

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for rate increase by Florida  
Public Utilities Company, Florida Division of  
Chesapeake Utilities Corporation, Florida  
Public Utilities Company - Fort Meade, and  
Florida Public Utilities Company - Indiantown  
Division.

DOCKET NO. 20220067-GU  
ORDER NO. PSC-2023-0103-FOF-GU  
ISSUED: March 15, 2023

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ORDER GRANTING FLORIDA PUBLIC UTILITIES COMPANY’S PETITION FOR A  
RATE INCREASE

BY THE COMMISSION:

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Background

This proceeding commenced on May 24, 2022, with the filing of a petition for a permanent rate increase and to consolidate the four natural gas utilities into one utility operating under the name Florida Public Utilities Company, by Florida Public Utilities Company, Florida Division of Chesapeake Utilities Corporation (Chesapeake), Florida Public Utilities Company-Fort Meade (Ft. Meade), and Florida Public Utilities Company-Indiantown Division (Indiantown) (collectively the Company or FPUC). The four natural gas utilities provide sales and transportation of natural gas and are public utilities subject to our regulatory jurisdiction under Chapter 366, Florida Statutes (F.S.). Pursuant to Section 366.06(2) and (4), F.S., the Company requested that this rate case be processed using our hearing process.

In 2009, Chesapeake Utilities Corporation (CUC), a Delaware corporation, which owned and operated Chesapeake, acquired FPUC’s electric and gas divisions. In 2010, Florida Public Utilities Company acquired Indiantown Gas Company, and in 2013 the natural gas assets of Fort Meade, a municipal utility.

The Company currently serves approximately 92,000 residential, commercial, and industrial customers in 26 counties throughout the state of Florida. In its petition, the Company requested an increase of \$43.8 million in additional annual revenues. Of that amount, \$19.8 million is associated with moving into base rates the Company’s current investment in the Commission-approved Gas Reliability Infrastructure Program (GRIP), which is being recovered through a separate surcharge on customers’ bills, into base rates. The remaining \$24 million, according to FPUC, is necessary for the Company to earn a fair return on its investment and a requested return on equity of 11.25%. The Company based its request on a 13-month average rate base of \$454.9 million for the projected test year January through December 2023. The requested overall rate of return is 6.43%.

FPUC’s last approved rate case was in 2008,<sup>1</sup> Chesapeake’s last rate case was in 2009,<sup>2</sup> and Indiantown’s last rate case was in 2003, prior to its acquisition in 2010.<sup>3</sup> Ft. Meade was a municipal utility prior to its acquisition in 2013 and has not had a rate case prior to this docket.

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<sup>1</sup>Order No. PSC-2009-0375-PAA-GU, issued May 27, 2009, and PSC-2009-0848-S-GU, issued December 28, 2009, in Docket No. 20080366-GU, *In re: Petition for rate increase by Florida Public Utilities Company*.

<sup>2</sup>Order No. PSC-2010-0029-PAA-GU, issued January 14, 2010, in Docket No. 20090125-GU, *In re: Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation*.

<sup>3</sup>Order No. PSC-2004-0565-PAA-GU, issued June 2, 2004, in Docket No. 20030954-GU, *In re: Petition for rate increase by Indiantown Gas Company*.



More recently, by Order No. PSC-2021-0148-TRF-GU,<sup>4</sup> the four individual utilities' tariffs were consolidated without modifications to customer rates. Prior to the consolidation of the tariffs, the utilities provided natural gas service under four separate Commission-approved tariffs.

The Company stated that the key drivers for the proposed rate increase are capital investments to expand service, technology and safety investments, increased insurance premiums, and an increase in cost of materials and labor as a result of high inflation. As part of its petition, the Company filed a new 2023 depreciation study, a cost recovery environmental surcharge, revisions to its Area Expansion Program (AEP), and consolidated rate structures.

The Company also requested an interim rate increase of \$7.13 million. Section 366.071, F.S., addresses interim rates and procedures and required us to authorize within 60 days of a filing for an interim rate increase the collection of interim rates. On June 7, 2022, the Company waived the 60-day provision of Section 366.071(2), F.S., and agreed to defer implementation of the proposed interim rates until the issue was addressed at the scheduled August 2, 2022 Agenda Conference.<sup>5</sup> By Order No. PSC-2022-0288-PCO-GU, issued July 22, 2022, we suspended the proposed permanent increase in rates and charges. By Order No. PSC-2022-0308-PCO-GU, issued August 19, 2022, we approved interim rates effective for all of the Company's meter readings occurring on or after thirty days from the date of our vote. The Office of the Public Counsel (OPC) and the Florida Industrial Power Users Group (FIPUG) intervened in this proceeding.

Three virtual customer service hearings were held on August 30 and 31, 2022. Four customers testified at the virtual service hearings and expressed concern about a rate increase. In addition, two in-person customer service hearings were held at the following locations and dates: West Palm Beach, September 20, 2022 and Winter Haven, September 21, 2022. No customers testified at the in-person service hearings. We received approximately 470 customer letters that have been placed in correspondence in the docket. A majority of the customers urged us to not increase their gas rates during these financially challenging times.

An administrative hearing was held from October 25 through 26, 2022. At the hearing, we approved proposed stipulations on a number of issues, as reflected herein. On December 2, 2022, the parties filed post-hearing briefs which argued their positions on the issues litigated at the administrative hearing. After the parties filed their briefs, we held Special Agenda Conferences on January 24 and February 21, 2023 to address those issues.

At the January 24, 2023 Special Agenda Conference, we approved an increase to operating revenues of \$27,074,145 for FPUC, \$9,317,084 for Chesapeake, \$358,377 for

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<sup>4</sup>Order No. PSC-2021-0148-TRF-GU, issued April 22, 2021, in Docket No. 20200214-GU, *In re: Joint petition of Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation for approval of consolidation of tariffs, for modifications to retail choice transportation service programs, and to change the MACC for Florida Public Utilities Company.*

<sup>5</sup>Document No. 03478-2022, filed June 7, 2022, in Docket No. 20220067-GU.

Indiantown, and \$159,418 for Ft. Meade.<sup>6</sup> The total Company target revenues, including other operating revenue, is \$98,637,474.<sup>7</sup> The final revenue requirement calculations that reflect the approved increase to operating revenues are contained in Attachment 1, attached hereto.

Also at the January 24, 2023 Special Agenda Conference, we approved the Company's cost of service study, and pursuant to our vote, the Company developed rates and charges for 16 consolidated rate classes with different rates applicable to: (1) FPUC and CFG, (2) Ft. Meade, and (3) Indiantown. Previously, the Company had 54 rate classes across the four utilities. Furthermore, we approved the Company's proposal to set the Ft. Meade average increase to 19% and to 24% for Indiantown to protect these customers from significant increases resulting from the consolidation. Therefore, to mitigate the level of increase to the Ft. Meade and Indiantown customers, who represent about one percent of the Company's total customers, the final target revenue for Ft. Meade and Indiantown is set below the cost of service revenue requirement.

At the February 21, 2023, Special Commission Conference, we addressed the customer charges, per therm distribution charges, and the effective date of the new rates.

We have jurisdiction over this matter pursuant to Chapter 366, F.S., including Sections 366.06 and 366.071, F.S.

### Decision

#### **Test Period and Forecasting**

##### **I. Projected Test Year**

##### **A. Parties' Arguments**

FPUC witness Cassel testified that the projected 12-month period ending December 31, 2023, is the appropriate test period as it provides an accurate reflection of the economic conditions that the Company will be expected to operate under during the first 12 months that new rates are in effect. FPUC argued that the Intervenors did not challenge the appropriateness of the 2023 test period. FPUC stated in its brief that there was "no readily apparent difference of opinion" between FPUC and the Intervenors as it "relates to the identified test period itself."

OPC argued in its brief that FPUC has the burden of demonstrating that the projected test year is representative of conditions that will exist when new rates go into effect and that the 2023 projected test year should reflect all applicable adjustments recommended by OPC. Also addressed in OPC's brief were concerns about potential merger activities. However, these concerns seemed to be satisfied by CUC Chief Accounting Officer Galtman's testimony confirming there were no merger impacts under consideration that would affect the expenses we are approving in this case, as well as the affirmation that he would be in the position to know of

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<sup>6</sup> The revenue increases shown include moving the GRIP surcharge revenues into base rates, as approved in Section IX.

<sup>7</sup> See Schedule H-1, page 1 of 6, line 1, of the revised cost of service filed on February 7, 2023.

any such activities, were they to be occurring. OPC argued that Commission Order No. PSC-2009-0375-PAA-GU found that a merger in the near future could make the rates we set “inappropriate.” By referencing that Order, as well as FPUC witness Galtman’s testimony, OPC argued that we should accept these representations as an assurance that the 2023 test year can be relied upon as being fairly representative of operations for setting fair, just, and reasonable rates.

FIPUG adopted the position of OPC.

B. Analysis

In general, a projected test year methodology uses forecasted data for a 12-month period to match average revenues with the average expenses and rate base investment. OPC and FIPUG do not disagree with the appropriateness of the 2023 test year, if appropriate adjustments are made. However, no Intervenor has cited any specific adjustments to be made in this case to the test period. Further, “adjustments” are not typically germane to this issue and we agree with FPUC that there was no readily apparent difference of opinion between the Intervenor as it related to the identified test period itself.

The projected 2023 test year also will incorporate the effects of FPUC’s 2023 depreciation study for which the implementation date coincides with the requested effective date of new base rates. This synchronized timing will provide FPUC the opportunity to earn the targeted returns established by us in this case. FPUC’s proposed 2023 test year will result in a matching of the Company’s revenues to be produced, during the first twelve months in which the new rates would be in effect, with average rate base investment and average expenses for the same period. Therefore, we find that FPUC’s projected test period of the twelve months ending December 31, 2023, is appropriate.

II. Customer and Therm Forecasts

A. Parties’ Arguments

FPUC argued in its brief that witness Taylor sufficiently addressed this issue, detailing his five-step process used to prepare the Company’s 2023 test year forecasts of customer counts and therm sales. Witness Taylor’s calculations relied upon ten years’ worth of data over the historic period 2012-2021. While FPUC acknowledged the Intervenor’s position that the Company’s forecasts of customers and therms by rate class for the projected test year are appropriate, with applicable adjustments, the Company noted that no Intervenor witnesses suggested any specific adjustments to the Company’s customer and therm sales forecasts.

At hearing, witness Taylor provided rationale for the method he used to prepare FPUC’s test year therm forecast for the FPUC-Natural Gas Vehicle Transportation Service customer class (FPUC-NGVTS), relative to an optional method raised during cross examination.

Ultimately, FPUC argued that the Company’s forecasts of customer and therm sales by rate class are based upon reliable and robust methods accepted by us in prior rate cases for

FPUC. The Company further maintained that the record of this case fully supports its projected customers and therm sales as reflected in the Company's MFRs and the exhibits of Witness Taylor.

OPC argued that FPUC has the burden of demonstrating that its forecasts of customer and therms by rate class for the 2023 test year are appropriate. OPC also noted that the forecasts of customers and therms should reflect all applicable OPC adjustments.

FIPUG adopted the position of OPC.

B. Analysis

In this rate case, FPUC provided forecast models which detail the Company's historical and forecasted customer counts and therm sales across the four legacy Company divisions and 54 tariffed rate classes. FPUC witness Taylor stated that the Company's customer and therm sales estimates were developed by rigorously analyzing historical data and applying robust Autoregressive Integrated Moving Average and Multiple Linear Regression models, commonly used for demand forecasting across multiple industries. Witness Taylor further explained that for each rate class, the Company selected one of five different forecasting methods to determine the billing determinants, which are as follows:

- Use per Customer (UPC) - the forecasted customer counts are multiplied by the use per customer projections developed in the Company's regression analysis.
- Use per Customer Growth Rate - current use per customer is escalated using the projected percent change produced by the regression analysis.
- Historical Base – utilizes 2021 customer and usage figures to forecast 2022 and 2023 with no changes.
- Historical Average – utilizes 2019-2021 billing determinants to compute an average for 2022 and 2023.
- Historical Adjusted – rate classes are adjusted to known events that will impact their forecasted usage in 2022 and 2023.

We analyzed FPUC's forecast models and assumptions, historical customer and usage data (2012-2021), year-to-date accuracy (2022), and year-over-year growth rates. The Intervenor did not present testimony or evidence to rebut FPUC's forecast models or assumptions. We find that FPUC's forecasting models and assumptions are reasonable, resulting in reasonable test year customer and therm forecasts in all instances except one. We find that FPUC has understated the test year therm forecast for the FPUC-NGVTS customer class based on the following analysis.

The tariff associated with the FPUC-NGVTS customer class became effective on August 13, 2013, pursuant to Order No. PSC-2013-0395-PAA-GU. The tariff applies to non-residential customers buying natural gas for the purpose of compression and delivery into motor vehicle fuel

tanks.<sup>8</sup> The Company was asked to reconcile its projected negative growth rate for this class for the historic base year +1 and its 0% growth rate for 2023 test year, despite the customer class experiencing positive growth over the last five years. The Company responded that, due to “historical data variations, the historical three-year average actual data was used for forecasting purposes as no known and measurable changes were anticipated for this customer class.” The Company did not provide any additional market information relating to any anticipated changes in the number of customers and/or therm usage for this particular customer class.

FPUC’s witness Taylor elected to utilize a “historical average” methodology for FPUC-NGVTS’s therm usage. As shown in Table 1 below, this methodology uses the average of the customer class’s therm UPC over the historical years 2019-2021 to forecast the 2022 historic base year + 1 and 2023 test year. Thus, FPUC’s therm UPC decreases from 545,657 in 2021 (actual) to its forecast of 461,073 in 2022 and 2023. For FPUC, this methodology results in a negative 16% UPC growth rate for 2022 and 0% UPC growth for 2023. In other words, FPUC-NGVTS had consistent, robust growth for 2019-2021, but FPUC’s methodology projects negative growth for 2022, and no growth for 2023.

**Table 1**  
**FPUC NGVTS Therm UPC Forecast**  
**(FPUC and Commission Forecasts)**

<b>FPUC – Natural Gas Vehicle Transportation Service</b>	2017	2018	2019	2020	2021	2022	2023	
<b>Therm UPC</b>	203,625	321,468	365,987	471,576	545,657	461,073	461,073	<b>FPUC Forecast (2022 and 2023)</b>
						611,136	684,472	<b>Comm. Forecast (2022 and 2023)</b>
<b>UPC Growth (Y/O/Y)</b>	0%*	0%*	14%	29%	16%	-16%	0%	<b>FPUC Forecast (2022 and 2023)</b>
						12%	12%	<b>Comm. Forecast (2022 and 2023)</b>

\*0% growth represented for 2017 and 2018 due to service being initiated during the 2016-2018 period.

<sup>8</sup> Order No. PSC-2013-0395-PAA-GU, issued August 28, 2013, in Docket No. 20130135-GU, *In re: Joint petition for approval of commercial natural gas vehicle service program by Florida Public Utilities Company, Florida Public Utilities-Indiantown Division, and Florida Division of Chesapeake Utilities Corporation.*

Witness Taylor explained that when he elected to utilize a base period or historical average forecasting methodology for a particular customer class, it was because there was “not robust progression analysis resulting from analyzing those particular rate classes, or the rate class was small enough in which a statistical analysis would not be appropriate.” Witness Taylor concluded that, due to the fact the FPUC–NGVTS customer class had a very small number of customers, he decided to utilize a historical average approach.

Witness Taylor further argued, for forecasting purposes for the FPUC–NGVTS class, a three-year average for the class was preferable, as opposed to five years, due to the predictive value of the last three years being higher than the last five years. Witness Taylor also noted that he prefers utilizing actual figures over just relying on percentage increases as they “better serve to illustrate the magnitude of the changes and what is occurring with the data.”

During the hearing, witness Taylor agreed that the customer class was experiencing an increase year-over-year in usage over the 2019-2021 period. Witness Taylor was questioned how, with the noted year-over-year increases in mind, he reconciled the Company’s projected 16% decrease in therm UPC for this particular customer class. Witness Taylor responded that he believed the Company’s response to Staff’s Second Request for Production of Documents, No. 10 was supplemented with updated bills and usage figures for 2019, 2020, and 2021, which would better align with the Company’s forecast. However, we note that the 2019-2021 usage amounts contained in the supplemented document referenced by witness Taylor steadily increased during this period, while the customer count (2) remained static, resulting in increasing UPC amounts for the time period as shown in Table 1. Thus, we find that the Company’s historical usage amounts for the FPUC-NGVTS customer class do not align with the Company’s forecasted UPC decrease in 2022 and static UPC growth in 2023.

In addition to the historical average forecasting review, we also reviewed the year-to-date therm UPC (January 2022-June 2022) for the FPUC-NGVTS customer class. The Company’s therm UPC for the first half of 2022 shows that FPUC’s monthly UPC forecast for the customer class in question had been under-forecasted by an average of 20.8%. We find this resulting test year forecast by the Company is not reasonable, given the consistent experienced growth in UPC over the past 3.5 years. Taking into account the consistent experienced historic UPC growth, as well as the year-to-date UPC under-forecast by the Company for this customer class, we find an adjustment to increase FPUC’s therm sales forecast for the FPUC-NGVTS customer class is appropriate.

We note that, since this customer class did not have any customers prior to 2016, when service was initiated during the 2016–2018 period, extremely high usage growth was experienced by this customer class. For this reason, as a conservative estimate of trend, we find that the Company’s application of a 0% growth rate for 2017 and 2018 is appropriate.

As shown in Table 1, averaging the past 5 years of therm UPC growth for the class (including the 0% growth for 2017 and 2018) results in an average 12% growth for the customer class over the historic years 2017-2021. We find that extending the average 12% growth experienced over the historic period from 2017-2021 to the 2022 historic base year +1 and 2023

test year presents a reasonable projection of this customer class's therm UPC for the 2023 test year.

