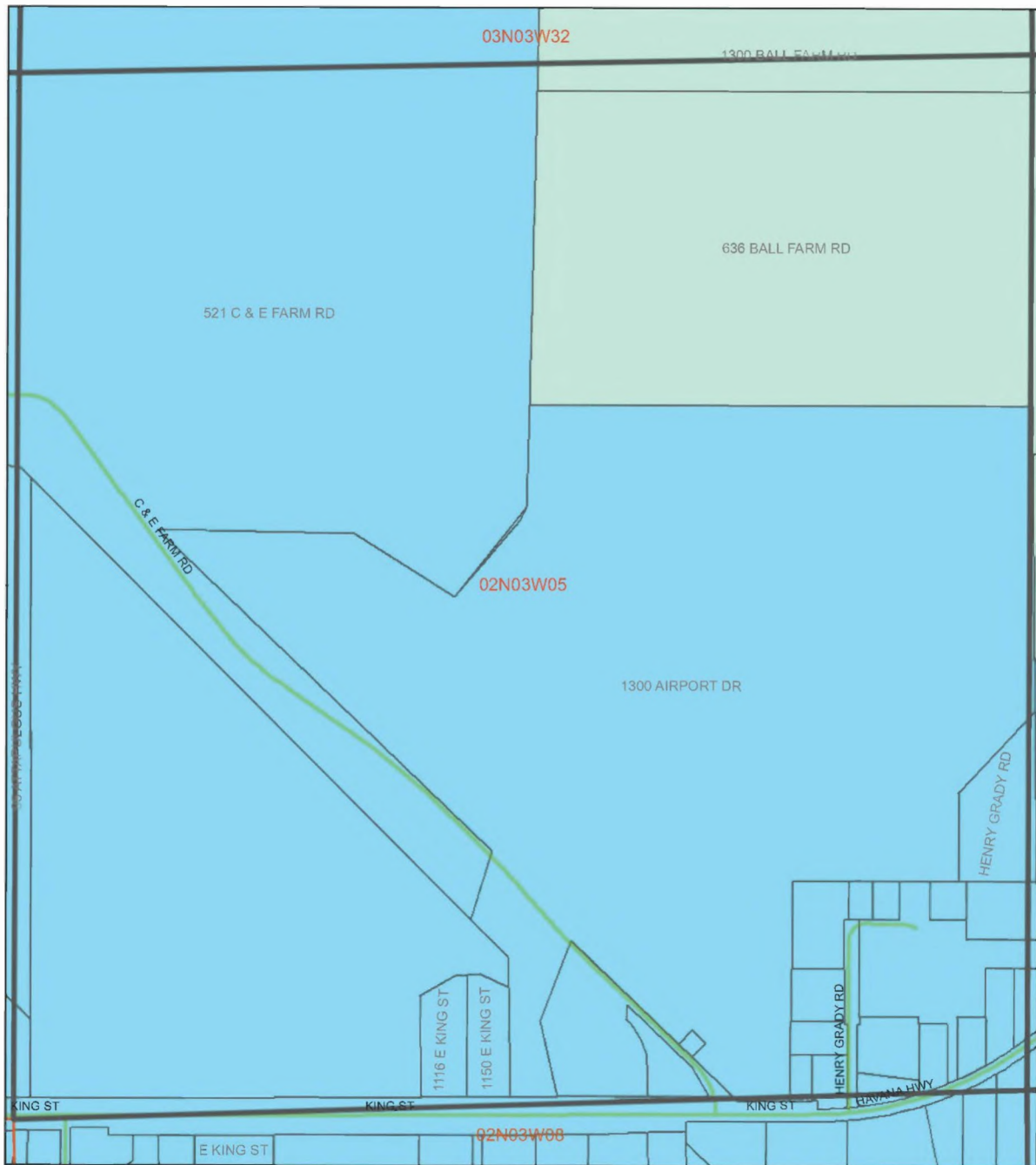
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
- Parcels
- Map Page
- Section Boundary
- Road





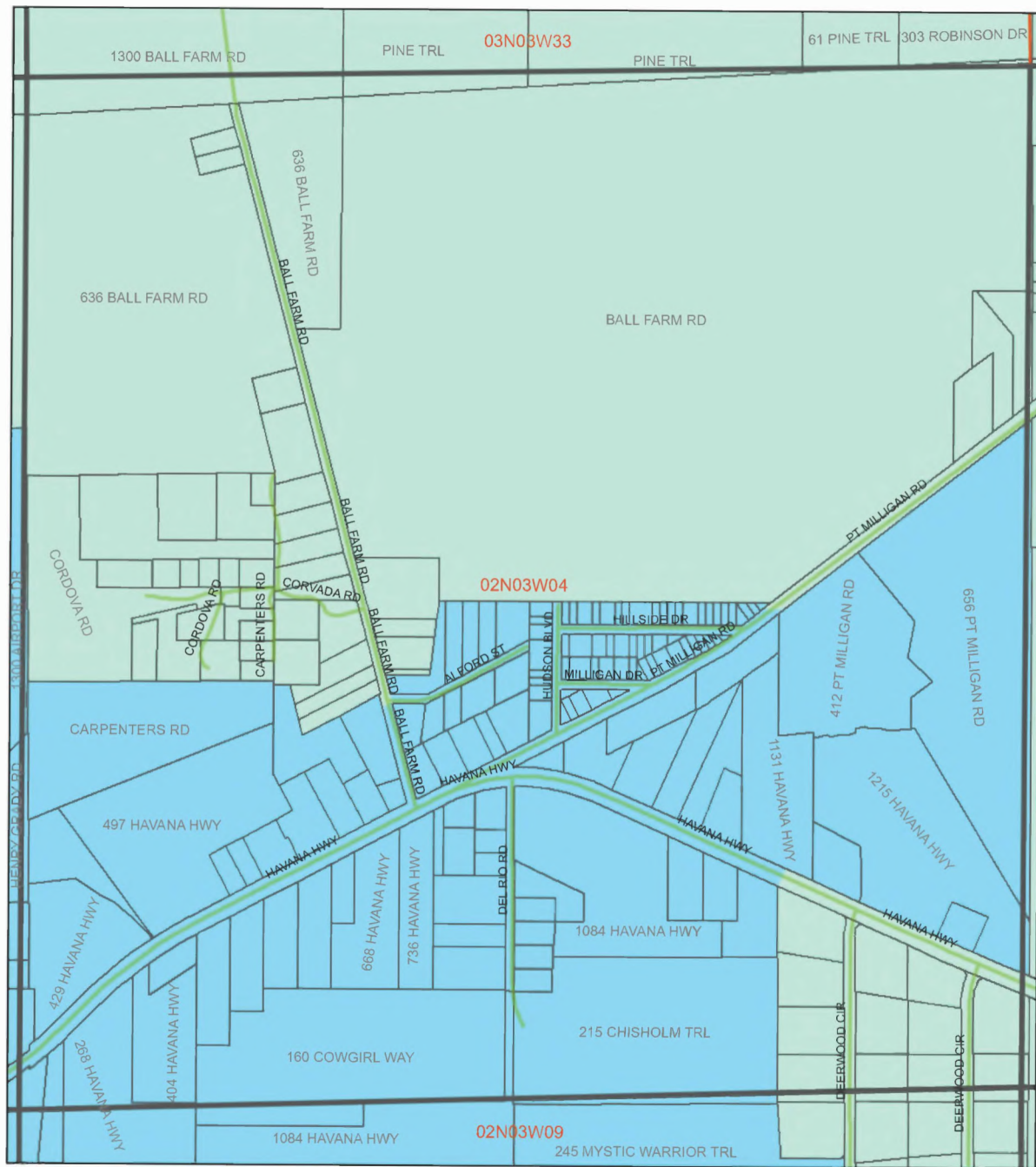
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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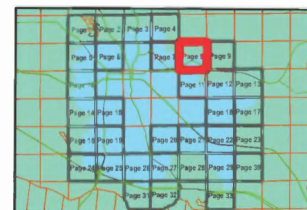


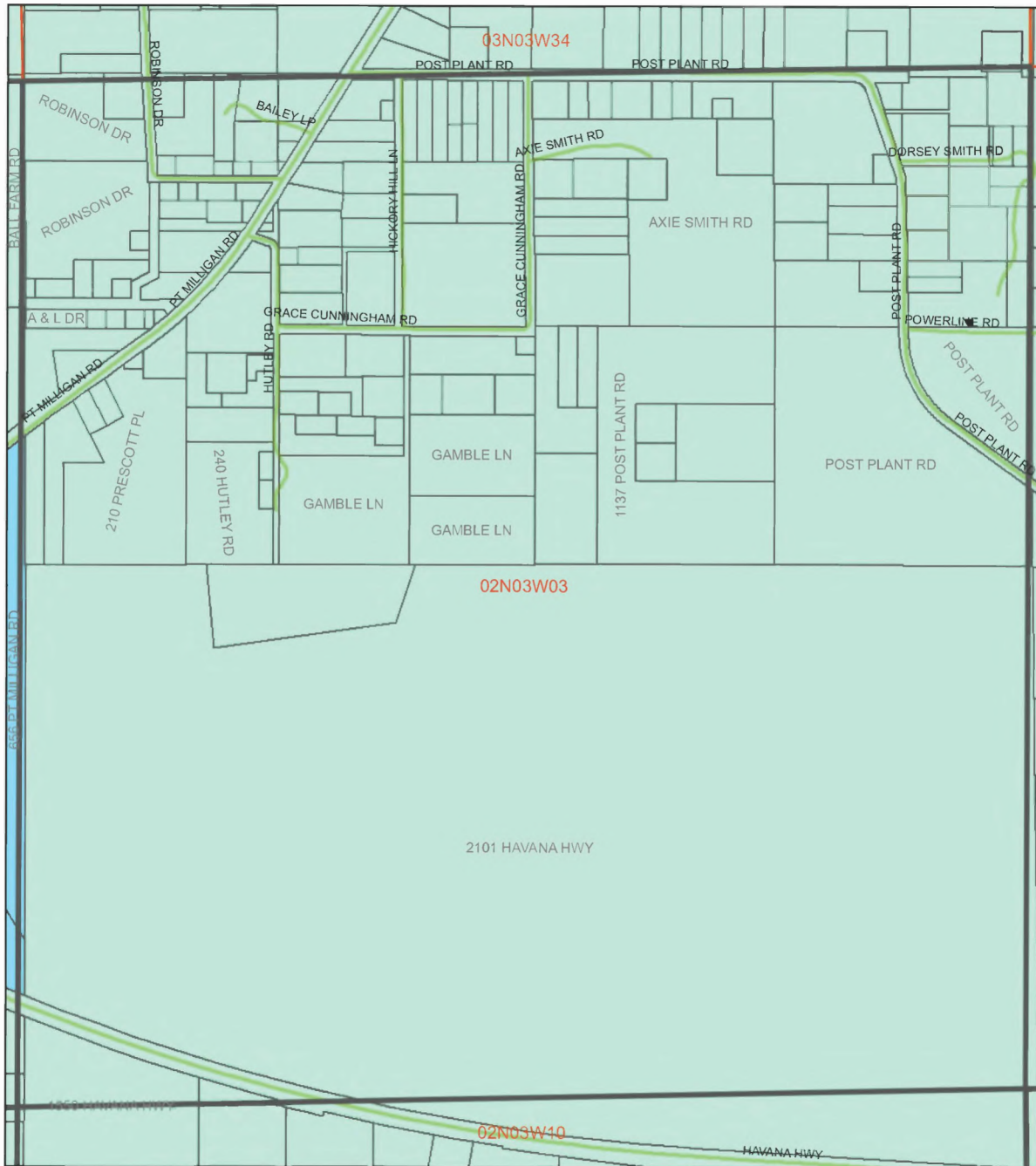


Talquin Electric - City of Quincy
Territorial Boundary Map
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
| Road | Map Page |

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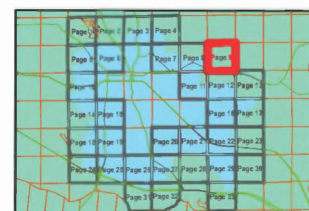


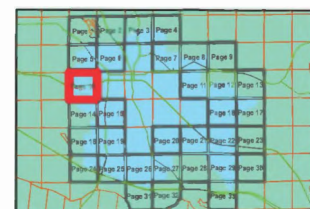
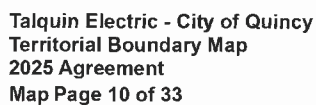
Talquin Electric - City of Quincy
Territorial Boundary Map
2025 Agreement
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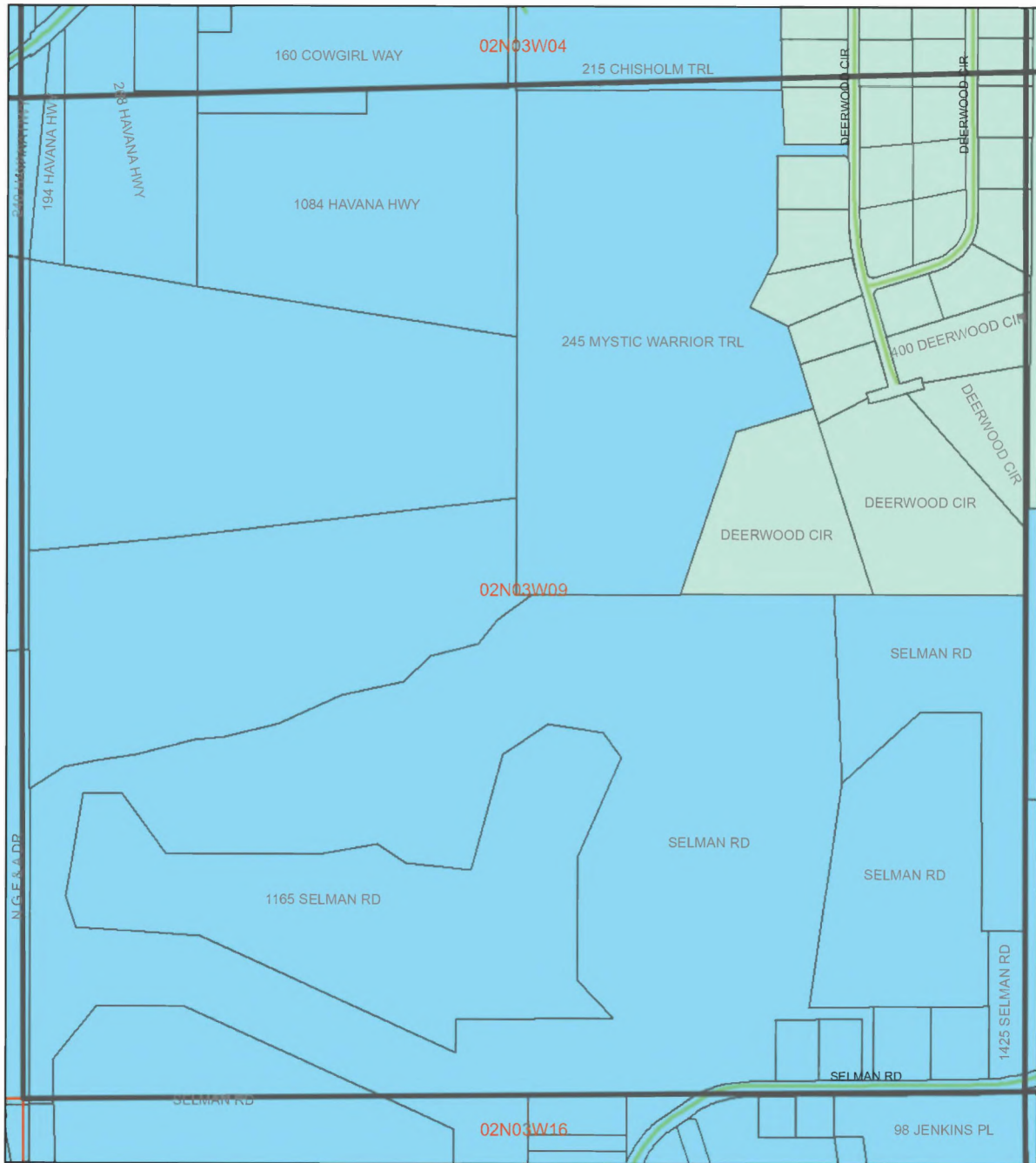
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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- Map Page

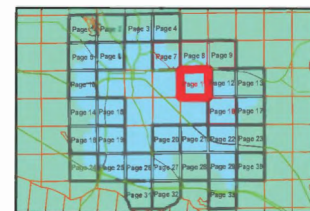






**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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| Talquin Electric Service Territory- 2025 Agreement | Parcels |
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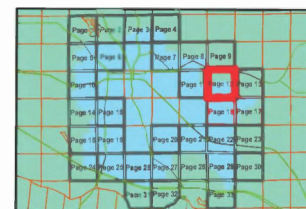


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
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- Map Page

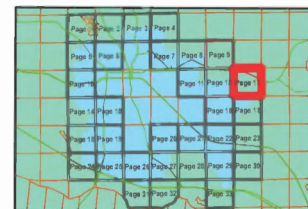


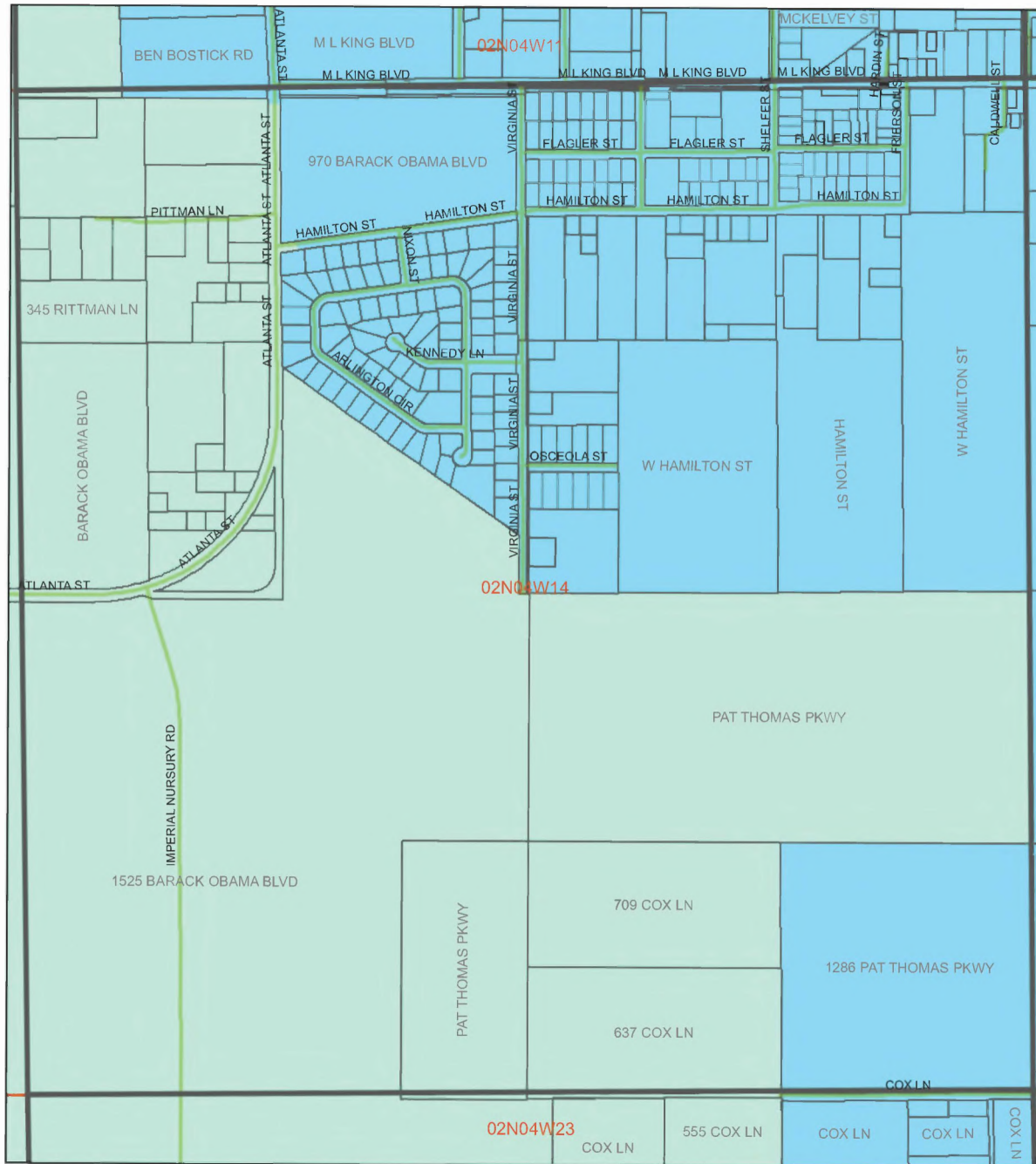


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
 Map Page 13 of 33**

- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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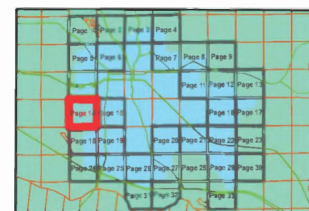


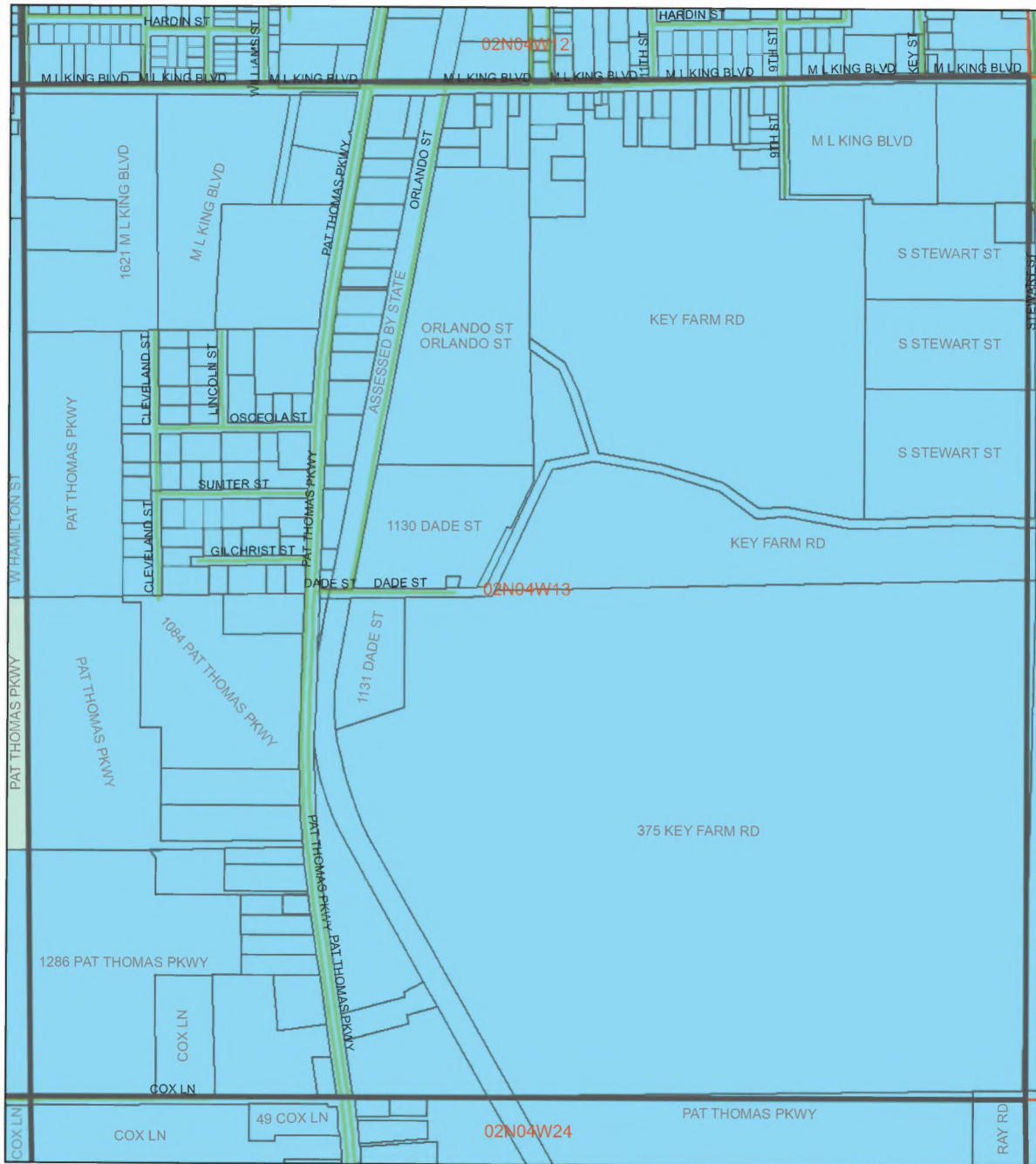


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
| Road | Map Page |

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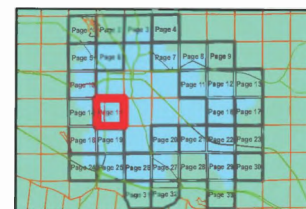




**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
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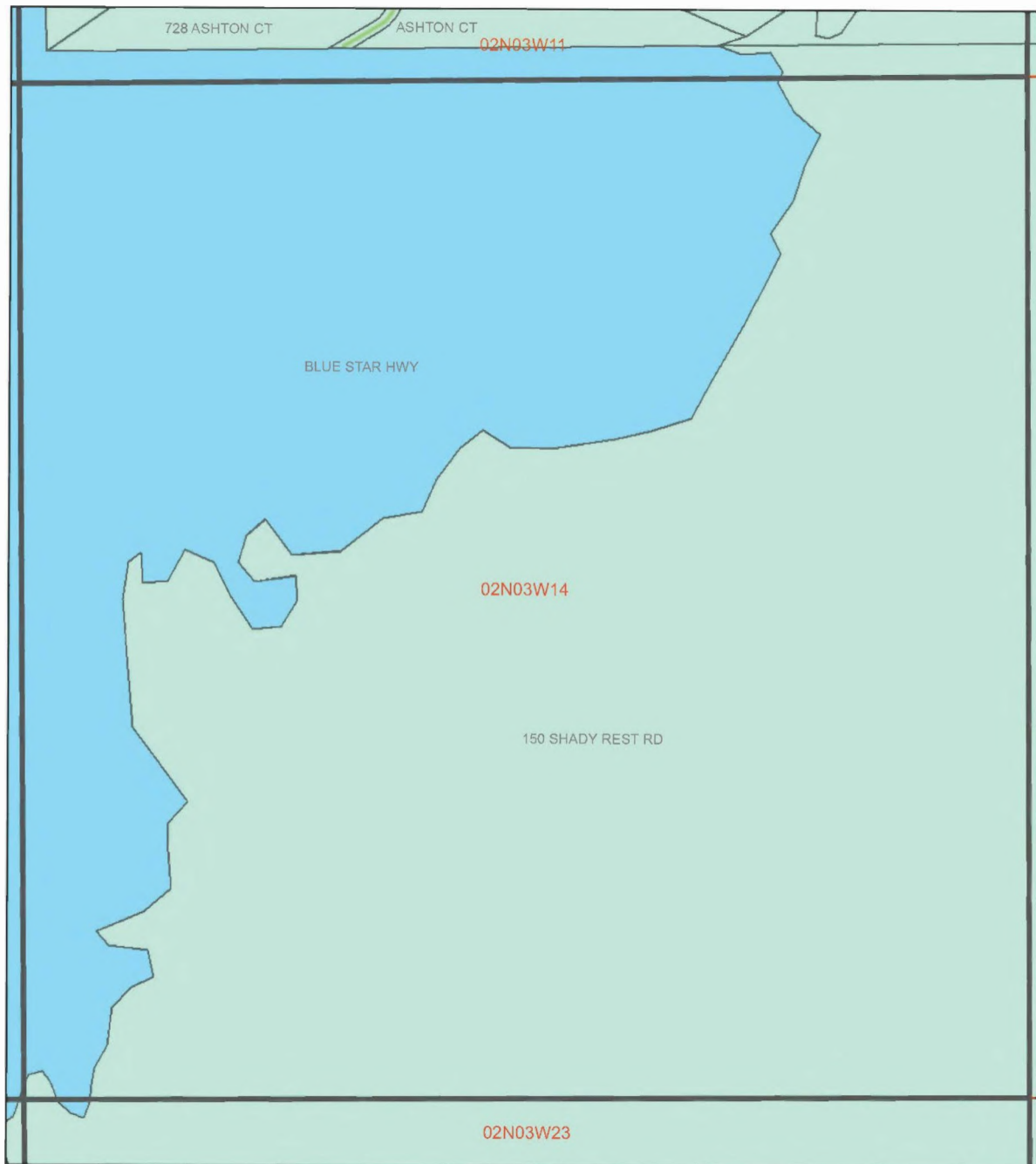
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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- Road



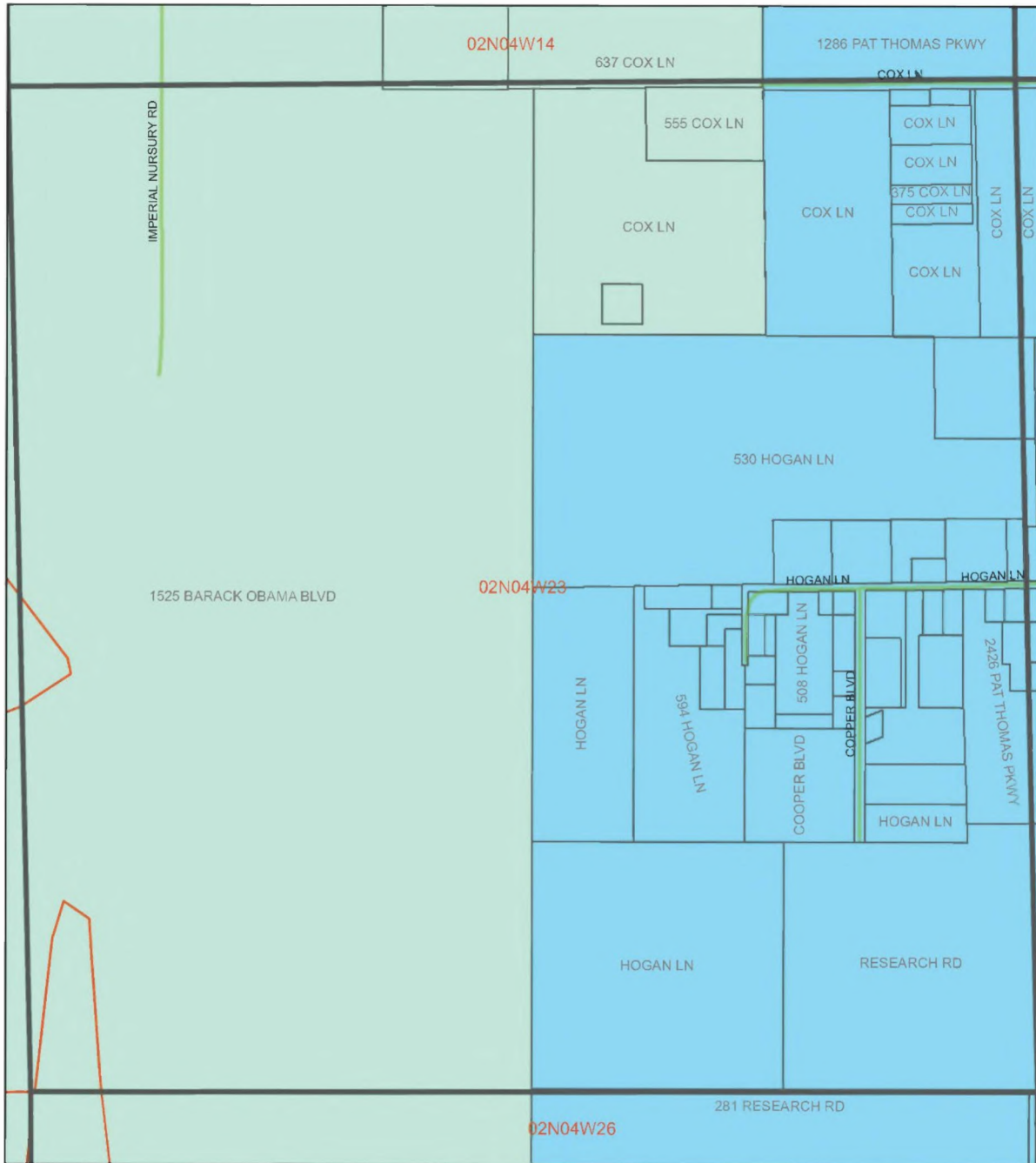


Talquin Electric - City of Quincy
Territorial Boundary Map
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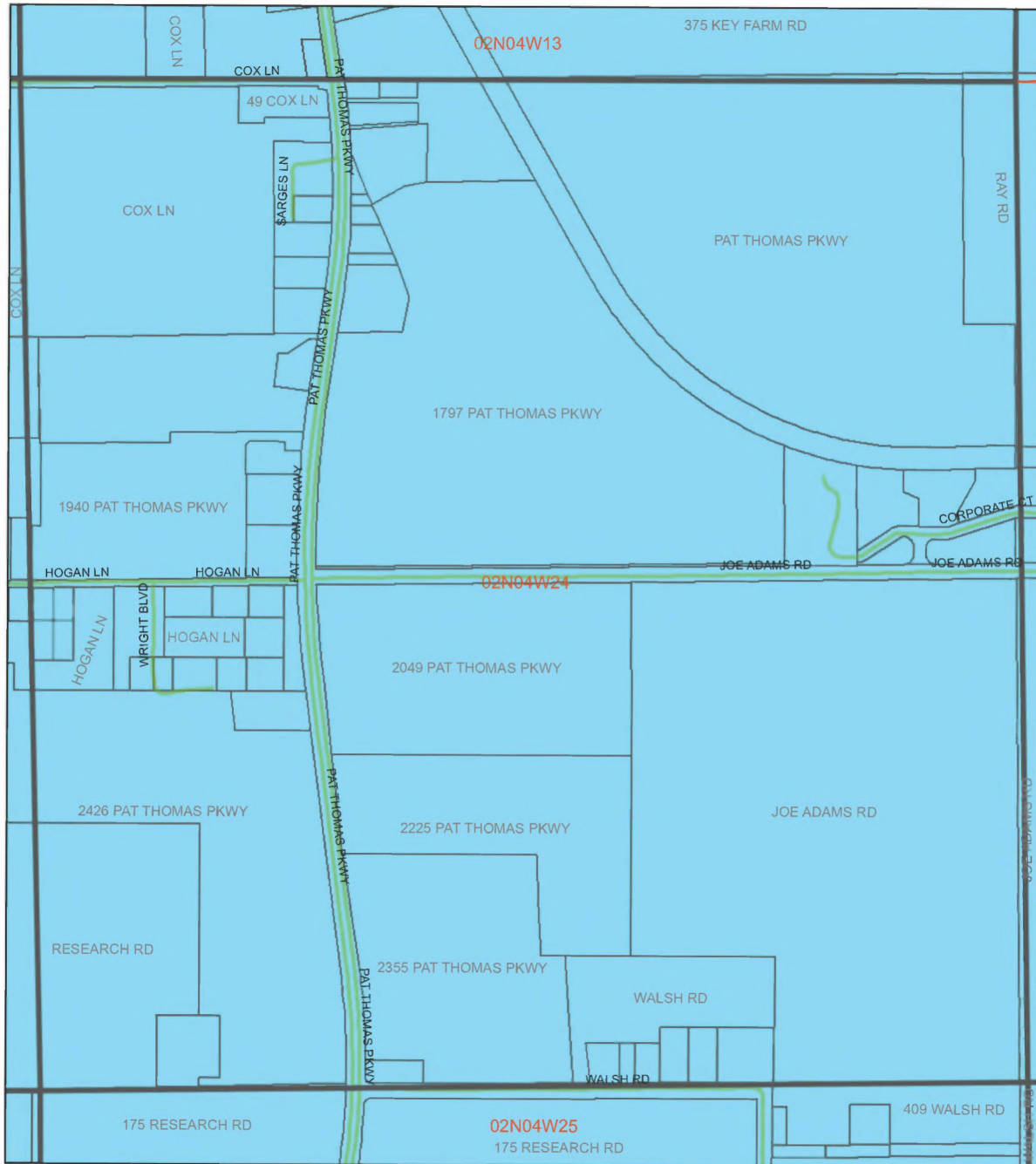
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Territorial Boundary Map
2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
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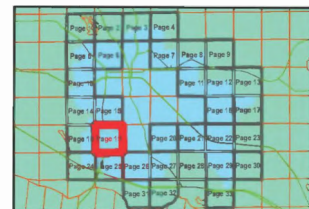


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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- Map Page

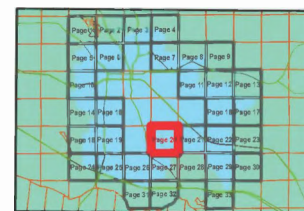




Talquin Electric - City of Quincy
Territorial Boundary Map
2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
| Road | Map Page |

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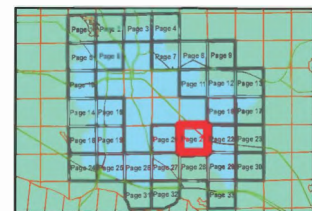


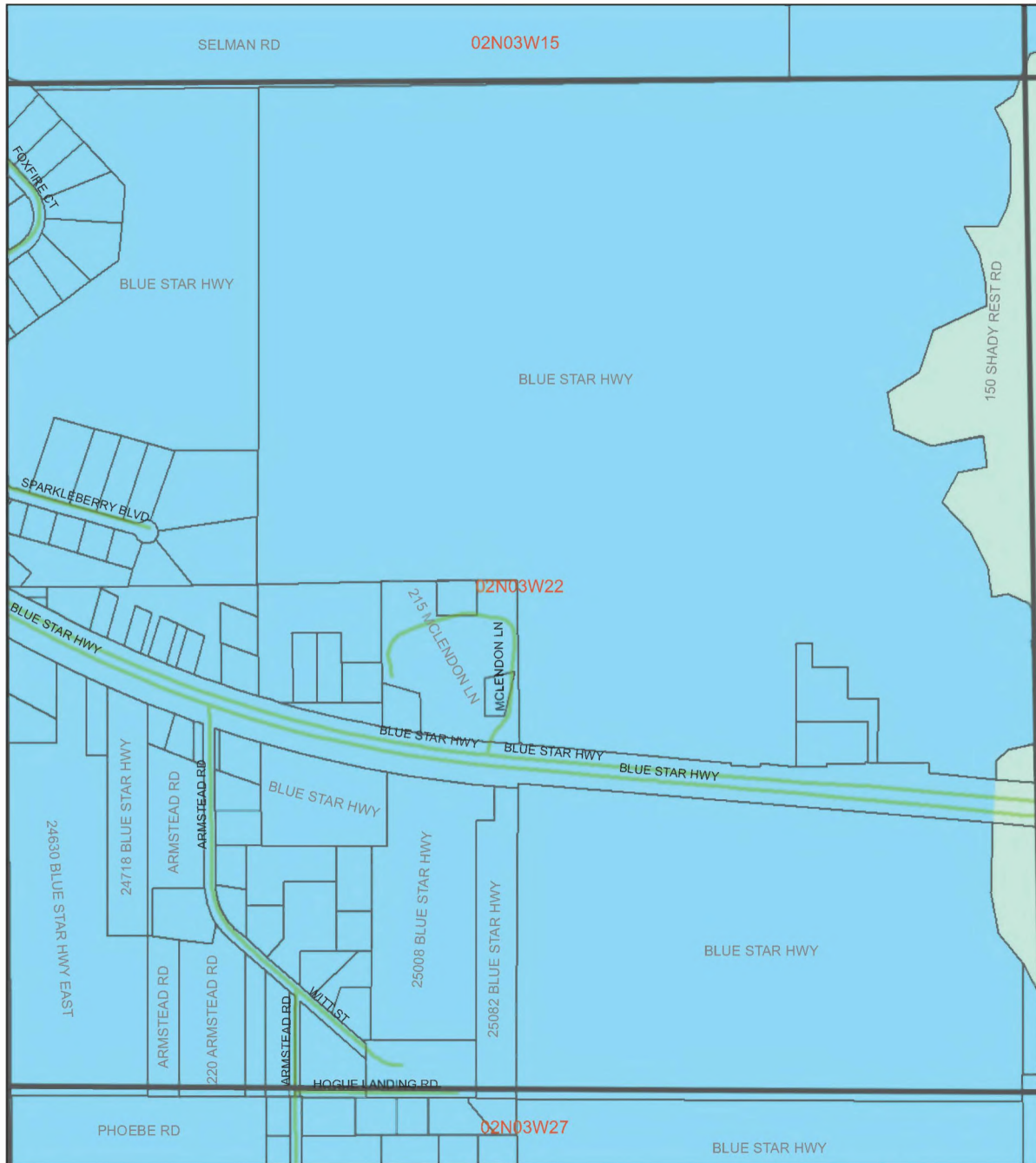
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
 Map Page 21 of 33**

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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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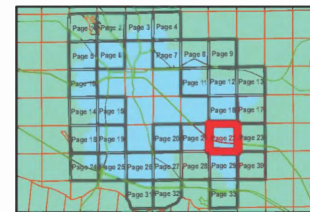


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
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**Talquin Electric - City of Quincy
 Territorial Boundary Map
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
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| Road | Map Page |

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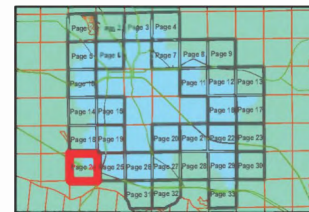


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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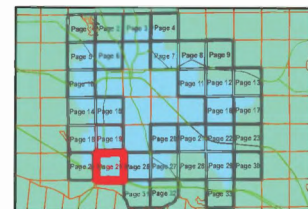


