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October 6, 2026

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Item 1

FILED 9/24/2026
DOCUMENT NO. 06970-2026
FPSC - COMMISSION CLERK

State of Florida

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Deas, Fogleman) CH
Office of the General Counsel (Hixon) SPS

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 10/6/2026 - 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.

DOCKET NO.	COMPANY NAME	CERT. NO.
20260082-TX	Hyperlink Infrastructure, LLC	9020

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.

FILED 9/24/2026
DOCUMENT NO. 06974-2026
FPSC - COMMISSION CLERK

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Maxwell, D. Buys) MC
Office of the General Counsel (Marquez) SPS

RE: Docket No. 20260115-EI – Application for authority to issue and sell securities during calendar years 2027 and 2028 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida Power & Light Company.

AGENDA: 10/6/2026 – Consent Agenda – Final Action – Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Security Application on the consent agenda for approval:

Docket No. 20260115-EI – *Application for authority to issue and sell securities during calendar years 2027 and 2028 pursuant to Section 366.04, F.S., and Chapter 25-8, F.A.C., by Florida Power & Light Company.*

Florida Power & Light Company (FPL or Utility) requests authorization to issue and sell and/or exchange any combination of long-term debt and equity securities and/or to assume liabilities or obligations as guarantor, endorser, or surety in an aggregate amount not to exceed $9.0 billion during calendar year 2027.

In addition, FPL requests authorization to issue and sell short-term securities in an amount or amounts such that the aggregate principal of short-term securities outstanding at the time of and including any such sale shall not exceed $6.0 billion during calendar years 2027 and 2028.

In its application, the Utility confirms that any such issuance described will be used in connection with the regulated activities of FPL, and not the nonregulated activities of its affiliates.

Staff has reviewed FPL's projected capital expenditures in Exhibit B. The total amount requested by the Utility ($15.0 billion) exceeds its estimated capital expenditures of approximately $11.5 billion for calendar year 2027. The requested amount exceeding the 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. Thus, staff recommends FPL's application for authority to issue and sell securities during calendar years 2027 and 2028 be approved.

For monitoring purposes, this docket should remain open until May 5, 2028, to allow the Utility time to file the required Consummation Report.

FILED 9/24/2026
DOCUMENT NO. 06973-2026
FPSC - COMMISSION CLERK

State of Florida

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Maxwell, D. Buys) MC
Office of the General Counsel (Imig) SPS

RE: Docket No. 20260135-EI – Application for authority to issue and sell securities for 12 months ending December 31, 2027, by Tampa Electric Company.

AGENDA: 10/6/2026 – Consent Agenda – Final Action – Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Security Application on the consent agenda for approval:

Docket No. 20260135-EI – *Application for authority to issue and sell securities for 12 months ending December 31, 2027, by Tampa Electric Company*.

Tampa Electric Company (TECO or Utility) requests authority to issue, sell and/or exchange equity securities and issue, sell, exchange and/or assume long-term or short-term debt securities and/or to assume liabilities or obligations as guarantor, endorser, or surety during calendar year 2027. The Company also seeks authority to enter into interest rate swaps or other derivative instruments related to debt securities during calendar year 2027.

The amount of all equity and long-term debt securities issued, sold, exchanged, or assumed and liabilities and obligations assumed or guaranteed, as guarantor, endorser, or surety will not exceed in the aggregate $1.2 billion during calendar year 2027, including any amounts issued to retire existing long-term debt securities. The maximum amount of short-term debt outstanding at any one time will be $1.6 billion during calendar year 2027.

In its application, TECO confirms that the capital raised pursuant to this application will be used in connection with the activities of the Utility's regulated electric activities and not the unregulated activities of the utility or their affiliates.

Staff has reviewed the Company's projected capital expenditures in Exhibit B. The total amount requested by the Utility ($2.8 billion) exceeds its estimated capital expenditures of $2.0 billion for calendar year 2027. The additional amount requested exceeding the 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 TECO's application for authority to issue and sell securities during 2027 be approved.

For monitoring purposes, this docket should remain open until May 5, 2028, to allow the Utility time to file the required Consummation Report.

Item 2

FILED 9/24/2026
DOCUMENT NO. 06971-2026
FPSC - COMMISSION CLERK

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

DATE: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Mallow, Fogleman) CH
Office of the General Counsel (Hixon) SPS

RE: Docket No. 20260112-TL – Request for partial relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Frontier Florida LLC.

AGENDA: 10/06/26 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On August 4, 2026, Frontier Florida LLC (Frontier) filed a petition with the Florida Public Service Commission (Commission) for partial relinquishment of its ETC status for select census blocks in the state of Florida. On October 14, 1997, pursuant to 47 U.S.C. § 214(e)(1), the Commission designated Frontier Florida as an ETC throughout its service area.[1] An ETC designation is a requirement for telecommunications carriers to receive funding support from the federal Universal Service Fund for the Lifeline and High-Cost programs. The Lifeline program enables low-income households to obtain and maintain basic telephone and broadband services by offering qualifying households a discount on monthly bills. The High-Cost program helps carriers provide voice and broadband service in remote and underserved communities.

[1] Order No. PSC-97-1262-FOF-TP issued October 14, 1997, in Docket No. 19970644-TP, *In re: Establishment of eligible telecommunications carriers pursuant to Section 214(e) of the Telecommunications Act of 1996.*

The main purpose of Frontier's ETC designation - to enable the receipt of high-cost support - no longer exists for Frontier in almost all of its service area. Since the FCC's original Connect America Fund (CAF) program ended in December 2021, Frontier has only been receiving high-cost universal service support for a small number of census blocks, with about 800 locations, where it was awarded Rural Digital Opportunity Fund (RDOF) support in the FCC's 2020 RDOF auction.

Additionally, there has been a significant decline in the number of Frontier Lifeline customers. Frontier currently has just 771 Lifeline customers in Florida - a 49 percent decline from just five years ago.[2] Consistent with the national trend, the vast majority of Lifeline-supported households in Florida have chosen to obtain Lifeline service from one of the many mobile wireless ETCs that have been designated by the Commission or the FCC. [3]

Under the 47 U.S.C. § 214(e)(4) ETC relinquishment standard, a state commission must permit an ETC to relinquish this designation in any area served by more than one ETC. Because the Commission has designated a dozen mobile wireless ETCs on a statewide or near statewide basis and has also designated fixed providers as ETCs in certain areas, the relinquishment standard is met throughout Frontier's service territory. Frontier could therefore relinquish its ETC designation everywhere except the small number of RDOF-supported census blocks where it must retain its ETC status to remain eligible for RDOF support.

Frontier is only partially relinquishing its ETC designation. Frontier's relinquishment is limited to a small number of wire centers where Frontier does not currently serve customers over fiber-to-the-premises (FTTP) and does not anticipate deploying FTTP in the near future. Specifically, Frontier is relinquishing its ETC designation in the nine wire centers listed in Attachment A. Frontier is retaining its ETC designation in the rest of its Florida service area, i.e., in all areas where it has deployed FTTP or anticipates deploying FTTP in the near future, including the wire centers with RDOF-supported census blocks.

The Commission is vested with jurisdiction in this matter, pursuant to Section 364.10, Florida Statutes, 47 U.S.C. §214(e)(4), and 47 C.F.R. §54.205.

[2] Universal Service Administrative Company (USAC) data show that the number of Frontier Lifeline customers declined from 1,505 in June 2021 to 771 in June 2026.

[3] *See* Florida Public Service Commission, Florida Lifeline Assistance, December 2025, at 14 ("As of June 2025, wireless ETCs received approximately 99.4 percent of all Lifeline disbursements from USAC in Florida."). Microsoft Word - 2025 Lifeline Report (Final)

Discussion of Issues

Issue 1: Should the Commission approve Frontier's request for partial relinquishment of its ETC designation?

Recommendation: Yes. The Commission should approve Frontier's request for partial relinquishment of its ETC designation. (Mallow, Fogleman, Hixon)

Staff Analysis: An ETC may relinquish its ETC designation pursuant to 47 C.F.R. §54.205(a), which provides that:

> A state commission shall permit an eligible telecommunications carrier to relinquish its designation as such a carrier in any area served by more than one eligible telecommunications carrier. An eligible telecommunications carrier that seeks to relinquish its eligible telecommunications carrier designation for an area served by more than one eligible telecommunications carrier shall give advance notice to the state commission of such relinquishment.

In approving a relinquishment, state commissions must require the remaining ETCs to ensure that existing customers will continue to be served. 47 C.F.R. §54.205(b), provides that:

> Prior to permitting a telecommunications carrier designated as an eligible telecommunications carrier to cease providing universal service in an area served by more than one eligible telecommunications carrier, the state commission shall require the remaining eligible telecommunications carrier or carriers to ensure that all customers served by the relinquishing carrier will continue to be served, and shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining eligible telecommunications carrier. The state commission shall establish a time, not to exceed one year after the state commission approves such relinquishment under this section, within which such purchase or construction shall be completed.

Frontier identified in its petition all the census blocks for which it is requesting relinquishment of its ETC designation. Staff identified ETCs who may serve the census blocks identified by Frontier and sent a data request to these carriers to verify ETC designation and confirm Lifeline service provision. Staff compared the responses to ensure that customers in the relinquished areas would have Lifeline service available. Staff has confirmed the availability of Lifeline service in these census blocks, and therefore, staff recommends that the Commission approve Frontier's petition for partial relinquishment of its ETC designation.

Issue 2: Should this docket be closed?

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

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.

Relinquishment Area Wire Centers

State	County	Census Block	Confirmed ETCs Serving Census Block
FL	Polk	121050154022	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC
FL	Hillsborough	120570061034	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Assurance Wireless, i-wireless, LLC
FL	Polk	121050161001	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC
FL	Pinellas	121030245092	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Assurance Wireless, i-wireless, LLC
FL	Polk	121050157013	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC
FL	Polk	121050156002	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC
FL	Manatee	120810020101	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC
FL	Hillsborough	120570129002	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC
FL	Hillsborough	120570047002	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC

Item 3

FILED 9/24/2026
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FPSC - COMMISSION CLERK

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

DATE: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Mallow, Fogleman) CH
Office of the General Counsel (Hixon) SPS

RE: Docket No. 20260113-TL – Request for relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Frontier Communications of the South, LLC.

AGENDA: 10/06/26 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On August 4, 2026, Frontier Communications of the South, LLC (Frontier or Company) filed a petition with the Florida Public Service Commission (Commission) for relinquishment of its Eligible Telecommunications Carrier (ETC) designation for its service areas in Florida, effective November 1, 2026. Frontier is an incumbent local exchange carrier (ILEC) in Florida. On October 14, 1997, the Commission designated Frontier as an ETC in its ILEC service territory pursuant to 47 U.S.C. 214 (e)(2) and Section 364.10(2), Florida Statutes (F.S.) (1997).[1] An ETC designation is a requirement for telecommunications carriers to receive funding support from the federal Universal Service Fund for the Lifeline and High-Cost programs. The Lifeline program

[1] Order No. PSC-97-1262-FOF-TP issued October 14, 1997, in Docket No. 970644-TP, *In re: Establishment of eligible telecommunications carriers pursuant to Section 214(e) of the Telecommunications Act of 1996,* and Docket No. 970744-TP, *In Re: Implementation of changes in the Federal Lifeline Assistance Plan currently provided by telecommunications carriers of last resort.*

enables low-income households to obtain and maintain basic telephone and broadband services by offering qualifying households a discount on monthly bills. The High-Cost program helps carriers provide voice and broadband service in remote and underserved communities.

Frontier is relinquishing its ETC designation because the underlying purpose of the designation - to enable the receipt of high-cost universal service support - no longer exists for Frontier. Frontier has not received any high-cost universal service support since December 2021, when the FCC's Connect America Fund (CAF) program ended and was replaced by the Rural Digital Opportunity Fund (RDOF). In the 2020 RDOF auction, the FCC awarded all high-cost support for RDOF-eligible census blocks in Frontier Communications of the South's service area to other providers.

Additionally, there has been a significant decline in the number of Frontier Lifeline customers. Frontier Communications of the South currently has only four Lifeline customers. Consistent with the national trend, the vast majority of Lifeline-supported households in Florida have chosen to obtain Lifeline service from one of the many mobile wireless ETCs that have been designated by the Commission or the FCC.[2]

The Commission is vested with jurisdiction in this matter, pursuant to Section 364.10, Florida Statutes, 47 U.S.C. §214(e)(4), and 47 C.F.R. §54.205.

[2] See Florida Public Service Commission, Florida Lifeline Assistance, December 2025, at 14 ("As of June 2025, wireless ETCs received approximately 99.4 percent of all Lifeline disbursements from USAC in Florida."). https://www.floridapsc.com/pscfiles/website-files/PDF/Publications/Reports/Telecommunication/LifelineReport/2025.pdf

Discussion of Issues

Issue 1: Should the Commission approve Frontier's request for relinquishment of its ETC designation?

Recommendation: Yes. The Commission should approve Frontier's request to relinquish its ETC designation. (Mallow, Fogleman, Hixon)

Staff Analysis: An ETC may relinquish its ETC designation pursuant to 47 C.F.R. §54.205(a), which provides that:

> A state commission shall permit an eligible telecommunications carrier to relinquish its designation as such a carrier in any area served by more than one eligible telecommunications carrier. An eligible telecommunications carrier that seeks to relinquish its eligible telecommunications carrier designation for an area served by more than one eligible telecommunications carrier shall give advance notice to the state commission of such relinquishment.

In approving a relinquishment, state commissions must require the remaining ETCs to ensure that existing customers will continue to be served. 47 C.F.R. §54.205(b), provides that:

> Prior to permitting a telecommunications carrier designated as an eligible telecommunications carrier to cease providing universal service in an area served by more than one eligible telecommunications carrier, the state commission shall require the remaining eligible telecommunications carrier or carriers to ensure that all customers served by the relinquishing carrier will continue to be served, and shall require sufficient notice to permit the purchase or construction of adequate facilities by any remaining eligible telecommunications carrier. The state commission shall establish a time, not to exceed one year after the state commission approves such relinquishment under this section, within which such purchase or construction shall be completed.

Frontier identified in its petition all of the designated ETCs currently serving its service territory. Staff sent a data request to each ETC in Frontier's service area to verify the ETC designation of the company and to confirm it is providing service in the wire centers identified by Frontier. Staff compared the responses to ensure that customers in the relinquished area would continue to have Lifeline service available. Staff has confirmed that customers in Frontier's service territory will continue to have Lifeline service available from one or more ETCs (Attachment A).

Frontier Communications of the South currently has just four Lifeline customers. The small number of remaining Lifeline customers will be able to obtain Lifeline service from one of the many other ETCs operating in Frontier's service area, or they may instead elect to continue obtaining service from Frontier at standard rates, terms, and conditions. If a current Lifeline customer elects to continue obtaining service from Frontier, Frontier will remove the Lifeline discount as of the relinquishment effective date.

After the Commission issues an order confirming relinquishment, Frontier will notify its remaining Lifeline customers that they must select another ETC in order to continue receiving a Lifeline discount after the relinquishment effective date. Frontier will use the same notice timeline that the Commission approved in the 2017 and 2021 AT&T Florida relinquishment orders. Specifically, at least 60 days prior to the relinquishment date, Frontier will notify any remaining Lifeline customers by mail that (1) Frontier will no longer offer the federal Lifeline discount; and (2) if the customer does not choose another provider, Frontier will continue to provide service at Frontier's standard prices (including applicable surcharges, fees and taxes) after the effective date of the relinquishment. Frontier will also send each remaining affected Lifeline customer a second notice letter at least 15 days prior to the relinquishment date. All notices will explain that Lifeline customers can obtain a list of other ETCs from the Universal Service Administrative Company (USAC), and that they may contact those other ETCs to discuss available Lifeline benefits. Accordingly, staff recommends that the Commission approve Frontier's petition for relinquishment of its ETC designation.

Issue 2: Should this docket be closed?

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

Staff Analysis: At the conclusion of the protest period, if no protest is filed this docket should be closed upon the issuance of a consummating order.

Relinquishment Area Wire Centers

State	CLLI	Exchange Name	Confirmed ETCs Serving Census Block
FL	MOLNFLXA	Molino	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC, DISH Wireless L.L.C.
FL	WLHLFLXA	Walnut Hill	Boomerang Wireless, LLC d/b/a EnTouch Wireless, Viasat Carrier Services, Inc., Assurance Wireless, i-wireless, LLC, DISH Wireless L.L.C.

Item 4

FILED 9/24/2026
DOCUMENT NO. 06979-2026
FPSC - COMMISSION CLERK

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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Cohn, D. Buys, Cicchetti, D'Sa, Higgins, Souchik, Worrall,Lenberg) MC
Division of Economics (Bruce, Hudson) EJD
Division of Engineering (King, Ramirez-Abundez, Ramos, T. Thompson) LVK
Office of the General Counsel (Brownless, J. Crawford, M. Thompson) JSC

RE: Docket No. 20260031-WS – Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.

AGENDA: 10/06/26 – Regular Agenda – Post-Hearing Decision – Participation is Limited to Commissioners and Staff

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Ortega

CRITICAL DATES: 11/08/26 (90 days to render final order under Section 120.569(2)(1), F.S.)

SPECIAL INSTRUCTIONS: None

Case Background

On February 27, 2026, Sunshine Water Services Company (SWS or Utility) filed a petition (Petition) to establish the rate base value of Placid Lakes Utilities, Inc. (Placid Lakes) using the alternative procedure outlined in Section 367.0811, Florida Statutes (F.S.), and Rule 25-30.0372, Florida Administrative Code (F.A.C.).[1] By its Petition, SWS requests that the Florida Public Service Commission (Commission) approve a rate base value of $5,750,000 for Placid Lakes. If SWS's Petition is approved, the Utility's acquisition of Placid Lakes will be taken up in a

[1] Document No. 01297-2026, filed February 27, 2026, in Docket No. 20260031-WS.

separate docket.[2] If the acquisition is approved, SWS intends to consolidate Placid Lakes with the Utility's other systems in its next rate case (estimated to be effective in 2029).

Placid Lakes is a Class B water utility operating in Highlands County, serving approximately 2,250 customers. Placid Lakes also operates a wastewater system, which is not regulated by the Commission, but may be added to SWS's wastewater service territory and would be served under the Utility's current wastewater tariff if approved by the Commission in a separate docket.[3] Staff notes that the transfer of the water system and amendment to acquire the wastewater system are currently pending and are contingent upon the Commission's approval in this proceeding of a rate base value of $5,750,000.[4] (BSP C5-716-C5-717)

Section 367.0811, F.S., establishes an alternative method for establishing the rate base value of an acquired utility. The purpose of the statute is to promote consolidation efforts with water and wastewater utility systems in order to encourage economies of scale, better access to lower material and supply costs, better access to capital, improvement in utility infrastructure, and improvement in the overall quality of service. Section 367.0811(1), F.S. The Commission adopted Rule 25-30.0372, F.A.C., to implement this statute. Under the alternative method, the rate base of an acquired utility must not exceed the lesser of the purchase price or the average of three appraisals. The statute and rule require three appraisals and that the Commission randomly select the firms to conduct such evaluations from its list of licensed appraisers. In this case, the three randomly selected appraisers were Marshall and Stevens Incorporated, NewGen Strategies and Solutions, LLC, and Raftelis Financial Consultants, Inc. The average of these appraisals is $6,506,633. SWS's negotiated purchase price for Placid Lakes is $5,750,000 and requests this amount as the alternative rate base value for the utility.

On March 16, 2026, the Office of Public Counsel (OPC) filed a notice of intervention. This intervention was acknowledged on March 17, 2026.[5]

On March 24, 2026, an order establishing procedure was issued in this docket.[6] A prehearing order was issued July 24, 2026, and a hearing for this docket was held on August 10, 2026.[7] The parties filed post-hearing briefs on September 8, 2026.

The Commission has jurisdiction over this matter pursuant to Chapter 367, Sections 367.0811, 367.071, and 367.081, F.S.

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[2] Docket No. 20260032-WS, *In re: Application for authority to transfer facilities and water Certificate No. 401-W from Placid Lakes Utilities, Inc. to Sunshine Water Services Company, in Highlands County.*

[3] Docket No. 20260033-WS, *In re: Application for authority to transfer assets of exempt entity in Highlands County by Placid Lakes Utilities, Inc. to Sunshine Water Services Company, and amendment of Certificate No. 347-S, by Sunshine Water Services Company.*

[4] Herein, staff will use the term "transfer" to refer to both the certificate transfer for the water system and the territory amendment for the wastewater system.

[5] Order No. PSC-2026-0063-PCO-WS, issued March 17, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

[6] Order No. PSC-2026-0079-PCO-WS, issued March 24, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

[7] Order No. PSC-2026-0260-PHO-WS, issued July 24, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

Discussion of Issues

Issue 1: Is the proposed transaction expected to result in improvements in the overall quality of service provided to Placid Lakes' customers pursuant to Section 367.0811(9)(a), F.S.?

Recommendation: Yes, the proposed transaction should result in improvements in the overall quality of service provided to Placid Lakes' customers through improved system operations and the provision of safe, adequate, and reliable service. (Ramirez-Abundez)

Position of the Parties

SWS: Yes.

OPC: No. Sunshine Water Services ("Sunshine") has not demonstrated that the proposed acquisition will produce measurable improvements in the quality of service provided to Placid Lakes' customers.

Staff Analysis: Section 367.0811(9)(a), F.S., requires the Commission to consider if the acquisition will result in improvements in the overall quality of service for the customers of the system being acquired when considering if a rate base value petition serves the public interest. A utility's overall quality of service is determined by evaluating the quality of its product (water) and its attempt to address customer satisfaction (water and wastewater), pursuant to Rule 25-30.433(1), F.A.C.

A review of Placid Lakes' historical chemical analyses for 2021 through 2024 in its annual Consumer Confidence Reports (CCR) submitted to the Florida Department of Environmental Protection (DEP) indicated that Placid Lakes' water system has remained in compliance with the DEP's primary and secondary standards in all years except for 2021. At the time the exhibit was provided, Placid Lakes' 2025 CCR was still under DEP review. (EXH 16, BSP 2767; EXH 20, BSP 2769-2784) Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Placid Lakes' overall regulatory compliance is discussed in detail in Issue 2.

Because SWS has not yet acquired the Placid Lakes systems, customer complaint data was not available. As such, staff reviewed the customer correspondence received during the course of this docket in response to the notice regarding the acquisition transaction provided to SWS's and Placid Lakes' customers. As of September 16, 2026, 14 customers have submitted written comments in the docket. Of these customers, two are SWS customers who expressed concerns regarding the transaction, and 12 are Placid Lakes customers who conveyed the need for additional communication from SWS regarding the acquisition transaction, and/or expressed opposition to the acquisition transaction. For reference, Placid Lakes serves approximately 2,250 customers and SWS serves 35,000 customers. (TR 135-136) At the hearing, SWS witness Twomey testified that SWS intends to meet with Placid Lakes' customers if the acquisition transaction is approved to provide transparency regarding the transaction and address any questions and concerns. (TR 175-176)

Regarding improvements in the quality of service provided to Placid Lakes' customers witness Twomey testified that benefits include: 1) SWS's technical expertise and operating practices that would strengthen the monitoring, treatment optimization, and water quality control practices; 2) SWS's greater access to capital to complete Placid Lakes' infrastructure improvements and meet water quality standards; 3) lower material and supply costs; 4) access to SWS's Florida-based customer service and billing operations, with dedicated employees, a 24/7 call center, and an online customer portal; 5) enhanced information technology and cybersecurity support; and 6) access to SWS's emergency and disaster response capabilities. (TR 150-153; TR 179-182; MPN A23) In addition, SWS witness Magro identified ten capital improvement plan (CIP) projects for Placid Lakes' water system, and nine CIP projects for Placid Lakes' wastewater system in his engineering assessment. (TR 47) These projects are discussed in Issue 2. SWS witness Twomey indicated that SWS intends to begin construction of these projects prior to its next rate proceeding if the acquisition transaction and transfer are approved by the Commission. (TR 176-178) Witness Twomey asserted that these projects are required over the next several years to maintain an appropriate level of service to Placid Lakes' customers. He further stated that completion of these projects would benefit the systems' customers through improved service and system reliability and help prepare the system for any potential storms or electrical outages. (TR 171-173; SWS BR 4-5)

OPC did not file testimony in this proceeding; however, in its brief, OPC argued that it does not believe SWS demonstrated that the acquisition transaction will produce measurable improvements in the quality of service provided to Placid Lakes' customers. OPC asserted that the engineering assessment did not include an evaluation of the water distribution and wastewater collection systems. Furthermore, OPC argued that SWS's representation that service will improve, given its recent Commission-documented quality of service issues, and the absence of performance metrics or enforceable commitments, does not establish that approving the proposed transaction will improve quality of service for Placid Lakes' customers. (OPC BR 2-4)

Staff disagrees with OPC. Although the engineering assessment did not include an evaluation of Placid Lakes' water distribution and wastewater collection systems, SWS indicated that it conducted its own review of available records for these systems and discussed the condition and operating procedures with Placid Lakes. This review considered water volumes, age of meters, and general pipe materials for Placid Lakes' water distribution system, and wet weather flow, materials of construction, age, and general pipe materials for Placid Lakes' wastewater collection system. SWS determined that a more invasive analysis, such as hydraulic modeling, was not warranted due to the size of the water distribution and wastewater collection systems and therefore did not include this analysis in the Scope of Services for the engineering assessment. (EXH 9, BSP 292) Additionally, the record identifies specific improvements that would be made to Placid Lakes' systems that would benefit customers following the proposed acquisition, including infrastructure improvements, enhanced technical and operational support, expanded customer service and billing capabilities, enhanced information technology and cybersecurity support, and access to SWS's emergency and disaster response capabilities. SWS also identified specific CIP projects that it intends to begin prior to its next proceeding if the transaction is approved. (TR 150-153; TR 176-178) While the improvements identified by SWS cannot be quantified at this time, the Commission has the authority to evaluate the Utility's improvements

in subsequent proceedings, and staff believes the record demonstrates that these improvements would benefit Placid Lakes' customers following the proposed acquisition transaction.

Based on the above, staff believes that the proposed transaction should improve the overall quality of service provided to Placid Lakes' customers. The improvements identified by SWS are aimed at system reliability and operations, regulatory compliance, responsiveness, and overall customer experience, and would be extended to the Placid Lakes' customers following acquisition, as some of these improvements are already implemented by SWS company wide. Further, SWS has committed to engage with Placid Lakes' customers to provide transparency regarding the transaction and address any questions and concerns. For these reasons, staff recommends that Placid Lakes' customers will benefit from improvements in quality of service following the transaction.

Conclusion

The proposed transaction should result in improvements in the overall quality of service provided to Placid Lakes' customers through improved system operations and the provision of safe, adequate, and reliable service.

Issue 2: Is the proposed transaction expected to result in improvements in regulatory compliance for the Placid Lakes' systems pursuant to Section 367.0811(9)(b), F.S.?

Recommendation: Yes, the proposed transaction should result in improvements in regulatory compliance for the Placid Lakes systems following completion of SWS's proposed improvement projects. (Ramirez-Abundez)

Position of the Parties

SWS: Yes.

OPC: No. Sunshine has not established that the increase in rate base and rates will materially improve regulatory compliance.

Staff Analysis: Section 367.0811(9)(b), F.S., requires the Commission to consider if the acquisition will result in improvements in regulatory compliance for the system being acquired when considering if an alternative rate base value petition serves the public interest. Pursuant to Rule 25-30.433(2), F.A.C., in determining a utility's regulatory compliance, the Commission considers whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C., which requires each water and wastewater utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP.

Pursuant to Rules 25-30.0372(3)(b)1. and 2., F.A.C., SWS submitted copies of the most recent DEP and/or county health department sanitary survey, compliance inspection report, and primary and secondary standards drinking water report. Copies of all correspondence with the DEP, county health department, and water management district, including consent orders and warning letters, and Placid Lakes' responses to the same, for the past five years were provided by SWS. Staff's analysis in this issue considers this compliance information, as well as the Commission's determination regarding Placid Lakes' water system compliance in its last rate case. Any improvements identified in the 3-year plan to address any deficiencies indicated in the engineering assessment required by Sections 367.0811(4)(b), and (5)(c) and (d), F.S., and any additional projects identified by SWS that may improve compliance with environmental regulations were also considered. The discussion regarding proposed projects by SWS is not intended to prejudge the prudence or appropriateness for cost recovery of those items.

A summary of Placid Lakes' water system compliance history is provided below.

1. December 30, 2019 – In Placid Lakes' last rate case, the Commission determined that the quality of service for Placid Lakes' water system[8] was satisfactory and that its water quality was in compliance with DEP standards. However, the order discussed a DEP Consent Order dated November 19, 2018, which was issued due to disinfection byproduct (DBP) exceedances for the water system. To address this issue, a new hydrogen peroxide

[8] The quality of service determination is only applicable to Placid Lakes' water system as the wastewater system is not yet subject to the Commission's jurisdiction.

treatment system was installed.[9] The hydrogen peroxide treatment system addressed the DBP exceedances, and the Consent Order was closed on July 6, 2020. (EXH 4, MPN C4-491)

2. January 2024 through May 2025 – The engineering report included an evaluation of Placid Lakes' monthly flow data for its water system, which showed that the total groundwater withdrawals were within the Southwest Florida Water Management District's (SWFWMD) total Consumptive Use Permit (CUP) limits, but the average day and peak month withdrawal limits for the individual well allocations were exceeded on multiple occasions. The individual well allocations identified in the SWFWMD CUP are for four wells; however, one well has yet to be constructed. To address the individual well allocation exceedances, the engineering report indicated that a new well, Well No. 4, should be constructed (Project No. 5 in the water project listing). (EXH 4, MPN C4-490-C4-491; MPN C4-494)

3. April 25, 2024 – The DEP issued a Compliance Assistance Offer Letter resulting from the March 28, 2024, Sanitary Survey Inspection. (EXH 4, MPN C4-604-C4-615)

    a. Missing tank inspection reports for ground storage and hydro-pneumatic tanks.

    b. Bio growth in aerator ground storage #1 and #2, and pad of well #1 cracked.

    c. Well #2 raw sampling taps were threaded.

    d. Wells #1 and #2 raw water taps were not pointed downward.

    e. Operator was not recording in and out times during site visits.

4. July 15, 2024 – The DEP issued a Return to Compliance Letter as Placid Lakes' water system was determined to be in compliance following provision of the requested information regarding the April 25, 2024, Compliance Assistance Offer Letter (No. 3). (EXH 4, MPN C4-616)

5. January 27, 2026 – The DEP issued a warning letter due to a nitrate exceedance from a drinking water sample collected on August 6, 2025. (EXH 20, BSP 2792-2805)

6. July 27, 2026 – SWS indicated that Placid Lakes represents that its water system is in compliance with the DEP. (EXH 12, BSP 2824)

A summary of Placid Lakes' wastewater system compliance history is provided below.

1. January 17, 2024 – The DEP issued a Compliance Assistance Offer resulting from the December 18, 2023 Compliance Evaluation Inspection. (EXH 4, MPN C4-493, MPN C4-621-C4-647)

[9] Order No. PSC-2019-0551-PAA-WU, issued December 30, 2019, in Docket No. 20190031-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

a. Absence of a daily logbook for the facility.

b. Incorrect percent capacity calculations on the discharge monitoring reports (DMRs).

c. Late submittal of DMRs.

2. April 23, 2024 – The DEP issued a Return to Compliance Letter as Placid Lakes' wastewater system was determined to be in compliance following provision of the requested information regarding the January 17, 2024 Compliance Assistance Offer Letter (No. 1). (EXH 4, MPN C4-648)

3. May 30, 2025 – The DEP issued a warning letter regarding its office file inspection conducted on May 15, 2025, which indicated that Placid Lakes' wastewater system was significantly out of compliance (EXH 4, MPN C4-493, MPN C4-650-C4-673)

   a. Failure to submit a permit renewal application by February 3, 2024.

   b. Operating with an expired permit.

4. September 15, 2025 – The DEP issued a final permit, which included Administrative Order No. AO-014350-008-SD (DEP AO) requiring Placid Lakes' wastewater system to meet the new effluent limits of 6 milligrams per liter (mg/l) for total nitrogen and 3 mg/l for total phosphorous.[10] The existing facility is not designed to meet the new effluent limits. As such, the engineering report indicated that new treatment tanks, mixers, pumps, electrical upgrades, and groundwater monitoring wells will need to be installed (Project Nos. 7, 8, and 9 in the wastewater project listing), and increased facility staffing will be required to address the DEP AO action items, which are due by February 29, 2028.[11] (EXH 4, MPN C4-484, MPN C4-494, MPN C4-504; TR 49)

5. July 27, 2026 – SWS indicated that Placid Lakes represents that its wastewater system is in compliance with the DEP. (EXH 12, BSP 2824)

As discussed in Issue 1, SWS witness Magro's engineering report included an evaluation of Placid Lakes' water and wastewater system assets. The engineering report identified 19 CIP projects (ten water and nine wastewater), with an estimated cost of $2,130,000. (EXH 4, MPN C4-503-C4-504) In addition, SWS witness DeStefano identified an additional project for the water system, the Advanced Metering Infrastructure (AMI) project. According to the witness, this project is necessary because the current non-automated meters require replacement to integrate with SWS's system-wide AMI implementation, which was approved in its last rate case, and achieve the associated benefits. (EXH 9, BSP 283-286) Witness DeStefano testified that the

[10] The DEP AO is due to requirement changes, not because the system has ongoing deficiencies with the DEP.
[11] Document No. 01471-2026.

total estimated cost for all projects is $2.38 million.[12] (EXH 4, MPN C4-503-C4-504; EXH 8, MPN E10; EXH 12, BSP 2823; TR 22; TR 26; TR 30)

Below are the CIP projects identified for the water system in SWS witness Magro's engineering report, as well as the additional AMI project identified by SWS. Project Nos. 1 through 5 are expected to be completed by the end of 2027, and Project Nos. 6 through 11 are expected to be completed by the end of 2028. The estimated total cost for these projects is $1,203,575, if the transaction and transfer are approved. (EXH 4, MPN C4-503-C4-504)

1. **AMI Meters Replacements** – Replace approximately 750 non-automated meters with AMI meters. The estimated total project cost is $393,575.