As previously mentioned, the FPUC-NGVTS customer class experienced therm UPC of 545,657 in 2021. We find applying a 12% growth rate, resulting in a forecasted therm UPC of 611,136 for the historic base year +1, and a forecasted therm UPC of 684,472 for the projected test year, as shown in Table 1, is appropriate. This represents an increase in the amount of 223,399 therm UPC to FPUC's test year forecast of 461,073 therm UPC for the customer class. After multiplying the UPC increase of 223,399 by the class's customer count (2), we find it is appropriate to make an adjustment (increase) to the test year therm sales for the FPUC-NGVTS customer class in the amount of 446,798 therms.

C. Conclusion

FPUC's test year customer forecasts are reasonable and FPUC's test year therm forecasts are reasonable with one exception: FPUC's therm forecast for the FPUC-Natural Gas Vehicle Transportation Service customer class shall be adjusted (increased) in the amount of 446,798 therms to account for the trend in growth for this class.

III. Estimated Gas Revenues

A. Parties' Arguments

In its brief, FPUC explained how witness Taylor formulated the Company's projections of revenues from sales of gas at current rates by rate class. FPUC acknowledged that while the Intervenor's agreed with the Company's estimated revenues from sales of gas by rate class at current rates for the projected test year, the Intervenor's include the caveat of "with applicable adjustments." The Company noted no Intervenor witnesses suggested any specific adjustments to the projected test year revenues be made. FPUC maintained that the Company's estimated revenues from sales of gas by rate class at current rates for the projected 2023 test year are based upon reliable and robust methods accepted by us in prior rate cases for FPUC, and are appropriate as filed. The Company asserted that the record of this case fully supports its revenues from sales of gas by rate class at current rates as reflected in the Company's MFRs and the testimony and exhibits of Witness Taylor.

OPC argued in its brief that FPUC has the burden of demonstrating that the Company's forecasts of revenues from sales of gas by rate class at current rates for the projected 2023 test year are appropriate. OPC also noted that the forecasts of revenues from sales of gas by rate class at current rates should reflect all applicable OPC adjustments.

FIPUG adopted the position of OPC.

B. Analysis

Here we address FPUC's estimated revenues from sales of gas by rate class at present rates for the projected test year. As previously discussed, FPUC provided forecast models which detail the Company's forecasted customer counts and therm sales across the four legacy Company divisions and 54 tariffed rate classes for the 2023 test year. Once the forecasted customer counts and therm sales are established, they are multiplied by FPUC's current rates for each customer class and summed to yield total revenues.

We determined that FPUC used the correct current rates for all customer classes in its calculations of test year revenue. We also determined that in all instances, the revenue forecasts for all customer classes were reasonable, with the exception of the FPUC – FPUC-NGVTS customer class. Furthermore, we note that the Intervenors did not present testimony or evidence to rebut FPUC's test year forecast of revenues from sales of gas at current rates.

As detailed in MFR Schedule G-2, as well as FPUC witness Taylor's filed Average Annual Bill Impact, the current energy charge with GRIP for the FPUC-Natural Gas Transportation Service customer class is \$0.40077 per therm. Table 2 illustrates FPUC-NGVTS test year revenue (energy) at current rates according to FPUC and as adjusted by us. Projected energy revenue for this customer class, according to FPUC, is \$369,569. However, we find the Company's therm UPC projections for this customer class are significantly understated, resulting in understated projected revenues at current rates.

As shown in Table 2, Row 2, the Commission-Adjusted 2023 therm UPC of 684,472 yields a total 2023 Test year therm sales projection of 1,368,944 therms for the FPUC-NGVTS customer class. Applying the current energy charge of \$0.40077 per therm to this forecasted therm total, we calculate 2023 projected energy revenue from sales at current rates for the customer class equal to \$548,632 ( $1,368,944 \times \$0.40077$ ). This represents an adjustment (increase) in the amount of \$179,063 to FPUC's as-filed 2023 revenue projection, as detailed in Table 2 below.



**Table 2**  
**2023 Projected Test Year Revenues for FPUC-NGVTS Customer Class at Current Rates**  
**(FPUC and Commission Adjusted)**

		A	B	C	D	E
Row	FPUC – Natural Gas Vehicle Transportation Service	Therm UPC	Customer Count	Therm Sales (A x B)	Current Energy Charge (w/GRIP)	Projected Revenue from Therm Sales at Current Rates (C x D)
1	FPUC	461,073	2	922,147	\$0.40077	\$369,569
2	Commission Adjusted	684,472	2	1,368,944	\$0.40077	\$548,632
3	Difference (Comm. Adj. Less FPUC)	223,399	-	446,797	-	\$179,063

Based on the foregoing, we find that this adjustment (increase) in the amount of \$179,063 to revenues from sales of gas at current rates for the FPUC–NGVTS customer class is necessary and appropriate.

C. Conclusion

FPUC’s estimated revenues from sales of gas by rate class at present rates shall be increased by \$179,063 to reflect the adjustment (increase) to therm sales for the FPUC-Natural Gas Vehicle Transportation Service customer class for the projected test year.

**Quality of Service**

IV. Quality of Service

A. Parties’ Argument

FPUC argued that as outlined in the testimony of FPUC witness Parmer, the Company’s quality of service is very good, and it continues to make improvements as demonstrated by the reduction in complaints. This was further shown by the lack of quality of service concerns raised at the service hearings and that only 126 customer complaints were filed with us over a five-year period. FPUC argued that several witnesses presented testimony on the advancements the Company is making to its customer service, including FPUC witness Galtman’s testimony on core values and website enhancements. FPUC argued that while the time period used in Staff witness Calhoun’s testimony differed from that of witness Parmer’s testimony, the number of complaints was still low. Additionally, the Company argued that the customer comments filed in the docket

were not sworn testimony and had not been confirmed to be FPUC customers. FPUC argued that consistent with its obligations under Section 366.03, F.S., its quality of service is reasonably sufficient, adequate, and efficient.

OPC argued when comparing the customer complaints presented by Staff witness Calhoun and FPUC witness Parmer, there were discrepancies between the testimonies. Therefore, the number of complaints and the reduction of complaints identified by witness Parmer did not appear to be supported. OPC also argued that while customers were encouraged to mail or email their comments regarding the Company, no witness testified to the customer correspondence filed in the docket. OPC argued the number of individual comments filed in the docket was over 100, not considering duplicate comments, which were from customers in opposition to the rate increase due to “extremely challenging times.” OPC argued that FPUC has the burden to demonstrate that its quality of service is appropriate and apart from the recorded complaints, the quality of service appears to be adequate.

FIPUG adopted the position of OPC.

B. Analysis

Pursuant to Section 366.041, F.S., in fixing rates we are authorized to give consideration to, among other things, the efficiency, sufficiency, and adequacy of the facilities provided and the services rendered. We held three virtual service hearings on August 30 and 31, 2022. Additionally, we held two in-person service hearings within FPUC’s service territory on September 20 and 21, 2022. The service hearings provide an opportunity for customers to raise concerns regarding FPUC’s quality of service and its request for a rate increase. Four customers participated at the virtual service hearings, all of whom spoke to the requested rate increase, with one customer also discussing FPUC’s customer service. The customer stated that they had contacted the Company several times and had not received a response regarding a billing inquiry. No customers spoke at the in-person service hearings, which were held in West Palm Beach and Winter Haven. FPUC serves approximately 92,000 customers.

The Company indicated that it received 143 customer complaints between the years 2013 through 2021, which included 61 service complaints and 82 billing complaints. FPUC witness Parmer testified that since 2013, there had been a 35% or more annual reduction in the number of complaints logged. Witness Parmer also testified to the customer service improvements that had been made by FPUC, which included enhancements to call systems, customer satisfaction tracking, payment options, and Company-to-customer communications. Additionally, FPUC witness Gadgil testified that a variety of technologies had been employed to protect the personal identifiable information of its customers.

Staff witness Calhoun testified to the number of consumer complaints logged with us against FPUC, Chesapeake, Indiantown, and Fort Meade from July 1, 2017, to June 30, 2022:

- FPUC: 104 complaints. Of those complaints, 29 were transferred to the Company, and approximately 64% of the complaints were related to billing issues and approximately

36% involved quality of service issues. Additionally, 16 billing complaints and 3 service quality complaints appeared to demonstrate a violation of our Rules.

- Indiantown: two complaints, both concerning quality of service issues.
- Chesapeake: 19 complaints. Of those complaints, 1 was transferred to the Company, 13 were related to billing issues, and 5 involved quality of service issues. Additionally, two billing complaints and two service quality complaints appeared to demonstrate a violation of our Rules.
- Fort Meade: one complaint concerning a billing issue. Additionally, one complaint appeared to demonstrate a violation of our Rules.

Pursuant to Rule 25-7.018, Florida Administrative Code (F.A.C.), each utility shall keep a complete record of all interruptions affecting the lesser of 10% or 500 or more of its division meters. Based on the Company's filing, there were no customer interruptions affecting either 10% or 500 meters during the historic test year. Based on a review of all witness and customer testimony and consideration of the information presented above, we find that FPUC's quality of service is adequate.

### **Depreciation Study**

#### V. Depreciation Parameters

##### A. Parties' Arguments

FPUC argued in its brief that the appropriate depreciation parameters are those presented in Revised Exhibit PSL-2 to the direct testimony of FPUC witness Lee. Further, the Company stated the depreciation study was conducted in accordance with Rule 25-7.045, F.A.C. (the Depreciation Rule). In keeping with the Depreciation Rule, FPUC explained that witness Lee proposed several changes to certain account life and salvage parameters. These proposed changes in depreciation parameters result in a reduction in depreciation expense of approximately \$1.5 million, based on estimated investments and reserves as of January 1, 2023.

The Company also supported witness Lee's reliance on life characteristics for similar plant of other Florida gas companies to make a complete analysis. Witness Lee explained that retirement rates for FPUC averaged less than one percent since the last depreciation study for many accounts, which provided insufficient data to perform any meaningful statistical analyses for life characteristics, which led her to rely on life characteristics for similar plant of other Florida gas companies to make a complete analysis. The Company argued that this is a common and accepted industry practice.

FPUC argued in support of witness Lee's approach for conducting the Depreciation Study. Witness Lee conducted the Depreciation Study with the same approach as the Company's previous studies. This approach did not include statistical analysis in order to produce Iowa

curves for each account.<sup>9</sup> Instead, witness Lee examined the currently-approved Iowa curves for each account and found them all to be reasonable. The remaining lives for each account were developed using the average life, Iowa Curve, and average age as of January 1, 2023.

Supporting the approach to the Depreciation Study analysis, FPUC argued that witness Lee used her recommended average service lives and Iowa curve, along with the average age of each account, and applied those to the GTE life tables contained in Hearing Exhibits 15 and 72, in order to determine her recommended remaining lives. As previously set out, the depreciation rates which result from witness Lee's recommended depreciation parameters reflect a decrease in depreciation expense of approximately \$1.5 million based on estimated investment and reserves as of January 1, 2023.

In its brief, FPUC stated that OPC witness Garrett took issue with witness Lee's analysis. FPUC pointed out that witness Garrett's service life recommendations flowed through to OPC witness Smith's analysis regarding accumulated depreciation and depreciation expense. FPUC argued that witness Garrett's criticisms of witness Lee's analysis "was her lack of actuarial analysis, which isn't a requirement in Florida, and a reliance on a comparative analysis utilizing only Florida-based gas companies." FPUC stated that witness Garrett's argument is that witness Lee's reliance on a comparison of only Florida-based gas companies can create a feedback loop which can result in less accurate historical data. FPUC argued that witness Garrett's methodology relied on the same process as witness Lee's. FPUC argued that witness Garrett's peer group, with the addition of three non-Florida-based gas companies, Northern Indiana Public Service Company, Liberty Utilities, and Piedmont Natural Gas, is very similar to witness Lee's peer group.

FPUC stated that witness Garrett made adjustments to the service lives of only four accounts. FPUC continued by stating that witness Garrett adjusted additional accounts without a clear explanation. FPUC argued that, while witness Garrett did not offer a different service life, curve shape, average age, or net salvage, he arrived at a different average remaining life and depreciation rate for Account 396 with no clear explanation.

FPUC argued that, even with OPC witness Garrett's criticism of witness Lee's use of Florida-based gas companies in her analysis, witness Garrett conceded that witness Lee's proposed service lives for FPUC's accounts were generally longer than the service lives for the same accounts he included in his analysis. FPUC pointed out that witness Garrett further stated that it was "not unreasonable" to use data only from other Florida utilities.

FPUC also argued that witness Garrett conceded he had not done any analysis with regard to the impact of environmental conditions on service lives. FPUC stated that the observed life tables from Northern Indiana Public Service Company do not show any consideration for impacts of environmental conditions, such as hurricanes, saltwater intrusion, or the resulting corrosion. FPUC further stated that, based on the above, witness Garrett's use of a utility from Indiana for comparison purposes does not result in an "apples to apples" comparison.

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<sup>9</sup> Iowa curves are a graphical representation of the retirement patterns for a group of assets.

FPUC stated that witness Garrett reflected the wrong service lives for certain accounts of his peer group utilities. FPUC argued that witness Lee demonstrated that even when the companies from witness Garrett's peer group are added to the Florida group, the average service lives proposed by witness Garrett are longer than the average of this combined group.

OPC argued that one primary component of depreciation that relies on estimation is service lives. OPC witness Garrett's main disagreement with FPUC's proposed service lives is that they rely on a Florida-only peer group and that they do not rely on historical data. OPC argued that a "feedback loop" can be created when relying only on Florida-based utilities.

Witness Garrett testified that the Company must meet the legal standard showing that its proposed depreciation rates are not overestimated. Witness Garrett argued that underestimating service lives (and, as a result, overestimating depreciation rates) can lead to economic inefficiencies and can harm customers. In contrast, if service lives are overestimated, the utility can rely on regulators to ensure customers are not economically harmed.

OPC stated that, since historical data was not available in this case, witness Garrett utilized a peer group to estimate service lives, including utilities from within Florida and other coastal areas. These utilities were selected by witness Garrett due to the large amount of historical data available for actuarial analysis and his involvement in those studies. Based on his peer group, witness Garrett proposed longer lives for four of FPUC's accounts.

OPC stated that FPUC witness Lee's main criticism of witness Garrett's peer group is that it contains data from outside the state of Florida. OPC argued that witness Lee conceded that she had not done any studies that show that the conditions in which Florida companies operate are any harsher than the conditions confronting companies in witness Garrett's peer group. OPC stated that we should adopt the following service lives: Account 378 – M&R Equipment – General (46 years); Account 3801 – M&R Equipment – City Gate (49 years); Services – Plastic (57 years); and Account 381 – Meters (30 years).

FIPUG adopted the position of OPC.

## B. Analysis

This section addresses the depreciation parameters and appropriate resulting depreciation rates for FPUC's plant accounts which are categorized as distribution and general accounts. These depreciation parameters include the average service life (ASL) and the remaining life (in years), net salvage percentage, reserve percentage, and curve shape.

In order to arrive at the appropriate resulting depreciation rates, each parameter plays a part in the calculation. Combining these parameters provides the account-specific depreciation rates on a going-forward basis, which is the remaining life rate. The remaining life rate is designed to recover the remaining unrecovered balance (investment less net salvage less reserve) over the remaining life of the associated investment. The formula for the remaining life rate is

the plant investment (represented as 100%) minus net salvage percent minus reserve percent divided by the average remaining life in years.<sup>10</sup>

For each account, FPUC provided a proposal for a curve and an ASL, both of which are used in the calculation of the remaining life. OPC witness Garrett also provided proposals for curves as well as ASLs. However, the only parameters in dispute in this case are the ASL and average remaining life (ARL) for certain accounts.

### **Average Service Life**

The first parameter is the ASL, which denotes the average number of years that the asset within a particular account is expected to be in-service. While the ASL may be based, at least in part, on historical data, it is prospective in its outlook and implementation. Based on FPUC's Revised Depreciation Study and OPC witness Garrett's Direct Testimony, five average service lives were in dispute. Despite the fact that FPUC witness Lee studied Accounts 3801 – Service – Plastic and Account 380G – Services – GRIP together, OPC witness Garrett offered two different depreciation rates for these assets. Therefore, only four ASLs were originally in dispute. In his supplemental testimony, witness Garrett agreed with FPUC on a 28-year ASL for Account 381 – Meters. Therefore, the average service lives that remain in dispute are:

Account 378 – M&R – General  
Account 379 – M&R – City Gate  
Account 3801 – Services – Plastic.

Witness Garrett takes issue with the fact that FPUC did not provide adequate aged data in which to conduct an actuarial service life analysis. However, as witness Lee points out, performing statistical analysis is not required by Rule 25-7.045, F.A.C. She further testifies that the level of retirements (less than 1 percent) experienced by the accounts witness Garrett challenges is insufficient for conducting meaningful statistical analysis. Witness Lee testified that such statistical analysis can lead to unrealistically long service lives. She stated that statistical analysis only shows how those assets have performed in the past, but not how those assets may survive into the future.

Since statistical analysis was not expected to yield useful results in this case, both witness Lee and Garrett used proxy groups in order to determine the reasonableness of their proposed average service lives in this case. Witness Lee's proxy groups consists of all four of the other natural gas distribution companies currently operating in Florida, while witness Garrett's proxy group contained two companies operating in Florida and three companies from outside of the state. Witness Garrett explained that his reasons for using these companies were that he was involved in the depreciation analysis in each of those cases and that each of those studies involved large amounts of historical data which made actuarial analysis possible. Witness Garrett points out that for each of the utilities in his peer group from outside of Florida, the approved lives are generally longer than the approved lives of the Florida-based utilities.