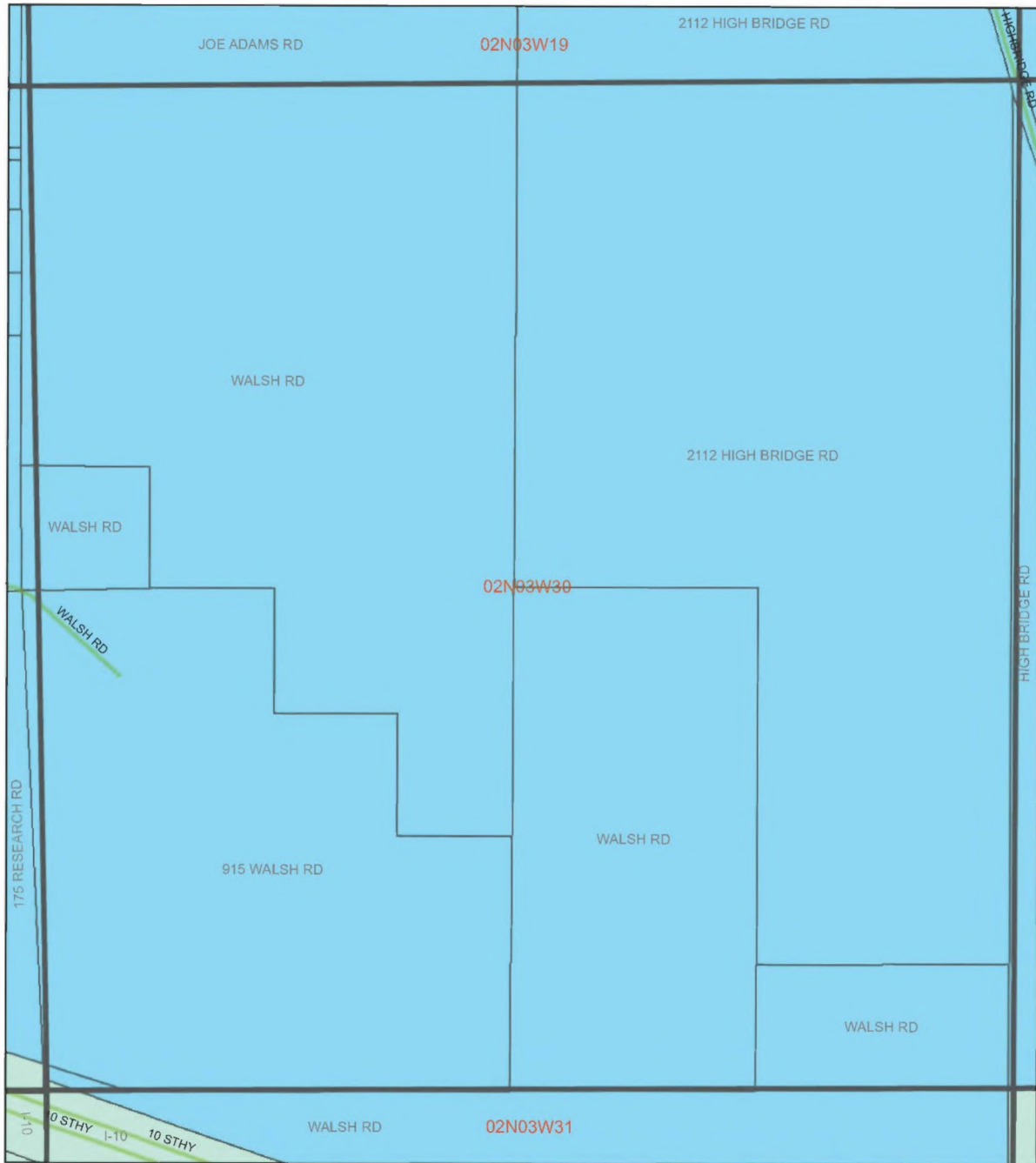
**Talquin Electric - City of Quincy
Territorial Boundary Map
2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
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**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
 Map Page 26 of 33**

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- City of Quincy Service Territory - 2025 Agreement
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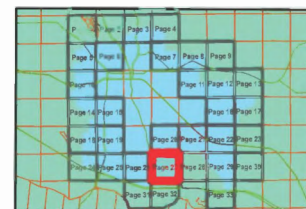


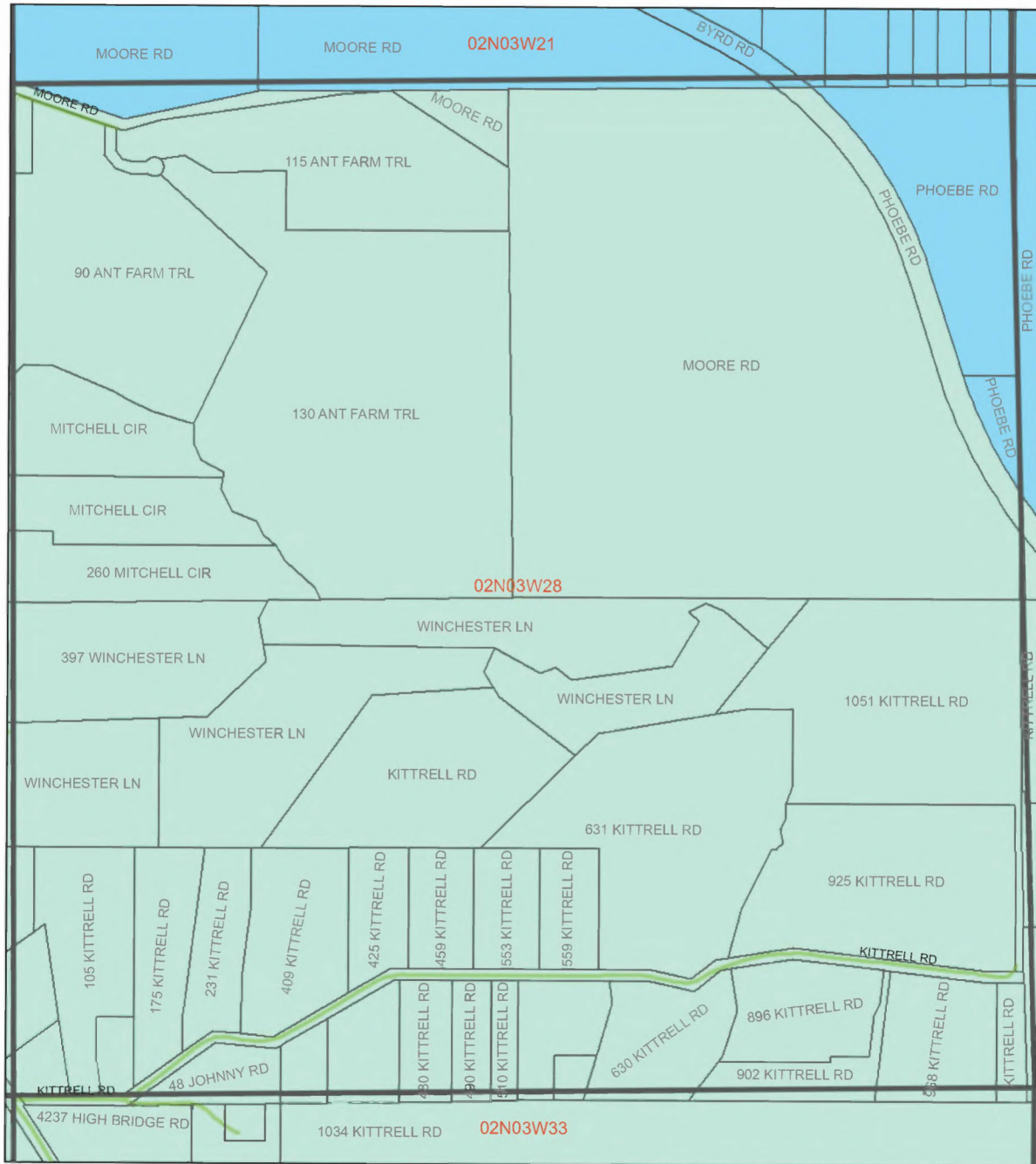


Talquin Electric - City of Quincy
Territorial Boundary Map
2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
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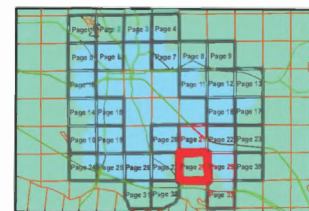


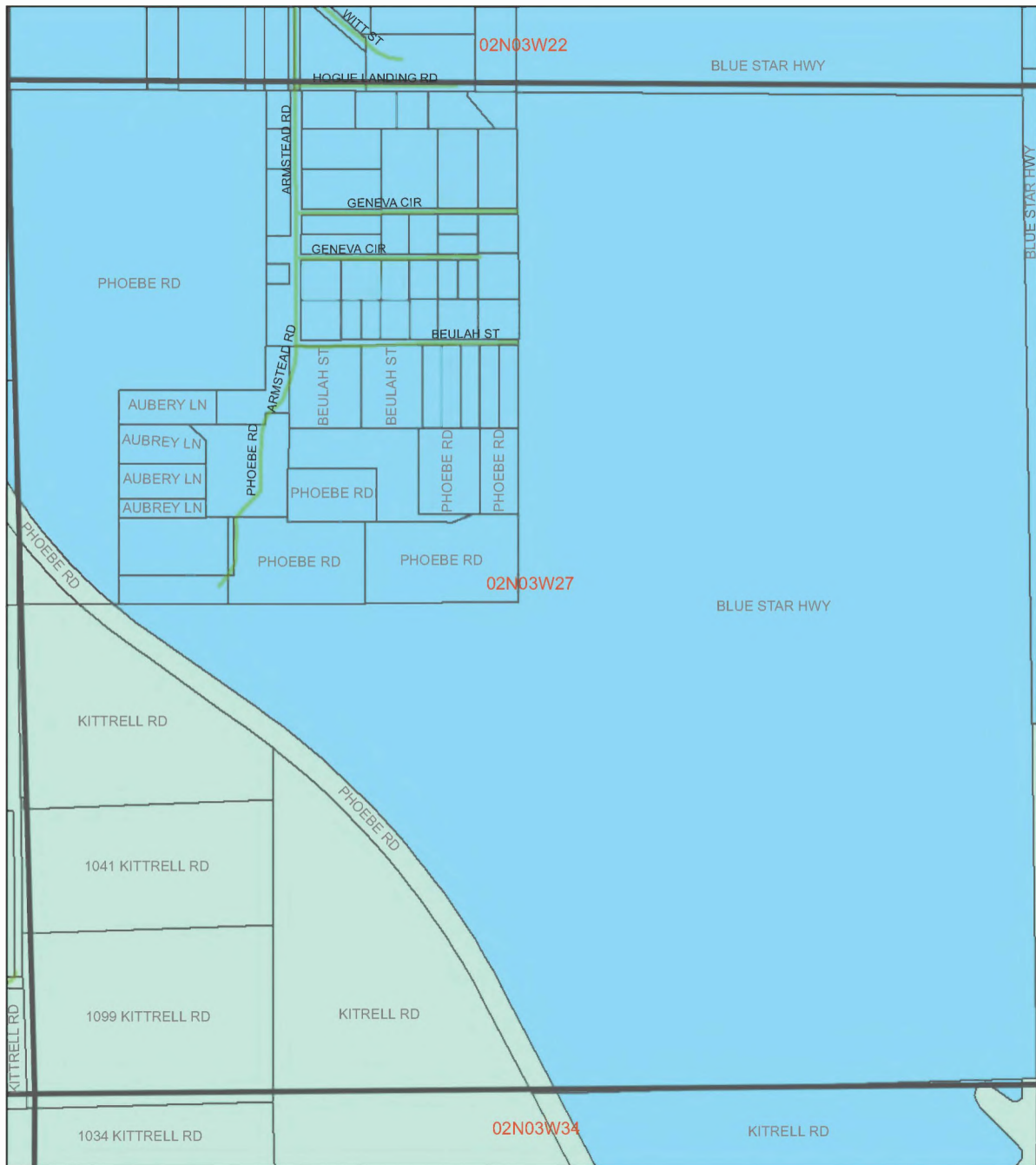


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
| Road | Map Page |

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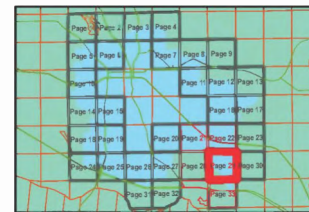


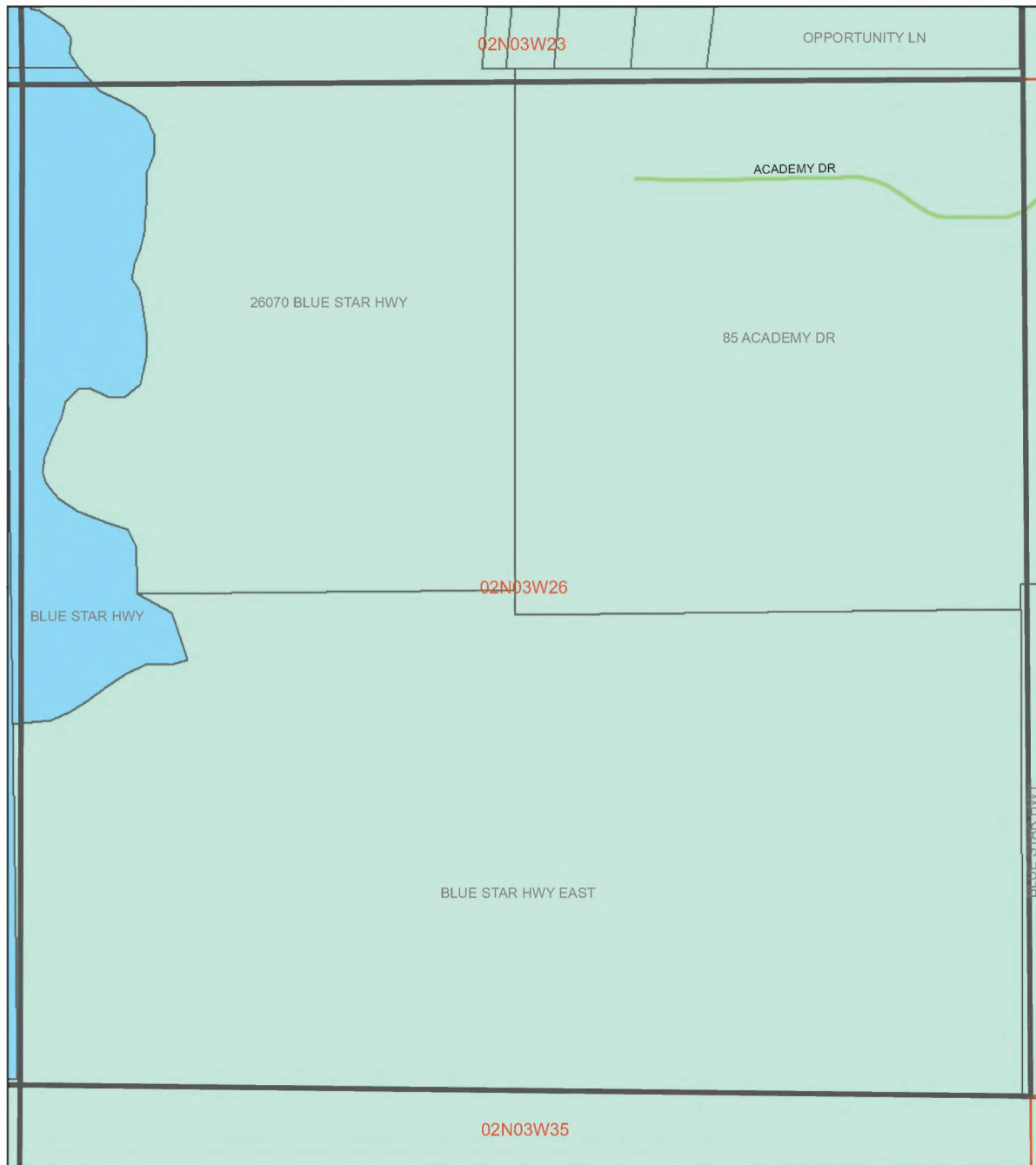
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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- City of Quincy Service Territory - 2025 Agreement
- Talquin Electric Service Territory- 2025 Agreement
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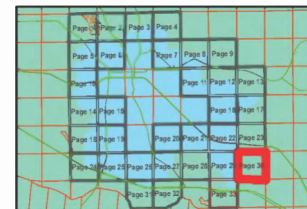


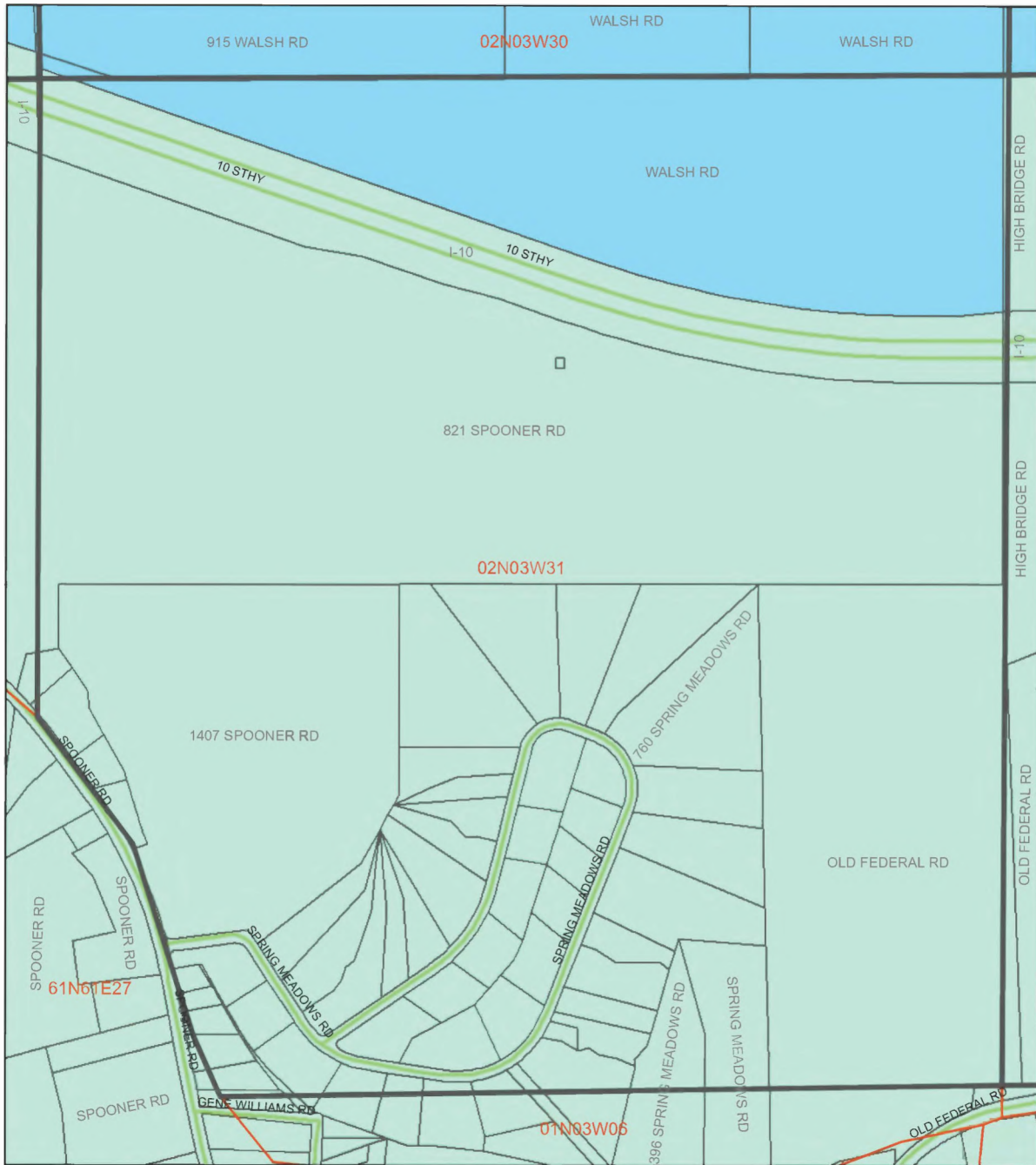


**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
| Talquin Electric Service Territory- 2025 Agreement | Parcels |
| Road | Map Page |

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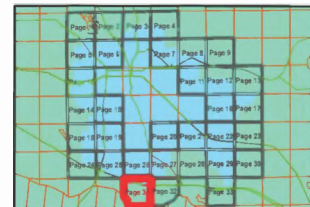


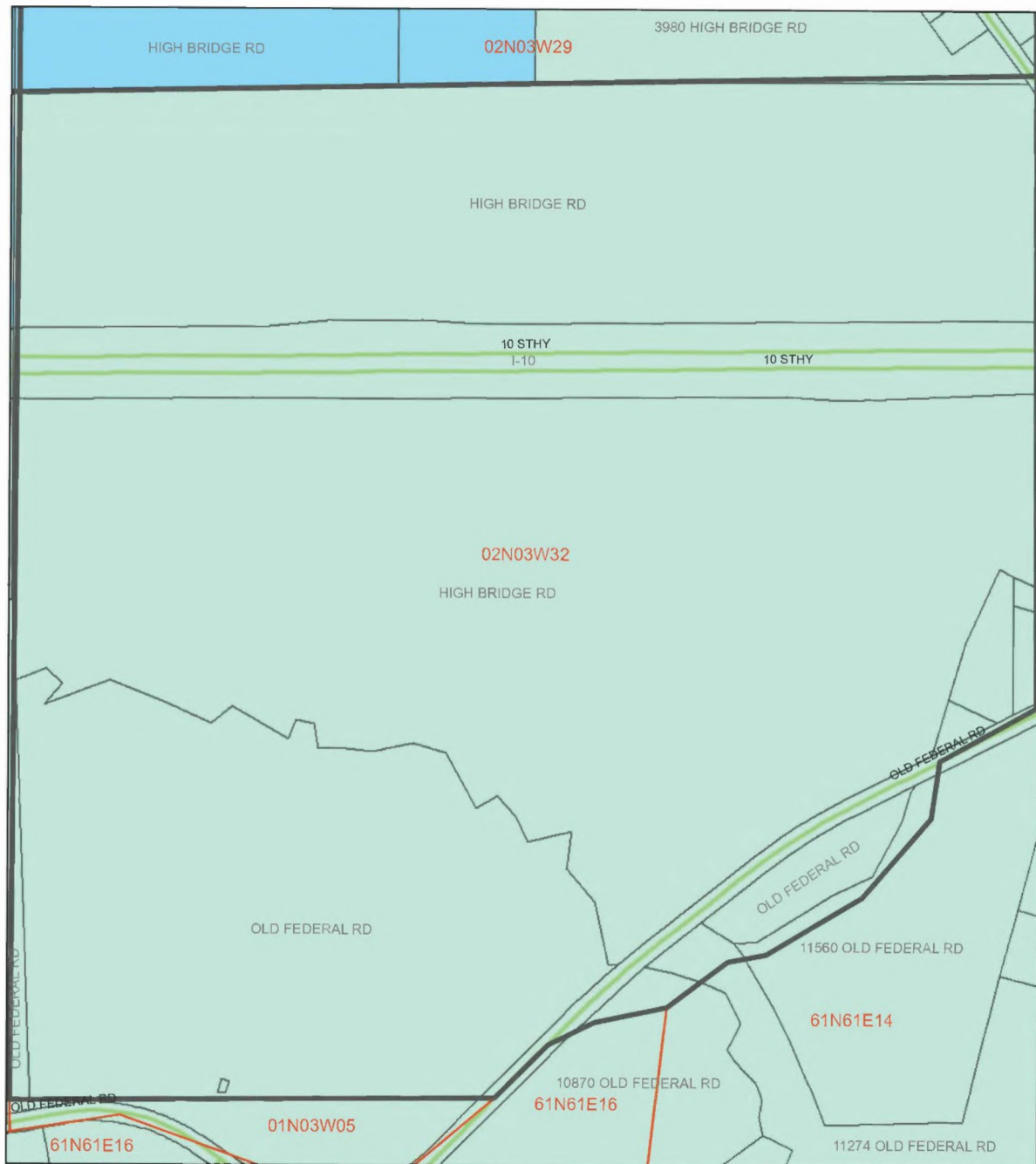
**Talquin Electric - City of Quincy
 Territorial Boundary Map
 2025 Agreement
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
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**Talquin Electric - City of Quincy
 Territorial Boundary Map
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Talquin Electric - City of Quincy
Territorial Boundary Map
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| City of Quincy Service Territory - 2025 Agreement | Section Boundary |
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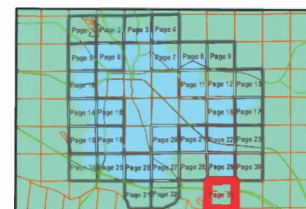
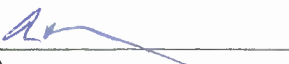


EXHIBIT A-2
BOUNDARY LINE WRITTEN DESCRIPTION

Approved By:

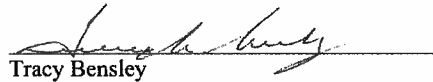
Tracy Bensley
General Manager, Talquin Electric Cooperative, Inc.



Richard Ash
Utilities Director, City of Quincy, Florida

EXHIBIT A-2
BOUNDARY LINE WRITTEN DESCRIPTION

Approved By:



Tracy Bensley
General Manager, Talquin Electric Cooperative, Inc.

Richard Ash
Utilities Director, City of Quincy, Florida

BOUNDARY LINE WRITTEN DESCRIPTION

Exhibit A-1 Map Page	Township	Range	Section(s)	Description/Notes
1	03N	04W	35	Entire Section Cooperative Territorial Area except for Parcel No. 2-35-3N-4W-0000-00434-0700 & Parcel No. 3-02-2N-4W-0000-00121-0300
2	03N	04W	36	Entire Section Cooperative Territorial Area except for Parcel No. 2-36-3N-4W-0000-00444-0100, Parcel No. 2-36-3N-4W-0000-00444-0500, Parcel No. 3-06-2N-3W-0000-00120-0100.
3	03N	03W	31	Entire Section Cooperative Territorial Area except for Parcel No. 2-36-3N-4W-0000-00444-0500, Parcel No. 3-06-2N-3W-0000-00120-0100, Parcel No. 2-31-3N-3W-0000-00313-0000 Parcel No. 2-31-3N-3W-0000-00311-2000, Parcel No. 2-31-3N-3W-0000-00314-0100, Parcel No. 2-31-3N-3W-0000-00341-0300 Parcel No. 2-31-3N-3W-0000-00341-0200, Parcel No. 2-31-3N-3W-0000-00341-0400, Parcel No. 2-31-3N-3W-0000-00344-0200 Parcel No. 2-31-3N-3W-0000-00344-0100, Parcel No. 2-31-3N-3W-0000-00421-0100, Parcel No. 2-31-3N-3W-0000-00422-0100 Parcel No. 2-31-3N-3W-0000-00422-0200, Parcel No. 2-31-3N-3W-0000-00423-0100, Parcel No. 2-31-3N-3W-0000-00423-0200 Parcel No. 2-31-3N-3W-0380-0000A-0030, Parcel No. 2-31-3N-3W-0380-0000A-0020, Parcel No. 2-31-3N-3W-0380-0000A-0010 Parcel No. 2-31-3N-3W-0380-0000B-0010, Parcel No. 2-31-3N-3W-0380-0000B-0020, Parcel No. 2-31-3N-3W-0380-0000C-0010 Parcel No. 2-31-3N-3W-0380-0000C-0020, Parcel No. 2-31-3N-3W-0380-0000D-0010, Parcel No. 2-31-3N-3W-0000-00432-0300 Parcel No. 2-31-3N-3W-0000-00432-0200, Parcel No. 2-31-3N-3W-0000-00432-0500, Parcel No. 2-31-3N-3W-0000-00432-0400, Parcel No. 2-31-3N-3W-0000-00434-0000, Parcel No. 2-31-3N-3W-0000-00444-0100
4	03N	03W	32	Entire Section Cooperative Territorial Area except for Parcel No. 2-31-3N-3W-0000-00444-0100.
5	02N	04W	2	Entire Section Quincy Territorial Area except for Parcel No. 3-02-2N-4W-0000-00220-0000, Parcel No. 3-02-2N-4W-0000-00210-0200, Parcel No. 3-02-2N-4W-0000-00121-0200, Parcel No. 3-02-2N-4W-0000-00122-0100, Parcel No. 3-02-2N-4W-0000-00212-0100, Parcel No. 3-02-2N-4W-0000-00233-0600, Parcel No. 3-02-2N-4W-0000-00223-0300, Parcel No. 3-10-2N-4W-0000-00211-0000, Parcel No. 3-11-2N-4W-0000-00220-0000.
6	02N	04W	1	Entire Section Quincy Territorial Area except for Parcel No. 2-35-3N-4W-0000-00140-0000, Parcel No. 2-36-3N-4W-0000-00230-0000, Parcel No. 2-36-3N-4W-0000-00343-0100, Parcel No. 2-36-3N-4W-0000-00433-0100, Parcel No. 2-36-3N-4W-0000-00434-0400, Parcel No. 2-36-3N-4W-0000-00434-1300, Parcel No. 2-36-3N-4W-0000-00434-1500, Parcel No. 2-36-3N-4W-0000-00434-0100, Parcel No. 2-36-3N-4W-0000-00443-0300, Parcel No. 2-36-3N-4W-0000-00443-0100.
	02N	03W	6	Entire Section Quincy Territorial Area.
7	02N	03W	5	Entire Section Quincy Territorial Area except for Parcel No. 3-04-2N-3W-0000-00220-0000 & Parcel No. 2-32-3N-3W-0000-00400-0000.

Exhibit A-1 Map Page	Township	Range	Section(s)	Description/Notes
8	02N	03W	4	Entire Section Quincy Territorial Area except for Parcel No. 2-32-3N-3W-0000-00400-0000, Parcel No. 2-33-3N-3W-0000-00210-0100, Parcel No. 2-33-3N-3W-0000-00410-0100, Parcel No. 3-04-2N-3W-0000-00120-0000, Parcel No. 3-04-2N-3W-0000-00220-0000, Parcel No. 3-04-2N-3W-0000-00220-1000, Parcel No. 3-04-2N-3W-0000-00220-0900, Parcel No. 3-04-2N-3W-0000-00220-0800, Parcel No. 3-04-2N-3W-0000-00220-0600, Parcel No. 3-04-2N-3W-0000-00220-0500, Parcel No. 3-04-2N-3W-0000-00220-0400, Parcel No. 3-04-2N-3W-0000-00220-0300, Parcel No. 3-04-2N-3W-0000-00220-0200, Parcel No. 3-04-2N-3W-0000-00220-0100, Parcel No. 3-04-2N-3W-0000-00312-0500, Parcel No. 3-04-2N-3W-0000-00312-0200, Parcel No. 3-04-2N-3W-0000-00312-0300, Parcel No. 3-04-2N-3W-0000-00312-0400, Parcel No. 3-04-2N-3W-0000-00312-0600, Parcel No. 3-04-2N-3W-0000-00312-0700, Parcel No. 3-04-2N-3W-0000-00312-0800, Parcel No. 3-04-2N-3W-0000-00311-1000, Parcel No. 3-04-2N-3W-0000-00311-0900, Parcel No. 3-04-2N-3W-0000-00311-1300, Parcel No. 3-04-2N-3W-0000-00322-0900, Parcel No. 3-04-2N-3W-0000-00233-0100, Parcel No. 3-04-2N-3W-0000-00234-0200, Parcel No. 3-04-2N-3W-0000-00234-0100, Parcel No. 3-04-2N-3W-0000-00234-0500, Parcel No. 3-04-2N-3W-0000-00233-0200, Parcel No. 3-04-2N-3W-0000-00322-0800, Parcel No. 3-04-2N-3W-0000-00322-0600, Parcel No. 3-04-2N-3W-0000-00234-0700, Parcel No. 3-04-2N-3W-0000-00234-0300, Parcel No. 3-04-2N-3W-0000-00234-0400, Parcel No. 3-04-2N-3W-0000-00321-0500, Parcel No. 3-04-2N-3W-0000-00321-0600, Parcel No. 3-04-2N-3W-0000-00322-0500, Parcel No. 3-04-2N-3W-0000-00322-1000, Parcel No. 3-04-2N-3W-0000-00322-1100, Parcel No. 3-04-2N-3W-0000-00322-0700, Parcel No. 3-04-2N-3W-0000-00322-0900, Parcel No. 3-04-2N-3W-0000-00322-0300, Parcel No. 3-04-2N-3W-0000-00321-0200, Parcel No. 3-04-2N-3W-0000-00321-0300, Parcel No. 3-04-2N-3W-0000-00141-0200, Parcel No. 3-04-2N-3W-0000-00141-0300, Parcel No. 3-04-2N-3W-0000-00141-0100, Parcel No. 3-04-2N-3W-0611-0000A-0010, Parcel No. 3-04-2N-3W-0611-0000A-0020, Parcel No. 3-04-2N-3W-0611-0000A-0030, Parcel No. 3-04-2N-3W-0611-0000A-0040, Parcel No. 3-04-2N-3W-0611-0000A-0050, Parcel No. 3-04-2N-3W-0611-0000A-0060, Parcel No. 3-04-2N-3W-0611-0000A-0070, Parcel No. 3-04-2N-3W-0611-0000A-0080, Parcel No. 3-04-2N-3W-0611-0000A-0090, Parcel No. 3-04-2N-3W-0611-0000A-0100, Parcel No. 3-04-2N-3W-0611-0000A-0110, Parcel No. 3-04-2N-3W-0611-0000A-0120.
9	02N	03W	3	Entire Section Cooperative Territorial Area except for Parcel No. 3-04-2N-3W-0000-00144-0500 & Parcel No. 3-04-2N-3W-0000-00441-0600.
10	02N	04W	11	Entire Section Quincy Territorial Area except for Parcel No. Parcel No. 3-10-2N-4W-0000-00211-0000, Parcel No. 3-10-2N-4W-0000-00212-3400, Parcel No. 3-11-2N-4W-0000-00220-0000, Parcel No. 3-10-2N-4W-0000-00212-2000, Parcel No. 3-10-2N-4W-0000-00212-1500, Parcel No. 3-11-2N-4W-0000-00321-0700, Parcel No. 3-11-2N-4W-0000-00321-0400, Parcel No. 3-11-2N-4W-0000-00321-0500, Parcel No. 3-10-2N-4W-0000-00144-0100, Parcel No. 3-10-2N-4W-0000-00144-0200, Parcel No. 3-11-2N-4W-0000-00322-0100, Parcel No. 3-11-2N-4W-0000-00321-0300, Parcel No. 3-11-2N-4W-0000-00324-0200, Parcel No. 3-11-2N-4W-0000-00324-0100, Parcel No. 3-11-2N-4W-0000-00323-0100, Parcel No. 3-11-2N-4W-0000-00323-0200, Parcel No. 3-10-2N-4W-0000-00441-0100, Parcel No. 3-10-2N-4W-0000-00441-0119, Parcel No. 3-10-2N-4W-0000-00441-0120, Parcel No. 3-10-2N-4W-0000-00441-0121, Parcel No. 3-10-2N-4W-0000-00441-0122, Parcel No. 3-10-2N-4W-0000-00441-0123, Parcel No. 3-10-2N-4W-0000-00441-0124, & Parcel No. -10-2N-4W-0000-00441-0125.
	02N	04W	12	Entire Section Quincy Territorial Area.
	02N	03W	7	Entire Section Quincy Territorial Area.
	02N	03W	8	Entire Section Quincy Territorial Area.

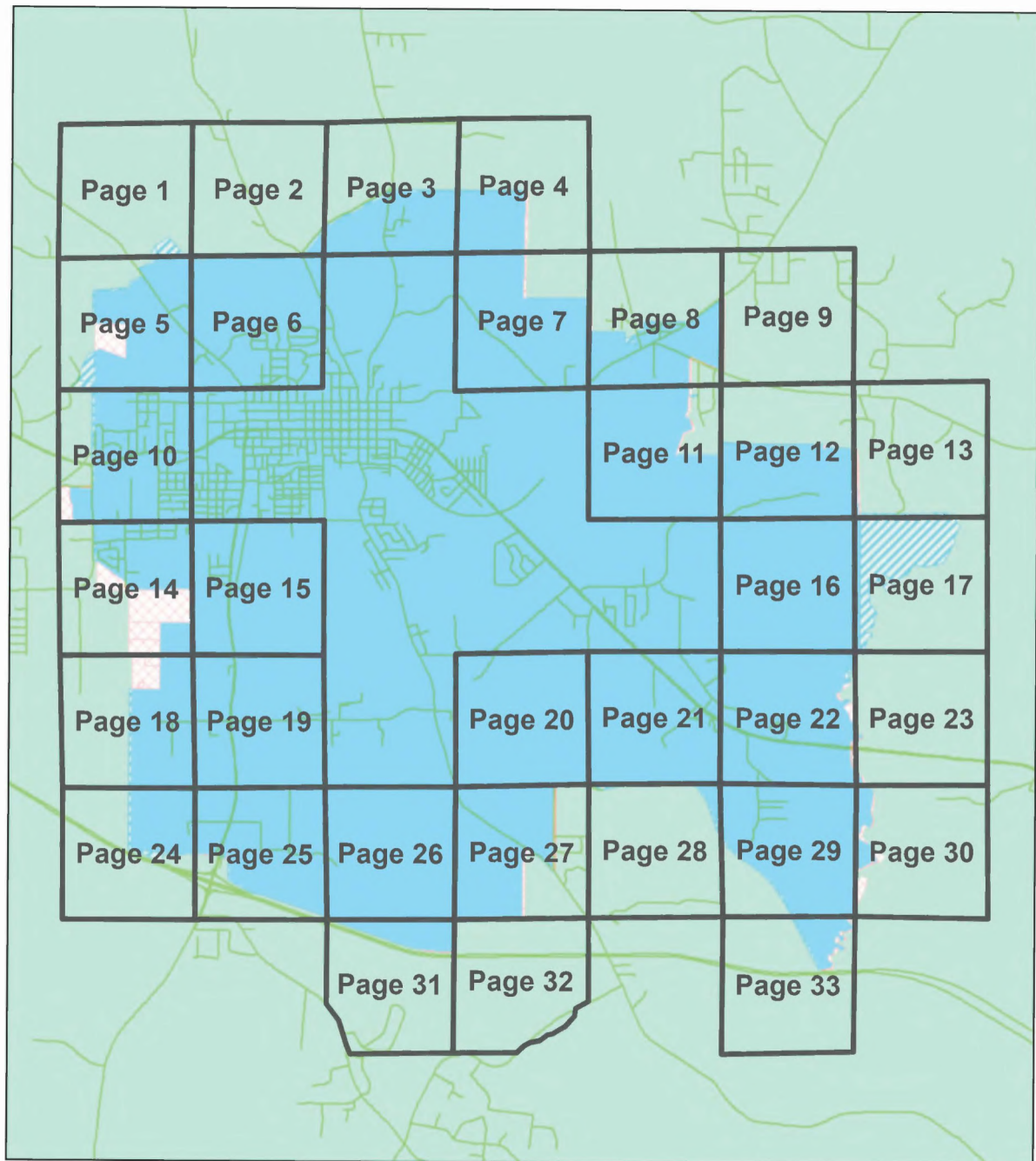
Exhibit A-1 Map Page	Township	Range	Section(s)	Description/Notes
11	02N	03W	9	Entire Section Quincy Territorial Area except for Parcel No. 3-04-2N-3W-0611-0000A-0040, Parcel No. 3-04-2N-3W-0611-0000A-0050, Parcel No. 3-04-2N-3W-0611-0000A-0100, Parcel No. 3-04-2N-3W-0611-0000A-0110, Parcel No. 3-09-2N-3W-0611-0000B-0160, Parcel No. 3-09-2N-3W-0611-0000B-0090, Parcel No. 3-09-2N-3W-0611-0000B-0080, Parcel No. 3-09-2N-3W-0611-0000B-0010, Parcel No. 3-09-2N-3W-0611-0000B-0150, Parcel No. 3-09-2N-3W-0611-0000B-0100, Parcel No. 3-09-2N-3W-0611-0000B-0070, Parcel No. 3-09-2N-3W-0611-0000B-0020, Parcel No. 3-09-2N-3W-0611-0000B-0140, Parcel No. 3-09-2N-3W-0611-0000B-0110, Parcel No. 3-09-2N-3W-0611-0000B-0060, Parcel No. 3-09-2N-3W-0611-0000B-0030, Parcel No. 3-09-2N-3W-0611-0000B-0130, Parcel No. 3-09-2N-3W-0611-0000B-0040, Parcel No. 3-09-2N-3W-0611-0000B-0050, Parcel No. 3-09-2N-3W-0611-0000B-0120, Parcel No. 3-09-2N-3W-0611-0000C-0050, Parcel No. 3-09-2N-3W-0611-0000C-0010, Parcel No. 3-09-2N-3W-0611-0000C-0021, Parcel No. 3-09-2N-3W-0611-0000C-0040, & Parcel No. 3-09-2N-3W-0000-00423-0100.
12	02N	03W	10	Entire Section Cooperative Territorial Area except for Parcel No. 3-10-2N-3W-0000-00310-0000, Parcel No. 3-10-2N-3W-0000-00311-0100, Parcel No. 3-10-2N-3W-0000-00422-0100, Parcel No. 3-22-2N-3W-0000-00410-0000, Parcel No. 3-10-2N-3W-0000-00424-0100, Parcel No. 3-10-2N-3W-0000-00334-0100, Parcel No. 3-10-2N-3W-0000-00330-0000, Parcel No. 3-10-2N-3W-0000-00330-0100, Parcel No. 3-10-2N-3W-0000-00433-0000, & Parcel No. 3-16-2N-3W-0000-00140-0100.
13	02N	03W	11	Entire Section Cooperative Territorial Area except for Parcel No. 3-22-2N-3W-0000-00410-0000.
14	02N	04W	14	Entire Section Quincy Territorial Area except for Parcel No. 3-14-2N-4W-0000-00222-0100, Parcel No. 3-14-2N-4W-0000-00222-0200, Parcel No. 3-14-2N-4W-0000-00221-0100, Parcel No. 3-14-2N-4W-0000-00223-0100, Parcel No. 3-14-2N-4W-0000-00223-0200, Parcel No. 3-14-2N-4W-0000-00223-0300, Parcel No. 3-14-2N-4W-0000-00223-0400, Parcel No. 3-14-2N-4W-0000-00223-0500, Parcel No. 3-14-2N-4W-0000-00223-0600, Parcel No. 3-14-2N-4W-0000-00224-0100, Parcel No. 3-14-2N-4W-0000-00224-0200, Parcel No. 3-14-2N-4W-0000-00224-0300, Parcel No. 3-14-2N-4W-0000-00224-0400, Parcel No. 3-14-2N-4W-0000-00224-0500, Parcel No. 3-14-2N-4W-0000-00224-0600, Parcel No. 3-14-2N-4W-0000-00224-0700, Parcel No. 3-14-2N-4W-0000-00224-0800, Parcel No. 3-14-2N-4W-0000-00224-0900, Parcel No. 3-14-2N-4W-0000-00230-0000, Parcel No. 3-14-2N-4W-0000-00231-0100, Parcel No. 3-14-2N-4W-0000-00231-0200, Parcel No. 3-14-2N-4W-0000-00231-3000, Parcel No. 3-14-2N-4W-0000-00234-0100, Parcel No. 3-14-2N-4W-0000-00234-0300, Parcel No. 3-14-2N-4W-0000-00234-0500, Parcel No. 3-14-2N-4W-0000-00234-0600, Parcel No. 3-14-2N-4W-0000-00234-0700, Parcel No. 3-14-2N-4W-0000-00234-0800, Parcel No. 3-14-2N-4W-0000-00234-0900, Parcel No. 3-14-2N-4W-0000-00234-1000, Parcel No. 3-14-2N-4W-0000-00234-1100, Parcel No. 3-14-2N-4W-0000-00234-1200, Parcel No. 3-14-2N-4W-0000-00234-1300, Parcel No. 3-14-2N-4W-0000-00230-0100, Parcel No. 3-14-2N-4W-0000-00232-0000, Parcel No. 3-14-2N-4W-0000-00432-0000, & Parcel No. 3-14-2N-4W-0000-00433-0000.
15	02N	04W	13	Entire Section Quincy Territorial Area.
	02N	03W	18	Entire Section Quincy Territorial Area.
	02N	03W	17	Entire Section Quincy Territorial Area.
	02N	03W	16	Entire Section Quincy Territorial Area.
16	02N	03W	15	Entire Section Quincy Territorial Area.
17	02N	03W	14	Entire Section Cooperative Territorial Area except for Parcel No. 3-22-2N-3W-0000-00410-0000.