2. **Well No. 1 Pump Rehabilitation** – Remove and rehabilitate existing vertical turbine pump and motor at Well No. 1, including disconnection, inspection, reinstallation, and testing. The estimated total project cost is $25,000.

3. **Well No. 2 Emergency Generator Installation** – Furnish and install a new standby generator at Well No. 2, including an automatic transfer switch (ATS), concrete pad, wiring, conduit, and all electrical tie-ins. The estimated total project cost is $75,000.

4. **Well No. 3 Emergency Generator Installation** – Furnish and install a new standby generator at Well No. 3, including an ATS, concrete pad, conduit, wiring, grounding, and integration into the existing system. The estimated total project cost is $75,000.

5. **New Well No. 4** – Drill a new 10 inch well, install a new pump, instrumentation, SCADA, and a new raw water main. The estimated total project cost is $500,000.[13]

6. **Water Treatment Plant Site Vault Safety Improvements** – Fabricate and install aluminum or galvanized steel safety covers over three existing pipe vaults; the project includes minor site work, framing, and anchoring. The estimated total project cost is $20,000.

7. **High Service Pump (HSP) Building Grating Replacement** – Rehabilitate the existing grating above influent and effluent piping in the HSP building. The estimated total project cost is $15,000.

8. **Compressor Replacement** – Remove and dispose of two existing Ingersoll-Rand air compressors located outdoors and furnish and install new replacement compressors. The estimated total project cost is $10,000.

[12] The estimated total cost is $2,123,575. However, witness DeStefano included SWS's internal capitalized labor percentage and the then-approved Allowance for Funds Used During Construction rate. Therefore, the sum of the individual project cost estimates does not equal the $2.38 million total estimated costs.

[13] The engineering report included an estimated total cost of $900,000 for this project; however, SWS reduced the estimated total project cost to $500,000 based on its experience implementing similar infrastructure in other locations and the replacement cost-new identified in the engineering report.

9. **14-inch Asbestos Cement Pipe Replacement** – Excavate, remove, and replace approximately 80 linear feet of 14-inch asbestos cement effluent water main with new Ductile Iron Pipe. The estimated total project cost is $60,000.

10. **Chlorine System Reliability Upgrade** – Install a back-up chlorine storage tank and metering pump to provide permanent back-up disinfection facilities. The estimated total project cost is $20,000. (EXH 12, BSP 2822)

11. **Chain Link Repair** – Install approximately 80 linear feet of damaged chain link fence. The estimated total project cost is $10,000.

SWS witness Magro testified that the ten CIP projects identified for the water system include seven deferred maintenance projects (Project Nos. 2 and 6-11), two reliability projects (Project Nos. 3 and 4), and one notable project (Project No. 5). Witness Magro indicated that Project No. 5, the New Well No. 4 project, is notable due to Placid Lakes' individual groundwater well withdrawal allocation exceedances as previously discussed. SWS asserted that the fourth well should resolve the well withdrawal exceedances. (EXH 4, MPN C4-494; TR 47-48; TR 171-172)

Below are CIP projects identified for the wastewater system in witness Magro's engineering report. Project Nos. 1 through 5 are expected to be completed by the end of 2027, and Project Nos. 6 through 9 are expected to be completed by the end of 2028. The estimated total cost for these projects is $920,000, if the transaction and transfer are approved. (EXH 4, MPN C4-504)

1. **Lift Station No. 1 Full Replacement (Golf)** – Abandon existing Lift Station No. 1 and construct a new lift station, including a wet well, valve vault, pumps, controls, electrical service, and site work. The estimated total project cost is $300,000.

2. **Lift Station No. 2 Discharge Piping Rehabilitation** – Remove and replace corroded discharge piping, valves, and fittings within the wet well vault of Lift Station No. 2; the project includes bypass pumping and restoration. The estimated total project cost is $40,000.

3. **Open Tank Grating Safety** – Fabricate and install new aluminum grating covers over four open process tanks to improve safety and prevent fall hazards; the project includes brackets and hardware. The estimated total project cost is $10,000.

4. **Blower System Installation** – Furnish and install a new blower unit and a back-up blower at the wastewater treatment facility (WWTF), including structural supports, mounting, conduit, and control wiring. The estimated total project cost is $30,000.

5. **Generator Installation WWTF** – Furnish and install a new standby generator at the WWTF; the project includes an ATS, electrical panel upgrades, concrete pad, and all connections. The estimated total project cost is $75,000.

6. **New Bar Screen** – Furnish and install a new influent bar screen. The estimated total project cost is $15,000.

7. **DEP Required Plan** – Prepare a power outage contingency plan and a collections system action plan. The estimated total project cost is $10,000.

8. **Nutrient Removal Upgrades Basin Management Action Plan (BMAP) Compliance** – Install a new treatment tank and nitrogen recycle pump, in-tank mixer, alum injection system, metering pump, auto-dialer, and electrical/control systems to comply with the new nitrogen and phosphorous effluent limits. The estimated total project cost is $400,000.

9. **Monitoring Well Installation** – Furnish and install groundwater monitoring wells in accordance with the permit requirements; the project includes drilling, casing, wellhead protection, and documentation. The estimated total project cost is $40,000. (EXH 4, MPN C4-504)

SWS witness Magro noted that the nine wastewater CIP projects include seven deferred maintenance projects (Project Nos. 2-7 and 9), and two notable CIP projects (Project Nos. 1 and 8). Witness Magro indicated that Project No. 1, the Lift Station No. 1 Full Replacement (Golf) project, is considered of primary importance due to the age and condition of the existing lift station, safety risks, and the need to comply with recommended wastewater pump station standards. Witness Magro stated that Project No. 8, the Nutrient Removal Upgrades BMAP Compliance project, is the second-most notable CIP project as it is required to comply with the new BMAP effluent limits per the AO in the new DEP permit. (EXH 4, MPN C4-494; TR 48-49)

SWS stated that the Utility's access to capital, enhanced information-technology and cybersecurity support, and emergency and disaster response capabilities will benefit Placid Lakes' customers and support regulatory compliance. SWS also asserted that its experience as an established operator of multiple utility systems across several counties is evidence of its capabilities to maintain regulatory compliance and address non-compliance issues as they arise. (TR 141, 151-152, 156-157; SWS BR 9)

OPC did not file testimony in this proceeding; however, based on its brief, OPC does not believe that SWS has established that the increase in rate base and rates will materially improve regulatory compliance. Furthermore, OPC states that the Commission's decision on the acquisition transaction does not improve new regulatory compliance due to regulatory compliance being needed and independent from the value the Commission assigns. (OPC BR 4-5)

Staff disagrees with OPC. The record demonstrates that the proposed infrastructure, equipment, and operational changes should improve Placid Lakes' ability to meet applicable regulatory requirements. Section 367.0811(9)(b), F.S., requires consideration of whether the acquisition transaction is expected to result in improvements in regulatory compliance. The record demonstrates that SWS has identified specific existing regulatory requirements and operational issues, as well as proposed projects to address those issues.

Specifically, the proposed construction of Well No. 4 for Placid Lakes' water system is intended to address the individual well withdrawal allocation exceedances identified in the SWFWMD

CUP. In addition, the proposed Nutrient Removal Upgrades and Monitoring Well Installation projects for Placid Lakes' wastewater system are directly related to the new DEP permit requirements and AO regarding the new effluent limits and groundwater monitoring requirements. SWS has also indicated that it has the staffing necessary to meet the increased staffing requirements identified in SWS witness Magro's engineering report to address the DEP AO action items. (TR 23-24) Therefore, these projects directly address identified regulatory requirements and are expected to improve Placid Lakes' ability to comply with those requirements.

The remaining proposed CIP projects for the Placid Lakes systems, including projects addressing equipment rehabilitation, standby generation, disinfection system reliability, and other infrastructure deficiencies, are intended to improve the reliability and operation of the systems. While not every project is needed to address a specific existing violation, these improvements should reduce the likelihood of equipment failures and operational deficiencies that could affect the systems' ability to maintain regulatory compliance.

Based on the above, staff believes that SWS's planned projects should provide meaningful improvements in reliability, safety, and system operations for the Placid Lakes water and wastewater systems, which should contribute to continued regulatory compliance. The record also demonstrates that SWS has access to the funding, staffing, operational, and infrastructure resources needed to address existing deficiencies and meet the systems' regulatory requirements. Therefore, staff believes that the transaction should result in improvements in regulatory compliance following completion of SWS's proposed improvement projects.

Conclusion

The proposed transaction should result in improvements in regulatory compliance for the Placid Lakes systems following completion of SWS's proposed improvement projects.

Issue 3: What reasonable performance goals, if any, should the Commission set, pursuant to Section 367.0811(10), F.S.?

Recommendation: None. Based upon staff's evaluation of the Utility's petition in Issues 1, 2, 4, and 7 through 11, staff does not believe any performance goals are necessary at this time. Should future circumstances demonstrate otherwise, the Commission has the authority to evaluate the Utility's performance in subsequent proceedings. (Ramirez-Abundez)

Position of the Parties

SWS: None.

OPC: To the extent the Commission increases the rate base through the addition of purely intangible costs over the objection of the customers, it should set a framework to develop a cost-benefit analysis of ratepayer impacts to standardize the review of future acquisitions.

Staff Analysis: Section 367.0811(10), F.S., states that the Commission may set reasonable performance goals based on the standards specified in Section 367.0811(9), F.S., and review utility performance regarding these standards in a rate proceeding.

SWS did not provide testimony regarding this issue, and OPC did not file testimony in this proceeding. However, in its brief, SWS recommended that no performance goals are necessary, but stated that the record established that the specific projects in the CIPs, with SWS's operational and regulatory experience, provide measurable commitments that render additional performance goals under Section 367.0811(10), F.S., unnecessary. In its brief, OPC recommended that the Commission set a framework to develop a cost-benefit analysis of ratepayer impacts to standardize the review of future acquisitions. Furthermore, OPC argued that the framework should require the Utility to identify measurable service, compliance, and cost-efficiency targets tied to approval of the acquisition transaction, and to report periodically on whether targets have been met. (SWS BR 9-10; OPC BR 5-6)

While OPC recommended that a framework to develop a ratepayer cost-benefit analysis be set, staff agrees with SWS and recommends that no performance goals be established pursuant to Section 367.0811(10), F.S., at this time. SWS has not yet acquired the Placid Lakes' water and wastewater systems, and the record does not provide information for specific performance goals to establish future performance goals. Staff also agrees with SWS that the specific projects identified in the CIPs and SWS's operational and regulatory experience provide a basis for evaluating the Utility's performance in a future proceeding without establishing formal performance goals at this time. Additionally, staff evaluated SWS's petition pursuant to the considerations included in Section 367.0811(9), F.S., which are addressed in Issues 1 through 2, 4, and 7 through 11 of staff's recommendation. Specifically, improvements in quality of service and compliance with regulatory requirements are discussed in Issues 1 and 2, respectively. Rate stability or reductions and cost efficiencies are addressed in Issues 4 and 7, respectively. Demonstration of whether the proposed purchase was made as part of an arms-length transaction, and economies of scale generation are discussed in Issues 8 and 9, respectively. Finally, demonstration that the acquiring utility has greater access to capital than the utility being

acquired, and a comparison of the acquiring utility's net book value to the proposed rate base value of the utility being acquired are discussed in Issues 10 and 11, respectively.

Based on above, staff believes that establishing formal performance goals is unnecessary at this time because the considerations of Section 367.0811(9), F.S., are addressed throughout this recommendation, and the specific projects identified in the CIPs provide a basis for evaluating the Utility's performance in a future proceeding. Should future circumstances demonstrate otherwise, the Commission has the authority to evaluate the Utility's performance in subsequent proceedings.

Conclusion

Staff does not believe any performance goals under Section 367.0811(10), F.S., are necessary at this time.

Issue 4: Is the proposed transaction under Section 367.0811(9)(c), F.S., expected to result in rate reductions or rate stability over a long-term period?

Recommendation: Yes. The proposed transaction under Section 367.0811(9)(c), F.S., is expected to result in rate stability over a long-term period. (Bruce)

Position of the Parties

SWS: Yes.

OPC: No. When considered as an isolated transaction and on a stand-alone basis, it is clear that customers' rates will increase if the petition is approved. Without knowing all of Sunshine's system and capital expenditure plans, long term rate stability is speculative given a single transaction. There is no evidence that, as a result of this transaction, rate reductions or rate stability will ever occur for Placid Lakes or Sunshine customers over a long-term period.

Staff Analysis: Pursuant to Section 367.0811(9)(c), in evaluating a rate base value petition, the Commission must consider whether the transaction will result in rate reductions or rate stability over a long-term period. SWS witness Twomey stated that the proposed acquisition and ultimate consolidation with SWS's other systems will result in a rate reduction and rate stability for the customers of Placid Lakes over a long-term period. (TR 157, SWS BR 6) However, witness Twomey indicated that Placid Lakes' existing rates will not result in an immediate rate change. (TR 158) Witness Twomey asserted that post consolidation, the customers' average residential water and wastewater bills would decline. (TR 158)

In its brief, OPC asserted that the approval of the rate base value petition, acquisition of Placid Lakes, and consolidation with SWS is expected to increase Placid Lakes' rate base. (OPC BR 6) OPC indicated if the consolidation does not take place, the Placid Lakes customers would carry the burden of a higher premium in the rate base. OPC further stated that without knowing all of SWS's system and capital expenditure plans, long term rate stability is speculative. (OPC BR 6) Furthermore, OPC highlighted known engineering deficiencies that "customers will almost certainly pay for in a future rate case." (OPC BR 3) OPC argued that the Commission should not treat rate stability as a benefit of the transaction unless it is tied to a definite, enforceable timeline. (OPC BR 7)

SWS witness DeStefano's analysis presents calculations of stand-alone revenue increases for Placid Lakes if it is not acquired by SWS, based on a 2027 test year, which result in higher percentage increases of 13.14 percent for water and 257.57 percent for wastewater. (TR 27; SWS BR 6) If the transaction and consolidation are successful, witness DeStefano's analysis indicates an overall percentage price increase of 6.48 percent for water and 7.93 percent for wastewater. (TR 23). Since SWS's rates are consolidated, staff believes it is reasonable to expect that Placid Lakes would be incorporated into SWS's consolidated rate structure upon completion of a future rate proceeding. Placid Lakes' customers would not be expected to experience the substantially higher stand-alone increases identified in witness DeStefano's analysis. Rather, the evidence demonstrates that customers would experience substantially lower increases under the consolidated rate structure than they would if Placid Lakes remained a stand-alone utility. Although the proposed transaction does not result in an immediate rate reduction, staff believes

the lower increases associated with consolidation support the finding of more reasonable future rates for Placid Lakes customers. Staff believes that the proposed transaction is reasonably likely to result in rate stability over a long-term period and no evidence to the contrary has been presented.

Conclusion

Based on the above, the proposed transaction under Section 367.0811(9)(c), F.S., is expected to result in rate stability over a long-term period.

Issue 5: What is the projected rate impact of the proposed transaction under Section 367.0811(5)(e), F.S., over the next five years?

Recommendation: The projected rate impact of the proposed transaction under Section 367.081(5)(e) F.S., over the next five years is a decrease to the monthly residential bill for a 5/8-inch x 3/4-inch meter from $31.72 to $28.42 for water and $139.50 to $88.44 for wastewater. (Bruce)

Position of the Parties

SWS: While SWS anticipates continuing with annual index rate adjustments as Placid Lakes has in recent years, the inclusion of Placid Lakes in SWS's next rate case (estimated to be effective in 2029) is expected to result in an overall rate decrease for both water and sewer customers of Placid Lakes relative to current rates.

OPC: To the extent the Commission increases the rate base through the addition of purely intangible costs over the objection of the customers, and although Sunshine Witness De[S]tefano's Exhibit No 3; MPN C1-17, these projected rate impacts rely on CPVRR inputs that are inconsistent with Placid Lakes' and Sunshine's 2025 Annual Reports. These projections present an unacceptably rosy view of the future.

Staff Analysis: Pursuant to Section 367.0811(5)(e), F.S., the petition filed under this section must contain a 5-year projected rate impact on the customers of the utility being acquired, including but not limited to, any cost efficiencies expected to result from the acquisition and the use of this section instead of the cost method pursuant to Section 367.081, F.S., to establish rate base. SWS witness DeStefano contends that SWS prepared projections showing Placid Lakes' anticipated tariff rates following acquisition and inclusion in its anticipated SWS's 2027 test year rate case, estimated to take effect in 2029. SWS projects an overall rate decrease for Placid Lakes water and wastewater customers relative to Placid Lakes current rates. (TR 21-22, 29; SWS BR 6)

Witness DeStefano indicated that the rate calculations include the proposed $5,750,000 rate base and recommended $2.38 million in capital improvements. Witness DeStefano stated that the 5-year projected rate impact incorporates operational efficiencies resulting from SWS's anticipated use of three operating personnel and its existing management and administrative teams. These efficiencies are expected to eliminate certain incremental salaries and benefits costs, estimated to be $139,951 annually, beginning upon acquisition. (TR 23-24, SWS BR 7) Witness DeStefano's analysis demonstrates that Placid Lakes' rates will go up if capital improvements are considered on a stand-alone basis as indicated in the engineering assessment. (TR 22-23)

In its brief, SWS asserted that it would continue charging Placid Lakes' existing rates in effect at the time of closing and, on a going forward basis, continue filing annual index filings for the next several years before consolidating Placid Lakes with SWS. (SWS BR 6, TR 148) The average consumption for water is 3,555 gallons per month. With consolidation, a residential water bill, based on a 5/8-inch meter size will reduce from the current charge of $31.72 to $28.42 a month in 2029. The average consumption for wastewater is 4,592 gallons. A residential wastewater bill will reduce from the current charge of $139.50 a month to $88.44 a month in 2029. (SWS BR 7)

In its brief, OPC asserted that despite SWS's projection that rates will eventually stabilize, the acquisition will not necessarily produce savings. (OPC BR 7) OPC cited inconsistencies between actual numbers reported in both SWS and Placid Lakes' 2025 Annual Reports, and the numbers used to calculate witness DeStefano's 5-year impact analysis. (OPC BR 8) OPC argued that the most significant discrepancy concerns Placid Lakes' O&M expense, where in witness DeStefano, in the 5-year impact analysis, used O&M expense of $583,948, while Placid Lakes reported $1,688,841 in its 2025 Annual Report. OPC further acknowledged concerns about the reliability of the 5-year rate analysis, stating that because the inputs used to calculate it "materially diverge" from the annual reports, the Commission cannot accept the projected benefits and rate impacts at face value. (OPC BR 9) OPC also referenced Rule 25-30.110 (2), F.A.C., stating that it requires information furnished to the Commission for ratemaking purposes to be consistent with, and reconcilable to, Placid Lakes' annual reports. (OPC BR 9)

OPC's comparison of the financial input used in SWS's 5-year rate impact analysis to the 2025 Annual Reports is mislaid. The analysis was prepared using the most recent financial information available at the time, the 2024 Annual Reports of SWS and Placid Lakes. SWS filed its petition in February 2026, at a time when the 2025 Annual Report was not yet due. As a result, the use of the 2024 Annual Report was reasonable and appropriate for preparing the analysis. In addition, OPC's comparison relies on an incorrect O&M expense for Placid Lakes. Placid Lakes' 2025 Annual Report reports O&M expense of $790,017, not the $1,688,841 cited by OPC. (EXH 22, BSP E1406; OPC BR 8) SWS used the 2024 Annual Report O&M expense of $710,052. It was reduced in year one to $583,948 to recognize the cost efficiencies realized upon the acquisition. (EXH 3, BSP C1-14) Therefore, OPC's calculation of the alleged discrepancy is based on an inaccurate figure and does not provide a reliable basis for questioning the analysis.

Conclusion

Based on the above, the projected rate impact of the proposed transaction under Section 367.081(5)(e) F.S., over the next five years is a decrease to the monthly residential bill for a 5/8-inch x 3/4-inch meter from $31.72 to $28.42 for water and $139.50 to $88.44 for wastewater.

Issue 6: If the transaction under Section 367.0811(5)(h), F.S., is approved, should the Commission institute a rate stabilization plan for Placid Lakes Utilities, Inc.?

Recommendation: Staff recommends that if the proposed transaction under Section 367.0811(5)(h), F.S., is approved, the Commission should not institute a rate stabilization plan for Placid Lakes. (Bruce)

Position of the Parties

SWS: No.

OPC: To the extent the Commission increases the rate base through the addition of purely intangible costs over the objection of the customers, the Commission should only institute a rate stabilization plan if the transaction satisfies the minimum statutory public interest factors.

Staff Analysis: Section 367.0811(5)(h), F.S., provides that a rate stabilization plan must be filed if the acquisition would result in a significant individual increase in rates during the 5-year period following acquisition. Rule 25-30.0372(3)(f), F.A.C., provides that a "significant individual increase" means a rate increase during any twelve consecutive months of the 5-year projected rate impact period that is in excess of 15 percent over the current rates of the utility system being acquired.

SWS witness Twomey testified that consistent with Rule 25-30.0372(3)(f), F.A.C., SWS is not proposing a rate stabilization plan because the transaction will not result in a significant individual increase that will result in an excess of 15 percent over Placid Lakes current rates or in the rates charged to Placid Lakes during the 5-year period. (TR 149; SWS BR 7) In its brief, SWS asserted that the Utility anticipates the acquisition and consolidation of Placid Lakes into SWS's existing revenue requirements would mitigate significant individual increases over the estimated 2026-2030 period. (SWS BR 7)

In its brief, OPC stated that the Utility should be required to institute a rate stabilization plan if the transaction satisfies the minimum statutory public interest factors. (OPC BR 9) OPC further explained that the rate stabilization plan should be coupled with performance requirements including completion of capital projects, demonstration of operating efficiencies, and periodic reporting concerning whether projected savings have materialized. (OPC BR 9) Based on the 5-year projected impact, a rate stabilization plan is not warranted.

Staff believes that the record evidence demonstrates there will not be a rate increase during any twelve consecutive months of the 5-year projected rate impact period that is in excess of 15 percent over the current Placid Lakes rates. Therefore, staff recommends that if the proposed transaction under Section 367.0811(5)(h), F.S., is approved, the Commission should not institute a rate stabilization plan for Placid Lakes.

Conclusion

Staff recommends that if the proposed transaction under Section 367.0811(5)(h), F.S., is approved, the Commission should not institute a rate stabilization plan for Placid Lakes.

Issue 7: Is the proposed transaction under Section 367.0811(9)(d), F.S., expected to provide cost efficiencies?

Recommendation: Yes. Staff recommends that the proposed acquisition of Placid Lakes is expected to provide cost efficiencies. (Cohn)

Position of the Parties

SWS: Yes

OPC: No. The Utility has merely identified generalized efficiencies associated with centralized management and administrative consolidation, but it has not demonstrated that these efficiencies are quantifiable, verifiable, or sufficient to offset the increased costs.

Staff Analysis: Pursuant to Section 367.0811(9)(d), F.S., in considering a rate base value petition pursuant to this section, the Commission must consider whether the proposed acquisition provides cost efficiencies in serving the public interest and pursuant to the goals of this section of the statute.

SWS is a wholly owned subsidiary of Nexus Regulated Utilities, LLC (Nexus), which is an indirectly owned subsidiary of Nexus Water Group, Inc. SWS is a Class A water and wastewater utility providing potable water and wastewater services to more than 35,000 and 30,000 customers, respectively, across 10 Florida counties. (TR 135) As a result of its size and operational structure, SWS is positioned to achieve cost efficiencies via economies of scale through the sharing of administrative functions, operational personnel, technical expertise, and other resources across multiple systems and spreading fixed costs across a larger customer base. (TR 152-153) These arrangements may improve operational efficiency, reduce duplicative costs, and help moderate future increases in the cost of providing service.

In response to OPC's third request for production of documents, the Utility provided Placid Lakes' 2021 through 2025 Annual Reports. According to Placid Lakes' 2025 Annual Report, the most recent year of operation, the water system reported an operations and maintenance (O&M) expense of $790,017 (EXH 22, BSP E1435), which is 8.8 percent higher than its projected O&M expense for that year. (EXH 3, BSP C1-16) The average water O&M expense for the 5-year period from 2021 through 2025 is $698,088, reflecting an average annual increase of 6.0 percent. Placid Lakes' wastewater system is currently unregulated by the Commission. SWS separately filed an application for the transfer of Placid Lakes' wastewater assets and for amendment of Certificate No. 347-S, which would add the wastewater system to the Utility's Commission-regulated wastewater service territory.[14]

According to the Utility's Cumulative Present Value of the Revenue Requirement (CPVRR), SWS projects an average O&M expense of $610,580 for water, and $37,847 for wastewater during the first five years following the proposed acquisition. (EXH 3, BSP C1-14-C1-15) Table 7-1 summarizes Placid Lakes' projected O&M expenses with acquisition by SWS and as a standalone system without acquisition.

[14] Docket Nos. 20260032-WS and 20260033-WS.

Table 7-1
Placid Lakes' Projected O&M Expenses With and Without Acquisition

	Year 0 (2024)	Year 1 (Projected)	Year 2 (Projected)	Year 3 (Projected)	Year 4 (Projected)	Year 5 (Projected)	5-year Projected Average
Without Acquisition (Standalone)							
Water	$710,052	$725,886	$742,073	$758,622	$775,539	$792,833	**$758,991**
Wastewater	$36,516	$37,330	$38,163	$39,014	$39,884	$40,773	**$39,033**
With Acquisition							
Water	$710,052	$583,948	$596,970	$610,283	$623,892	$637,805	**$610,580**
Wastewater	$36,516	$36,196	$37,003	$37,828	$38,672	$39,534	**$37,847**

Source: EXH 3, C1-14-C1-16.

SWS projects that O&M expense will decrease by 17.8 percent for water and 0.9 percent for wastewater in Year 1 of operation, compared to Placid Lakes' 2024 O&M expenses. The Utility assumed a 2.2 percent annual increase in O&M expenses for each subsequent year. (EXH 11, BSP E58) Over the 5-year horizon, SWS projects O&M expenses that are 19.6 percent lower for water and 3.0 percent lower for wastewater compared to the O&M expenses projected for Placid Lakes as a standalone system. (EXH 8, BSP E15)

Regarding whether the acquisition of Placid Lakes is expected to provide cost efficiencies, OPC stated the Utility has merely identified generalized efficiencies associated with centralized management and administrative consolidation, but it has not demonstrated that these efficiencies are quantifiable, verifiable, or sufficient to offset the increased costs. (OPC BR 10-11) However, staff disagrees with OPC's stance and believes the Utility has provided evidence of anticipated cost efficiencies resulting from the proposed acquisition. In response to staff's first set of interrogatories, SWS explained that cost efficiencies are expected to result from consolidating personnel supporting the Placid Lakes system. (EXH 8, BSP E19) Specifically, the Utility anticipates using three operating personnel, with an estimated total cost of $292,593, as well as existing SWS management and administrative teams to support the operations of the Placid Lakes system. (EXH 8, BSP E14; EXH 11, BSP E59; TR 23-24; TR 37-38) After accounting for the estimated costs associated with the three operating personnel, SWS removed $432,544 in labor and benefits expenses reported in Placid Lakes' 2024 Annual Report, resulting in estimated operational savings of $139,951. (EXH 8, BSP E14; EXH 11, BSP E62-E66)

Based on SWS's operational structure, the anticipated reduction in O&M expenses, and Placid Lakes' actual 2025 water O&M expense exceeding the projected O&M expense as a standalone system, staff recommends that the proposed acquisition of Placid Lakes is expected to provide cost efficiencies.

Conclusion

Staff recommends that the proposed acquisition of Placid Lakes is expected to provide cost efficiencies.

Issue 8: Is the proposed transaction under Section 367.0811(9)(f), F.S., expected to generate economies of scale?

Recommendation: Yes. The proposed transaction under Section 367.0811(9)(f), F.S., is expected to generate economies of scale. (Bruce)

Position of the Parties

SWS: Yes.

OPC: No. The evidence does not establish meaningful economies of scale benefiting customers. Larger utilities may realize a lower cost per unit to serve, however those savings will not be directly passed through to customers or exceed the increased revenue requirement, instead it will likely increase utility profits.

Staff Analysis: Pursuant to Section 367.0811(9)(f), F.S., in evaluating a rate base value petition, the Commission must consider the economies of scale to be generated by the transaction. SWS contended that the transaction is expected to generate economies of scale. (TR 151; SWS BR 8) SWS witness Twomey asserted that consolidating Placid Lakes with SWS will promote economies of scale by spreading fixed costs across a larger customer base. (TR 152-153; SWS BR 8) Witness Twomey further contended that consolidating Placid Lakes with SWS will reduce customer capital and operating costs. (TR 153; SWS BR 8) In its brief, SWS asserted that the reduction of capital and operating costs along with access to financial, operational, and technical expertise that a utility of Placid Lakes size would not have been able to achieve on its own. (SWS BR 8)

SWS witness DeStefano contended that the transaction will provide economies of scale from a cost recovery perspective that would not otherwise be available to Placid Lakes. (TR 28) To support its position, SWS asserted that consolidating Placid Lakes with SWS would eliminate the need for stand-alone management, capital planning, support services, and operational leadership roles or positions. (SWS BR 8; TR 37-38) Witness DeStefano stated that consolidation will provide savings for Placid Lakes by allowing SWS to use its existing administrative and management team. (TR 37-38) Witness DeStefano further indicated that these costs are existing SWS costs and will not be incremental costs for Placid Lakes. (TR 38; EXH 11, BSP E-56; SWS BR 8)

In its brief, OPC disagreed with SWS, stating that the evidence does not establish meaningful economies of scale benefiting customers, and that the savings realized by SWS will increase utility profits rather than being passed down to customers. (OPC BR 11) OPC stated that SWS's claims of savings in emergency response, cybersecurity, centralized resources, and access to a large organization "do not justify a reduction in Placid Lakes' operating costs or establish a measurable economic benefit attributable to this acquisition." (OPC BR 11)

Staff disagrees with OPC's assertions and believes that the benefits indicated by the Utility's witnesses, including the sharing of existing management, administrative, and operational resources and the spreading of costs across a large customer base, present opportunities for the Utility to be operationally efficient and promote economies of scale with the statute. Therefore,

staff recommends that the Utility's proposed transaction under Section 367.0811(9)(f), F.S., will be expected to generate economies of scale.

Conclusion

The proposed transaction under Section 367.0811(9)(f), F.S., is expected to generate economies of scale.

Issue 9: Has Sunshine Water Services Company demonstrated that the purchase of Placid Lakes Utilities, Inc. is being made as part of an arms-length transaction under Section 367.0811(9)(e), F.S.?

Recommendation: The Asset Purchase Agreement between SWS and Placid Lakes constitutes an arms-length transaction because it involved two independent unrelated corporate entities with no shared ownership or affiliation. (D'Sa)

Position of the Parties

SWS: Yes.

OPC: No. The existence of a purchase agreement does not establish that the agreed purchase price represents an objective measure of value appropriate for ratemaking purposes.

Staff Analysis: SWS argued that the proposed transaction was negotiated at arm's length between two unaffiliated parties. (SWS BR 9; EXH 8, BSP E20) SWS witness Twomey asserted that the transaction for the Placid Lakes systems satisfies the statutory requirements of an arms-length transaction and outlined the public interest benefits, including improved service, regulatory compliance, and economies of scale. Witness Twomey testified that SWS is an indirect subsidiary of Nexus Water Group, Inc. and that Placid Lakes is an entirely separate corporate entity with no prior affiliation. (TR 135-138; TR 150-151) SWS argued that each party entered negotiations voluntarily, was represented by its own counsel, and acted in their own self-interest. (SWS BR 9; TR 150)

In its brief, OPC argued an arm's-length purchase price does not necessarily reflect the utility's appropriate ratemaking value. Buyers may pay premiums for factors such as future earnings, strategic advantages, financing, tax benefits, or anticipated efficiencies—benefits that may accrue to the buyer rather than customers. Therefore, the Commission should not automatically add the purchase price premium to rate base. OPC contended that the key distinction is that what a buyer is willing to pay is not necessarily what customers should be required to pay through rates. (OPC BR 12)

Upon review of the testimony and exhibits, staff believes that the Utility has filed the required documentation under Section 367.0811(9)(e), F.S., including, amongst other items, the Agreement for Purchase and Sale of Water and Wastewater System Assets of the acquired utility. As indicated above, the transaction involves two distinct corporate entities - SWS and Placid Lakes - with no documented shared board members or parent company. Therefore, staff believes the acquisition is an arms-length transaction as required by Section 367.0811(9)(e), F.S. (EXH 2, BSP C5-747-C5-781)

Conclusion

Staff recommends the Asset Purchase Agreement between SWS and Placid Lakes constitutes an arms-length transaction because it involved two independent unrelated corporate entities with no shared ownership or affiliation.

Issue 10: Has Sunshine Water Services Company demonstrated that it has a greater access to capital than Placid Lakes Utilities, Inc. under Section 367.0811(9)(h), F.S.?

Recommendation: Yes. SWS has demonstrated that it has greater access to capital than Placid Lakes under Section 367.0811(9)(h), F.S. (Souchik)

Position of the Parties

SWS: Yes.

OPC: Sunshine has generally demonstrated greater financial resources than Placid Lakes. However, greater access to capital alone does not establish that the acquisition is in the public interest or justify adoption of a higher rate base.

Staff Analysis: Section 367.0811(9)(h), F.S., requires the Commission to consider whether the acquiring utility possesses greater access to capital than the utility being acquired. The record demonstrates that SWS possesses greater access to capital than Placid Lakes through its larger financial resources, diversified financing mechanisms, and affiliation with a large utility holding company, Nexus.