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<sup>10</sup> See Rule 25-7.045(1)(e), F.A.C.:  $(100\% - \text{Reserve } \% - \text{Average Future Net Salvage } \%) \div \text{Average Remaining Life in Years}$

Witness Lee does not believe that the three companies in witness Garrett's proxy group from outside of Florida are similar to Florida companies for determining life expectancies. She points out that witness Garrett does not provide any analysis which shows that his out-of-state companies are similar enough to FPUC for comparison purposes. In particular, she points to Florida's meteorological conditions (e.g. hurricane incidence) and subsurface conditions (e.g. karst geology, saltwater intrusion, and corrosion). As witness Lee testifies, the range of ASLs for companies operating in Florida has historically been used by us to test the reasonableness of proposed ASLs.

Witness Lee further explains that the regulatory environment these out-of-state companies operate in could also be different than that of Florida's. These regulatory practices could have an effect on maintenance, retirements, and expensing/capitalization practices. For these reasons, she argued that using companies that operate inside of Florida is more appropriate for comparison purposes. She continues by stating that all of these differences warrant a recommendation of shorter lives than witness Garrett's out-of-state companies. This is evidenced by the approved lives of the two Florida companies in witness Garrett's proxy group that are based on large amounts of company-specific data and statistical analysis.

Witness Lee also testified that the customer sizes of witness Garrett's out-of-state proxy companies make them poor proxies for FPUC. She points out that Liberty has approximately 60,000, NIPSCO has approximately 821,000, and Piedmont Natural Gas has 157,000 customers, while FPUC has approximately 108,000. Witness Lee stated that, "The operational characteristics and demand on assets between these different sized companies can create different accounting and operation process dynamics for each company." Witness Garrett did not provide any analysis showing that his proxy group was comparable to Florida-based utilities.

Based on the foregoing, along with consideration of our practice of using Florida-based companies for comparison purposes,<sup>11</sup> we are persuaded that witness Lee's proxy group is more appropriate for establishing the ASLs for FPUC's assets. We find that both the operating conditions and the regulatory environment in which Florida-based gas companies operate make them more suitable for estimating the depreciation parameters in this case.

#### **Account 378 – M&R - General**

The currently-approved ASL for this account is 31 years. Witness Lee proposed increasing the ASL for this account to 40 years. Witness Garrett proposed extending it to 46 years. We find that a 40-year ASL is reasonable because witness Lee's use of a Florida-based proxy group mimics the conditions (meteorological, subsurface, regulatory) more likely to

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<sup>11</sup> Order No. PSC-2019-0433-PAA-GU, issued October 22, 2019, in Docket No. 20190056-GU, *In re: Petition for approval of 2019 consolidated depreciation study by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation*; Order No. PSC-2022-0153-PAA-GU, issued April 22, 2022, in Docket No. 20210183-GU, *In re: Petition for approval of 2021 depreciation study by Sebring Gas System, Inc.*; Order No. PSC-2018-0368-PAA-GU, issued July 25, 2018, in Docket No. 20170265-GU, *In re: Application for approval of new depreciation rates effective January 1, 2018, by St. Joe Natural Gas Company, Inc.*

impact FPUC's assets in a similar way than does OPC's proxy group containing a mix of Florida and non-Florida utilities. In addition, the use of a Florida-based proxy group in instances of inadequate historical data, such as this, is consistent with our practice.

**Account 379 – M&R – City Gate**

The currently-approved ASL for this account is 32 years. Witness Lee proposed increasing the ASL for this account to 40 years. Witness Garrett proposed extending it to 49 years. We find that a 40-year ASL is reasonable. Similar to our analysis for Account 378 – M&R – General, witness Lee's use of a Florida-based proxy group mimics the conditions (meteorological, subsurface, regulatory) more likely to impact FPUC's assets than does OPC's proxy group. Additionally, the use of a Florida-based proxy group in instances of insufficient historical data, similar to this situation, is consistent with our practice.

**Account 3801 – Services - Plastic**

The currently-approved ASL for this account is 55 years. Witness Lee did not propose any change to the ASL for this account. Witness Garrett proposed extending it to 57 years. We find that a 55-year ASL is reasonable for the same reasons as stated above for Accounts 378 and 379. Witness Lee's use of a Florida-based proxy group mimics the conditions (meteorological, subsurface, regulatory) more likely to impact FPUC's assets in a similar way than does OPC's proxy group containing a mix of Florida and non-Florida utilities. Also, as previously stated, the use of a Florida-based proxy group in instances of inadequate historical data, such as this, is consistent with our practice.

**Average Remaining Life**

The next parameter is the remaining life, which is the average number of in-service years left for plant that is currently in service, or average remaining life. Beyond the accounts in which OPC witness Garrett proposes different ASLs, there are seven accounts in which his resultant average remaining lives differ from those calculated by witness Lee. As a result, with the exception of Account 396 – Power Operated Equipment, his resulting remaining life depreciation rates also differ from those proposed by FPUC. Witness Lee testifies as to her method of calculating the average remaining lives and resulting remaining life depreciation rates as follows:

As discussed in my testimony, I developed the average remaining lives for each account using the average service life, and the selected Iowa Curve life table. The Life Tables I used in the remaining life expectancy determinations were obtained from GTE-INC. These are standard Iowa Curve life tables that can also be replicated from other sources. Rebuttal Exhibit PSL-7 shows the remaining life determinations for the accounts where the average service life and average age are not in dispute but the remaining lives between OPC and FPUC differ. FPUC's calculated depreciation rates follow the formula for the remaining life technique in Rule 25-7.045, F.A.C., as indicated in Revised Exhibit PSL-2, Schedule B.

In response to our Staff's discovery requests, witness Garrett stated that his method for calculating the average remaining life for an account was to subtract the age of the account from the average service life. This methodology completely removes the function of the selected Iowa



curve from the calculation. Witness Garrett did not cite any resources which show this as an acceptable method of calculating the average remaining life for a depreciable account.

The average remaining life (ARL) is a component of the remaining life rates, reserve imbalances, and annual depreciation expenses. Using industry-accepted methodology, we were able to verify FPUC witness Lee's proposed average remaining life calculations for all of FPUC's accounts. Since OPC witness Garrett's ARL calculations are not based on any industry-accepted methodology, we do not agree with OPC's proposed ARLs. Therefore, we find that FPUC's proposed average remaining lives are reasonable.

### **Net Salvage**

The third parameter for determining depreciation rates, net salvage, is based on historical data but is also prospective in outlook. Net salvage is gross salvage minus cost of removal. FPUC proposed changes to the net salvage percentages for twelve accounts, while leaving twelve accounts unchanged. No Intervenor disagreed with FPUC's proposed net salvage percentages. We have reviewed FPUC's proposed net salvage percentages and find them all to be reasonable based on the evidence in the record. Therefore, based on the evidence, we approve of FPUC's proposed net salvages percentages.

### **Reserve Percentage**

After net salvage, the next parameter for calculating depreciation rates is the reserve percentage, which represents the portion of the investment accumulated through depreciation expense to date unless restated to another level.<sup>12</sup> The reserve percent is calculated by dividing the book reserve by the original cost of plant. The reserve percent or reserve position, with regard to a surplus or deficit, is discussed in Section VI of this Order.

### **Iowa Curves**

The last parameter used to determine remaining life, and thus depreciation rates, is the curve shape, typically represented by the industry-standard Iowa Curves. These are well-established depreciation tools. Each curve is denoted by a letter that defines when retirements are more likely to occur. An L curve implies that retirements tend to occur prior to the ASL, while an R curve implies that retirements tend to occur after the ASL. Iowa curves are used to determine the remaining life of a particular type of asset by graphically representing the retirement patterns of utility assets.

FPUC did not propose any changes to the currently-approved Iowa Curves for any of its accounts. No Intervenor proposed changing any of the curve shapes either. Witness Lee stated that FPUC's proposed Iowa curves are primarily based on the currently-approved curves and have remained the same since 2006. Witness Lee continued by stating that any proposed changes to the curves would be based on retirements since the last depreciation study. Witness Lee testified that "FPUC has no planned near-term retirements that could affect the curve shape, but the continued lack of retirements does indicate longer lives." We have reviewed FPUC's proposed curves and find them all to be reasonable based on the retirement patterns for each

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<sup>12</sup> Rule 25-7.045, F.A.C.

account. Therefore, based on the evidence, we find that FPUC's proposed Iowa Curves are reasonable.

### **General Accounts**

For FPUC's General Plant accounts, witness Lee proposed extending the ASLs for four accounts. Additionally, witness Lee proposed decreasing the net salvage percentage for Account 396 from 10% to 5%. Witness Garrett did not challenge witness Lee's proposed changes, or the continuation of the currently-approved parameters, for any of the General Plant accounts, including the Amortizable General Plant accounts. We reviewed the retirement and net salvage data for all of the General Plant accounts and find that witness Lee's proposed parameters are all reasonable.

### C. Conclusion

Depreciation parameters and resulting depreciation rates for each distribution and general plant accounts are shown on Table 3. The resultant test year depreciation expenses based on our findings in this section are addressed in Section XLVIII of this Order.

**Table 3  
Commission Approved Depreciation Parameters and Resulting Rates<sup>13</sup>**

Comparison of Rates and Components							Commission Approved					
Account Number	Account Title	Curve	Average Service Life (yrs)	Average Remaining Life (yrs)	Current Future Net Salvage (%)	Depreciation Life Rate (%)	Curve Type	Average Service Life (yrs)	Average Remaining Life (yrs)	Reserve (%)	Future Net Salvage (%)	Depreciation Life Rate (%)
<b>Distribution Plant</b>												
3741	Land Rights	SQ	35	7	0	5.5	SQ	75	56	34.67%	0	1.2
375	Structures & Improvements	S4	40	23	0	2.5	S4	40	28	22.38%	0	2.8
3761	Mains - Plastic	S3	55	48	(16)	2.1	S3	75	67	18.02%	(25)	1.6
3762	Mains - Steel	S3	55	37	(28)	2.2	S3	65	43	48.80%	(40)	2.1
376G	Mains - GRIP	S3	55	48	(16)	2.1	S3	75	67	18.02%	(25)	1.6
378	Measuring and Regulating Equip. - General	R3	31	23	(5)	3.5	R3	40	32	24.71%	(10)	2.7
379	Measuring and Regulating Equip. - City Gate	R3	32	23	(5)	3.1	R3	40	28	39.64%	(10)	2.5
3801	Services - Plastic	S3	55	46	(22)	2.2	S3	55	46	16.00%	(30)	2.5
3802	Services - Other	S2	50	22.0	(125)	9.2	S2	60	35	106.92%	(130)	3.5
380G	Services - GRIP	S3	55	46	(22)	2.2	S3	55	46	16.00%	(30)	2.5
381	Meters	R3	28	17.1	0	3.6	R3	28	18.6	31.61%	0	3.7
3811	Meters - AMR Equipment	R3	20	12.1	0	4.3	R3	28	16.7	63.08%	0	2.2
382	Meter Installations	S2	36	27.0	(10)	3.2	S2	45	35	28.83%	(20)	2.6
3821	Meter Installations - MTU/DCU	S2	36	28.0	(10)	2.6	S2	45	33	47.80%	(20)	2.2
383	House Regulators	R4	30	16.2	0	3.3	R4	40	27	45.65%	0	2.0
384	House Regulator Installations	S3	36	16.3	0	2.7	S3	45	23	64.18%	(20)	2.4
385	Indus. Meas. & Reg. Station Equip	R3	35	17.7	0	2.3	R3	38	17.8	65.16%	0	2.0
387	Other Equipment	S3	25	15.7	0	4.0	S3	30	19.2	43.28%	0	3.0
<b>General Plant</b>												
390	Structures & Improvements	R3	40	31	10	2.3	R3	40	35	7.81%	10	2.3
3921	Transportation - Cars	S2	10	4.4	10	17.4	S2	12	9.1	38.51%	10	5.7
3922	Transportation - Light Trucks & Vans	S2	10	5.1	10	8.4	S2	12	6.4	44.37%	20	5.6
3923	Transportation - Heavy Trucks		11	11.0	20	8.2		11	11		10	8.2
3924	Transportation - Other	S4	21	9.8	0	5.8	S4	27	11.6	78.54%	0	1.9
396	Power Operated Equipment	S2	16	5.7	10	5.1	S2	20	9.0	59.09%	5	4.0
<b>General Plant Amortization</b>												
3910	Office Equipment	SQ	14	Year Amortization		7.1	SQ	14	Year Amortization			7.1
3912	Computer Hardware	SQ	10	Year Amortization		10.0	SQ	10	Year Amortization			10.0
3913	Office Furniture	SQ	20	Year Amortization		5.0	SQ	20	Year Amortization			5.0
3914	Computer Software	SQ	10	Year Amortization		10.0	SQ	10	Year Amortization			10.0
393	Stores Equipment	SQ	26	Year Amortization		3.8	SQ	26	Year Amortization			3.8
394	Tools, Shop & Garage Equipment	SQ	15	Year Amortization		6.7	SQ	15	Year Amortization			6.7
395	Laboratory Equipment	S4	20	Year Amortization		5.0	SQ	20	Year Amortization			5.0
397	Communication Equipment	SQ	13	Year Amortization		7.7	SQ	13	Year Amortization			7.7
398	Miscellaneous Equipment	SQ	17	Year Amortization		5.9	SQ	17	Year Amortization			5.9
399	Miscellaneous Tangible	SQ	5	Year Amortization		20.0	SQ	5	Year Amortization			20.0

VI. Resulting Imbalances

A. Parties' Analysis

FPUC argued that FPUC witness Lee correctly calculated each account's theoretical reserve as part of the depreciation study. Witness Lee also provided a comparison of the

<sup>13</sup> Order No. PSC-2019-0433-PAA-GU, issued October 22, 2019, in Docket No. 20190056-GU, *In re: Petition for approval of 2019 consolidated depreciation study by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation*

theoretical reserve to the January 1, 2023 book reserves for each account. Based on the recommended service life and net salvage values proposed by witness Lee, FPUC argued that some accounts reflected reserve imbalances. FPUC further argued that the resulting reserve imbalance is a reserve surplus of \$19.7 million. FPUC clarified that this reserve surplus is “comprised of a positive \$20.7 million for the Distribution function and a negative \$1 million for the General function.”<sup>14</sup>

OPC argued in its brief that there are four accounts in which OPC witness Garrett recommended longer lives than those proposed by FPUC. Witness Garrett calculated depreciation rates based on those longer lives, which resulted in a reduction to annual depreciation expense of \$250,098. Using the remaining life technique, witness Garrett then recalculated the depreciation rates and incorporated the reserve imbalances resulting from his proposed depreciation parameters. According to OPC, since “witness Garrett utilized FPUC’s depreciation study as the basis of his adjustments, the general plant depreciation rate incorporates the 5-year flow back in the depreciation rates recommended by FPUC witness Lee.”

FIPUG adopted the position of OPC.

**B. Analysis**

FPUC witness Lee calculated a \$20.7 million theoretical reserve surplus for FPUC’s distribution accounts and a \$1 million reserve deficit related to its general plant accounts (this is inclusive of the amortizable General plant accounts). OPC did not provide a calculation for a reserve imbalance in this case.

The formula for the prospective theoretical reserve is provided in Rule 25-7.045(4)(k), F.A.C.<sup>15</sup> Using this formula and the life and salvage components approved in Section V, we calculate a reserve imbalance of \$19.7 million, as shown in Table 4 below:

**Table 4  
Reserve Imbalances**

Account Type	Reserve Imbalance (\$000)
Distribution	\$20,747.0
General	(\$1,003.0)
Total Reserve Imbalance	\$19,744.0

**C. Conclusion**

Using the life and salvage parameters approved in Section V of this Order, the resulting reserve imbalance is a surplus of \$19.7 million.

<sup>14</sup> It is generally understood that by using Distribution function the utility is referring to its Distribution Plant Accounts and by General function the utility is referring to its General Plant Accounts.

<sup>15</sup> Theoretical Reserve = Book Investment – Future Accruals – Future Net Salvage.

VII. Corrective Depreciation Measures

A. Parties' Arguments

FPUC contends that the remaining life technique should be used to correct the reserve imbalances associated with FPUC's distribution and non-amortizable general plant accounts. FPUC argued that witness Garrett acknowledged that the practice of amortizing imbalances associated with the general plant accounts subject to vintage accounting is not uncommon. FPUC stated that, even though witness Garrett believed the \$1.4 million amount is largely immaterial, he stills recommends amortizing the balance over the remaining life of the assets. FPUC noted that witness Garrett did not seem to dispute witness Lee's recommendation of the amortization of this imbalance.

OPC contended that witness Garrett's depreciation rates incorporate the reserve imbalances, which will flow back the imbalances over the remaining life of the assets, as reflected on Exhibit DJG-S21. In its brief, OPC recounted FPUC witness Lee's methodology for calculating and proposed treatment of the calculated theoretical reserve. OPC further stated that, based on witness Garrett's recommended depreciation rates, there is a reduction of \$250,098 to the Company's proposed annual depreciation accrual. OPC stated that since witness Garrett used FPUC's depreciation study as a basis for his adjustments, the 5-year flow back of the reserve imbalances related to the vintage year general plant accounts were incorporated into the depreciation rates for those accounts. OPC further stated in its brief that witness Garrett did not contest the 5-year amortization period since the amount is de minimis.

FIPUG adopted the position of OPC.

B. Analysis

This section addresses whether any corrective measures should be taken with regard to the reserve imbalances discussed in Section VI. There is more than one approach for addressing reserve imbalances. One method is the use of remaining life depreciation rates which self-corrects any imbalances over the remaining life of the assets. Another method of addressing reserve imbalances is to transfer a portion of the reserve of one account to another. If a shorter period of time is preferable for correcting the imbalance, amortizing the imbalance over a certain period of time may be appropriate.