Exhibit A-1 Map Page	Township	Range	Section(s)	Description/Notes
18	02N	04W	23	Entire Section Quincy Territorial Area except for Parcel No. 3-14-2N-4W-0000-00230-0100, Parcel No. 3-14-2N-4W-0000-00232-0000, Parcel No. 3-23-2N-4W-0000-00120-0500, Parcel No. 3-23-2N-4W-0000-00120-0000, Parcel No. 3-23-2N-4W-0000-00120-3400, Parcel No. 3-14-2N-4W-0000-00433-0000.
19	02N	04W	24	Entire Section Quincy Territorial Area.
	02N	03W	19	Entire Section Quincy Territorial Area.
20	02N	03W	20	Entire Section Quincy Territorial Area.
21	02N	03W	21	Entire Section Quincy Territorial Area.
22	02N	03W	22	Entire Section Quincy Territorial Area except for Parcel No. 3-22-2N-3W-0000-00420-0000 & Parcel No. 3-23-2N-3W-0000-00341-0300
23	02N	03W	23	Entire Section Cooperative Territorial Area except for Parcel No. 3-22-2N-3W-0000-00410-0000, Parcel No. 3-23-2N-3W-0000-00330-0000, Parcel No. 3-26-2N-3W-0000-00200-0000
24	02N	04W	26	Entire Section Cooperative Territorial Area except for Parcel No. 3-26-2N-4W-0000-00100-0000 & Parcel No. 3-25-2N-4W-0000-00400-0000.
25	02N	04W	25	Entire Section Cooperative Territorial Area except for Parcel No. 3-25-2N-4W-0000-00400-0000 North of Interstate 10, Parcel No. 3-25-2N-4W-0000-00321-0100, Parcel No. 3-25-2N-4W-0000-00112-0100, Parcel No. 3-25-2N-4W-0000-00112-0200, Parcel No. 3-25-2N-4W-0000-00112-0300, Parcel No. 3-25-2N-4W-0000-00112-0400, Parcel No. 3-25-2N-4W-0000-00112-0500, Parcel No. 3-25-2N-4W-0000-00112-0600, Parcel No. 3-25-2N-4W-0000-00111-0100, Parcel No. 3-30-2N-3W-0000-00210-0000, Parcel No. 3-25-2N-4W-0000-00113-0100, Parcel No. 3-25-2N-4W-0000-00113-0200, Parcel No. 3-25-2N-4W-0000-00113-0300, Parcel No. 3-25-2N-4W-0000-00141-0100, Parcel No. 3-25-2N-4W-0000-00143-0600, Parcel No. 3-25-2N-4W-0000-00143-0100, Parcel No. 3-30-2N-3W-0000-00420-0000, Parcel No. 3-30-2N-3W-0000-00320-0000, & Parcel No. 3-30-2N-3W-0000-00333-0100.
26	02N	03W	30	Entire Section Quincy Territorial Area except for Parcel No. 3-30-2N-3W-0000-00320-0100.
27	02N	03W	29	Entire Section Cooperative Territorial Area except for Parcel No. 3-29-2N-3W-0000-00210-0000, Parcel No. 3-29-2N-3W-0000-00224-0100, Parcel No. 3-19-2N-3W-0000-00441-0100, Parcel No. 3-29-2N-3W-9030-00000-0010, Parcel No. 3-29-2N-3W-9030-00000-0020, Parcel No. 3-29-2N-3W-9030-00000-0030, Parcel No. 3-29-2N-3W-9030-00000-0040, Parcel No. 3-29-2N-3W-9030-00000-0050, Parcel No. 3-29-2N-3W-0000-00230-0000
28	02N	03W	28	Entire Section Cooperative Territorial Area except for Parcel No. 3-21-2N-3W-0000-00330-0000, Parcel No. 3-21-2N-3W-0000-00340-0000, Parcel No. 3-21-2N-3W-0000-00322-0100, Parcel No. 3-21-2N-3W-0000-00413-0600, Parcel No. 3-21-2N-3W-0000-00412-0400, Parcel No. 3-21-2N-3W-0000-00441-0200, Parcel No. 3-21-2N-3W-0000-00411-0700, Parcel No. 3-21-2N-3W-0000-00411-0300, Parcel No. 3-21-2N-3W-0000-00411-0200, Parcel No. 3-21-2N-3W-0000-00415-0000, Parcel No. 3-28-2N-3W-0000-00111-0000, Parcel No. 3-28-2N-3W-0000-00141-0100.
29	02N	03W	27	Entire Section Quincy Territorial Area except for Parcel No. 3-28-2N-3W-0000-00112-0100, Parcel No. 3-27-2N-3W-0000-00323-0000, Parcel No. 3-27-2N-3W-0000-00323-0100, Parcel No. 3-27-2N-3W-0000-00334-0100, Parcel No. 3-34-2N-3W-0000-00200-0000, Parcel No. 3-27-2N-3W-0000-00233-0100, Parcel No. 3-26-2N-3W-0000-00400-0000, & the portion of Parcel No. 3-27-2N-3W-0000-00100-0000 south of Parcel No. 3-28-2N-3W-0000-00112-0100.

Exhibit A-1 Map Page	Township	Range	Section(s)	Description/Notes
30	02N	03W	26	Entire Section Cooperative Territorial Area except for Parcel No. 3-26-2N-3W-0000-00200-0000.
31	02N	03W	31	Entire Section Cooperative Territorial Area except for Parcel No. 3-31-2N-3W-0000-00110-0000.
32	02N	03W	32	Entire Section Cooperative Territorial Area.
	02N	03W	33	Entire Section Cooperative Territorial Area.
33	02N	03W	34	Entire Section Cooperative Territorial Area except for Parcel No. 3-34-2N-3W-0000-00130-0000.

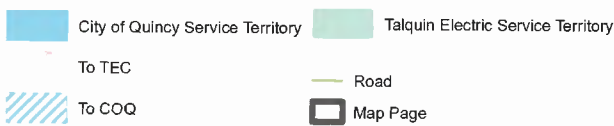
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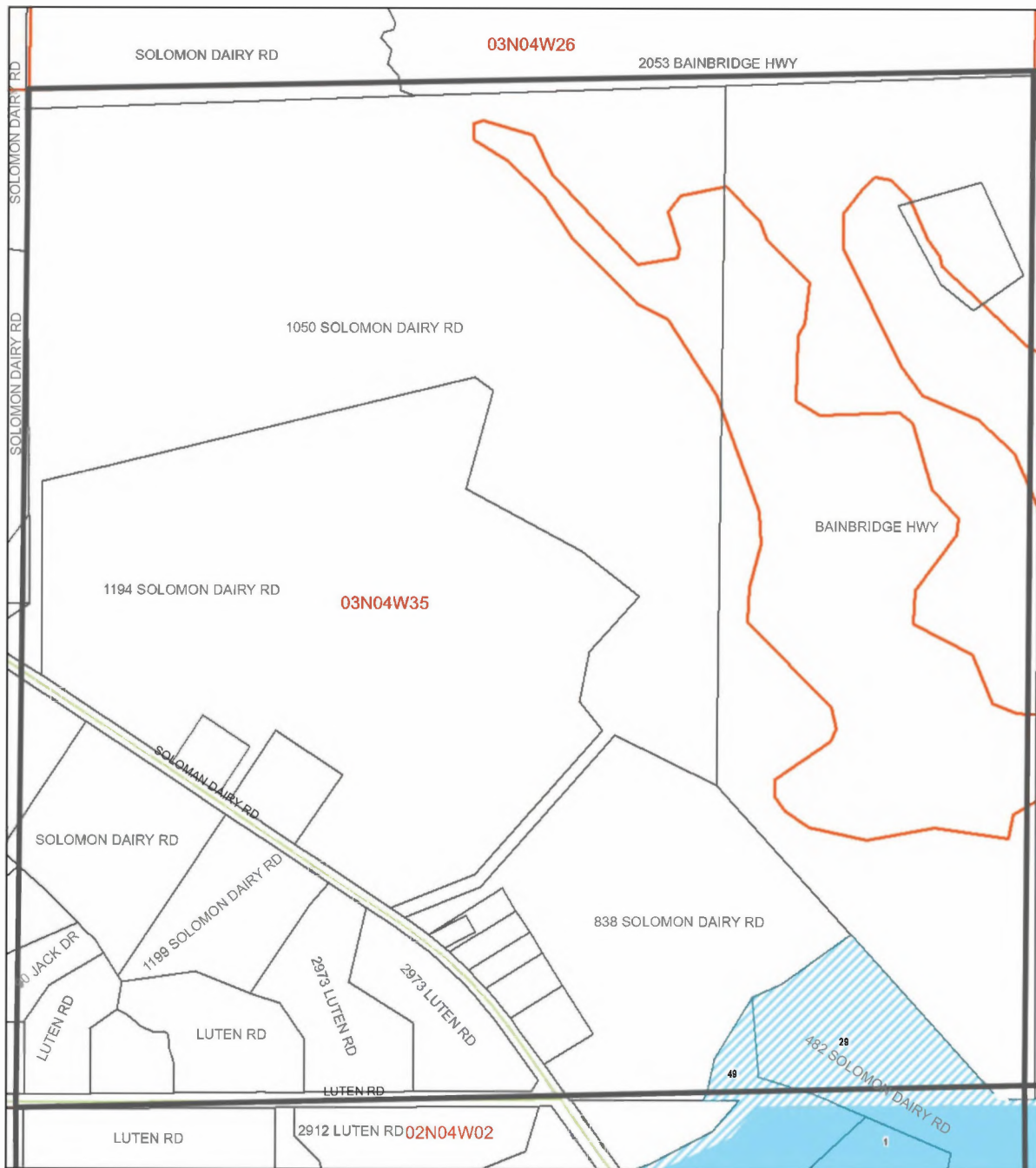
MAPS DEPICTING CHANGES IN TERRITORIAL BOUNDARY LINES FROM 1995
TERRITORIAL AGREEMENT TO 2025 TERRITORIAL AGREEMENT



Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes

0 1 2 4 Miles



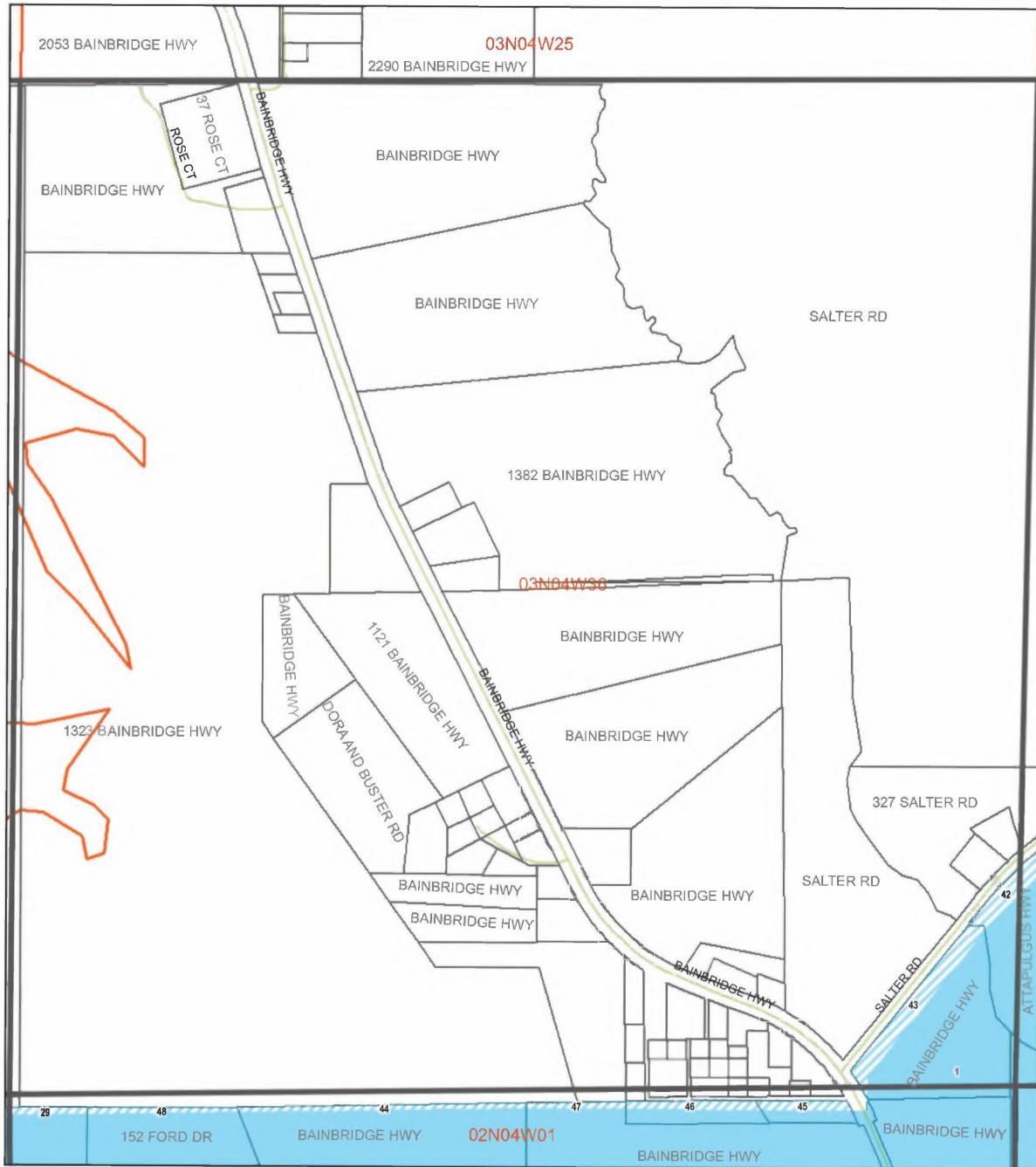


**Talquin Electric - City of Quincy
 Territorial Boundary Map - Proposed Changes
 Map Page 1**

- | | | | |
|---|----------------------------------|---|------------------|
|  | City of Quincy Service Territory |  | Road |
|  | To TEC |  | Section Boundary |
|  | To COQ |  | Parcels |
| | |  | Map Page |

0 250 500 1,000 Feet



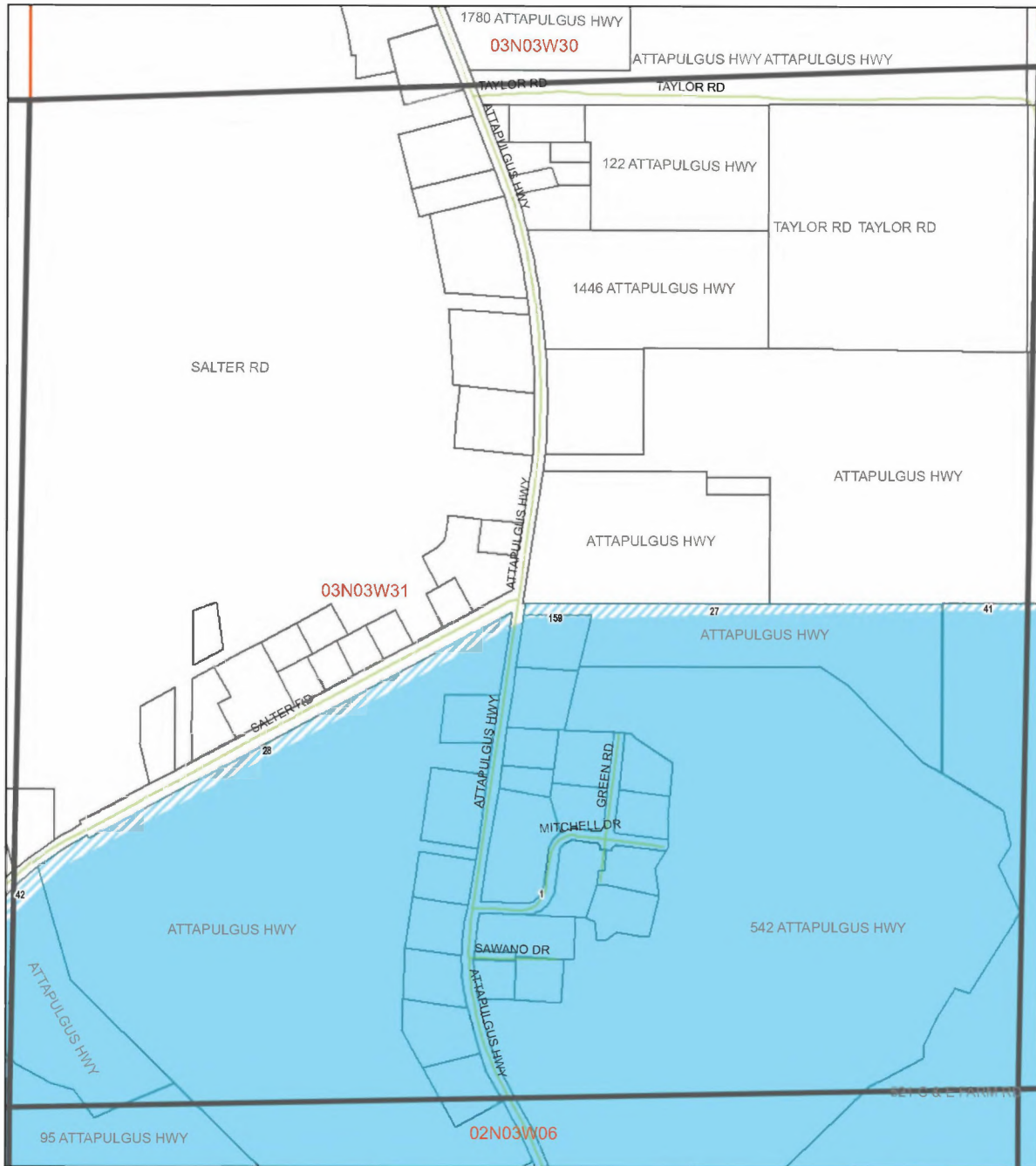


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 2

- | | | | |
|---|----------------------------------|---|------------------|
|  | City of Quincy Service Territory |  | Road |
|  | To TEC |  | Section Boundary |
|  | To COQ |  | Parcels |
| | |  | Map Page |

0 250 500 1,000
 Feet



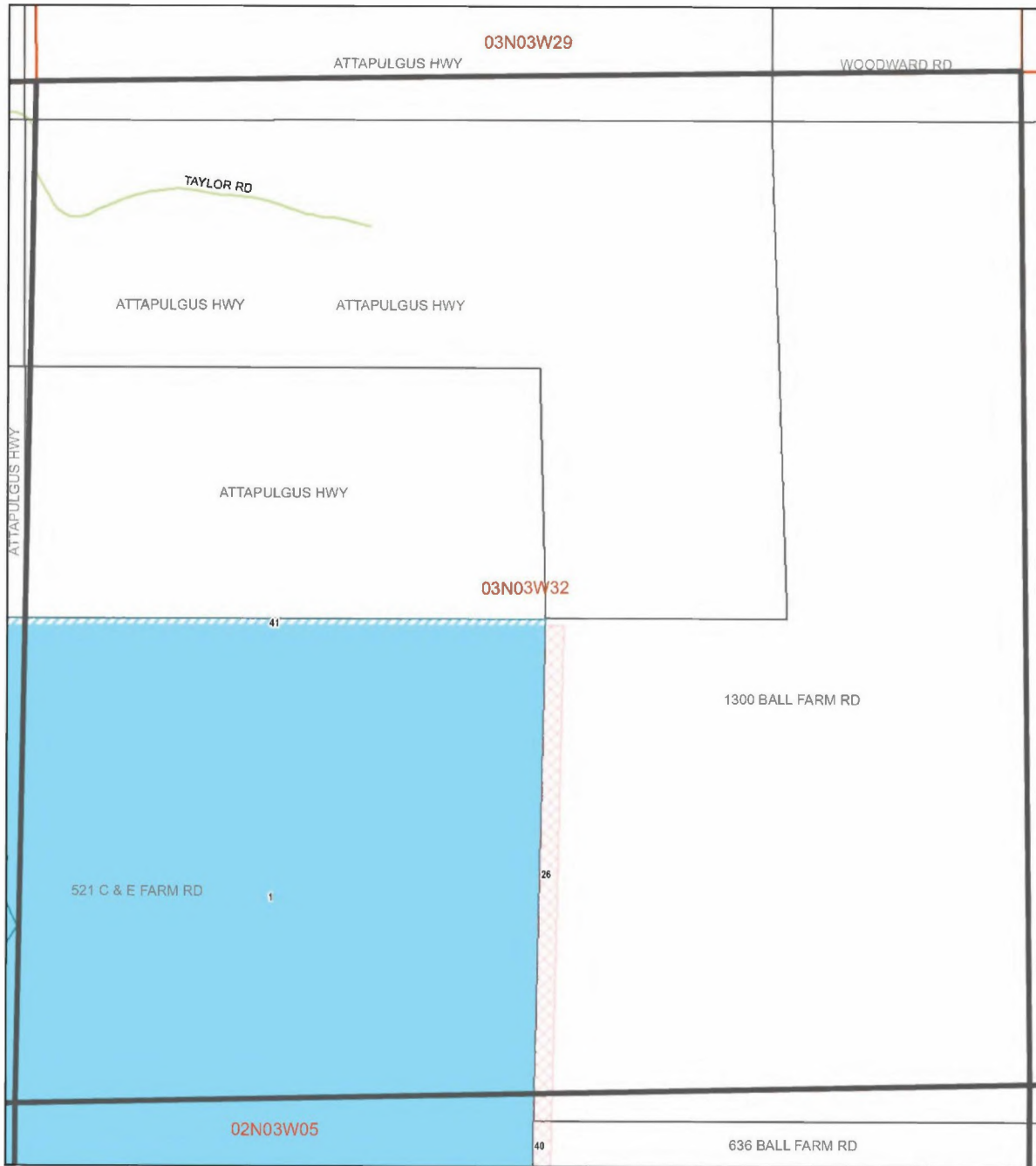


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 3

- | | |
|---|---|
| City of Quincy Service Territory | Road |
| To TEC | Section Boundary |
| To COQ | Parcels |
| | Map Page |

0 250 500 1,000
 Feet



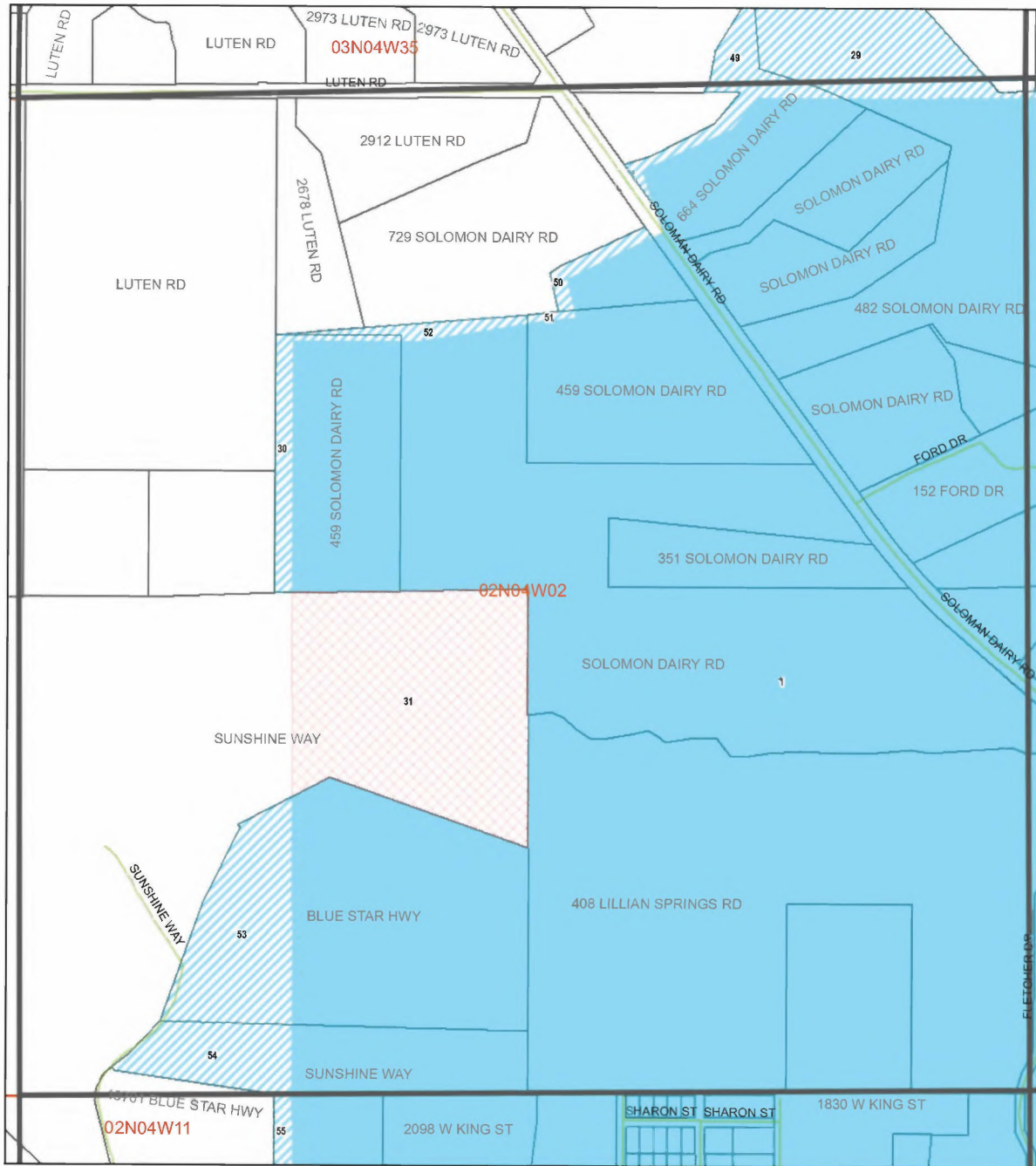


**Talquin Electric - City of Quincy
 Territorial Boundary Map - Proposed Changes
 Map Page 4**

- | | | | |
|---|----------------------------------|---|------------------|
|  | City of Quincy Service Territory |  | Road |
|  | To TEC |  | Section Boundary |
|  | To COQ |  | Parcels |
| | |  | Map Page |

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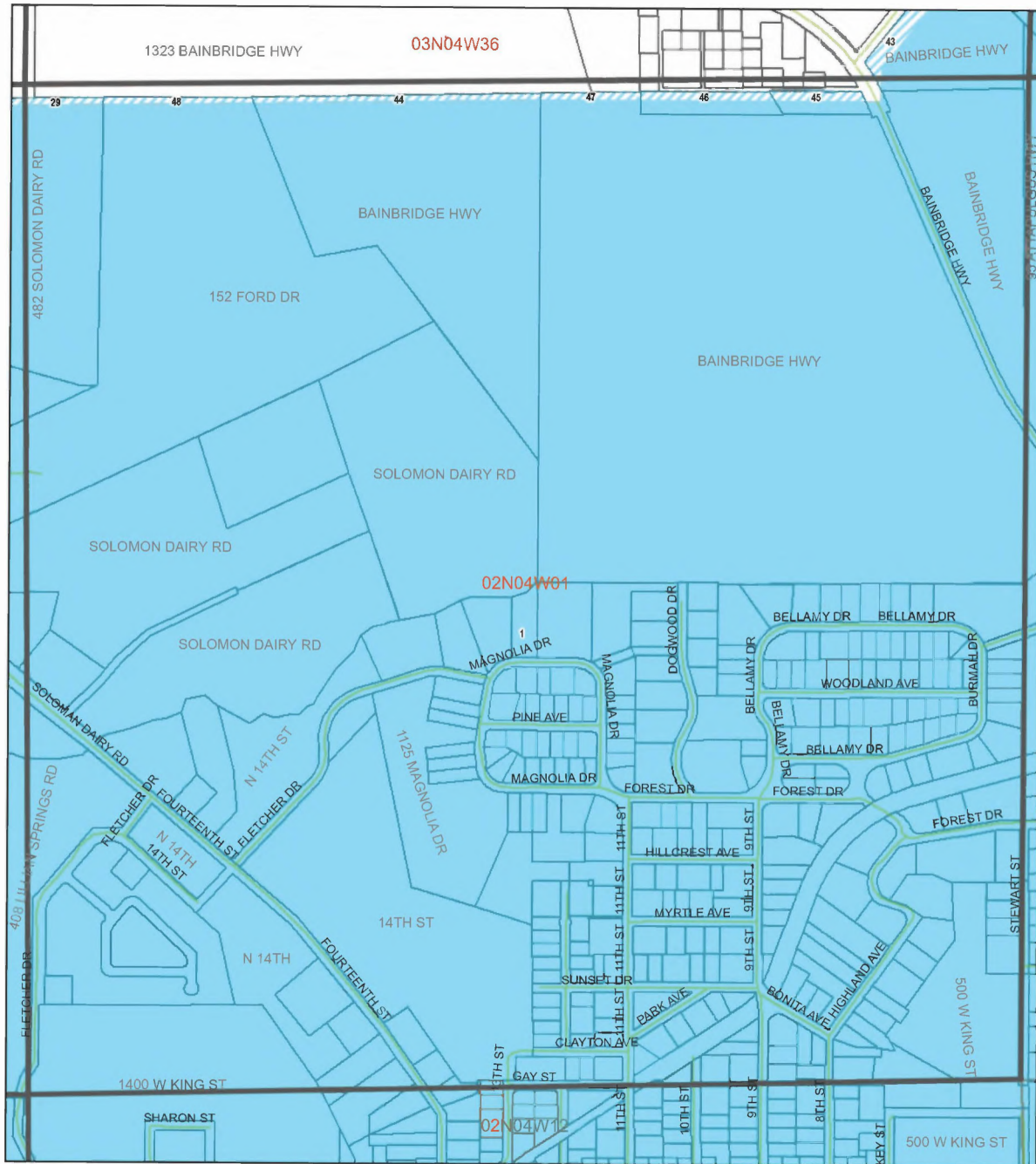


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 5

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| City of Quincy Service Territory | Road |
| To TEC | Section Boundary |
| To COQ | Parcels |
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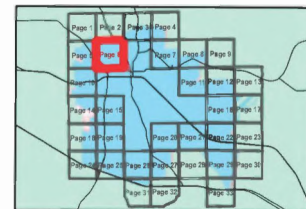


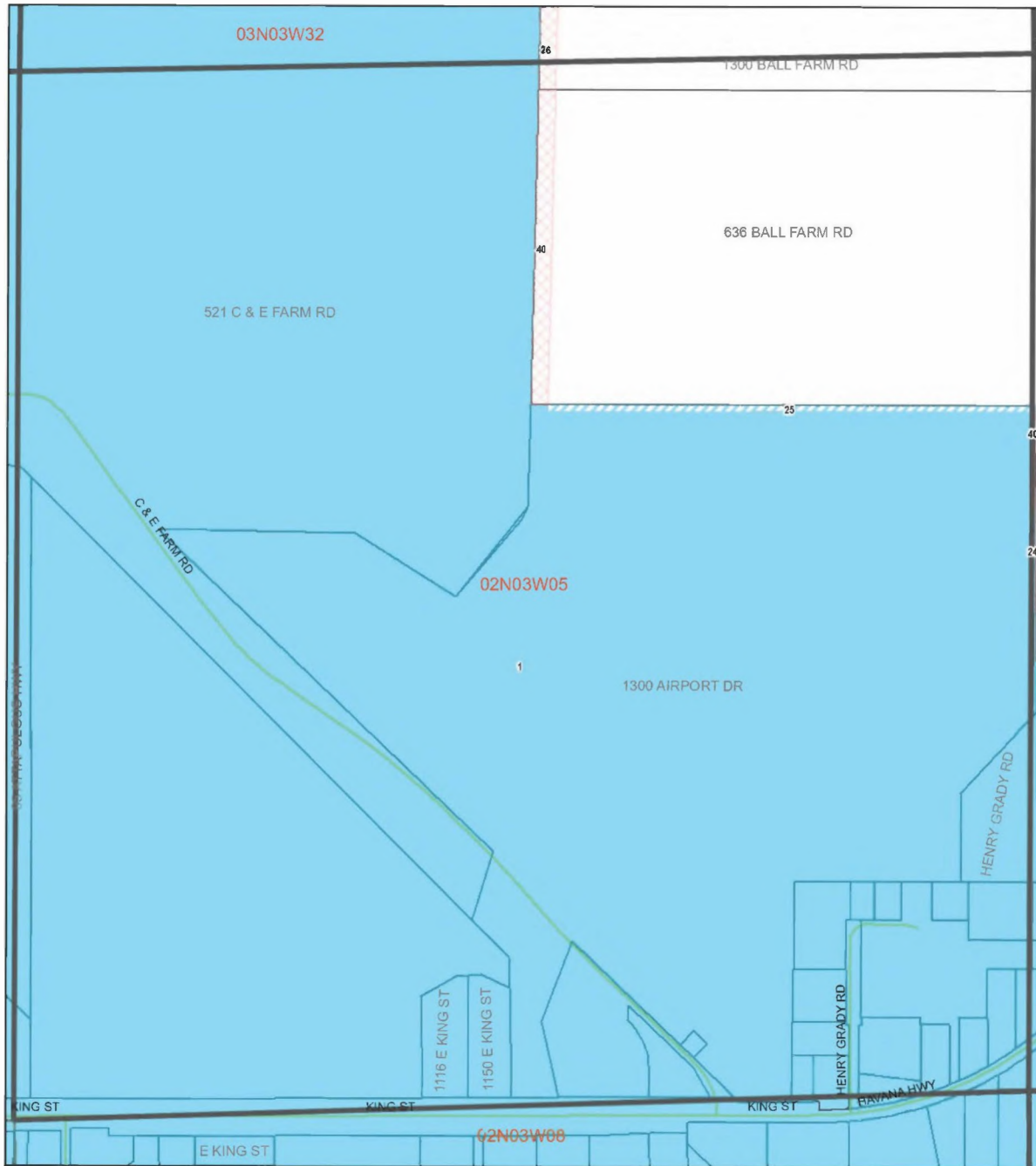


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 6

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|  | City of Quincy Service Territory |  | Road |
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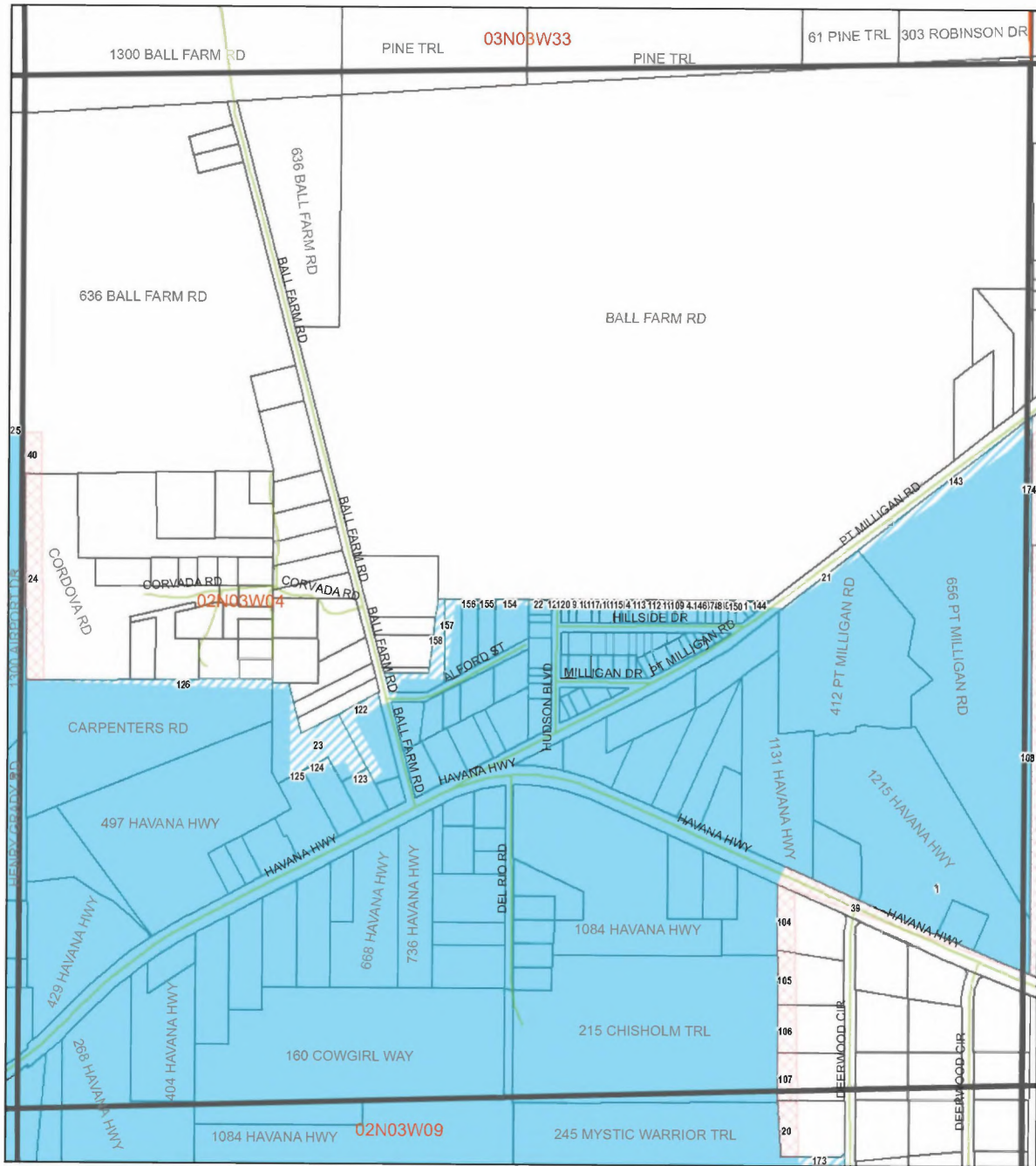


**Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 7**

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|  To COQ |  Parcels |
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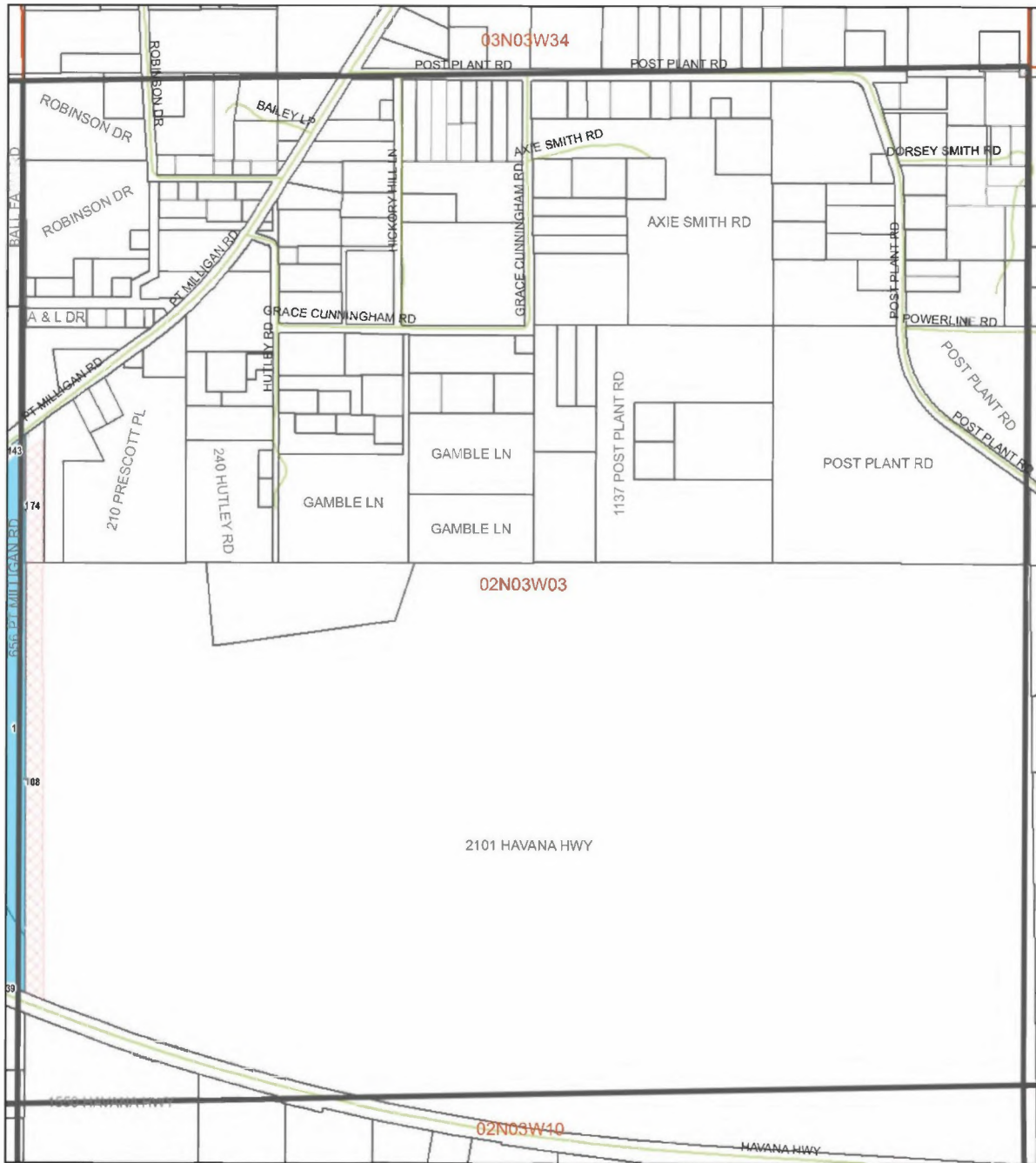