SWS argued the proposed acquisition is expected to create greater access to capital. (SWS BR 9; TR 150) Consistent with that representation, SWS witness Twomey testified that SWS has access to multiple sources of capital, including collateralized notes, private placement offerings, and bank credit agreements as a subsidiary of Nexus. (TR 150) SWS asserted that Nexus is also credit rated by Standard & Poor's (specific rating was filed as confidential by SWS), which facilitates a wide range of debt financing options at reasonable rates, including a revolving debt arrangement that provides ready access to funds for operations or capital investment as needed. (SWS BR 10; EXH 8, BSP E21; EXH 10, BSP E54) The credit rating is considered private, not publicly available, and represents a complimentary credit assessment. SWS asserted Placid Lakes, as a stand-alone utility, historically relied on significantly more limited financing sources, including developer-provided equity and traditional bank loans. (TR 150)

Witness Twomey testified that SWS's access to capital through both SWS, and its parent company, Nexus, will allow the Utility to engage in capital improvements identified in SWS's Capital Improvement Plan. (TR 153) Further, Nexus is a subsidiary of Southwest Water Company, Inc. that has a $700 million revolving credit facility through its equity investors. (EXH 10, BSP E54) The Utility explained the revolving credit facility is similar to the revolving credit agreements historically available to SWS through its parent companies and has been part of its capital structure for ratemaking. (EXH 10, BSP E54) The revolver makes funds available to SWS for short-term funding needs without requiring debt issuances or equity infusions, providing flexibility and reliability in fund availability to maintain proper service for customers. To SWS's knowledge, Placid Lakes has no such credit line available. (EXH 10, BSP E54) Additionally, SWS asserted that it utilizes a balanced capital structure targeting a 50 percent equity ratio, compared to Placid Lakes' Commission approved 58.99 percent equity ratio, which effectively could lower the overall cost of capital. (SWS BR 9; EXH 8, BSP E21)

OPC did not provide any testimony in the record; however, in its brief it argued:

> Company witness Dante DeStefano, offered in part to address the "access to capital" factor, could not confirm that Commission approval of the requested rate base would create a new lending relationship, guarantee a loan, reduce Sunshine's borrowing costs, or otherwise concretely improve the Company's access to capital. Tr. 31-36. Repeated questioning on this point drew only speculation: "I would have to ask our lenders. I am not sure how of this would impact that," and, when asked whether a higher rate base would improve Sunshine's credit rating, "I wouldn't know that. I am not a treasury expert." Tr. 32-36. Mr. DeStefano likewise could not confirm that Commission approval would increase the Company's cash on hand or its equity capital. Tr. 36. A statutory factor cannot be satisfied by an assertion that the Company's own witness is unable to substantiate when tested.

(OPC BR 13)

Staff is not persuaded by OPC's arguments due to a lack of evidence supporting its claims. Further, staff believes OPC's arguments above are contrary to its position on this issue.

Based on the record, staff believes the proposed acquisition provides SWS with access to greater financial resources to support long-term infrastructure sustainability. Collectively, the evidence described above demonstrates that SWS possesses greater financing flexibility and access to capital than Placid Lakes.

Conclusion

SWS demonstrated it possesses greater access to capital than Placid Lakes, as contemplated by Section 367.0811(9)(h), F.S. Unlike Placid Lakes, SWS benefits from diversified debt and equity financing mechanisms, a significantly larger asset base, and the financial support of a large utility holding company. Therefore, staff recommends the Commission find that SWS has provided sufficient evidence demonstrating that it possesses greater access to capital than Placid Lakes and satisfies the requirement of Section 367.0811(9)(h), F.S.

Issue 11: What is SWS's NBV compared to the proposed rate base value of Placid Lakes Utilities, Inc. under Section 367.0811(9)(g), F.S.?

Recommendation: SWS's net book value (NBV) as of December 31, 2024, is approximately $195,393,737. The proposed rate base value of Placid Lakes is $5,750,000, which represents approximately 2.9 percent of SWS's NBV. (Lenberg)

Position of the Parties

SWS: As of December 31, 2024, $195,393,737, compared to the proposed $5,750,000 value for Placid Lakes.

OPC: Placid Lakes' netbook [*sic*] value is approximately $816,405. Sunshine's proposed rate base value for the Placid lakes system is $5,750,000. An approximate $4.9 million increase in rate base substantially exceeds Placid Lakes' current netbook value.

Staff Analysis: Section 367.0811(9)(g), F.S., requires the Commission, in considering a rate base value petition, to consider the NBV of the acquiring utility relative to the proposed rate base value of the acquired utility.

SWS witness Twomey testified that its NBV as of December 31, 2024, is approximately $195,393,737. (TR 136) SWS's proposed rate base value for Placid Lakes is $5,750,000. (TR 137-138) The proposed rate base value therefore represents approximately 2.9 percent of SWS's NBV. (TR 149-150)

In its briefs, SWS and OPC relied on different comparisons. SWS argued that the proposed rate base value is only 2.9 percent of SWS's NBV and, therefore, the Placid Lakes system can be consolidated with minimal impact on SWS's existing customers while benefiting Placid Lakes' customers. (SWS BR 10) OPC does not dispute the relative NBV calculation of 2.9 percent, however, it asserted that the proposed $5,750,000 rate base value is approximately 674 percent of Placid Lakes' depreciated NBV and argued that customers would bear the resulting premium through rates.[15] (OPC BR 13-14)

Section 367.0811(9)(g), F.S., directs the Commission to compare the acquiring utility's NBV with the proposed rate base value of the acquired utility. Thus, the relevant comparison under this factor is SWS's $195,393,737 NBV to the proposed $5,750,000 rate base value, or approximately 2.9 percent. OPC's asserted 674 percent comparison relates the proposed rate base value to Placid Lakes' NBV and addresses the proposed premium, not the comparison specified by this statutory factor. Staff also notes that the relative size of the acquisition does not, by itself, demonstrate the rate impact on SWS's existing customers or the benefits to Placid Lakes' customers.

Based on the record, staff finds that SWS's proposed $5,750,000 rate base value for Placid Lakes represents approximately 2.9 percent of SWS's $195,393,737 NBV. Accordingly, staff

[15] Staff notes that the proposed rate base value of $5,750,000 is approximately 704.3 percent of Placid Lakes' year-end 2024 NBV.

recommends that the Commission find that SWS's NBV relative to the proposed rate base value of Placid Lakes is as stated above.

Conclusion

SWS's NBV as of December 31, 2024, is approximately $195,393,737. The proposed rate base value of Placid Lakes is $5,750,000, which represents approximately 2.9 percent of SWS's NBV.

Issue 12: What is the appropriate alternative rate base value if the proposed transaction is found to be in the public interest?

Recommendation: If the Commission finds the proposed acquisition of Placid Lakes by SWS to be in the public interest, the appropriate rate base value under Section 367.0811, F.S., is $5,750,000. (Lenberg, Higgins)

Position of the Parties

SWS: $5,750,000, not including estimated Organization costs.

OPC: The Commission may, in the public interest, grant the petition in whole or in part or with modifications, or may deny the petition under Section 367.0811(6)(b). Any Commission decision should establish a rate base supported by competent and substantial evidence.

Staff Analysis: Section 367.0811, F.S., provides an alternative procedure for establishing the rate base value of an acquired utility system. Under Section 367.0811(3)(b), F.S., the rate base value established by the Commission may not exceed the lesser of (1) the negotiated purchase price or (2) the average of the three appraisals conducted under subsection (4). Section 367.0811(6)(b), F.S., further authorizes the Commission, in the public interest, to grant the petition in whole or in part, with modifications, or to deny it. Thus, the lesser-of calculation establishes the maximum approvable value; the Commission must determine the appropriate value based on the competent and substantial evidence in the record.

SWS witness Twomey testified that the Utility requested an alternative rate base value of $5,750,000 for Placid Lakes. (TR 142-143) This amount is the negotiated purchase price as set forth in the Asset Purchase Agreement (APA). (TR 142-144; EXH 2, BSP C5-747-C5-781) The purchase price of $5,750,000 is less than the average of the three independent appraisals of fair market value, or $6,506,633. Thus, the purchase price is the lesser of the two values and shall be used as the proposed alternative rate base value pursuant to Section 367.0811, F.S., and Rule 25-30.0372, F.A.C. (TR 138-144)

SWS retained three licensed appraisers selected by the Commission from its approved list to value the Placid Lakes water and wastewater systems. Each appraiser considered the cost, market, and income approaches to value in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). (TR 85-86; TR 102; TR 109)

In developing the appraisals, each appraiser relied, in part, on the *Water and Wastewater Treatment Facilities Assessment Report* (Engineering Assessment) prepared by SWS witness Magro of Aclus Engineering, LLC (Aclus). (EXH 4) The Engineering Assessment was based on a May 27, 2025, site visit and reviews of available documentation, sampling results, reports, and regulatory permits. (TR 43-44) The Engineering Assessment evaluated the existing water and wastewater facilities, including installed equipment, system capacities, treatment processes, general facility condition, and regulatory compliance, and developed an opinion of probable replacement cost and a 3-year CIP. (TR 44) The assessment concluded that the observed water and wastewater facilities were fully operational and generally in good condition while exhibiting normal wear. The Engineering Assessment estimated the depreciated replacement cost of the

combined water and wastewater facilities at approximately $11.5 million. (TR 47) The assessment also identified approximately $2.13 million in capital improvements anticipated over the following three years to address known deficiencies, rehabilitation needs, and regulatory compliance improvements. (TR 47) The Engineering Assessment did not include a comprehensive physical condition assessment of the water distribution or wastewater collection systems and did not include flow, pressure, leakage, hydrant, or closed-circuit television testing. (TR 57-58) The significance of these limitations is addressed below.

The three generally recognized approaches used to value the system in this proceeding are the cost, market, and income approaches. (TR 70-71; TR 91-92; TR 108-109) Under the cost approach, value is estimated based on the current cost of replacing or reproducing a utility's assets, with appropriate consideration given to depreciation and other forms of obsolescence. The market approach develops an indication of value by reference to sales or other market transactions involving comparable utility systems, with adjustments made as appropriate for differences between the systems. The income approach estimates value based on the economic benefits expected to be generated by operating the utility, generally through the capitalization or discounting of anticipated future income or cash flows. Each appraiser weighted the valuations produced by each approach based on the relevance of each approach and the availability and reliability of supporting data.

Appraisals of Fair Market Value

Appraiser and SWS witness Festa, with Marshall & Stevens Incorporated, determined a fair market value of $7,365,900 as of June 30, 2025. (TR 94) Under the cost approach, witness Festa relied primarily on replacement-cost information developed by Aclus, independently tested that information for reasonableness, and adjusted depreciation for physical condition, functional obsolescence, and remaining useful life. He also used the Engineering Assessment to adjust the remaining lives of certain assets. The cost approach produced an indicated value of $10,841,200. (EXH 6, BSP C2-33-C2-36; EXH 6, BSP C2-45) Under the income approach, witness Festa discounted projected cash flows using an 11.5 percent weighted average cost of capital (WACC), producing an indicated value of $2,153,000. (EXH 6, BSP C2-36-C2-40) He considered publicly traded water utilities and comparable transactions under the market approach but assigned that approach no weight because the available information was insufficient to produce a reliable indication of value. (EXH 6, BSP C2-40-C2-44) Witness Festa assigned 60 percent weight to the cost approach and 40 percent to the income approach, resulting in his $7,365,900 conclusion.[16] (EXH 6, BSP C2-45)

Appraiser and SWS witness Wright, of NewGen Strategies and Solutions, LLC, determined a fair market value of $5,744,000 for the Placid Lakes system as of June 12, 2025. (EXH 7, BSP C6-815) Witness Wright considered the cost, sales comparison, i.e., market, and income approaches. Under the cost approach, witness Wright developed an original cost less accumulated depreciation (OCLD) valuation of $4,743,000 and a reproduction cost new less accumulated depreciation (RCNLD) valuation of $13,786,000, relying on replacement-cost information from the Engineering Assessment and applying depreciation to account for the age and physical deterioration of the assets. (EXH 7, BSP C6-808-C6-810) Under the sales

[16] Staff notes that the 60/40 weighting of the cost and income approaches calculate to $7,365,920.

comparison approach, witness Wright reviewed transactions involving other water and wastewater utilities and developed valuations of approximately $5,004,000 based on sales price to OCLD and $6,062,000 based on sales price per customer. (EXH 7, BSP C6-810-C6-811) However, witness Wright also did not rely on the market approach because of the limited availability of complete comparable transaction data and the difficulty of adjusting utility transactions for differences in location, system characteristics, growth prospects, and other factors affecting value. (EXH 7, BSP C6-814) Under the income approach, witness Wright performed a discounted cash flow analysis over a 10-year period, incorporating anticipated asset retirements and replacements identified in part through the Engineering Assessment, and discounted projected cash flows using a 9.5 percent weighted average cost of capital. (EXH 7, BSP C6-811-C6-813) The income approach produced an indicated value of $5,744,000. (EXH 7, BSP C6-813) After considering the relative strengths and weaknesses of the three approaches, witness Wright concluded that the income approach best represented fair market value because it reflected the prospective cash flows available to a hypothetical purchaser. He therefore concluded a final fair market value of $5,744,000 (EXH 7, BSP C6-814-C6-815)

Appraiser and SWS witness Ling, of Raftelis Financial Consultants, arrived at a fair market value of $6,000,000 to $7,000,000 for the Placid Lakes systems. (EXH 5, C3-310) Witness Ling considered all three valuation approaches, using the RCNLD method under the cost approach, a capitalization of cash flow method under the income approach, and the guideline public company method under the market approach. (EXH 5, C3-347-C3-363) Under the cost approach, witness Ling developed an indicated value of $6,540,000 after adjustments that included a $559,000 allowance for deficiencies and deferred maintenance identified in part through the Engineering Assessment, external depreciation, and an allowance for going-concern value. (EXH 5, C3-347-C3-353) The income approach capitalized approximately $315,000 of normalized annual cash flow at a 6.5 percent capitalization rate and produced an indicated value of $5,120,000, while the guideline public company method produced an indicated value of $7,470,000. (EXH 5, C3-353-C3-360) After applying applicable control and marketability adjustments, the respective valuations were approximately $5,890,000 under the cost approach, $4,610,000 under the income approach, and $8,730,000 under the market approach. Those three indications average $6,410,000. (EXH 5, C3-367) Witness Ling did not assign mathematical weights to the three approaches, concluding that no single method provided a more precise indication of value, and instead reconciled the results using professional judgment to arrive at its final fair market value of $6,000,000 to $7,000,000. (EXH 5, C3-367-C3-369)

Using witness Festa's $7,365,900 conclusion, witness Wright's $5,744,000 conclusion, and the $6,410,000 average of witness Ling's three adjusted value indications, the average of the three appraisal values is $6,506,633. (TR 144; EXH 5, C3-367; EXH 6, BSP C2-45; EXH 7, BSP C6-815) Because the $5,750,000 negotiated purchase price is less than this average, it establishes the statutory maximum that may be approved.

In addition to the $5,750,000 purchase price, witness DeStefano testified that SWS proposes to include approximately $392,669 in estimated fees, transaction and closing costs, and appraisal costs in rate base, consistent with Section 367.0811(3)(b), F.S., which specifically authorizes inclusion of reasonable transaction and closing costs incurred by the acquiring utility. (TR 29-30) The proposed journal entries to record the acquisition are attached as Exhibit DD-1, Document

No. 2. (EXH 3, BSP C1-19) Pursuant to Section 367.0811(3)(b), F.S., the proposed rate base value has not been adjusted to reflect contributions-in-aid-of-construction or used and useful determinations. (TR 143)

Witness DeStefano prepared a 5-year Rate Impact Analysis comparing the customer rate impact of the FMV rate base versus the traditional cost method. (EXH 3, BSP C1-17) Witness Twomey projected that Placid Lakes customer rates will decrease over the following 5-year period, or when Placid Lakes' rates are consolidated with SWS's in a future rate case. Average water bills are projected to decline from $31.72 per month to $28.42 per month and wastewater bills from $139.50 per month to $88.44 per month (at average usage levels) by 2029. (TR 148-149) SWS demonstrated that Placid Lakes customers would face higher rates on a stand-alone basis. (TR 148-149; EXH 3, BSP C1-14-C1-18)

In its post-hearing brief, SWS contended that the requested $5,750,000 rate base satisfies Section 367.0811, F.S., because it is the purchase price and is less than the $6,506,633 average of the three appraisals. (SWS BR 10-11) SWS further relied on the random selection and licensure of the appraisers, its testimony that the appraisals complied with USPAP, and the absence of any adjustment for CIAC or used and useful considerations. (SWS BR 10-11) OPC argued that limitations in the engineering assessment and assumptions used in the valuation approaches materially overstate the appraised values and asks the Commission to require a corrected engineering assessment and revised appraisals. (OPC BR 14)

Staff agrees with OPC that the Commission is not required to accept an appraisal merely because the appraiser was properly selected and licensed or because the appraisal states that it complies with USPAP. Section 367.0811(6)(b), F.S., permits the Commission to grant the petition in whole or in part, with modifications, or to deny it. Therefore, the testimony elicited through cross-examination and the admitted exhibits must be weighed along with the appraisers' opinions. However, OPC did not sponsor a competing appraisal, corrected engineering assessment, or quantified adjustment to any appraised value. The absence of a competing expert opinion is not dispositive, but it limits the record from which staff could determine that a particular criticism reduces the average appraisal below the purchase price.

Regarding the engineering assessment, witness Magro acknowledged that his was a cursory, rather than comprehensive, review and that he did not conduct flow, pressure, leakage, hydrant, or closed-circuit television testing. (TR 53; TR 57-59) The report also excluded an assessment of the physical condition of the distribution and collection systems. (EXH 4, BSP C4-480) These limitations are relevant when evaluating the resulting indications of value that rely on the assessment. Nevertheless, Section 367.0811(4), F.S., does not prescribe the particular field tests that must be performed. Further, witness Magro testified that the engineering assessment performed is consistent with engineering assessments commonly performed in acquisitions such as the Placid Lakes proposal. (TR 63) Witness Magro testified that he was able to observe and review everything he desired and was provided sufficient time to perform the scope he was asked to perform. (TR 64) The Hartman report is an appraisal that was performed on behalf of SWS independent of this FMV proceeding and is confidential. (EXH 13) Witness Magro testified that he used the prior Hartman report only for pipe length, age, and material information that was not otherwise available, and that the prior valuation did not influence his engineering conclusions.

(TR 54-56) Witness Twomey also testified that the prior confidential appraisal was not provided to the three testifying appraisers. (TR 182) Thus, the record does not establish OPC's asserted circularity or that a prior valuation predetermined the three appraisal conclusions.

OPC also challenged assumptions underlying the three appraisals. Regarding witness Festa, OPC cited the unexplained reference to a zero-percent state tax rate, the use of a team member to prepare the income analysis, and the sensitivity of that analysis to the selected 11.5 percent discount rate. (OPC BR 16) Witness Festa testified that a one-percentage-point discount rate increase would reduce the income-approach enterprise value by approximately $1.9 million, while a one-percentage-point discount rate decrease would increase it by approximately $2.4 million. The income indication, however, received 40 percent weight, and the record does not quantify the effect of correcting the challenged inputs on his final $7,365,900 conclusion. The omission of Commission depreciation rates does not, standing alone, invalidate the appraisal because it is not a cost-of-service depreciation study. (TR 97-102; EXH 6) Witness Ling explained that OPC's cited 1.1 percent historical consumption growth rate was not comparable to her 2 percent long-term growth assumption. She also clarified that the challenged discount-rate table was a general analytical framework and did not contain the inputs used to determine her 8.5 percent discount rate. (TR 79-86; EXH 5) Witness Wright explained that his 9.5 percent WACC and hypothetical capital structure reflected market-participant assumptions and that he did not rely on the sales-comparison approach because complete comparable-transaction data were unavailable. His $5,744,000 conclusion was the lowest of the three and was $6,000 below the purchase price. (TR 114-129; EXH 7) Accordingly, OPC's criticisms affect the weight afforded the appraisal evidence, but the record does not quantify an adjustment to any final appraisal conclusion.

Staff has also reviewed the numerical comparisons in OPC's brief. (OPC BR 19) The first comparison placed witness Wright's market-participant discounted cash flow inputs beside SWS's 5-year regulatory rate-impact inputs. (OPC BR 19) The two analyses serve different purposes and use different data and assumptions. The differences included WACC, O&M, depreciation, and tax amounts and do not indicate any errors or establish that either analysis is unreliable. Staff understands that both sets of data are projections and provided by two separate parties.

Staff could not replicate OPC's second comparison from the cited 2025 Placid Lakes Annual Report. (OPC BR 19; EXH 22) In its 2025 Annual Report, Placid Lakes lists $790,017 of operating expenses, $145,289 of depreciation expense, $48,098 of CIAC amortization, $104,480 of taxes other than income, and a 6.38 percent total weighted cost of capital. (EXH 22, BSP E1435) The $583,948 O&M amount cited by OPC instead appears in SWS's rate-impact analysis and cumulative present value of the revenue requirements, not the 2025 Annual Report. Consequently, staff does not recommend that OPC's numerical comparisons demonstrate a defect in the appraisals. (EXH 3, BSP C1-14; EXH 7, BSP C6-834; EXH 22, BSP E1435-E1439)

In sum, OPC identified limitations and sensitivities that warrant consideration in weighing the appraisal evidence. After considering those criticisms, staff believes SWS met its burden to support the requested alternative rate base value. Each appraisal was prepared by a licensed appraiser selected from the Commission's approved list, considered the generally recognized

valuation approaches, and was supported by testimony and admitted exhibits. The three appraisal values average $6,506,633, which exceeds the $5,750,000 negotiated purchase price. The purchase price therefore establishes the statutory ceiling. Although OPC's criticisms may affect the weight afforded portions of the appraisal evidence, the record does not provide a reliable basis to calculate a lower alternative rate base value. Accordingly, staff recommends that the Commission establish the alternative rate base value for Placid Lakes at $5,750,000.

Conclusion

Based on the above, staff recommends that if the Commission finds the proposed transaction to be in the public interest, the appropriate rate base value for Placid Lakes, established under Section 367.0811, F.S., is $5,750,000.

Issue 13: Is the proposed transaction by Sunshine Water Services Company under Section 367.0811(9), F.S., in the public interest?

Recommendation: Yes. SWS has presented evidence demonstrating that all of the criteria listed in Section 367.0811(9), F.S, have been addressed and found to advance the purpose of the statute with minimum impact on SWS's existing customers. (Brownless, M. Thompson)

Position of the Parties

SWS: Yes.

OPC: No. The proposed fair market value acquisition has not been shown to be in the public interest. The evidence does not establish that the transaction will provide sufficient, measurable benefits to customers to justify the increased rate base and resulting rate impacts.

Staff Analysis: Section 367.0811(6)(a), F.S., states that when considering a rate base value petition pursuant to this section, "the commission may, in the public interest, grant the petition, in whole or in part, or with modifications, or may deny the petition." Chapter 367 does not define public interest. However, the Florida Supreme Court has stated that the public interest standard "is a fact-dependent inquiry generally focused upon – but not limited to – the commission's historical and statutory role."[17] In this instance, the Commission's statutory role is to "promote consolidation efforts with water and wastewater utility systems in order to encourage economies of scale, better access to capital, improvement in utility infrastructure, and improvement in the quality of service overall," Section 367.0811(1), F.S.

In its evaluation of the public interest, Section 367.0811(9), F.S., lists eight items that must be considered to determine if the proposed transaction is in the public interest: quality of service; compliance with regulatory requirements; rate reductions or rate stability; cost efficiencies; arms-length transaction; economies of scale; acquiring utility's net book value and proposed rate base value of utility being acquired; and acquiring utility's greater access to capital. Each of these items has been reviewed by staff and is discussed in Issues 1, 2, 4, 7, 8, 9, 10, and 11.

Staff has recommended in its analyses that there should be improvements in the overall quality of service and regulatory compliance, a reduction in rates once consolidation with SWS is completed, cost efficiencies, economies of scale, and greater access to capital once Placid Lakes is purchased by the Utility. The Placid Lakes water and wastewater systems have been well-maintained but are 40-year-old systems that will require substantial upgrades in the near future as detailed by witness Magro. SWS has demonstrated that it has the financial means and technical expertise to operate Placid Lakes. The proposed transaction is an arms-length transaction since Placid Lakes and SWS are two independent, unrelated corporate entities with no shared ownership or affiliation. Finally, the proposed rate base value of $5,750,000 is less than the average of the three appraisals testified to by witnesses Festa, Wright and Ling. While OPC raised several criticisms of the data and techniques used by the appraisers, the record does not contain a corrected appraisal or quantified adjustments supporting a reduction in the $5,750,000 purchase price. In sum, SWS has presented persuasive evidence demonstrating that all of the

[17] *Sierra Club v. Brown,* 243 So. 3d 903, 911 (Fla. 2018).

items listed in Section 367.0811(9), F.S, have been addressed and found to advance the purpose of the statute with minimum impact on the utility's existing customers.

Conclusion

Based on the above, staff recommends that the proposed transaction by SWS be found to be in the public interest.

Issue 14: Should this docket be closed?

Recommendation: No. This docket should be closed upon the expiration of the time for filing an appeal. (M. Thompson, Brownless)

Position of the Parties

SWS: Yes.

OPC: No. This docket should be closed upon the expiration of the time for filing an appeal.

Staff Analysis: This docket should be closed upon the expiration of the time for filing an appeal.

Item 5

FILED 9/24/2026
DOCUMENT NO. 06978-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Nguyen, Hampson) *EJD*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20260139-EI – Petition to Implement 2027 subsequent year adjustment, by Tampa Electric Company.

AGENDA: 10/06/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/03/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 3, 2026, Tampa Electric Company (TECO) filed a petition to implement its 2027 Subsequent Year Adjustment (SYA). The Commission previously approved the 2027 SYA in its final order addressing TECO's request for base rate increase, Order No. PSC-2025-0038-FOF-EI (Rate Case Order).[1] Pages 150-169 of the Rate Case Order discuss the 2027 SYA, including the specific projects and their associated incremental operating and maintenance expense, depreciation expense, and investment tax credit amortization. Based on Commission-approved adjustments to each of the projects, the total 2027 SYA revenue requirement is $9,089,346, effective with the first billing cycle of January 2027.[2] In this petition, TECO's proposed tariffs to

[1] Order No. PSC-2025-0038-FOF-EI, issued February 3, 2025, in Docket Nos. 20240026-EI, 20230139-EI, and 20230090-EI, *In re: Petition for rate increase by Tampa Electric Company.*
[2] *Ibid.* on page 167.

implement the $9,089,346 SYA, using their most recent billing determinants as required by the Rate Case Order.[3]

In November 2025, the Commission approved TECO's petition to implement its 2026 SYA.[4] The total 2026 SYA revenue requirement approved was $87,727,795. The Commission further found that all relevant projects appeared on track to meet the time periods contemplated in the Rate Case Order.

This recommendation is to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

[3] See page 4 of the petition.
[4] Order No. PSC-2025-0438-TRF-EI, issued November 24, 2025, in Docket No. 20250112-EI, *In re: Petition for approval of 2026 subsequent year adjustment, by Tampa Electric Company.*

Discussion of Issues

Issue 1: Should Tampa Electric Company's proposed tariffs implementing the 2027 Subsequent Year Adjustment be suspended?

Recommendation: Yes. Staff recommends that the proposed tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Nguyen)

Staff Analysis: Staff recommends that the proposed tariffs be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariffs. (Not assigned yet)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

Item 6

FILED 9/24/2026
DOCUMENT NO. 06981-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward) JP
Division of Engineering (Brown) LVK
Office of the General Counsel (Marquez, Stiller) SPS

RE: Docket No. 20260094-GU – Petition of Coastal Connect Services, LLC for approval of natural gas pipeline transmission company tariff and firm transportation service agreement.

AGENDA: 10/06/26 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/08/26 (5-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

Natural gas is delivered to Florida through four Federal Energy Regulatory Commission (FERC) regulated interstate transmission pipelines: Florida Gas Transmission Company (FGT), Gulfstream Natural Gas System, Southern Natural Gas, and Gulf South Pipeline. The gas entering Florida is delivered to new or repowered electric generating facilities, large industrial customers, municipally operated systems, and investor-owned local distribution companies (LDCs). Pipeline laterals connect the transmission pipelines to the gas consumers.

The Natural Gas Transmission Pipeline Intrastate Regulatory Act (Act), codified at Sections 368.101–368.112, Florida Statutes (F.S.), was adopted by the Florida Legislature in 1992 in conjunction with the Natural Gas Transmission Pipeline Siting Act (Pipeline Siting Act), codified at Sections 403.9401–403.9425, F.S. At the time of enactment, these laws contemplated

the filing of a proposal for a major gas pipeline (Sunshine Pipeline Partners) that would serve LDCs and major electric power generators in Florida and would be regulated by the Florida Public Service Commission (Commission) rather than FERC. The U.S. Natural Gas Act enables an intrastate pipeline company to be exempt from FERC jurisdiction under what is known as "the Hinshaw Amendment." The Hinshaw Amendment, contained in Section 1(c) of the U.S. Natural Gas Act, codified at 15 U.S.C. § 717(c), exempts from FERC regulation intrastate pipelines that operate exclusively in one state and with rates and services regulated by the state. Payment of regulatory assessment fees to cover the cost of regulation and jurisdiction over pipeline safety is also provided for in Chapter 368, F.S.

On June 8, 2026, Coastal Connect Services, LLC (CCS), filed a petition for approval of a natural gas pipeline transmission tariff and a firm transportation service agreement. On September 3, 2026, CCS refiled its petition to ensure confidential information in the transportation service agreement was properly redacted. CCS is a limited liability company formed under Texas law and registered to do business in Florida in accordance with Section 607.1505, F.S. Consistent with the definition of "natural gas transmission company" in Section 368.103(4), F.S., CCS does not own or operate any facilities used primarily for the local distribution of natural gas or that are subject to the jurisdiction of FERC under the U.S. Natural Gas Act, 15 U.S.C. §§ 717 *et seq*. Additionally, CCS is not a municipality or any agency thereof or a special district created by special act to distribute natural gas.

In its petition, CCS stated that the reason it is requesting approval of a natural gas pipeline transmission tariff is to fill a specific need for the safe, timely, and efficient delivery of natural gas. Specifically, CCS seeks to provide firm transmission service to Space Exploration Technologies Company (SpaceX). CCS is a subsidiary of SpaceX. SpaceX operates facilities on Cape Canaveral in Brevard County where it launches a variety of materials and humans into space for multiple customers, including the U.S. Department of Defense. CCS stated in its petition that as SpaceX's operations continue to grow, it has a growing need for significant supplies of natural gas, which it liquifies for use as rocket fuel. In response to staff's First Data Request, CCS stated that SpaceX currently receives its natural gas shipments by truck, and that hundreds of truckloads of liquified natural gas are required per launch. A nearby pipeline operated by Florida City Gas (FCG) was initially identified by SpaceX as a potential option for service. In response to staff's First Data Request, however, CCS stated that this pipeline does not connect to the required delivery points for SpaceX, and is inadequate for the volumes, variability, reliability, and timing needed. Additionally, the terms, timing, and costs for FCG construction of improvements did not meet the needs and specifications required by SpaceX.

There are three earlier instances of the Commission approving intrastate pipeline tariffs for the following operators: Five Flags Pipeline Company,[1] Peninsula Pipeline Company, Inc. (Peninsula),[2] and SeaCoast Gas Transmission, LLC.[3] If CCS's petition is approved, CCS would

[1] Order No. PSC-97-0609-FOF-GP, issued May 28, 1997, in Docket No. 970361-GP, *In re: Five Flags Pipeline Company – Petition for approval of existing firm and interruptible system transportation rates*.
[2] Order No. PSC-07-1012-TRF-GP, issued December 21, 2007, in Docket No. 070570-GP, *In re: Petition for approval of natural gas transmission pipeline tariff by Peninsula Pipeline Company, Inc*.
[3] Order No. PSC-08-0747-TRF-GP, issued November 12, 2008, in Docket No. 080561-GP, *In re: Petition for approval of natural gas transmission pipeline tariff by SeaCoast Gas Transmission, LLC*.

own the anticipated pipeline facilities and serve as the transportation service provider. CCS's capacity is presently contemplated to be fully obligated. This means that CCS's first customer, SpaceX, would contract for all of the contemplated capacity on the new pipeline facilities. In accordance with Section 368.105(6), F.S., CCS is not required to provide other entities access to the facilities if all capacity is used. The proposed tariff is contained in Attachment A to this recommendation.

On July 2, 2026, FCG requested that the Commission Clerk add FCG to the docket as an interested person. In its letter, FCG alleged that it has a substantial interest in this docket. Specifically, FCG stated that it has a substantial interest in ensuring the Commission's actions in this docket do not: harm FCG, its ratepayers, and the competitive market for natural gas in Florida; lead to "cherry picking" of FCG's customers; lead to uneconomic duplication of FCG's facilities and other territorial disputes; impede FCG's ability to serve its customers; or foster potential risks that threaten the integrity and safety of FCG's distribution system in the area. On August 28, 2026, FCG filed a motion for leave to intervene. CCS filed a response in opposition on September 4, 2026. Then on September 14, 2026, FCG filed a motion for leave to file a reply. On September 18, 2026, CCS filed a response in opposition to FCG's motion for leave to file a reply.

By Order No. PSC-2026-0290-PCO-GU, the Commission suspended CCS's proposed tariff pending the Commission's decision on CCS's petition.[4] Staff issued four data requests for which responses were received on July 10, 2026, July 27, 2026, August 17, 2026, and September 22, 2026, respectively. The Commission has jurisdiction over this matter pursuant to Sections 368.104 and 368.105, F.S.

[4] Order No. PSC-2026-0290-PCO-GU, issued August 24, 2026, in Docket No. 20260094-GU, *In re: Petition of Coastal Connect Services, LLC for approval of natural gas pipeline transmission company tariff and firm transportation service agreement*.

Discussion of Issues

Issue 1: What action, if any, should the Commission take regarding Florida City Gas's Motion for Leave to Intervene?