FPUC witness Lee proposed using the remaining life technique for correcting the reserve imbalance related to the distribution and non-amortizable general plant accounts. OPC did not propose an alternate treatment of the imbalance. Since these accounts reflect a surplus, the remaining life technique will have the effect of lowering the depreciation rates for these accounts. Given the magnitude of the imbalance in relation to FPUC's total plant and reserve balances for these accounts, we agree with witness Lee's use of the remaining life technique for these accounts.

Through FPUC's last depreciation study (2019 Study), the Company requested to adopt vintage year accounting for certain General Plant accounts. Vintage year accounting lessens the work involved in plant record-keeping by simplifying accounting procedures for high volume, low value assets, such as office furniture or computer hardware.<sup>16</sup> We approved FPUC's request by Order No. PSC-2019-0433-PAA-GU. When accounts are transferred to vintage year accounting, they must be transferred at their theoretically correct level. This is achieved by comparing the book reserves to the theoretical reserves to determine if an imbalance exists and correcting the reserve if one exists. The resulting imbalance in the 2019 Study was a \$1,350,980 deficiency. We approved a 5-year amortization period for this imbalance, which resulted in an annual expense to customers of \$270,196.

Witness Lee testified that since FPUC's last depreciation study, it was discovered that not all of the FPUC divisions were using the same accounting system. This caused a mismatch of the investment and reserve for each of the affected accounts. Witness Lee stated that all FPUC consolidated companies have now adopted the Chesapeake Uniform System of Accounts, and that the reserve and investment balances have been transferred to the proper accounts. Witness Lee stated, "However, the 2019 mismatch resulted in inaccurate theoretical reserve and resulting deficiency calculations in that Study." Witness Lee provided the corrected investment and reserve levels for these accounts on Revised Exhibit PSL-2, Schedule E. This Exhibit reflects a reserve deficiency of \$1,444,096. OPC witness Garrett did not challenge the reserve deficiency amount or the proposed amortization period.

### C. Conclusion

We approve using the remaining life technique for correcting the reserve imbalance of \$19.7 million identified in Section VI for FPUC's Distribution and non-amortizable General Plant accounts. We find that amortizing the \$1,444,096 reserve deficit associated with the amortizable accounts (vintage accounting) over a 5-year period is appropriate. Starting on January 1, 2023, this results in an annual amortization expense to customers of \$288,819 associated with the vintage group accounts over a five-year period.

### VIII. Implementation Date For Revised Depreciation Rates and Amortization Schedules

At the hearing, we approved a Type 2 stipulation<sup>17</sup> that the effective date for revised depreciation rates and amortization schedules shall be January 1, 2023.

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<sup>16</sup> Order No. PSC-2019-0433-PAA-GU, issued October 22, 2019, in Docket No. 20190056-GU, *In re: Request for approval of 2019 depreciation study by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

<sup>17</sup> A Type 2 stipulation occurs on an issue when the utility and our Staff, or the utility and at least one party adversarial to the utility, agree on the resolution of the issue and the remaining parties (including our Staff if they do not join in the agreement) do not object to us relying on the agreed language to resolve that issue in a final order such as this one.

## Rate Base

### IX. Adjustments to Reflect GRIP Investments

#### A. Parties' Arguments

FPUC asserted that its current GRIP investments should be moved into rate base. FPUC further asserted that while the GRIP replacements were scheduled to be completed by the end of 2022, there is a half-mile of main facilities in the West Palm Beach area that remain to be completed but are expected to be completed in early 2023. FPUC argued that no other parties provided any argument or testimony contesting the amounts reflected for GRIP.

OPC asserted that GRIP was implemented to meet federal safety requirements by accelerating replacement of aging infrastructure. OPC agreed with FPUC that the appropriate amount of revenue requirement to transfer to base rates is \$19,755,931.

FIPUG adopted the position of OPC.

#### B. Analysis

The GRIP for FPUC and Chesapeake was first approved by Order No. PSC-2012-0490-TRF-GU (2012 Order) to recover the cost of accelerating the replacement of cast iron and bare steel distribution mains and services, including a return on investment, through a surcharge on customers' bills.<sup>18</sup> Pursuant to the 2012 Order, FPUC's GRIP investment would be transferred to base rates via rate case proceedings as they occur. On November 17, 2022, we decided how the GRIP surcharge would go into effect after the GRIP investments were transferred into base rates.<sup>19</sup> In this docket, FPUC is requesting to move the \$174,713,469, net of accumulated depreciation, of GRIP investments into base rates which would result in a \$19,755,931 increase in FPUC's revenue requirement. No witnesses testified in opposition of FPUC's GRIP revenue requirements being moved into base rates and in its brief OPC agreed with the amount to be transferred. We find that FPUC has made the appropriate adjustments for the GRIP investments and these are consistent with our 2012 Order.

#### C. Conclusion

FPUC has made the appropriate adjustments for the GRIP investments. The \$174,713,469, net of accumulated depreciation, associated with GRIP investments shall be moved into FPUC's rate base. The revenue requirement associated with GRIP investments is \$19,755,931.

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<sup>18</sup> Order No. PSC-2012-0490-TRF-GU, issued September 24, 2012, in Docket No. 20120036-GU, *In re: Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation*

<sup>19</sup> Order No. PSC-2022-0401-TRF-GU, issued November 17, 2022, in Docket No. 20220155-GU, *In re: Joint petition for approval of GRIP cost recovery factors, by Florida Public Utilities Company, Florida Public Utilities Company, Fort Meade, and Florida Division of Chesapeake Utilities Corporation*

X. FPUC's Adjustment to Move Existing Area Extension Program Projects Into Rate Base

At the hearing, we approved a Type 2 stipulation that FPUC's Accumulated Depreciation related to the Area Extension Program shall be increased by \$85,698.

XI. Environmental Cost Recovery Surcharge and Environmental Costs

A. Parties' Arguments

FPUC has been recovering environmental remediation costs related to manufactured gas plant sites through base rates; however, in light of the Company's proposed consolidation, a surcharge similar to that granted to Chesapeake is being requested in this proceeding. In its brief, FPUC argued that a surcharge was the more appropriate mechanism for recovery of environmental remediation costs, because the surcharge can be set and recovered over a more defined period of time. FPUC further contended that a consolidated surcharge approach provides consistency across the consolidated platform, as well as rate predictability and standardization for the recovery of environmental costs. Additionally, FPUC's proposed surcharge will provide a means for timely recovery of environmental costs, while also allowing for an efficient termination of the surcharge when recovery is complete.

Witness Cassel stated that the Company would provide an annual report on the status of the clean-up efforts at the remediation sites, as well as a schedule reflecting both the clean-up costs and the amounts recovered from customers. All costs and recovery amounts would continue, as appropriate, to be subject to an audit by us. The Company further proposed that a final true-up filing be made after all expenses have been incurred and recorded, with a proposal addressing disposal of any over- or under-recovery.

FPUC argued in its brief that using a surcharge for recovery of these types of costs is not novel, given that we approved this approach for Chesapeake in the past, and currently use a similar approach for recovery of these types of costs by electric investor-owned utilities as reflected by the ongoing Environmental Cost Recovery Clause. The Company also noted that although both OPC and FIPUG took positions opposing FPUC's request to use a surcharge mechanism, neither party presented testimony nor other evidence to controvert the Company's proposed surcharge. The Company argued that if we granted a surcharge in this proceeding, environmental costs should be removed from base rates in the amount of \$3,545,624 from working capital and \$456,348 of amortization to be expensed.

OPC argued that while it does not dispute the environmental cost amount, it does take issue with the mechanism. The costs are largely known and stable, thus our long-standing practice of recovering costs through base rates should be followed. In its brief, OPC argued that while Chesapeake was allowed in its previous rate case to recover environmental clean-up costs as a surcharge over four years, this was a temporary environmental surcharge, although it was later extended by us for 20 months. OPC noted that when we approved this temporary environmental surcharge, we stated that "the surcharge ha[d] the advantage over collection



through base rates because once the costs have been recovered, Chesapeake can remove the charge from customer bills without having to file a rate proceeding for modification to its base rates.” OPC argued that this request is unlike the prior surcharge because witness Cassel testified that the Company’s outside consultant expected clean-up efforts and monitoring to continue for at least 15 years.

OPC further noted that the FPUC division currently recovers environmental costs in base rates and that neither Ft. Meade nor Indiantown have environmental remediation requirements. OPC also contended that rate predictability and standardization of cost recovery will also be achieved through recovery in base rates, which FPUC suggested as its rationale for proposing a surcharge.

OPC argued in its brief that “Given the long-term nature of these costs, there is no benefit to customers from a possible removal of these costs after a defined short-term recovery period.” OPC further stated the long-term nature of the environmental costs supports the traditional approach used by FPUC division of inclusion of these costs in base rates and that there is no rationale for adopting the prior Chesapeake temporary surcharge approach.

FIPUG adopted the position of OPC.

B. Analysis

**Environmental Remediation Costs**

FPUC witness Cassel testified that FPUC has three former manufactured gas plant sites located in West Palm Beach, Key West, and Winter Haven. As discussed in prior orders approving the recovery of environmental remediation costs for the Company, the routine operations at the manufactured gas plants (MGPs) resulted in releases of waste materials, and it was not until 1980 that the Federal Government and subsequently Florida began regulating such releases.

The West Palm Beach MGP is an active remediation site, and the other two sites require annual monitoring. Witness Cassel testified that remediation work had already begun at the West Palm Beach site on the East Parcel. Similar work would need to be completed on the West Parcel, starting with delineation of light non-aqueous phase liquid (LNAPL) and pockets of coal tar that were present as dense non-aqueous phase liquid (DNAPL). Following the delineation phase, the Company would utilize a LNAPL recovery system and would implement an excavation program to address the coal tar. Once the majority of the subsurface LNAPL is removed, FPUC would construct an extraction system, which is expected to be completed by 2025. Additionally, witness Cassel stated that groundwater monitoring would need to be completed on a continuous basis and would likely continue after the remedial activities have concluded.

Witness Cassel testified that the Company employed an outside consultant, Michelle Ruth and Associates, to complete an analysis of the anticipated costs and timing of the remediation. The consultant’s report provided to the Company regarding anticipated remediation

efforts and the expected costs associated with those efforts was provided as an exhibit to witness Cassel's testimony.

The consultant estimated the costs of environmental clean-up activities for the Company's three MGP sites to be between \$7.5 million to \$13.9 million over the next 5 to 15 years. The Company stated that it used the median estimate of the consultant's costs which were based on a 10-year remediation. The Company's calculations of the proposed surcharge show the median estimate to be \$10.7 million. After accounting for environmental costs already recovered from FPUC and Chesapeake's general body of ratepayers (referred to as liabilities by the Company), the remaining amount of \$6,279,952 was divided by 10 years to arrive at the annual surcharge amount of \$627,995. The \$6,279,952 amount is associated with clean-up sites on both FPUC and Chesapeake's systems.

OPC did not dispute the projected environmental clean-up costs. Specifically, OPC stated in its brief that "While this recovery request amount is not in dispute, the mechanism is in dispute. There is no rationale for moving to a surcharge as opposed to the Commission's long standing practice of recovery in base rates." The environmental surcharge is discussed below.

#### **Environmental Cost Recovery Mechanism**

In Chesapeake's 2009 rate case, we approved a 4-year temporary environmental surcharge to collect costs related to the environmental remediation of a former MGP site in Winter Haven for Chesapeake.<sup>20</sup> The environmental costs had previously been approved for recovery in base rates in Chesapeake's 2000 rate case.<sup>21</sup> Upon approval of the 4-year surcharge, costs related to the environmental remediation were removed from base rates. In the 2010 Order approving the surcharge for Chesapeake, we found that "in addition to timely collection, the surcharge has the advantage over collection through base rates because once the costs are recovered Chesapeake can remove the charge from customer bills without having to file a rate proceeding for modification to base rates."

The 2010 Order also referenced previous Commission-approved temporary surcharges to collect known costs for Gulf Power Company and Duke Energy Florida, LLC (Progress Energy Florida at the time). Similar to the proposed environmental surcharge, the previous Chesapeake surcharge was calculated as a monthly fixed surcharge, as opposed to a variable cents per therm rate, to provide more certainty regarding the revenues generated.

In 2013, we approved a 20-month extension (January 1, 2014 through August 31, 2015) of the environmental surcharge for Chesapeake.<sup>22</sup> We addressed the disposition of the final true-

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<sup>20</sup>Order No. PSC-2010-0029-PAA-GU, issued January 14, 2010, in Docket No. 090125-GU, *In re: Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation.*

<sup>21</sup>Order No. PSC-2000-2263-FOF-GU, issued November 28, 2000, in Docket No. 20000108-GU, *In re: Petition for rate increase by Florida Division of Chesapeake Utilities.*

<sup>22</sup>Order No. PSC-2014-0052-PAA-GU, issued January 27, 2014, in Docket No. 20130273-GU, *In re: Petition for approval to extend environmental surcharge by Florida Division of Chesapeake Utilities Corporation.*

up for the environmental surcharge by Order No. PSC-2016-0562-PAA-GU.<sup>23</sup> When the surcharge terminated in 2016, we allowed Chesapeake to retain the over-recovered amount of \$313,430 as a regulatory liability for purposes of addressing future expected remediation costs. Based on the above, we have clear authority to establish a surcharge to recover a discreet set of costs. Additionally, we find that the environmental remediation costs associated with the prior MGP sites are unusual costs, and as such are not routine operations and maintenance (O&M) costs appropriate for recovery in base rates.

With respect to FPUC, Ft. Meade, and Indiantown, witness Cassel testified that historically an amount to recover environmental costs has been included in FPUC's base rates, while Ft. Meade and Indiantown currently have no environmental remediation requirements and therefore are not incurring any environmental costs. Witness Cassel contended that due to the Company's requested consolidation, the Company is seeking approval for a consolidated recovery mechanism. Since we have approved environmental cost recovery through base rates and a surcharge mechanism, we have discretion to approve either methodology for the approved costs.

In response to cross examination by OPC, witness Cassel explained that the proposed surcharge would not be subject to change on a year-to-year basis to maintain predictability and to avoid rates fluctuating year-to-year. The proposed annual cleanup amount is \$627,995, which would terminate when all environmental clean-up costs are incurred and have been trued-up. Witness Cassel further testified that if the costs, however, are recovered through base rates, the revenue requirement would stay the same until base rates are next set.

The Company provided a calculation of the proposed monthly fixed surcharge for each consolidated rate class. The annual cleanup amount has been allocated proportionally to each rate class based on projected base rate revenues. The increase allocated to each rate class was divided by the projected number of bills for each rate class to calculate a fixed monthly surcharge. The proposed monthly fixed surcharge for each rate class is shown below in Table 5.

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<sup>23</sup>Order No. PSC-2016-0562-PAA-GU, issued December 16, 2016, in Docket No. 20160153-GU, *In re: Petition for approval of final true-up of environmental surcharge by Florida Division of Chesapeake Utilities Corporation.*

**Table 5**  
**Environmental Cost Recovery Surcharge**

Rate Schedule	Monthly Fixed Surcharge Per Bill
Residential - 1	\$0.1193
Residential - 2	\$0.1728
Residential - 3	\$0.3861
Residential Standby Generator	\$0.2619
General Service - 1	\$0.3612
General Service - 2	\$1.4713
General Service - 3	\$3.2628
General Service - 4	\$7.0999
General Service - 5	\$33.9018
General Service - 6	\$104.4985
General Service - 7	\$181.7176
General Service - 8A	\$263.3536
General Service - 8B	\$356.9502
General Service - 8C	\$266.2188
General Service - 8D	\$652.4581
Commercial - Interruptible	\$110.2525
Commercial - NGV	\$88.8062
Commercial - Outdoor Lighting	\$1.1731
Commercial Standby Generator	\$0.4203

We have reviewed the calculation and find it is appropriate. We also agree with the Company that a fixed monthly surcharge, as opposed to a variable per therm surcharge, provides greater certainty regarding the amounts recovered.

The Company explained that the proposed surcharge would be in effect for the duration of the remediation efforts, which is currently estimated to be 10 years. As stated above, the record shows that the environmental clean-up activities for the Company's three MGPs could take 5 to 15 years. Therefore, there is uncertainty on the time frame, and the remediation efforts could be completed as soon as in five years. Given the potential lag between rate cases, the possibility of a recovery period shorter than the proposed 10-year recovery period further supports the implementation of a surcharge. As we found in the 2010 Order approving the surcharge for Chesapeake, a surcharge can be removed outside a rate case proceeding from customer bills ensuring that customers stop paying once remediation is complete.

The Company shall provide an annual report to the Commission Clerk on the status of the clean-up efforts at the remediation sites, as well as a schedule reflecting both the clean-up costs and the amounts recovered from customers. We find that annual reporting would enhance our ability to actively monitor the costs and revenues and would allow us to easily initiate a docket if we find that the level of costs or revenues collected shall be reevaluated.

The Company further stated if the remediation costs or length of time change, the Company would file a petition for a rate change. Furthermore, at the end of the remediation period, currently estimated to be 10 years, the Company shall be required to file a true-up with us to dispose of any over- or under-recovery of the surcharge.

We find that witness Cassel's contention that a surcharge allows for a "means to immediately terminate the surcharge when all clean-up costs are incurred and recorded, without an expensive rate filing to eliminate base rate revenues" has merit. On balance, and after reviewing the record, we find that recovery through a surcharge is preferable to base rates because the surcharge would enhance our active supervision of the recovery of environmental remediation costs and would allow the Company to request Commission approval to revise the surcharge, if needed, and remove the charge outside of a rate case after costs are recovered. Further, the final true-up will ensure actual recovery and actual costs are equal.

In its MFRs, FPUC requested the removal of \$3,545,624 from working capital and \$456,348 of amortization currently being expensed. These costs relate to environmental remediation costs at former MGP sites. FPUC witness Cassel testified that environmental costs have historically been recovered through the Company's base rates. However, a temporary surcharge was approved for Chesapeake in 2009, but has since been terminated. Witness Cassel testified that FPUC is seeking a consolidated methodology for recovering remediation costs specific to MGP sites and was therefore requesting an environmental cost recovery surcharge.