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 8

- City of Quincy Service Territory
- To TEC
- To COQ
- Road
- Section Boundary
- Parcels
- Map Page

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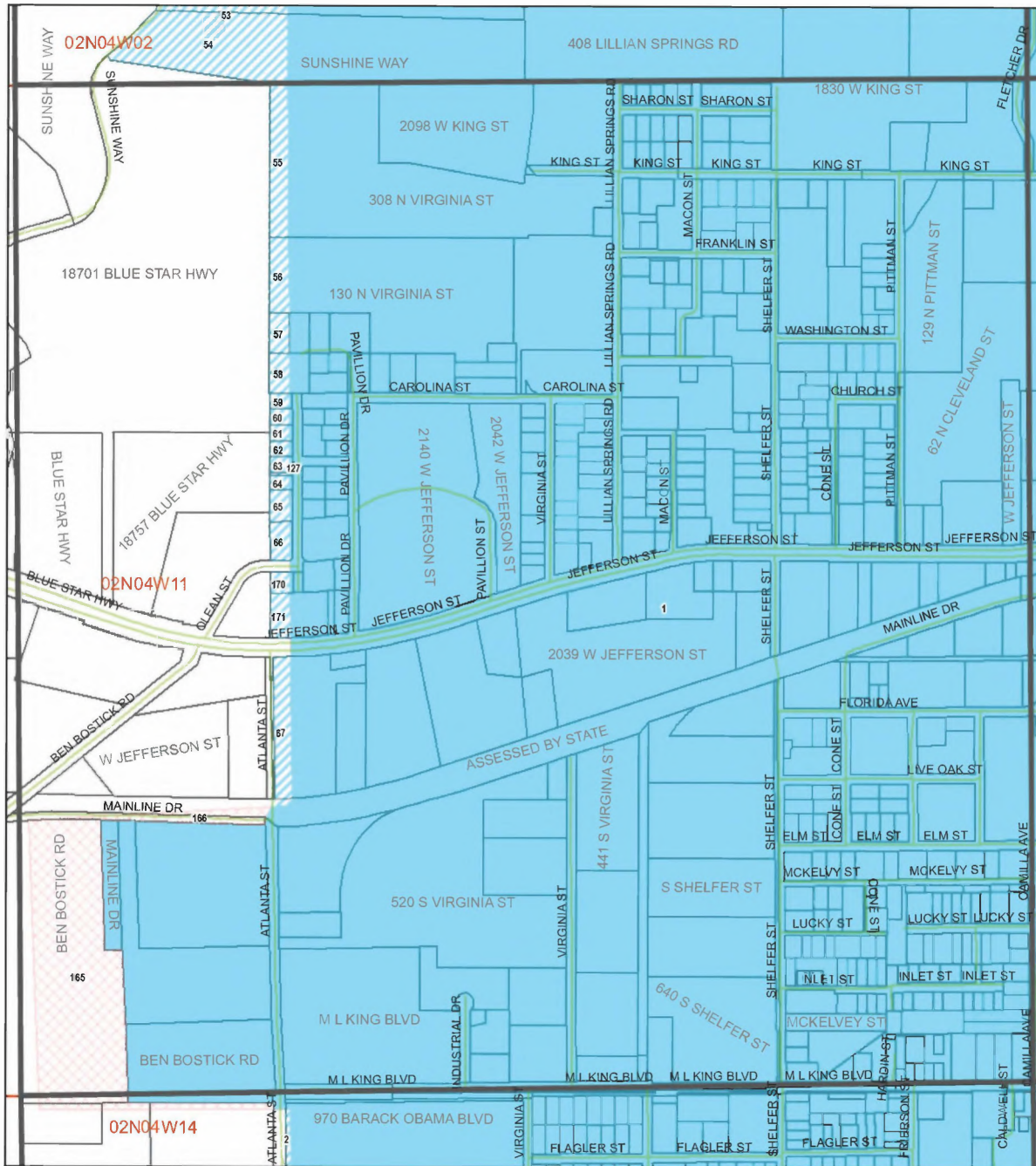


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 9

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|  To COQ |  Parcels |
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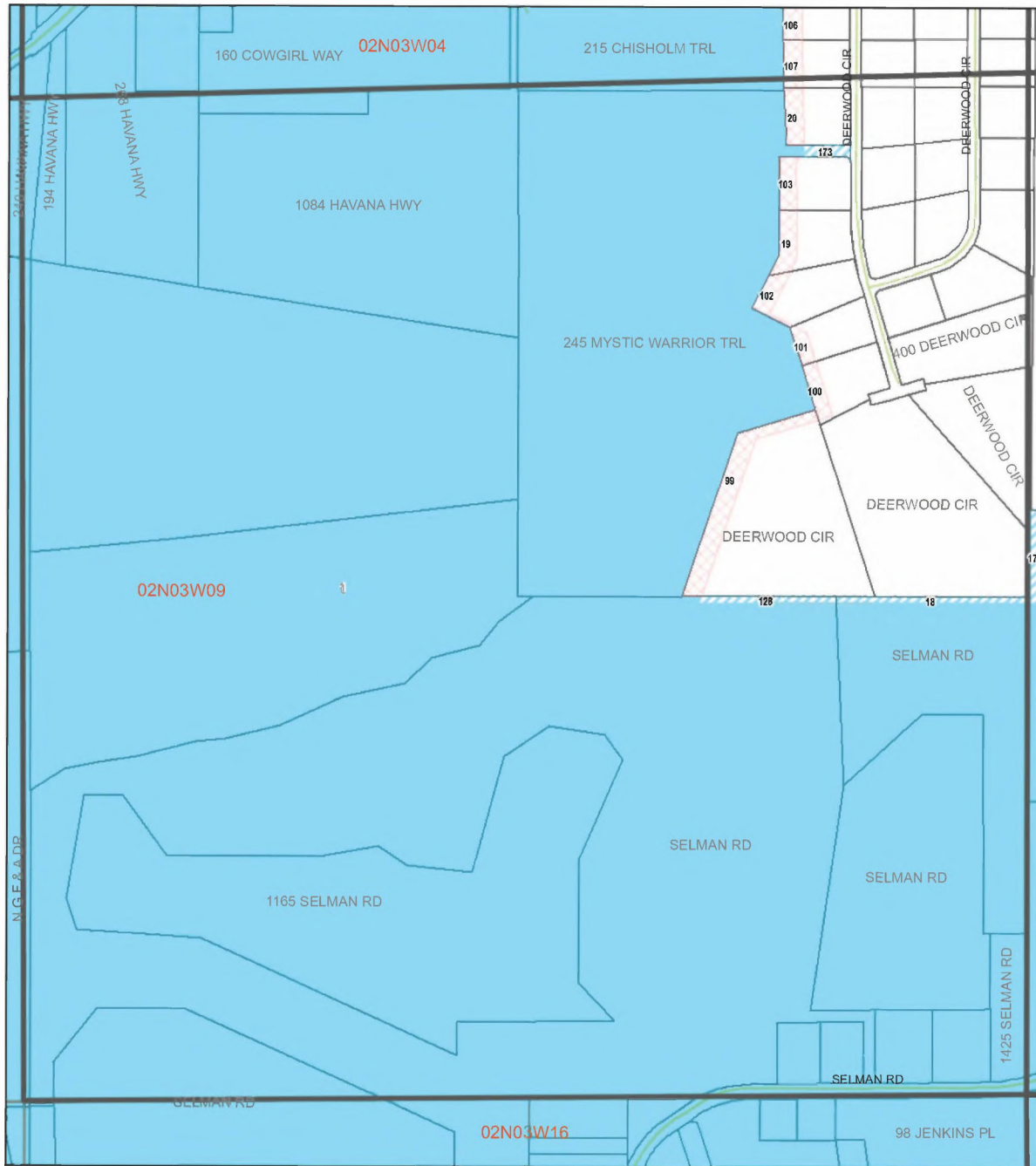


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 10

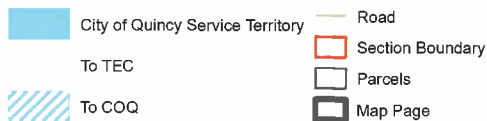
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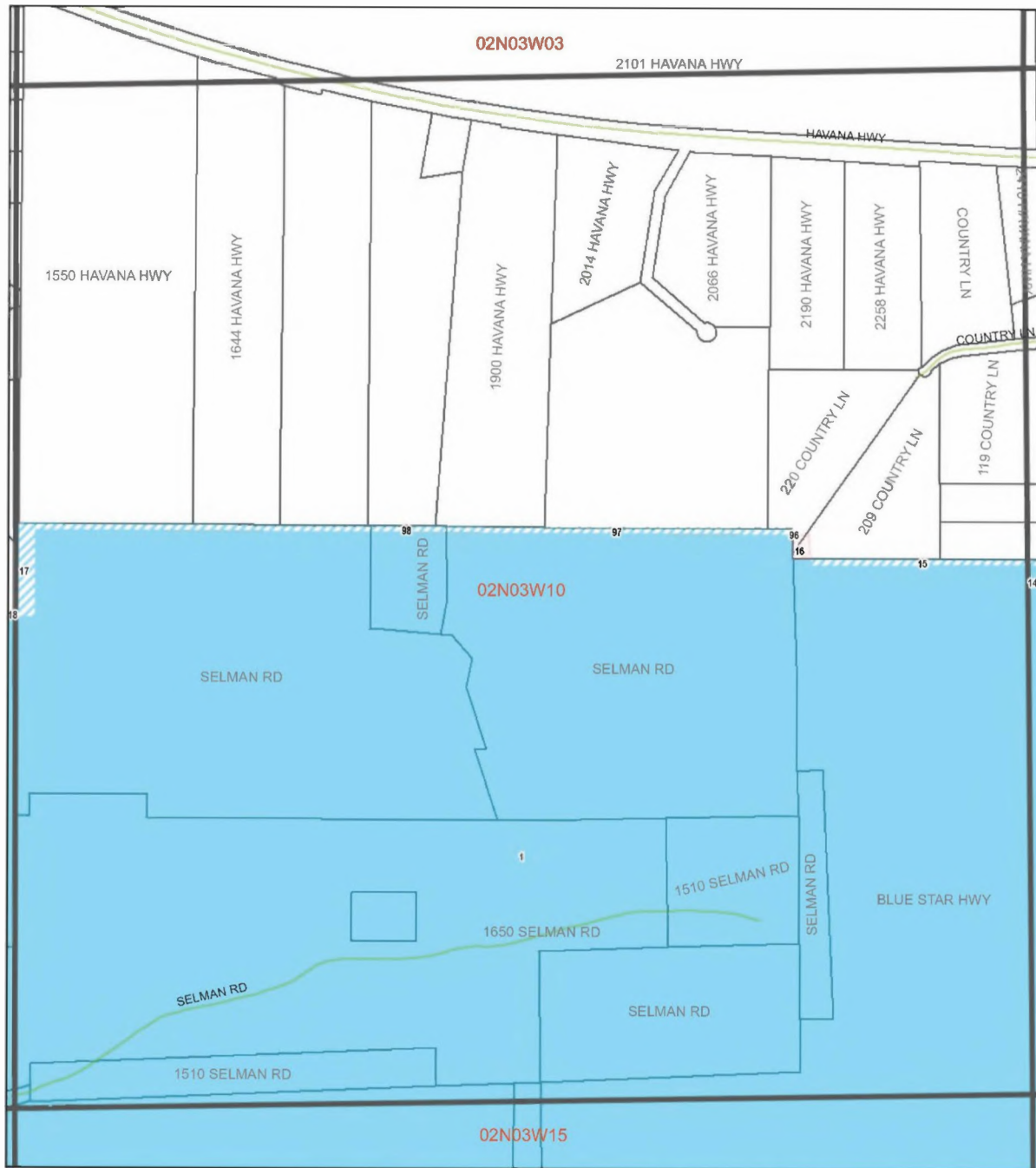


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 11



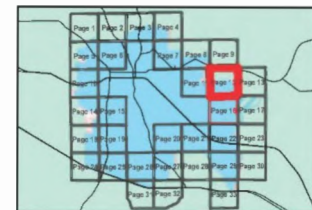
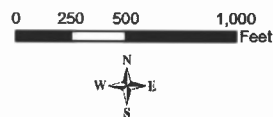
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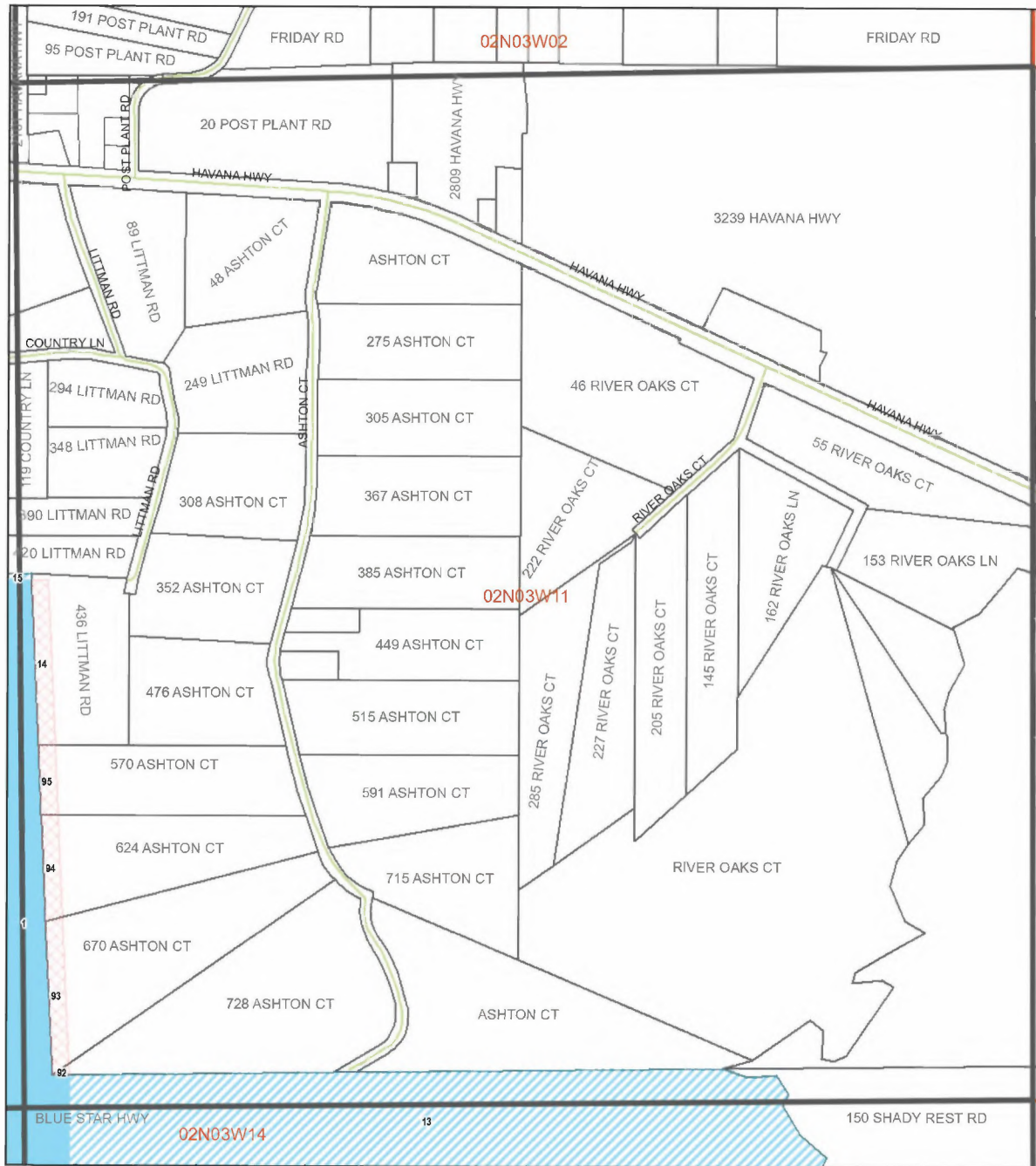




**Talquin Electric - City of Quincy
 Territorial Boundary Map - Proposed Changes
 Map Page 12**

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| | City of Quincy Service Territory | | Road |
| | To TEC | | Section Boundary |
| | To COQ | | Parcels |
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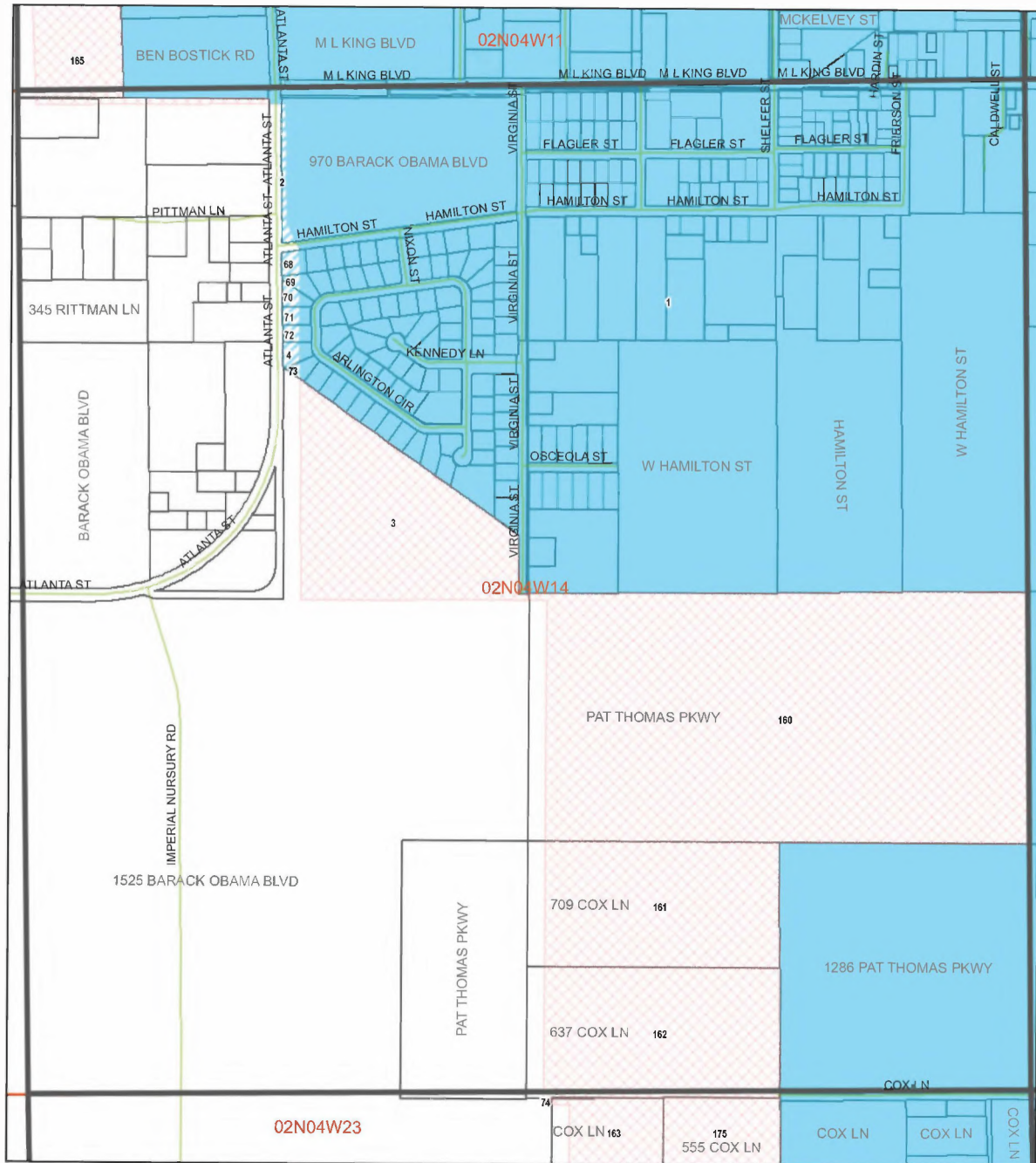


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 13

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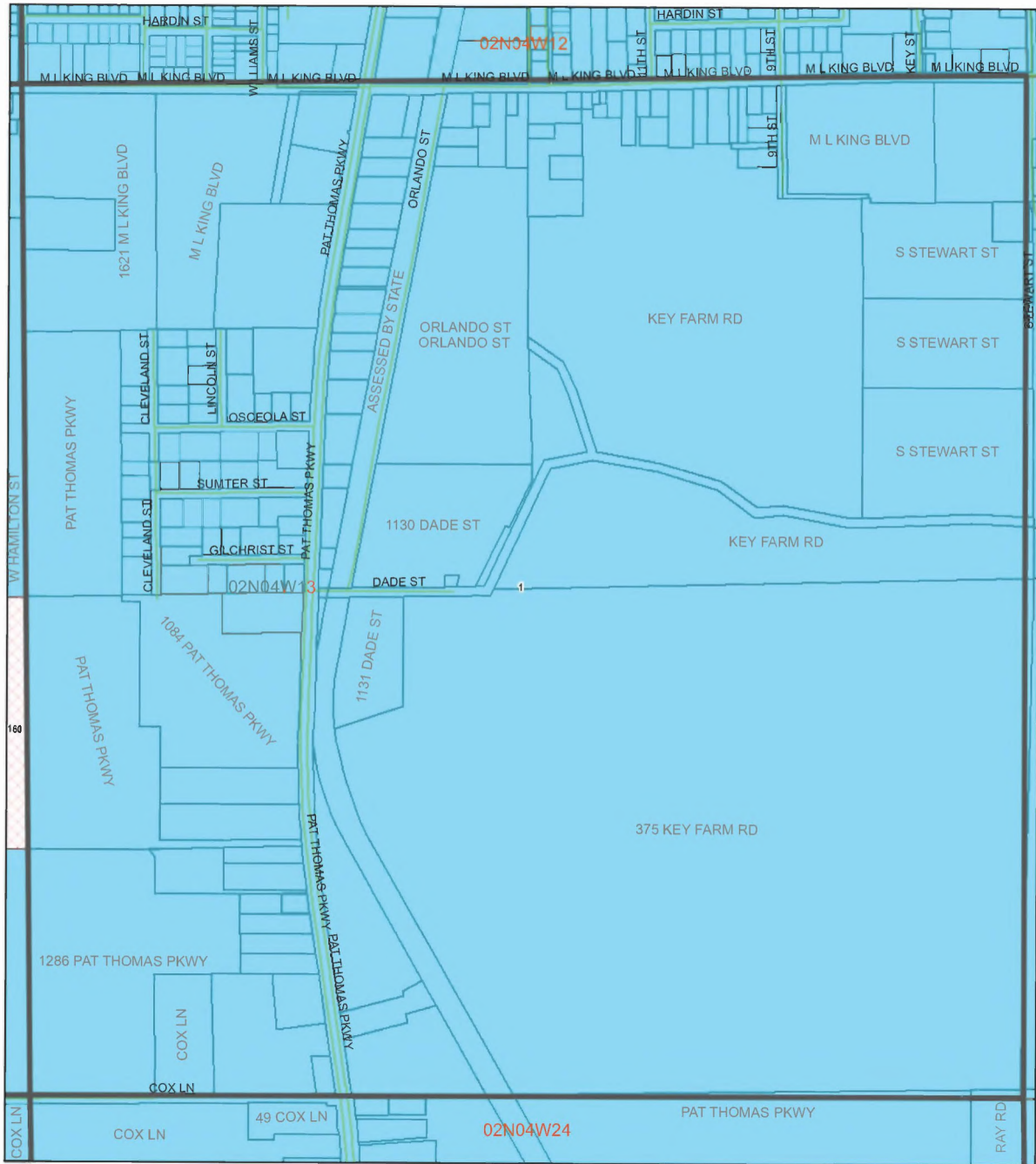


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 14

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| | To COQ | | Parcels |
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Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 15

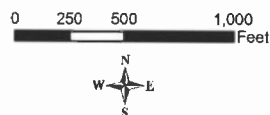
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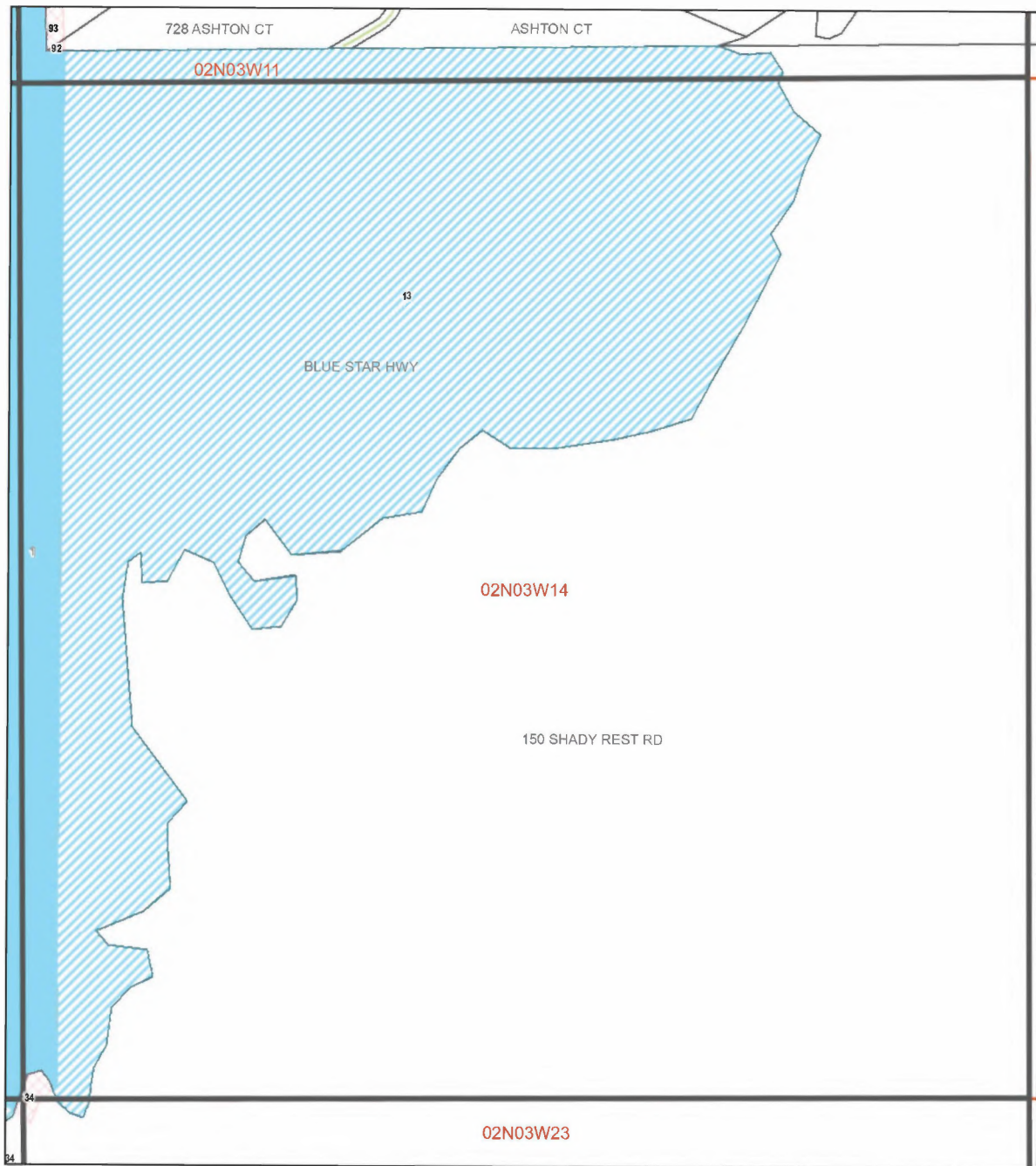
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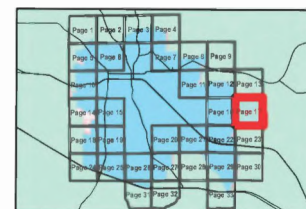
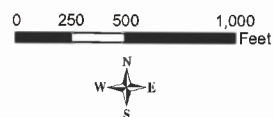
**Talquin Electric - City of Quincy
 Territorial Boundary Map - Proposed Changes
 Map Page 16**

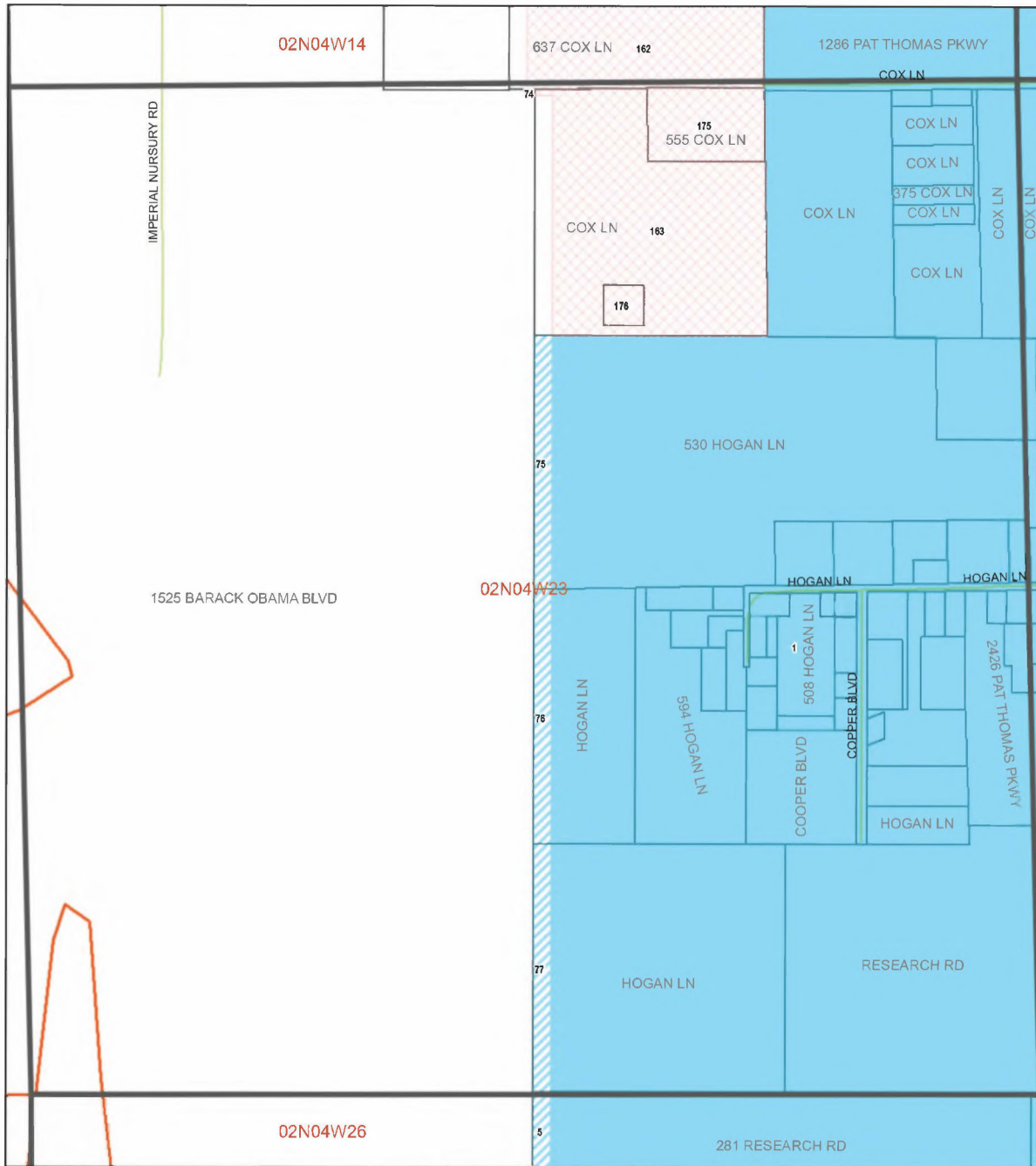




Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 17

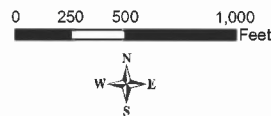
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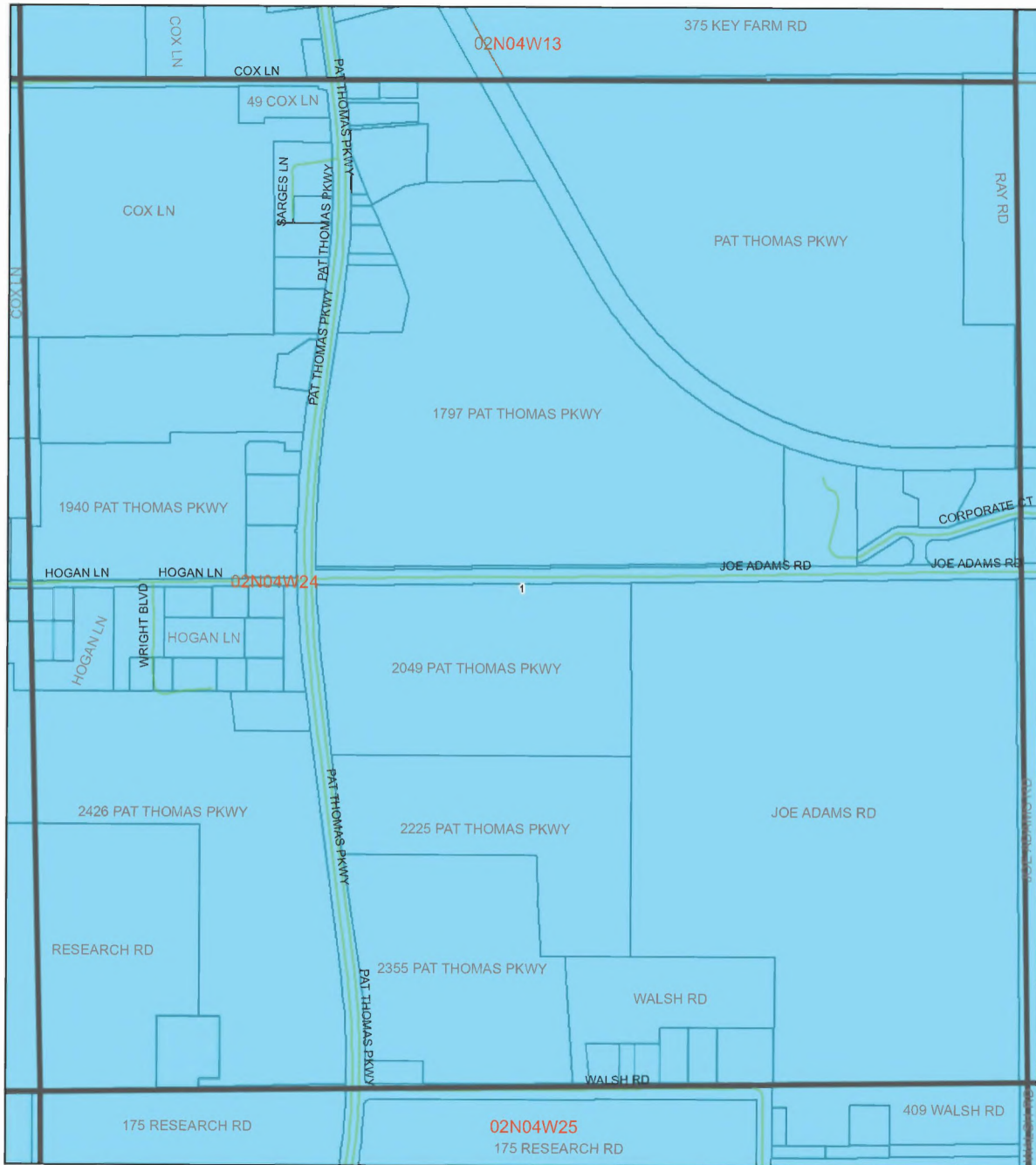




Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 18

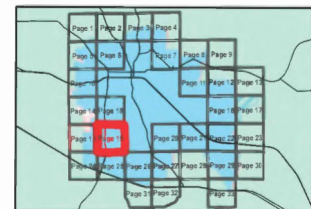
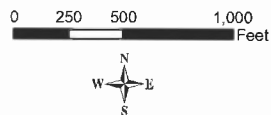
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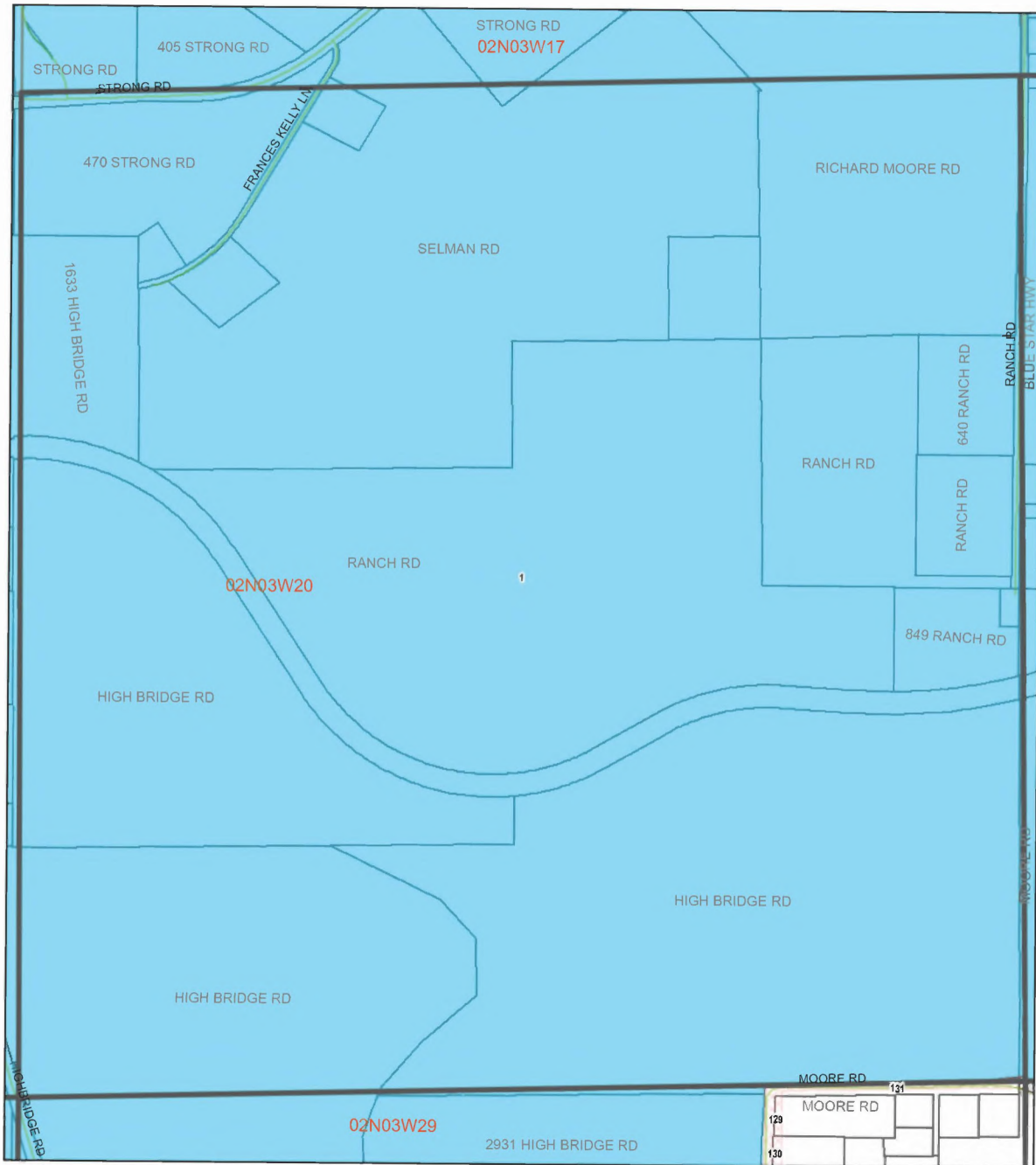




Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 19

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| City of Quincy Service Territory | Road |
| To TEC | Section Boundary |
| To COQ | Parcels |
| | Map Page |