Recommendation: None. The Motion for Leave to Intervene is premature because of this docket's current procedural posture. Only after the Commission votes and an order is rendered can a substantially affected person file a petition requesting an administrative hearing regarding that proposed agency action. And until and unless the proposed agency action order is protested, there is no pending administrative proceeding in which a substantially affected person may petition to intervene. However, at the Agenda Conference, the Commission may permit FCG an opportunity to be heard in its capacity as an interested person. (Marquez, Stiller)

Staff Analysis: FCG filed a Motion for Leave to Intervene on August 28, 2026. FCG asserts that it is a natural gas local distribution company (LDC) subject to the Commission's public utility jurisdiction under Chapter 366, F.S., providing gas to the Cape Canaveral area in the immediate vicinity of where CCS proposes to locate and operate its pipeline. FCG alleges that it anticipates further expansion in the Cape Canaveral area, including additional delivery points that could be used to serve SpaceX. FCG argues that if CCS's petition is granted, the investment FCG has already made in the Cape Canaveral spaceport area could be at risk of being stranded.

On September 4, 2026, CCS filed a Response in Opposition to FCG's Motion to Intervene. In it, CCS argues that FCG does not satisfy the two-prong standing test set forth in *Agrico Chemical Co. v. Department of Environmental Regulation*, 406 So. 2d 478, 481–82 (Fla. 2d DCA 1981). *Agrico* requires an intervenor to show that (1) they will suffer injury in fact that is of sufficient immediacy to entitle them to a Section 120.57, F.S., hearing; and (2) the substantial injury is of a type or nature that the proceeding is designed to protect.[5]

On September 14, 2026, FCG filed a Motion for Leave to File a Reply to CCS's Response in Opposition to FCG's Motion to Intervene. On September 18, 2026, CCS filed a Response in Opposition to FCG's Motion for Leave to File a Reply to CCS's Response in Opposition to the Motion for Leave to Intervene.

This docket involves a tariff and, accordingly, its procedural posture is akin to a proposed agency action docket. There is currently no decision which could determine a person's substantial interests within the meaning of Section 120.569(1), F.S. No hearing is scheduled. The Commission is engaged in free-form agency action in making a preliminary decision based on the information and documentation available. Only after the Commission votes and an order is rendered can a substantially affected person file a petition requesting an administrative hearing regarding that proposed agency action. And until and unless the proposed agency action order is protested, there is no pending administrative proceeding in which a substantially affected person

[5] The first aspect of the test deals with the degree of injury. *Agrico*, 406 So. 2d at 482. The second deals with the nature of the injury. *Id.* The "injury in fact" must be both real and immediate and not speculative or conjectural. *Int'l Jai-Alai Players Ass'n v. Fla. Pari-Mutuel Comm'n*, 561 So. 2d 1224, 1225–26 (Fla. 3d DCA 1990); *see also Vill. Park Mobile Home Ass'n, Inc. v. State Dep't of Bus. Regulation*, 506 So. 2d 426, 434 (Fla. 1st DCA 1987), *rev. den.*, 513 So. 2d 1063 (Fla. 1987) (noting speculation on the possible occurrence of injurious events is too remote).

may intervene.[6] The Commission's order will provide notice of the point of entry for persons whose substantial interests are affected to protest. If a timely and legally sufficient protest is received, then other substantially affected persons may file to intervene.

FCG's motion and CCS's response address the merits of whether FCG has standing to intervene and, ultimately, challenge proposed agency action by the Commission. However, because the Commission has not proposed agency action and there is no pending proceeding, staff believes that FCG's Motion for Leave to Intervene is premature and not ripe for review.

Conclusion

The Motion for Leave to Intervene is premature because of this docket's current procedural posture. However, at the Agenda Conference, the Commission may permit FCG an opportunity to be heard in its capacity as an interested person.

[6] The exception to this general rule involves the Office of Public Counsel (OPC). OPC is statutorily conferred with legal standing, pursuant to Section 350.0611(1), F.S., to appear "in any proceeding or action before the [C]ommission." In interpreting that statute, the Commission has found that the plain meaning of that phrase is broad and gives OPC the ability to intervene in proposed agency action matters. *See* Order No. PSC-15-0381-DS-PU, issued Sept. 14, 2015, in Docket No. 140107-PU, *In re: Petition for declaratory statement regarding discovery in dockets or proceedings affecting rates or cost of service processed with the Commission's proposed agency action procedure*, pp. 9–10.

Issue 2: Should the Commission approve Coastal Connect Services, LLC's natural gas pipeline transmission company tariff?

Recommendation: Yes, the proposed tariff should be approved pursuant to Chapter 368, F.S. Upon the issuance of the consummating order in this docket, CCS should begin to pay regulatory assessment fees, as required by Rule 25-7.101, Florida Administrative Code (F.A.C.). CCS should also file Annual Reports as required by Rule 25-7.100, F.A.C. Within 30 days after executing a transportation service agreement, CCS and the customer should file an affidavit with the Commission, as required by Section 368.105(3), F.S. Upon request by the Commission, CCS should make available its negotiated Transportation Service Agreements. (Ward)

Staff Analysis: CCS proposes to construct and maintain pipeline facilities that would provide firm transportation service of customer-owned gas from the FGT interstate transmission pipeline to customers. The proposed pipeline is a 32.4 mile, 16-inch steel natural gas transmission pipeline, to be located entirely within Brevard County.[7] CCS would not engage in the sale of gas, and title of the gas transported on CCS's pipelines would not at any point transfer to CCS. A customer who chooses CCS to transport its gas would be required by CCS to enter into a Transportation Service Agreement with CCS.

In response to staff's First Data Request, CCS stated that SpaceX contacted Chesapeake Utilities Corporation to explore different options for pipeline expansion by FCG or Peninsula. Additionally, in a confidential process, SpaceX contacted several different pipeline companies regarding the potential construction of an appropriate natural gas transportation pipeline. After exploring multiple options, based on the location, cost, timeliness, route, safety, operational, tax, and service issues, SpaceX made the business decision to utilize a newly created affiliate—CCS.

Currently, pipeline laterals can be constructed by the customer itself, an interstate pipeline, or an LDC. Customers would continue to be able to choose their pipeline provider. CCS would operate as an additional transmission pipeline provider. In addition to constructing and maintaining the pipeline facilities, CCS would be responsible for providing administrative services related to the transportation of gas from the interconnection with the transmission pipeline to the point(s) of delivery (interconnection between CCS and the customer).

Regulatory Authority

The Act provides the Commission with a different level of regulatory authority than it exercises over LDCs or investor-owned electric utilities under Chapter 366, F.S. Section 368.105(3), F.S., allows rates charged by a natural gas transmission company to be deemed just and reasonable without explicit Commission approval if the rates meet certain conditions, as listed below. Section 368.105(3), F.S., states:

> Rates charged or offered to be charged by any natural gas transmission company for transactions with other natural gas transmission companies, transportation customers, and industrial, power plant, and other similar large-volume contract

[7] "Natural gas transmission pipelines which are less than 100 miles in length or which do not cross a county line" are exempt from the Pipeline Siting Act's certification process, pursuant to Section 403.9405(2)(a), F.S. Therefore, a Section 403.9422, F.S., determination of need by the Commission is not required for CCS's proposed pipeline.

> customers, but excluding direct sales-for-resale to gas distribution utilities at city gates, unless suspended and modified pursuant to this subsection, are deemed to be just and reasonable and approved by the [C]ommission, if both the natural gas transmission company and the customer file an affidavit with the [C]ommission that:
>
> (a) Neither the natural gas transmission company nor the customer had an unfair advantage during the negotiations;
>
> (b) The rates are substantially the same as rates between the natural gas transmission company and two or more of those customers under the same or similar conditions of service; or
>
> (c) Competition does or did exist either with another natural gas transmission company, another supplier of natural gas, or with supplier of an alternative form of energy.

Section 368.105(3), F.S., thus contemplates that gas transportation service provided by an intrastate pipeline is based on negotiated agreements that reflect market conditions and the specific needs of the customer. The agreement negotiated between SpaceX and CCS is discussed below in Issue 3.

CCS would only provide transportation service and would not engage in the retail sale of natural gas. Title of the gas transported on CCS's facilities would belong to the customer. The customer would be responsible for purchasing its own gas supplies. Section 368.105(6), F.S., further requires that rates must not be unduly discriminatory, and they must be compensatory. The statute also requires the Commission to resolve any disputes between the natural gas transmission company and a person desiring transmission access.

In Order No. PSC-06-0023-DS-GP, the Commission discussed certain policy considerations whereby a transmission pipeline's projects should not lead to:

- less investment in the LDC's facilities or stranded costs;
- "cherry picking" of the LDC's large industrial customers;
- territorial disputes; or
- unfair competition with other transmission providers.[8]

Staff believes those policy considerations are persuasive here because they were primarily intended to ensure that a transmission pipeline, such as CCS, would not serve a customer within the existing service territory of an LDC, without first obtaining Commission approval, in order to protect the general body of LDC ratepayers. If an LDC loses a large customer to CCS, this could potentially shift costs to the LDC's remaining ratepayers. CCS's proposed tariff, as supplemented in response to staff's Fourth Data Request, addresses the concerns set out in Order

[8] Order No. PSC-06-0023-DS-GP, issued January 9, 2006, in Docket No. 050584-GP, *In re: Petition for declaratory statement by Peninsula Pipeline Company, Inc. concerning recognition as a natural gas transmission pipeline company under Section 368.101, F.S, et. seq.*, p. 4.

No. PSC-06-0023-DS-GP. Under its tariff, CCS can construct facilities to provide transportation service to industrial, electric generation, or other large-volume customers if: the customer is not currently being served with gas service by another entity; and, the location of the facilities to be served is greater than one mile from existing gas facilities operated by an investor-owned gas utility, a gas municipality, or gas district. "Existing gas facilities" is defined as a City Gate Station or gas main actively providing service or substantially under construction at the date of the execution of a Transportation Service Agreement with the customer. Staff believes that a one-mile buffer zone appears reasonably calculated to reduce the likelihood of territorial disputes. Additionally, by preventing CCS from serving current customers in the existing service territory of an LDC, without prior Commission approval, the likelihood of "cherry picking" customers or stranded costs is also reduced. Finally, natural gas transportation service companies are permitted to connect with other FERC-regulated interstate pipelines or Commission-regulated intrastate pipelines to provide transportation service to an LDC.

Proposed Tariff

CCS's proposed tariff would allow CCS to construct and own natural gas transmission pipelines and engage in the business of transporting gas in Florida. The proposed tariff generally follows the template of the other natural gas transmission companies in Florida. CCS's proposed tariff includes the rules and standard forms necessary to operate a natural gas transmission pipeline system. The tariff contemplates that CCS will operate consistent with the North American Energy Standards Board standards as it pertains to nominations, scheduling, operational order notices and requirements, Delivery Point measurement data and gas quality standards, among other items. A customer who chooses CCS to transport its gas is required to enter into a Transportation Service Agreement. Although the tariff does not include rates and charges, those will be negotiated individually with each customer pursuant to Section 368.105(3), F.S.

Conclusion

CCS's proposed tariffs are reasonable and meet the requirements of Chapter 368, F.S. Within 30 days after executing a Transportation Service Agreement, CCS and the customer should file an affidavit with the Commission as required by Section 368.105(3), F.S. Upon the issuance of the consummating order in this docket, CCS should pay regulatory assessment fees as required by Rule 25-7.101, F.A.C. The Rule currently states that the regulatory assessment fee for natural gas transmission companies shall be 0.25 percent annually of the company's gross operating revenue. CCS should also file annual reports as required by Rule 25-7.100, F.A.C. Upon request by the Commission, CCS should make available its negotiated Transportation Service Agreements. Staff envisions that obtaining copies of the agreements will only be necessary in the event of a customer complaint.

Issue 3: What action, if any, should the Commission take regarding Coastal Connect Services, LLC's proposed Firm Transportation Service Agreement?

Recommendation: None. Staff believes that because CCS and SpaceX filed affidavits that satisfy the requirements of Section 368.105(3), F.S., the rates contained in the Firm Transportation Service Agreement are deemed to be just and reasonable and approved by the Commission by operation of law. Therefore, staff recommends that no action by the Commission is needed at this time. (Marquez, Stiller, Ward)

Staff Analysis: Pursuant to Section 368.105(3), F.S., rates charged or offered to be charged by a natural gas transmission company for transactions with large-volume contract customers may be deemed just and reasonable without explicit Commission approval. Specifically, Section 368.105(3), F.S., provides that such rates "are deemed to be just and reasonable and approved by the [C]ommission, if both the natural gas transmission company and the customer file an affidavit" affirming that at least one of the conditions in Subsections (a)–(c) is met. Those conditions are that:

(a) Neither the natural gas transmission company nor the customer had an unfair advantage during the negotiations;

(b) The rates are substantially the same as rates between the natural gas transmission company and two or more of those customers under the same or similar conditions of service; or

(c) Competition does or did exist either with another natural gas transmission company, another supplier of natural gas, or with supplier of an alternative form of energy.

In this case, CCS submitted a proposed Firm Transportation Service Agreement with SpaceX for Commission approval. The definition of the word "rate" in Section 368.103(6), F.S., includes any terms and conditions, or contracts related to the transmission or sales service of a natural gas transmission company. Thus, the contractual terms contained in the Firm Transportation Service Agreement fall under the applicable definition of "rate." In response to staff's Third Data Request, CCS and SpaceX produced affidavits affirming that (1) neither CCS nor SpaceX had an unfair advantage during the negotiations, and (2) there is no other natural gas transmission company, supplier of natural gas, or supplier of an alternative form of energy presently able to serve the SpaceX facilities at Cape Canaveral.[9] Staff believes these attestations satisfy the criteria contained in Section 368.105(3)(a) and (c), F.S., respectively. Thus, the Firm Transportation Service Agreement is deemed to be just and reasonable by operation of law and no action by the Commission is needed at this time.

Conclusion

Staff believes that because CCS and SpaceX filed affidavits that satisfy the requirements of Section 368.105(3), F.S., the rates contained in the Firm Transportation Service Agreement are

[9] Document No. 05248-2026, filed on August 17, 2026.

deemed to be just and reasonable and approved by the Commission by operation of law. Therefore, staff recommends that no action by the Commission is needed at this time.

Issue 4: Should this docket be closed?

Recommendation: If a protest is filed within 21 days of the issuance of the order by a person whose substantial interests are affected, 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. (Marquez, Stiller)

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

Florida Public Service Commission NO. 0

COASTAL CONNECT SERVICES, LLC **Original Sheet No. 1**

RULES AND REGULATIONS GOVERNING THE TRANSPORTATION OF GAS

NATURAL GAS TRANSMISSION PIPELINE TARIFF

ORIGINAL VOLUME NO. 1

OF

COASTAL CONNECT SERVICES, LLC

FILED WITH

FLORIDA PUBLIC SERVICE COMMISSION

Communications concerning this Tariff should be addressed to:

COASTAL CONNECT SERVICES, LLC

2001 Ross Avenue, Suite 200
Dallas, Texas 75201

Attn: Michael Smith, Managing Member

Florida Public Service Commission NO. 0

COASTAL CONNECT SERVICES, LLC **Original Sheet No. 2**

RULES AND REGULATIONS GOVERNING THE TRANSPORTATION OF GAS

GAS TRANSPORTATION SERVICE

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Issued By: Coastal Connect Services, LLC **EFFECTIVE: June __, 2026**

GAS TRANSPORTATION SERVICE

1. DEFINITIONS

As used herein in conjunction with transportation service, the following terms shall have the meanings indicated below:

"Btu" shall mean the British thermal unit as defined by international standards.

"Business Day" shall mean any weekday, excluding federal banking holidays.

"Central Clock Time" (C.T.) shall mean Central Standard Time adjusted for Daylight Savings Time.

"Commission" means the Florida Public Service Commission, or any successor governmental authority.

"Customer" means any individual, governmental body or legal entity taking transportation service hereunder or an entity authorized to act on Customer's behalf.

"Day" shall mean a period of 24 consecutive hours, beginning at 9:00 a.m. Central Clock Time, as adjusted for Daylight Savings Time, and the date of the Day shall be that of its beginning.

"Dekatherm" or **"Dth"** means 1,000,000 Btus. Dekatherm shall be the standard unit for purposes of Nominations, scheduling, invoicing, and balancing.

"Delivery Point(s)" shall mean those location(s) set forth in the applicable Transportation Service Agreement between Transporter and Customer where Transporter delivers Gas to Customer.

"Delivery Volume" shall mean the volume of Gas nominated and confirmed at the Delivery Point(s) by or on behalf of Customer.

"Discretion" shall mean Transporter's discretion exercised in a lawful, reasonable, and non-discriminatory manner.

"Electronic Communication" shall mean the transmission of information via Transporter's internet website or other mutually agreed communication methodologies used to transmit and receive information.

"Firm" shall mean that each Dth Customer nominates under a Firm Transportation Service Agreement and Transporter confirms at the Receipt Point(s), within Customer's firm MDQ, will be delivered to Customer's Delivery Point(s) minus Transporter's Fuel without

interruption except under force majeure conditions, an Operational Flow Order, or an energy emergency declared by the State of Florida or the Commission.

"Force Majeure" shall have the meaning given to such term in Section 18.

"Fuel" shall mean the Quantity of Gas required by Transporter to transport Gas from a Receipt Point to a Delivery Point and lost-or-unaccounted-for Gas when transporting the tendered quantities. This percentage will be set forth in the Transportation Service Agreement.

"Gas" shall mean hydrocarbon natural gas in a gaseous state, including oil well gas produced with crude oil, gas from gas wells, and residue gas from processing either oil well gas or gas well gas, or both.

"Imbalance(s)" shall mean the daily difference between the Delivery Volume and the actual metered volumes allocated to Customer at the Delivery Point(s).

"Index Price" shall have the meaning given to such term in Section 13.

"Intraday Nomination" shall mean a nomination submitted after the nomination deadline whose effective time is no earlier than the beginning of the Gas Day and runs through the end of that Gas Day. An Intraday Nomination will span one Day only.

"MDQ" shall mean the maximum daily firm Gas quantity which Customer shall be entitled to nominate during any 24-hour period. Customers' MDQ shall be negotiated between Customer and Transporter and incorporated into the Transportation Service Agreement.

"Modifications" shall have the meaning given to such term in Section 15.

"Month" shall mean a calendar month beginning at 9:00 a.m. Central Clock Time on the first day of the calendar month and ending at 9:00 a.m. Central Clock Time the first day of the following calendar month.

"NAESB" shall mean the North American Energy Standards Board.

"NAESB Standards" means any and all such standards issued by NAESB and adopted by the Commission.

"Nomination" shall mean the confirmed Quantity of Gas which Customer shall arrange to have delivered to the Receipt Point(s) for redelivery by Transporter to the Delivery Point(s). The Nomination shall include sufficient Gas to account for Transporter's Fuel.

"Operational Flow Orders" shall have the meaning given to such term in Section 14.

"Overrun" shall mean that each Dth Customer nominates under a Firm Transportation Service Agreement and Transporter confirms at the Receipt Point(s), in excess of Customer's MDQ, will be delivered to Customer's Delivery Point(s) less Transporter's Fuel, if Transporter, using reasonable judgment, determines that capacity exists after all the Firm transport needs are accounted for to permit redelivery of tendered gas.

"Quantity of Gas" shall mean the number of units of Gas expressed in Dth unless otherwise specified.

"Quick Response" shall have the meaning given such term by NAESB.

"Receipt Point(s)" shall mean those location(s) set forth in the applicable Transportation Service Agreement between Transporter and Customer where Transporter receives Gas from Customer into Transporter's system.

"Regulatory Act" shall mean the Natural Gas Transmission Pipeline Intrastate Regulatory Act.

"Rules and Regulations" shall have the meaning given such term in Section 5.

"Transportation Service Agreement" shall mean the individual contract that each Customer shall sign and enter into with Transporter prior to commencement of service that identifies the Receipt Point(s) and Delivery Point(s), the MDQ, and establishes the cost for the transportation.

"Transporter" means Coastal Connect Services, LLC, its successors and assigns.

"Written Notice" shall mean a legible communication received by the intended recipient of the communication by United States mail or overnight courier. Written Notice may also be provided by email but shall not be effective until such time as the Email is acknowledged by the intended recipient.

2. APPLICABILITY

Transportation service pursuant to this schedule is available to all Customers who sign a Transportation Service Agreement with Transporter, demonstrate that they have the ability to tender Gas to the Receipt Point(s), and have made suitable arrangements for such tendered volumes to be delivered to Customer at the Delivery Point(s) called for in the Transportation Service Agreement. Notwithstanding the foregoing, Transporter is only obligated to provide service to Customers under this schedule if it has adequate capacity to provide such service and complies with Section 368.105 (3) of the Commission Regulatory Act.

3. TERM

Customers that elect to request transportation service will be required to execute a written Transportation Service Agreement prior to the commencement of any transportation service.

The term for such transportation service shall be as set forth in Customer's Transportation Service Agreement.

4. TYPES OF SERVICE AND CAPACITY

Transporter shall offer Firm service to all Customers who request such service, meet the tariff standards and execute a Transportation Service Agreement but only if Transporter using good industry practice believes it has sufficient pipeline capacity available, after accounting for the projected demand of the existing Firm service load, to serve such Customer.

Where Transporter has agreed to provide a Customer with Firm service, the Transportation Service Agreement will specify Transporter's pipeline capacity allocated to and reserved on behalf of Customer for redelivery of Customer's supply in terms of the MDQ that can be tendered to the Receipt Point(s) on a daily basis, and the maximum amount which can be transported to a particular Delivery Point. A Customer may have several Delivery Points, but the aggregate of the daily firm accessible Delivery Points must equal or exceed the Receipt Point(s) MDQ, adjusted for Fuel.

Transporter shall have no obligation to accept any Overrun Nomination in excess of Customer's MDQ. Any rights and obligations related to Overrun Nominations will be set forth in Customer's Transportation Service Agreement.

5. NOMINATION AND SCHEDULING

Nomination and scheduling under this tariff shall be done pursuant to, and in accordance with the provisions of this Section 5. For each Day on which Customer desires transportation service under this tariff, Customer shall submit to Transporter the Daily quantity of Gas, expressed in Dths, that it has available for transportation at each Receipt Point and the quantity of Gas Customer desires to have delivered at each Delivery Point. Customer's Receipt Point nominations, minus Fuel, must equal its Delivery Point nominations on each Day. Customer may submit either a written or an electronic nomination in the format set forth in the NAESB Standards. Once submitted, nominations, except for Intraday Nominations, will remain in effect for the specified period of time unless a prospective written or electronic nomination change is received from Customer. Each Customer nomination must include the information required by the NAESB Standards.

When a nomination for a date range is received, each Day within that range is considered an original nomination. When a subsequent nomination is received for one or more Days within that range, the previous nomination will be superseded by the subsequent nomination only to the extent of the Days specified. The Days of the previous nomination outside the range of the subsequent nomination are unaffected. Nominations have a prospective effect only.

The nomination cycles are as follows (all times are stated in Central Clock Time).

(A) **The Timely Nomination Cycle** – The standard nominations timeline on the Day prior to Gas flow is as follows:

- 1:00 p.m. Nominations leave control of the Customer;
- 4:30 p.m. Transporter receives completed confirmations from confirming parties;
- 5:00 p.m. Customer and point operator receive scheduled quantities from the Transporter.

Scheduled quantities resulting from timely Nominations are effective at the start of the next Gas Day.

(B) **The Evening Nomination Cycle** – The evening nominations timeline on the Day prior to Gas flow is as follows:

- 6:00 p.m. Nominations leave control of the Customer;
- 8:30 p.m. Transporter receives completed confirmations from confirming parties;
- 9:00 p.m. Transporter provides scheduled quantities to the affected Customer and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from Evening Nominations are effective at the start of the next Gas Day.

Intraday Nominations will be scheduled in one of three "Cycles" and will be processed according to the following timelines:

(C) **The Intraday 1 Nomination Cycle** – The intraday 1 nomination cycle on the current Gas Day is as follows:

- 10:00 a.m. Nominations leave control of the Customer;
- 12:30 p.m. Transporter receives completed confirmations from confirming parties;
- 1:00 p.m. Transporter provides scheduled quantities to the affected Customer and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from intraday 1 nominations are effective at 2:00 p.m. on the current Gas Day.

(D) **The Intraday 2 Nomination Cycle** – The intraday 2 nomination cycle on the current Gas Day is as follows:

- 2:30 p.m. Nominations leave control of the Customer;
- 5:00 p.m. Transporter receives completed confirmations from confirming parties;
- 5:30 p.m. Transporter provides scheduled quantities to the affected Customer and point operator, including bumped parties (notice to bumped parties).

Scheduled quantities resulting from intraday 2 Nominations should be effective at 6:00 p.m. on the current Gas Day.

(E) **The Intraday 3 Nomination Cycle** – The intraday 3 nomination cycle on the current Gas Day is as follows:

- 7:00 p.m. Nominations leave control of the Customer;
- 9:30 p.m. Transporter receives completed confirmations from confirming parties;
- 10:00 p.m. Transporter provides scheduled quantities to the affected Customer and point operator.

Scheduled quantities resulting from intraday 3 nominations shall be effective at 10:00 p.m. on the current Gas Day. Bumping is not allowed during the intraday 3 nomination cycle.

For purposes of Sections 5(A) – (E), above, the word "provides" shall mean, for transmittals pursuant to NAESB WGQ Standards 1.4.x, receipt at the designated site, and for purposes of other forms of transmittal, it shall mean send or post.

(F) Transporter will send a Quick Response to Customer for each Nomination received. Such Quick Response will serve only as notification of the receipt and validation of Nomination information in accordance with NAESB Standards, but will not indicate whether the Nomination will be confirmed or scheduled.

(G) Transporter will notify individual Customers of bumped quantities by electronic mail, in accordance with the Nomination deadlines.

6. GAS QUALITY

All Gas delivered under these Rules and Regulations Governing the Transportation of Gas ("**Rules and Regulations**") shall conform to the Gas quality specifications set forth herein unless otherwise expressly agreed to by the parties in a Transportation Service Agreement. Except and to the extent Transporter knowingly accepts Gas from Customer that does not conform to the Gas quality specifications set forth herein, Customer shall be liable for and shall defend, indemnify, and hold Transporter harmless from and against any and all claims, actions, suits, losses, demands, costs, and expenses (including attorneys' fees and costs of repairing, inspecting, cleaning, and decontaminating the facilities of Transporter or third parties) of every kind, nature, or description resulting from any Gas that Customer has delivered into Transporter's facilities that fails to meet the Gas quality specifications of these Rules and Regulations.

If the Gas received from Customer or Customer's supplier by Transporter for delivery shall fail at any time to conform to any of the quality specifications required by these Rules and Regulations or might otherwise interfere with or adversely affect the normal operation of the facilities of Transporter or Transporter's other customers, then upon notification by Transporter

to Customer, Transporter may, at its option, refuse to accept such Gas pending correction by Customer or Customer's supplier.

To ensure that the Gas delivered by Customer to Transporter conforms to the quality specifications set forth herein, Customer's Gas shall be analyzed at the Point(s) of Receipt from time-to-time as Transporter deems necessary. Such analysis will be performed by Transporter at its expense. If, however, such analysis by Transporter discloses quality deficiencies, the cost of subsequent re-testing to assure conformity with this Section shall be borne by Customer.

Except to the extent permitted by the Transporter on a not unduly discriminatory basis, all Gas received by Transporter from Customer shall conform to the following quality specifications:

A. **Heating Value**: The Gas shall have a heating value of not less than 970 Btus per standard cubic foot nor more than 1,100 Btus per standard cubic foot at 14.73 PSIA.

B. **Water Vapor**: The Gas shall not contain more than 7 pounds of water per million standard cubic feet.

C. **Oxygen**: The Gas shall not contain more than 0.2% by volume of oxygen.

D. **Carbon Dioxide and Nitrogen**: The Gas shall not contain more than 2% of carbon dioxide nor more than 3% by volume of a combined total of carbon dioxide and nitrogen.

E. **Hydrogen Sulfide**: The Gas shall not contain more than ¼ grain of hydrogen sulfide per 100 standard cubic feet

F. **Mercaptans**: The Gas shall not contain more than ¼ grain of mercaptans per 100 standard cubic feet.

G. **Total Sulfur**: The Gas shall not contain more than 5 grains of total sulfur per 100 standard cubic feet.

H. **Dust, Gums and Solid Matter**: The Gas shall be commercially free from dust, gums, gum-forming constituents, and other solid matter.

I. **Liquid Hydrocarbons**: The Gas shall be free of hydrocarbons in liquid form at the temperature and pressure at which the Gas is received.

J. **Liquid Water**: The Gas shall be free of water in liquid form at the temperature and pressure at which the Gas is received.

K. **Temperature**: The Gas shall not have a temperature of more than 100° Fahrenheit.

L. **Deleterious Substances:** The Gas shall be free of any substance which may be hazardous to health, injurious to facilities, from Transporter's receipt through and including all Delivery Point(s), or which might interfere with the merchantability of Gas or other transported hydrocarbons.

7. DELIVERY AND TRANSPORTATION

Customer shall arrange with its gas suppliers to have Gas tendered to the Receipt Point(s) for delivery to the Delivery Point(s) in a volume designed to match Customer's Nomination at the Delivery Point(s) plus Fuel for each Day in an amount not to exceed Customer's MDQ. Transporter shall then redeliver, on a firm basis, such quantities, less Transporter's Fuel, to Customer at the Delivery Point(s) as specified on Exhibit A of Customer's Transportation Service Agreement. Transportation service under the Transportation Service Agreement shall be governed by: 1) the Transportation Service Agreement; 2) these Rules and Regulations; 3) the Regulatory Act and 4) the rules and orders of the Commission.

Unless otherwise specified in the Transportation Service Agreement, Customer shall submit its Nomination to Transporter by no later than 1:00 pm Central Clock Time for Gas flow the following day. This Nomination should correspond to scheduled deliveries Customer makes on the upstream interconnects and any downstream interconnects. Should Customer desire to modify its Nomination either on the current Day or after the Nomination deadline for Gas flow the following day, Transporter shall make every attempt to accommodate Customer's request provided Transporter can confirm such quantities with the upstream pipeline at the Receipt Point(s) and downstream entity at the Delivery Point(s).

After Customer delivers Gas or causes Gas to be delivered to Transporter at the Receipt Point(s) specified in the Transportation Service Agreement, Transporter shall be deemed to be in control and possession of the Gas until thermally equivalent quantities (less Fuel) are redelivered to Customer or for the account of Customer at the Delivery Point(s). Customer shall have no responsibility with respect to any Gas deliverable by Transporter or on account of anything, which may be, done, happen, or arise with respect to such Gas until Transporter delivers such Gas to Customer or for the account of Customer. Transporter shall have no responsibility with respect to such Gas before Customer delivers or causes such Gas to be delivered to Transporter or after Transporter redelivers such Gas to Customer or for the account of Customer, or on account of anything which may be done, happen, or arise with respect to such Gas before such delivery or after such redelivery.

8. CURTAILMENT AND PRIORITY OF SERVICE

Receipts or deliveries hereunder on all or any portion of Transporter's system may be allocated, interrupted, discontinued or curtailed at any time due to capacity constraints or operational conditions, on all or any portion of Transporter's system pursuant to the following provision:

Unless a different priority of service is set forth in a Firm Customer's Transportation Service Agreement, a Firm Customer shall receive first priority on a pro rata basis based on their nominations up to such Customer's MDQ.

9. FUEL

Unless otherwise agreed to in the Transportation Service Agreement, Customer shall have the right to retain, pursuant to this schedule, 100% of the gas delivered to the Receipt Point(s), less the Fuel.

10. TRANSPORTATION RATE

The rates and charges for transportation service will be established pursuant to the Transportation Service Agreement between Transporter and Customer shall comply with Section 368.105 (3) of the Regulatory Act.

Transporter's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Customer in accordance with the Rules and Regulations of Transporter's tariff. The Transporter may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change provisions in the General Terms and Conditions of Transporter's Tariff, and Transporter shall have the right to place such changes in effect in accordance with the Regulatory Act.

11. GROSS RECEIPTS TAX

The Gross Receipt Tax means the gross receipt and excise taxes allocable to Transporter directly related to Transporter's performance under these Rules and Regulations that may be imposed on the delivery of Gas to Customer by the Federal Government, State or municipality or subdivision of such Government, should increase or decrease any present tax or levy any additional or eliminate any existing tax, relating to the service provided by Transporter. Transporter under the Transportation Service Agreement, Transporter will charge and collect Gross Receipts Tax as set forth in Customer's Transportation Service Agreement.

12. MISCELLANEOUS CHARGES

To the extent applicable, Transporter may charge Customer the following charges:

A. **Meter Test Charge:** If a meter is tested at the request of a Customer and said test result demonstrates the meter was operating within accepted tolerances, all incurred charges shall be assessed.

B. **Additional Charges**: The Customer and Transporter may also agree to additional charges as set forth in a Transportation Service Agreement.

13. IMBALANCES

Transporter shall maintain an imbalance account for Customer which reflects, for any given Month, the following information: total volumes received, total volumes delivered, and total volumes retained, previous imbalance positions and new imbalance positions, and any other information deemed necessary and appropriate by Transporter. Transporter may provide Customer with notice of imbalances on Transporter's Internet Website, by Electronic Communication, or in writing. Actual receipts and deliveries must balance daily with nominated receipts and deliveries, respectively, and nominated receipts, less any deductions for Fuel and any provision for imbalance corrections shall equal nominated deliveries. Transporter may apply volumes first received or delivered (as the case may be) if Transporter so elects, in its Discretion, to offset Customer's then-existing imbalance, but only upon notice to Customer.

Transporter may advise Customer of a specific action regarding imbalances to be taken if deemed necessary by Transporter in its Discretion. In the event Transporter requires Customer to take specific action, Transporter shall notify Customer thereof via Electronic Communication. Transporter may post notices of the required action on Transporter's internet website and shall make reasonable efforts to notify the employee(s) of Customer responsible for the then most recent nomination(s). If Transporter requires a specific action to be taken and Customer fails to take such action as requested in Transporter's notice, Transporter may assess and Customer shall pay Transporter, penalties as set forth in this Section.