OPC's witnesses did not testify to the requested environmental cost amount or the surcharge mechanism, and FIPUG did not sponsor any witness testimony. However, OPC argued in its brief that environmental costs should be recovered through base rates, though it did not dispute the environmental cost amount. We find that the appropriate amounts to be removed are \$3,545,624 from working capital and \$456,348 of amortization currently being expensed.

C. Conclusion

We find that the proposed 10-year Environmental Cost Recovery Surcharge, as shown in Table 5, is an appropriate mechanism to recover environmental remediation costs related to FPUC and Chesapeake's three former MGP sites in West Palm Beach, Key West, and Winter Haven. Recovery through a surcharge is preferable to base rates because the surcharge would allow for annual monitoring of remediation costs recovered and would allow the Company to remove the charge outside of a rate case after costs are recovered. The Company shall provide an annual report to our Clerk on the status of the clean-up efforts at the remediation sites, as well as a schedule reflecting both the clean-up costs and the amounts recovered from customers. The annual reports shall be filed annually by March 15, starting in 2024, for data for the prior calendar year.

At the end of the remediation period, the Company shall file a petition for final true-up to dispose of any over- or under-recovery of the surcharge for our review and approval. If the environmental remediation costs or length of recovery period changes, the Company shall petition us to request a modification to the surcharge.

We find that the appropriate amounts to be removed from rate base, relating to environmental remediation costs, are \$3,545,624 from working capital and \$456,348 of amortization to be expensed.

## XII. Safety Town Plant-In-Service

### A. Parties' Arguments

FPUC argued that a proactive approach to safety benefits both its employees and its customers and the evidence in the record demonstrates that Safety Town is a prudent project. FPUC further argued that the facility provides the benefit of more realistic training for company employees and provides a venue for “first responders” to train on the same facilities and apparatus in the event of an emergency.

OPC did not propose any adjustments for the Florida Safety Town; but, asserted that FPUC has the burden of demonstrating that project costs are reasonable and recorded properly.

FIPUG adopted the position of OPC.

### B. Analysis

FPUC’s proposed Safety Town project is a field training facility under construction on property owned by FPUC in DeBary, Florida. The proposed Florida Safety Town has an estimated cost of \$3 million and estimated completion date of spring 2023.

Similar to its Delaware Safety Town, the Florida Safety town will consist of custom built facilities to allow various training opportunities ranging from leak investigations to evacuation safety training. In his testimony, FPUC witness Bennet detailed the main benefits provided by the Florida Safety Town – which include the ability for the Company to provide dedicated local training facilities that provide opportunities for both classroom time and hands-on experience with simulated real world and emergency scenarios. The facility will also provide a location where employees can be evaluated in simulated situations and obtain operator qualifications as required by federal law. Witness Bennet also testified that the facility will allow more efficient training and result in increased safety and reliability for the distribution system.

As the benefits provided by the proposed Florida Safety Town are not unique to FPUC facilities, our Staff asked through discovery requests if FPUC explored other alternatives for safety training. FPUC responded that it had investigated using the local gas training facilities of other utilities, state college apprenticeship programs, and/or out-of-state training facilities. Due to a lack of availability and legal concerns, other local utilities would not allow contractors from other utilities, such as FPUC, to utilize their training facilities. Further, state apprenticeship programs and out-of-state training alternatives would not allow training with local first responders, and both have additional requirements such as enrollment in a local apprenticeship program or extended periods of absence out of state.

We recognize the benefits of providing employees real world and emergency scenario training experience that cannot be captured completely in a classroom learning environment. We also recognize that providing a local area for Company employees to be evaluated for their work and obtain qualifications should lead to more competent employees that would improve safety for both employees and FPUC's customers. No witnesses testified in opposition of the proposed Florida Safety Town, and in its brief OPC proposes no adjustments to the project plant-in-service. Based on the evidence in the record, we find that there are no cost-effective alternatives available to FPUC that would provide the benefits afforded by the Florida Safety Town. Additionally, we find that a dedicated local training facility that would allow training with local first responders is beneficial for the Company and its customers. We approve the proposed Florida Safety Town with no adjustments to plant-in-service.

C. Conclusion

The local safety training provided by the Florida Safety Town to company employees offers the most cost effective means to further enhance safety and reliability for ratepayers. The appropriate amount of plant-in-service for the project is \$3 million.

XIII. Florida Common and Corporate Common Plant

A. Parties' Arguments

In its brief, FPUC summarized and explained the total allocations of Florida Common and Corporate Common allocations reflected in its original petition. FPUC stated that allocations have been made from either of the common business units to the utility business units based upon the percentage of total depreciation expense that was recorded to the operating company from the parent company. FPUC witness Napier stated that for Florida Common working capital, the allocation methods varied by account. Witness Napier also noted that there was no Chesapeake corporate allocation for working capital. Regarding the allocation of Florida Common, the Company used allocation factors based on plant in service, base revenues, and payroll. FPUC asserted that the Florida Common and Corporate Common plant and accumulated depreciation were allocated using the 2021 allocation factors and based on estimated usage of assets. FPUC further affirmed that the allocation of the Florida corporate office was reduced in 2023 based on changes in the use of the employees working in the building.

FPUC stated that neither OPC's witness nor our Staff audit witness proposed any adjustment to FPUC's allocated common plant amounts or the associated accumulated depreciation amount. FPUC claimed that the evidence in the record supported the Company's allocation of both Florida and Corporate Common plant across the Florida operations.

OPC stated that FPUC's Florida Common and Corporate Common plant and accumulated depreciation costs are allocated appropriately, properly recorded on its books and records, and reflected in the MFRs. OPC stated that it is not proposing an adjustment.

FIPUG adopted the position of OPC.

B. Analysis

Due to the multiple gas utilities that fall under FPUC and the multiple business units under the parent company of Chesapeake Utilities Corporation, it is the Company's responsibility to make all adjustments between what the Company has labeled as Florida Common and Corporate Common plant costs, as well as accumulated depreciation costs allocated between FPUC's natural gas division, FPUC's electric division, and non-regulated operations. FPUC witness Napier clarified that Florida Common Plant referred to plant assets that are Florida based common plant. Witness Napier explained that Corporate Common Plant referred to plant assets of FPUC's parent company, Chesapeake that are used for all of Chesapeake's business units and allocated to natural gas business units based on their shared utilization.

As reflected in MFR Schedule G-6, Page 1 of 4, Florida Common and Corporate Common were allocated using the 2021 allocation factors, which are based on the estimated usage of the asset. The only exception to this method is the allocation of the Florida Corporate Office, which was changed in 2023 based on changes in the use of the employees working in the building. As shown in the Company's MFR Schedule G-1, pages 18 and 18a, for the projected test year, there was a total of \$11,639,284 of Florida Common Plant allocated with 71.3% allocated to non-utility activities and a total of 28.7% allocated to the four gas utilities involved in this rate case. Pages 18b and 18c of MFR Schedule G-1, reflect a total of \$19,747,365 of Corporate Common Plant allocated with 72.92% allocated to non-utility activities and a total of 27.08% allocated to the four gas utilities. The total allocation of Common Plant (Florida and Corporate), by system, is reflected on Attachment 1.

As asserted in the Company's brief, the new depreciation rates determined by FPUC witness Lee for the projected test year 2023 resulted in a reduction to the total accumulated depreciation reserve for Common Plant. This adjustment is a byproduct of new depreciation rates and not improper Common Plant allocations. As such, it is addressed in Section XVII of this Order. Further, OPC witness Smith did not propose any adjustments to any of FPUC's allocations of common plant or accumulated depreciation. Additionally, Staff witness Brown's testimony did not reflect any findings in the audit report related to FPUC's allocations. As such, we find no additional adjustments to the Company's filing.

C. Conclusion

We find that no additional adjustments to the Company's filing are necessary.



XIV. Non-Utility Activities

A. Parties' Arguments

In its brief, FPUC described the adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital. FPUC witness Napier stated that for the historic test year, rate base was adjusted by \$1,443,957 to remove both plant and the associated reserve for assets used for non-utility operations, and the Company also removed depreciation expense of \$173,088 for a portion of the assets used for non-utility operations from the historic year. Witness Napier commented that the Company made the same adjustments to the projected test year as were made to the historic test year.

FPUC asserted that neither OPC or FIPUG produced any evidence that would have led to any other adjustments being made, other than to remove Director's and Officer's Liability expense, which is addressed in Section XXII of this Order.

OPC stated that FPUC has demonstrated that all non-utility activities have been removed from Plant in Service, Accumulated Depreciation, and Working Capital and that all adjustments have been properly recorded on FPUC's books and records, as reflected in the MFRs. As such, OPC stated that it is not proposing an adjustment.

FIPUG adopted the position of OPC.

B. Analysis

The responsibility of demonstrating that all non-utility activities have been removed from plant in service, accumulated depreciation, and working capital falls onto FPUC. FPUC witness Napier testified that the following adjustments have been made for the historic test year to remove plant, accumulated depreciation, and depreciation expense associated with non-utility operations: rate base was decreased by \$1,443,957 and depreciation expense was reduced by \$173,088. Witness Napier explained that there were no non-utility activities in working capital. Witness Napier concluded that the Company made the same adjustments to the projected test year. As reflected on MFR Schedule G-4 for FPUC and Chesapeake, the Company made a net adjustment to reduce rate base by \$1,917,720 ( $-\$3,064,246 + \$1,149,526$ ) and \$76,812 ( $-\$113,082 + \$36,270$ ), respectively, to remove non-utility activities from plant in service and accumulated depreciation. The Company's adjustments for non-utility activities, by system, are reflected on Attachment 1.

OPC did not have any proposed adjustments to remove any non-utility activities from plant, accumulated depreciation, or working capital. In its brief, FPUC noted OPC's proposed adjustment to remove Director's and Officer's liability expense, thus necessitating a corresponding adjustment to working capital. However, this proposed adjustment is addressed in Section XXII of this Order. Additionally, Staff witness Brown's testimony did not reflect any findings in the audit report related to any non-utility activities. As such, we find no additional adjustments to the Company's filing are necessary.

C. Conclusion

FPUC made the appropriate adjustments to remove all non-utility activities from Plant in Service, Accumulated Depreciation, and Working Capital. We find that no additional adjustments to the Company's filing are necessary.

XV. Miscellaneous Intangible Plant

At the hearing, we approved a Type 2 stipulation that FPUC shall continue amortizing balances related to rights granted for Wayside and Deland South natural gas stations until fully amortized and a true-up amortization entry shall lower FPUC's projected average rate base by \$85,839.

XVI. Plant In ServiceA. Parties' Arguments

FPUC Witness Napier testified that the historic test year provided an accurate representation of the plant in service for the projected test year and that the Company has included all adjustments to remove items that were eliminated by us in previous rate proceedings from the historic year ending December 31, 2021. FPUC stated that the plant in service for the projected test year should be \$561,942,691.

OPC stated that the appropriate level of plant in service for the projected test year should reflect all OPC adjustments, which would be a balance of \$553,168,574.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in previous sections and the stipulation reflected in Section XV, the appropriate level of plant in service for FPUC, Chesapeake, Indiantown, and Ft. Meade is \$406,967,114, \$150,477,561, \$2,928,180, and \$1,483,998, respectively. Our findings regarding plant in service balances and adjustments are reflected in Table 6.

**Table 6**  
**Projected Test Year Plant in Service**

<b>System</b>	<b>Amount Requested</b>	<b>Comm. Adjustments</b>	<b>Comm. Adjusted Amount</b>
FPUC	\$407,052,953	(\$85,839)	\$406,967,114
Chesapeake	150,477,561	0	150,477,561
Indiantown	2,928,180	0	2,928,180
Ft. Meade	1,483,998	0	1,483,998
Total-Consolidated	<u>\$561,942,692</u>	<u>(\$85,839)</u>	<u>\$561,856,853</u>

C. Conclusion

The appropriate level of plant in service is for FPUC, Chesapeake, Indiantown, and Ft. Meade is \$406,967,114, \$150,477,561, \$2,928,180, and \$1,483,998, respectively.

XVII. Accumulated DepreciationA. Parties' Arguments

FPUC stated that, consistent with its prior rate case, appropriate adjustments were made to accumulated depreciation, including the removal of accumulated depreciation associated with Flexible Gas Service contracts, and Special Contracts. The Company asserted that accumulated depreciation associated with non-utility plant has also been removed, as well as expense associated with franchise cost. FPUC further asserted that the amounts have been adjusted in reflection of FPUC witness Lee's revised Depreciation Study, as well as adjustments consistent with the stipulation reflected in Section X and certain errors. FPUC maintained that there is no basis for OPC witness Smith's arguments for additional adjustments based on revisions of FPUC's Depreciation Study by OPC witness Garrett. As such, FPUC maintained that the revised accumulated depreciation should be \$137,280,847.

OPC stated that the appropriate level of accumulated depreciation for the projected test year should reflect all OPC adjustments. OPC asserted that these adjustments result in the balances of \$134,208,281, \$2,966,035, \$1,541,698 for the accumulated depreciation accounts of Utility Plant, Common Plant, and Acquisition Adjustment, respectively.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in Section V regarding the Company's Depreciation Study, the following adjustments shall be made to accumulated depreciation.

**Table 7**  
**Depreciation Study—Accumulated Depreciation Adjustments**

	<b>FPUC</b>	<b>Chesapeake</b>	<b>Indiantown</b>	<b>Ft. Meade</b>
Utility Plant	\$584,304	\$282,200	\$5,748	\$4,658
Common Plant	(18,858)	(8,101)	(171)	(95)
Total	<u>\$565,446</u>	<u>\$274,099</u>	<u>\$5,577</u>	<u>\$4,563</u>

Based on the stipulation approved in Section X and adjustments above, the appropriate level of accumulated depreciation for the projected test year is \$96,673,413, \$38,882,934, \$1,335,853, and \$302,808 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. The appropriate accumulated depreciation balances and adjustments are reflected in Table 8 below.

**Table 8**  
**Projected Test Year Accumulated Depreciation**

<b>System</b>	<b>Amount Requested</b>	<b>Comm. Adjustments</b>	<b>Comm. Approved Amount</b>
FPUC	(\$97,153,161)	\$479,748	(\$96,673,413)
Chesapeake	(39,157,034)	274,099	(38,882,934)
Indiantown	(1,341,430)	5,577	(1,335,853)
Ft. Meade	(307,370)	4,563	(302,808)
Total-Consolidated	(\$137,958,995)	\$763,988	(\$137,195,007)

C. Conclusion

The appropriate level of accumulated depreciation for the projected test year is \$96,673,413, \$38,882,934, \$1,335,853, and \$302,808 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

XVIII. Acquisition Adjustment

A. Parties' Arguments

FPUC stated that by Order No. PSC-2012-0010-PAA-GU, we allowed the Company to record an acquisition adjustment to be amortized over 30 years.<sup>24</sup> In that order, it is mentioned that the level of cost savings should be subject to review in FPUC's next rate case, and, if the cost savings no longer exist, the acquisition adjustment may be partially or totally removed. FPUC argued that the subsequent review of the approved acquisition adjustments was meant to focus on the level of savings. FPUC argued that savings do continue to exist and at levels in the approximate range of the savings as in the first five years of the acquisitions. FPUC stated that the Company provided extensive testimony regarding the various ongoing benefits to customers in terms of quality of service, operating costs, ability to attract capital at cost savings, and enhanced managerial, technical, and financial resources.

FPUC witness Deason testified that Rule 25-30.0371, F.A.C., provides guidance for the appropriate regulatory treatment of positive acquisition adjustments for natural gas utilities. Witness Deason explained that the rule provides us with five factors to take into account when determining the appropriateness of a positive acquisition adjustment. These five factors include: quality of service to customers, regulatory compliance, rate levels and stability of rates, cost efficiencies, and whether the purchase was an arms-length transaction.

FPUC contended that OPC's witness Smith disregarded FPUC witness Napier's exhibits demonstrating ongoing savings. FPUC claimed that OPC was unable to refute witness Napier's testimony that cost savings remain and that OPC's analysis should be rejected because its

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<sup>24</sup> Order No. PSC-2012-0010-PAA-GU, issued January 3, 2012, in Docket No. 20110133-GU, *In re: Petition for approval of acquisition adjustment and recovery of regulatory assets, and request for consolidation of regulatory filings and records of Florida Public Utilities Company and Florida Division of Chesapeake Utilities Corporation*

application would unfairly assign factors outside the Company's control that have occurred over an extended period to reduce or eliminate the cost savings analysis. FPUC argued that witness Napier was clear that her analysis of the cost savings reflected an apples-to-apples comparison of costs. FPUC stated that the record in this case clearly reflects that the acquisitions of both FPUC by Chesapeake and Indiantown by FPUC were, and continue to be, in the public interest, and asked us to determine that further review of the acquisition adjustments in a subsequent rate proceeding for the Company is not required.

OPC witness Smith testified that we allowed CUC to record a \$34,192,493 purchase price premium in regards to the acquisition of FPUC as a positive acquisition adjustment to be amortized over a 30-year period beginning in November 2009. Witness Smith noted that by Order No. PSC-2012-0010-PAA-GU, page 17, we decided the level of cost saving supporting CUC's request would be subject to review in the next rate case. OPC described the issues with witness Napier's claim that FPUC had a net cost savings of \$4,462,872. OPC claimed that there is no continuing cost savings for customers. Witness Smith testified that the large rate increases being sought in the current rate case are indicators that customers would be adversely impacted if the acquisition adjustment is allowed to be included in rate base. Witness Smith testified that the cost to provide service has increased significantly when all O&M costs are added back into the 2023 projected test year. OPC stated that the FPUC acquisition adjustment should not be included in rate base, and the related amortization expense should not be allowed to be included in the 2023 projected test year. Witness Smith contended that FPUC witnesses Cassel and Deason's reliance on the five factors discussed in Order No. PSC-2012-00120-PAA-GU do not support the inclusion of the acquisition adjustment in rate base.