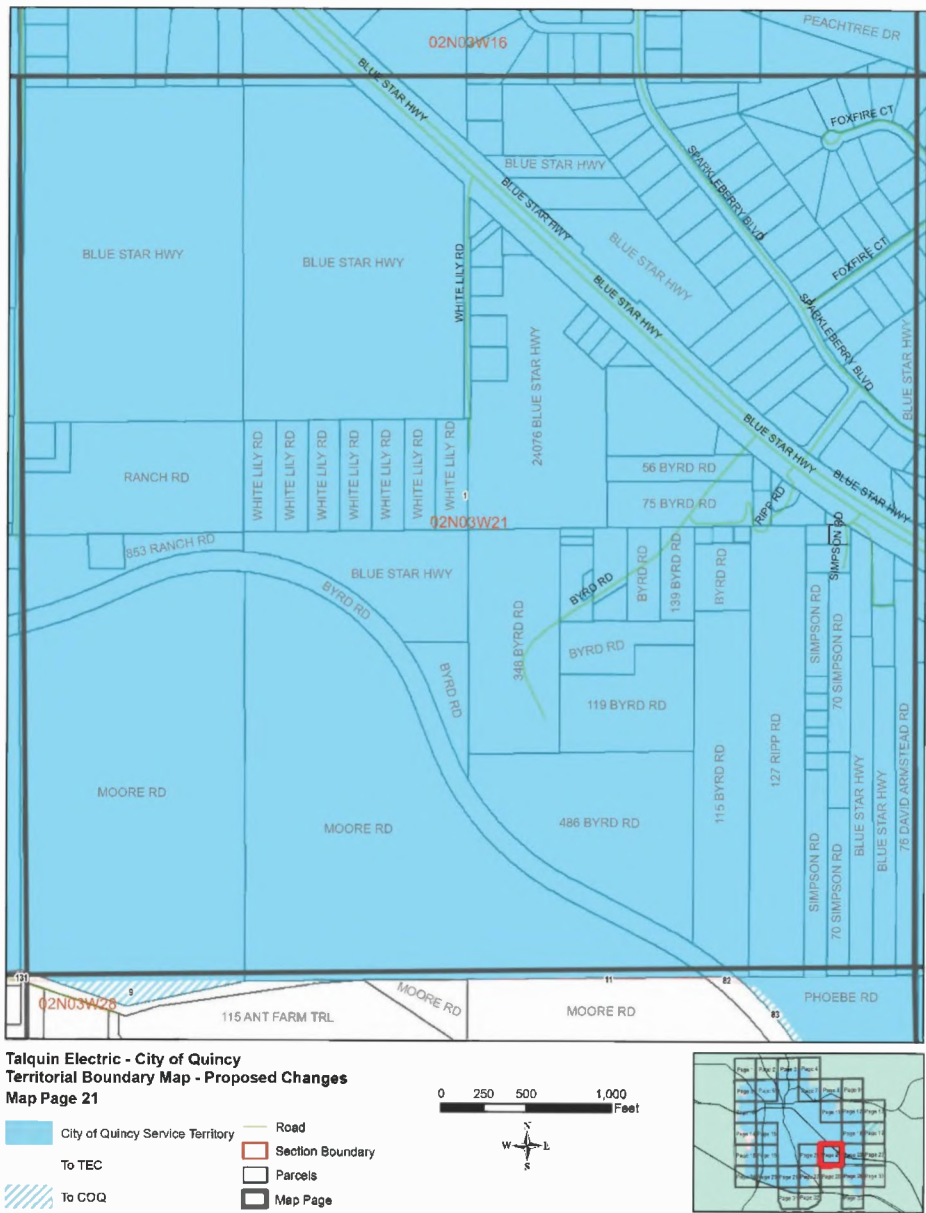


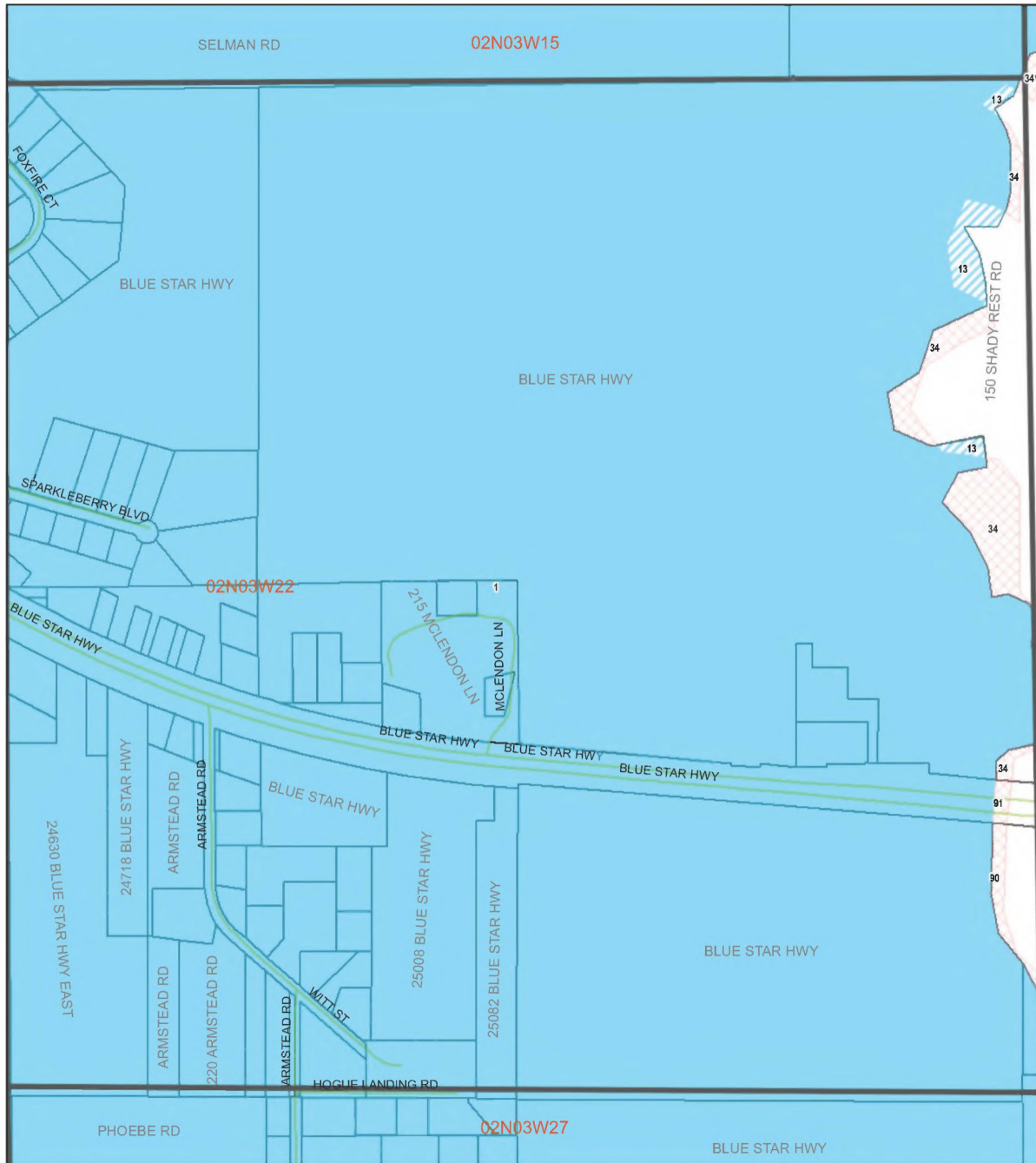
Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 20

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| City of Quincy Service Territory | Road |
| To TEC | Section Boundary |
| To COQ | Parcels |
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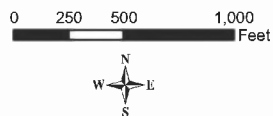






Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 22

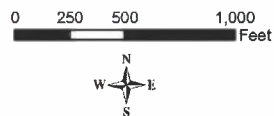
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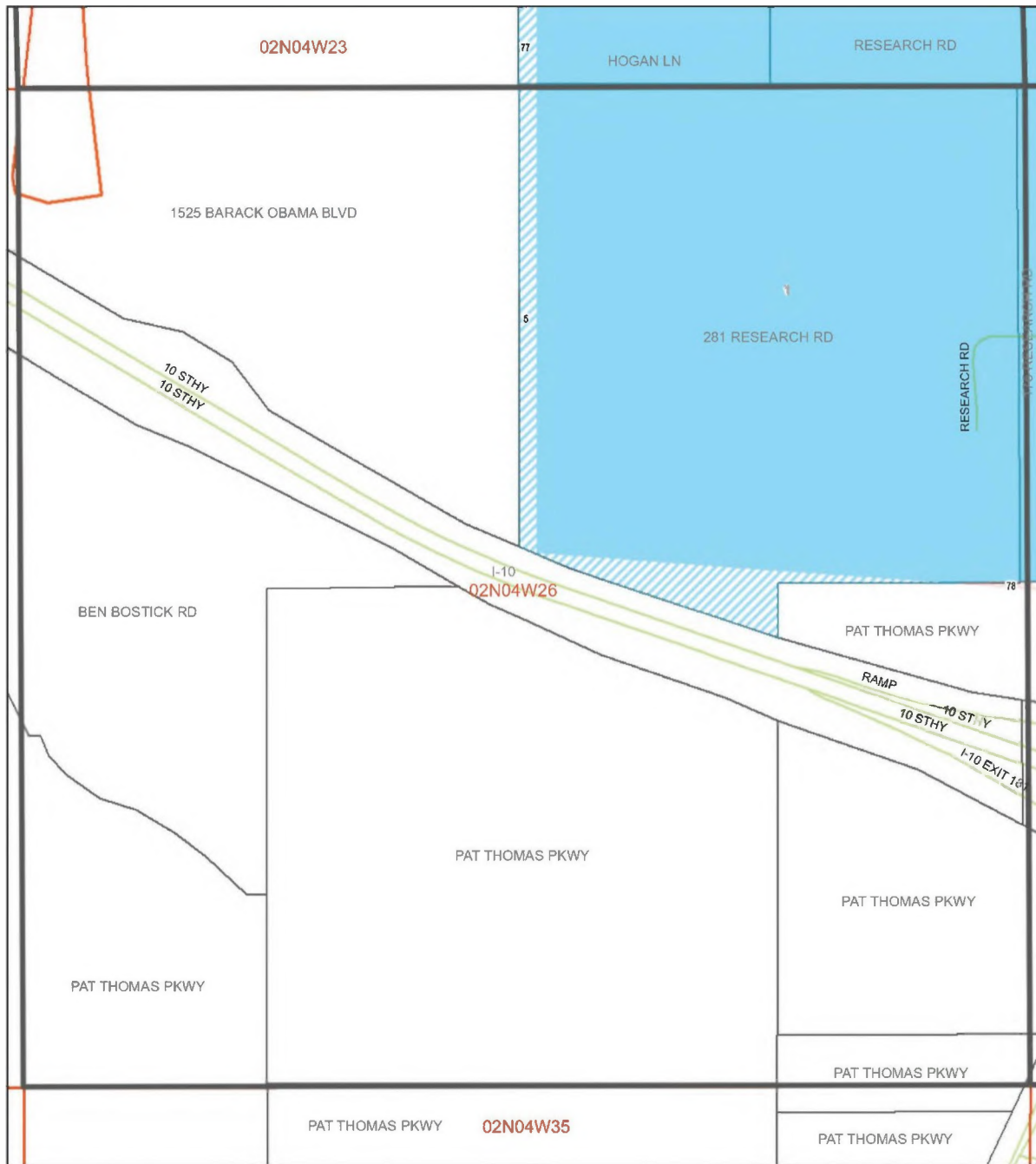




Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 23

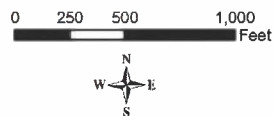
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|  City of Quincy Service Territory |  Road |
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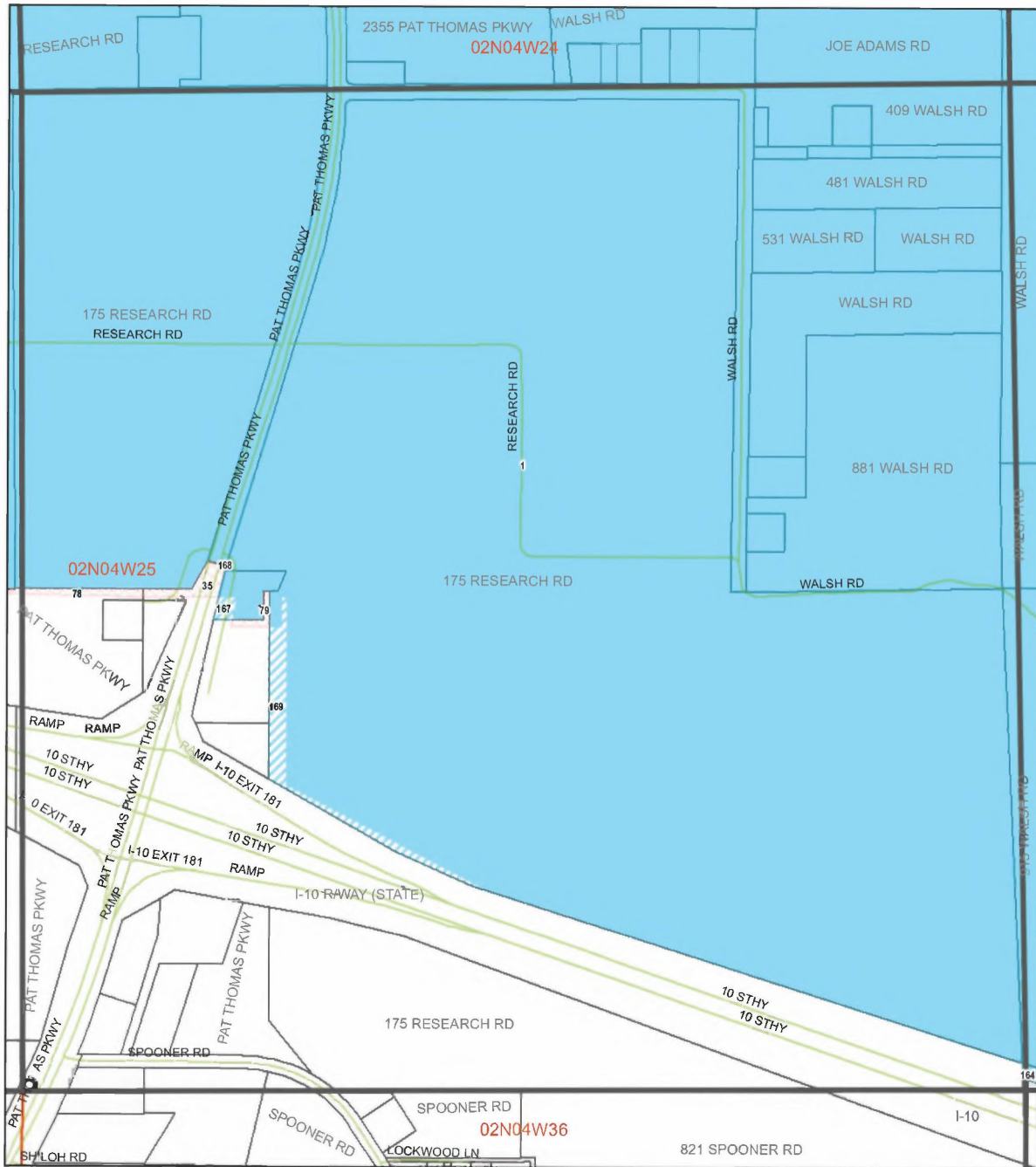




Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 24

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| City of Quincy Service Territory | Road |
| To TEC | Section Boundary |
| To COQ | Parcels |
| | Map Page |

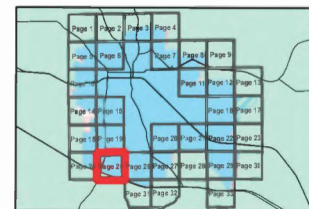


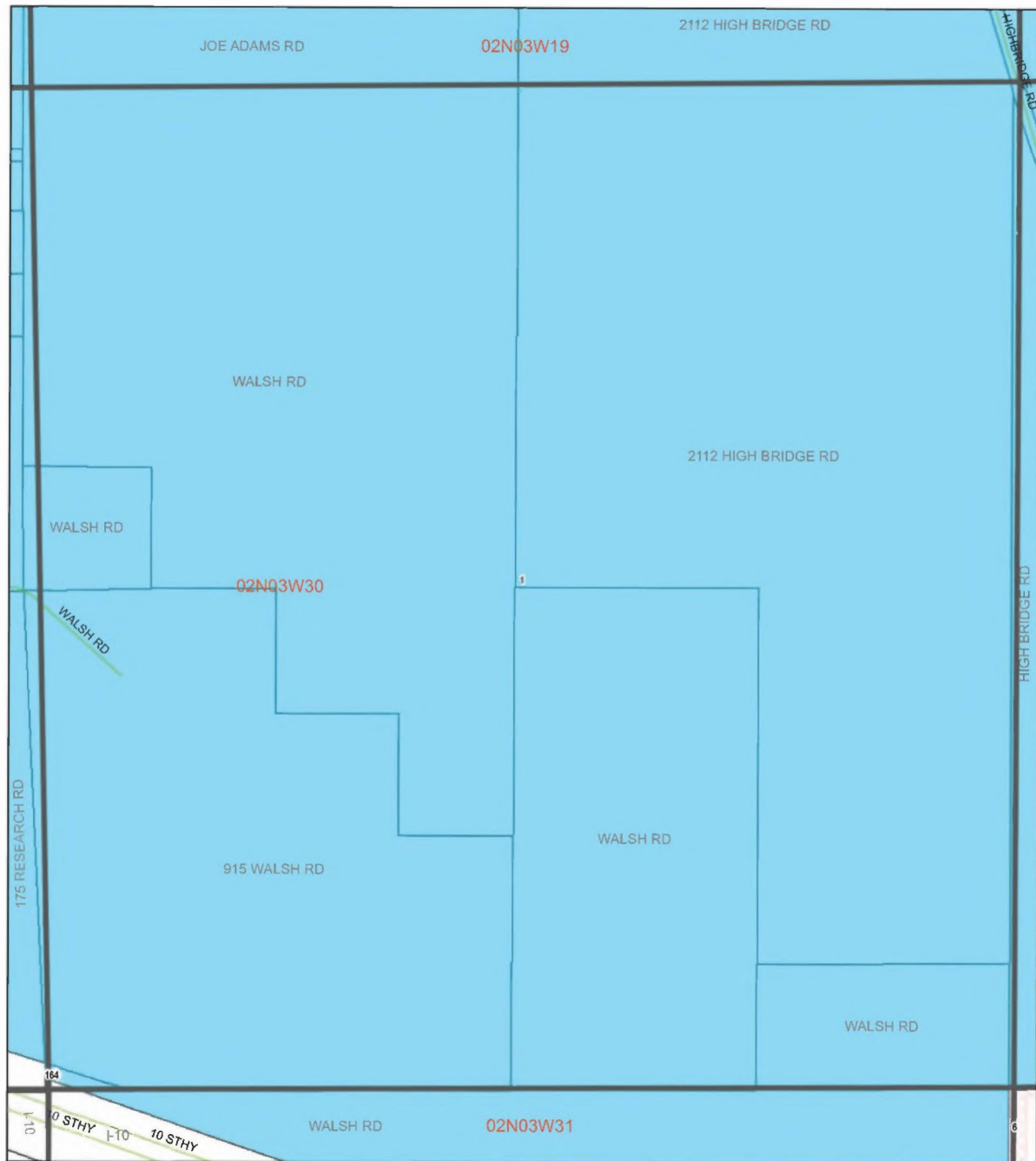


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 25

- City of Quincy Service Territory
- Road
- Section Boundary
- To TEC
- Parcels
- Map Page
- To COQ

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**Talquin Electric - City of Quincy
 Territorial Boundary Map - Proposed Changes
 Map Page 26**

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|  City of Quincy Service Territory |  Road |
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|  To COQ |  Parcels |
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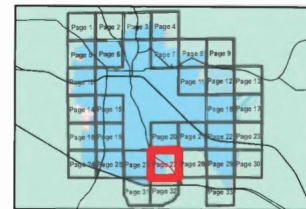


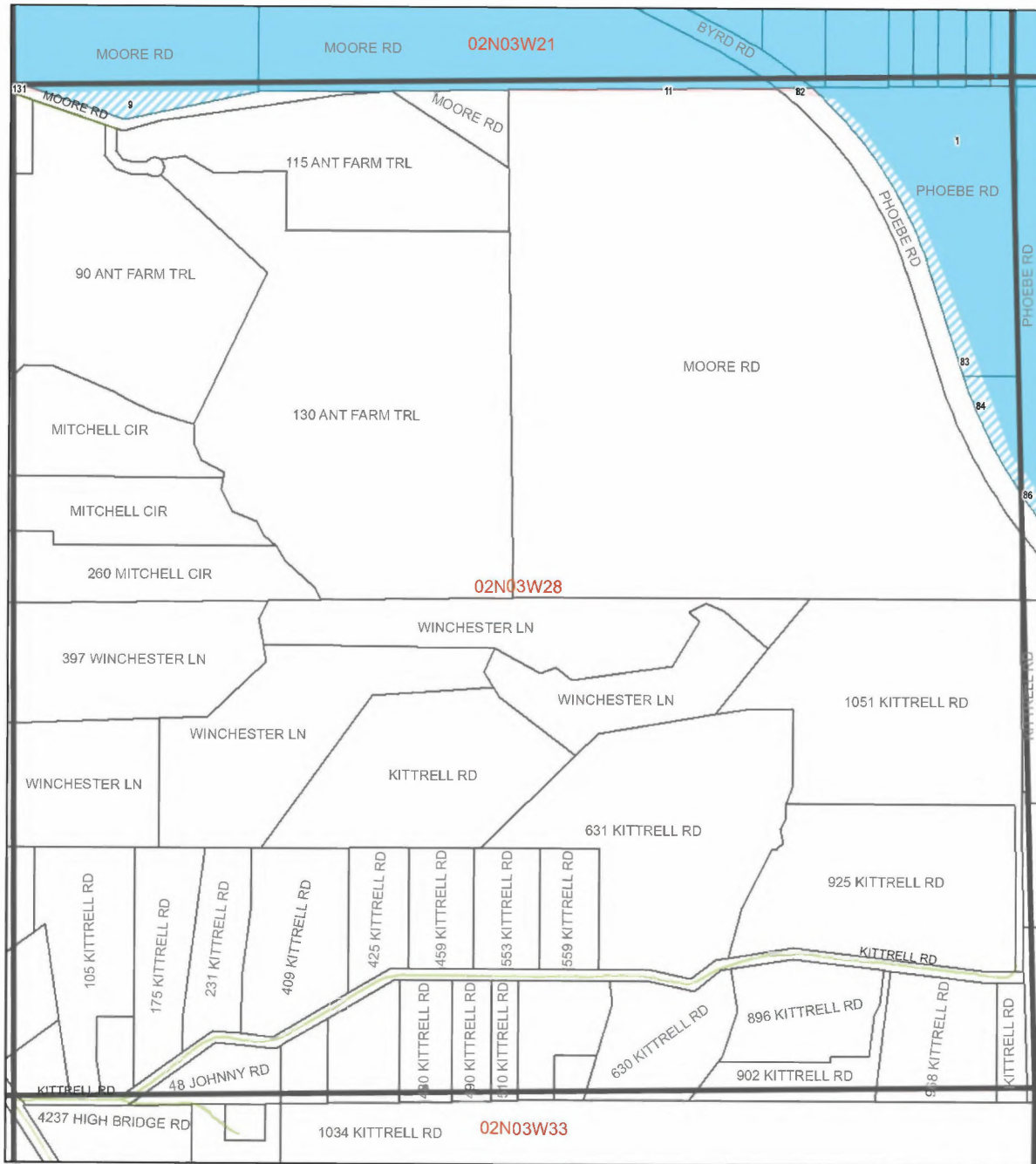


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 27

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| City of Quincy Service Territory | Road |
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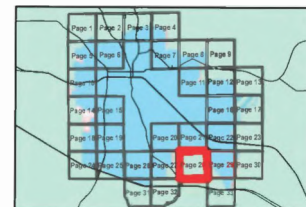


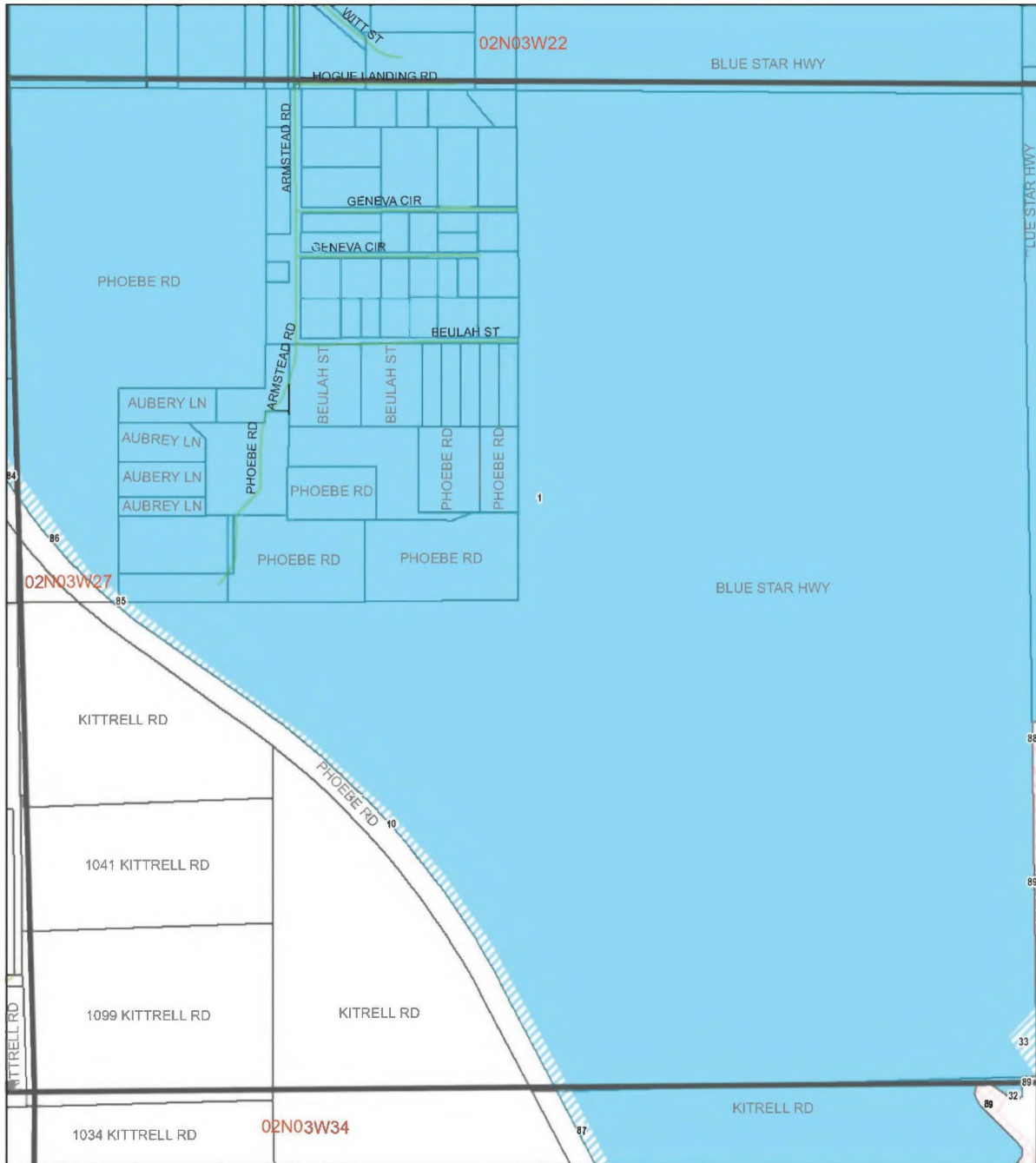


Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 28

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| | To COQ | | Parcels |
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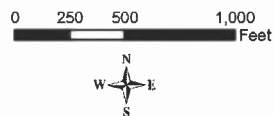
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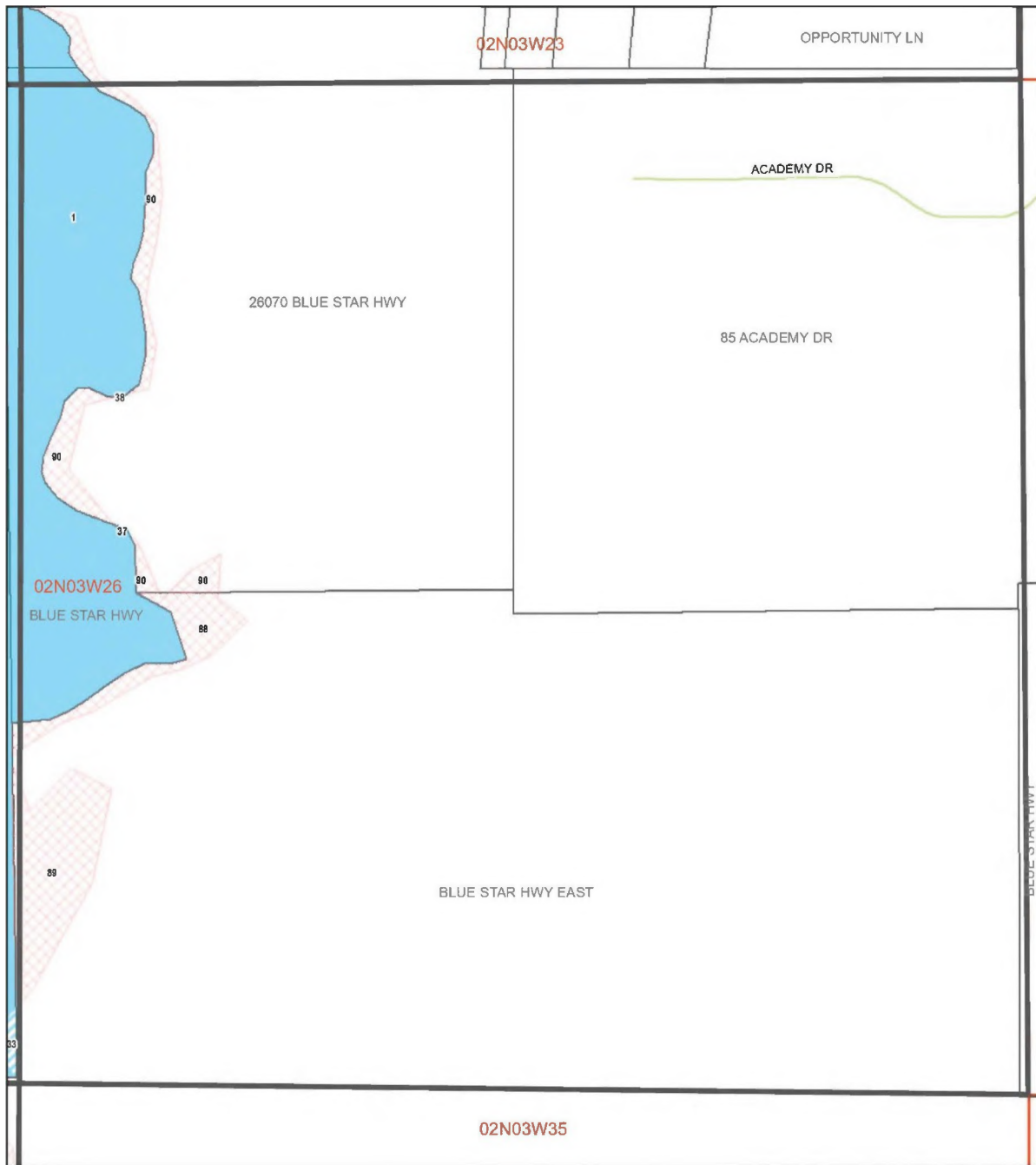




**Talquin Electric - City of Quincy
 Territorial Boundary Map - Proposed Changes
 Map Page 29**

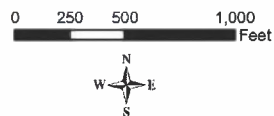
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| To TEC | Section Boundary |
| To COQ | Parcels |
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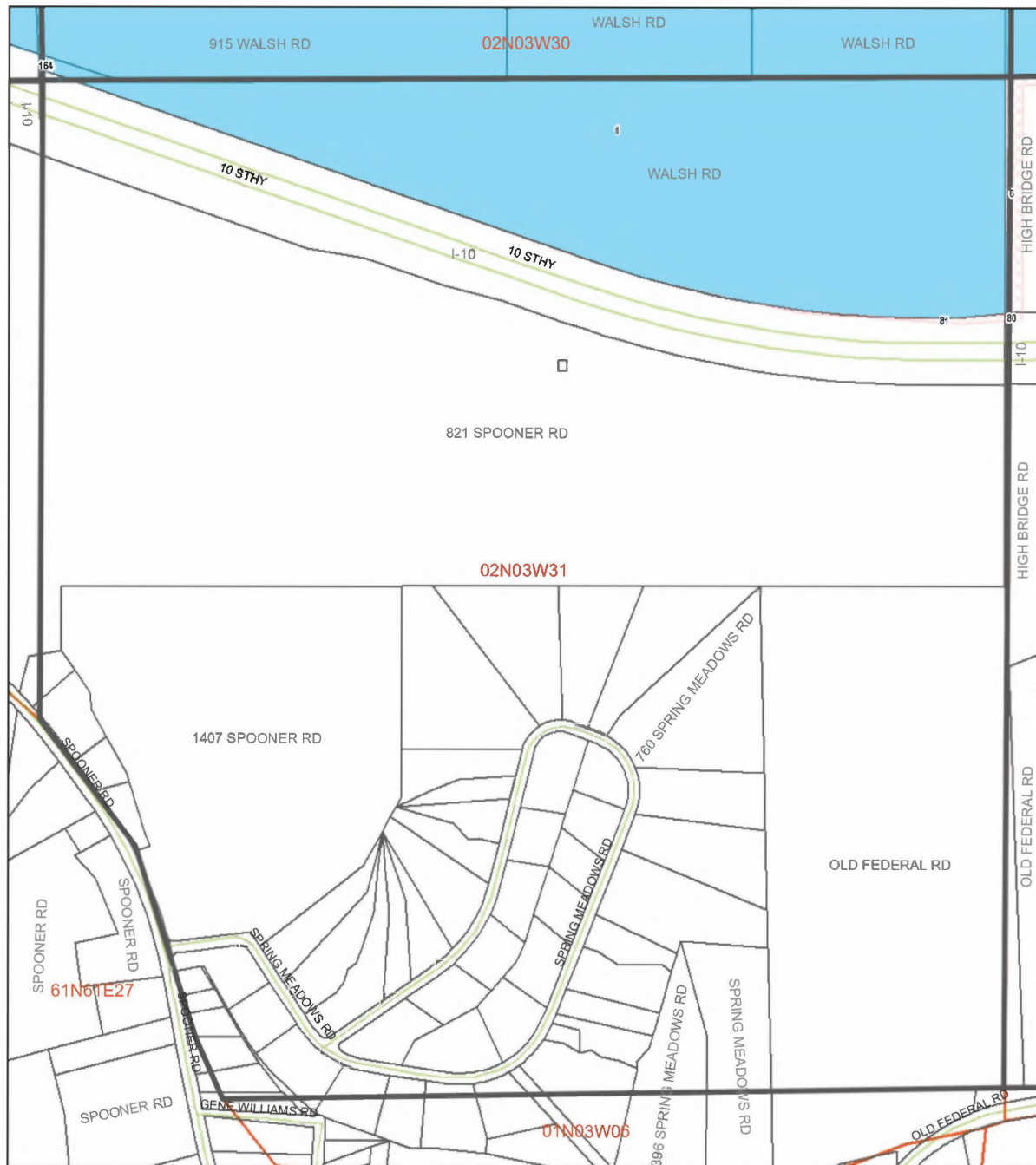




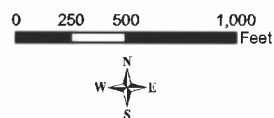
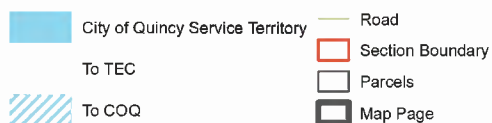
**Talquin Electric - City of Quincy
 Territorial Boundary Map - Proposed Changes
 Map Page 30**

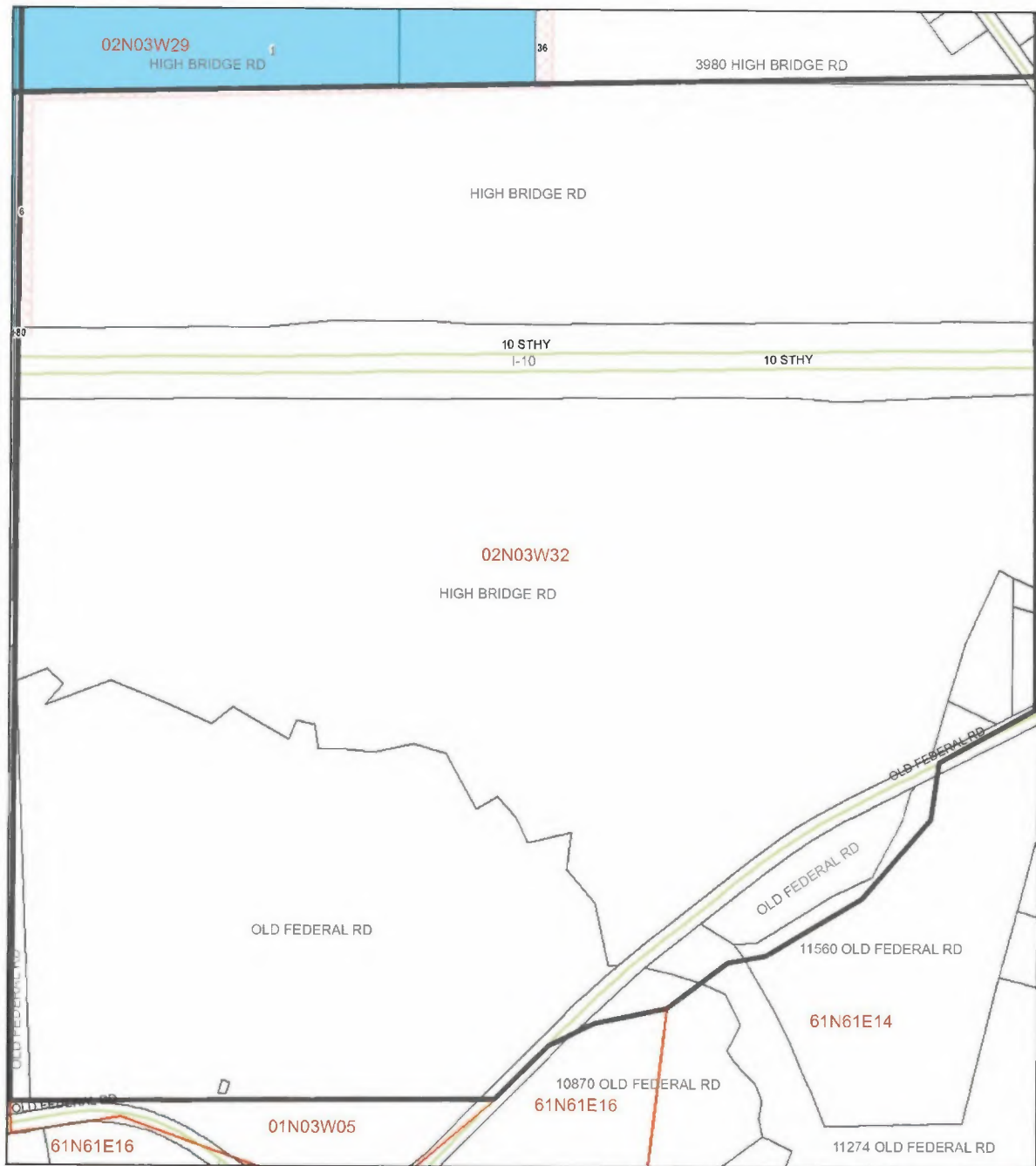
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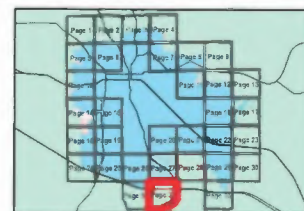
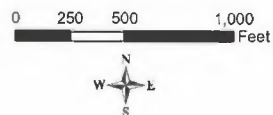


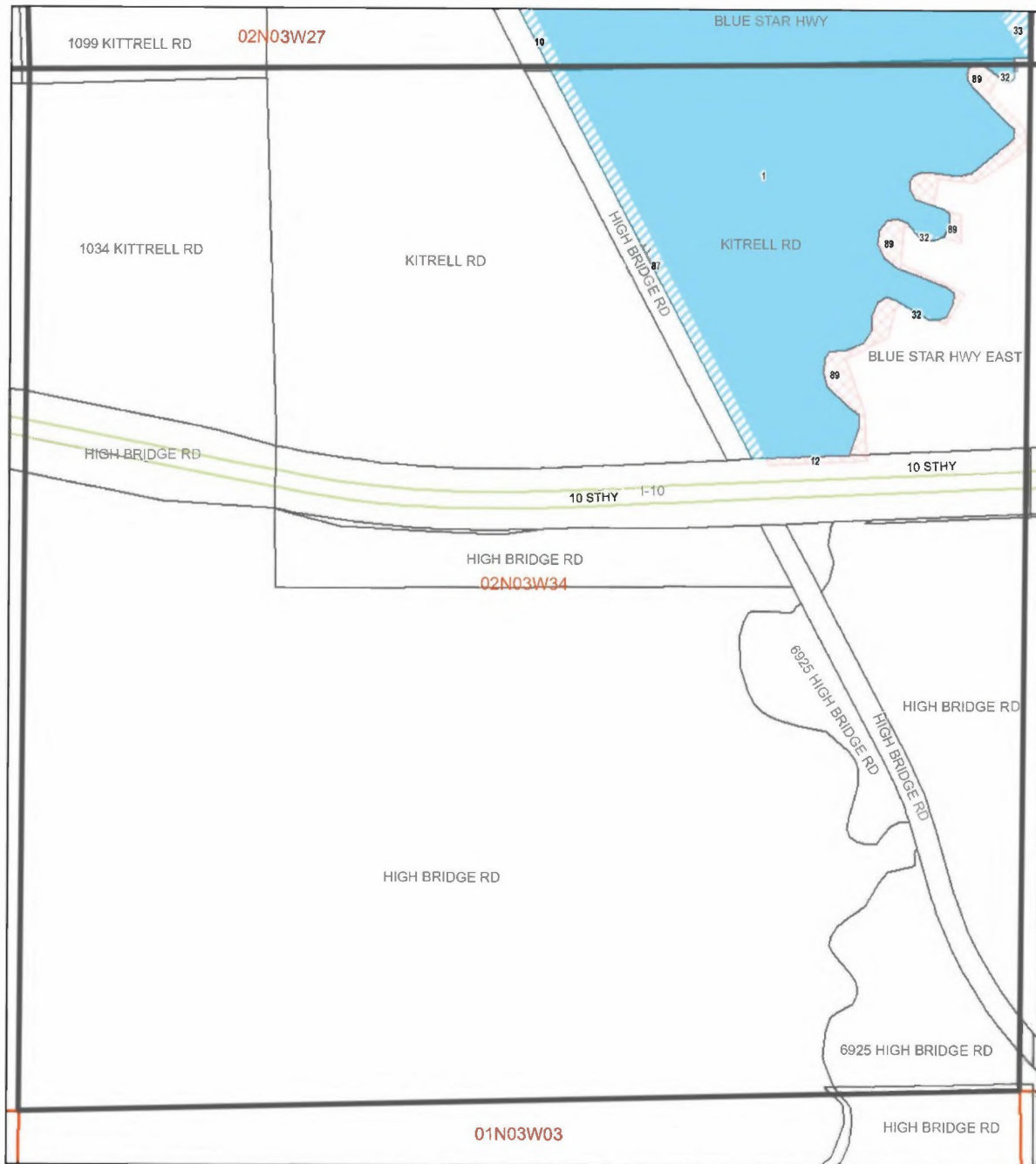
Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 31





Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 32





Talquin Electric - City of Quincy
Territorial Boundary Map - Proposed Changes
Map Page 33

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| | City of Quincy Service Territory | | Road |
| | To TEC | | Section Boundary |
| | To COQ | | Parcels |
| | | | Map Page |

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EXHIBIT B
EXTRA-TERRITORIAL CUSTOMERS CURRENTLY
SERVED BY COOPERATIVE AND SUBJECT TO TRANSFER TO CITY

No.	Service Address	Customer Type	County	Parcel ID No.	Detail Map No.
1	1042 Attapulugus Hwy	Residential	Gadsden	2-31-3N-3W-0000-00422-0200	Page 3
2	1042 Attapulugus Hwy	Commercial	Gadsden	Right of Way	Page 3
3	656 Pt Milligan Rd	Residential	Gadsden	3-04-2N-3W-0000-00144-0500	Page 8
4	656 Pt Milligan Rd	Residential	Gadsden	3-04-2N-3W-0000-00144-0500	Page 8
5	95 Alford St	Residential	Gadsden	3-04-2N-3W-0000-00311-0300	Page 8
6	46 Ball Farm Rd	Residential	Gadsden	3-04-2N-3W-0000-00311-0700	Page 8
7	143 Alford St	Residential	Gadsden	3-04-2N-3W-0000-00311-1100	Page 8
8	272 Pt Milligan Rd	Residential	Gadsden	3-04-2N-3W-0590-00000-0100	Page 8
9	28 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0590-00000-0100	Page 8
10	28 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0590-00000-0100	Page 8
11	52 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0600-00000-0360	Page 8
12	28 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0600-00000-0390	Page 8
13	1286 Pat Thomas Pkwy	Residential	Gadsden	3-13-2N-4W-0000-00331-0200	Page 15
14	1286 Pat Thomas Pkwy	Residential	Gadsden	3-13-2N-4W-0000-00331-0210	Page 15
15	279 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00433-0200	Page 19
16	239 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00433-0300	Page 19
17	347 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0100	Page 19
18	303 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0200	Page 19
19	331 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0200	Page 19
20	383 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0300	Page 19
21	481 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00111-0100	Page 25
22	481-B Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00111-0100	Page 25
23	425 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00112-0200	Page 25
24	110 Richlander Ln	Residential	Gadsden	3-25-2N-4W-0000-00112-0500	Page 25
25	120 Richlander Ln	Residential	Gadsden	3-25-2N-4W-0000-00112-0500	Page 25
26	92 Richlander Ln	Residential	Gadsden	3-25-2N-4W-0000-00112-0600	Page 25
27	815 Walsh Rd	Commercial	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
28	881 Walsh Rd	Commercial	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
29	881 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
30	881 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
31	915 Walsh Rd	Commercial	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
32	51 Shiloh Church Rd	Commercial	Gadsden	3-25-2N-4W-0000-00321-0100	Page 25
33	155 Research Rd	Commercial	Gadsden	3-25-2N-4W-0000-00400-0000	Page 25
34	Walsh Rd	Commercial	Gadsden	3-30-2N-3W-0000-00320-0000	Page 26
35	Walsh Rd	Commercial	Gadsden	3-30-2N-3W-0000-00320-0000	Page 26

EXHIBIT C
SAMPLE LETTER TO EXTRA-TERRITORIAL CUSTOMERS REGARDING TRANSFER

September 2, 2025

[Member Name]
[Address]
[City, State, Zip Code]

Re: Talquin Electric Cooperative Account No. _____

Dear Member:

To ensure that electric utilities in Florida, such as Talquin Electric Cooperative, Inc. ("Talquin"), 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. Approval of the Florida Public Service Commission is required to ensure these objectives are met.