The balancing of the total quantity of Gas scheduled for Customer(s), at the Delivery Point(s) and the total quantity of Gas measured at the Delivery Point(s) for Customer(s) shall be done on a monthly basis. Transporter and Customer(s) shall resolve all monthly imbalance quantities at the end of each Gas Month, as follows:

A. If the monthly imbalance quantity is positive (aggregated scheduled quantities of Customer's Gas is greater than aggregated measured quantities of Customer's Gas at the Delivery Point(s), the Transporter shall purchase from Customer such monthly imbalance quantity at a price per dekatherm (the "Index Price") calculated by taking: (i) the lowest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas under the "Midpoint" column for "Florida city-gates", as reported in Platts Gas Daily, for the Gas Month in which the positive monthly imbalance quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Customer shall be the product of the Index Price

and the positive monthly imbalance.

B. If the monthly imbalance quantity is negative (aggregated scheduled quantities of Customer's Gas is less than aggregated measured quantities of Customer's Gas at the Delivery Point(s), the Transporter shall sell to Customer such monthly imbalance quantity at a price per dekatherm (the "Index Price") calculated by taking the sum of (i) the highest weekly average (weeks where Friday is within the calendar month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida city-gates", as reported in Platts Gas Daily, for the Gas Month in which the negative monthly imbalance quantity was incurred, multiplied by the applicable factor set forth below:

Imbalance Level	Factor
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

The total amount due Transporter shall be the product of the Index Price and the negative monthly imbalance.

In the event Transporter, as a result of Customer's over-deliveries or under-deliveries, incurs costs, losses and/or penalties, Customer shall also be responsible for and shall reimburse Transporter for such costs, losses and/or penalties in addition to the penalties described above. In the event that conduct by Customer under these Rules and Regulations constitutes a violation of its obligations thereunder such that Customer would incur more than one penalty for the same act or failure to act, Transporter will charge, and Customer shall pay, in addition to any amounts due for transportation service, only the total penalty charges applicable to the conduct or action yielding the highest dollar amount. The imbalance requirements and penalties of this Section 13 of these Rules and Regulations shall be applicable unless otherwise agreed to in a Transportation Service Agreement between the Transporter and Customer.

14. TITLE TO GAS

Any Customer taking Gas transportation service pursuant to this Tariff warrants that it (or an entity acting on Customer's behalf) has title to the Gas delivered to Transporter free and clear of all claims, demands, obligations, liens and encumbrances, and covenants and agrees to indemnify and hold harmless Transporter from all suits, actions, debts, accounts, damages, costs, losses, liens, judgments, orders, attorney fees, expenses and liabilities arising from or attributable to the adverse claims of any and all other persons or parties to such Gas.

Customer and Transporter each assume full responsibility and liability for the maintenance and operation of its respective properties and shall indemnify and save harmless the other party from all liability and expense on account of any and all damage, claims or actions, including injury to and death of persons, arising from any act or accident in connection with the installation, presence, maintenance and operation of the property and equipment of the indemnifying party; provided however, that neither party agrees to indemnify the other party for the negligence of the other party, its agents, servants or employees.

15. OPERATIONAL FLOW ORDERS

In the event any of the following occur that affects the Transporter's facilities: 1) any upstream interstate pipeline supplying Transporter declares a Force Majeure event or an operational flow order, or 2) Transporter, in its Discretion, determines action is necessary to maintain or restore the operational integrity of Transporter's system, alleviate conditions that threaten safe operations, or maintain efficient and reliable service, Transporter may issue its own operational flow order ("Operational Flow Order"). The operational integrity of Transporter's system shall encompass the integrity of the physical system and the preservation of physical assets and their performance, the overall operating performance of the entire physical system as an entity (or any portion thereof), and the maintenance (on a reliable and operationally sound basis) of total system deliverability and the quality of Gas delivered.

During an Operational Flow Order, the Customer may only tender and receive those volumes which Transporter believes the Customer can actually both tender to the Receipt Point(s) and receive at the Delivery Point(s) on a Daily basis.

Operational Flow Orders shall require actions or measures that Transporter determines will neutralize or reduce threats to, or otherwise preserve, the integrity of all or a portion of Transporter's system and that may require immediate response as determined by Transporter in its Discretion. A Customer may be subject to a penalty for failure to comply with any Operational Flow Orders. Such penalties shall be calculated by multiplying the quantity of non-compliant Gas by 300% of the applicable Index Price.

In the event that, in Transporter's Discretion, actions undertaken pursuant to this Section are insufficient to remedy the situation or there is insufficient time to institute such actions, Transporter shall take such actions as are reasonably necessary to maintain system operations, deliverability, reliable services and pressurization to all or any segment(s) of its system. Transporter is authorized to use all of the resources of its system to such ends, including line pack and all supply received into Transporter's system.

Transporter shall provide Customer with notice of Operational Flow Orders via Electronic Communication. Transporter may post notices of Operational Flow Orders on Transporter's internet website and shall make reasonable efforts to notify the employee(s) of Customer responsible for the then most recent Nomination(s).

16. NOTICES

Any notice, request, demand, statement or payment provided for in this Tariff, unless otherwise specified, shall be sent to the parties hereto at the following addresses:

Transporter: Coastal Connect Services, LLC
2001 Ross Avenue, Suite 2100
Dallas, Texas 75201
Attention: Customer Services

17. BILLING AND PAYMENT

On or before the tenth (10th) day of each calendar Month, Transporter shall render to Customer a statement setting forth the total Quantity of Gas nominated by Customer and confirmed by Transporter pursuant to this Tariff during the immediately preceding Month, the billing rate and the amount due. Billing statements shall be deemed as rendered when such statements are transmitted to Customer by email or other mutually agreed electronic means, in which case the statement shall be deemed rendered on the date the electronic transmission is sent by Transporter.

If it shall be found that at any time or times Customer has been overcharged or under- charged in any form whatsoever and Customer has actually paid the bills containing such overcharge or undercharge, Transporter shall refund the amount of any such overcharge or Customer shall pay the amount of any such undercharge within thirty (30) days after final determination of such amounts. In the event an error is discovered in the amount billed in any statement rendered by Transporter, such error shall be adjusted within thirty (30) days from the date of discovery of such error provided however, that in no event shall any adjustment be made to any statement after twelve (12) Months from the date of such statement.

Customer shall make payment to Transporter for services purchased during the preceding Month and billed pursuant to the provisions of this Tariff on or before the twenty-fifth (25th) day of the month, unless otherwise agreed to the Transportation Service Agreement. Payment shall be made by wire transfer of Federal Funds at such bank account designated by Transporter, except when such day of the Month is a Saturday, Sunday or federal bank holiday, in which case payment is due on the following Business Day. All such payments shall be considered to have been made on the date when Transporter has use of such funds.

If Customer, in good faith, disputes the amount of any such invoice or any part thereof, Customer will pay such amount as it concedes to be correct: provided, however, if Customer disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

If Customer fails to remit the full amount when due, the amount not paid by the due date shall be increased by 1.5 percent (1.5%) of the amount not timely paid each Month.

The following paragraph shall apply if Customer's Transportation Service Agreement does not address Customer's credit support requirements:

Transporter reserves the right to review Customer's credit worthiness at any time. Upon request, but not more than twice in any twelve (12) Month period, Customer must provide current financial credit information. If Customer's current financial or credit status will not support the level of service contracted for, Transporter may request that Customer post the appropriate amount of collateral. Collateral may be in the form of a prepayment, cash deposit, letter of credit, creditworthy parent guarantee or other security acceptable to Transporter.

18. GENERAL TERMS AND CONDITIONS

A. Services provided hereunder are subject to all applicable Federal, State of Florida and local laws and to the orders, rules and regulations of any federal, State or local agencies having jurisdiction thereof.

B. Any charges relating to Imbalances shall not be construed as Transporter's exclusive remedy in the event that Customer fails to fulfill its balancing obligations. In addition, nothing herein shall preclude Transporter from waiving an imbalance rate or charge provided (i) Customer has undertaken reasonable efforts to eliminate the condition resulting in Imbalances, (ii) the frequency and magnitude of the condition resulting in Imbalances does not, in Transporter's judgment, indicate Customer is utilizing Imbalances to obtain an economic advantage related to the cost of Gas or transportation and related services and (iii) the condition resulting in Imbalances does not disadvantage other customers or Transporter.

If Transporter believes that Customer may be creating Imbalances on Transporter's system in order to obtain an economic advantage, it will notify Customer in writing of such belief and Customer will have the opportunity to respond. If, within the sixty (60) day period following such notice, Transporter concludes that Customer has engaged in such imbalance activity, Transporter may terminate Gas transportation service by giving Customer ten (10) days' notice prior to the end of the calendar Month.

C. Transporter has the right to inspect and/or test all measuring equipment at its discretion. Customer may request that a meter be tested no more than once every twelve (12) Months and Customer will have the right to witness any such test. If the meter test is within 2% or better of accurate measurement, then the cost of the test shall be paid by party requesting the test. If the meters are found to be inaccurate by more than 2%, the party owning the meter shall pay for the test. No

adjustment based upon meter inaccuracies shall be made for delivery charges or Gas Imbalances unless a meter tests inaccurate by more than 2%. Any such billing correction shall only be to the 2% error level for a period of time no longer than half the period from the date of the last meter testing or six months, whichever is less.

D. No waiver by Transporter or Customer of one or more defaults by the other of the provisions of service hereunder shall be construed as a waiver of any other or further default or defaults, whether of a like or a different character.

E. Except as otherwise set forth in Section 17(E) of these Rules and Regulations, neither Customer nor Transporter shall be liable to the other for failure to perform a material obligation to the extent such failure was caused by Force Majeure. ("Force Majeure") shall mean any cause beyond the control of the party affected, including but not restricted to, acts of God, flood, drought, earthquake, storm, fire, lightning, epidemic, pandemic, war, riot, civil disturbance or disobedience, labor dispute, labor strike, sabotage, acts of public enemy, acts of terrorism, explosions, orders, regulations, restrictions or delays imposed by governmental, military, or lawfully established civilian authorities, breakage, accidents to machinery or lines of pipe, freezing of or damage to receipt or delivery facilities, National Weather Service warnings or advisories, whether official or unofficial, that result in the evacuation of facilities, inability to obtain or unavoidable delay in obtaining material, equipment, Transporter's inability to receive, transport, or redeliver Gas tendered by Customer due to Force Majeure conditions on upstream or downstream pipelines or facilities, which, in any of the foregoing cases, by exercise of due diligence such party could not reasonably have been expected to avoid, and which, by the exercise of due diligence, it has been unable to overcome, but does not include any cause arising out of a party's act of negligence or intentional wrongdoing nor mere economic hardship of a Party: The parties shall make best efforts to avoid the adverse impacts of a Force Majeure and to resolve the event of occurrence once it has occurred in order to resume performance.

(i) Any such Force Majeure event affecting performance hereunder by either party shall not relieve such party of any liability in the event of such party's concurring negligence or in the event of its failure to use due diligence to remedy such situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such Force Majeure event affecting such performance relieve either party from meeting all payment obligations hereunder, including Customer's obligations with respect to Demand Charges.

(ii) The party whose performance is prevented by Force Majeure must provide notice to the other party. Initial notice may be given orally; however, Written Notice with reasonably full particulars of the event or occurrence and the steps that are being taken to resolve such Force Majeure event, if known, is required as soon as reasonably possible, but in no event later than 10 Days thereafter, with written updates being provided on at least a Monthly basis thereafter. Upon providing Written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation to make or accept delivery of Gas as applicable to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligation to the other during such occurrences or event. Transporter may restrict the flow or discontinue the transportation of Gas under this Agreement to maintain the operational integrity of the Transporter Facilities in the case of Force Majeure. Transporter is not responsible for any balancing penalties or the like during a Force Majeure event.

F. Transportation service provided pursuant to this schedule may be provided to industrial, electric generation, or other large volume customers if:

(i) the Customer is currently not being served with natural gas service by another entity; and,
b) the location of the facilities to be served is greater than one mile in distance from existing gas facilities operated by an investor-owned gas utility, a gas municipality, or gas district. "Existing gas facilities" is defined as a City Gate Station or gas main actively providing service or substantially under construction at the date of the execution of a Transportation Service Agreement with the Customer.

Item 7

FILED 9/24/2026
DOCUMENT NO. 06985-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hampson) *EJD*
Office of the General Counsel (Thompson) *JSC*

RE: Docket No. 20260133-GU – Petition for approval of GUARD true-up cost recovery factors, by Florida Public Utilities Company.

AGENDA: 10/06/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/31/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2026, Florida Public Utilities Company (FPUC) filed a petition for approval of its Gas Utility Access and Replacement Directive (GUARD) cost recovery factors for the period January through December 2027. By Order No. PSC-2023-0235-PAA-GU (2023 Order), the Commission approved FPUC's 10-year GUARD program, consisting of (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] The 2023 Order allows FPUC to recover the revenue requirements of expedited programs to replace problematic pipes and facilities and enhance the safety and accessibility of portions of FPUC's natural gas distribution system through a monthly surcharge on customers' bills.

[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.*

The Commission further ordered FPUC to: (1) include all calculations to show a final true-up, actual-estimated true-up, projected year investments and associated revenue requirements, and the calculations of the GUARD factors by rate class; (2) provide a report including the location, date, description, and associated costs of all replacement projects completed and all projects scheduled for the following year; and (3) include any remaining GRIP over- or under-recovery in the GUARD cost recovery. FPUC has complied with the 2023 Order directives stated above. The Commission approved FPUC's 2026 GUARD factors in Order No. PSC-2025-0450-TRF-GU.[2]

This is staff's recommendation to suspend the proposed tariffs for FPUC's 2027 GUARD factors. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

[2] Order No. PSC-2025-0450-TRF-GU, issued December 11, 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 suspend FPUC's proposed GUARD cost recovery factors and associated tariff for the period January to December 2027?

Recommendation: Yes. Staff recommends that FPUC's proposed GUARD cost recovery factors and associated tariff for the period January to December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications. (Hampson)

Staff Analysis: Staff recommends that FPUC's proposed GUARD cost recovery factors and associated tariff for the period January to December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of a good cause for doing so within 60 days. Staff believes that the reason stated above is good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's decision on the proposed tariffs. (Thompson)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

Item 8

FILED 9/24/2026
DOCUMENT NO. 06976-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Kelley) *EJD*
Office of General Counsel (Thompson) *JSC*

RE: Docket No. 20260134-GU – Petition for approval of safety, access, and facility enhancement program true-up and 2027 cost recovery factors, by Florida City Gas.

AGENDA: 10/06/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/31/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2026, Florida City Gas (FCG or Utility) filed a petition for approval of its safety, access, and facility enhancement (SAFE) program true-up and 2027 cost recovery factors. The SAFE program was originally approved by the Commission in Order No. PSC-15-0390-TRF-GU (2015 Order) to recover the cost of relocating on an expedited basis certain existing gas mains and associated facilities from rear lot easements to the street front.[1] In the 2015 Order, the Commission found that the relocation of mains and services to the street front provided for more direct access to the facilities and enhanced 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 a stipulation for the expansion of the SAFE program.[2] The parties agreed and the Commission found that the continuation of the SAFE program beyond its 2025 expiration date and the relocation of an additional approximately 150 miles of mains and services was reasonable.[3]

In addition, the Commission approved a stipulation for the replacement of approximately 160 miles of "orange pipe."[4] All parties to the rate case agreed that orange pipe is a specific plastic material that was used in the 1970s and 1980s that has been studied by the United States Department of Transportation Pipeline and Hazardous Materials Safety Administration and shown through industry research to exhibit premature failure in the form of cracking. The parties agreed and the Commission ordered that FCG should expedite the replacement of 160 miles of orange pipe through the SAFE program to address this safety risk in a timely manner.

In 2024, the Commission approved FCG's petition to modify its SAFE program to include replacing of span pipes, burying shallow and exposed pipeline, and replacing of obsolete pipe and related facilities.[5] The total estimated cost for the program modifications is $49.8 million over a ten year period.[6] The additional program modifications are included in this proceeding for recalculation of the SAFE surcharges. The current 2026 SAFE factors were approved by Order No. PSC-2025-0458-TRF-GU. [7]

This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over the matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes (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-2023-0177-FOF-GU, page 72, Section X, B.
[4] Order No. PSC-2023-0177-FOF-GU, page 72, Section X, C.
[5] 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.*
[6] Order No. PSC-2024-0438-PAA-GU, page 4.
[7] Order No. PSC-2025-0458-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 suspend FCG's proposed SAFE tariffs for the period of January through December 2027?

Recommendation: Yes. Staff recommends that FCG's proposed SAFE tariffs for the period January through December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Kelley)

Staff Analysis: Staff recommends that FCG's proposed SAFE tariffs for the period January through December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed tariffs. (Thompson)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

Item 9

FILED 9/24/2026
DOCUMENT NO. 06984-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward)
Office of the General Counsel (Farooqi)

RE: Docket No. 20260136-GU – Petition for approval of 2025 true-up, projected 2026 true-up; and 2027 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider; and request to extend rider from 1/28 through 12/31, by Peoples Gas System, Inc.

AGENDA: 10/06/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/31/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2026, Peoples Gas System, Inc. (Peoples) filed a petition for approval of the 2025 true-up, projected 2026 true-up, and the 2027 revenue requirement and surcharges associated with the cast iron/bare steel (CI/BSR) pipe replacement rider. Additionally, Peoples is requesting to extend the rider from January 1, 2028 to December 31, 2031. 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] As established by the 2012 Order, Peoples would roll replaced infrastructure into rate base

[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.*

during a rate case, and the CI/BSR surcharge would be "reset to zero."[2] The surcharge is set to terminate when all applicable CI/BSR pipes have been replaced and included in rate base. Since the 2012 Order was issued, investments have been rolled into rate base at the end of every rate case.

By Order No. PSC-17-0066-AS-GU, the Commission approved a comprehensive settlement agreement (2017 Agreement) between Peoples and the Office of Public Counsel.[3] The 2017 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 December 31, 2027. 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 2017 Agreement, PPP replacements are included in the calculation of the 2027 rider surcharges.

Peoples' last rate case was in 2025 and it settled with a stipulation and settlement agreement (2025 Agreement), which was approved by Order No. PSC-2025-0413-S-GU.[4] Pursuant to paragraph 3(a) of the 2025 Agreement, $6,733,295 of CI/BSR revenues were transferred into base rates. Additionally, pursuant to paragraph 5(b) of the 2025 Agreement, Peoples is prohibited from seeking recovery through the CI/BSR of PPP costs associated with the Tampa Downtown project or any other PPP costs included for recovery in the 2025 rate case filing.

As part of its petition in the instant docket, Peoples is requesting Commission approval of the final true-up amount for the calendar year of 2025 of $473,480 over-recovery (including interest). Additionally, Peoples is requesting an estimated end of period total true-up for 2026 of an over-recovery of $2,013,859, and projected capital expenditures for replacement during 2027 of $75,992,318. Peoples is requesting approval of revised CI/BS replacement rider surcharges that would go into effect January 1, 2027. Peoples' current surcharges were approved by Order No. PSC-2025-0451-TRF-GU.[5]

This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

[2] *Id.*, p. 3.
[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-2025-0413-S-GU, issued October 31, 2025, in Docket No. 20250029-GU, *In re: Petition for rate increase, by Peoples Gas System, Inc.*
[5] Order No. PSC-2025-0451-TRF-GU, issued December 12, 2025, in Docket No. 20250106-GU, *In re: 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.*

Discussion of Issues

Issue 1: Should the Commission suspend Peoples' proposed CI/BSR rates and associated tariff for the period January through December 2027?

Recommendation: Yes. Staff recommends that Peoples' proposed CI/BSR rates and associated tariff for the period January through December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal. (Ward)

Staff Analysis: Staff recommends that Peoples' proposed CI/BSR rates and associated tariff for the period January through December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change a reason or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirements of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed tariffs. (Farooqi)

Staff Analysis: This docket should remain open pending the Commission's decision on the proposed tariffs.

Item 10

FILED 9/24/2026
DOCUMENT NO. 06977-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Nguyen) *EJD*
Office of the General Counsel (Rauch, Crawford) *JSC*

RE: Docket No. 20260138-GU – Joint petition for approval of swing service rider for Florida City Gas and approval of rates for January 2027 through December 2027 for Florida Public Utilities Company and Florida City Gas, by Florida City Gas and Florida Public Utilities Company.

AGENDA: 10/06/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/31/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2026, Florida Public Utilities Company (FPUC) and Florida City Gas (FCG), collectively the Parties, filed a joint petition for approval of revised Swing Service Rider rates and associated tariffs for the period January 2027 through December 2027. The swing service rider is a cents per therm charge that is included in the monthly gas bill of transportation customers, who purchase gas from third party marketers, and therefore do not pay the Purchased Gas Adjustment (PGA) charge.

The Commission first approved FPUC's swing service rider tariff by Order No. PSC-16-0422-TRF-GU (2016 Order).[1] The 2016 Order requires FPUC to file an annual petition to recalculate the swing service rider rates based on FPUC's actual interstate capacity costs and the most recent 12-months' usage data. Furthermore, the 2016 Order requires FPUC to incorporate the calculated revenues from the swing service rider as a credit to the PGA proceeding for the concurrent year. The January through December 2026 swing service rider rates were approved in Order No. PSC-2025-0421-TRF-GU.[2]

FCG currently recovers similar transportation related costs through its transportation balancing charge. In the petition, the Parties state that since Chesapeake Utilities Corporation (Chesapeake) acquired FCG, Chesapeake has undertaken several initiatives to standardize and align tariff provisions across its Florida natural gas operations. This petition proposes that FCG implements the swing service rider in place of the transportation balancing charge. The Parties propose a three-year phase-in implementation of the swing service rider to mitigate rate impact for FCG transportation customers.[3]

This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes (F.S.).

[1] Order No. PSC-16-0422-TRF-GU, issued October 3, 2016, in Docket No. 160085-GU, *In re: Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*
[2] Order No. PSC-2025-0421-TRF-GU, issued November 17, 2025, in Docket No. 20250107-GU, *In re: Petition for approval of swing service rider rates for January through December 2026, by Florida Public Utilities Company.*
[3] Page 8 of Dan Noia's direct testimony.

Discussion of Issues

Issue 1: Should the Commission suspend FPUC and FCG's joint proposed Swing Service Rider rates and associated tariffs for the period January through December 2027?

Recommendation: Yes. Staff recommends that FPUC and FCG's joint proposed Swing Service Rider rates and associated tariffs for the period January through December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposals. (Nguyen)

Staff Analysis: Staff recommends that FPUC and FCG's joint proposed Swing Service Rider rates and associated tariffs for the period January through December 2027 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

Pursuant to Section 366.06(3), F.S., the Commission may withhold consent to the operation of all or any portion of a new rate schedule, delivering to the utility requesting such a change, a reason, or written statement of good cause for doing so within 60 days. Staff believes that the reason stated above is a good cause consistent with the requirement of Section 366.06(3), F.S.

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission decision on the proposed revised tariffs. (Rauch)

Staff Analysis: This docket should remain open pending the Commission decision on the proposed revised tariffs.

Item 11

FILED 9/24/2026
DOCUMENT NO. 06980-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Sibley, Bruce) CJP
Division of Accounting and Finance (Cohn, Higgins, Worrall) MC
Division of Engineering (Davis, Ellis, King, Ramos) LK
Office of the General Counsel (Sparks, Farooqi) SPS

RE: Docket No. 20250122-WS – Application for staff-assisted rate case in Highlands County, by Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities.

AGENDA: 10/06/26 – Regular Agenda – Proposed Agency Action – Except for Issues 13, 14, and 15 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: 03/03/27 (15-Month Effective Date (SARC))

SPECIAL INSTRUCTIONS: None

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Case Background

Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities (Buttonwood Bay or Utility) is a Class C utility providing service to approximately 955 water customers and 939 wastewater customers in Highlands County. The Utility is a wholly-owned subsidiary of Asset Investors Operating Partnership, LP.

On March 22, 2000, the Utility transferred its control and certificates to Buttonwood Bay Utilities, Inc.[1] In Order No. PSC-03-0759-PAA-WS, issued June 23, 2003, the Commission established the Utility's rate base as of January 1, 2002.[2] The Utility changed the name on its certificate to its current name, Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities, in that same docket.

On October 16, 2023, the Utility filed an application for a staff-assisted rate case (SARC) which was assigned Docket No. 20230117-WS.[3] This application was withdrawn on June 5, 2024.[4]

On October 3, 2025, the Utility filed the current application for a SARC.[5] Staff selected the test year ended December 31, 2024. According to the Utility's 2025 Annual Report, total gross revenues were $162,277 for water and $140,275 for wastewater and its operating expenses were $275,100 for water and $228,550 for wastewater.

The Commission has jurisdiction pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, Florida Statutes (F.S.).

[1] Order No. PSC-2000-0577-FOF-WS, issued on March 22, 2000, in Docket No. 19990915-WS, *In re: Application by Sun Life Trailer Resorts Limited Partnership for transfer of majority organizational control of Buttonwood Bay Utilities, Inc., holder of Certificates 431-W and 364-S in Highlands County, merger into Buttonwood Bay Water & Sewer Company, LLC, and name change on certificates to Buttonwood Bay Water & Sewer Company, LLC.*
[2] Order No. PSC-2003-0759-PAA-WS, issued on June 23, 2003, in Docket No. 20020892-WS, *In re: Application for transfer of facilities and Certificates Nos. 431-W and 364-S in Highlands County from Buttonwood Bay Water & Sewer Company, LLC to Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities.*
[3] Document No. 02690-2023, filed on October 16, 2023.
[4] Document No. 04603-2024, filed on June 5, 2024.
[5] Document No. 14198-2025, filed on October 3, 2025.

Discussion of Issues

Issue 1: Is the quality of service provided by Buttonwood Bay satisfactory?

Recommendation: No. While Buttonwood Bay's water product is in compliance with the rules and regulations of the Florida Department of Environmental Protection (DEP), staff recommends that the Utility's attempts to address customer satisfaction have not been adequate based on the recordkeeping, reporting, and communications of the Utility. Staff recommends the quality of service be considered unsatisfactory, return on equity be reduced by 50 basis points, and the Utility be required to file a plan outlining how it will improve its recordkeeping and customer communications within 30 days of the Order becoming final. (Davis)

Staff Analysis: Pursuant to Section 367.081(2)(a)(l), F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in water and wastewater rate cases, the Commission shall determine the overall quality of service provided by the Utility. This determination is made from an evaluation of the quality of the Utility's product (water) and the Utility's attempt to address customer satisfaction (water and wastewater). The rule further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the DEP and the county health department, and any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints received by the Commission are also reviewed. The operating condition of the water and wastewater systems is addressed in Issue 2.

Quality of the Utility's Product

In evaluation of Buttonwood Bay's water product quality, staff reviewed the Utility's compliance with the DEP's primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Staff reviewed the DEP's triennial Safe Drinking Water chemical analyses of samples taken on March 27, 2024, and the Utility was determined to be in-compliance with DEP standards except for the secondary standard of color, which exhibited a color level of 31 color units (CU). The Maximum Contaminant Level (MCL) for color is 15 CU. As a result, the DEP ordered the Utility to conduct additional quarterly testing and also initiated an investigation to determine the possible source(s) of discoloration. The investigation identified several potential sources, including the filters and a galvanized steel/cast iron pipe used for chlorine injection. The Utility recently replaced the filters in January 2024, but had been operating them for four years past their replacement schedule. Its next quarterly test, conducted on May 23, 2024, had a CU of 16, still exceeding the MCL, but improved from the prior test results. Subsequently, the Utility indicated that it adjusted operations and switched the filter types in an attempt to address the issue. The next testing on August 18, 2024, resulted in a CU sample of 5, which is below DEP's MCL. The subsequent tests in November 2024 and January 2025 also resulted in CU samples of 5.

Staff also reviewed the DEP's last Sanitary Survey Report dated December 30, 2024, in which there were no chemical or bacteriological exceedances noted for the previous 12 months, except the previously noted secondary standard for color. In the Utility's last Consumer Confidence Report dated June 24, 2024, no violations of contaminant levels were noted for the testing period.

The Utility's Attempt to Address Customer Satisfaction

Staff reviewed the complaints filed in the Commission's Consumer Activity Tracking System (CATS), received by the Utility, and filed with the DEP for the test year and four years prior. There were no complaints filed in CATS or with the Utility during this period. The DEP recorded six complaints during this analyzed time period, all of which pertained to water color and/or odor, with one in 2020 and five in 2024. The first complaint, dated September 9, 2020, reported black, rusty water. The DEP investigated the complaint but found no violation. The DEP reported receiving four complaints regarding color and odor in February, March, and June 2024, which coincides with the CU MCLs discussed above. An additional complaint was filed on September 11, 2024, regarding color and odor, following the compliant CU results discussed above. The DEP issued Compliance Assistance Letters, one dated May 20, 2024, for color, and another on September 18, 2024, for odor. In its response, the Utility states it resolved these issues with the filter media replacement for both the color and odor concerns. There appears to be no further DEP action regarding these complaints.

Staff held a Customer Meeting on July 16, 2026, where eleven customers provided comments. The comments included the frequency of boil water notices (BWNs), water line breaks, and service interruptions, missing or inadequate communication from the Utility regarding these events, the state of the water infrastructure, and concerns regarding the impact of the proposed rate increase. Customers also voiced concerns regarding the amount of unaccounted for water calculated in the Staff Report. In addition, as of September 1, 2026, 262 written comments were filed in the docket. For reference, the Utility serves approximately 955 water customers and 939 wastewater customers.

Table 1-1 shows a total of 668 comments (provided verbally at the customer meeting and written via the docket file) over six main categories. A single customer comment was counted in multiple categories if it addressed multiple issues. The majority of the comments expressed concern with the overall rate increase and quality of service. The quality of service comments identified issues with water discoloration, foul odor, and unpleasant taste. However, there were a number of comments expressing concerns regarding the frequency of outages and lack of communications to the customers from the Utility. The Other category captured all other concerns, such as low or no water pressure, required irrigation and pressure washing by the associated development, unmetered water use, and damaged property such as fixtures or appliances.

Table 1-1
Number of Comments Received, Organized by Category and Source

Comment Category	Verbal Comments	Written Comments	Total*
Quality of Service	8	206	214
Outages and/or BWNs	4	62	66
Improper Billing	7	21	28
Meter Concerns	4	6	10
Rate Increase Concerns	11	221	232
Other	8	110	118
Total	42	626	668

*A single customer comment could be counted multiple times if it is associated with multiple categories.

As discussed above, the quality of service category in Table 1-1 is primarily associated with water product quality, due to a combination of color, odor, or taste concerns. The Utility attempted to address the concerns regarding color and odor by adjusting its operations and changing the type of filters used. The Utility also proposed a pro forma project as part of the instant docket to again replace the filters (discussed further in Issue 4), but the project was delayed until 2027 and therefore not recommended by staff for cost recovery as part of this rate case. Regarding the wastewater system, customers also complained about odor associated with lift stations and the central sewer plant. As discussed in Issue 4, the Utility requested several pro forma projects associated with its wastewater facilities, some of which concern odor.

Staff further investigated the Utility's service interruptions due to the customers' concerns identified above. Pursuant to Rule 25-30.251, F.A.C., the Utility is required to maintain a record of all interruptions in service which affect 10 percent or more of its customers and to notify the Commission of the interruptions. The rule further states the Utility must provide the cause of the interruption, the date, time, duration, remedy, and steps taken to prevent reoccurrence. In response to staff's eighth data request, the Utility provided service interruption data for the period 2020 through 2025.[6] According to the Utility's data, complete system outages impacting all the customers happened once in 2021 and 2022, five times in 2023, twice in 2024, and once in 2025. Events classified as community-wide or system-wide, including planned system shutdowns and power or electrical failures at water treatment plants, would exceed the Rule's designated threshold. Localized line breaks affecting a single street or a restricted number of lots and residences do not meet the Rule's criteria and would not need to be reported. Overall, there were at least 15 instances between 2020 and 2025 that the Utility should have informed the Commission of, but did not do so. Subsequent to staff's data request, the Utility stated it has now established a protocol to comply with Rule 25-30.251(2), F.A.C.[7]

Staff also investigated the reported customer concerns regarding the Utility's communication with its customers. Customer comments suggested that customers were directed to the associated community's main office, rather than the Utility directly. The Utility indicated that it handles after-hours emergencies through a 24-hour on-call service operated by its contractor, U.S. Water. Standard business-hour inquiries are logged by the main office and systematically routed through the Utility's management and operational chain of command including the Office Administrator,

[6] See Document No. 05337-2026.
[7] See Document No. 05337-2026.

Water System Manager, Water Treatment Plant Operator, and Maintenance Staff. As noted above, the Utility stated it had received no complaints during the test year or four prior years. However, customers reported difficulties reaching the Utility to relay concerns, indicating a potential communication breakdown. Rule 25-30.130, F.A.C., requires the Utility to maintain records of all complaints for a minimum of five years. Pursuant to Rule 25-30.355, F.A.C., a complaint is defined as an objection made to a Utility by a customer. Staff recommends that the Utility record information required by Rule 25-30.130 F.A.C., for all customer complaints regardless of whether the complaints were received from the end-use customer directly or indirectly through the associated community or system operators.

As shown in Table 1-1, meter accuracy concerns were also raised by some customers. Rule 25-30.265, F.A.C., outlines the intervals that utilities must inspect and test their customer meters, with a maximum interval of 8 to 10 years between tests for commonly used residential meter sizes. In response to staff's data request asking for information regarding customer meter testing, the Utility responded only with meter testing information regarding its own Utility flow meters that are associated with the wells and effluent and used only for reporting to DEP and the water management district, not any customer meters used for billing referenced by the Rules in the data request. The Utility also stated it received no requests for customer meter testing during the period 2020 through 2025.[8] Staff recommends that the Utility begin conducting regular customer meter testing at the required intervals stated in Rule 25-30.265, F.A.C., and maintain records as required by Rule 25-30.267, F.A.C.