FIPUG adopted the position of OPC.

B. Analysis

The acquisition adjustments at issue in this proceeding pertain to the acquisition of FPUC by Chesapeake and the acquisition of Indiantown Gas Company by FPUC, which we approved in prior dockets.<sup>25</sup> We approved each of these acquisition adjustments, to be amortized over 30 and 15 years, respectively, and specifically required that the level of cost savings be subject to review in the next rate proceeding. FPUC witness Napier testified that the Company projected new cost savings of \$4,462,872 for FPUC and \$479,805 for Indiantown for the projected test year 2023. FPUC witness Deason argued that both acquisition adjustments should be approved and the requirement to review them again at the next rate case should be removed.

OPC argued that witness Napier's exhibit shows that the cost savings are neither acquisition-related nor an apples-to-apples comparison. OPC argued that cost savings for fuel could be related to market fluctuations as opposed to the acquisition. OPC also argued that witness Napier removed many O&M expense items from the projected 2023 test year which will be recovered from customers.

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<sup>25</sup>Order Nos. PSC-2012-0010-PAA-GU; and PSC-2015-0015-PAA-GU, issued January 6, 2014, in Docket No. 20120311-GU, *In re: Petition for approval of positive acquisition adjustment to reflect the acquisition of Indiantown Gas Company by Florida Public Utilities Company*.

OPC witness Smith argued that FPUC had not fully satisfied the five standards specified in Order No. PSC-2012-0010-PAA-GU in order to charge customers for the acquisition adjustment. Witness Smith testified that the Company failed to prove that cost savings, improved quality of service, and financial benefits exist solely from the acquisition. Therefore, witness Smith argued that there should be adjustments to remove the acquisition adjustment and accumulated amortization of the acquisition adjustment from rate base. Witness Smith testified that there are similar concerns to the remaining acquisition adjustment for Indiantown. However, that acquisition adjustment is substantially smaller and will be fully amortized in 2025. Therefore, witness Smith only addressed the FPUC acquisition adjustment. We find that due to the minimal amount and time remaining for the Indiantown acquisition adjustment, no adjustment is necessary. Also due to the short period of time remaining, we find that the requirement to review the Indiantown acquisition adjustment shall be removed.

In his rebuttal testimony, witness Deason testified that the FPUC acquisition adjustment has already been thoroughly reviewed by us and presumed to be in the public interest twelve years ago. Witness Deason argued that the issue now is to determine if there have been any material changes that warrant a different conclusion. Witness Deason testified that witness Smith offered no evidence that anything has materially changed to conclude that the acquisition is no longer in the public interest.

We find that the primary directive from the order allowing the initial acquisition adjustment was to review the level of the cost savings and to review the amounts for reasonableness.<sup>26</sup> We have reviewed witness Napier's exhibit which shows the estimated cost savings attributable to Chesapeake's acquisition of FPUC. Although witness Smith argued the adjustments made in witness Napier's exhibit do not reflect an apples-to-apples comparison of expenses before and after the acquisition, we find that the adjustments are necessary to provide a more accurate comparison of expenses.

Additionally, we find that the record shows that the acquisition of FPUC has resulted in capacity and commodity savings regardless of the volatility in the natural gas market. It is our prerogative to evaluate the testimony of competing experts and accord whatever weight to the conflicting opinions we deem appropriate. *Mayo*, 345 So. 2d at 654. Therefore, we find that there is sufficient evidence that cost savings still exist from the initial acquisition. However, there are still approximately 17 years remaining until the FPUC acquisition adjustment is fully amortized. Due to the extended period of time remaining, we find that the level of the actual cost savings supporting the FPUC acquisition adjustment shall still be subject to review in FPUC's next rate case proceeding unless it is fully amortized prior to said proceeding.

### C. Conclusion

Based on the foregoing, no adjustments shall be made to the amounts included in the projected test year for the acquisition adjustment and accumulated amortization of the acquisition

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<sup>26</sup> Order No. PSC-2012-0010-PAA-GU.

adjustment. Further, the actual cost savings supporting the FPUC acquisition adjustment shall be subject to review in FPUC's next rate proceeding, unless it is fully amortized prior to said proceeding. However, the requirement to review the Indiantown acquisition adjustment shall be removed.

XIX. Construction Work in Progress (CWIP)

At the hearing, we approved a Type 2 stipulation that the appropriate amount related to CWIP that shall be included in rate base is \$7,130,484.

XX. Under-Recoveries and Over-Recoveries in the Working Capital Allowance

At the hearing, we approved a Type 2 stipulation that the projection assumed over/under recoveries for 2021 would be collected in 2022 and therefore, no under- or over-recoveries were included in 2023's working capital.

XXI. Unamortized Rate Case Expense

A. Parties' Arguments

FPUC stated that the Company made adjustments to reduce the deferred rate case account by half of the unamortized rate case expense from working capital, which is consistent with our direction in prior rate proceedings. In response to OPC witness Smith's recommended removal of unamortized rate case expense, FPUC witness Baugh stated that while we have excluded unamortized rate case expense from working capital for other companies, we have only done so for FPUC on one occasion. Witness Baugh cited five Orders in which one-half of rate case expense was allowed in working capital and stated that the Company included half of the unamortized rate case expense in its filing consistent with these orders.<sup>27</sup>

FPUC contended that our policy of allowing one-half of unamortized rate case expense in working capital differs as it relates to FPUC as opposed to larger IOUs. FPUC asserted that, with one exception, we have historically allowed the unamortized amount in working capital for FPUC.<sup>28</sup> FPUC explained that a rationale for this precedent is related to its staffing methods in rate cases and stated that unlike the larger companies, FPUC does not retain sufficient personnel on staff that would enable it to process a rate case without utilizing external resources. Witness Baugh also cited an order we published concluding that, if rate case expense is prudent and

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<sup>27</sup> Order No. PSC-1994-0170-FOF-EI, issued on February 10, 1994, in Docket No. 19930400-EI, *In re: Application for a Rate Increase for Marianna electric operations by Florida Public Utilities Company*; Order No. PSC-2008-0327-FOF-EI, issued on May 19, 2008, in Docket Nos. 20070300-EI and 20070304-EI, *In re: Petition for rate increase by Florida Public Utilities Company*; Order No. PSC-2004-0369-AS-EI, issued on July 2, 2004, in Docket No. 20030438-EI, *In re: Petition for rate increase by Florida Public Utilities Company*; Order No. PSC-2004-1110-PAA-GU, issued on November 8, 2004, in Docket No. 20040216-GU, *In re: Application for rate increase by Florida Public Utilities Company*; and Order No. PSC-1995-0518-FOF-GU, issued on April 26, 1995, in Docket No. 19940620-GU, *In Re: Application for a rate increase by FLORIDA PUBLIC UTILITIES COMPANY*.

<sup>28</sup> Order No. PSC-2009-0375-PAA-GU, issued on May 27, 2009, in Docket No. 20080366-GU, *In re: Petition for rate increase by Florida Public Utilities Company*.

reasonable, the Company should be allowed to earn a return on investment on the unamortized balance, as it is a cost of doing business in the regulated arena.<sup>29</sup>

OPC witness Smith testified that FPUC requested an estimated \$3,427,527 in total rate case expense, to be amortized over five years, resulting in \$685,515 of rate case expense amortization in the projected 2023 test year. OPC explained that although FPUC requested to include half of unamortized rate case expense, it incorrectly included \$1,871,956 and later corrected to reflect \$1,713,787. Further, witness Smith argued that the Company failed to provide justification for overturning a long-standing Commission policy in similar rate cases of excluding unamortized rate case expense from working capital.

OPC asserted that the rationale of the 2009 Progress Energy Florida, Inc. (PEF) rate case cited by witness Smith was that customers and shareholders should share the cost of a rate case.<sup>30</sup> OPC stated that this is based on the belief that customers should not be required to pay a return on funds used to increase their rates. OPC stated in the 2009 PEF rate case, we also noted the difference between water and wastewater cases, which include unamortized rate case expense in working capital, and electric and gas cases. OPC asserted that the main difference between the two is that water and wastewater utilities reduce rates after the amortization period of rate case expense, which is not done in electric and gas cases. OPC stated that FPUC is a natural gas company with a rate case under Chapter 366, F.S., which does not require a reduction in rates for rate case expense after the amortization period. OPC further stated that even in water and wastewater cases, the Legislature has recognized that the unamortized balance of rate case expense must be excluded from working capital.

FIPUG adopted the position of OPC.

#### B. Analysis

FPUC witness Napier testified that the Company reflected half of the unamortized rate case expense in working capital for the projected test year, as it was consistent with our direction in prior rate proceedings. OPC witness Smith testified that the Company should not be permitted to include unamortized rate case expense in rate base based on our long-standing policy to disallow it in working capital.

Witness Smith asserted that our policy was reaffirmed in the 2009 PEF rate case order, which also referenced other examples from electric and gas rate cases. He cited to a passage of the order that stated that customers and shareholders should share the cost of a rate case based on the belief that customers should not be required to pay a return on funds used to increase their

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<sup>29</sup> Order No. PSC-1994-0170-FOF-EI.

<sup>30</sup> Order No. PSC-2010-0131-FOF-EI, issued on March 5, 2010, in Docket Nos. 20090079-EI, *In re: Petition for increase in rates by Progress Energy Florida, Inc.*; 20090144-EI, *In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc.*; and 20090145-EI, *In re: Petition for expedited approval of the deferral of pension expenses, authorization to charge storm hardening expenses to the storm damage reserve, and variance from or waiver of Rule 25-6.0143(1)(c), (d), and (f), F.A.C., by Progress Energy Florida, Inc.* (2009 PEF Rate Case)



rates.<sup>31</sup> In the same order, we noted that the difference in water and wastewater cases, which at the time included unamortized rate case expense in working capital, stems from a statutory requirement that water and wastewater utilities reduce rates after the amortization period of rate case expense, which is not done in electric and gas cases. Witness Smith concluded that the Company failed to provide justification for overturning a long-standing policy in electric and gas rate cases of excluding unamortized rate case expense from working capital.

In response to witness Smith's recommended removal of unamortized rate case expense, FPUC witness Baugh stated that while we have excluded unamortized rate case expense from working capital for other companies, we have only done so for FPUC on one occasion. Witness Baugh cited Orders for five FPUC rate cases (three electric division and two natural gas division) in which one-half of rate case expense was allowed in working capital and stated that the Company included half of the unamortized rate case expense in its filing consistent with these orders.<sup>32</sup> She further noted that in the 1993 FPUC rate case (electric division) she cited, we recognized and concluded that if rate case expense is prudent and reasonable, the Company should be allowed to earn a return on investment on the unamortized balance, as it is a cost of doing business in the regulated arena. Witness Baugh explained that a rationale for including unamortized rate case expense is related to FPUC's size and staffing methods in rate cases, stating that unlike the larger companies, the Company does not retain sufficient personnel on staff that would enable it to process a rate case without utilizing more external resources, such as consultants. As such, she concluded that the costs incurred over the course of a rate case are prudent, necessary expenditures used to obtain rate relief, which helps the Company provide high quality and safe service to its customers.

In light of the ample cases cited by both parties, we recognize the complicated nature and history of this issue. OPC and the Company both raise valid arguments. It is the Commission's prerogative to evaluate the testimony of competing experts and accord whatever weight to the conflicting opinions we deem appropriate. *United Telephone Co. v. Mayo*, 345 So. 2d 648, 654 (Fla. 1977). Ultimately, we find that it is not appropriate to include half of unamortized rate case expense in this specific situation.

### C. Conclusion

Unamortized rate case expense shall be removed from working capital. An adjustment of \$1,713,787 shall be made to remove unamortized rate case expense from working capital. An adjustment shall be made to decrease working capital for FPUC, Chesapeake, Indiantown, and Ft. Meade by \$1,376,768, \$487,383, \$3,115, and \$4,690, respectively, to reflect the removal unamortized rate case expense.

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<sup>31</sup> Order No. PSC-2010-0131-FOF-EI.

<sup>32</sup> Order Nos. PSC-1994-0170-FOF-EI; PSC-2008-0327-FOF-EI; PSC-2004-0369-AS-EI; PSC-2004-1110-PAA-GU; and PSC-1995-0518-FOF-GU.

XXII. Prepaid Directors And Officers (D&O) Liability Insurance

A. Parties' Arguments

FPUC stated that working capital appropriately includes \$18,049 for D&O Liability Insurance. FPUC reiterated its justification for the inclusion of D&O Liability Insurance expense, as discussed in greater detail in Section XXXVII, and argued that the Company has supported the inclusion of the requested amount included in its filing. FPUC maintained that, as a result, no adjustments should be made to remove a portion working capital associated with D&O Liability Insurance.

OPC reiterated its arguments in support of removing half of D&O Liability Insurance expense, as addressed in Section XXXVII, in order to reflect cost sharing between shareholders and customers. OPC witness Smith testified that working capital should be decreased by \$18,049, as a corresponding adjustment to reflect half of the \$36,098 associated with D&O Liability Insurance in the projected test year balance of working capital.

FIPUG adopted the position of OPC.

B. Analysis

In addition to identifying expense in the projected test year associated with D&O Liability Insurance in Section XXXVII, the Company also identified the corresponding amount of D&O Liability Insurance included in working capital. The 13-month average of the insurance included in the consolidated balance of working capital is \$36,098 in the projected test year. Based on our findings in Section XXXVII to remove half of D&O Liability Insurance expense, a corresponding adjustment shall be made to remove half of the D&O Liability Insurance reflected in working capital.

C. Conclusion

Working capital shall be reduced by \$13,031, \$4,907, \$62, and \$49 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, to reflect half of the D&O Liability Insurance included in the projected test year.

XXIII. Working Capital

A. Parties' Arguments

FPUC argued that the appropriate amount in working capital is \$5,227,362. This amount reflects the removal of \$127,849,224 in the projected year for amounts reflected as receivables from affiliated companies. FPUC stated that to arrive at the projected amount, working capital balances were projected using either trend factors applied to the thirteen-month average balances for the historic test year of December 31, 2021, or year-end balances, as appropriate. For some

accounts, the balance that existed at the historic year-end was used, when there were no fluctuations and some accounts were projected directly.

On cross examination, FPUC witness Galtman refuted OPC's suggestion that the intercompany receivables equate to a loan and explained that the intercompany transactions reflect the funding of Chesapeake's centralized cash management program, which is used to support the Company's business needs, including operating expense or capital needs. He further explained that as part of the centralized cash management program, cash is swept up to the parent each night and goes towards the short-term revolver to pay that off or, if more cash is needed, borrowings are available. He also testified that the Company does not generate the cash flow to meet all the growth needs and investment that takes place, so it relies on the debt structure of its parent company to fund capital investment, thus reflecting a liability balance for intercompany transactions. Witness Galtman maintained that it was appropriate to remove the balance from working capital, as it represents the funding needs, including plant reflected in the Company's rate base, provided by Chesapeake. Thus, he argued that the liability was removed to reflect the true rate base that should be considered for ratemaking purposes and reflected in the Company's adjusted cost of capital.

FPUC also acknowledged additional working capital adjustments proposed by OPC witness Smith and contested by the Company, as addressed in Sections XXI and XXII of this Order. The Company concluded that it has properly demonstrated that the correct amount for working capital is \$5,227,362.

OPC asserted that no utility should be authorized to set rates that are based on a set of fictitious conditions that will not be in place over the period when rates are in effect and earnings being monitored by the regulator. OPC asserted that the proper application of the Parent Debt Rule addressed in Section XL, also affected Section XXIII.

OPC explained its concerns with FPUC's adjustment to remove the credit balance of \$127,849,224 from Account 146 Accounts Receivables—Associated Companies from working capital, which in turn, increased working capital and thus rate base by the same \$127,849,224. OPC stated that although FPUC witness Napier confirmed that the adjustments were made consistent with prior cases as directed by us, she provided no additional support or referenced the authority, and the three prior cases cited by FPUC witness Cassel do not include such an adjustment or directive. Further, OPC argued that there is precedent for us keeping the net difference of Account 146 and Account 234 Accounts Payable—Associated Companies in working capital based on a prior rate case for Tampa Electric Company (TECO).<sup>33</sup> OPC argued that based on this precedent, we should reverse the "elimination" of the "contra-receivable" and reduce working capital or include the balance in capital structure as a zero cost source of funds. OPC stated that based on an adjustment to address the intercompany transactions, the revenue requirement should be reduced by an amount within a range of \$8,304,791 to \$10,502,774 depending on the use of OPC or FPUC's capital structure and ROE. OPC also suggested that in

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<sup>33</sup> Order No. PSC-2009-0283-FOF-EI, issued April 30, 2009, Docket No. 20080317-EI, *In re: Petition for rate increase by Tampa Electric Company*.

addition to recognizing a reversal of the adjustment, the appropriate level of working capital for the projected test year should reflect the adjustment to remove the one-half of unamortized rate case expense and one-half of D&O Liability Insurance.

FIPUG adopted the position of OPC.