Talquin and the City of Quincy last entered into a territorial agreement in 1995. Pursuant to the parties' 1995 agreement, your service location is within the City of Quincy's historic service territory. Over the past many years, Talquin has had the pleasure of serving customers in your area on a "temporary" basis pursuant to the terms of the 1995 agreement, with the expectation that the City of Quincy would provide permanent service to your location at a later date. In an effort to efficiently serve the customers in Gadsden County, Talquin will soon enter into a new territorial agreement with the City of Quincy that will largely maintain the same service area boundaries between the utilities established in 1995 and enable each utility to serve its customers more reliably and economically. To that end, the terms of the new territorial agreement call on the City of Quincy to provide electric service in your area; therefore, your account will be transferred to the City of Quincy as soon as practicable.

To provide you with a rate comparison, in July 2025, the [residential/commercial] rate of Talquin for 1,000 KWH was \$_____ (including a Storm Cost Recovery Surcharge). For the same month, the [residential/commercial] rate of City of Quincy for 1,000 KWH was \$_____. The rates of both utilities are subject to periodic change and may be raised or lowered in the future.

The new agreement must be approved by the Florida Public Service Commission before it can become effective, and you will have the opportunity prior to that approval to provide your comments to the Commission before making its decision. Written comments regarding this proposed territorial agreement may be sent to the Commission via U.S. Mail or E-mail at the addresses provided below (please be sure to include the docket number in your correspondence):

Office of the Commission Clerk
Re: Docket No. 20250039-EU

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
contact@psc.state.fl.us

If approved by the Commission, you will not need to do anything to initiate this transfer as Talquin and the City of Quincy will handle all of the arrangements on your behalf. If you have a deposit with Talquin, your deposit will be applied to your last electric bill and any surplus 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.

Please contact me if you have any questions or concerns about the proposed transfer of your service to the City of Quincy, or if you would like information about contacting the Commission. You can reach me by phone at (850) 627-7651 Extension 1701 or by email at Tracy.Bensley@talquinelectric.com.

Sincerely,

Tracy Bensley, General Manager
Talquin Electric Cooperative, Inc.

EXHIBIT 2

Redlined Comparison of the Terms of the Original 2025 Agreement
vs. the Amended 2025 Agreement

AMENDED TERRITORIAL AGREEMENT

Section 0.1 THIS TERRITORIAL AGREEMENT (“AGREEMENT”), is made and entered into this ~~26th~~14th day of ~~August~~November, 2025, by and between TALQUIN ELECTRIC COOPERATIVE, INC., an electric cooperative corporation organized and existing under the laws of the State of Florida (herein called the “COOPERATIVE”), and CITY OF QUINCY, a municipal corporation organized and existing under the laws of the State of Florida (herein called the “CITY”).

WITNESSETH:

Section 0.2 WHEREAS, the COOPERATIVE, by virtue of Florida Statutes, Chapter 425, and the Charter issued to it thereunder, is authorized and empowered to furnish electricity and power to its Members, governmental agencies, political subdivisions, private individuals, corporations and others, as defined by the laws of Florida, and pursuant to such authority, presently furnishes electricity and power to Members in areas of Leon, Liberty, Wakulla, and Gadsden County, Florida; and

Section 0.3 WHEREAS, the CITY, by virtue of its Charter, is authorized and empowered to furnish electricity and power to persons, firms and corporations, both within and without its corporate limits, and presently furnishes electricity and power to customers in areas of Gadsden County, Florida; and

Section 0.4 WHEREAS, the COOPERATIVE and the CITY were parties to a territorial agreement delineating their respective service territories in Gadsden County, Florida dated March 22, 1995, which was subsequently approved by the Commission in an Order Approving Territorial Agreement Between Talquin Electric Cooperative, Inc., and the City of Quincy (Order No. PSC-95-1522-FOF-EU issued on December 11, 1995 in Docket No. 950532-EU (the “1995

Agreement”). The 1995 Agreement expired as of December 11, 2010; however, from December 2010 to the present, the parties have continued to honor the territorial area prescribed in the Territorial Agreement and the parties are unaware of any unapproved infringements upon either party’s territorial area.; and

Section 0.5 WHEREAS, the respective areas of retail service of the parties hereto are contiguous in many places with the result that in the future substantial duplication of service facilities will occur unless such duplication is precluded; and

Section 0.6 WHEREAS, the Florida Public Service Commission (the “Commission”) has previously recognized that any such duplication of said service facilities by the parties results in needless and wasteful expenditures and creates hazardous situations; both being detrimental to the public interest; and

Section 0.7 WHEREAS, the parties desire to continue to avoid and eliminate the circumstances giving rise to the aforesaid duplications and possible hazards and to that end desire to operate within delineated retail service areas for the period hereinafter fixed and set forth; and

Section 0.8 WHEREAS, the parties desire to enter into a new Agreement better to service their interests and the interests of their respective customers and Members in realizing the planning, operational and customer service benefits provided by their respective electric systems by the properly constructed, approved, and supervised territorial agreement; and

Section 0.9 WHEREAS, in order to accomplish these goals, the parties have delineated boundary lines in portions of Gadsden County, Florida, hereinafter referred to as “Territorial Boundary Lines”, and said meandrous boundary lines define and delineate the retail service areas of the parties in portions of Gadsden County, Florida; and

Section 0.10 WHEREAS, subject to the provisions hereof, the herein defined

“Cooperative Territorial Area” will be allocated to the COOPERATIVE as its service area and the herein defined “City Territorial Area” will be allocated to the CITY as its service area; and

Section 0.11 WHEREAS, the Florida Public Service Commission has recognized on several occasions the wisdom of retail territorial agreements between competing utilities and has adhered to the general opinion that retail territorial agreements, when properly presented to the Commission, in the proper circumstances, are advisable and in the public interest; and

Section 0.12 WHEREAS, the Florida Public Service Commission is empowered by the Florida legislature 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 safe and efficient operations by utilities in rendering electric service provided to their customers, and therefore serve the public interest;

Section 0.13 NOW, THEREFORE, in fulfillment of the purposes and desires aforesaid, and in consideration of the mutual covenants and agreements herein contained, which shall be construed as being interdependent, the parties hereto, subject to and upon the terms and conditions herein set forth, do hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Territorial Boundary Lines - As used herein, the term “Territorial Boundary Lines” shall mean the boundary line(s) as depicted on the maps attached hereto as Exhibit A-1 which delineate and differentiate the parties’ respective Territorial Areas in Gadsden County. A written description of the territorial boundaries is included in Exhibit A-2 as required by Rule 25-6.0440(1)(a), F.A.C. Maps depicting the changes in the territorial boundaries from the 1995

Agreement to this Agreement are attached hereto as Exhibit A-3.

Section 1.2 Cooperative Territorial Area - As used herein the term “Cooperative Territorial Area” shall mean all of the territory and lands in Gadsden County, Florida, lying within Territorial Boundary Lines and labeled in “Cooperative Territorial Area” and more particularly described in Composite Exhibit A.

Section 1.3 City Territorial Area - As used herein the term “City Territorial Area” shall mean all of the territory and lands in Gadsden County, Florida, lying within Territorial Boundary Lines and labeled “City Territorial Area” and more particularly described in Composite Exhibit A.

Section 1.4 New Customers - As used herein, the term “New Customer” shall mean all retail electric consumers applying for service to either CITY or COOPERATIVE after the date of entry of the order from the Florida Public Service Commission contemplated in Section 5.1 of this Agreement.

Section 1.5 Existing Customers – As used herein, the term “Existing Customer” shall mean any person receiving retail electric service from either COOPERATIVE or CITY at the location for which the service is existent on the effective date of this Agreement. The term Existing Customer shall include the widow, widower, or divorced spouse of an Existing Customer who received retail electric service at the same location as of the effective date of this Agreement.

Section 1.6 Person – As used herein, the term “Person” shall have the same inclusive meaning given to it in Section 1.01(3), Florida Statutes (2025).

Section 1.7 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 the customer’s point of delivery where metering is located. The point of use – not

the point of connect or metering – shall be determinative as to who shall be the provider of the electric service under this Agreement.

Section 1.8 Express Distribution Lines – As used herein, the term “Express Distribution Lines” shall mean a line and related facilities, at distribution voltage, that transports power through the other party’s Territorial Area but serves no load within such territory.

Section 1.9 Temporary Service Customers. As used herein, “Temporary Service Customers” shall mean those customers who are being temporarily served under the temporary service provisions of this Agreement.

Section 1.10 Extra Territorial Customers. As used herein, the term “Extra-Territorial Customers” shall mean those customers whose point of use is located within the Territorial Area of one Party, but which are receiving electrical service from the other Party on the Effective Date of this Agreement.

ARTICLE II AREA ALLOCATIONS AND NEW CUSTOMERS

Section 2.1 Allocations – The Cooperative Territorial Area, as herein defined, will be exclusively allocated to the COOPERATIVE as its service area for the period of time hereinafter specified; and the City Territorial Area, as herein defined, will be exclusively allocated to the CITY as its service area for the same period; and, except as otherwise specifically provided herein, neither party shall deliver any electric energy across any Territorial Boundary for use at retail in any of the service areas, as herein defined, of the other.

Section 2.2 New Customers - Neither party shall hereafter knowingly serve or offer to serve a New Customer whose Point of Use is located in the Territorial Area of the other party, except as provided in Section 2.3 below.

The parties acknowledge that there are instances where the Territorial Boundary Line will

traverse the property of a New Customer and, in some instances, the information needed to locate the New Customer's various points of use in relation to the Territorial Boundary Line with reasonable certainty may be unavailable or difficult to determine. Therefore, the parties agree that in such event, the Party with the greater portion of the New Customer's property in its Territorial Area, including where the preponderance of the Customer's electric energy usage is expected to occur, shall be entitled to serve all of the New Customer's usage.

Notwithstanding the foregoing, the parties agree that if a distinct phase of a construction development is being constructed at a single period in time and falls on both sides of the Territorial Boundary Line, then the Territorial Boundary Line shall be altered by amendment to this Agreement so that the utility serving the predominant number of customers of that current phase of the construction development would be entitled to serve the entirety of that current phase of the construction development. Any amendment under this Section shall be submitted to the Commission for approval.

Section 2.3 Temporary Service – It shall be the responsibility of each party to furnish electric service to all customers located within its Territorial Area; however, 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 the New Customer's Point of Use is located (the "Requesting Party"). In such instances, upon written approval by Requesting Party, the other party (the "Temporary Serving Party") may, in its sole discretion, agree in writing to provide temporary service to such New Customer (the "Temporary Service Customer"), subject to the following terms:

- a) Prior to the commencement of the temporary service, the Requesting Party shall

reimburse the Temporary Serving Party the cost required (including both labor and materials) for the Temporary Serving Party to provide service to the Temporary Service Customer (the “Temporary Service Cost in Aid of Construction”).

- b) Prior to the commencement of the temporary service, the Temporary Serving Party shall inform the Temporary Service Customer of the temporary nature of its service and that the Requesting Party may ultimately serve the New Customer if service can be provided by the Requesting Party within 12-months from the date of commencement of service (the “12-month Temporary Service Period”).
- c) Within the 12-month Temporary Service Period, the Requesting Party may provide written notice of its intent and ability to permanently serve the Temporary Service Customer so long as the effective date of the commencement of service falls within the initial 12-month period. The parties shall coordinate the transfer of the service to minimize the inconvenience to the Temporary Service Customer. Within sixty (60) days of the commencement of permanent service by the Requesting Party to the former Temporary Service Customer, the Temporary Serving Party shall reimburse the Requesting Party for the salvage costs of any materials retained following removal of the facilities less the labor costs incurred to remove the facilities.
- d) The Parties agree that after the 12-month Temporary Service Period, the service is no longer considered “temporary” and the Temporary Serving Party shall be entitled to permanently serve the Temporary Service Customer.
- e) Following the 12-month Temporary Service Period, the Parties agree to jointly petition the Commission to seek approval of an amendment to this Agreement to

amend the Territorial Boundary Lines to reflect the transfer of the parcel being served to the Territorial Area of the Temporary Serving Party that provided 12-months of continuous service to the Temporary Service Customer. Upon approval of the amendment to the Territorial Boundary Lines by the Commission, the former Temporary Serving Party shall notify the former Temporary Service Customer of the permanent status of the service.

- f) Within sixty (60) days after Commission approval of the amended Territorial Boundary Lines, and the Requesting Party shall be entitled to reimbursement of the full amount paid for the Temporary Service Cost in Aid of Construction.

Under no circumstances shall the Requesting Party be entitled to compensation for any loss of revenues for the period during which such temporary service was provided by the Temporary Serving Party.

Notwithstanding the foregoing, it is understood that the COOPERATIVE must furnish its service mainly to its Members in order to preserve its tax-exempt status; therefore, if the proposed recipient of temporary service will not join the COOPERATIVE as a Member, then the COOPERATIVE may decline such request by the CITY when the COOPERATIVE determines that providing such service may jeopardize its tax-exempt status under applicable federal law. Nothing herein shall be construed as requiring either party to provide temporary service within the other parties' Territorial Area in any instance where, in its sole discretion, a party determines that providing such temporary service would be unduly burdensome or inconsistent with the utility's governing law, policies, or financial structure.

Section 2.4 Present Temporary Service Customers – This Agreement is intended to apply to New Customers, as herein defined. It is the parties' intention that, upon the Effective Date, there

will be no active Temporary Service Customers as they will have either been converted to permanent customers based on adjustments made to the parties' respective Territorial Area pursuant to this Agreement or they will be treated as Extra-Territorial Customers pursuant to Article III.

Section 2.5 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 2.6 Non-Solicitation – The parties shall not solicit potential or existing electric utility customers within the other party's Territorial Area.

Section 2.7 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 proper party will be established at the earliest practicable time, but in any event within twelve (12) months of the date the inadvertent service error was discovered. Until service by the proper party can be reasonably established, the inadvertent service will be deemed to be a temporary service provided and governed in accordance with Section 2.3, above, with the date the inadvertent service error was discovered serving as the commencement date of the 12-month Temporary Service Period.

Section 2.8 Annexation or De-Annexation – The Territorial Boundary Line shall not be affected by any change that may occur in the corporate limits of CITY lying within the Cooperative Territorial Area or the City Territorial Area; provided, however, that those customers with a Point

of Use annexed into the municipal boundaries of the CITY shall be subject to a franchise fee pursuant to any duly adopted franchise ordinance and agreement between the parties.

Section 2.9 Franchise – COOPERATIVE acknowledges CITY's right to require utility providers to enter into an agreement for the payment of a franchise fee to the CITY in exchange for the right of the utility to use the municipal right-of-way to provide utility services. COOPERATIVE agrees to negotiate with the CITY in good faith to enter into a franchise agreement outlining, among other things, the payment of a reasonable fee equal to a percentage of all of the COOPERATIVE's retail sales within the city's corporate limits in exchange for the right to locate the COOPERATIVE's facilities within the municipal right-of-way.

ARTICLE III TRANSFER OF CUSTOMERS AND FACILITIES

Section 3.0 General – The parties agree that all Extra-Territorial Customers shall be transferred to the Party in whose Territorial Area such customers' Point of Use is located under this Agreement at the earliest practical time, consistent with sound utility practices and reasonable customer notices. To that end, the parties agree to complete the transfer of all Extra-Territorial Customers within six (6) months of the Effective Date and will notify the Commission in writing if circumstances require additional time to complete the transfer.

The parties have not identified any Extra-Territorial Customers currently served by the CITY and subject to transfer to COOPERATIVE pursuant to this Agreement.

The Extra-Territorial Customers currently served by COOPERATIVE and subject to transfer to CITY pursuant to this Agreement are listed by the service address and/or other identifying factor in Exhibit B, attached hereto.

In accordance with Rule 25-6.0440(1)(d), Florida Administrative Code, 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 hereto as Exhibit C, attached hereto.

Section 3.1 Transfer of Related Service Facilities. In conjunction with the transfer of Extra-Territorial Customers pursuant to Section 3.0 above, the receiving party may elect to purchase certain electric distribution facilities of the transferring party used exclusively for providing electric service to the transferred customers in exchange for payment of an amount to be determined in accordance with Section 4.3 below. COOPERATIVE affirms that it is willing to sell certain of its electric distribution facilities used exclusively for providing electric service to the transferred customers to the CITY, subject to the COOPERATIVE's right to exclude specific equipment or facilities from the sale for retention by the COOPERATIVE.

Section 3.2 Transfer Closings. For each transfer the parties shall mutually agree on a closing date within six (6) months of the Effective Date, allowing sufficient time for the parties to notify the customers, identify any facilities to be transferred, determine the compensation for transferred facilities, and to prepare the appropriate closing statements, assignments and other instruments to transfer and convey the transferring party's interest in the electric distribution facilities to the receiving party pursuant to Section 3.1 above.

Section 3.3 Transfer Instruments. For each transfer made under this Article III, the transferring party will make, execute, and deliver to the receiving party a conveyance, deed, or other instrument of transfer, as is appropriate, in order to convey all rights, titles, and interests of the transferring party in any facilities, rights-of-way, easements, road permits, or other rights to the receiving party. Notwithstanding anything to the contrary herein, all payments related to the transfer of any electric distribution facilities shall be made at the time of closing under Section 3.2.

ARTICLE IV
OPERATION AND MAINTENANCE

Section 4.1 Facilities to Remain - All Generating Plant, Transmission Lines, Substations, Distribution Lines and related facilities now or hereafter constructed and/or used by either party in conjunction with their respective electric utility systems, and which are directly or indirectly used and useful in serving customers in their respective service area, shall be allowed to remain where situated and shall not be subject to removal hereunder; provided, however, that each party shall operate and maintain said lines and facilities in such a manner as to minimize any interference with the operations of the other party.

Section 4.2 Joint Use - The parties hereto realize that it may be necessary, under certain circumstances and in order to carry out this Agreement, to make arrangements for the joint use of their respective service facilities, in which event such arrangements shall be made by separate instruments incorporating prudent engineering practices and providing proper clearances with respect thereto.

Section 4.3 Compensation for Transferred Facilities – This Section shall only apply in the event facilities must be transferred from one party to the other and the compensation amount for those facilities has not already been expressly determined by this Agreement. In those circumstances, 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) at the time of the proposed transfer, less (i) depreciation calculated on a 30-year straight-line basis over the life of the asset (facility) as determined from the transferring party's books and records and (ii) any costs incurred by the transferring party for the reintegration of its remaining system to the extent such reintegration costs are reasonably required by sound utility practices.

Section 4.4 Time of Payment – All payments from the receiving party to the transferring party determined in accordance with this Section shall be made in cash within sixty (60) days of the presentation of an invoice from the transferring party.

Section 4.5 Transfer Instruments – For each transfer made under this Agreement, the transferring party will make, execute, and deliver to the receiving party a conveyance, deed or other instrument of transfer, as is appropriate, in order to convey all rights, titles and interests of the transferring party in any facilities, right-of-way, easements, road permits, or other rights to the receiving party.

Section 4.6 RUS Approval – The parties acknowledge that a property transfer from COOPERATIVE to CITY may be subject to approval and release from security documents by the United States of American Department of Agriculture and Rural Utilities Service (“RUS”) or other lenders. All property transferred from COOPERATIVE to CITY under this Agreement shall be free and clear of all liens and encumbrances. For the avoidance of any doubt, the parties acknowledge and agree that no debts or obligations of the COOPERATIVE shall transfer to the CITY as part of the transfer of any property pursuant to this Agreement.

Section 4.7 Express Distribution Lines – Nothing herein shall be construed to prevent or in any way prohibit the right of each party to maintain any existing Express Distribution Lines within the Territorial Area of the other party. The future construction of any Express Distribution Lines through the other party’s Territorial Area must be pre-approved by the party with the rights to the Territorial Area through which the proposed Express Distribution Line will traverse.

ARTICLE V PREREQUISITE APPROVAL

Section 5.1 Florida Public Service Commission - The provisions of this Agreement are subject to the regulatory authority of the Florida Public Service Commission; and appropriate

approval by that body of the provisions of this Agreement shall be an absolute condition precedent to the validity, enforceability, and applicability hereof. This Agreement shall have no effect whatsoever until that approval has been obtained and the date of the Commission's Order, if any, granting approval of this Agreement shall be deemed the effective date of this Agreement. Any proposed modification to this Agreement shall be submitted to the Commission for approval. In addition, the parties agree to jointly petition the Commission to resolve any dispute concerning the provisions of this Agreement or the parties' performance of this Agreement.

Section 5.2 Liability in the Event of Disapproval - In the event approval pursuant to Section 5.1, is not obtained, neither party will have an action against the other arising under this Agreement.

Section 5.3 Supersedes Prior Agreements – Upon its approval by the Commission, this Agreement shall be deemed to specifically supersede all prior agreements between the parties defining the boundaries of their respective Territorial Areas within Gadsden County, Florida.

ARTICLE VI
DURATION

Section 6.1 Term – This Agreement shall continue and remain in effect for a period of thirty (30) years from the date of the rendering of the Florida Public Service Commission's Order approving this Agreement pursuant to Section 5.1. Upon the expiration of the initial thirty (30) year Term, this Agreement shall automatically renew for successive one-year renewal terms. Either party may terminate this Agreement, provided that such termination becomes effective after the initial thirty (30) year term by providing notice of termination to the other party no fewer than twelve (12) months prior to the effective date of the termination. The notice shall be provided in accordance with Section 8.3 and shall state the effective date of termination.

ARTICLE VII
CONSTRUCTION OF AGREEMENT

Section 7.1 Intent and Interpretation - It is hereby declared to be the purpose and intent of this Agreement, in accordance with which all provisions of this Agreement shall be interpreted and construed, to further this State's policy for 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.

Section 7.2 Other Electric Utilities – Nothing in this Agreement is intended to define, establish, or affect in any manner the rights of either party hereto relative to any other electric utility not a party to this Agreement with respect to furnishing of retail electric service, including, but not limited to, the service territory of either party hereto relative to the service territory of any other electric utility not a party to this Agreement.

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 ones 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 hereto unless the same shall be in writing signed by both parties and attached hereto.

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 hereto any right, remedy, or claim under or by reason of this Agreement or any provisions or conditions herein contained which shall inure to the sole benefit of and shall be binding only upon the parties hereto and their respective representatives, successors and assigns.

Section 8.3 Notices - Notices given hereunder shall be deemed to have been given to the COOPERATIVE if mailed by certified mail, postage prepaid, to: General Manager, Talquin Electric Cooperative, Inc., P.O. Box 1679, Quincy, Florida 32353; and to the CITY if mailed by certified mail, postage prepaid, to: City Manager, City of Quincy, 404 West Jefferson Street, Quincy, Florida 32351.

Such address to which such notice shall be mailed may be, at any time, changed by designating such new address and giving notice thereof in writing in the manner as herein provided.

Section 8.4 Public Records – COOPERATIVE is not a public agency nor is it acting on behalf of a public agency under this Agreement. COOPERATIVE, however, acknowledges and agrees that CITY is required to comply with Article I, Section 24, Florida Constitution and Chapter 119, Florida Statutes, in the handling of any public records created under this Agreement.

Section 8.5 Counterparts – This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall be deemed to be one and same agreement. Transmission of images of signed signature pages by facsimile, e-mail or other means shall have the same effect as the delivery of manually signed documents in person.

IN WITNESS WHEREOF, as of the day and year first above written, this Agreement has been executed in duplicate by the COOPERATIVE in its name by its President; and its corporate seal hereto affixed by the Secretary of the COOPERATIVE; ~~and~~ with the authorization and approval of the COOPERATIVE's Board at a meeting held on November 14, 2025, and by the

CITY in its name by its City Manager, ~~duly authorized thereto by a resolution of the City Commission adopted on the ____ day of ____ 2025, and~~ and its corporate seal hereto affixed and attested by the City Clerk, with the authorization and approval of the CITY's Commission at a meeting held on the 13th day and year first above written; of November 2025.; and one of said duplicate copies has been delivered to each of the parties hereto.

(Corporate Seal)

ATTEST:

By: _____
William VanLandingham
Secretary

(Corporate Seal)

ATTEST:

By _____
~~Janice Shackelford~~
City Clerk

APPROVED AS TO FORM AND
LEGALITY:

By _____
Gary Roberts
City Attorney

TALQUIN ELECTRIC COOPERATIVE,
INC. CITY OF QUINCY

By _____	By _____
Joseph Alexander	Dr. Beverly Nash
President	Mayor

EXHIBIT A-1
BOUNDARY LINE MAP

Approved By:

Tracy Bensley
General Manager, Talquin Electric Cooperative, Inc.

Richard Ash
~~Interim City Manager~~ Utilities Director, City of Quincy, Florida

EXHIBIT A-2
BOUNDARY LINE WRITTEN DESCRIPTION

Approved By:

Tracy Bensley
General Manager, Talquin Electric Cooperative, Inc.

Richard Ash
~~Interim City Manager~~ Utilities Director, City of Quincy, Florida

EXHIBIT A-3

MAPS DEPICTING CHANGES IN TERRITORIAL BOUNDARY LINES FROM 1995
TERRITORIAL AGREEMENT TO 2025 TERRITORIAL AGREEMENT

EXHIBIT B
EXTRA-TERRITORIAL CUSTOMERS CURRENTLY
SERVED BY COOPERATIVE AND SUBJECT TO TRANSFER TO CITY

No.	Service Address	Customer Type	County	Parcel ID No.	Detail Map No.
1	1042 Attapulugus Hwy	Residential	Gadsden	2-31-3N-3W-0000-00422-0200	Page 3
2	1042 Attapulugus Hwy	Commercial	Gadsden	Right of Way	Page 3
3	656 Pt Milligan Rd	Residential	Gadsden	3-04-2N-3W-0000-00144-0500	Page 8
4	656 Pt Milligan Rd	Residential	Gadsden	3-04-2N-3W-0000-00144-0500	Page 8
5	95 Alford St	Residential	Gadsden	3-04-2N-3W-0000-00311-0300	Page 8
6	46 Ball Farm Rd	Residential	Gadsden	3-04-2N-3W-0000-00311-0700	Page 8
7	143 Alford St	Residential	Gadsden	3-04-2N-3W-0000-00311-1100	Page 8
8	272 Pt Milligan Rd	Residential	Gadsden	3-04-2N-3W-0590-00000-0100	Page 8
9	28 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0590-00000-0100	Page 8
10	28 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0590-00000-0100	Page 8
11	52 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0600-00000-0360	Page 8
12	28 Hillside Dr	Residential	Gadsden	3-04-2N-3W-0600-00000-0390	Page 8
13	709 Cox Ln	Residential	Gadsden	3-14-2N-4W-0000-00432-0000	Page 14
14	755 Cox Ln	Residential	Gadsden	3-14-2N-4W-0000-00432-0000	Page 14
15	783 Cox Ln	Residential	Gadsden	3-14-2N-4W-0000-00432-0000	Page 14
16	637 Cox Ln	Residential	Gadsden	3-14-2N-4W-0000-00433-0000	Page 14
17 13	1286 Pat Thomas Pkwy	Residential	Gadsden	3-13-2N-4W-0000-00331-0200	Page 15
18 14	1286 Pat Thomas Pkwy	Residential	Gadsden	3-13-2N-4W-0000-00331-0210	Page 15
19	555 Cox Ln	Residential	Gadsden	3-23-2N-4W-0000-00120-0500	Page 18
20	555 Cox Ln	Residential	Gadsden	3-23-2N-4W-0000-00120-3400	Page 18
21 15	279 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00433-0200	Page 19
22 16	239 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00433-0300	Page 19
23 17	347 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0100	Page 19
24 18	303 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0200	Page 19
25 19	331 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0200	Page 19
26 20	383 Walsh Rd	Residential	Gadsden	3-24-2N-4W-0000-00434-0300	Page 19
27 21	481 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00111-0100	Page 25
28 22	481-B Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00111-0100	Page 25
29 23	425 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00112-0200	Page 25
30 24	110 Richlander Ln	Residential	Gadsden	3-25-2N-4W-0000-00112-0500	Page 25
31 25	120 Richlander Ln	Residential	Gadsden	3-25-2N-4W-0000-00112-0500	Page 25
32 26	92 Richlander Ln	Residential	Gadsden	3-25-2N-4W-0000-00112-0600	Page 25
33 27	815 Walsh Rd	Commercial	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
34 28	881 Walsh Rd	Commercial	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
35 29	881 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
36 30	881 Walsh Rd	Residential	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
37 31	915 Walsh Rd	Commercial	Gadsden	3-25-2N-4W-0000-00141-0100	Page 25
38 32	51 Shiloh Church Rd	Commercial	Gadsden	3-25-2N-4W-0000-00321-0100	Page 25
39 33	155 Research Rd	Commercial	Gadsden	3-25-2N-4W-0000-00400-0000	Page 25
40 34	Walsh Rd	Commercial	Gadsden	3-30-2N-3W-0000-00320-0000	Page 26
41 35	Walsh Rd	Commercial	Gadsden	3-30-2N-3W-0000-00320-0000	Page 26

EXHIBIT C
SAMPLE LETTER TO EXTRA-TERRITORIAL CUSTOMERS REGARDING TRANSFER

[Date]

[Member Name]

[Address]

[City, State, Zip Code]

Re: Talquin Electric Cooperative Account No. _____

Dear Member:

To ensure that electric utilities in Florida, such as Talquin Electric Cooperative, Inc. ("Talquin"), 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. Approval of the Florida Public Service Commission is required to ensure these objectives are met.

Talquin and the City of Quincy last entered into a territorial agreement in 1995. Pursuant to the parties' 1995 agreement, your service location is within the City of Quincy's historic service territory. Over the past many years, Talquin has had the pleasure of serving customers in your area on a "temporary" basis pursuant to the terms of the 1995 agreement, with the expectation that the City of Quincy would provide permanent service to your location at a later date. In an effort to efficiently serve the customers in Gadsden County, Talquin will soon enter into a new territorial agreement with the City of Quincy that will largely maintain the same service area boundaries between the utilities established in 1995 and enable each utility to serve its customers more reliably and economically. To that end, the terms of the new territorial agreement call on the City of Quincy to provide electric service in your area; therefore, your account will be transferred to the City of Quincy as soon as practicable.

To provide you with a rate comparison, in July 2025, the [residential/commercial] rate of Talquin for 1,000 KWH was \$_____ (including a Storm Cost Recovery Surcharge). For the same month, the [residential/commercial] rate of City of Quincy for 1,000 KWH was \$_____. The rates of both utilities are subject to periodic change and may be raised or lowered in the future.

The new agreement must be approved by the Florida Public Service Commission before it can become effective, and you will have the opportunity prior to that approval to provide your comments to the Commission before making its decision. Written comments regarding this proposed territorial agreement may be sent to the Commission via U.S. Mail or E-mail at the addresses provided below (please be sure to include the docket number in your correspondence):

Office of the Commission Clerk
Re: Docket No. 20250039-EU

Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850
contact@psc.state.fl.us

If approved by the Commission, you will not need to do anything to initiate this transfer as Talquin and the City of Quincy will handle all of the arrangements on your behalf. If you have a deposit with Talquin, your deposit will be applied to your last electric bill and any surplus 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.

Please contact me if you have any questions or concerns about the proposed transfer of your service to the City of Quincy, or if you would like information about contacting the Commission. You can reach me by phone at (850) 627-7651 Extension 1701 or by email at Tracy.Bensley@talquinelectric.com.

Sincerely,

Tracy Bensley, General Manager
Talquin Electric Cooperative, Inc.

EXHIBIT 3

**Detailed Map Identifying the Parties' Agreed Upon Changes to the Proposed
Territorial Boundaries in the Original 2025 Agreement Compared to the
Amended 2025 Agreement**



Item 3

FILED 11/18/2025
DOCUMENT NO. 15139-2025
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: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Byrne, McClelland) *MC*
Office of the General Counsel (Bloom) *JSC*

RE: Docket No. 20250005-WS – Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.

AGENDA: 12/02/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 03/31/26 (Statutory Reestablishment Deadline)

SPECIAL INSTRUCTIONS: None

Case Background

Since March 31, 1981, pursuant to the guidelines established by Section 367.081(4)(a), Florida Statutes (F.S.), and Rule 25-30.420, Florida Administrative Code (F.A.C.), the Commission has established a price increase or decrease index for major categories of operating costs on or before March 31 of each year. This process allows water and wastewater utilities to adjust rates based on current specific expenses without applying for a rate case. Since March 31, 1981, the Commission has received and processed approximately 4,136 index and pass through applications. Staff calculated the proposed 2026 price index by using the Gross Domestic Product Implicit Price Deflator Index (GDPDEF) for the fiscal year ended June 30, 2025.

The Commission has jurisdiction over this matter pursuant to Section 367.081, F.S.

Date: November 18, 2025

Discussion of Issues

Issue 1: Which index should be used to determine price level adjustments?

Recommendation: The Gross Domestic Product Implicit Price Deflator Index is recommended for use in calculating price level adjustments. Staff recommends calculating the 2026 Price Index by using a fiscal year, four quarter comparison of the Implicit Price Deflator Index ending with the second quarter of 2025. (Byrne)

Staff Analysis: In 1993, the GDPDEF was established as the appropriate measure for determining the water and wastewater price index. At the same time, the convention of using a four quarter fiscal year comparison was also established and this practice has been used every year since then.¹ The GDPDEF is prepared by the United States (U.S.) Department of Commerce (USDOC) by its Bureau of Economic Analysis (BEA). Prior to that time, the Gross National Product Implicit Price Deflator Index (GNPDEF) was used as the indexing factor for water and wastewater utilities. The USDOC switched its emphasis from the GNPDEF to the GDPDEF as the primary measure of U.S. production.

Pursuant to Section 367.081(4)(a), F.S., the Commission, by order, shall establish a price increase or decrease index for major categories of operating costs incurred by utilities subject to its jurisdiction reflecting the percentage of increase or decrease in such costs from the most recent 12-month historical data available. Since 1995, the price index adjustment has been determined by comparing the change in the average GDPDEF for the year ending September 30, instead of the original December 31, in order to more easily meet the statutory deadline. The 2026 price index adjustment proposed in this docket has been calculated using data for the year ending in June 30, 2025, due to issues with USDOC funding. Following the October 1, 2025 federal government shutdown, BEA halted economic research, and the GDPDEF has not been calculated or updated as of September 25, 2025. To maintain consistency of calculation, staff is proposing to use the twelve months, ending June 30, 2025, of most recently available data calculated by BEA prior to the shutdown.

By Order No. PSC-2024-0502-PAA-WS, issued December 17, 2024, in Docket No. 2024-0005-WS, the Commission, in keeping with the practice started in 1993, reiterated the alternatives which could be used to calculate the indexing of utility revenues. Past concerns expressed by utilities, as summarized from utility input in previous hearings, are:

- 1) Inflation should be a major factor in determining the index;
- 2) Nationally published indices should be vital to this determination;
- 3) Major categories of expenses are labor, chemicals, materials and supplies, maintenance, transportation, and treatment expense;

¹Order No. PSC-1993-0195-FOF-WS, issued February 9, 1993, in Docket No. 19930005-WS, *In re: Annual reestablishment of price increase or decrease index of major categories of operating costs incurred by water and wastewater utilities pursuant to Section 367.081(4)(a), F.S.*

Date: November 18, 2025

- 4) An area wage survey, Dodge Building Cost Index, Consumer Price Index, and the GDP should be considered;
- 5) A broad measure index should be used; and
- 6) The index procedure should be easy to administer.

Based upon these concerns, the Commission has previously explored the following alternatives:

- 1) Survey of Regulated Water and Wastewater Utilities;
- 2) Consumer Price Index;
- 3) Florida Price Level Index;
- 4) Producer Price Index – previously the Wholesale Price Index; and
- 5) GDPDEF (replacing the GNPDEF).

Over the years, the Commission found that the Survey of Regulated Water and Wastewater Utilities should be rejected because using the results of a survey would allow utilities to pass on to customers all cost increases, thereby reducing the incentives of promoting efficiency and productivity. The Commission also found that the Consumer Price Index and the Florida Price Level Index should be rejected because of their limited degree of applicability to the water and wastewater industry. Both of these price indices are based upon comparing the advance in prices of a limited number of general goods and, therefore, appear to have limited application to water and wastewater activities.

The Commission further found that the Producer Price Index (PPI) is a family of indices that measure the average change over time in selling prices received by domestic producers of goods and services. PPI measures price change from the perspective of the seller, not the purchaser, and therefore should be rejected. The bases for these indices have not changed, and staff believes that the conclusions reached in Order PSC-2024-0502-PAA-WS should continue to apply in this case. Since 1993, the Commission has found that the GDPDEF has a greater degree of applicability to the water and wastewater industry. Therefore, staff recommends that the Commission continue to use the GDPDEF to calculate water and wastewater price level adjustments. Staff recommends calculating the 2026 Price Index by using a fiscal year, four quarter comparison of the GDPDEF ending with the second quarter of 2025.