Managerial Concerns

In response to a staff data request addressing the customer comments made at the customer meeting and the 257 comments filed in the docket as of the July 16, 2026, the Utility stated that no customers appeared to offer comments at the customer meeting and the Utility was unaware of any customer comments filed in the docket, and therefore no action was required on behalf of the Utility. The Utility did note that it engaged in capital investments regarding its filters in 2024 to resolve DEP complaints, and stated it was committed to address customer concerns promptly.[9] However, staff notes that the Utility did include expenses associated with both attending the customer meeting, along with follow-up discussions, and reviewing customer complaints in its requested rate case expenses.[10] While representatives may have indeed attended the virtual customer meeting, the Utility's inaccurate recordkeeping of no customers comments at the meeting indicates there is room for improvement as there were customer comments, as discussed above, from both the customer meeting and docket file.

Overall, staff's review of the Utility's attempt to address customer satisfaction demonstrates that while the Utility did respond to formal DEP complaints regarding color and odor, there were DEP deficiencies related to poor recordkeeping and reporting by Utility management. For example, on December 30, 2024, the Utility received a Compliance Assistance Letter from the DEP based on its December 12, 2024 sanitary survey, which among other factors included deficiencies for failure to provide records for its flow meter calibration, to update the Utility's Lead and Copper sampling plan, and to maintain an emergency plan on site. While these and

[8] See Document No. 05337-2026.
[9] See Document No. 05337-2026.
[10] See Document No. 06036-2026.

other noted deficiencies were resolved by January 22, 2025, and the water treatment plant returned to compliance, it is indicative of the type of recordkeeping discrepancies seen above regarding service interruptions, complaints, and meter testing records. Additionally, in Issue 3, staff discusses the Utility's recordkeeping as it relates to Excessive Unaccounted for Water (EUW), as it appears the Utility is not keeping full record of water used for other purposes. Such actions can negatively impact the customer service provided by Buttonwood Bay. Therefore, staff recommends that Buttonwood Bay's quality of service be considered unsatisfactory, and the return on equity should be reduced by 50 basis points as a penalty until the Utility demonstrates its quality of service has improved in a future proceeding.

In addition, the Utility should be required to submit, within 30 days of the Commission's Order becoming final, a plan describing how it will accomplish the following to remedy some of the recordkeeping and communication issues addressed above:

1. Regarding service interruptions, the Utility must report service interruptions of more than ten percent of connections, both for the initial filing that an interruption has occurred and the supplemental filing with complete details after service has been restored, pursuant to Rule 25-30.251, F.A.C. As required by the Rule, the Utility must also record the required supplemental details for each, including the cause, remedy, and steps taken to prevent recurrence of service interruptions.

2. Regarding customer communications, the Utility must document and maintain records of all customer complaints whether received directly from the customer or indirectly through any other source, including the associated community, pursuant to Rule 25-30.130, F.A.C. In addition, when the Utility provides acknowledgement and responses to a complaint pursuant to Rule 25-30.355, F.A.C., it should do so to the original customer who provided the complaint, even if it was indirectly provided to the Utility by any other source.

3. Regarding meter testing, the Utility must begin conducting regular meter testing at the required intervals pursuant to Rule 25-30.265, F.A.C. Additionally, the Utility must perform meter tests upon customer request and keep and maintain records of all tests performed. As part of this requirement, staff recommends the Utility submit information within 30 days of the Commission's final order in this docket regarding the meter testing program, including the representative sample size and timing for each class of meter.

4. Regarding recordkeeping of the Utility's water uses, the Utility is responsible for maintaining its records with respect to water uses and also accurately reporting this information in its Annual Report pursuant to Rule 25-30.110, F.A.C. As discussed in Issue 3, the Utility was unable to accurately present the amounts of water used for flushing to be considered in the EUW calculation, when prompted by staff. Therefore, as part of this requirement, staff recommends that the Utility explain how it intends to improve its recordkeeping practices with respect to measuring water for flushing to ensure that such uses are accurately documented and reported in its annual reports and other filings.

Conclusion

While Buttonwood Bay's water product is in compliance with the rules and regulations of the DEP, staff recommends that the Utility's attempts to address customer satisfaction have not been adequate based on the recordkeeping, reporting, and communications of the Utility. Staff recommends the quality of service be considered unsatisfactory, return on equity be reduced by 50 basis points, and the Utility be required to file a plan outlining how it will improve its recordkeeping and customer communications within 30 days of the Order becoming final.

Issue 2: Are the infrastructure and operating conditions of Buttonwood Bay's water and wastewater system in compliance with DEP regulations?

Recommendation: Yes. Buttonwood Bay's water and wastewater systems are in compliance with DEP regulations, with the exception of the wastewater system's permit which is currently subject to a DEP Administrative Order until the plant achieves full compliance with the DEP's standards for effluent quality related to nitrogen and phosphorus by March 1, 2027. (Davis)

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

Water System Operating Conditions

Buttonwood Bay's water system has a permitted capacity of 542,000 gallons per day. The system consists of two 8-inch diameter wells, two 15,000-gallon hydropneumatic storage tanks, and one 107,000-gallon above-ground water storage tank. The pumping capacity of both Well No. 1 and No. 2 are 450 gallons per minute (gpm).[11] Groundwater is treated through hypochlorination prior to distribution. The DEP conducted an inspection of Buttonwood Bay's water treatment plant (WTP) on December 12, 2024. The resulting Sanitary Survey Report indicated seven issues classified as minor, including missing documentation for flow meter calibration and emergency response plans and leaks from one of the pumps and ground storage tank, all of which were corrected by February 24, 2025. Consequently, the WTP is in compliance with the DEP's rules and regulations.

Wastewater System Operating Conditions

The Buttonwood Bay wastewater treatment facility operates with an existing permitted capacity of 0.098 million gallons per day. Staff reviewed the Utility's last DEP Compliance Evaluation Inspection report, dated April 18, 2024. The DEP noted fifteen deficiencies, including permitting and documentation concerns, wastewater treatment plant (WWTP) operational issues, and effluent quality concerns. The DEP determined that all non-compliance items identified at the time of the inspection have been corrected and deemed the Utility to be in compliance as of July 24, 2024.

Regarding effluent quality, on October 3, 2024, the DEP attached Administrative Order AO-014348-018-SD to the facility's approved operating permit, citing a lack of compliance with the Lake Okeechobee Basin's Total Nitrogen and Total Phosphorus discharge standards. To resolve these deficiencies, the Utility has partnered with third-party engineering firm Kimley Horn to

[11] The most recent DEP Sanitary Survey Report lists the pumping capacity of the wells as unknown for Well No. 1 and 220 gpm for Well No. 2. The prior DEP Sanitary Survey, conducted on May 12, 2022, and the Utility's 2024 and 2025 Annual Reports list the pumping capacity of both wells as 450 gpm.

design and execute the necessary physical upgrades to the facility to meet the Total Nitrogen and Total Phosphorus discharge standards. While foundational steps like effluent sampling and securing a licensed engineer have been completed, critical engineering actions remain in progress. Ultimately, the Utility anticipates a total capital investment of approximately $250,000 to finalize the upgrades and achieve full regulatory compliance by the final March 1, 2027 operational deadline. As discussed in Issue 4, the Utility requested pro forma projects associated these upgrades, but staff is not recommending approval of these projects at this time as they are outside of the pro forma time period and minimal cost data was provided.

Conclusion

Buttonwood Bay's water and wastewater systems are in compliance with DEP regulations, with the exception of the wastewater system's permit which is currently subject to a DEP Administrative Order until the plant achieves full compliance with the DEP's standards for effluent quality related to nitrogen and phosphorus by March 1, 2027.

Issue 3: What are the used and useful (U&U) percentages of Buttonwood Bay's water treatment plant (WTP) and water storage, wastewater treatment plant (WWTP), water distribution, and wastewater collection systems?

Recommendation: Buttonwood Bay's WTP, water storage, water distribution system, WWTP, and wastewater collection system should all be considered 100 percent used and useful. An 18.03 percent adjustment should be made to reduce the operating expenses for chemicals and purchased power for EUW; and, consistent with Issue 1, the Utility should be required to file a plan, within 30 days of the Commission's Order becoming final, outlining how it will improve its recordkeeping as it relates to flushing and EUW. (Davis)

Staff Analysis: As stated in Issue 2, Buttonwood Bay's water system is served by two 8-inch diameter wells. The pumping capacity of both Well No. 1 and No. 2 is 450 gpm. The Utility is permitted by the DEP to treat 542,000 gallons per day. The water distribution system is composed of approximately 35,676 feet of 2-inch to 8-inch polyvinyl chloride pipe.

Excessive Unaccounted for Water

Rule 25-30.4325, F.A.C., provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as "unaccounted for water in excess of 10 percent of the amount produced." Unaccounted for water is all water that is not sold, metered, or accounted for in the records of the Utility.

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services such as line flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of the gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage.

A review of Buttonwood Bay's 2024 monthly operating reports on file with the DEP shows the Utility produced 74,350,000 gallons of water during the test year. In response to staff's data requests, the Utility indicated that it purchased no water from other utilities. While the Utility reported no Utility usage in its annual reports, in response to staff's data requests, the Utility identified Utility usage for backwashing of 1,837,000 gallons, and known water loss from line breaks estimated at 36,930 gallons during the test year.[12] However, the Utility reported various amounts of water for flushing, ranging from 57,960 gallons based on metering, 463,014 gallons based on quarterly hydrant and flushing logs, and 4,508,928 gallons based on estimated flushing durations.[13] Staff included the 463,014 gallon value for flushing because the Utility provided supporting documentation. An examination of the Utility's billing records indicated 51,174,962 gallons of treated water were sold to its customers. The calculation (74,350,000 + 0 – 51,174,962 – 1,837,000 – 36,930 – 463,014)/(74,350,000 + 0) results in 28.03 percent unaccounted for water. The Rule allows a 10 percent margin; therefore, there is 18.03 percent EUW.

Staff believes that the Utility's EUW may be attributable, at least in part, to deficiencies in the Utility's recordkeeping regarding water flushing. Accordingly, as stated in Issue 1, staff recommends that the Utility be required to file, within 30 days of the Commission's Order

[12] See Document Nos. 03066-2026 and 03206-2026.
[13] See Document Nos. 03066-2026, 03206-2026, and 05968-2026.

becoming final, a plan explaining how it intends to improve its recordkeeping practices with respect to flushing, including measures to ensure that such uses are accurately documented and reported in its annual reports and other filings.

Infiltration and Inflow

Rule 25-30.432, F.A.C., provides that in determining the amount of U&U plant, the Commission will consider I&I. Excessive I&I is a calculation that is based on a comparison of the allowable wastewater treated to the actual amount of wastewater treated. Allowable treated wastewater was calculated as 50,155,719 gallons, and the actual amount of the wastewater treated was 14,253,000 gallons. The actual amount does not exceed the allowable amount, therefore there is no excessive I&I and no adjustment to operating expenses is necessary.

Used and Useful Percentages

Rules 25-30.432 and 25-30.4325, F.A.C., address the method by which the U&U percentage of water and wastewater systems are determined. The Commission has not previously established the used and useful percentages for the Utility. Rule 25-30.4325(4), F.A.C., states that a water treatment system is considered 100 percent U&U if the service territory the system is designed to serve is built out and there is no apparent potential for expansion of the service territory. Based on staff's investigation, the Utility's service area appears to be built out, therefore the WTP, water storage, water distribution system should be considered 100 percent U&U.

Similarly, Rule 25-30.432, F.A.C., for wastewater systems allows the Commission to consider other factors, including the extent to which the area served is built out. As noted above, the Utility's service area appears to be built out, therefore the WWTP and wastewater collection system should be considered 100 percent U&U.

Conclusion

Buttonwood Bay's WTP, water storage, water distribution system, WWTP, and wastewater collection system should all be considered 100 percent used and useful. An 18.03 percent adjustment should be made to reduce the operating expenses for chemicals and purchased power for EUW; and, consistent with Issue 1, the Utility should be required to file a plan, within 30 days of the Commission's Order becoming final, outlining how it will improve its recordkeeping as it relates to flushing and EUW.

Issue 4: What is the appropriate average test year rate base for Buttonwood Bay?

Recommendation: The appropriate average test year rate base for Buttonwood Bay is $737,375 for water and $541,094 for wastewater. (Worrall, Davis)

Staff Analysis: The appropriate components of the Utility's rate base include Utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions-in-aid of construction (CIAC), accumulated amortization of CIAC, capital recovery, accumulated amortization of capital recovery, and working capital. Staff selected the test year ended December 31, 2024, for this rate case. A summary of each component and the recommended adjustments are discussed below.

Pro Forma Plant Additions

When evaluating a utility's request for pro forma plant additions, staff requests the Utility provide, among other things the: (1) need; (2) reasonableness; (3) cost; (4) in-service date(s); and (5) alternatives, as each item relates to each project. Additionally, it is Commission practice for staff to evaluate whether a minimum of three bids were solicited for each project or the Utility's reasoning as to why three could not be obtained. During the course of the rate case, the Utility proposed a total of 13 pro forma projects.

Pro Forma Projects Recommended for Approval

Based on a review of the information provided by the Utility for each project, staff recommends approval of the five pro forma projects listed in Table 4-1. Each recommended projected is described in more detail below. The Utility classified all five as emergencies, and therefore, did not seek three bids in each instance.

Table 4-1
Staff Recommended Pro Forma Projects

#	Project Name	In-Service Date	Account Number	Installed Cost	Retirement
1	Diffuser in Stillwell	10/07/2025	380	$1,983	$1,487
2	New Triplex Skimmer	09/29/2025	380	11,643	8,732
3	New Surface Aerator Motor	09/26/2025	380	9,371	7,028
4	New Surge Tank Air Line and Diffuser	01/30/2026	380	18,606	13,955
5	Surge Tank Electrical Control Panel	12/24/2025	380	6,280	4,710
	Total			$141,611	$106,209

Source: Utility's responses to staff's data requests.[14]

Project 1: Install Diffuser in Stillwell

Project 1 is the replacement of a diffuser in the bottom of the stillwell in the wastewater plant. The new diffuser was installed on the waterline to accelerate waste breakdown and control odor. In response to staff's data requests, the Utility labeled this project an emergency because its failure would impede operation of the WWTP. However, even with this classification, two bids

[14] See Document Nos. 03066-2026 and 03209-2026.

were provided, one dated July 2024 and the other undated. Of the two bids provided, the Utility selected the lowest bid. Staff agrees that without the diffuser, the Utility's ability to control odor and operate the WWTP efficiently would be impacted, and emergency replacement was prudent. An invoice dated October 31, 2025, was provided for $1,983 for work completed on October 7, 2025.[15] Based on this review, staff recommends approval of the pro forma project.

Project 2: Install New Triplex Skimmer

Project 2 is the replacement of a skimmer to assist with removing debris from the WWTP that will not settle. The Utility reported it was necessary as the existing equipment was approaching failure due to mechanical wear and corrosion. In response to staff's data requests, the Utility labeled this project an emergency because its failure would impede operation of the WWTP. However, even with this classification, two bids were provided, one dated July 2024 and the other undated. Of the two bids provided, the Utility selected the lowest bid. Staff agrees that without a skimmer, the WWTP would experience a buildup of floating material that would impact its efficiency, and emergency replacement was prudent. An invoice was provided for $11,643 for work completed on September 29, 2025.[16] Based on this review, staff recommends approval of the pro forma project.

Project 3: Install New Surface Aerator Motor

Project 3 is the replacement of the surface aerator motor. The Utility reported it was necessary as the existing surface aerator motor failed. In response to staff's data requests, the Utility labeled this project an emergency, as the component is necessary for proper operation of the WWTP, and provided a single estimate, dated July 29, 2025. Staff agrees that without surface aeration, the WWTP would not function properly, and emergency replacement was prudent. An invoice was provided for $9,371 for work completed on September 26, 2025.[17] Based on this review, staff recommends approval of the pro forma project.

Project 4: Install New Surge Tank Air Line and Diffuser

Project 4 is the replacement of a surge tank air line and diffuser. The Utility reported it was necessary as the existing diffuser was not operating properly and experiencing fouling and clogging. In response to staff's data requests, the Utility labeled this project an emergency, as it is necessary for proper operation of the WWTP. Staff agrees that without aeration from the air line, the WWTP would not function properly, and emergency replacement was prudent. An invoice was provided for $18,606 for work completed on January 30, 2026.[18] Based on this review, staff recommends approval of the pro forma project.

Project 5: Install New Surge Tank Electrical Control Panel

Project 5 is replacing the electrical control panel for the surge tank. The replacement was driven by environmental degradation, mechanical failure, and regulatory obsolescence. In response to staff's data requests, the Utility labeled this project an emergency, as it was necessary to operate the associated equipment. Staff agrees that without a control panel, the associated equipment would not function as needed for proper operation of the WWTP, and emergency replacement

[15] See Document No. 03066-2026.
[16] See Document No. 03066-2026.
[17] See Document No. 03066-2026.
[18] See Document No. 03066-2026.

was prudent. An invoice for $6,280 was provided for work completed on December 24, 2025.[19] Based on this review, staff recommends approval of the pro forma project.

Excluded Pro Forma Projects

Of the 13 pro forma projects proposed by the Utility, staff recommends rejecting the remaining eight projects due to withdrawal, untimeliness, or lack of supporting cost data. The Utility voluntarily withdrew one project, WTP electrical upgrades estimated at $80,000, as it was no longer necessary. Staff did not consider three additional projects as they were outside of the 24 month period following the end of the test year, no longer period was requested under 367.081(2)(a)2., F.S., and minimal cost data was provided. These projects were: (1) a new generator for the WTP estimated at $180,000 to $300,000; (2) new filter media for the WTP estimated at $80,000 to $90,000; and, (3) environmental upgrades for the WWTP estimated at $250,000. The remaining four projects are discussed in more detail below. While staff recognizes there may be a need for the following four projects, the Utility failed to provide the appropriate supporting information when prompted and, therefore, staff does not believe it is appropriate to include them in rate base at this time.

High Service Pump (WTP)

In the Utility's response to staff's first data request, filed on January 9, 2026, the Utility requested cost recovery estimated at $12,000 for replacing the existing high service pump at the WTP because the current high service pump is failing.[20] In a subsequent data response, dated July 17, 2026, the Utility provided a revised estimate of $13,000, a statement they were still gathering bids, and an estimated in-service date of October 1, 2026.[21] While staff agrees that there is a need to timely replace failing equipment, the Utility did not provide adequate information regarding the project to demonstrate it could meet the given in-service date, nor any documentation supporting the costs to be included in rate base. Therefore, staff does not recommend approving this project at this time.

New Control Room (WTP)

Requested as part of the Utility's application filed October 3, 2025, this project involves replacing the old control room containing the high service pumps which the Utility indicated was necessary due to leaks, wood rot, and collapsing floors, with an estimated cost of $62,319.[22] In a subsequent data request response dated July 17, 2026, the Utility provided a revised estimated cost of $61,407, and stated they sought bids from four vendors but only received one bid, which was ultimately selected, with an estimated in-service date of November 20, 2025.[23] While staff agrees that there is a need for the project based upon the described conditions of the original facility, the Utility did not provide any supporting documentation for the costs to be included in rate base, such as an invoice. Therefore, staff does not recommend approving this project at this time.

[19] See Document No. 03066-2026.
[20] See Document No. 00125-2026.
[21] See Document No. 04396-2026.
[22] See Document Nos. 14198-2025 and 04396-2026.
[23] See Document No. 04396-2026.

Install New Blower (WWTP)

Requested as part of the Utility's application filed October 3, 2025, this project involves replacement of the blower at the wastewater treatment plant due to the failure of the original blower, and was estimated to cost $9,251.[24] The Utility provided multiple in-service dates for the project, including both August 29, 2025, and October 9, 2025.[25] The Utility classified it as an emergency, and states it only sought a single bidder, and provided an estimate to staff, dated August 8, 2025.[26] While staff agrees that there is a need to timely replace failing equipment, the Utility did not provide adequate information regarding the project to demonstrate the in-service date, nor any documentation supporting the costs to be included in rate base, such as an invoice. Therefore, staff does not recommend approving this project at this time.

Install RAS WAS Splitter Box (WWTP)

Requested as part of the Utility's application filed October 3, 2025, this project involves replacement of the splitter box at the wastewater treatment plant due to the failure of the existing splitter box, estimated at $10,070.[27] The Utility provided multiple in-service dates for the project, including both October 9, 2025, and November 10, 2025.[28] While the Utility classified it as an emergency, it stated that it sought two bids and selected the lowest one, and provided only one bid to staff, dated July 23, 2025.[29] While staff agrees that there is a need to timely replace failing equipment, the Utility did not provide adequate information regarding the project to demonstrate the in-service date, nor any documentation supporting the costs to be included in rate base, such as an invoice. Therefore, staff does not recommend approving this project at this time.

Utility Plant in Service

The Utility recorded UPIS of $2,264,116 for water and $1,804,226 for wastewater. The Utility could not provide a ledger or invoices from December 31, 2002, to December 31, 2016. Staff determined Buttonwood Bay's UPIS by using the Utility's last Commission order and by reviewing available invoices and annual reports.[30] Several discrepancies were noted, thus audit staff decreased UPIS for water by $290,048 and wastewater by $90,331 to adjust for improper classification of additions.

The Utility only made six retirements from December 31, 2003, to December 31, 2024. Staff decreased UPIS by $107,071 for water and $86,126 for wastewater to reflect the appropriate retirement of assets. In addition, staff increased UPIS for water by $7,119 and wastewater by $199 to reflect averaging adjustments. Lastly, staff increased wastewater UPIS by $47,883 to reflect pro forma additions, but further decreased this amount by $35,912 to reflect pro forma retirements.

[24] See Document No. 14198-2026.
[25] See Document Nos. 00125-2026 and 03066-2026.
[26] See Document No. 03209-2062.
[27] See Document No. 14198-2025.
[28] See Document Nos. 00125-2026 and 03066-2026.
[29] See Document No. 03209-2026.
[30] Order No. PSC-03-0759-PAA-WS, issued June 23, 2003, in Docket No. 20020892, *In re: Application for transfer of facilities and Certificates Nos. 431-W and 364-S in Highlands County from Buttonwood Bay Water & Sewer Company, LLC to Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities.*

Staff's adjustments to UPIS result in a net decrease of $390,000 for water and a net decrease of $164,288 for wastewater. Therefore, staff recommends a water UPIS balance of $1,874,116 and a wastewater UPIS balance of $1,639,938.

Capped Retirement

In general, it is Commission practice to use the 75 percent of plant addition methodology to estimate the retirement amount of assets being replaced when the original cost is unknown. In this case, the Utility did not record retirements for certain accounts in prior years. As a result, application of the 75 percent retirement methodology would result in an overall negative plant balance. Therefore, staff has capped the retirement amount at the plant balance for one account in the relevant years. This methodology was utilized in Docket No. 20160101-WS and was approved by Order No. PSC-2017-0361-FOF-WS.[31] In that order, the Commission found that: "the amount of retirement to plant in service and accumulated depreciation reflected in the adjusted test year shall be calculated based on either the 75 percent methodology . . . or on the actual balance in the impacted plant in service account . . . if that balance would be negative as a result of the 75 percent methodology."[32]

Due to the capped retirement, staff identified Account 311 – Pumping Equipment, as having a total of $2,756 of remaining undepreciated plant balance. Staff believes that this remaining balance should be recovered as amortization expense over a seven-year period. Although Rule 25-30.433(10), F.A.C., outlines the formula for determining the appropriate amortization period for forced abandonment or the prudent retirement of plant assets prior to the end of their depreciable life, an alternate amortization period is permitted under the rule. Thus, staff recommends an amortization period of seven years. This seven-year period results in an annual amortization expense of $394. Therefore, staff recommends capital recovery of $2,756 over a seven-year amortization period. The associated annual amortization expense is $394.

Land and Land Rights

The Utility recorded a test year land and land rights balances of $4,600 for water and $31,000 for wastewater. Staff made no adjustments to this amount and therefore, recommends land and land rights balances of $4,600 for water and $31,000 for wastewater.

Used and Useful

As discussed in Issue 3, the Utility's systems are considered 100 percent U&U. Therefore, no U&U adjustment is necessary.

Accumulated Depreciation

The Utility recorded $1,439,238 of accumulated depreciation for water and $1,481,086 for wastewater. Audit staff decreased these amounts by $169,628 for water and $191,127 for wastewater to reflect corrections to UPIS and the application of the correct depreciation rates per Rule 25-30.140, F.A.C. Staff further decreased these amounts by $190,363 for water and

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

$107,734 for wastewater to reflect the appropriate retirement of assets and updated depreciation expense associated with plant retirements recognized outside the test year. Technical staff increased accumulated depreciation for water by $53,280, and decreased wastewater by $91,673 resulting from its recalculation of depreciation activity. Additionally, staff increased these amounts by $28,692 for water and $88,127 for wastewater to reflect averaging adjustments. Lastly, staff decreased this amount by $35,114 for wastewater to reflect pro forma additions and retirements.

Staff's adjustments to accumulated depreciation result in a net decrease of $278,019 for water and $337,522 for wastewater. Therefore, staff recommends an average accumulated depreciation balance of $1,161,219 for water and $1,143,564 for wastewater.

Contributions in Aid of Construction (CIAC)

The Utility recorded a CIAC balance of $216,940 for water and $227,500 for wastewater. Staff made no adjustments to CIAC for water or wastewater. Therefore, staff recommends a CIAC balance of $216,940 for water and $227,500 for wastewater.

Accumulated Amortization of CIAC

The Utility recorded an accumulated amortization of CIAC balance of $216,940 for water and $227,500 for wastewater. Staff made no adjustments to accumulated amortization of CIAC for water or wastewater. Therefore, staff recommends an accumulated amortization of CIAC balance of $216,940 for water and $227,500 for wastewater.

Accumulated Amortization of Capital Recovery

As a result of capped retirement, staff increased accumulated amortization of capital recovery by $197 to reflect an averaging adjustment. Therefore, staff recommends an accumulated amortization balance of $197.

Working Capital Allowance

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., and Commission practice, staff used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance.[33] As such, staff removed the rate case expense of $2,234 for water and $2,201 for wastewater. This resulted in an adjusted O&M expense balance of $138,551 for water and $109,761 for wastewater. Applying this formula, staff recommends a working capital allowance of $17,319 for water and $13,720 for wastewater.

Rate Base Summary

Based on the foregoing, staff recommends an appropriate average test year rate base of $737,375 for water and $541,094 for wastewater. Rate base is shown in Schedule Nos. 1-A and 1-B. The related adjustments are shown on Schedule No. 1-C. Plant, depreciation, and CIAC balances are shown in Schedule Nos. 5-A and 5-B.

[33] Order No. PSC-2025-0359-PAA-WU, issued September 24, 2025, in Docket No. 20240168-WU, *In re: Application for staff-assisted rate case in Highlands County, by Country Walk Utilities, Inc.*

Issue 5: What is the appropriate return on equity and overall rate of return for Buttonwood Bay?

Recommendation: The appropriate return on equity (ROE) is 8.58 percent with a range of 7.58 percent to 9.58 percent. The appropriate overall rate of return is 8.58 percent. (Worrall)

Staff Analysis: The Utility's capital structure consists entirely of common equity. The Utility's capital structure has been reconciled with staff's recommended rate base. The appropriate ROE is 8.58 percent based on the Commission-approved leverage formula currently in effect.[34] Staff recommends an ROE of 8.58 percent with a range of 7.58 percent to 9.58 percent, and an overall rate of return of 8.58 percent. The ROE and overall rate of return are equal, as shown on Schedule No. 2.

Staff recommends a 50-basis-point penalty be assessed to Buttonwood Bay's ROE as discussed in Issue 1. This 50-basis-point penalty would reduce the Utility's return on rate base by $3,687 for water and $2,706 for wastewater. This translates to a $3,861 reduction to the Utility's water revenue requirement and a $2,833 reduction to its wastewater revenue requirement. These penalties are pending the Commission's decision and are not currently included in the revenue requirement.

[34] Order No. PSC-2026-0223-PAA-WS, issued on June 22, 2026, in Docket No. 20260006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

Issue 6: What are the appropriate amount of test year operating revenues for Buttonwood Bay's water and wastewater system?

Recommendation: The appropriate test year operating revenues for Buttonwood Bay are $183,124 for the water system and $157,265 for the wastewater system. (Sibley)

Staff Analysis: The Utility recorded test year operating revenues of $154,284 for water and $133,036 for wastewater. The Utility did not record any miscellaneous revenues during the test year. Staff's review of the Commission audit indicated that the Utility's billing register contained several inaccuracies during the test year. For water and wastewater, the Utility incorrectly undercharged its customers a base facility charge of $10.28 for water service and $10.61 for wastewater service. The Utility's general ledger included duplicate bills for its residential wastewater customers. Staff removed 36 duplicate bills and adjusted the billing determinants. Furthermore, the Utility did not account for any of its general service customers. However, based on staff's investigation, the Utility's site map indicated several amenities (pool, rec hall, community center, etc.) which appeared to be general service customers within the service territory. Therefore, per staff's request, the Utility submitted additional billing determinants for the general service customers.

Buttonwood Bay's service territory contains a mobile home area and RV park. The RV park consists of vacant sites for rental, vacation rentals of preexisting structure, and permanently affixed park models owned by the resort. According to the Utility, the majority of the RV sites are occupied on an annual or seasonal basis and a portion are transient in nature. The transient sites are occupied for brief periods by customers who rotate on a regular basis. The billing analysis prepared by the staff auditor included customers of the RV park. The billing analysis is used to determine what residential usage would be affected by an increase in price and subject to repression. Due to the transient nature of the RV park, staff believes that a rate increase would have no impact on usage. As a result, the occupants of the RV park should be treated as general service customers and not be included in the residential billing analysis.

After the customer meeting, staff determined that all of the billing information may not have been provided for the RV park. Staff sent a data request regarding the RV park. In response to staff's data request, the Utility provided billing determinants for approximately 530 RV sites, which includes the park model, transient customers, and vacation rentals billing determinants. The Utility's revised consumption for the RV park was presented as total consumption, on a per site basis, for the test year. A review of the audit indicated that although some of the RV sites were vacant during the year, staff believes it is appropriate to annualize the bills for RV customers. According to the Utility, a majority of the sites were either occupied most of the time or there are customers who are considered rolling annual. Because water is available on demand, staff recommends that the RV bills be annualized to reflect the appropriate number of bills during the test year. This results in a total of 6,360 bills (530 x 12) for RV water and wastewater.

Finally, the Utility was approved for a price index rate adjustment outside of the test year effective June 16, 2025. Therefore, staff annualized test year operating revenues by applying the adjusted number of billing determinants to the rates effective June 16, 2025. As a result, staff determined test year service revenues should be $183,124, which is an increase of $28,840

($183,124 - $154,284) and $157,265 for wastewater, which is an increase of $24,229 ($157,265 - $133,036).

Based on the above, the appropriate test year operating revenues for Buttonwood Bay are $183,124 for the water system and $157,265 for the wastewater system.

Issue 7: What is the appropriate amount of operating expenses for Buttonwood Bay?

Recommendation: The appropriate amount of operating expense for Buttonwood Bay is $223,621 for water and $158,692 for wastewater. (Worrall)

Staff Analysis: The Utility recorded an operating expense of $247,983 for water and $200,766 for wastewater. The test year expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the Utility's operating expenses as described below.

Operation and Maintenance Expenses

Sludge Removal Expense (711)

The Utility recorded sludge removal expense of $22,341. Audit staff reclassified $3,435 of these expenses to Account 736 – Contractual Services – Other, $453 to Account 718 – Chemicals Expense, and $504 to Account 742 – Rental of Equipment. Staff's adjustments result in a net decrease of $4,391. Therefore, staff recommends a sludge removal expense of $17,950.

Purchased Power (615/715)

The Utility recorded a purchased power expense of $22,339 for water and $22,339 for wastewater. During the audit, the Utility could only provide power bills for 2023. Audit staff increased the water expense by $4,499 and decreased the wastewater expense by $2,694 to reflect the proper purchased power expense allocations using the 2023 bills that were provided. However, in response to staff's first data request, the Utility provided its 2024 purchased power expenses.[35] Based on the documentation, staff increased the water expense by $212 and increased the wastewater expense by $2,462 to reflect the 2024 amounts.

As discussed in Issue 3, EUW is 18.03 percent. Based on staff's calculations, the application of EUW decreases purchased power expense for water by $4,877.

Staff's adjustments result in a net decrease of $166 to water and a net decrease of $232 for wastewater. Therefore, staff recommends a purchased power expense of $21,173 for water and $22,107 for wastewater.

Chemicals Expense (618/718)

The Utility recorded a chemicals expense of $27,488 for water and $0 for wastewater. Audit staff decreased the water expense by $1,951 and increased the wastewater expense by $1,951 to reflect the proper allocation of costs. Audit staff also reclassified $12,410 from Account 735 – Contractual Services – Testing, resulting in an increase of $2,396 for water and $10,014 for wastewater. In addition, audit staff increased wastewater chemicals expense by $453 to reflect the reclassification of expenses from Account 711 – Sludge Removal expense.

[35] See Document No. 00125-2026.

As discussed in Issue 3, EUW is 18.03 percent. Based on staff's calculations, the application of EUW decreases water chemicals expense by $5,036.

Staff's adjustments result in a net decrease of $4,591 to water and a net increase of $12,418 to wastewater. Therefore, staff recommends a chemicals expense of $22,897 for water and $12,418 for wastewater.

Contractual Services – Billing (630/730)

The Utility recorded contractual services – billing expense of $7,178 for water and $7,178 for wastewater. Staff made no adjustments and therefore, staff recommends contractual services – billing expense of $7,178 for water and $7,178 for wastewater.