B. Analysis

At the hearing, OPC engaged both witness Napier and witness Galtman in a line of questioning related to a working capital adjustment made to remove the credit balance of \$127,849,224 from Account 146 Accounts Receivables—Associated Companies in the projected test year. OPC did not address any issues related to this adjustment in the prefiled testimony of either of its witnesses. Thus, OPC raised an issue about the adjustment in its brief and argued that FPUC made an inappropriate adjustment to increase working capital by \$127,849,224, which was designated in the MFRs as an adjustment to “eliminate receivables from associated companies.” Further, OPC cited our precedent from TECO’s 2009 Rate Case to support the inclusion of the net intercompany accounts.<sup>34</sup>

We find that reversing FPUC’s adjustment to remove the credit balance of \$127,849,224 from Account 146, as suggested by OPC, would result in a negative working capital balance of approximately \$122.5 million under the balance sheet approach. We further find that this negative amount represents approximately 22% of our approved plant balance. A negative working capital balance is not typical of a “normal” utility or the expected future condition of the utility.<sup>35</sup>

As explained by witness Galtman, the intercompany transactions reflect the funding of Chesapeake’s centralized cash management program, which is used to support the Company’s business needs, including operating expense or capital needs. He further explained that as part of the centralized cash management program, cash is swept up to the parent each night and goes towards the short-term revolver to pay that off or, if more cash is needed, borrowings are available. There is no interest or carrying costs charged on any of the intercompany transactions. He also testified that the Company does not generate the cash flow to meet all the growth needs and investment that takes place, so it relies on the debt structure of its parent company to fund capital investment, thus reflecting a liability balance for intercompany transactions. Witness Galtman maintained that it was appropriate to remove the balance from working capital, as it represents the funding needs, including plant reflected in the Company’s rate base, provided by Chesapeake. Thus, he argued that the liability was removed to reflect the true rate base that should be considered for ratemaking purposes.

Based on the explanation of witness Galtman, we find the Company’s adjustment to remove intercompany transactions is appropriate. We also considered the 2009 TECO rate case

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<sup>34</sup> Order No. PSC-2009-0283-FOF-EI, issued April 30, 2009, in Docket No. 20080317-EI, *In re: Petition for rate increase by Tampa Electric Company*.

<sup>35</sup> Order No. PSC-2010-0168-PAA-SU, issued March 23, 2010, in Docket No. 20090182-SU, *In re: Application for increase in wastewater rates in Pasco County by Ni Florida, LLC*.

order cited by OPC. In that case, we rejected OPC's proposal to remove intercompany receivables, as there was not a corresponding proposal to also remove the intercompany payables. As emphasized by OPC in its brief, we found that it was important to be even-handed in making adjustments and that it would be inappropriate to remove the receivables without removing the offsetting payables. In the instant docket, the Company's adjustment did not run afoul of our decision, as it reflected the removal of both receivables and payables. Account 146 incorrectly carried a credit balance, because it reflects the net of intercompany transactions. Account 234 reflects a balance of zero. Therefore, we find no adjustments to working capital related to the Company's intercompany accounts. Our approved working capital balances and adjustments are reflected in Table 9.

**Table 9**  
**Projected Test Year Working Capital**

<b>System</b>	<b>Amount Requested</b>	<b>Comm. Adjustments</b>	<b>Comm. Approved</b>
FPUC	\$4,774,185	(\$1,389,799)	\$3,384,386
Chesapeake	211,888	(492,290)	(280,402)
Indiantown	250,368	(3,177)	247,191
Ft. Meade	<u>147,869</u>	<u>(4,739)</u>	<u>143,130</u>
Consolidated Total	\$5,384,311	(\$1,890,005)	\$3,494,306

C. Conclusion

Based on our adjustments in Sections XXI and XXII, the appropriate level of working capital for the projected test year is \$3,384,386, (\$280,402), \$247,191, and \$143,130 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

XXIV. Rate Base

A. Parties' Arguments

FPUC stated that it fully supported the amount of rate base in its petition through the testimony of its witnesses, information in its MFRs, discovery responses, and arguments in specific sections regarding OPC's proposed adjustments. The Company also addressed satellite leak surveys, which are addressed in Section XLIV of this Order.

OPC stated that the appropriate level of rate base for the projected test year should reflect all OPC adjustments, including the Affiliated Payables adjustment it recommended in Section XXIII, if removed by us.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in previous sections dealing with rate base, our rate base and total adjustments are reflected in Table 10.

**Table 10**  
**Projected Test Year Rate Base**

System	Amount Requested	Comm. Adjustments	Comm. Approved Amount
FPUC	\$339,094,480	(\$995,890)	\$338,098,590
Chesapeake	112,527,439	(219,191)	112,309,248
Indiantown	1,940,739	2,400	1,943,140
Ft. Meade	1,324,497	176	1,324,320
Total-Consolidated	<u>\$454,887,154</u>	<u>(\$1,211,856)</u>	<u>\$453,675,298</u>

C. Conclusion

The appropriate level of rate base for the projected test year is \$338,098,590, \$112,309,248, \$1,943,140, and \$1,324,320 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Cost of Capital**

XXV. Short-Term Debt

A. Parties' Arguments

FPUC argued the appropriate amount of short-term debt for inclusion in capital structure is \$20,789,980 at a cost rate of 3.28%. FPUC has access to CUC's short-term debt at rates that are comparable to pricing available to many of the publicly traded gas utilities that also have investment grade debt. FPUC argued it has fully supported its cost of short-term debt, as well as the amount to be included in its capital structure.

OPC argued the appropriate cost rate for short-term debt is 3.28%. OPC argued the appropriate amount is \$19,884,725, as shown on Exhibit RCS-2R, Schedule D, attached to OPC witness Smith's direct testimony. OPC did not provide specific arguments explaining or supporting the cost rate or appropriate amount of short-term debt to include in the capital structure.

FIPUG adopted the position of OPC.

B. Analysis

Both FPUC and OPC agree the appropriate cost rate for short-term debt is 3.28%. Our approved amount of short-term debt in the projected test year capital structure differs slightly between FPUC's and OPC's recommendations. CUC provides all the investor-provided capital to FPUC at the ratios of CUC. FPUC applied the capital structure of CUC, which includes 5.51% of short-term debt, to its projected test year capital structure and reconciled the amounts to the rate base balance for the projected test year. After reconciliation with all capital structure

components, the ratio of short-term debt in the consolidated projected test year capital structure is 4.57%. This ratio equates to a short-term debt balance of \$20,789,980. OPC recommends the same ratio of 4.57% in the projected test year capital structure, but has recommended a reduction to rate base. When the capital structure is reconciled to OPC's recommended lower rate base balance, the corresponding amount of short-term debt is \$19,884,725. FIPUG adopted the position of OPC and did not proffer a witness or testimony on this issue. In Section XXIV, we approved a total rate base of \$455,511,649, that when reconciled to the capital structure via pro rata over investor sources only, results in an increase of \$34,651, for a total amount of \$20,824,361 for short-term debt.

C. Conclusion

Both FPUC and OPC agree on the cost rate and ratio of short-term debt in the projected test year capital structure. To reflect the appropriate amount of investor sources of capital when reconciled to our approved rate base, the appropriate amount of short-term debt to include in the capital structure is \$20,824,631 at a cost rate of 3.28%.

XXVI. Long-Term Debt

A. Parties' Arguments

FPUC argued the appropriate amount and cost rate for long-term debt to include in the capital structure is \$148,546,502 at a cost rate of 3.48%. FPUC argued it has fully supported its cost of long-term debt as more fully set forth in Section XXIX, and therefore, asserted that its requested cost and amount be approved.

OPC argued the appropriate cost rate for long-term debt is 3.48% and the appropriate amount to include in the projected test year capital structure is \$165,892,585. OPC argued FPUC's requested long-term debt ratio is too low and increases costs beyond a reasonable level for customers because it does not contain enough low-cost debt relative to high-cost equity.

FIPUG adopted the position of OPC.

B. Analysis

Both FPUC and OPC agree the appropriate cost rate for long-term debt is 3.48%. The recommended amount of long-term debt in the projected test year capital structure differs between FPUC's and OPC's recommendations. CUC provides all the investor-provided capital to FPUC at the capital structure ratios of CUC. FPUC applied the capital structure of CUC, which includes 39.39% of long-term debt, to its projected test year capital structure and reconciled the amounts to the rate base balance for the projected test year. After reconciliation with all capital structure components, the ratio of long-term debt in the consolidated projected test year capital structure is 32.66%. This ratio equates to a long-term debt balance of \$148,546,502.

OPC recommends that we reject FPUC's requested long-term debt ratio and impute a debt ratio equal to that of the average debt ratio of the proxy group of companies used to determine an appropriate ROE. OPC witness Garrett opined that his analysis strongly indicates that FPUC's proposed long-term debt ratio of 39.40% for the newly consolidated company is too low to be considered fair for ratemaking. Witness Garrett asserted that an insufficiently low debt ratio causes the weighted average cost of capital to be unreasonably high and recommended that we impute a capital structure for ratemaking purposes consisting of long-term debt of 52%. OPC witness Smith used witness Garrett's recommended debt ratio of 38.13% to develop his recommended projected test year capital structure in his Exhibit RCS-2R attached to his direct testimony. When the capital structure is reconciled pro rata over all sources to OPC's recommended rate base balance, the corresponding amount of long-term debt is \$165,892,585. OPC's proposed adjustment to increase the debt ratio would contain more debt than the actual amount of long-term debt outstanding for FPUC. FIPUG adopted the position of OPC and did not proffer a witness or testimony on this issue.

OPC is proposing an adjustment to increase the amount of debt in the projected test year capital structure as a result of lowering the equity ratio. However, as pointed out by witness Moul, the adjustment would not reflect the actual amount of debt outstanding for FPUC. Further, a long-term debt ratio of 39.39% is within a reasonable range when compared to the gas proxy group and is supported by the record. The cost rate of 3.48% is also reasonable based on record evidence that future interest rates are increasing. On cross-examination, FPUC witness Russell confirmed its most recent debt issuance was at a rate of 5.43%, indicating that the cost rate of 3.48% for long-term debt included in this filing is more than reasonable. In Section XXIV, we approved a total rate base of \$455,511,649, that when reconciled to the capital structure via pro rata over investor sources only, results in an increase of \$247,584, for a total amount of \$148,794,087 for long-term debt.

### C. Conclusion

Based on our findings and the record, a long-term debt amount of \$148,794,087, based on a ratio of 39.39% from investor sources, at a cost rate of 3.48% is reasonable. Therefore, based on our approved rate base balance the appropriate amount of long-term debt to include in the capital structure is \$148,749,087 at a cost rate of 3.48%.

## XXVII. Customer Deposits

### A. Parties' Arguments

FPUC argued that the appropriate amount and cost rate for customer deposits to include in the capital structure is \$10,782,475 at a cost rate of 2.37% as set forth in MFR Schedules D-1 and D-6.

OPC argued that appropriate customer deposits amount is \$10,312,975 and the appropriate cost rate is 2.37%. The amount and cost rate is shown on Exhibit RCS-2R, Schedule D.



FIPUG adopted the position of OPC.

B. Analysis

Both FPUC and OPC agree the appropriate cost rate for customer deposits is 2.37%. Both FPUC and OPC agree on the ratio of 2.37% for customer deposits to include in the projected test year capital structure. FPUC did not provide testimony specific to the amount of customer deposits to include in the test year capital structure. FPUC witness Napier stated the Company specifically identified customer deposits in developing its capital structure. The amount of customer deposits in the projected test year capital structure differs slightly between FPUC's and OPC's recommendations. FPUC requested a customer deposit balance of \$10,782,475 to include in the projected test year capital structure which is presented on MFR Schedule G-3, page 7 of 11, and MFR Schedule G-3, page 2 of 11. OPC recommended a customer deposit balance of \$10,312,975 be included in the projected test year capital structure. The difference in the recommended amounts arises from OPC's recommendation to make adjustments to reduce rate base and reconcile the lower rate base amount pro rata over all capital sources, which by function of math, lowers the customer deposit balance proportionately.

C. Conclusion

FPUC included a projected balance of customer deposits in its projected test year capital structure on MFR Schedule G-3. No parties objected to the ratio for customer deposits of 2.37% or the cost rate of 2.37%. No adjustment is being made to the customer deposit balance in the projected test year ending December 31, 2023. Therefore, the appropriate amount and cost rate for customer deposits to include in the projected test year capital structure is \$10,782,475 at a cost rate of 2.37%.

XXVIII. Accumulated Deferred Taxes

A. Parties' Arguments

FPUC argued the appropriate amount of accumulated deferred taxes to include in the capital structure is \$42,232,204 which is a combination of direct of \$42,152,613 and allocated common of \$79,591. FPUC asserted Staff witness Brown found no discrepancies as reflected in the Staff Audit Report. FPUC argued it has fully supported the amount of accumulated deferred taxes to be included in its capital structure, as more fully set forth in Section XXIX of this Order.

OPC asserted that appropriate accumulated deferred income taxes amount is \$40,317,168 at a zero cost rate as shown in Exhibit RCS-2R, Schedule D.

FPUC adopted the position of OPC.

B. Analysis

Both FPUC and OPC agree on the ratio of 9.25% for deferred taxes, plus 0.02% for deferred taxes-common, and 5.96% for regulatory tax liabilities, plus 0.01% for regulatory tax liabilities-common. The cost rate for all deferred tax components, including the regulatory tax liability is 0%. The approved amount of deferred taxes and regulatory tax liability in the projected test year capital structure differs slightly between FPUC's and OPC's recommendations. FPUC requested a total deferred tax balance of \$42,232,204, and a total regulatory tax liability balance of \$27,185,601 to include in the projected test year capital structure which is presented on MFR Schedule G-3, page 7 of 11. OPC recommended a total deferred tax balance of \$40,317,168, and a total regulatory tax liability balance of \$26,001,863 to be included in the projected test year capital structure. The difference in the amounts arises from OPC's recommendation to make adjustments to reduce rate base and reconcile the lower rate base amount pro rata over all capital sources which, by function of math, lowers the deferred tax and regulatory liability balances proportionately.

C. Conclusion

FPUC included a projected balance of deferred taxes and regulatory liabilities in its projected test year capital structure as presented on MFR Schedule G-3. No parties objected to the ratio of deferred taxes or regulatory liabilities included in FPUC's projected test year capital structure. Therefore, the appropriate amount of deferred taxes to include in the projected test year capital structure is \$42,232,204, including a balance of \$27,185,601 for regulatory tax liabilities.

XXIX. Equity Ratio

A. Parties' Arguments

FPUC argued the appropriate common equity ratio to include in the capital structure is 55.1%, the same as its parent company, CUC. FPUC argued that the use of the actual capital structure of the parent company comports with our practice. FPUC also asserts the equity ratio of 55.1% is reasonable and appropriate because it is within the range of equity ratios of the gas utilities in witness Moul's proxy group. FPUC argued that using a 48% equity ratio as proposed by OPC would create a mismatch because the resulting amount of debt in the rate making capital structure would be more than the debt that is actually held by FPUC and reflected in the MFRs. FPUC asserted that it has demonstrated that the appropriate equity ratio is 55.1% based on investor sources, and when reconciled with customer deposits, deferred taxes and the regulatory tax liability the equity ratio is 45.14%.

OPC argued the appropriate equity ratio that should be used in the capital structure for ratemaking purposes is 48% and that we should reject FPUC's proposed common equity ratio of 55.1%. OPC argued that since the gas utility proxy group is considered when estimating the cost of equity, it would be appropriate to consider the financing mix of the gas companies when assessing a fair ratemaking equity ratio for FPUC. OPC contended that the appropriate equity ratio to use in the capital structure for ratemaking purposes is the average equity ratio of FPUC's

proxy group which is 48%. OPC asserts FPUC's proposed equity ratio has the effect of increasing capital costs beyond a reasonable level for customers because it does not contain enough low-cost debt relative to high-cost equity. OPC argued that FPUC's 55.1% equity ratio is an aspirational target that has yet to be achieved by CUC. OPC asserted that the actual equity ratio for CUC is currently 52.2% as acknowledged by FPUC witness Russell. Further, OPC argued that FPUC's assertion that its proposed equity ratio is reasonable because it is within the range of equity ratios of the gas proxy group is flawed because the company with the highest equity ratio, Atmos, was not accurate and closer to 52%. In its brief, OPC asserted that all subsidiaries of CUC, regulated and unregulated, are not capitalized the same way. OPC asserted that one unregulated company, Marlin, benefitted from a debt issuance that carried the lowest interest rate among all the CUC debt issuances and may be improperly benefitting from a subsidy provided by the regulated subsidiary equity ratio. Finally, OPC argued that given the evidence in the case it is imperative that we assert our authority to independently determine the capitalization based on the relative risks of FPUC based on witness Garrett's analysis of similarly-situated companies as well as the divergence of risk within the CUC operations.

FIPUG adopted the position of OPC.

B. Analysis

In its filing, FPUC requested a projected test year capital structure consisting of an equity ratio of 55.1% based on investor-supplied capital for rate setting purposes. FPUC witness Moul testified that an equity ratio of 55.1% is reasonable and appropriate because FPUC is using the same equity ratio of its parent, CUC, and it is within the range of the equity ratios of the companies in his gas utility proxy group. Historically, the companies in the gas utility proxy group have maintained a 50.50% equity ratio on average. Witness Moul also compared FPUC's projected equity ratio to the projected equity ratios of the companies in the gas utility proxy group as published by Value Line. The data from Value Line projected a range of equity ratios during 2025 through 2027 of 39.50% to 60.00% for the eight companies in the gas utility proxy group. However, the Value Line equity ratios are based on only long-term debt and equity. CUC was among the highest in the group with a projected equity ratio of 60%. Further, Exhibit PRM-1, page 10 of 30, attached to witness Moul's direct testimony indicates CUC's actual equity ratio in 2021 was 51.20%, the estimated equity ratio in 2022 is 52.01% and the projected equity ratio in 2023 is 55.1%.