The following information provides a historical perspective of the annual price index. z

Table 1-1
Historical Analysis of the Annual Price Index for Water and Wastewater Utilities

Year	Commission Approved Index	Year	Commission Approved Index
2015	1.57%	2021	1.17%
2016	1.29%	2022	4.53%
2017	1.51%	2023	7.07%
2018	1.79%	2024	3.24%
2019	2.36%	2025	2.23%
2020	1.79%	2026	2.46%

The table below shows the historical participation in the index and/or pass-through programs:

Table 1-2
Percentage of Jurisdictional Water and Wastewater Utilities Filing for Indexes and Pass-Throughs

Year	Percentage	Year	Percentage
2014	39%	2020	43%
2015	49%	2021	52%
2016	38%	2022	57%
2017	37%	2023	53%
2018	42%	2024	36%
2019	60%	2025	56%

Date: November 18, 2025

Issue 2: What rate should be used by water and wastewater utilities for the 2026 Price Index?

Recommendation: The 2026 Price Index for water and wastewater utilities should be 2.46 percent. (Byrne)

Staff Analysis: The USDOC BEA released the most recent second quarter 2025 figures on September 25, 2025. Historically, the Commission has used the third quarter amounts to establish the Price Index, which utilizes the most recent available data while allowing time for the Commission to establish the 2026 Price Index by March 2026, in accordance with Section 367.081(4)(a), F.S. However, due to the aforementioned lack of data, staff has elected to use the second-quarter data, which satisfies Section 367.081(4)(a), F.S. under the requirement that the twelve months of most recently available data be used. The percentage change in the GDPDEF using the fiscal year comparison ending with the third quarter is 2.46 percent. This number was calculated as follows.

GDPDEF Index for the fiscal year ended 6/30/25	128.248
GDPDEF Index for the fiscal year ended 6/30/24	125.167
Difference	3.081
Divided by 6/30/2024 GDPDEF Index	<u>125.167</u>
2026 Price Index	2.46%

Date: November 18, 2025

Issue 3: How should water and wastewater utilities be informed of the indexing requirements?

Recommendation: After the expiration of the Proposed Agency Action (PAA) protest period, the Division of Accounting and Finance should send each regulated water and wastewater utility a copy of the PAA Order establishing the index containing the information presented in Attachment 1. A cover letter from the Director of the Division of Accounting and Finance should be included with the order (Attachment 2). The entire package should also be made available on the Commission's website. (Byrne)

Staff Analysis: Staff recommends that the package presented in Attachment 1 to the recommendation be sent to every regulated water and wastewater utility after the expiration of the PAA protest period, along with a copy of the PAA Order once final. The entire package should also be made available on the Commission's website.

In an effort to increase the number of water and wastewater utilities taking advantage of the annual price index and pass-through programs, staff is recommending that the attached cover letter (Attachment 2) from the Director of the Division of Accounting and Finance be included with the PAA Order in order to explain the purpose of the index and pass-through applications and to communicate that Commission staff is available to assist them.

Date: November 18, 2025

Issue 4: Should this docket be closed?

Recommendation: No. Upon expiration of the 14-day protest period, if a timely protest is not received the decision should become final and effective upon the issuance of a Consummating Order. Any party filing a protest should be required to prefile testimony with the protest. However, this docket should remain open through the end of the year and be closed upon the establishment of the new docket in January 2026. (Bloom)

Staff Analysis: Rule 25-22.029(1), F.A.C., contains an exception to the procedural requirements set forth in Uniform Rule 28-106.111, F.A.C., providing that “[t]he time for requesting a Section 120.569 or 120.57 hearing shall be 14 days from issuance of the notice for PAA orders establishing a price index pursuant to Section 367.081(4)(a), F.S.” Staff therefore recommends that the Commission require any protest to the PAA Order in this docket be filed within 14 days of the issuance of the PAA Order, and that any party filing the protest should be required to prefile testimony with the protest. Upon expiration of the protest period, if a timely protest is not received, the Commission’s decision should become final and effective upon the issuance of a Consummating Order. However, this docket should remain open through the end of the year and be closed upon the establishment of the new docket in January 2026.

FLORIDA PUBLIC SERVICE COMMISSION
PRICE INDEX APPLICATION
APPLICABLE TEST YEAR _____

Department of Environmental Protection Public Water System ID NO. _____
Department of Environmental Protection Wastewater Treatment Plant ID NO. _____

	WATER	WASTEWATER
Operation & Maintenance Expenses ¹	\$ _____	\$ _____
LESS:		
(a) Pass-through Items:		
(1) Purchased Power	_____	_____
(2) Purchased Water	_____	_____
(3) Purchased Wastewater Treatment	_____	_____
(4) Sludge Removal	_____	_____
(5) Other ²	_____	_____
(b) Rate Case Expense Included in Expenses	_____	_____
(c) Adjustments to Operation & Maintenance Expenses from last rate case, if applicable: ³		
(1) _____	_____	_____
(2) _____	_____	_____
Costs to be Indexed	\$ _____	\$ _____
Multiply by Annual Commission-Approved Price Index	<u>2.46%</u>	<u>2.46%</u>
Total Indexed Costs	\$ _____	\$ _____
Add Change in Pass-Through Items: ⁴		
(1) _____	_____	_____
(2) _____	_____	_____
Divide Index and Pass-Through Sum by Expansion Factor for Regulatory Assessment Fees	<u>.955</u>	<u>.955</u>
Increase in Revenue	_____	_____
Divide by Applicable Test Year Revenue ⁵	\$ _____	\$ _____
Percentage Increase in Rates	_____ %	_____ %
	=====	=====

FOOTNOTES APPEAR ON THE FOLLOWING PAGE

PAGE 1 FOOTNOTES

¹This amount must match last year's annual report.

²Other expense items may include increases in required Department of Environmental Protection testing, ad valorem taxes, permit fees charged by the Department of Environmental Protection or a local government authority, National Pollutant Discharge Elimination System fees, and regulatory assessment fees. These items should not be currently embedded in the utility's rates.

³This may include adjustments that follow a methodology referenced in the Order from a utility's last rate case (i.e. averaged bad debt expense or excessive unaccounted for water percentage applied to chemicals expense).

⁴This may include an increase in purchased power, purchased water, purchased wastewater treatment, sludge hauling, required Department of Environmental Protection testing, ad valorem taxes, and permit fees charged by the Department of Environmental Protection or a local government authority providing that those increases have been incurred within the 12-month period prior to the submission of the pass-through application. Pass-through National Pollutant Discharge Elimination System fees and increases in regulatory assessment fees are eligible as pass-through costs but not subject to the twelve month rule. All pass-through items require invoices. See Rule 25-30.425, F.A.C. for more information.

⁵If rates changed after January 1 of the applicable test year, the book revenues must be adjusted to show the changes and an explanation of the calculation should be attached to this form. See Annualized Revenue Worksheet for instructions and a sample format.

ANNUALIZED REVENUE WORKSHEET

Have the rates charged for customer services changed since January 1, of the applicable test year?

- () If no, the utility should use actual revenues. This form may be disregarded.
- () If yes, the utility must annualize its revenues. Read the remainder of this form.

Annualizing calculates the revenues the utility would have earned based upon the previous year's customer consumption at the most current rates in effect. To complete this calculation, the utility will need consumption data for the previous year to apply to the existing rate schedule. Below is a sample format which may be used.

CALCULATION OF ANNUALIZED REVENUES* Consumption Data for Applicable Test Year

	Number of Bill/Gal. Sold	X	Current Rates	Annualized Revenues
Residential Service:				
Bills:				
5/8"x3/4" meters	_____		_____	_____
1" meters	_____		_____	_____
1 2" meters	_____		_____	_____
2" meters	_____		_____	_____
Gallons Sold	_____		_____	_____

General Service:

Bills:				
5/8"x3/4" meters	_____		_____	_____
1" meters	_____		_____	_____
1 2" meters	_____		_____	_____
2" meters	_____		_____	_____
3" meters	_____		_____	_____
4" meters	_____		_____	_____
6" meters	_____		_____	_____
Gallons Sold	_____		_____	_____

Total Annualized Revenues for the Applicable Test Year \$ _____

*Annualized revenues must be calculated separately if the utility consists of both a water system and a wastewater system. This form is designed specifically for utilities using a base facility charge rate structure. If annualized revenues must be calculated and further assistance is needed, contact the Commission Staff at (850) 413-6900.

AFFIRMATION

I, _____, hereby affirm that the figures and calculations upon which the change in rates is based are accurate and that the change will not cause _____ to exceed the range of its last authorized rate of return on equity, which is _____.
(name of utility)

I, the undersigned/officer of the above-named utility, have read the foregoing and declare that, to the best of my knowledge and belief, the information contained in this application is true and correct.

This affirmation is made pursuant to my request for a price index and/or pass-through rate increase, in conformance with Section 367.081(4), Florida Statutes.

Further, I am aware that pursuant to Section 837.06, Florida Statutes, whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree.

Signature: _____
Title: _____
Telephone Number: _____
Fax Number: _____

Sworn to and subscribed before me this _____ day of _____, 20__.

My Commission expires:

(SEAL)

Notary Public
State of Florida

STATEMENT OF QUALITY OF SERVICE

Pursuant to paragraphs 25-30.420(2)(h) and (i), Florida Administrative Code,

(name of utility)

[] does not have any active written complaints, corrective orders, consent orders, or outstanding citations with the Department of Environmental Protection (DEP) or the County Health Departments.

[] does have the attached active written complaint(s), corrective order(s), consent order(s), or outstanding citation(s) with the DEP or the County Health Department(s). The attachment(s) includes the specific system(s) involved with DEP permit number and the nature of the active complaint, corrective order, consent order, or outstanding citation.

This statement is intended such that the Florida Public Service Commission can make a determination of quality of service pursuant to Section 367.081(4)(a), Florida Statutes, and Rule 25-30.420(4)(a), Florida Administrative Code.

Name: _____
Title: _____
Telephone Number: _____
Fax Number: _____
Date: _____

Exception

_____ hereby waives the right to implement
(name of utility)
a pass-through rate increase within 45 days of filing, as provided by Section 367.081(4)(b),
Florida Statutes, in order that the pass-through and index rate increase may both be implemented
together 60 days after the official filing date of this notice of intention.

Signature: _____

Title: _____

(To be used if an index and pass-through rate increase are requested jointly.)

Pursuant to Section 367.081(4)(a), Florida Statutes, water and wastewater utilities are permitted to adjust the rates and charges to its customers without those customers bearing the additional expense of a public hearing. These adjustments in rates would depend on increases or decreases in non-controllable expenses subject to inflationary pressures such as chemicals, and other general operation and maintenance costs.

On _____, _____ filed its notice of
 _____ (date) _____ (name of utility)
 intention with the Florida Public Service Commission to increase water and wastewater rates in
 _____ County pursuant to this Statute. The filing is subject to review by the
 Commission Staff for accuracy and completeness. Water rates will increase by approximately
 _____% and wastewater rates by _____%. These rates should be reflected for service rendered
 on or after _____.

NOTICE TO CUSTOMERS

Pursuant to Section 367.081(4)(b), Florida Statutes, water and wastewater utilities are permitted to pass through, without a public hearing, a change in rates resulting from: an increase or decrease in rates charged for utility services received from a governmental agency or another regulated utility and which services were redistributed by the utility to its customers; an increase or decrease in the rates that it is charged for electric power, the amount of ad valorem taxes assessed against its used and useful property, the fees charged by the Department of Environmental Protection in connection with the National Pollutant Discharge Elimination System Program, or the regulatory assessment fees imposed upon it by the Commission; costs incurred for water quality or wastewater quality testing required by the Department of Environmental Protection; the fees charged for wastewater bio solids disposal; costs incurred for any tank inspection required by the Department of Environmental Protection or a local governmental authority; treatment plant and water distribution system operator license fees required by the Department of Environmental Protection or a local governmental authority; water or wastewater operating permit fees charged by the Department of Environmental Protection or a local governmental authority; and consumptive or water use permit fees charged by a water management district.

On _____, _____ filed its notice of
(date) (name of utility)

intention with the Florida Public Service Commission to increase water and wastewater rates in _____ County pursuant to this Statute. The filing is subject to review by the Commission Staff for accuracy and completeness. Water rates will increase by approximately _____% and wastewater rates by _____%. These rates should be reflected on your bill for service rendered on or after _____.

(date)

If you should have any questions, please contact your local utility office. Be sure to have account number handy for quick reference.

COMMISSIONERS:
GABRIELLA PASSIDOMO SMITH, CHAIR
GARY F. CLARK
ANA ORTEGA
BOBBY PAYNE
MIKE LA ROSA

STATE OF FLORIDA



DIVISION OF
ACCOUNTING AND FINANCE
MARK A. CICHETTI
DIRECTOR
(850) 413-6900

Public Service Commission

Month Day, 2026

All Florida Public Service Commission
Regulated Water & Wastewater Utilities

Re: Docket No. 20250005-WS - 2026 Price Index

Dear Utility Owner:

Since March 31, 1981, pursuant to the guidelines established by Section 367.081(4)(a), Florida Statutes (F.S.), and Rule 25-30.420, Florida Administrative Code (F.A.C.), the Commission has established a price increase or decrease index for major categories of operating costs. This process allows water and wastewater utilities to adjust rates based on current specific expenses without applying for a rate case. The intent of this rule is to ensure that inflationary pressures are not detrimental to utility owners, and that any possible deflationary pressures are not adverse to customers. By keeping up with index and pass-through adjustments, utility operations can be maintained at a level sufficient to ensure quality of service for the customers.

Pursuant to Rule 25-30.420(1)(a), F.A.C., all operation and maintenance expenses shall be indexed with the exception of:

- a) Pass-through items pursuant to Section 367.081(4)(b), F.S.;
- b) Any amortization of rate case expense; and
- c) Disallowances or adjustments made in an applicant's most recent rate proceeding.

Please note that all sludge removal expense should now be removed from operation and maintenance expenses for the purpose of indexing. Incremental increases in this category of expense may now be recovered using a pass-through request.

All Florida Public Service Commission
Regulated Water & Wastewater Utilities
Page 2
Month Day, 2026

Upon the filing of a request for an index and/or pass-through increase, staff will review the application and modify existing rates accordingly. If for no other reason than to keep up with escalating costs, utilities throughout Florida should file for this rate relief on an annual basis. Utilities may apply for a 2025 Price Index anytime between April 1, 2026, through March 31, 2027 by mail or by emailing Applications@psc.state.fl.us. The attached package will answer questions regarding what the index and pass-through rate adjustments are, how to apply for an adjustment, and what needs to be filed in order to meet the filing requirements. For your convenience, the Commission-approved Price Index is reflected on Form PSC 1022, attached. While the increase for any given year may be minor, (see chart below), the long-run effect of keeping current with rising costs can be substantial.

Year	Annual Commission Approved Index	Year	Annual Commission Approved Index
2000	1.36%	2014	1.41%
2001	2.50%	2015	1.57%
2002	2.33%	2016	1.29%
2003	1.31%	2017	1.51%
2004	1.60%	2018	1.76%
2005	2.17%	2019	2.36%
2006	2.74%	2020	1.79%
2007	3.09%	2021	1.17%
2008	2.39%	2022	4.53%
2009	2.55%	2023	7.07%
2010	0.56%	2024	3.24%
2011	1.18%	2025	2.23%
2012	2.41%	2026	2.46%
2013	1.63%		

Please be aware that pursuant to Section 837.06, F.S., whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his or her official duty shall be guilty of a misdemeanor of the second degree. Our staff is available at (850) 413-6900 should you need assistance with your filing. If you have any questions, please do not hesitate to call.

Moreover, additional rate relief mechanisms are available to water and wastewater utilities as alternatives to full rate cases. Water and wastewater utilities whose total gross annual operating revenues are \$335,000 or less for water service or \$335,000 or less for wastewater service, or

All Florida Public Service Commission
Regulated Water & Wastewater Utilities
Page 3
Month Day, 2026

\$670,000 or less on a combined basis, may petition the Commission for staff assistance in alternative rate setting. Please refer to Rule 25-30.456, F.A.C., for additional details.

Furthermore, water utilities whose total gross annual operating revenues are \$335,000 or less and wastewater utilities whose total gross annual operating revenues are \$335,000 or less may file an application for a limited alternative rate increase of up to 20 percent applied to metered or flat recurring rates of all classes of service. Please refer to Rule 25-30.457, F.A.C., for additional details.

Finally, the Commission reminds water and wastewater utilities that the Utility Reserve Fund exists to help address concerns over deferred maintenance of critical infrastructure and delays in necessary repairs. The availability of the reserve funds may allow a utility to avoid or defer the need for a future rate case, the expenses of which are ultimately borne by customers. Please refer to Rule 25-30.444, F.A.C., for additional details.

Sincerely,

Mark A. Cicchetti
Director

Enclosures

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: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (McGowan, D. Buys, Higgins) *MC*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20250120-WS – Petition for establishment of allowance for funds used during construction rate, Sunshine Water Services Company, effective January 1, 2025.

AGENDA: 12/02/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Sunshine Water Services Company's (SWS or Company), formerly known as Utilities, Inc. of Florida (UIF), current Allowance for Funds Used During Construction (AFUDC) rate of 6.43 percent was approved by Order No. PSC-2021-0318-PAA-WS.¹ Subsequently, the Company's capital structure adjustments and return on equity (ROE) for the period effective June 1, 2025, were approved by the Commission during SWS's most recent rate case, as set forth in an order issued June 6, 2025 (2025 Order).² A revised AFUDC rate was not requested by the Company in

¹Order No. PSC-2021-0318-PAA-WS, issued August 23, 2021, in Docket No. 20210116-WS, *In re: Petition for establishment of an approved AFUDC rate, by Utilities, Inc. of Florida.*

²Order No. PSC-2025-0196-FOF-WS, issued June 6, 2025, 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.*

its 2024 rate case. Instead, on September 30, 2025, SWS filed a petition requesting to establish an AFUDC rate of 7.90 percent, effective January 1, 2025.³ Upon staff's review and interaction with SWS, the Company provided an amended petition on October 29, 2025, requesting a change in its AFUDC rate of 6.43 percent to 7.56 percent, effective January 1, 2025, through May 31, 2025. Secondly, SWS requested to change its AFUDC rate of 7.56 percent, if approved, to 8.03 percent, effective June 1, 2025.⁴

The amended petition requests two consecutive AFUDC rates for different periods based on two separate rate case orders that approved different capital structure adjustments and ROE. The capital structure adjustments and ROE approved in the 2025 Order cannot be used to calculate the AFUDC rate prior to the Commission's vote on May 6, 2025. SWS requested to change its AFUDC rate with an effective date of January 1, 2025. Therefore, the AFUDC rate for the period January 1, 2025, through May 31, 2025, is based on the capital structure adjustments and ROE approved by Order No. PSC-2021-0206-FOF-WS, from the Company's 2020 rate case.⁵ The updated AFUDC rate of 7.56 percent reflects SWS's authorized cost of capital for the first five months of 2025. The AFUDC rate of 8.03 percent, effective June 1, 2025, will be used until the Commission approves a new AFUDC rate in the future.

As required by Rule 25-30.116(5), Florida Administrative Code (F.A.C.), SWS filed with its amended petition Schedules A-1, B-1, and C-1 identifying the capital structure, capital structure adjustments, and the methodology used to calculate the AFUDC rate effective January 1, 2025, through May 31, 2025. Additionally, the Company filed Schedules A-2, B-2, and C-2 identifying the capital structure, capital structure adjustments, and the methodology used to calculate the AFUDC rate effective June 1, 2025.

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.

³Document No. 14063-2025.

⁴Document No. 14830-2025.

⁵Order 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. cf Florida.*

Date: November 18, 2025

Discussion of Issues

Issue 1: Should the Commission approve SWS's request to increase its AFUDC rate from 6.43 percent to 7.56 percent, effective for the period January 1, 2025, through May 31, 2025?

Recommendation: Yes. The appropriate AFUDC rate for SWS is 7.56 percent based on a 12-month average capital structure for the period ended December 31, 2024. (McGowan)

Staff Analysis: For the period January 1, 2025, through May 31, 2025, SWS requested an increase in its AFUDC rate from 6.43 percent to 7.56 percent. Rule 25-30.116(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 12-month average embedded cost of capital, except as noted below, must be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the Company'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 12-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 7.56 percent, SWS provided its calculations and capital structure in Schedules A-1 and B-1 attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-30.116(3), F.A.C. As reflected on Schedule A-1, SWS properly included in its calculations the allowed midpoint ROE of 9.75 percent and capital structure adjustments approved by Order No. PSC-2021-0206-FOF-WS.⁶ SWS's cost of capital as of December 31, 2024, supports the requested AFUDC rate of 7.56 percent. The AFUDC rate calculation and supporting capital structure are presented in Attachment 1.

Based on its review, staff believes the requested increase in the AFUDC rate from 6.43 percent to 7.56 percent for the period January 1, 2025, through May 31, 2025, is appropriate, consistent with Rule 25-30.116, F.A.C., and recommends it be approved.

⁶Order 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. cf Florida*.

Date: November 18, 2025

Issue 2: What is the appropriate monthly compounding rate to achieve SWS's requested annual AFUDC rate of 7.56 percent for the period January 1, 2025, through May 31, 2025?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 7.56 percent is 0.609170 percent. (McGowan)

Staff Analysis: SWS requested a monthly compounding rate of 0.609170 percent to achieve an annual AFUDC rate of 7.56 percent. In support of the requested monthly compounding rate of 0.609170 percent, the Company provided its calculations in Schedule C-1 attached to its request. Rule 25-30.116(4), 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 conforms with Rule 25-30.116(4), F.A.C., as presented in Attachment 2. Therefore, staff recommends that a monthly compounding AFUDC rate of 0.609170 percent for the period January 1, 2025, through May 31, 2025, be approved.

Date: November 18, 2025

Issue 3: Should the Commission approve SWS's requested effective date of January 1, 2025, through May 31, 2025, for implementing the AFUDC rate of 7.56 percent?

Recommendation: Yes. The AFUDC rate of 7.56 percent should be effective January 1, 2025, through May 31, 2025, for all purposes. (McGowan)

Staff Analysis: SWS's requested AFUDC rate was calculated using a 12-month average capital structure for the period ended December 31, 2024. Rule 25-30.116(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, through May 31, 2025, complies with the requirement that the effective date does not precede the period used to calculate the AFUDC rate, and therefore, should be approved.

Date: November 18, 2025

Issue 4: Should the Commission approve SWS's request to increase its AFUDC rate from 7.56 percent to 8.03 percent, effective June 1, 2025?

Recommendation: Yes. The appropriate AFUDC rate for SWS is 8.03 percent based on a 12-month average capital structure for the period ended May 31, 2025. (McGowan)

Staff Analysis: SWS requested an increase in its AFUDC rate from 7.56 percent to 8.03 percent, effective June 1, 2025. Rule 25-30.116(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 12-month average embedded cost of capital, except as noted below, must be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the Company'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 12-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 8.03 percent, SWS provided its calculations and capital structure in Schedules A-2 and B-2 attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-30.116(3), F.A.C. As reflected on Schedule A-2, SWS properly included in its calculations the allowed midpoint ROE of 10.05 percent and capital structure adjustments approved by Order No. PSC-2025-0196-FOF-WS.⁷ SWS's current cost of capital supports the requested AFUDC rate of 8.03 percent, effective June 1, 2025. The AFUDC rate calculation and supporting capital structure are presented in Attachment 3.

Based on its review, staff believes the requested increase in the AFUDC rate from 7.56 percent to 8.03 percent, effective June 1, 2025, is appropriate, consistent with Rule 25-30.116, F.A.C., and recommends it be approved.

⁷Order No. PSC-2025-0196-FOF-WS, issued June 6, 2025, 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.*

Date: November 18, 2025

Issue 5: What is the appropriate monthly compounding rate to achieve SWS's requested annual AFUDC rate of 8.03 percent, effective June 1, 2025?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 8.03 percent is 0.645732 percent. (McGowan)

Staff Analysis: SWS requested a monthly compounding rate of 0.645732 percent to achieve an annual AFUDC rate of 8.03 percent. In support of the requested monthly compounding rate of 0.645732 percent, the Company provided its calculations in Schedule C-2 attached to its request. Rule 25-30.116(4), 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 conforms with Rule 25-30.116(4), F.A.C., as presented in Attachment 4. Therefore, staff recommends that a monthly compounding AFUDC rate of 0.645732 percent, effective June 1, 2025, be approved.

Issue 6: Should the Commission approve SWS's requested effective date of June 1, 2025, for implementing the AFUDC rate of 8.03 percent?

Recommendation: Yes. The AFUDC rate of 8.03 percent should be effective June 1, 2025, for all purposes. (McGowan)

Staff Analysis: SWS's requested AFUDC rate was calculated using a 12-month average capital structure for the period ended May 31, 2025. Rule 25-30.116(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 June 1, 2025, complies with the requirement that the effective date does not precede the period used to calculate the AFUDC rate, and therefore, should be approved.

Issue 7: Should this docket be closed?

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

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.

**SUNSHINE WATER SERVICES COMPANY
CAPITAL STRUCTURE USED FOR THE REQUESTED AFUDC RATE
AS OF DECEMBER 31, 2024**

COMPANY AS FILED				
<u>CAPITAL COMPONENTS</u>	<u>JURISDICTIONAL AVERAGE</u>	<u>CAPITAL RATIO</u>	<u>COST OF CAPITAL</u>	<u>WEIGHTED COST OF CAPITAL</u>
COMMON EQUITY	\$94,275,441	47.96%	9.75%	4.68%
LONG-TERM DEBT	61,488,506	31.28%	5.94%	1.86%
SHORT-TERM DEBT	29,936,184	15.23%	6.73% *	1.02%
CUSTOMER DEPOSITS	337,537	0.17%	2.00% *	0.00%
DEFERRED TAX LIABILITIES	5,863,252	2.98%	0.00%	0.00%
TAX CREDITS - ZERO COST	59,215	0.03%	0.00%	0.00%
EXCESS DEF TAX LIABILITY	4,627,919	2.35%	0.00%	0.00%
TOTAL	<u>\$196,588,056</u>	<u>100.00%</u>		<u>7.56%</u>

*12-MONTH AVERAGE

**SUNSHINE WATER SERVICES COMPANY
METHODOLOGY FOR MONTHLY COMPOUNDING AFUDC RATE
AS OF DECEMBER 31, 2024**

COMPANY AS FILED

<u>MONTHS</u>	<u>AFUDC BASE</u>	<u>MONTHLY AFUDC RATE</u>	<u>CUMULATIVE AFUDC RATE</u>
1	1.00000000	0.00609170	0.00609170
2	1.00609170	0.00612881	0.01222051
3	1.01222051	0.00616614	0.01838665
4	1.01838665	0.00620371	0.02459036
5	1.02459036	0.00624150	0.03083185
6	1.03083185	0.00627952	0.03711137
7	1.03711137	0.00631777	0.04342914
8	1.04342914	0.00635626	0.04978540
9	1.04978540	0.00639498	0.05618038
10	1.05618038	0.00643393	0.06261431
11	1.06261431	0.00647313	0.06908744
12	1.06908744	0.00651256	0.07560000

Annual Rate (A) = 7.56%

Monthly Rate = $[(1+A/100)^{1/12}]-1 \times 100 = 0.609170\%$

**SUNSHINE WATER SERVICES COMPANY
CAPITAL STRUCTURE USED FOR THE REQUESTED AFUDC RATE
AS OF MAY 31, 2025**

COMPANY AS FILED				
<u>CAPITAL COMPONENTS</u>	<u>JURISDICTIONAL AVERAGE</u>	<u>CAPITAL RATIO</u>	<u>COST OF CAPITAL</u>	<u>WEIGHTED COST OF CAPITAL</u>
COMMON EQUITY	\$106,417,709	52.16%	10.05%	5.24%
LONG-TERM DEBT	61,719,991	30.25%	5.79%	1.75%
SHORT-TERM DEBT	33,670,391	16.50%	6.28% *	1.04%
CUSTOMER DEPOSITS	68,860	0.03%	2.00% *	0.00%
DEFERRED TAX LIABILITIES	1,222,795	0.60%	0.00%	0.00%
TAX CREDITS - ZERO COST	11,719	0.01%	0.00%	0.00%
EXCESS DEF TAX LIABILITY	902,313	0.44%	0.00%	0.00%
TOTAL	<u>\$204,013,778</u>	<u>100.00%</u>		<u>8.03%</u>

*12-MONTH AVERAGE

**SUNSHINE WATER SERVICES COMPANY
METHODOLOGY FOR MONTHLY COMPOUNDING AFUDC RATE
AS OF MAY 31, 2025**

COMPANY AS FILED

<u>MONTHS</u>	<u>AFUDC BASE</u>	<u>MONTHLY AFUDC RATE</u>	<u>CUMULATIVE AFUDC RATE</u>
1	1.00000000	0.00645732	0.00645732
2	1.00645732	0.00649902	0.01295635
3	1.01295635	0.00654099	0.01949733
4	1.01949733	0.00658322	0.02608056
5	1.02608056	0.00662573	0.03270629
6	1.03270629	0.00666852	0.03937481
7	1.03937481	0.00671158	0.04608639
8	1.04608639	0.00675492	0.05284131
9	1.05284131	0.00679854	0.05963985
10	1.05963985	0.00684244	0.06648229
11	1.06648229	0.00688662	0.07336891
12	1.07336891	0.00693109	0.08030000

Annual Rate (A) = 8.03%

Monthly Rate = $[(1+A/100)^{1/12}]-1 \times 100 = 0.645732\%$

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: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward) *gd*
Office of the General Counsel (Bloom) *JSC*

RE: Docket No. 20250106-GU – Petition for approval of 2024 true-up, projected 2025 true-up; and 2026 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System, Inc.

AGENDA: 12/02/25 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 04/29/26 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On August 29, 2025, Peoples Gas System, Inc. (Peoples or utility) filed a petition for approval of its final 2024 true-up, projected 2025 true-up, and 2026 revenue requirement and surcharges associated with the cast iron/bare steel replacement rider (CI/BSR Rider or rider). The rider was originally approved by Order No. PSC-12-0476-TRF-GU (2012 Order) to recover the cost of accelerating the replacement of cast iron and bare steel pipes through a surcharge on customers' bills.¹ In the 2012 Order, the Commission found that, "replacement of these types of pipelines is in the public interest to improve the safety of Florida's natural gas infrastructure, and reduce the

¹ Order No. PSC-12-0476-TRF-GU, issued September 18, 2012, in Docket No. 20110320-GU, *In re: Petition for approval of Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System.*

possibility of loss of life and destruction of property should an incident occur.” Peoples’ current surcharges were approved in Order No. PSC-2024-0511-TRF-GU (2024 Order).²

By Order No. PSC-17-0066-AS-GU, the Commission approved a comprehensive settlement agreement between Peoples and the Office of Public Counsel.³ The settlement agreement, in part, added problematic plastic pipe (PPP) installed in the company's distribution system to eligible replacements under the rider beginning in 2017 and continuing through 2028. PPP was manufactured before 1983 and has significant safety concerns. In certain areas, the PPP is interspersed with, or connected to, the cast iron/bare steel pipe that is being replaced under the rider. As provided for in the settlement agreement, PPP replacements are included in the calculation of the 2025 rider surcharges.

In December 2023, the Commission approved Peoples’ petition for rate increase, which contained two provisions that would impact the CI/BSR Rider.⁴ First, Peoples moved its CI/BSR investments as of December 31, 2023, into rate base, as required by the 2012 Order approving the rider.⁵ This provision had the effect of resetting the CI/BSR Rider rates to zero.

Second, the Commission approved Peoples’ request for the Long Term Debt Cost Rate (LTDR) true-up mechanism. The LTDR true-up mechanism allowed Peoples to make a one-time adjustment to the estimated cost of long-term debt for the projected test year ending December 31, 2024.⁶ The purpose of the LTDR true-up mechanism was to reflect the actual embedded costs of the utility’s inaugural long-term debt issuance in its revenue requirement and rates.⁷ This provision was a result of Peoples being spun off from Tampa Electric Company (TECO), because Peoples no longer obtains long-term debt capital from TECO and instead issues its own debt as a separate entity.

The Commission further ordered that if the impact to the incremental revenue requirement was greater than \$500,000 for the period between the implementation of the base rate increase and the implementation of the LTDR true-up mechanism, then the incremental revenue requirement would be recovered through the CI/BSR rider for 2025.⁸ The Commission approved the incremental revenue requirement of \$874,085 associated with the LTDR true-up mechanism in May 2024.⁹ The total amount associated with the LTDR true-up mechanism that was recovered through the 2025 CI/BSR rider was \$476,034, as shown in Exhibit A to the petition, page 2 of 4, line No. 9a.

² Order No. PSC-2024-0511-TRF-GU, issued December 20, 2024, in Docket No. 20240133-GU, *In re: Petition for approval of 2023 true-up, projected 2024 true-up, and 2025 revenue requirements and surcharges associated with cast iron/bare steel replacement rider, by Peoples Gas System.*

³ Order No. PSC-17-0066-AS-GU, issued February 28, 2017, in Docket No. 20160159-GU, *In re: Petition for approval of settlement agreement pertaining to Peoples Gas System’s 2016 depreciation study, environmental reserve account, problematic plastic pipe replacement, and authorized ROE.*

⁴ Order No. PSC-2023-0388-FOF-GU, issued December 27, 2023, in Docket No. 20230023-GU, *In re: Petition for rate increase by Peoples Gas System, Inc.*

⁵ See page 3 of Order No. PSC-12-0476-TRF-GU.

⁶ See pages 107-109 of Order No. PSC-2023-0388-FOF-GU.

⁷ *Id.*

⁸ See page 108 of Order No. PSC-2023-0388-FOF-GU.

⁹ Order No. PSC-2024-0170-TRF-GU, issued May 23, 2024, in Docket No. 20240028-GU, *In re: Petition to implement long-term debt cost true-up mechanism, by Peoples Gas System, Inc.*

On October 7, 2025, the Commission voted to approve Peoples' 2025 Stipulation and Settlement Agreement (2025 agreement) in settlement of the issues presented in the 2025 rate case petition.¹⁰ The 2025 agreement provides for the transfer of \$6.7 million in CI/BSR rider revenues from recovery through the rider to base rates.

Paragraph 4(e) of the 2025 agreement contemplates that for rates that will first go into effect after January 1, 2026, with respect to cost recovery clauses and riders that recover plant investment costs, the utility will use the midpoint return on equity, equity ratio, and weighted average cost of capital specified in Exhibit A of the 2025 agreement. Additionally, the 2025 agreement contemplates that the utility shall allocate among its respective rate schedules the annual cost recovery amounts to be recovered by applying the cost recovery revenue distribution shown in Exhibit B of the 2025 agreement.

On October 9, 2025, Peoples filed an amended petition. The amended petition reflects the updated revenue requirements to be recovered by the utility during the period January through December 2026 and the updated 2026 surcharges. The surcharges were recalculated to reflect the capital structure (effective January 2026) approved in the 2025 agreement.

Attachment A to this recommendation contains Table 1, which consolidates actual and projected CI/BSR and PPP miles, replaced investment, and revenue requirements for each year of the replacement program.¹¹ Additionally, Peoples provided tables that display the replacement progress and forecasts for the CI/BSR Rider (Table 2) and for PPP (Table 3).¹² Attachment B contains the proposed tariff as filed in the amended petition.

During the review process of the utility's petition, staff issued two data requests, for which responses were received on October 6, 2025, and November 10, 2025, respectively. By Order No. PSC-2025-0395-PCO-GU, issued October 22, 2025, the petition was suspended to allow staff a sufficient opportunity to gather and evaluate all pertinent information related to the tariff proposals in order to present the Commission with an informed recommendation. The Commission has jurisdiction over this matter pursuant to Section 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

¹⁰ Order No. PSC-2025-0413-S-GU, issued October 31, 2025, in Docket No. 20250029-GU, *In re: Petition for rate increase by Peoples Gas System, Inc.*

¹¹ DN 14283-2025, response No. 6.

¹² *Id.*

Discussion of Issues

Issue 1: Should the Commission approve Peoples' proposed CI/BSR Rider surcharges for the period January through December 2026?

Recommendation: Yes, the Commission should approve Peoples' proposed CI/BSR Rider surcharges to be effective for the first billing cycle of January through the last billing cycle of December 2026. Staff has reviewed Peoples' filings and supporting documentation and believes that the calculations are consistent with the methodology approved in the 2012 Order and are reasonable and accurate. (Ward)

Staff Analysis: The CI/BSR Rider charges have been in effect since January 2013 and were projected to be in effect for 10 years with replacement projects completed by the end of 2022. In a response to staff's first data request in the 2024 docket, Peoples stated that the COVID-19 pandemic environment greatly contributed to replacement efforts going beyond the 10-year period.¹³ Contributing factors include construction contractor labor shortages, consulting firm availability, supply chain challenges, and extensive permitting challenges. In response to staff's first data request, Peoples stated that it continued to see delays of CI/BSR projects in Dade-Broward due to construction moratoriums, lengthy permitting processes, and denial of easement requests due to the municipality's plans to redevelop the relevant areas.¹⁴ The utility also stated that St. Petersburg and Orlando each have a project that the utility is in the process of confirming that the pipe material is bare steel. Additionally, the utility stated that Orlando has two projects in construction and one in redesign. Peoples stated that it expects to have 2.4 miles of CI/BSR replacement remaining entering 2026.

In 2025, Peoples' cast iron/bare steel and PPP replacement activity focused in the areas of Dade-Broward, Tampa, St. Petersburg, Orlando, Eustis, Jacksonville, Lakeland, Daytona, Jupiter, Panama City, and Ocala. In 2026, for CI/BSR projects, Peoples states it will continue working through permitting challenges and complete any remaining verification necessary to submit projects for design and permitting in Miami and Orlando. Peoples states it will focus on the design and permitting of PPP projects in St. Petersburg, Orlando, Panama City, Eustis, Daytona, Ocala, and Tampa, beginning construction as plans and permits become available. Additionally, the utility will begin design work for replacement of PPP in the downtown Miami area. A detailed description of the projects, including their address, has been provided in response to staff's first data request.¹⁵

True-ups by Year

Peoples' calculation for the 2026 revenue requirement and surcharges includes a final true-up for 2024, and actual/estimated true-up for 2025, and projected costs for 2026. Pursuant to the 2012 Order, the capital expenditures for 2025 and 2026 exclude the first \$1 million of facility replacements each year because that amount is included in rate base. Peoples has included depreciation expense savings as discussed in the 2012 Order; however, the utility has not identified any operations and maintenance savings.

¹³ DN 09444-2024, response No. 4.

¹⁴ DN 14283-2025, response No. 3.

¹⁵ DN 14283-2025, response Nos. 1 and 3.

Final True-up for 2024

Exhibit A of the petition shows that the revenues collected for 2024 were \$857,610 compared to a revenue requirement of \$606,890, resulting in an over-recovery of \$250,720. The final 2023 under-recovery of \$102,499, 2024 over-recovery of \$250,720, 2024 LTDR true-up mechanism adjustment of \$476,034, and interest associated with any over- and under-recoveries, results in a total 2024 under-recovery of \$331,724.

Actual/Estimated 2025 True-up

In Exhibit B of the petition, Peoples provided actual revenues for January through July and forecast revenues for August through December of 2025, totaling \$3,471,552, compared to an actual/estimated revenue requirement of \$3,083,205, resulting in an over-recovery of \$388,347. The final 2024 under-recovery of \$331,724, 2025 over-recovery of \$388,347, and interest associated with any over- and under-recoveries, results in a total 2025 over-recovery of \$69,991.

Projected 2026 Costs

Exhibit C of the petition shows Peoples' projects investments or capital expenditures of \$62,143,657 for the replacement of cast iron/bare steel infrastructure and PPP in 2026, excluding the \$1 million adjustment to rate base. The return on investment, depreciation expense (less savings), and property tax expense associated with that investment are \$2,982,438. After adding the total 2025 over-recovery of \$69,991, the total 2026 revenue requirement is \$2,912,447. Table 1-1 displays the 2026 revenue requirement calculation. In response to staff's first data request, Peoples provided updated investment and revenue requirement projections for CI/BSR and PPP which is contained in Table 1 of Attachment A.

Table 1-1
2026 CI/BSR Rider Revenue Requirement

2026 Projected Expenditures	\$62,143,657
Return on Investment	\$2,524,574
Depreciation Expense (less savings)	\$457,864
Property Tax Expense	<u>\$0</u>
2026 Revenue Requirement	\$2,982,438
Less 2025 Over-recovery	<u>\$69,991</u>
Total 2026 Revenue Requirement	\$2,912,447

Source: Page 1 of 2 in Exhibit C in petition (Docket No. 20250106-GU).

Proposed Surcharges

As established in the 2012 Order, the total 2026 revenue requirement is allocated to rate classes using the same methodology that was used for the allocation of mains and services in the cost of service study used in Peoples' most recent approved rate case. After calculating the percentage of total plant costs attributed to each rate class, the respective percentages were multiplied by the 2026 revenue requirement resulting in the revenue requirement by rate class. Dividing each rate class's revenue requirement by projected therm sales provides the rider surcharge for each rate class.

Date: November 18, 2025

If the Commission approves this recommendation, the proposed 2026 rider surcharge for residential customers would be \$0.01593 per therm (compared to the current surcharge of \$0.01391). The 2026 monthly bill impact would be \$0.32 for a residential customer who uses 20 therms. The proposed tariff sheet, as filed in the amended petition, is provided in this recommendation as Attachment B.

In response to staff's second data request, Peoples identified a formula error reflecting the depreciation savings in the calculation file. The depreciation savings were added to depreciation expense instead of subtracted. Peoples stated that the correction of this error would result in reduction to surcharges filed in the amended petition; however, the reduction is de minimis. For a residential customer, the surcharge would decrease by \$0.00001 per therm, or \$0.01 per average bill. Peoples proposed to account for the differences in the true-up in next year's filing. Staff believes it is reasonable, due to the de minimis impact on the surcharges, to reflect the difference in the true-up filing in next year's filing.