Contractual Services – Professional (631/731)

The Utility recorded contractual services – professional expense of $91,211 for water and $58,065 for wastewater. Audit staff adjusted this expense to reflect several reclassifications. For water, audit staff reclassified $2,853 to Account 635 – Contractual Services – Testing. For water and wastewater, audit staff reclassified $13,660 to Accounts 633 – Contractual Services – Legal and 733 – Contractual Services – Legal, and $12,825 to Accounts 634 – Contractual Services – Management Fees and 734 – Contractual Services – Management Fees. Audit staff also reclassified $3,799 from Account 636 – Contractual Services – Other to the water expense. For wastewater, audit staff reclassified $2,186 to Account 736 – Contractual Services – Other.

Staff further increased this account by $498 for both water and wastewater to reflect pro forma operator costs. In addition, the wastewater expense was increased by $2,508 to reflect a pro forma expense for the amortization of Hurricane Milton storm costs over a five-year period. Staff reviewed supporting documentation provided in response to staff's second data request and confirmed these costs.[36]

Staff's adjustments result in a net decrease of $25,041 to water and $25,665 to wastewater. Therefore, staff recommends a contractual services – professional expense of $66,170 for water and $32,400 for wastewater.

Contractual Services – Accounting (632/732)

The Utility did not record any expense for contractual services – accounting. Staff increased the expense for both water and wastewater by $615 to reflect pro forma expenses for Milian, Swain, & Associates, Inc. accounting services to assist with National Association of Regulatory Utility Commissioners Uniform System of Accounts (NARUC USOA) compliance matters. Staff reviewed invoices provided in response to staff's second data request and confirmed these expenses.[37] Therefore, staff recommends contractual services – accounting expense of $615 for both water and wastewater.

[36] See Document No. 02207-2026.
[37] *Id.*

Contractual Services – Legal (633/733)

The Utility did not record any expense for contractual services – legal. Audit staff reclassified $13,660 from Accounts 631 – Contractual Services – Professional and 731 – Contractual Services – Professional, resulting in an increase of $6,830 for both water and wastewater. Additionally, staff decreased the expense for both water and wastewater by $4,182 to reflect the removal of legal expenses related to the Utility's 2023 SARC, based on supporting documentation provided in response to staff's third data request.[38] Therefore, staff recommends a contractual services – legal expense of $2,648 for both water and wastewater.

Contractual Services – Management Fees (634/734)

The Utility did not record any expense for contractual services – management fees. Audit staff increased the expense for both water and wastewater by $6,412 to reflect reclassification of $12,825 in expense from Accounts 631 – Contractual Services – Professional and 731 – Contractual Services – Professional. Therefore, staff recommends a contractual services – management fees expense of $6,412 for both water and wastewater.

Contractual Services – Testing (635/735)

The Utility recorded contractual services – testing expense of $5,195 for water and $12,466 for wastewater. Audit staff increased the water expense by $2,853 after reclassifying expense from Account 631 – Contractual Services – Professional. Audit staff also increased the water expense by $125 after reclassifying expense from Account 636 – Contractual Services – Other. Audit staff decreased the wastewater expense by $12,410 after reclassifying $2,396 to Account 618 and $10,014 to Account 718 – Chemicals Expense. Audit staff decreased wastewater expense by $55 after reclassifying an expense to Account 736 – Contractual Services – Other. Staff's adjustments result in a net increase of $2,978 for water and a net decrease of $12,466 for wastewater. Therefore, staff recommends a contractual services – testing expense of $8,173 for water and zero expense for wastewater.

Contractual Services – Other (636/736)

The Utility recorded contractual services – other expense of $6,209 for water and $1,853 for wastewater. Audit staff decreased the water expense by $3,799 and $125, and reclassified these expenses to Account 631 – Contractual Services – Professional and Account 635 – Contractual Services – Testing, respectively. Audit staff increased the wastewater expense by $3,435 and $2,240 after reclassifying from Account 711 – Sludge Removal Expense and Account 731 – Contractual Services – Professional, respectively. Staff's adjustments result in a net decrease of $3,924 for water and a net increase of $5,675 for wastewater. Therefore, staff recommends a contractual services – other expense of $2,285 for water and $7,528 for wastewater.

Rental of Equipment (742)

The Utility did not record any expense for rental of equipment. Audit staff increased this amount by $504 to reflect the reclassification of expense from Account 711 – Sludge Removal Expense. Therefore, staff recommends a rental of equipment expense of $504 for wastewater.

[38] See Document No. 02933-2026.

Rate Case Expense (665/765)

The Utility did not record any rate case expense for this docket. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, final rates, and four-year rate reduction. Staff calculated noticing costs to be $3,448. Staff calculated the distance from the Utility representative's office in Sebring, Florida, to Tallahassee as 325 miles. Based on the 2026 Internal Revenue Service (IRS) business mileage rate of $0.76, staff calculated round trip travel and lodging expense to the Commission Conference of $694. Additionally, the Utility paid a filing fee, of $1,000 for water and $1,000 for wastewater.

Under Section 367.0814(3), F.S., the Commission may grant rate case expense for attorney fees or fees of other outside consultants after the initial staff report. On September 1, 2026, the Utility provided documentation to support additional rate case expenses, including legal expenses and consulting fees incurred to date and estimated through the end of the PAA process.[39]

Staff reviewed the supporting documentation and found that the requested attorney hourly rate of $695 is approximately 24 percent higher than the $560 hourly rate recently approved by the Commission for Jones Walker-associated legal fees in the GCP Plantation, Gulfstream, Water Oak, and Sunlake SARC proceedings involving Sun Communities.[40]

Staff is not aware of the Commission approving a $695 hourly rate for attorneys in any SARC proceeding. Staff believes the most appropriate comparison is the $560 hourly rate recently approved for Jones Walker in the GCP Plantation, Gulfstream, Water Oak, and Sunlake SARC proceedings involving Sun Communities. Therefore, staff recommends limiting the recoverable attorney hourly rate for the Buttonwood Bay SARC to $560 as to maintain consistency with the Commission's previously approved rates for proceedings involving Sun Communities. This results in a reduction of $2,363.

Staff recommends a total rate case expense, consisting of noticing costs, consulting fees, travel, lodging expenses, and filing fees of $8,937 for water and $8,804 for wastewater, which amortized over four years is $2,234 for water and $2,201 for wastewater. Therefore, staff recommends total annual rate case expense of $2,234 for water and $2,201 for wastewater.

Bad Debt (670/770)

The Utility did not record any bad debt for water or wastewater. In its three most recent Annual Reports (2022, 2023, 2024), the Utility reported bad debt expenses of $0 in all three years. In response to staff's second data request, the Utility confirmed that this reporting is accurate and

[39] See Document No. 06036-2026.
[40] *See* Order No. PSC-2026-0115-PAA-WS, issued April 27, 2026, in Docket No. 20250094-WS, *In re: Application for staff-assisted rate case in Polk County, by GCP Plantation Landings, LLC.;* Order No. PSC-2026-0114-PAA-SU, issued April 27, 2026, in Docket No. 20250084-SU, *In re: Application for staff-assisted rate case in Orange County, by Gulfstream Utility LLC.;* Order No. PSC-2026-0232-PAA-WU, issued June 22, 2026, in Docket No. 20250088-WU, *In re: Application for staff-assisted rate case in Lake County by Sun Communities Finance, LLC d/b/a Water Oak Utility;* Order No. PSC-2026-0296-PAA-WS, issued August 24, 2026, in Docket No. 20250108-WS, *In re: Application for staff-assisted rate case in Lake County, by Sunlake Estates Utilities, L.L.C.*

reflects its accounting records.[41] Therefore, staff recommends a bad debt expense of zero for both water and wastewater.

Operation and Maintenance Expense Summary

The Utility recorded test year O&M expenses of $159,620 for water and $124,242 for wastewater. Based on the above adjustments, staff recommends that O&M expenses be decreased by $18,835 for water and $12,280 for wastewater. This results in a total O&M expense of $140,785 for water and $111,962 for wastewater. Staff's recommended adjustments to O&M are shown on Schedule No. 3-D and Schedule No. 3-E, respectively.

Depreciation Expense

The Utility recorded depreciation expense of $77,651 for water and $66,768 for wastewater. Based on the depreciation rates prescribed in Rule 25-30,140, F.A.C., audit staff increased this amount by $2,048 for water and decreased it by $43,613 for wastewater to reflect changes to UPIS. Staff decreased this amount by $26,124 for water and decreased this amount by $3,243 for wastewater to reflect the retirements made to UPIS and the application of the appropriate depreciation rates pursuant to Rule 25-30.140, F.A.C. Technical staff increased water depreciation expense by $14,928, and wastewater by $9,751 resulting from its recalculation of depreciation activity. In addition, staff increased depreciation expense by $798 for wastewater to reflect pro forma additions and retirements.

Staff's adjustments to depreciation expense result in a net decrease of $9,148 for water and $36,307 for wastewater. Therefore, staff recommends depreciation expense of $68,503 for water and $30,461 for wastewater.

Capital Recovery Amortization Expense

As discussed in Issue 4, staff recommends a capital recovery schedule of $2,756 for water over a seven-year amortization period. The corresponding annual amortization expense is $394 for water.

Taxes Other Than Income (TOTI)

The Utility recorded TOTI of $10,712 for water and $9,756 for wastewater. Audit staff decreased these amounts by $133 for water and $41 for wastewater to reflect adjustments made to Regulatory Assessment Fees (RAFs) based on an audit revenue adjustment. Staff decreased property taxes for water by $2,739 and increased property taxes for wastewater by $3,129 to reflect 2024 property taxes as well as proper allocation between the two systems based on land percentage. Staff further increased TOTI by $141 for wastewater to reflect property taxes associated with pro forma plant additions.

Based on revenues discussed in Issue 6, TOTI should be increased by $1,432 for water and $1,132 for wastewater to reflect a RAF rate of 4.5 percent applied to the adjustment in revenues.

As discussed in Issue 9, staff recommends revenues be increased by $103,727 for water and $47,826 for wastewater to reflect the change in revenue required to cover expenses and allow an

[41] See Document No. 02207-2026, filed April 16, 2026, in Docket No. 20250122-WS.

opportunity to earn the recommended rate of return. As a result, TOTI should be increased by $4,668 for water and $2,152 for wastewater to reflect RAFs of 4.5 percent of the change in revenues. Staff's adjustments result in a net increase of $3,228 for water and $6,513 for wastewater. Therefore, staff recommends TOTI of $13,939 for water and $16,269 for wastewater.

Operating Expense Summary

The Utility recorded operating expenses of $247,983 for water and $200,766 for wastewater. Staff's net adjustments result in a decrease of $24,362 for water and $42,074 for wastewater. The application of staff's recommended adjustments to the Utility's operating expense results in a total operating expense of $223,621 for water and $158,692 for wastewater. Operating expenses are shown on Schedule Nos. 3-A and 3-B, and the related adjustments are shown on Schedule No. 3-C.

Issue 8: Does Buttonwood Bay meet the criteria for application of the operating ratio methodology?

Recommendation: No, Buttonwood Bay does not meet the criteria for application of the operating ratio methodology for calculating the revenue requirement. (Worrall)

Staff Analysis: Rule 25-30.4575(2), F.A.C., indicates that in rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the operating ratio methodology to establish the Utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory Commission expense, and the use of the operating ratio methodology does not change the Utility's qualification for a SARC.

With respect to Buttonwood Bay, staff has recommended a rate base of $737,375 for water and $541,094 for wastewater. After removal of rate case expense, staff calculated an adjusted O&M expense of $138,551 for water and $109,761 for wastewater. Based on staff's recommended amounts, the Utility's water rate base is 532.21 percent of its adjusted O&M expense and its wastewater rate base is 492.98 percent of its adjusted O&M expense. Based on these results, the Utility does not qualify for application of the operating ratio methodology.

Issue 9: What is the appropriate revenue requirement for Buttonwood Bay?

Recommendation: The appropriate revenue requirement is $286,851 for water and $205,091 for wastewater, resulting in an annual increase of $103,727 (56.64 percent) for water and $47,826 (30.41 percent) for wastewater. (Worrall)

Staff Analysis: Buttonwood Bay should be allowed an annual increase of $103,727 (56.64 percent) for water and $47,826 (30.41 percent) for wastewater. This should allow the Utility the opportunity to recover expenses and earn an 8.58 percent return on its rate base. The calculations of revenue requirement are shown on Table 9-1 and Table 9-2 below.[42]

Table 9-1
Water Revenue Requirement

Water Rate Base	$737,375
Rate of Return	× 8.58%
Return On Rate Base	$63,230
Water O&M Expense	140,785
Depreciation Expense	68,503
Amortization	394
Taxes Other Than Income	13,939
Revenue Requirement	$286,851
Less Test Year Revenues	$183,124
Annual Increase / (Decrease)	$103,727
Percent Increase / (Decrease)	56.64%

Source: Staff calculations.

[42] Staff notes the calculations presented in Table 9-1 and Table 9-2 may not compute due to rounding.

Table 9-2
Wastewater Revenue Requirement

Wastewater Rate Base	$541,094
Rate of Return	× 8.58%
Return on Rate Base	$46,399
Wastewater O&M Expense	111,962
Depreciation Expense	30,461
Taxes Other Than Income	16,269
Revenue Requirement	$205,091
Less Test Year Revenues	$157,265
Annual Increase / (Decrease)	$47,826
Percent Increase / (Decrease)	30.41%

Source: Staff calculations.

Issue 10: What are the appropriate rate structure and rates for Buttonwood Bay's water and wastewater system?

Recommendation: The recommended rate structure and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4B. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Sibley)

Staff Analysis:

Water Rates

Buttonwood Bay is located in Highlands County within the SWFWMD. As mentioned in Issue 6, during the test year, the residential and RV billing data was commingled, which is not appropriate due to RV customers being considered general service. Therefore, staff revised the residential billing analysis to reflect the removal of the RV billing determinants. Based on staff's revised residential billing analysis, the Utility provides service to approximately 400 residential customers. According to the billing data 8.75 percent of the residential bills during the test year had zero gallons, which signifies a non-seasonal customer base. The average water demand is 8,674 gallons per month. The Utility provided updated billing determinants for the RV park. Based on the Utility's updated billing determinants, there are approximately 530 RV sites, which is comprised of transient customers as well as vacation rentals. The Utility's current rate structure for the water system consists of a base facility charge (BFC) and a uniform gallonage charge for residential and general service.

Staff performed an analysis of the Utility's billing data in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the recommended revenue requirement; (2) equitably distribute cost recovery among the Utility's customers; (3) establish the appropriate discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with Commission practice.

The Utility's current BFC allocation is 67 percent. Staff recommends that the BFC allocation be reduced from 67 percent to 40 percent. Staff's recommended BFC allocation of 40 percent will allow the Utility to maintain revenue stability and target customers that are using a higher level of usage, while minimizing the rate impact at non-discretionary levels of consumption. The average people per household served by the water system is 2.16;[43] therefore, based on the number of people per household, 50 gallons per day per person, and the number of days per month, the non-discretionary usage threshold should be 4,000 gallons per month.[44] Staff's review of the billing data indicates that discretionary usage above 4,000 gallons represents approximately 66 percent of the bills, which accounts for approximately 64 percent of water demand. This indicates that there is high discretionary usage above 4,000 gallons.

[43] Average persons per household may be found by following:
https://www.census.gov/quickfacts/fact/table/sebringcityflorida/PST045224

Due to the high discretionary usage in this case, staff recommends a BFC and a three-tier inclining block rate structure, which includes separate gallonage charges for non-discretionary and discretionary usage for residential water customers. The rate blocks are: (1) 0 – 4,000 gallons; 2) 4,000 – 10,000 gallons; and 3) over 10,000 gallons per month. Staff's recommended rate structure sends the appropriate pricing signals because it targets customers with high consumption levels and also minimizes price increases for customers at non-discretionary levels. Furthermore, the third tier provides an additional pricing signal to customers using in excess of 10,000 gallons per month. General service customers should be billed a BFC and a gallonage charge.

Based on staff's recommended revenue increase of 56.64 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 12,140,000 gallons, resulting in anticipated average residential demand of 6,144 gallons per month. Staff recommends a 29.2 percent reduction in test year residential gallons for rate setting purposes. As a result, the corresponding reductions are $5,260 for purchased power expense, $5,432 for chemical expense, and $504 for RAFs to reflect the anticipated repression, which results in a post-repression revenue requirement of $275,655.

Wastewater Rates

As mentioned in issue 6, during the test year the residential and RV billing were commingled. Staff removed all RV billing determinants from the residential billing analysis and reclassified the RV customers as general service. Based on staff's revised residential billing analysis, the Utility provides wastewater service to approximately 400 residential customers, 530 RV sites which include transient customers as well as vacation rentals, and 9 general service customers. Currently, the wastewater rate structure for residential customers consists of a monthly uniform BFC for all meter sizes and gallonage charge with an 6,000 gallonage cap. The general service customers are billed a BFC and a gallonage charge.

Staff performed an analysis of the Utility's billing data in order to evaluate various BFC cost recovery percentages and gallonage caps for the residential wastewater customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the recommended revenue requirement; 2) equitably distribute cost recovery among the Utility's customers; and 3) implement a gallonage cap that considers approximately the amount of water that may return to the wastewater system.

Currently the Utility's BFC allocation is approximately 79 percent of the wastewater revenue. Consistent with Commission practice, staff recommends 50 percent of the wastewater revenue to the BFC due to the capital intensive nature of wastewater plants. The Utility's current wastewater gallonage cap is set at 6,000 gallons per month, which represents 49.92 percent of the gallons. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. It is Commission practice to set the wastewater cap at approximately 80 percent of residential water sold, which typically results in gallonage caps of 6,000, 8,000, or 10,000. Based on staff's review of the billing analysis, 80.89 percent of the gallons are captured at the 13,000 consumption level. This is higher than what the Commission has set for wastewater gallonage caps in the past. Therefore, staff recommends that the wastewater gallonage cap should be changed to 10,000 gallons. Staff also recommends that

the general service gallonage charge be changed to be 1.2 times greater than the residential gallonage charge, which is consistent with Commission practice.

In addition, based on the expected reduction in water demand described above, staff recommends that a repression adjustment also be made for wastewater. Because wastewater rates are calculated based on customers' water demand, if those customers' water demand is expected to decline, then the billing determinants used to calculate wastewater rates should also be adjusted. Based on the billing analysis for the wastewater system, staff recommends that a repression adjustment of 4,234,315 gallons to reflect the anticipated reduction in water demand be used to calculate wastewater rates. Staff recommends a 14.36 percent reduction in total residential consumption and corresponding reductions of $2,578 for sludge removal, $3,174 for purchased power, $1,783 for chemicals and $339 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of $197,217.

Conclusion

The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 11: Should Buttonwood Bay's miscellaneous service charges be revised to conform to Rule 25-30.460, F.A.C.?

Recommendation: Yes. Staff recommends that the miscellaneous service charges be revised to comply with Rule 25-30.460, F.A.C. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given by affidavit no less than 10 days after the date of notice. (Sibley)

Staff Analysis: In its application, the Utility did not request to revise its existing miscellaneous service charges. Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Currently, Buttonwood Bay has an initial connection charge, a normal reconnection charge, and a violation reconnection charge of $15. The Utility also has a premises visit charge (in lieu of disconnection) of $10. Rule 25-30.460, F.A.C., does not allow for initial connection and normal reconnection charges. The definitions for initial connection charges and normal reconnection charges were subsumed into the definition of the premises visit charge. Therefore, staff recommends that the initial and reconnection charges be removed. Since the premises visit now entails a broader range of tasks, staff recommends the premises visit charge reflect the amount of the higher initial connection charge of $15. Therefore, the premises visit charge should be $15. Staff recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C.

Based on the above, Staff recommends that the miscellaneous service charges be revised to comply with Rule 25-30.460, F.A.C. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given by affidavit no less than 10 days after the date of notice.

Issue 12: Should Buttonwood Bay's service availability charges be revised?

Recommendation: Yes. The Utility's existing system capacity charges for water and wastewater should be discontinued. Staff recommends that the existing meter installation charges remain in effect. The Utility should file a revised tariff sheet to reflect the Commission-approved charges. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheet. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by property owners who requested service beginning 12 months prior to the establishment of this docket. The Utility shall provide proof of noticing within 10 days of rendering the approved notice. (Sibley)

Staff Analysis: The Commission approved Buttonwood Bay's existing service availability charges in a transfer and certificate docket in 2003.[45] The service availability charges consist of a system capacity charge of $600 and meter installation charges of $70 for a 5/8 inch X 3/4 inch meter size and actual costs for all other meter sizes. The system capacity charge for wastewater is $875. A system capacity charge is a single service availability charge that includes the cost of both plant and lines. For a Utility that receives donated lines from a developer, an individual customer connecting to those lines should only be responsible for a service availability charge that reflects plant costs. Therefore, separate charges are typically developed to reflect the customer's share of plant costs (plant capacity charges) and the cost of lines in lieu of donated lines (main extension charges).

Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the rule, the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the Utility's facilities and plant when the facilities and plant are at their designed capacity. The minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution system and sewage collection systems. The contribution levels are zero percent for water and wastewater, respectively. In addition, Buttonwood Bay is completely built out and there is no potential for expansion of the service territory. Therefore, no main extension charge or plant capacity charge should be implemented in this case. Staff recommends Buttonwood Bay's system capacity charge for both water and wastewater be discontinued. Staff also recommends that the meter installation charges remain unchanged.

Staff recommends that the Utility's existing system capacity charges for water and wastewater should be discontinued. Staff recommends that the existing meter installation charges remain in effect. The Utility should file a revised tariff sheet to reflect the Commission-approved charges. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheet. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by property owners who requested service beginning 12 months prior to the establishment of this docket. The Utility shall provide proof of noticing within 10 days of rendering the approved notice.

[45] Order No. PSC-03-0759-PAA-WS, issued June 23, 2003, in Docket No. 20020892-WS, *In re: Application for transfer of facilities and Certificates Nos. 431-W and 364-S in Highlands County from Buttonwood Bay Water and Sewer Company, LLC to Sun Communities Acquisitions, LLC d/b/a Buttonwood Bay Utilities.*

Issue 13: What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense?

Recommendation: The rates should be reduced, as shown on Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Buttonwood Bay should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense. (Worrall)

Staff Analysis: Section 367.081, F.S., requires that the rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. This results in a reduction of $2,340 for water and $2,305 for wastewater.

Staff recommends that the rates be reduced, as shown on Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Buttonwood Bay should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

Issue 14: Should the recommended rates be approved for Buttonwood Bay on temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Buttonwood Bay should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Worrall)

Staff Analysis: This recommendation proposes an increase in rates. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the proposed rates be approved on a temporary basis. Buttonwood Bay should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and it has been received by the customers. The additional revenue produced by staff's recommended rates and collected by the Utility should be subject to the refund provisions discussed below.

Buttonwood Bay should be authorized to initiate the temporary rates upon staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security should be in the form of either a bond or letter of credit in the amount of $70,843 for water and $32,664 for wastewater. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond for securing the potential refund, the bond should contain wording to the effect that it will be terminated only under the following conditions:

1. The Commission approves the rate increase; or,

2. If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit should contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to Cosentino v. Elson, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase should be maintained by the Utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Issue 15: Should Buttonwood Bay be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA?

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

Staff Analysis: Buttonwood Bay should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

Issue 16: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the required plan outlining how the Utility will improve its recordkeeping and customer communications within 30 days of the Order becoming final has been filed and approved by staff. (Sparks)

Staff Analysis: No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the required plan outlining how the Utility will improve its recordkeeping and customer communications within 30 days of the Order becoming final has been filed and approved by staff.

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES
TEST YEAR ENDED 12/31/2024
SCHEDULE OF WATER RATE BASE

SCHEDULE NO. 1-A
DOCKET NO. 20250122-WS

DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST.	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	$2,264,116	($390,000)	$1,874,116
2. LAND & LAND RIGHTS	4,600	0	4,600
3. ACCUMULATED DEPRECIATION	(1,439,238)	278,019	(1,161,219)
4. CIAC	(216,940)	0	(216,940)
5. ACCUMULATED AMORTIZATION OF CIAC	216,940	0	216,940
6. CAPITAL RECOVERY	0	2,756	2,756
7. ACCUMULATED AMORTIZATION OF CAPITAL RECOVERY	0	(197)	(197)
8. WORKING CAPITAL ALLOWANCE	0	17,319	17,319
WATER RATE BASE	$829,478	($92,103)	$737,375

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES
TEST YEAR ENDED 12/31/2024
SCHEDULE OF WASTEWATER RATE BASE

SCHEDULE NO. 1-B
DOCKET NO. 20250122-WS

DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST.	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	$1,804,226	($164,288)	$1,639,938
2. LAND & LAND RIGHTS	31,000	0	31,000
3. ACCUMULATED DEPRECIATION	(1,481,086)	337,522	(1,143,564)
4. CIAC	(227,500)	0	(227,500)
5. ACCUMULATED AMORTIZATION OF CIAC	227,500	0	227,500
6. WORKING CAPITAL ALLOWANCE	0	13,720	13,720
WASTEWATER RATE BASE	$354,140	$186,954	$541,094

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES
TEST YEAR ENDED 12/31/2024
ADJUSTMENTS TO RATE BASE

SCHEDULE NO. 1-C
DOCKET NO. 20250122-WS

	WATER	WASTEWATER
UTILITY PLANT IN SERVICE		
1. To reflect auditing adjustments.	($290,048)	($90,331)
2. To reflect staff's adjustments.	(107,071)	(86,126)
3. To reflect averaging adjustments.	7,119	199
4. To reflect pro forma additions.	0	47,883
5. To reflect pro forma retirements.	0	(35,912)
Total	($390,000)	($164,288)
ACCUMULATED DEPRECIATION		
1. To reflect auditing adjustments.	$169,628	$191,127
2. To reflect staff's adjustments.	137,083	199,407
3. To reflect averaging adjustments.	(28,692)	(88,127)
4. To reflect pro forma adjustments.	0	35,114
Total	$278,019	$337,522
CAPITAL RECOVERY		
To reflect a staff adjustment.	$2,756	$0
ACCUMULATED AMORTIZATION OF CAPITAL RECOVERY		
To reflect an auditing adjustment.	($197)	$0
WORKING CAPITAL ALLOWANCE		
To reflect 1/8 of test year O&M expenses.	$17,319	$13,720

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES **SCHEDULE NO. 2**
TEST YEAR ENDED 12/31/2024 **DOCKET NO. 20250122-WS**
SCHEDULE OF CAPITAL STRUCTURE

CAPITAL COMPONENT	PER UTILITY	ADJUST-MENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1. COMMON EQUITY	$1,183,618	$94,851	$1,278,469	100.00%	8.58%	8.58%
TOTAL CAPITAL	$1,183,618	$94,851	$1,278,469	100.00%		8.58%

RANGE OF REASONABLENESS	LOW	HIGH
RETURN ON EQUITY	7.58%	9.58%
OVERALL RATE OF RETURN	7.58%	9.58%

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES
TEST YEAR ENDED 12/31/2024
SCHEDULE OF WATER OPERATING INCOME

SCHEDULE NO. 3-A
DOCKET NO. 20250122-WS

	TEST YEAR PER UTILITY	STAFF ADJUST-MENTS	STAFF ADJUSTED TEST YEAR	ADJUST FOR INCREASE	REVENUE REQUIREMENT
1. **TOTAL OPERATING REVENUES**	$154,284	$28,840	$183,124	$103,727 56.64%	$286,851
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	$159,620	($18,835)	$140,785		$140,785
3. DEPRECIATION	77,651	(9,148)	68,503		68,503
4. AMORTIZATION	0	394	394		394
5. TAXES OTHER THAN INCOME	10,712	(1,440)	9,272	4,668	13,939
TOTAL OPERATING EXPENSES	$247,983	($29,030)	$218,953	$4,668	$223,621
6. **OPERATING INCOME / (LOSS)**	($93,699)		($35,829)		$63,230
7. **WATER RATE BASE**	$829,478	($92,103)	$737,375		$737,375
8. **RATE OF RETURN**					8.58%

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES
TEST YEAR ENDED 12/31/2024
SCHEDULE OF WASTEWATER OPERATING INCOME

SCHEDULE NO. 3-B
DOCKET NO. 20250122-WS

	TEST YEAR PER UTILITY	STAFF ADJUST-MENTS	STAFF ADJUSTED TEST YEAR	ADJUST FOR INCREASE	REVENUE REQUIREMENT
1. **TOTAL OPERATING REVENUES**	$133,036	$24,229	$157,265	$47,826 30.41%	$205,091
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	$124,242	($12,280)	$111,962		$111,962
3. DEPRECIATION	66,768	(36,307)	30,461		30,461
4. AMORTIZATION	0	0	0		0
5. TAXES OTHER THAN INCOME	9,756	4,361	14,117	2,152	16,269
TOTAL OPERATING EXPENSES	$200,766	($44,226)	$156,540	$2,152	$158,692
6. **OPERATING INCOME / (LOSS)**	($67,730)		$725		$46,399
7. **WASTEWATER RATE BASE**	$354,140	$186,954	$541,094		$541,094
8. **RATE OF RETURN**					8.58%

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES TEST YEAR ENDED 12/31/2024 ADJUSTMENTS TO OPERATING INCOME		SCHEDULE NO. 3-C DOCKET NO. 20250122-WS PAGE 1 OF 2
	WATER	**WASTEWATER**
OPERATING REVENUES		
1. To reflect an auditing adjustment to Service Revenues.	($2,985)	($923)
2. To reflect the appropriate test year Service Revenues.	31,825	25,152
Total	$28,840	$24,229
OPERATION AND MAINTENANCE EXPENSE		
1. Sludge Removal Expense (711)		
To reflect an auditing adjustment.	$0	($4,391)
2. Purchased Power (615 / 715)		
a. To reflect auditing adjustments.	$4,499	($2,694)
b. To reflect a staff adjustment.	212	2,462
c. To reflect a EUW adjustment.	(4,877)	0
Subtotal	($166)	($232)
3. Chemicals Expense (618 / 718)		
a. To reflect auditing adjustments.	$445	$12,418
b. To reflect a EUW adjustment.	(5,036)	0
Subtotal	($4,591)	$12,418
4. Contractual Services - Professional (631 / 731)		
a. To reflect auditing reclassifications.	($25,539)	($28,671)
b. To reflect increased operator costs.	498	498
c. To reflect Hurricane Milton storm cost.	0	2,508
Subtotal	($25,041)	($25,665)
5. Contractual Services - Accounting (632 / 732)		
To reflect accounting contractual services.	$615	$615
6. Contractual Services - Legal (633 / 733)		
a. To reflect auditing adjustments.	$6,830	$6,830
b. To reflect staff's adjustments.	(4,182)	(4,182)
Subtotal	$2,648	$2,648
7. Contractual Services - Management Fee (634 / 734)		
To reflect auditing adjustments.	$6,412	$6,412
8. Contractual Services - Testing (635 / 735)		
To reflect auditing reclassifications.	$2,978	($12,466)
9. Contractual Services - Other (636 / 736)		
To reflect auditing reclassifications.	($3,924)	$5,675
10. Rental of Equipment (642 / 742)		
To reflect an auditing adjustment.	$0	$504
11. Rate Case Expense (665 / 765)		
To reflect 1/4 rate case expense.	$2,234	$2,201
TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS	($18,835)	($12,280)

	SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES TEST YEAR ENDED 12/31/2024 ADJUSTMENTS TO OPERATING INCOME		SCHEDULE NO. 3-C DOCKET NO. 20250122-WS PAGE 2 OF 2
	DEPRECIATION EXPENSE		
1.	To reflect auditing adjustments.	$2,048	($43,613)
2.	To reflect staff adjustments.	(11,196)	6,508
3.	To reflect pro forma additions.	0	798
	Total	($9,148)	($36,307)
	AMORTIZATION EXPENSE (NET)		
	To reflect an auditing adjustment.	$394	$0
	TAXES OTHER THAN INCOME		
1.	To reflect auditing adjustments.	($133)	($41)
2.	To reflect appropriate test year RAF's.	1,432	1,132
3.	To reflect 2024 property taxes and proper allocation.	(2,739)	3,129
4.	To reflect property taxes associated with the pro forma plant additions.	0	141
5.	To reflect appropriate revenue requirement RAF's.	4,668	2,152
	Total	$3,228	$6,513
	TOTAL OPERATING EXPENSE ADJUSTMENTS	($24,362)	($42,074)

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES
TEST YEAR ENDED 12/31/2024
ANALYSIS OF WATER O&M EXPENSE

SCHEDULE NO. 3-D
DOCKET NO. 20250122-WS

ACCT. #	DESCRIPTION	TOTAL PER UTILITY	STAFF ADJUST-MENT	TOTAL PER STAFF
615	Purchased Power	$22,339	($166)	$22,173
618	Chemicals	27,488	(4,591)	22,897
630	Contractual Services - Billing	7,178	0	7,178
631	Contractual Services - Professional	91,211	(25,041)	66,170
632	Contractual Services - Accounting	0	615	615
633	Contractual Services - Legal	0	2,648	2,648
634	Contractual Services - Management Fee	0	6,412	6,412
635	Contractual Services - Testing	5,195	2,978	8,173
636	Contractual Services - Other	6,209	(3,924)	2,285
665	Rate Case Expense	0	2,234	2,234
	Total O&M Expense	$159,620	($18,835)	$140,785
	Working Capital is 1/8 of O&M Less RCE			$17,319

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES
TEST YEAR ENDED 12/31/2024
ANALYSIS OF WASTEWATER O&M EXPENSE

SCHEDULE NO. 3-E
DOCKET NO. 20250122-WS

ACCT. #	DESCRIPTION	TOTAL PER UTILITY	STAFF ADJUST-MENT	TOTAL PER STAFF
711	Sludge Removal Expense	$22,341	($4,391)	$17,950
715	Purchased Power	22,339	(232)	22,107
718	Chemicals	0	12,418	12,418
730	Contractual Services - Billing	7,178	0	7,178
731	Contractual Services - Professional	58,065	(25,665)	32,400
732	Contractual Services - Accounting	0	615	615
733	Contractual Services - Legal	0	2,648	2,648
734	Contractual Services - Management Fee	0	6,412	6,412
735	Contractual Services - Testing	12,466	(12,466)	0
736	Contractual Services - Other	1,853	5,675	7,528
742	Rental of Equipment	0	504	504
765	Rate Case Expense	0	2,201	2,201
	Total O&M Expense	$124,242	($12,280)	$111,962
	Working Capital is 1/8 of O&M Less RCE			$13,720