Conclusion

Staff recommends that the Commission should approve Peoples' proposed CI/BSR Rider surcharges to be effective for the first billing cycle of January through the last billing cycle of December 2026. Staff has reviewed Peoples' filings and supporting documentation and believes that the calculations are consistent with the methodology approved in the 2012 Order and are reasonable and accurate.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Bloom)

Staff Analysis: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Table 1
Peoples' CI/BSR Replacement Program Progress

Year	CI/BS Miles Replaced	PPP Miles Replaced	CI/BS Investment^a	PPP Investment^b	CI/BS Revenue Requirement	PPP Revenue Requirement
2017	51	-	\$17,588,366	\$2,915,802	\$6,868,302	\$74,021
2018	62	56	\$27,035,678	\$15,890,424	\$8,510,823	\$848,201
2019	52	42	\$35,821,371	\$17,425,589	\$11,075,229	\$2,706,161
2020	55	43	\$32,317,184	\$11,115,571	\$14,817,804	\$4,358,010
2021	14	38	\$23,726,642	\$19,812,603	\$1,347,321	\$(160,452)
2022	10.4	29	\$13,079,280	\$15,486,397	\$3,154,597	\$1,921,940
2023	2.3	44	\$5,815,954	\$18,210,943	\$3,927,032	\$3,604,313
2024	2.4	10	\$5,798,611	\$15,279,982	\$224,372 ^e	\$382,518 ^e
2025*	4.7	51	\$3,001,439	\$28,644,082	\$719,587	\$2,363,618
2026*	2.4	87	\$4,175,820	\$57,967,838	\$194,023 ^f	\$2,751,803 ^f
2027*	1.5 ^c	96	\$2,919,534	\$72,206,101	\$625,475	\$10,269,846
2028*	1.3	54	\$2,868,930 ^d	\$43,044,041 ^d	\$967,738	\$17,510,136

* Projected

^a CI/BS Investment includes removal of initial \$1M through 2025.

^b PPP Investment includes removal of initial \$1M each year starting in 2026.

^c 5-year construction moratoriums in effect in the City of Miami preventing completion before 2027.

^d 2028 investment includes rollover costs to occur in 2029.

^e Revenue Requirement based on current year investment only as investment for prior years rolled into rate base pursuant to the 2023 Rate Case.

^f Revenue Requirement based on current year investment only as investment for prior years rolled into rate base pursuant to the 2025 Rate Case.

Table 2
Peoples' CI/BSR Replacement Progress

Year	Main Replacements					Service Line Replacements	
	Replaced Cast Iron (Miles)	Replaced Bare Steel (Miles)	Remaining Cast Iron at Year End (Miles)	Remaining Bare Steel at Year End (Miles)	Total Miles Remaining of CI/BS Mains	Bare Steel Service Lines Replaced	Remaining Bare Steel Service Lines
2012	-	-	100	354	454	-	14,978
2013	13	38	87	316	403	907	14,071
2014	2	15	85	298	383	7,964	6,107
2015	26	60	59	238	297	1,019	5,088
2016	15	35	44	203	247	1,050	6,963
2017	15	36	29	178	207	1,135	4,279
2018	10	52	18	126	144	1,970	2,309
2019	8	44	10	83 ^a	93	649	1,660
2020	4	51	6	35 ^a	41	423	1,237
2021	3.5	10.5	2	24	26	191	998
2022	1.3	9.1	0.9	14.6 ^a	15.5	74	941
2023	0.3	2.0	0.6	12.4 ^a	12.4	40	931
2024	0.1	2.3	0.3	5.6	5.9	79	686
2025*	< 0	4.7	< 0	2.4	2.4	^b	^b

* Projected

^a Additional miles of pipe added after reclassification of pipe type.

^b To be determined.

Table 3
Peoples' PPP Replacement Program Progress

Year	Replaced PPP (Miles)	Total Remaining PPP Mains (Miles)	Replaced PPP Service Lines	Remaining PPP Service Lines
2016	-	551	-	28,237
2017	-	509	1,396	26,841
2018	56	461	3,941	24,741
2019	42	418	2,349	20,420
2020	43	370	1,702	18,718
2021	38	337	882	17,683
2022	29	306	837	17,229
2023	44	281 ^a	883	16,346 ^a
2024	10	296 ^a	637	15,499 ^b
2025*	51	236	b	b
2026*	87	150	b	b
2027*	96	54	b	b
2028*	54	-	b	b

* Projected

^a Additional service lines reclassified during the year.

^b This will be determined during the replacement year.

Peoples Gas System, Inc.
Original Volume No. 3

~~Sixteenth~~ ~~Fifteenth~~ Revised Sheet No. 7.806
Cancels ~~Fifteenth~~ ~~Fourteenth~~ Revised Sheet No. 7.806

**CAST IRON/BARE STEEL REPLACEMENT RIDER
RIDER CI/BSR**

The monthly bill for Gas Service in any Billing Period shall be increased by the CI/BSR Surcharge determined in accordance with this Rider. CI/BSR Surcharges approved by the Commission for bills rendered for meter readings taken on or after January 1, 2025~~6~~, are as follows with respect to Customers receiving Gas Service under the following rate schedules:

<u>Rate Schedule</u>	<u>CI/BSR Surcharge</u>
Residential/Residential Standby Generator /	
Residential Gas Heat Pump Service	\$ 0.01391593 per therm
Small General Service	\$ 0.008181373 per therm
General Service – 1/ Commercial Standby	
Generator Service /	
Commercial Gas Heat Pump Service	\$ 0.00546145 per therm
General Service – 2	\$ 0.00477254 per therm
General Service – 3	\$ 0.00468240 per therm
General Service – 4	\$ 0.00333203 per therm
General Service – 5	\$ 0.00228144 per therm
Commercial Street Lighting	\$ 0.00364086 per therm
Wholesale	\$ 0.00269126 per therm
Small Interruptible Service	\$ 0.00427101 per therm
Interruptible Service	\$ 0.0003946 per therm
Interruptible Service – Large Volume	\$ 0.00000 per therm

The CI/BSR Surcharges set forth above shall remain in effect until changed pursuant to an order of the Commission.

CI/BSR Surcharges shall be determined in accordance with the provisions of this Rider set forth below.

Definitions

For purposes of this Rider:

"Eligible Replacements" means the following Company plant investments that (i) do not increase revenues by directly connecting new customers to the plant asset, (ii) are in service and used and useful in providing utility service and (iii) were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding:

Mains and service lines, as replacements for existing materials recognized/identified by the Pipeline Safety and Hazardous Materials Administration as being obsolete and that present a potential safety threat to operations and the general public, including cast iron, wrought iron, bare steel, and specific polyethylene/plastic facilities, and regulators and other pipeline system components the installation of which is required as a consequence of the replacement of the aforesaid facilities.

"CI/BSR Revenues" means the revenues produced through CI/BSR Surcharges, exclusive of revenues from all other rates and charges.

Issued By: Helen J. Wesley, President & CEO
2026January 1, 2025

Effective Date: January 1,

Item 6

FILED 11/18/2025
DOCUMENT NO. 15135-2025
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: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey) *EG*
Office of the General Counsel (Dose) *JSC*

RE: Docket No. 20250109-GU – Petition for approval of gas utility access and replacement directive cost recovery factors for January 2026 through December 2026, by Florida Public Utilities Company.

AGENDA: 12/02/25 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/02/2⁶ (8-Month Effective Date)
4/19/25

SPECIAL INSTRUCTIONS: None

Case Background

On September 2, 2025, Florida Public Utilities Company (FPUC or Company) filed a petition for approval of its Gas Utility Access and Replacement Directive (GUARD) cost recovery factors for January through December 2026. The petition includes the direct testimony and Exhibit BD-1 of FPUC witness Bryan Dayton providing the calculations of the proposed factors and Third Revised Sheet No. 7.403.

By Order No. PSC-2023-0235-PAA-GU (GUARD Order), the Commission approved FPUC's 10-year GUARD program consisting of two components: (1) replacement of problematic pipes and facilities, and (2) relocation of mains and service lines located in rear easement and other

difficult to access areas to the front lot easements.¹ As established in the GUARD Order, FPUC is able to recover the revenue requirements of expedited programs to replace problematic pipes and facilities and to relocate certain facilities in rear easements and other difficult to access areas in order to enhance the safety of portions of FPUC's natural gas distribution system through a monthly surcharge on customers' bills. The GUARD Order further established the methodology for annually setting the GUARD surcharge to recover the costs of the program.

The methodology to calculate the GUARD program surcharges is the same that was approved for FPUC's concluded Gas Replacement and Infrastructure Program.² In the GUARD Order, the Commission directed FPUC to file its annual GUARD program petition to revise the surcharge on or before September 1 of each year, to implement the revised surcharge effective January 1 through December 31 of the following year.

By Order No. PSC-2024-0504-TRF-GU, the Commission approved FPUC's 2025 GUARD cost recovery factors and associated Second Revised Sheet No. 7.403, which was effective from the first billing cycle of January through the last billing cycle of December 2025.³

Included in this recommendation are Attachment A - list of GUARD projects for 2024-2026 Actual/Forecast, and Attachment B - Third Revised Tariff Sheet No. 7.403 legislative version.

During the review process, staff issued a data request to FPUC on September 22, 2025, for which responses were received on October 6, 2025. By Order No. PSC-2025-0392-PCO-GU, the Commission suspended the proposed tariffs.⁴ The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

¹ Order No. PSC-2023-0235-PAA-GU, issued August 15, 2023, amended by Order No. PSC-2023-0235A-PAA-GU, issued August 18, 2023, in Docket No. 20230029-GU, *In re: Petition for approval of gas utility access and replacement directive, by Florida Public Utilities Company.*

² Order No. PSC-2012-0490-TRF, issued September 24, 2021, in Docket No. 20120036-GU, *In re: Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.*

³ Order No. PSC-2024-0504-TRF-GU, issued December 17, 2024, in Docket No. 20240137-GU, *In re: Petition for approval of GUARD cost recovery factors, by Florida Public Utilities Company.*

⁴ Order No. PSC-2025-0392-PCO-GU, issued October 22, 2025, in Docket No. 20250109-GU, *In re: Petition for approval of gas utility access and replacement directive cost recovery factors for January 2026 through December 2026, by Florida Public Utilities Company.*

Discussion of Issues

Issue 1: Should the Commission approve FPUC's 2026 Gas Utility Access and Replacement Directive (GUARD) cost recovery factors and associated Third Revised Sheet No. 7.403 for the period January to December 2026?

Recommendation: Yes. The Commission should approve FPUC's 2026 GUARD cost recovery factors and associated Third Revised Sheet No. 7.403, included in Attachment B to this recommendation, to be effective for the first billing cycle of January 2026 through the last billing cycle of December 2026. The Commission should also approve FPUC's request to provide six months of actual and six months of estimated data in its actual/estimated true-up filings. The GUARD surcharge would allow FPUC to replace problematic pipes and facilities and relocate certain facilities located in rear easements to the front easements, and recover the project costs on an expedited basis. (Guffey)

Staff Analysis: The GUARD program is driven by risks identified under FPUC's Distribution Integrity Management Program and risk assessments performed by an independent contractor.⁵ As stated by witness Dayton and in responses to staff's data request, the GUARD projects are based upon risk assessment categorized as high, medium, and low risk, by an independent contractor. Projects in high consequence areas and those of high risk continue to be a priority. The prioritized projects for 2025 and 2026 are included in Attachment A to this recommendation. Attachment A indicates that FPUC currently has nine projects in-progress which will relocate 30.21 miles of pipes from rear lots to the street front and install 1,568 service lines in Palm Beach and Seminole counties for an estimated investment cost of \$22.6M during 2025. For 2026, 30 projects which include replacing obsolete/Aldyl-A pipes, span pipes, under building, and relocation of pipes from rear lot easements to the front lot easements for 53.13 miles and 2,203 service lines in Palm Beach, Polk, Seminole, and Volusia counties are listed for an estimated investment cost of \$25.14M.

The Company requested that the actual/estimated true up amounts be based on six months of actual data and six months of projected data. In the past filings, the Company provided seven months of actual data and five months of projected data. The Company included this revision in this filing and intends to apply it to all future GUARD filings. The Company explained that this change would better align FPUC's GUARD filing with its sister company, Florida City Gas' Safety, Access, and Facility Enhancement (SAFE) program filing, because the annual SAFE filing also utilizes six months of actual data and six months of estimated data. Furthermore, any difference between actual and estimated data would be incorporated in the next year's true up.

FPUC's True-Ups by Year

FPUC's calculation for the 2026 GUARD revenue requirement includes a final true-up for 2024, actual/estimated true-up for 2025, and projected costs for 2026.

⁵ Pursuant to Chapter 49, Section 192.1005 Code of Federal Regulations (2023), a gas distribution operator must develop and implement an integrity management program that includes a written integrity management plan.

Final 2024 GUARD True-Up

Company witness Dayton states that the January through December 2024 true-up resulted in an under-recovery of \$701,550, inclusive of interest. As shown in Schedule C-1 of the petition, the 2023 ending balance was an over-recovery of \$571,835. Combined with the 2024 under-recovery of \$1,283,709, and year-end monthly interest expense of \$10,324 associated with any over- and under-recoveries results in a final 2024 under-recovery of \$701,550.

Actual/Estimated 2025 GUARD True-Up

The January through December 2024 GUARD investment and associated revenue requirement amounts are shown on Exhibit BD-1, page 2 of 7. In 2024, the actual beginning balance was an under-recovery of \$701,550 (inclusive of interest). As shown on Exhibit BD-1, page 3 of 7, the 2025 actual (January through June) and forecasted (July through December) GUARD true-up is an over-recovery of \$658,951 (inclusive of interest), resulting in an overall under-recovery of \$42,599. As shown in Table 1-1 below, this under-recovery is being applied to the 2026 GUARD revenue requirement, resulting in a higher revenue requirement to be recovered from customers in 2026.

Projected 2026 GUARD Revenue Requirement

For 2026, FPUC plans to invest \$24,902,464 (\$18,023,786 for mains, \$5,998,678 for service lines, and \$880,000 for meters), resulting in a total qualified investment of \$110,515,998 (including the year-end 2025 investment) in 2026. The GUARD program revenue requirement includes a return on investment, depreciation expense, extending customer-owned fuel lines (to connect to meters which require to be relocated due to safety issues), customer notification expense, and property taxes. All expenses are dependent upon the level of investment costs. After adding the 2025 under-recovery true-up amount of \$42,599, the 2026 GUARD revenue requirement to be recovered through the proposed surcharges is \$10,180,614.

Table 1-1
2026 GUARD Revenue Requirement Calculation

2026 Total Qualified Investment	\$110,515,998
2026 Return on Investment	\$6,842,806
Depreciation Expenses	\$1,615,761
Fuel Line Expenses	\$24,000
Property/Ad Valorem Tax Expense	\$1,635,408
Customer Notification Expense	<u>\$20,040</u>
2026 Net GUARD Revenue Requirement	\$10,138,015
Plus 2025 Under-Recovery	<u>\$42,599</u>
2026 Total Revenue Requirement	\$10,180,614

Source: Witness Dayton's Testimony Exhibit BD-1, Schedule C-2, Page 4 of 7.

Proposed 2026 GUARD Surcharges

As approved in the 2023 GUARD Order, the total 2026 revenue requirement is allocated to the rate classes using the same methodology used for the allocation of mains and service lines in the cost of service study used in the Company's most recent rate case. The respective percentages were multiplied by the 2026 revenue requirement and divided by each rate class's projected

Date: November 18, 2025

therm sales to provide the GUARD surcharge for each rate class. This methodology was originally established by the 2012 Order approving FPUC's GRIP program.

In 2025, the monthly bill impact was \$2.22 for a residential customer using 20 therms per month or \$26.64 per year. The proposed 2026 GUARD surcharge for FPUC's residential customers who use 20 therms a month on the Residential Service tariff (RES-2) would pay \$0.26015 per therm compared to the 2025 GUARD surcharge of \$0.11116 per therm. The monthly bill impact for 2026 would be \$5.20 for a residential customer using 20 therms per month or \$62.44 per year. The proposed GUARD surcharges are shown in Attachment B, in Third Revised Sheet No. 7.403.

Conclusion

The Commission should approve FPUC's 2026 GUARD cost recovery factors and associated Third Revised Sheet No. 7.403, included in Attachment B to this recommendation, to be effective for the first billing cycle of January 2026 through the last billing cycle of December 2026. The Commission should also approve FPUC's request to provide six months of actual and six months of estimated data in its actual/estimated true-up filings. The GUARD surcharge would allow FPUC to replace problematic pipes and facilities and relocate certain facilities located in rear easements to the front easements, and recover the project costs on an expedited basis.

Issue 2: Should this docket be closed?

Recommendation: Yes. If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Dose)

Staff Analysis: If a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

GUARD Projects 2024-2026 Actual/Forecast										Schedule F-1 Exhibit Bryan Dayton (BD-1) Page 7 of 7	
Project Name	Location City/Town	Location County	Program Category	Program Sub-Category	Construction Estimate Start Qtr	Construction Estimate Completed Q	Projects Status	Actual/Forecasted Investment Cost	Actual/Forecasted Installed Footage	Actual/Forecasted Installed Miles	Actual/Forecasted Installed Service
Indiantown - North Ph.1	Indiantown	Martin	Problematic	Obsolete/Aldyl-A	2023 - Q3	2024 - Q1	Completed	3,336,412	27,905	5.29	340
Indiantown - North Ph.2	Indiantown	Martin	Problematic	Obsolete/Aldyl-A	2024 - Q1	2024 - Q2	Completed	1,508,049	16,364	3.10	98
Indiantown - South - Ph.3	Indiantown	Martin	Problematic	Obsolete/Aldyl-A	2023 - Q4	2024 - Q2	Completed	3,128,738	28,166	5.33	241
American Superior	Winter Haven	Polk	Problematic	Span	2024 - Q3	2025 - Q2	Completed	230,500	5,156	0.98	0
Caribbean Distillers	Lake Alfred	Polk	Problematic	Under Building	2024 - Q3	2025 - Q1	Completed	68,750	210	0.04	-
900 S. Ocean Blvd	Boca Raton	Palm Beach	Problematic	Obsolete/Aldyl-A	2024 - Q3	2025 - Q1	Completed	179,261	803	0.15	2.00
Lake Park - North	Lake Park	Palm Beach	Accessibility	Rear-to-Front	2023 - Q3	2024 - Q1	Completed	5,085,540	43,721	8.28	296.00
Lake Park - South	Lake Park	Palm Beach	Accessibility	Rear-to-Front	2023 - Q4	2024 - Q2	Completed	1,728,972	19,143	3.63	70.00
Turnpike and Belvedere	West Palm Beach	Palm Beach	Problematic	Span	2023 - Q3	2024 - Q1	Completed	736,291	2,532	0.48	-
Mercer Ave	West Palm Beach	Palm Beach	Problematic	Span	2023 - Q3	2024 - Q1	Completed	316,900	665	0.13	-
Forest Hill Villages	West Palm Beach	Palm Beach	Accessibility	Rear-to-Front	2024 - Q1	2025 - Q1	Completed	5,707,811	36,054	6.83	439
Park Manor	Riviera Beach	Palm Beach	Accessibility	Rear-to-Front	2024 - Q2	2024 - Q4	Completed	4,212,216	42,706	8.09	219
Grammercy Park	Riviera Beach	Palm Beach	Accessibility	Rear-to-Front	2024 - Q3	2025 - Q2	Completed	2,660,600	26,663	5.05	162
Le Chalet	Boynton Beach	Palm Beach	Problematic	Obsolete/Aldyl-A	2024 - Q4	2025 - Q2	Completed	1,272,535	11,763	2.23	110
Seacrest West	Boynton Beach	Palm Beach	Accessibility	Rear-to-Front	2024 - Q2	2024 - Q4	Completed	2,266,012	25,677	4.86	146
Seacrest East	Boynton Beach	Palm Beach	Accessibility	Rear-to-Front	2024 - Q3	2024 - Q3	Completed	1,346,140	19,398	3.67	53
Edgecliff Estates	Lake Worth Beach	Palm Beach	Accessibility	Rear-to-Front	2024 - Q3	2024 - Q4	Completed	1,993,839	31,724	6.01	699
Lantana Lee Estates	Lake Worth Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q1	2025 - Q3	Completed	2,572,484	10,259	1.94	242
Whispering Palms	Lake Worth Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q1	2024 - Q2	Completed	2,293,446	18,657	3.53	64
Southside WPB	West Palm Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q2	2024 - Q3	Completed	4,018,626	25,480	4.83	274
SW 3RD ST	Delray Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q2	2024 - Q4	Completed	1,140,249	9,091	1.72	46
NE 32nd St Boca Raton	Boca Raton	Palm Beach	Accessibility	Rear-to-Front	2025 - Q2	2025 - Q3	In Progress	2,222,423	17,086	3.24	107
Heights - Riviera Beach	Riviera Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q3	2025 - Q4	In Progress	2,909,216	19,755	3.74	144
Monroe Heights - RB	Riviera Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q1	2025 - Q3	In Progress	2,031,700	17,988	3.41	83
Federal Gardens	Riviera Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q3	2025 - Q4	In Progress	1,389,351	7,781	1.47	119
Concept Homes	Lake Worth Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q4	2026 - Q1	In Progress	5,591,308	31,614	5.99	568
Lantana Lee Crossings	Lake Worth Beach	Palm Beach	Accessibility	Rear-to-Front	2025 - Q4	2026 - Q1	In Progress	4,455,534	24,763	4.69	499
Second St Station	West Palm Beach	Palm Beach	Problematic	Station	2025 - Q3	2025 - Q3	In Progress	1,433,867	170	0.03	0
Sanford Ph.1	Sanford	Seminole	Accessibility	Rear-to-Front	2024 - Q1	2024 - Q2	In Progress	746,234	9,080	1.72	105
Winter Springs Ph.2	Winter Springs	Seminole	Accessibility	Rear-to-Front	2024 - Q2	2024 - Q4	In Progress	3,177,020	22,479	4.26	358
Sanford Airport	Sanford	Seminole	Problematic	Shallow	2024 - Q4	2025 - Q1	In Progress	1,325,640	20,500	3.88	7
Sanford - San Lanta	Sanford	Seminole	Accessibility	Rear-to-Front	2025 - Q1	2025 - Q2	In Progress	1,241,897	19,852	3.76	41
Jungle Rd - Temple St	New Smyrna	Volusia	Problematic	Span	2025 - Q3	2025 - Q4	Future Projects	135,446	218	0.04	0
Burma Rd - Temple St	Lake Alfred	Volusia	Problematic	Under Building	2025 - Q4	2025 - Q4	Future Projects	103,663	211	0.04	0
Edgewater - Meadow Lake	Edgewater	Volusia	Problematic	Obsolete/Steel Tubing	Qtr 1 - 2026	Qtr 2 - 2026	Future Projects	516,725	3,516	0.67	42.7868
Edgewater Fernald and Chadwick	Edgewater	Volusia	Problematic	Obsolete/Steel Tubing	Qtr 2 - 2026	Qtr 3 - 2026	Future Projects	314,100	3,970	0.75	21
Beresford Main Replacement	DeLand	Volusia	Problematic	Obsolete/Steel Tubing	Qtr 2 - 2026	Qtr 4 - 2026	Future Projects	1,050,499	12,765	2.42	116.136
Boca Raton Country Club Village	Boca Raton	Palm Beach	Accessibility	Rear Easement	Qtr 1 - 2026	Qtr 2 - 2026	Future Projects	1,711,621	16,717	3.17	80
Boca Raton Spanish Village	Boca Raton	Palm Beach	Accessibility	Rear Easement	Qtr 3 - 2026	Qtr 3 - 2026	Future Projects	500,313	4,178	0.79	33
Boynton Beach Glen Arbor	Boynton Beach	Palm Beach	Problematic	Obsolete/Aldyl-A	Qtr 3 - 2026	Qtr 3 - 2026	Future Projects	398,655	3,603	0.68	21
Boynton Rolling Green Ridge	Boynton Beach	Palm Beach	Problematic	Obsolete/Aldyl-A	Qtr 4 - 2026	Qtr 2 - 2026	Future Projects	461,609	32,584	6.17	20.19
Delray Seaspray Estates	Delray Beach	Palm Beach	Accessibility	Rear Easement	Qtr 3 - 2026	Qtr 1 - 2027	Future Projects	1,416,832	12,382	2.35	57
Boynton Ocean Pkwy	Boynton Beach	Palm Beach	Accessibility	Rear Easement	Qtr 2 - 2026	Qtr 3 - 2026	Future Projects	1,890,500	18,100	3.43	80
Boca Raton Pine Haven	Boca Raton	Palm Beach	Accessibility	Rear Easement	Qtr 3 - 2026	Qtr 4 - 2026	Future Projects	1,885,000	17,000	3.22	100
West Palm Beach Westfield	West Palm Beach	Palm Beach	Accessibility	Rear Easement	Qtr 2 - 2026	Qtr 3 - 2026	Future Projects	2,835,602	28,701	5.44	90
Lantana Seminole Manor	Lantana	Palm Beach	Accessibility	Rear Easement	Qtr 4 - 2026	Qtr 1 - 2027	Future Projects	1,920,111	17,037	3.23	101
James St and Carolina St	West Palm Beach	Palm Beach	Accessibility	Obsolete/Aldyl-A	Qtr 3 - 2026	Qtr 3 - 2026	Future Projects	445,000	4,200	0.80	20
Cherry Lane Townhomes	West Palm Beach	Palm Beach	Accessibility	Rear Easement	Qtr 1 - 2026	Qtr 2 - 2026	Future Projects	718,450	3,690	0.70	77.4456
Pickwick Park	West Palm Beach	Palm Beach	Accessibility	Rear Easement	Qtr 1 - 2026	Qtr 2 - 2026	Future Projects	797,715	10,224	1.94	29
Span-Congress Ave south of Lanta	Lantana	Palm Beach	Problematic	Span	Qtr 2 - 2026	Qtr 2 - 2026	Future Projects	200,000	534	0.10	0
Span-Boca NW 7th ST	Boca Raton	Palm Beach	Problematic	Span	Qtr 3 - 2026	Qtr 3 - 2026	Future Projects	200,000	572	0.11	0
Span-Congress at I95	West Palm Beach	Palm Beach	Problematic	Span	Qtr 2 - 2026	Qtr 2 - 2026	Future Projects	400,000	1,710	0.32	0
Span-45th @ Coorprate Way	West Palm Beach	Palm Beach	Problematic	Span	Qtr 2 - 2026	Qtr 2 - 2026	Future Projects	200,000	532	0.10	0
Span - 36th ST @ Australian Ct	West Palm Beach	Palm Beach	Problematic	Span	Qtr 2 - 2026	Qtr 2 - 2026	Future Projects	200,000	532	0.10	0
N. Shore Dr at C-17 WPB	West Palm Beach	Palm Beach	Problematic	Span	Qtr 3 - 2026	Qtr 3 - 2026	Future Projects	200,000	962	0.18	0
Stations-NFRC District Station	Boca Raton	Palm Beach	Problematic	Station	Qtr 3 - 2026	Qtr 4 - 2026	Future Projects	440,000	50	0.01	0
Lantana Lee Crossings	Lake Worth Beach	Palm Beach	Accessibility	Rear Easement	Qtr 3 - 2025	Qtr 1 - 2026	Future Projects	1,878,034	24,763	4.69	210.3285
Concept Homes - Lantana	Lake Worth Beach	Palm Beach	Accessibility	Rear Easement	Qtr 3 - 2025	Qtr 1 - 2026	Future Projects	1,708,856	31,456	5.96	171.4224
Fort Meade Problematic 1	Ft Meade	Polk	Problematic	Obsolete/Aldyl-A	Qtr 4 - 2025	Qtr 1 - 2026	Future Projects	630,780	8,196	1.55	60
Stations-Pinedale District Station	Mulberry	Polk	Problematic	Station	Qtr 2 - 2026	Qtr 4 - 2026	Future Projects	440,000	50	0.01	0
Longwood Windtree West	Logwood	Seminole	Accessibility	Rear Easement	Qtr 4 - 2026	Qtr 1 - 2027	Future Projects	1,099,000	15,375	2.91	84.456
Lincoln Heights	Sanford	Seminole	Accessibility	Rear Easement	Qtr 3 - 2026	Qtr 4 - 2026	Future Projects	442,984	6,590	1.25	21
								\$ 97,469,056.27	\$ 873,623.13	\$ 165.46	\$ 6,967.77

Florida Public Utilities Company
FPSC Tariff
No. 7.403
Original Volume No. 2

Third~~Second~~ Revised Sheet
Replaces ~~Second~~First Sheet No. 7.403

GAS UTILITY ACCESS AND REPLACEMENT DIRECTIVE (GUARD)

Applicability:

The bill for Regulated Gas Sales Service or Transportation Service, as applicable, supplied to a Customer in any Billing Period shall be adjusted as follows:

The GUARD factors for the period from the first billing cycle for January 202~~65~~ through the last billing cycle for December 202~~65~~ are as follows:

Rate Schedule

Rates per Therm

RES-1 and REST-1	\$0.44986 <u>\$0.17916</u>
RES-2 and REST-2	\$0.26015 <u>\$0.11116</u>
RES-3 and REST-3	\$0.07144 <u>\$0.04864</u>
RES-SG and SGT	\$0.26120 <u>\$0.13610</u>
GS-1 and GTS-1	\$0.04418 <u>\$0.06642</u>
GS-2 and GTS-2	\$0.07111 <u>\$0.05544</u>
GS-3 and GTS-3	\$0.06678 <u>\$0.05140</u>
GS-4 and GTS-4	\$0.06711 <u>\$0.05069</u>
GS-5 and GTS-5	\$0.05608 <u>\$0.04247</u>
GS-6 and GTS-6	\$0.05948 <u>\$0.04119</u>
GS-7 and GTS-7	\$0.04616 <u>\$0.03767</u>
GS-8A and GTS-8A	\$0.04291 <u>\$0.04150</u>
GS-8B and GTS-8B	\$0.04291 <u>\$0.04150</u>
GS-8C and GTS-8C	\$0.04291 <u>\$0.04150</u>
GS-8D and GTS-8D	\$0.04291 <u>\$0.04150</u>
COM-INT and COM-INTT	\$0.02758 <u>\$0.02144</u>
COM-NGV and COM-NGVT	\$0.05497 <u>\$0.03810</u>
COM-OL and COM-OLT	\$0.06469 <u>\$0.08779</u>
COM-SG and COM-SGT	\$0.21564 <u>\$0.16219</u>

Issued by: Jeffrey Sylvester, Chief Operating Officer
Florida Public Utilities Company

Effective: January 2026

Item 7

State of Florida



Public Service Commission

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

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

DATE: November 18, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (P. Kelley) *ETD*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20250111-GU – Petition for approval of safety, access, and facility enhancement program true-up and 2026 cost recovery factors, by Florida City Gas.

AGENDA: 12/02/25 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/03/26 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 3, 2025, Florida City Gas (FCG or utility) filed a petition for approval of its safety, access, and facility enhancement (SAFE) program true-up and 2026 cost recovery factors. The SAFE program was originally approved by the Commission by Order No. PSC-15-0390-TRF-GU (2015 Order) to recover the cost of relocating on an expedited basis certain existing gas mains and associated facilities from rear lot easements to the street front.¹ In the 2015 Order, the Commission found that the relocation of mains and services to the street front provides for more direct access to the facilities and will enhance the level of service provided to all customers through improved safety and reliability. The SAFE factor is a fixed surcharge on customers' bills.

¹ Order No. PSC-15-0390-TRF-GU, issued September 15, 2015, in Docket No. 20150116-GU, *In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas.*

In the 2015 Order, the Commission required the utility to file an annual petition, beginning in 2016, for review and resetting of the SAFE factors to true-up any prior over-or under-recovery and to set the surcharge for the coming year. The SAFE program was originally approved as a 10-year program and was planned to finish in 2025.

During the utility's 2022 rate case, the Commission approved the continuation and expansion of the SAFE program beyond its 2025 expiration date to include the relocation of an additional approximately 150 miles of mains and services and the replacement of approximately 160 miles of orange pipe.²

In 2024, the Commission approved FCG's petition to modify its SAFE program to include replacing span pipes, burying shallow and exposed pipeline, and replacing obsolete pipe and related facilities.³ The total estimated cost for the program modifications is \$49.8 million over a ten year period.⁴ The additional program modifications are included in this proceeding for recalculation of the SAFE surcharges. The current 2025 SAFE factors were approved by Order No. PSC-2025-0033-TRF-GU.⁵

By Order No. PSC-2025-0396-PCO-GU, issued October 23, 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 FCG on September 22, 2025, for which FCG provided a response on October 3, 2025.

FCG's annual progress in the SAFE program is shown in Attachment A to the recommendation. The proposed 2026 SAFE factors are shown in Attachment B to the recommendation on Eighth Revised Sheet No. 79. The Commission has jurisdiction over the matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, F.S.

² Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU, *In re: Petition for rate increase by Florida City Gas*.

³ Order No. PSC-2024-0438-PAA-GU, issued October 2, 2024, in Docket No. 20240071-GU, *In re: Petition for approval of safety, access, and facility enhancement program modifications, by Florida City Gas*.

⁴ Order No. PSC-2024-0438-PAA-GU, page 4.

⁵ Order No. PSC-2025-0033-TRF-GU, issued January 28, 2025, in Docket No. 20240134-GU, *In re: Petition for approval of safety, access, and facility enhancement program true-up and 2024 cost recovery factors, by Florida City Gas*.

Discussion of Issues

Issue 1: Should the Commission approve FCG's proposed SAFE tariffs for the period January through December 2026?

Recommendation: Yes. The Commission should approve FCG's proposed SAFE tariff for the period January through December 2026. After reviewing FCG's filings and supporting documentation, the calculations of the 2026 SAFE factors appear consistent with the methodology approved in the 2015 Order and are reasonable and accurate. (P. Kelley)

Staff Analysis: As required by the 2015 Order, the utility's calculations for the 2026 revenue requirement and SAFE factors include a final true-up for 2024, an estimated/actual true-up for 2025, and projected costs for 2026. During 2025, the utility replaced 31.7 miles of mains and 1,244 services as shown in Attachment A to the petition. FCG also replaced 18 miles of mains and 1,185 services associated with orange pipe in 2025.

In Attachment B to its petition, the utility provided a description of the SAFE program projects undertaken in 2024 and 2025 and forecast for 2026. In response to staff's data request, FCG explained that it prioritizes its replacement projects based on a risk assessment and to complete all projects in a cost-effective manner the utility uses a competitively bidding process. Work is awarded based on lowest bid, capacity to complete the work, and historical performance. FCG further explained that due to limited internal resources it utilizes contract labor the complete the replacement work.

Final True-ups for 2024

FCG stated that the revenues collected for 2024 were \$4,728,363 compared to a revenue requirement of \$3,691,675 resulting in an over-recovery of \$1,036,688. Adding the 2023 final under-recovery of \$1,852,753 and the \$1,036,688 over-recovery of 2024, including interest, results in a final 2024 under-recovery of \$865,219.

Actual/Estimated 2025 True-up

FCG provided actual revenues for January through June and forecasted revenues for July through December 2025, totaling \$8,308,405 as compared to a projected revenue requirement of \$8,547,138, resulting in an under-recovery of \$238,733. Adding the 2024 under-recovery of \$865,219 to the 2025 under-recovery of \$238,733, the resulting total 2025 true-up, including interest, is an under-recovery of \$1,106,822.

Projected 2026 Costs

The utility's projected investment for 2026 is \$107,960,202 for its SAFE program. The revenue requirement, which includes a return on investment, depreciation, and taxes is \$12,315,423. The return on investment calculation includes federal income taxes, regulatory assessment fees, and bad debt. After adding the 2025 under-recovery of \$1,106,822, the total 2026 revenue requirement is \$13,422,245. Table 1-1 displays the projected 2026 SAFE program revenue requirement calculation.

Table 1-1
2026 SAFE Program Revenue Requirements Calculation

2026 Projected Investment	\$107,960,202
Return on Investment	\$8,719,408
Depreciation Expense	\$1,921,817
Property Tax Expense	<u>\$1,674,198</u>
2026 Revenue Requirement	\$12,315,423
Plus 2025 Under-recovery	<u>\$1,106,822</u>
Total 2026 Revenue Requirement	\$13,422,245

Source: Attachment C, Schedule 4 of the petition.

Proposed 2026 SAFE Factors

The SAFE factors are fixed monthly charges. FCG's cost allocation methodology was approved in the 2015 Order and was used in the instant filing. The approved methodology allocates the current cost of a 2-inch pipe to all customers on a per customer basis and allocates the incremental cost of replacing a 4-inch pipe to customers who use over 6,000 therms per year. For customers who require 4-inch pipes, the cost takes into account that the minimum pipe is insufficient to serve their demand, and therefore, allocates an incremental per foot cost in addition to the all-customer cost. The resulting allocation factors are applied to the 2026 total revenue requirement to develop the monthly SAFE factors.

The proposed fixed monthly SAFE factor is \$8.70 for customers using less than 6,000 therms per year (current factor is \$4.66). The proposed fixed monthly SAFE factor for customers using more than 6,000 therms per year is \$11.01 (current factor is \$7.77). FCG stated that it will provide notice to customers of the approved 2026 SAFE factors through a customer bill message and update rate schedule posted online.

Conclusion

The Commission should approve FCG's proposed SAFE tariff for the period January through December 2026. After reviewing FCG's filings and supporting documentation, the calculations of the 2026 SAFE factors appear consistent with the methodology approved in the 2015 Order and are reasonable and accurate.

Issue 2: Should this docket be closed?

Recommendation: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Sandy)

Staff Analysis: Yes. If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the tariffs should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

ATTACHMENT A
Florida City Gas
SAFE Program
Actual and Forecasted Replacements

Year	SAFE Replacements						Orange Pipe Replacements					
	Replaced (miles)	Remaining at Year End (miles)	Total Miles Remaining	Replaced Services (No.)	Remaining Services at year end	Total Remaining Services	Replaced (miles)	Remaining at Year End (miles)	Total Miles Remaining	Replaced Services (No.)	Remaining Services at year end	Total Remaining Services
2014	-	254.3	254.3	-	11,443	11,443	-	-	-	-	-	-
2015	-	254.3	254.3	49	11,394	11,394	-	-	-	-	-	-
2016	17.1	237.2	237.2	1,433	9,961	9,961	-	-	-	-	-	-
2017	37.5	199.7	199.7	1,551	8,410	8,410	-	-	-	-	-	-
2018	27.6	172.1	172.1	1,634	6,776	6,776	-	-	-	-	-	-
2019	37.8	134.3	134.3	1,183	5,593	5,593	-	-	-	-	-	-
2020	25.5	108.8	108.8	1,186	4,407	4,407	-	-	-	-	-	-
2021	26.0	82.8	82.8	1,105	3,302	3,302	-	-	-	-	-	-
2022	29.0	53.8	53.8	830	2,472	2,472	-	-	-	-	-	-
2023	23.7	30.1	30.1	1,189	1,283	1,283	-	160.0 ^(a)	160.0 ^(a)	-	8,059	8,059
2024	23.7	6.4	6.4	1,189	94	94	5.6	154.4	154.4	378.0	7,681.0	7,681.0
2025	31.7	134.6 ^(b)	131.6 ^(b)	1,244	12,630	12,630	18.0	136.4	136.4	1,185	6,496	6,496
2026	21.9	109.7	109.7	1,311	11,319	11,319	11.5	124.9	124.9	969.0	\$,527.0	5,527.0
2027	14.5	95.2	95.2	1,541	9,778	9,778	18.0	106.9	106.9	836	4,691	4,691
2028	14.0	81.2	81.2	1,495	8,283	8,283	18.5	88.4	88.4	884.0	3,807.0	3,807.0
2029	12.5	68.7	68.7	1,356	6,927	6,927	17.5	70.9	70.9	756	3,051	3,051
2030	12.0	56.7	56.7	1,120	5,807	5,807	17.5	53.4	53.4	756	2,295	2,295
2031	11.5	45.2	45.2	1,168	4,639	4,639	17.5	35.9	35.9	756	1,539	1,539
2032	10.0	35.2	35.2	1,050	3,589	3,589	18.5	17.4	17.4	884	655	655
2033	10.5	24.7	24.7	1,080	2,509	2,509	17.4	-	-	655	-	-
2034	16.5	8.2	8.2	1,778	731	731	-	-	-	-	-	-
2035	8.2	-	-	731	-	-	-	-	-	-	-	-

Notes:

^(a) The expansion of the SAFE program to include the capital investments necessary for the expedited replacement of approximately 160 miles of orange pipe installed before 1990 was approved by Commission Order No. PSC-2023-0177-FOF-GU.

^(b) The continuation of the SAFE program beyond its 2025 expiration date and inclusion of an additional approximately 150 miles of mains and services was approved by Commission Order No. PSC-2023-0177-FOF-GU.

^(c) The future-dated items herein are provided for estimation purposes only and do not constitute the actual allocation for the respective year. The actual figures shall be adjusted accordingly in accordance with applicable regulations and standards with each annual filing.

Florida City Gas
| FPSC Natural Gas Tariff
No. 79
| Volume No. 11
Sheet No. 79

~~Seventh-Eighth~~ Revised Sheet
Cancels ~~Sixth-Seventh~~ Revised

RIDER "D"

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM
(Continued)

- i. all Customers regarding the implementation of the SAFE Program and the approved surcharge factors;
 - ii. the immediately affected Customers where the eligible infrastructure is being replaced; and
 - iii. the general public through publications (newspapers) covering the geographic areas of the eligible infrastructure replacement activities;
4. Ad valorem taxes; and
 5. Federal and state income taxes.

The Company is utilizing a surcharge mechanism in order to recover the costs associated with the SAFE Program. The Company has developed the revenue requirement for the SAFE Program using the same methodology approved in its most recent rate case. The SAFE revenue requirement will be allocated to each Customer class (Rate Schedule) using allocation factors established by the Florida Public Service Commission for the SAFE Program. The per Customer SAFE surcharge is calculated by dividing the revenue requirement allocated to each Customer class by the number of Customers in the class.

The cost recovery factors including tax multiplier for the twelve-month period from January 1, 202~~66~~⁶⁵ through December 31, 202~~66~~⁶⁵ are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$8,704.66
Rate Schedule RS-100	\$8,704.660
Rate Schedule RS-600	\$8,704.66
Rate Schedule GS-1	\$8,704.66
Rate Schedule GS-6K	\$11,017.77
Rate Schedule GS-25K	\$11,017.77
Rate Schedule GS-120K	\$11,017.77
Rate Schedule GS-1,250K	\$11,017.77
Rate Schedule GS-11M	\$07.77
Rate Schedule GS-25M	\$11,017.77
Rate Schedule GL	\$8,704.66

Issued by: Jeffrey Sylvester, Chief Operating Officer
Florida City Gas

Effective: January 01, 202~~65~~⁶⁶