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES **SCHEDULE NO. 4-A**
TEST YEAR ENDED DECEMBER 31, 2024 **DOCKET NO. 20250122-WS**
MONTHLY WATER RATES

	UTILITY CURRENT RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
Residential and General Service			
Base Facility Charge by Meter Size			
5/8" x 3/4"	$10.72	$9.28	$0.08
3/4"	N/A	$13.92	$0.12
1"	$26.80	$23.20	$0.20
1-1/2"	$53.60	$46.40	$0.39
2"	$85.76	$74.24	$0.63
3"	$171.52	$148.48	$1.26
4"	$268.00	$232.00	$1.97
6"	$536.00	$464.00	$3.94
Charge per 1,000 gallons - Residential & General Service	$1.09	N/A	N/A
0 - 4,000 gallons	N/A	$3.64	$0.03
4,001 - 10,000 gallons	N/A	$4.55	$0.04
Over 10,000 gallons	N/A	$5.46	$0.05
Charge per 1,000 gallons - General Service	N/A	$4.24	$0.04
Typical Residential 5/8" x 3/4" Meter Bill Comparison			
5,000 Gallons	$16.17	$28.39	
10,000 Gallons	$21.62	$51.14	
15,000 Gallons	$27.07	$78.44	

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A BUTTONWOOD BAY UTILITIES **SCHEDULE NO. 4-B**
TEST YEAR ENDED DECEMBER 31, 2024 **DOCKET NO. 20250122-WS**
MONTHLY WASTEWATER RATES

	UTILITY CURRENT RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
Residential Service			
All Meter Sizes	$11.01	$8.91	$0.10
Charge per 1,000 gallons (6,000 gallon cap)	$1.06	N/A	N/A
Charge per 1,000 gallons (10,000 gallon cap)	N/A	$3.75	$0.04
General Service			
Base Facility Charge by Meter Size			
5/8" x 3/4"	$11.01	$8.91	$0.10
3/4"	N/A	$13.37	$0.16
1"	$27.53	$22.28	$0.26
1 - 1/2"	$55.05	$44.55	$0.52
2"	$88.08	$71.28	$0.83
3"	$176.16	$142.56	$1.67
4"	$275.25	$222.75	$2.61
6"	$550.50	$445.50	$5.21
Charge per 1,000 gallons - General Service	$1.06	$4.50	$0.05
Typical Residential 5/8" x 3/4" Meter Bill Comparison			
4,000 Gallons	$15.25	$23.91	
8,000 Gallons	$17.37	$38.91	
10,000 Gallons	$17.37	$46.41	

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A **SCHEDULE NO. 5-A**
BUTTONWOOD BAY UTILITIES **DOCKET NO. 20250122-WS**
TEST YEAR ENDED 12/31/2024
SCHEDULE OF WATER PLANT, DEPRECIATION, AND CIAC BALANCES

ACCT. NO.	DEPR. RATE PER RULE 25-30.140	DESCRIPTION	UPIS 12/31/2024 (DEBIT)	ACCUM. DEPR. 12/31/2024 (CREDIT)
301	2.50%	Organization	$38,693	$20,470
303	N/A	Land and Land Rights	4,600	N/A
304	3.70%	Structures and Improvements	146,681	44,796
307	3.70%	Wells and Springs	102,464	65,792
309	3.13%	Supply Mains	63,825	17,196
310	5.88%	Power Generation Equipment	42,591	30,383
311	5.88%	Pumping Equipment	94,020	19,170
320	5.88%	Water Treatment Equipment	223,855	162,973
330	3.03%	Distribution Reservoirs and Standpipes	390,947	163,770
331	2.63%	Transmission and Distribution Lines	259,432	194,877
333	2.86%	Services	101,167	101,167
334	5.88%	Meters and Meter Installations	390,400	321,444
335	2.50%	Hydrants	1,194	1,187
339	5.00%	Other Plant and Miscellaneous Equipment	18,849	17,998
		TOTAL INCLUDING LAND	**$1,878,716**	**$1,161,219**

	CIAC 12/31/2024 (DEBIT)	ACCUM. CIAC 12/31/2024 (CREDIT)
	$216,940	**$216,940**

SUN COMMUNITIES ACQUISITIONS, LLC D/B/A **SCHEDULE NO. 5-B**
BUTTONWOOD BAY UTILITIES **DOCKET NO. 20250122-WS**
TEST YEAR ENDED 12/31/2024
SCHEDULE OF WASTEWATER PLANT, DEPRECIATION, AND CIAC BALANCES

ACCT. NO.	DEPR. RATE PER RULE 25-30.140	DESCRIPTION	UPIS 12/31/2024 (DEBIT)	ACCUM. DEPR. 12/31/2024 (CREDIT)
351	2.50%	Organization	$41,438	$21,979
353	N/A	Land and Land Rights	31,000	N/A
354	3.70%	Structures and Improvements	290,457	45,950
360	3.70%	Collection Sewers - Force	129,079	37,109
361	2.50%	Collection Sewers - Gravity	359,862	359,862
363	2.86%	Services to Customers	202,334	202,334
364	20.00%	Flow Measuring Devices	4,849	3,506
370	4.00%	Receiving Wells	20,464	15,680
371	6.67%	Pumping Equipment	129,873	116,420
380	6.67%	Treatment and Disposal Equipment	433,362	320,044
381	3.13%	Plant Sewers	3,097	1,839
389	6.67%	Other Plant and Miscellaneous Equipment	15,994	15,994
397	6.67%	Miscellaneous Equipment	9,131	2,849
		TOTAL INCLUDING LAND	**$1,670,938**	**$1,143,564**

	CIAC 12/31/2024 (DEBIT)	ACCUM. CIAC 12/31/2024 (CREDIT)
	$227,500	**$227,500**

Item 12

FILED 9/24/2026
DOCUMENT NO. 06975-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Sibley, Bruce, Hudson, McClelland) EJD
Division of Accounting and Finance (Bardin, Norris, Sewards, Vogel) MC
Division of Engineering (Brown, King, Ramirez-Abundez, Ramos, Thompson) LVK
Office of the General Counsel (Imig, Stiller) SPS

RE: Docket No. 20260098-WS – Application for a limited proceeding to increase wastewater rates and service availability charges in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.

AGENDA: 10/06/26 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Ortega

CRITICAL DATES: 10/20/26 (90-day statutory deadline to address rule waiver request)

SPECIAL INSTRUCTIONS: None

Case Background

On July 1, 2026, NC Real Estate Projects, LLC d/b/a Grenelefe Utility (Grenelefe or Utility) filed an Application for limited proceeding to increase wastewater rates and service availability charges (Application). Grenelefe is a Class B water and wastewater utility providing service to approximately 1,400 water and wastewater customers in Polk County. The Utility's service territory is located within the Southwest Florida Water Management District (SWFWMD). The Utility states in its Application that the purpose of the limited proceeding is to recover the costs associated with the rebuilding of its wastewater treatment plant (WWTP).

In a staff assisted rate case (SARC) filed in 2025, the Utility sought over $16 million dollars in increased rates and charges to pay for the rebuild of the WWTP. The Commission denied the Utility's request on the following grounds:

> We recognize that the Utility must meet applicable BMAP [Basin Area Management Plan] guidelines and that the DEP [Department of Environmental Protection] has established deadlines for compliance. Despite these requirements, Grenelefe is currently only in the initial bidding phase of this project, total project cost is still uncertain, and the Utility's estimated completion date for the project is beyond the statutory 24-month timeframe. Based on these facts, we are not approving this project for cost recovery at this time. We recognize the DEP requirements set forth in the AO [Administrative Order] and the statutory BMAP requirements.
>
> Based on the Utility's responses to our staff's data requests, it remains unclear what portion of the proposed WWTP modifications is necessary to achieve compliance with the DEP's BMAP regulations. As stated above, DEP is not directly requiring the Utility to increase the permitted capacity of its WWTP; therefore, not all costs associated with the proposed project appear to be compliance-driven. Without a clear delineation of the specific improvements and corresponding costs required to meet the DEP's BMAP regulations, we cannot approve the pro forma project at this time. We cannot consider cost recovery for the project until the Utility provides a more detailed plan that clearly identifies the compliance-related project components and associated costs. *Our denial is without prejudice to Grenelefe filing a request for cost recovery of this project at an appropriate time when total project cost is known, the in-service date is established, and any material, related uncertainties are resolved*.[1]

Grenelefe represents in its Application that the uncertainties listed in the underscored sentence above are resolved and its request is now ripe for consideration in a limited proceeding.

The Commission has broad authority to conduct limited proceedings under Section 367.0822(1), Florida Statutes (F.S.). Rule 25-30.445, F.A.C., which the Commission adopted to implement Section 367.0822, F.S., restricts the ability of water and wastewater systems to use the limited proceeding process. Rule 25-30.445(6), F.A.C., provides that a limited proceeding will not be allowed if:

> (a) The utility's filing includes more than six separate projects for which recovery is sought. Corresponding adjustments for a given project are not subject to the above limitation;
> (b) The requested rate increase exceeds 30 percent;
> (c) The utility has not had a rate case within seven years of the date the petition for limited proceeding is filed with the Commission; or

[1] Order No. PSC-2026-0054-PAA-WS, issued February 25, 2026, in Docket No. 20250023-WS, *In re: Application for staff-assisted rate case in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility*. at p.18 (emphasis added).

> (d) The limited proceeding is filed as the result of the complete elimination of either the water or wastewater treatment process.

Grenelefe acknowledges that its request would result in a rate increase of greater than 30 percent. Accordingly, on July 20, 2026, Grenelefe filed a petition for variance and waiver (Petition) of Rule 25-30.455(6)(b), F.A.C.

Florida law allows agencies to waive or provide other relief (variances) to persons subject to regulation where the strict application of uniformly applicable rule requirements leads to "unreasonable, unfair, and unintended results in particular instances." Section 120.542(1), F.S. Variances and waivers shall be granted when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness. Section 120.542(2), F.S.

On July 29, 2026, the Commission filed a Florida Administrative Register notice acknowledging receipt of Grenelefe's Petition. The time for filing comments, provided by Rule 28-104.003, F.A.C., expired on August 12, 2026. No comments as to Grenelefe's Petition were received.

This recommendation addresses Grenelefe's Petition only. If the Commission approves Grenelefe's request for rule waiver, a subsequent recommendation addressing the merits of Grenelefe's Application for a limited proceeding to increase wastewater rates and service availability charges will be presented at a subsequent Agenda Conference.

The Commission has jurisdiction under Sections 120.542, 367.0822, and 367.121, F.S.

Discussion of Issues

Issue 1: Should the Commission grant Grenelefe's petition for a waiver of Rule 25-30.445(6), F.A.C.?

Recommendation: Yes. Grenelefe has demonstrated that the purpose of the underlying statute will be achieved by other means and that the application of the rule would create a substantial hardship or would violate the principles of fairness. (Imig)

Staff Analysis:

Grenelefe's Petition

In its Application, Grenelefe states that this proceeding is being requested to recover the costs associated with the rebuilding of its wastewater treatment plant by increases in wastewater rates and in service availability charges. Grenelefe asserts that the rebuild is being required by the Florida Department of Environmental Protection (DEP). Grenelefe further states that because this request is being made in order to recover costs required by a governmental or regulatory agency, these costs represent "Environmental Compliance Costs" as defined in Section 367.081(2)(a)2c, F.S.

Grenelefe argues that the intent of Rule 25-30.445(6)(b), F.A.C., is to prevent substantial increases in rates without a thorough review of all aspects of utility operations. Grenelefe states that the purpose of the Rule has already been met because all aspects of utility operations were thoroughly reviewed in a staff-assisted rate case[2] earlier this year. Therefore, enforcing that requirement and mandating that the Utility file a full rate case under Section 367.081, F.S., serves no useful additional purpose.

Further, Grenelefe argues that denial of this limited proceeding would result in:

(a) Substantial additional cost and hardship to the utility and its customers by requiring the preparation and submittal of detailed MFRs and a full rate case for no useful purpose.

(b) Substantial delay in the Utility being able to comply with DEP mandated improvements to its wastewater system that are already nearing their required implementation date, thereby adding additional hardship to the Utility.

Requirements of Section 120.542, F.S.

Section 120.542(2), F.S., provides a two-pronged test for determining when waivers of and variances from agency rules shall be granted:

> . . . when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of the rule would create a substantial hardship or would violate principles of fairness. For purposes of this section, "substantial hardship" means

[2] Order Nos. PSC-2026-0054-PAA-WS, issued February 25, 2026, in Docket No. 20250023-WS, *In re: Application for staff-assisted rate case in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility*.

> demonstrated economic, technological, legal or other type of hardship to the person requesting the variance or waiver. For purposes of this section, "principles of fairness" are violated when the literal application of a rule affects a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule.

Purpose of the Underlying Statute

Rule 25-30.445, F.A.C., primarily implements Section 367.0822, F.S.,[3] which authorizes the Commission to "conduct limited proceedings to consider, and act upon, any matter within its jurisdiction . . . ." Rule 25-30.445(6), F.A.C., serves to limit the matters that the Commission may take up via a limited proceeding. The Commission has previously opined as to the underlying purpose of Section 367.0822, F.S.:

> We believe that the purpose of the Legislature in enacting Section 367.0822, Florida Statutes (1985), was to provide a narrow exception to Section 367.081, Florida Statutes (1985), which requires the Commission to consider a broad range of ratemaking components. The purpose of a limited proceeding is to permit review of generally singular topics, or a few well-defined issues, to the exclusion of all others. The limited applicability of such a proceeding mandates that the burden must rest on the utility to prove that Section 367.0822, Florida Statutes (1985) should, in fact, be utilized with regard to a specific case.[4]

In the instant case, Grenelefe argues that the purpose of the underlying statute is achieved by reviewing the singular topic – the WWTP rebuild – the Commission denied without prejudice in the previous SARC. Staff agrees that the purpose of the underlying statute will be achieved and that this limited proceeding is to address just the additional wastewater rates and charges that would be incurred because of the DEP requirement. The DEP mandate was raised during the utility's last SARC, but was denied due to lack of information to make a proper determination. The other issues that would be addressed in a full rate case under 367.081, F.S., were addressed in the SARC. The limited proceeding will allow for finality on the WWTP improvements.

Substantial Hardship or Principles of Fairness

The second prong of the rule waiver test is met if strict application of the rule either (1) creates a substantial hardship or (2) would violate the principles of fundamental fairness. The utility may meet the second prong through either path and is not required to show both.

Grenelefe argues that denial of this limited proceeding based on the application of Rule 25-30.445(6)(b), F.A.C., would result in substantial hardship because there would be added cost to the Utility and its customers if Grenelefe were required to prepare and submit detailed MFRs, that a substantial delay in the improvements to the WWTP would result, and the Utility would then be in violation of requirements imposed by DEP. Staff agrees that requiring Grenelefe to prepare and submit detailed MFRs for the entirety of its utility would create a substantial hardship on the utility and its customers and is unnecessary this quickly after the SARC. On

[3] Rule 25-30.445, F.A.C., also implements Sections 367.081, 367.0812, 367.121(1)(a), and 367.145(2), F.S.
[4] Order No. 16670, issued October 2, 1986, in Docket No. 861056-SU, *In re: Petition of Betmar Utilities for Limited Proceeding for Adjustment in Sewer Rate Base in Pasco County* and PSC-2010-0219-PAA-WS.

Grenelefe's second point, staff agrees that DEP has mandated that Grenelefe bring its WWTP into compliance and that delay in pursuing improvements may result in a substantial hardship. The scope of DEP's requirements, the cost of potential upgrades, and appropriate recovery are all factual issues to be addressed by the Commission when staff brings a full recommendation forward on the Utility's Application. Denial of this waiver and the opportunity for Grenelefe to pursue a limited proceeding would create a substantial hardship for the Utility. Therefore, staff believes that Grenelefe's request satisfies the second prong of Section 120.542, F.S.

Conclusion

Section 120.542(1), F.S., acknowledges that strict application of uniformly applicable rule requirements can lead to unreasonable, unfair, and unintended results in particular instances. The Commission must waive a rule if the utility can show both that the purpose of the underlying statute is achieved by other means, and that the principles of fairness are violated if the rule is strictly applied. Grenelefe has demonstrated that the purpose of the underlying statute will be achieved by other means and that the application of the rule would create a substantial hardship or would violate the principles of fairness. Therefore, staff recommends the Commission grant the petition for waiver of Rule 25-30.445(6), F.A.C

Issue 2: 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, a consummating order should be issued. If the utility's petition for a rule waiver is granted, then the docket should remain open pending the Commission's decision regarding Grenelefe's application for a limited proceeding. However, if the utility's petition for a rule waiver is denied, then the docket should be closed upon the issuance of the consummating order. (Imig)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. If the utility's petition for a rule waiver is granted, then the docket should remain open pending the Commission's decision regarding Grenelefe's application for a limited proceeding. However, if the utility's petition for a rule waiver is denied, then the docket should be closed upon the issuance of the consummating order.

Item 13

FILED 9/24/2026
DOCUMENT NO. 06982-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (McClelland, Bruce)
Office of the General Counsel (Rauch, Crawford)

RE: Docket No. 20260130-WU – Request for establishment of a backflow testing charge, meter tampering charge and investigation of meter tampering charge, by North Florida Community Water Systems.

AGENDA: 10/06/26 – Regular Agenda – Tariff Decision – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/30/2026 (60-day statutory deadline to approve, deny, or suspend tariff)

SPECIAL INSTRUCTIONS: None

Case Background

North Florida Community Water Services (NFCWS or Utility) is a Class B water and wastewater utility serving in Alachua, Duval, Franklin, Leon, Okaloosa, and Washington Counties. According to the Utility's 2025 annual report the Utility provides water service to 2,337 residential and 56 general service customers.[1] NFCWS' rates were last amended by a price index in 2026.

On August 31, 2026, NFCWS filed an application for approval of a tariff amendment to implement a backflow prevention device test charge, meter tampering charge, and investigation of meter tampering charge. In response to staff's request, on September 16, 2026, the Utility filed its cost justification.

[1]Number of customers as reported in 2025 Annual Report ending December 31, 2025.

This recommendation addresses the Utility's request to charge for testing backflow prevention devices, establish an investigation of meter tampering charge, and meter tampering charge, which includes tariff sheets reflecting the requested charges. Furthermore, the Utility provided a proposed tariff reflecting the Department Environmental Protection (DEP) annual backflow prevention testing requirements. The Commission has jurisdiction over this matter pursuant to Sections 367.081 and 367.091, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission approve NFCWS' proposed tariff sheets to implement a backflow prevention device charge and the backflow prevention testing requirements?

Recommendation: Yes. NFCWS' proposed tariff sheets, Original Sheet No. 16.5 and Original Sheet No. 16.6, shown on Attachment A are appropriate and should be approved. The charge should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (McClelland)

Staff Analysis: In its original application, NFCWS included proposed tariffs Original Sheet No. 16.5 to include DEP's requirement for annual inspection of backflow prevention devices and Original Sheet No 16.6 to indicate the backflow prevention assembly test charge. Section 367.091, F.S., authorizes the Commission to change miscellaneous service charges. The Utility's request for a charge was accompanied by its reason for requesting the charge, as well as cost justification required by Section 367.091(6), F.S. The Utility states that the purpose of its request is to comply with DEP Rules 62-555.330 and 62-555.360, F.A.C., which include the required language regarding backflow prevention device testing.

The Utility's Cross-Connection Control Program mandates that a backflow prevention device be installed on all connections, which may represent a source of contamination due to a lawn irrigation system. On May 20, 2025, the Utility was cited with a deficiency by DEP stating that 77 residential connections with backflow assemblies had not been tested within the past two years. However, during inspection, the Utility discovered that only 50 connections required assemblies in Sunny Hills. The deficiency also stated that the residential assemblies be tested biennially.

The customers are responsible for piping and appurtenances beyond the Utility's water meter toward the dwelling. Rule 25-30.231, F.A.C., requires each utility to operate and maintain safe and proper condition of all the facilities and equipment used in connection with the distribution, regulation, measurement and delivery of water service to the customer up to and the point of delivery into the piping owned by the customer. In addition, Rule 25-30.210(7), F.A.C., states that the point of delivery for a water system is the outlet connection with the customer's piping. Due to the location of the backflow devices, which is past the meter, the cost of inspection will be borne by the customer. The Utility sends out a notice on an annual basis advising of the testing requirement per DEP's rule. Customers will have 30 days from the date of the notice to complete the testing and provide documentation to the Utility.

Per the Utility's request, if a customer fails to have the annual inspection performed and provide documentation of the test to the Utility within 30 days of the notice, water service will be disconnected. Rule 25-30.320(2), F.A.C., states that service may be discontinued for noncompliance with any state regulation governing such utility service.

The Utility's proposed tariff indicates a backflow testing charge of $68.46, which will allow NFCWS to conduct the required backflow prevention assembly testing on behalf of customers that choose the Utility to perform the test or customers that failed to have the test performed within a 30-day noticing period. The Utility requested that the proposed charge be equivalent to the Utility's premises visit charge. The costs will be the same as a premises visit and performed by the same personnel. If a compliance inspection is needed, it falls within the confines of Rule 25-30.460, F.A.C, which is an assessment of a service issue that is the customer's responsibility. Therefore, staff believes the cost of the premises visit charge is appropriate for the backflow prevention charge.

Staff recommends that NFCWS' proposed tariff sheets, Original Sheet No. 16.5 and Original Sheet No. 16.6, shown on Attachment A are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 2: Should NFCWS' request for meter tampering charge and investigation of meter tampering charges be approved?

Recommendation: Yes. Staff recommends that NFCWS' proposed tariff, Original Sheet No. 16.7, shown on Attachment B indicating a meter a tampering charge at actual cost and the investigation of meter tampering charge of $68.46 should be approved. The Utility should be required to file a proposed notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and the proposed customer is adequate. (McClelland)

Staff Analysis: In its application, NFCWS proposed to implement a meter tampering charge at actual cost. Rule 25-30.320(2)(j), F.A.C., provides that a utility may refuse or discontinue service without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the Utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service.

The Utility also requested an investigation of meter tampering charge. In the Utility's original filing, NFCWS proposed a meter tampering charge of $50.00. However, on September 16, 2026, in response to staff's request for cost justification, the Utility filed supplemental documents revising the requested investigation of meter tampering charge from $50.00 to $68.46.[2] This charge is the same as the Utility's existing premises visits charge. The Utility stated that the task would incur the same cost as a premises visit. NFCWS also explained that the language of its existing premises visit charge would allow a meter investigation charge to fall within the definition of its tariff.

Based on the above, staff recommends that NFCWS' proposed tariff, Original Sheet No. 16.7, shown on Attachment B indicating a meter a tampering charge at actual cost and the investigation of meter tampering charge of $68.46 should be approved. The Utility should be required to file a proposed notice to reflect the Commission-approved charges approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and the proposed customer is adequate.

[2] Document No. 06726-2026

Issue 3: Should this docket be closed?

Recommendation: If a timely protest is filed, the tariff should not be implemented while the protest is pending. 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. (Rauch)

Staff Analysis: If a timely protest is filed, the tariff should not be implemented while the protest is pending. 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.

NORTH FLORIDA COMMUNITY WATER SYSTEMS, INC. ORIGINAL SHEET NO. 16.5
WATER TARIFF

For All Water Systems

BACKFLOW PREVENTION DEVICE ANNUAL TESTING REQUIREMENT

Pursuant to Rule 62-555.360, Florida Administrative Code, the Florida Department of Environmental Protection requires that all backflow prevention devices be inspected at least once every twelve (12) months by a backflow prevention assembly tester possessing a valid Certification recognized by the American Water Works Association.

In compliance with the Department of Environmental Protection's mandate, the Company requires that all customers with backflow prevention devices arrange for an inspection of such devices, at the customers expense, by a certified backflow prevention assembly tester.

If the results of such test are satisfactory, the results shall be documented by the licensed tester and submitted, by the customer, to the Company in a timely fashion. If the test discloses that the device is not functioning satisfactorily, the customer must, at the customer's expense, arrange for the necessary repairs to be made and the assembly retested by a certified tester. The customer will then submit the satisfactory results to the Company annually.

Satisfactory results of such a test must be submitted within one year of the previous test results. If the customer does not arrange for backflow prevention device testing or does not forward copy of the satisfactory results to the Company, service will be subject to disconnection upon five (5) working days notice to the customer.

EFFECTIVE DATE – October 30, 2026
TYPE OF FILING – Tariff Filing

GARY DEREMER
ISSUING OFFICER

PRESIDENT
TITLE

NORTH FLORIDA COMMUNITY WATER SYSTEMS, INC. ORIGINAL SHEET NO. 16.6
WATER TARIFF

For All Water Systems

BACKFLOW PREVENTION ASSEMBLY TEST CHARGE

AVAILABILITY - Available throughout the area served by the Company.

APPLICABILITY - The Florida Department of Environmental Protection (DEP) requires each Customer having a backflow prevention assembly to have a field test performed by a certified backflow prevention assembly contractor at least once per year. The Company will send a reminder notice to the Customer 30 days in advance of the required testing date. This tariff applies to Customers who choose to have the Company's certified contractor to perform the annual test required by the DEP or who fail to have the annual test completed by an independent certified contractor within the 30-day reminder period as provided by the Company.

LIMITATIONS - Subject to all of the Rules and Regulations of this Tariff and General Rules and Regulations of the Commission.

BILLING PERIOD - Annually.

RATE - $68.46

TERMS OF PAYMENT - Bills are due and payable when rendered. In accordance with Rule 25-30.320, Florida Administrative Code, if a Customer is delinquent in paying the bill for water service, service may then be discontinued.

EFFECTIVE DATE – October 30, 2026
TYPE OF FILING – Tariff Filing

GARY DEREMER
ISSUING OFFICER

PRESIDENT
TITLE

NORTH FLORIDA COMMUNITY WATER SYSTEMS, INC. ORIGINAL SHEET NO. 16.7
WATER TARIFF

For All Water Systems

MISCELLANEOUS SERVICE CHARGES

METER TAMPERING CHARGE – Unauthorized connections to, or tampering with the Company's meters, meter seals, or metering equipment or evidence thereof, which would cause the meter to fail to register or to register inaccurately, shall subject the Customer to prosecution under the laws of the State of Florida; to an adjustment for correction of prior bills for services rendered; and to liability for reimbursement of the Company of any and all actual expenses incurred pursuant to the repair or damaged meters, meter seals, or metering equipment. This charge shall only be levied after a service representative has determined that the Company's meters, meter seals, or metering equipment have been tampered with. In the event that a determination of tampering has been made by the service representative, the Company shall notify the Customer of the intent of the Company to assess a meter tampering charge, the grounds and/or evidence underlying the charge, and the Customer's ability to contest this charge with the Florida Public Service Commission. In the event that the Customer initiates a customer complaint and/or disputes the assessment of said charge with the Florida Public Service Commission, the Company shall not discontinue service to the Customer due to any unpaid disputed amounts until the complaint is closed by the staff of the Florida Public Service Commission.

INVESTIGATION OF METER TAMPERING CHARGE – In the event that an investigation reveals evidence of unauthorized connections to, or tampering with the Company's meters, meter seals or metering equipment, the Company may assess a penalty equal to the Premise Visit Charge for the reimbursement of extra expenses incurred as a result of the investigation. This charge will only be levied after a service representative has visited the premises and said representative has determined that the Company's meters, meter seals, or metering equipment have been tampered with. In the that a determination of tampering has been made by the service representative, the Company shall notify the Customer of the intent of the Company to assess a meter tampering charge, the grounds and/or evidence underlying the charge, and the Customer's ability to contest this charge with the Florida Public Service Commission. In the event that the Customer initiates a customer complaint and/or disputes the assessment of said charge with the Florida Public Service Commission, the Company shall not discontinue service to the Customer due to any unpaid disputed amounts until the complaint is closed by the staff of the Florida Public Service Commission.

Schedule of Miscellaneous Service Charges

Meter Tampering charge	Actual Cost
Investigation of Meter Tampering Charges	$68.46

EFFECTIVE DATE – October 30, 2026
TYPE OF FILING – Tariff Filing

GARY DEREMER
ISSUING OFFICER

PRESIDENT
TITLE

Item 14

FILED 9/24/2026
DOCUMENT NO. 06983-2026
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: September 24, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (McClelland, Bruce, Hudson, Sibley)
Office of the General Counsel (Rauch, Crawford)

RE: Docket No. 20260132-WU – Request for tariff filing revisions for backflow preventor devices testing requirements, by Florida Community Water Systems.

AGENDA: 10/06/26 – Regular Agenda – Tariff Decision – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 10/30/26 (60-Day statutory deadline to approve, deny, or suspend tariff)

SPECIAL INSTRUCTIONS: None

Case Background

Florida Community Water Services (FCWS or Utility) is a Class A water and wastewater utility providing service in Brevard, Lake, and Sumter Counties. According to the Utility's 2025 annual report, the Utility provides water service to 2,093 residential and 50 general service customers.[1] FCWS' rates were last amended in a price index in 2026.

The Utility's existing backflow prevention charge was approved for its Black Bear water system located in Lake County.[2] On May 7, 2026, FCWS filed a request to have its miscellaneous service charges be consolidated because the same operations were conducting the services and to be consistent with the consolidated rates of the Utility. Pursuant to the Administrative Procedures

[1] Number of customers as reported in 2025 Annual Report ending December 31, 2025.
[2] Order No. 2011-0478-PAA-WU, issued October 24, 2011, in Docket No. 20100085-WU, *In re: Application for certificate to operate water utility in Lake County by Black Bear Reserve Corporation.*

Manual 2.07 (5)(a)(6), staff administratively approved the consolidated miscellaneous service charge request, effective June 23, 2026.[3] On August 31, 2026, FCWS filed an application for approval of a new tariff page to include a provision that service is subject to disconnection if the customer does not comply with backflow prevention device annual testing requirements.

This recommendation addresses the Utility's request for a proposed tariff reflecting compliance language with Department of Environmental Protection (DEP) rules. Proposed tariff sheet No. 13.15 is included as Attachment A to the recommendation. The Commission has jurisdiction over this matter pursuant to Sections 367.081 and 367.091, Florida Statutes (F.S.).

[3] WS File Number – WS-2026-0067

Discussion of Issues

Issue 1: Should FCWS' request for revisions to its backflow prevention device annual testing requirement tariff sheet be approved?

Recommendation: Yes. FCWS' proposed tariff sheet shown on Attachment A should be approved. The approved tariff should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C). In addition, the approved tariff should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (McClelland)

Staff Analysis: The Utility is proposing to implement Original Sheet 13.15 to include a provision that service is subject to disconnect if the customer does not comply with backflow prevention device annual testing requirements. The Utility states that the purpose of the tariff is to comply pursuant to DEP Rules 62-555.330 and 62-555.360, F.A.C., which includes the required language regarding backflow prevention device testing.

The Utility's Cross-Connection Control Program mandates that a backflow prevention device be installed on all connections, which may represent a source of contamination due to a lawn irrigation system. The customers are responsible for piping and appurtenances beyond the Utility's water meter toward the dwelling. Rule 25-30.231, F.A.C., requires each Utility to operate and maintain safe and proper condition of all the facilities and equipment used in connection with the distribution, regulation, measurement and delivery of water service to the customer up to and the point of delivery into the piping owned by the customer. In addition, Rule 25-30.210(7), F.A.C., states that the point of delivery for a water system is the outlet connection with the customer's piping. Due to the location of the backflow devices, which is past the meter, the cost of inspection will be borne by the customer. The Utility sends out a notice on an annual basis advising of the biennial testing requirement per DEP's rule. Customers will have 30 days from the date of the notice to complete the testing and provide documentation to the Utility.

Per the Utility's request, if a customer fails to have the annual inspection performed and provide documentation of the test to the Utility within 30 days of the notice, water service will be disconnected. Rule 25-30.320(2)(a), F.A.C., states that service may be discontinued for noncompliance with any state regulation governing such utility service.

Staff recommends that FCWS' proposed tariff sheet shown on Attachment A should be approved. The approved tariff should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved tariff should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 2: Should this docket be closed?

Recommendation: If a timely protest is filed, the tariff should not be implemented while the protest is pending. 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. (Rauch)

Staff Analysis: If a timely protest is filed, the tariff should not be implemented while the protest is pending. 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.

FLORIDA COMMUNITY WATER SYSTEMS, INC.
WATER TARIFF

ORIGINAL SHEET NO. 13.15

For All Water Systems

BACKFLOW PREVENTION DEVICE ANNUAL TESTING REQUIREMENT

Pursuant to Rule 62-555.360, Florida Administrative Code, the Florida Department of Environmental Protection requires that all backflow prevention devices be inspected at least once every twelve (12) months by a backflow prevention assembly tester possessing a valid Certification recognized by the American Water Works Association.

In compliance with the Department of Environmental Protection's mandate, the Company requires that all customers with backflow prevention devices arrange for an inspection of such devices, at the customers expense, by a certified backflow prevention assembly tester.

If the results of such test are satisfactory, the results shall be documented by the licensed tester and submitted, by the customer, to the Company in a timely fashion. If the test discloses that the device is not functioning satisfactorily, the customer must, at the customer's expense, arrange for the necessary repairs to be made and the assembly retested by a certified tester. The customer will then submit the satisfactory results to the Company annually.

Satisfactory results of such a test must be submitted within one year of the previous test results. If the customer does not arrange for backflow prevention device testing or does not forward copy of the satisfactory results to the Company, service will be subject to disconnection upon five (5) working days notice to the customer.

EFFECTIVE DATE – October 30, 2026
TYPE OF FILING – Tariff Filing

GARY DEREMER
ISSUING OFFICER

PRESIDENT
TITLE