OPC witness Garrett recommended a debt ratio of 52% which equates to an equity ratio of 48%. In his testimony, witness Garrett evaluated the capital structures of the companies in the gas utility proxy group and other competitive industries to assess the reasonableness of his recommendation. Both witness Moul and witness Garrett used the same proxy group of gas utilities in their respective analyses. Witness Garrett testified that the average equity ratio of the companies in the gas utility proxy group is 48%, which is lower than FPUC's proposed equity ratio. Witness Garrett attested that his analysis strongly indicates that FPUC's proposed long-term debt ratio of 39.40% is too low to be considered fair for ratemaking. Witness Garrett contended that an insufficiently low debt ratio causes the weighted average cost of capital to be unreasonably high. Based on the analysis in his testimony, witness Garrett recommended that we

impute a capital structure for ratemaking purposes consisting of long-term debt of 52%, or an equity ratio of 48%, which is the average equity ratio of the gas utility proxy group.

Further, OPC argued that the 55.1% equity ratio requested by FPUC is aspirational and has yet to be achieved by CUC. On cross examination, FPUC witness Russell acknowledged that FPUC's 55.1% equity ratio is a forecasted amount for 2023 and that the current equity ratio of CUC is 52.2%. Witness Russell testified that an equity ratio of 55.10% is the midpoint of the target equity ratio range of 50% to 60% approved by CUC's board of directors and the Company strives to achieve that target range. OPC also contested witness Moul's interpretation on the range of equity ratios employed by the companies in his gas utility proxy group. OPC argued that the only company in the gas utility proxy group with an equity ratio above 52% is Atmos Energy Corp., which witness Moul asserted is 60%. On cross examination, witness Moul acknowledged that CUC has only achieved an equity ratio of 60% if short-term debt is excluded from the calculation. OPC argued that it is improper to exclude short-term debt in the determination of the investor sources of capital to calculate the equity ratio for ratemaking purposes. FPUC witness Russell confirmed that the equity ratio for CUC as of June 30, 2022 is 52.2% including common equity, long-term debt, and short-term debt.

In its brief, OPC argued that we should consider CUC's actual practice of capitalizing its utilities and unregulated operations. OPC suggested that there are at least three other non-regulated operations, in addition to Marlin, that are all capitalized in the same manner as proposed for FPUC despite having a presumptively different risk profile. However, OPC's concern was raised for the first time during cross-examination and there is insufficient evidence in the record to determine if the capitalization of other non-regulated entities under CUC's corporate umbrella is material to the determination of the appropriate equity ratio to use in this case for FPUC. Therefore, we find that OPC's argument in its post hearing brief on this point is unsupported and shall be given little weight.

In rebuttal, witness Moul disputed witness Garrett's proposed hypothetical equity ratio of 48% for FPUC and contended witness Garrett failed to demonstrate that the Company's proposed capital structure is unreasonable. Witness Moul opined that witness Garrett's proposed equity ratio merely lowers the Company's revenue requirements. Witness Moul further explained that by using a hypothetical debt ratio as proposed by OPC witness Garrett, a mismatch is created between the amount of long-term debt included in the ratemaking capital structure and the actual amount of long-term debt outstanding for FPUC. Witness Moul rebutted that a capital structure that includes more financial leverage, i.e., the 48% common equity ratio as recommended by witness Garrett as compared to the Company's actual 55.1% common equity ratio, would threaten the credit quality rating of CUC, which is the source of all investor provided capital for FPUC. Witness Moul explained:

I say this because the actual 55.05% common equity ratio of CUC is the one that supports the Company's "2b" designation in the NAIC credit quality ranking system. As noted in my direct testimony, the "2b" designation is equivalent to the Baa/BBB ratings by Moody's and S&P. By proposing the more highly

leverage[d] capital structure, Mr. Garrett's proposal could move the Company's credit quality toward the "junk" bond status.

During cross examination FPUC witness Russel confirmed CUC's NAIC-2B credit quality rating is based on CUC's actual financial metrics which includes an equity ratio greater than 50%, and on average between 52% and 53% since 2009. Witness Russel also confirmed that FPUC has benefited as a wholly-owned subsidiary of CUC to attract debt capital at lower rates on longer terms given CUC's investment grade ratings of NAIC-2B, based on the financial strength of CUC's capitalization. Witness Russel agreed that CUC's financial metrics that generated a NAIC-2B rating contain an equity ratio "just a little bit north of 50%."

In his rebuttal testimony, witness Moul stated the use of the actual capital structure ratios of CUC comports with our practice. In prior rate cases for FPUC's electric utility and Chesapeake's gas utility, we approved a rate making capital structure, including the equity ratio, based on the relationship between the parent company CUC and its subsidiaries. In the 2014 FPUC electric rate case, the parties entered into a settlement that included FPUC's actual capital structure with a pro rata share of parent company debt and equity.<sup>36</sup> The investor sources equity ratio in the 2014 FPUC electric rate case was approximately 58%. In the 2009 Chesapeake gas rate case, we approved a capital structure and equity ratio based on the consolidated capital structure of CUC.<sup>37</sup> The investor sources equity ratio approved in the 2009 Chesapeake gas rate case was 54.11%. Accordingly, witness Moul is correct in his testimony that applying CUC's equity and debt ratio to FPUC's rate making capital structure is consistent with our practice and previous rate cases involving CUC's other Florida subsidiaries. In Section XXIV of this Order, we approved a total rate base of \$455,511,649, that when reconciled to the capital structure via pro rata over investor sources only, results in an increase of \$342,260, for a total amount of \$205,692,651 for common equity.

### C. Conclusion

Based on record evidence and our practice of using a capital structure that approximates the Company's actual sources of capital, FPUC's projected equity ratio of 55.1% for the test year ending December 31, 2023, is reasonable and appropriate. Further, the equity ratio and allowed return on equity are inversely related. Based on the risk-return paradigm which is discussed in more detail in Section XXX, a company with a higher equity ratio in its capital structure, all else being equal, will have less financial risk and should have a comparatively lower return on equity. The higher the proportion of equity, the lower the financial risk which must be factored into the allowed return on equity. Accordingly, we find the appropriate equity ratio is 55.10% as a percentage of investor-supplied capital, which equates to a common equity balance of \$205,692,651 in the capital structure.

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<sup>36</sup>Order No. PSC-2014-0517-S-EI, issued September 29, 2014, in Docket No. 20140025-EI, *In re: Application for rate increase by Florida Public Utilities Company*.

<sup>37</sup>Order No. PSC-2010-0029-PAA-GU, issued January 14, 2010, in Docket No. 20090125-GU, *In re: Petition for increase in rates by Florida Division of Chesapeake Utilities Corporation*.

XXX. Return on Equity (ROE)

A. Parties' Arguments

FPUC argued that it has supported its requested midpoint ROE of 11.25% through well-reasoned analysis supported by actual data and evaluation of the financial and operational risks of a proxy group of gas companies comparable to CUC and FPUC. FPUC argued that an ROE of 11.25% is consistent with the regulatory compact that the allowed ROE be set to cover FPUC's interest and dividend payments, provide a reasonable level of earnings retention, produce an adequate level of internally generated funds to meet capital requirements, be commensurate with the risk to which the Company's capital is exposed, assure confidence in the financial integrity of the Company, support reasonable credit quality, and allow the Company to raise capital on reasonable terms. FPUC argued that witness Moul's cost of equity determination should be viewed in the context of the need for supportive regulation at a time of increased infrastructure improvements now underway for the Company. FPUC further argued its requested ROE is commensurate with returns available on investments having corresponding risk and meets the established standards of a fair rate of return set forth by the landmark *Bluefield*<sup>38</sup> and *Hope*<sup>39</sup> cases.

OPC opined that pursuant to the *Bluefield* and *Hope* standards, the financial integrity of a company should be sufficient to attract capital on reasonable terms under a variety of market and economic conditions. OPC argued that the legal standard governing the cost of equity does not mandate that the awarded ROE equate to a particular financial model, but rather is reasonable under the circumstances. OPC argued that the market-based cost of equity for FPUC is 7.80% based on the numerical results from witness Garrett's application of the DCF and CAPM models to the proxy group of gas companies used by FPUC witness Moul. OPC argued that it is not appropriate to consider an awarded ROE that is significantly higher than a regulated utility's cost of equity. Further, OPC opined the national average of awarded gas ROEs have remained lower than 10% since before 2015. OPC argued that although witness Garrett's recommended authorized ROE midpoint of 9.25% is above witness Garrett's estimate for the Company's market-based cost of equity of 7.80%, it represents a gradual yet meaningful move towards a market-based cost of equity. OPC asserted that under cross-examination, witness Moul acknowledged that he has not conducted a numeric analysis that demonstrates FPUC could not attract capital or provide safe and reliable service with an allowed midpoint ROE of 9.25%. OPC opined that witness Moul also agreed that a ROE lower than 11.25% could still allow FPUC to attract capital and provide safe and reliable service.

FIPUG took no position.

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<sup>38</sup>*Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692–93 (1923).

<sup>39</sup>*Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

B. Analysis

The ROE is the allowed cost of common equity included within a utility’s regulatory capital structure to determine the overall rate of return used to establish a revenue requirement. FPUC’s common equity is not publicly traded, and as such, a market-based cost rate for the Company cannot be directly observed. Consequently, both OPC witness Garrett and FPUC witness Moul applied cost of equity financial models to a proxy group of publicly traded gas distribution companies (gas proxy group) with similar risk to FPUC to derive estimates of the required ROE. OPC witness Garrett used the same gas proxy group as that of FPUC witness Moul. Both OPC and FPUC witnesses used the Discounted Cash Flow (DCF) model and the Capital Asset Pricing Model (CAPM) to estimate the cost of equity. In addition, witness Moul employed a risk premium analysis and a comparable earnings approach to estimate the cost of equity. Witness Garrett also applied the Hamada Formula to his CAPM as well. In general, witness Moul employed assumptions that produced a high ROE estimate, while OPC witness Garrett used assumptions that produced a low ROE estimate. As a result of their respective assumptions used in the cost of equity models, we find that the appropriate ROE is greater than OPC’s recommended ROE of 9.25% and lower than FPUC’s requested ROE of 11.25%. The range of results of the witnesses’ cost of equity models is 6.70% to 14.41%. The witnesses’ cost of equity model results are summarized in Table 11.

**Table 11**  
**Summary of Cost of Equity Model Results**

ROE Model	FPUC witness Moul	OPC witness Garrett
DCF – with analyst growth estimates	11.65%	8.30%
DCF – with sustainable growth estimates		6.70%
CAPM	14.41%	7.90%
CAPM with Hamada Formula		8.50%
Risk Premium	10.92%	
Comparable Earnings	12.05%	
Average of Results	12.22%	7.80%
<b>Recommended ROE</b>	<b>11.25%</b>	<b>9.25%</b>

**Legal Standard**

The landmark *Bluefield* and *Hope* cases established standards for setting a fair rate of return for equity investment for utilities providing monopoly service to the public.<sup>40</sup> Simply stated, a fair rate of return is commensurate with returns available on investments having comparable risks. The rate of return should also be sufficient to assure financial soundness and integrity, support reasonable credit quality, and allow a company to raise capital on reasonable terms. Witness Garrett opined that the *Hope* standard ultimately requires that the end result should be just and reasonable and based upon a utility’s actual cost of equity. Witness Garrett further opined that an allowed ROE that is far above the cost of equity runs the risk of being at

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<sup>40</sup>*Bluefield Water Works & Improvement Co. v. Public Service Commission of West Virginia*, 262 U.S. 679, 692–93 (1923), and *Federal Power Commission v. Hope Natural Gas Co.*, 320 U.S. 591, 603 (1944).

odds with the *Hope* and *Bluefield* standards and results in an excess transfer of wealth from the customers to the utility.

### **Proxy Group of Gas Companies**

FPUC witness Moul selected eight companies from the Value Line Investment Survey included in the Natural Gas Utility Group. The gas proxy group includes Atmos Energy Corp.; Chesapeake Utilities Corporation; New Jersey Resources Corp.; NiSource, Inc.; Northwest Natural Holding Co.; ONE Gas, Inc.; Southwest Gas Holdings; and Spire, Inc. Witness Moul testified that, on balance, the risk factors between the gas proxy group and FPUC and CUC average out and the gas proxy group provides a reasonable basis for estimating FPUC's cost of equity. Witness Moul summarized the risk comparisons as follows:

The investment risk of CUC parallels that of the Gas Group in certain respects. CUC has lower risk as shown by its lower beta, historically higher common equity ratio, its lower variability of earnings, and its higher interest coverages, but its operating ratio, quality of earnings and internally generated funds factors are comparable to those of the Gas Group. The Company's overall risk is higher than the Gas Group due to its smaller size. In addition, the higher levels of short-term debt and the absence of a formal credit rating could also impact the overall risk.

OPC witness Garrett did not take issue with witness Moul's proxy group and opined, "There could be reasonable arguments made for the inclusion or exclusion of a particular company in a proxy group; however, the cost of equity results are influenced far more by the underlying assumptions and inputs to the various financial models than the composition of the proxy group." One major risk factor difference to note is the five-year average common equity ratios, based on permanent capital, were 60.10% for CUC as compared to 50.50% for the gas proxy group indicating increased balance sheet strength and lower financial risk for FPUC as compared to the gas proxy group. One other difference pointed out by witness Moul is the capitalization of CUC as compared to the gas proxy group. CUC is much smaller than the average size of the gas proxy group; if all other risk factors are equal, a smaller company is riskier than a larger company because a given change in revenue and expenses has a proportionately greater impact on a small firm.

### **Cost of Equity Models**

#### ***DCF***

The DCF model is based on the theory that a stock's current price represents the present value of all expected future cash flows in the form of dividends discounted at the appropriate risk-adjusted rate of return. In its basic form, the DCF model is expressed as the dividend yield of a stock plus the expected long-term growth rate. Expressed mathematically as:  $ROE = (\text{dividend} \div \text{stock price}) + \text{growth rate}$ . The difference between witness Garrett's and witness Moul's DCF model results are primarily driven by differences in growth rates and witness Moul's leverage adjustment. The dividend yield is higher in witness Moul's DCF calculation (3.45%) than that of witness Garrett (3.00%) due to the timing of when they obtained their stock prices.



***FPUC***

Witness Moul estimated a cost of equity of 11.65% using the DCF model with his leverage adjustment, and 10.20% without his leverage adjustment. To derive his DCF result, witness Moul used an estimated growth rate of 6.75% based on a consensus of investment analysts' 5-year growth forecasts of earnings per share for the companies in his gas proxy group. The average earnings per share growth rates ranged from 4.83% to 7.44%. Witness Moul asserted that growth rates should not be determined by a math formula and opined that 6.75% is a reasonable estimate of investor-expected growth for the gas proxy group. Witness Moul contended the growth rate used in a DCF calculation should measure investor expectations and asserted the reasonableness of his growth rate is supported by the expected continuation of gas utility spending. Witness Moul added his estimated growth rate of 6.75% to his adjusted estimated dividend yield of 3.45% to obtain a result of 10.20%. Witness Moul made an upward leverage adjustment of 1.45% to his DCF model result of 10.20% to account for the risk differential between market-value and book-value capital structures.

***FPUC DCF Leverage Adjustment***

Witness Moul testified that a leverage adjustment to the DCF model results is necessary in this case because the DCF return applies to a capital structure that is based on book-value weighting that is used for ratemaking purposes rather than market-value weighting. Witness Moul opined that his leverage adjustment is calculated using well recognized analytical procedures that are widely accepted in the financial literature. However, in cross-examination, witness Moul admitted that none of the financial literature to which he referred reference regulated utilities and that his leverage adjustment was not derived specifically for regulated gas utilities. Witness Moul also admitted that he was not aware of, or has knowledge of, any instances where we have used a leverage adjustment such as the one used in his DCF analysis for a gas utility. Witness Moul also acknowledged that we use book values to set rates as opposed to market-based values. Nonetheless, witness Moul contended that when a market-determined cost of equity is developed from the DCF model, it reflects a level of financial risk that is lower than the capital structure used for rate-setting purposes. That is, the companies in the gas proxy group have a higher market-value equity ratio (58.66%) than the projected book-value equity ratio in the capital structure in FPUC's MFR Schedule G-3 (45.14%). However, the average book-value equity ratio of the companies in the gas proxy group is 47% which is comparable to FPUC's projected book-value equity ratio. Further, witness Moul's gas proxy group includes holding companies. Those holding companies are parent companies of other subsidiary operating gas companies similarly situated as FPUC is to CUC. Witness Moul incorrectly used the equity ratios of holding companies in an apples to oranges comparison to FPUC's book-value equity ratio. A more appropriate apples to apples comparison would have been to compare the subsidiary operating gas companies' equity ratio to that of FPUC.

In the instant case, witness Moul calculated a leverage adjustment of 1.45%. To derive his leverage adjustment, witness Moul calculated an ROE of 7.70% for his gas proxy group based on a book-value equity ratio with zero debt, plus 3.88% to compensate investors for the financial risk of a 51.27% debt ratio, and 0.07% for a 1.73% preferred stock ratio, for a total ROE of 11.65%. The difference between his 10.20% ROE result and the 11.65% ROE result

calculated using his leverage adjustment is 1.45%. Witness Moul opined that under his leverage adjustment approach, there is no need to use the DCF model. In rebuttal, witness Moul explained he used the Modigliani & Miller (M&M) approach to derive his leverage adjusted DCF result. In response to Staff Interrogatory No. 134, witness Moul explained that the M&M approach deals with pre-tax returns on capital. In retrospect, witness Moul did not actually use the DCF result in his determination of the appropriate ROE for FPUC. By matching his DCF result to the result of his M&M approach, he simply inflated his DCF results to equal that of his M&M approach. Simply put, the M&M theory states that a company's capital structure is not a factor in its value and that market-value is determined by the present value of future earnings. Further, on cross-examination, witness Moul agreed that should his leverage adjustment be accepted, stock price fluctuations in the market could cause the allowed ROE to vary substantially, not from changes in risks of FPUC, but from volatility in the market. Witness Moul further explained that the leverage adjustment he made is a mathematical calculation based on the available evidence; that there is no judgement involved.

OPC witness Garrett contended the original DCF model does not have an input for a leverage adjustment. Further, witness Garrett testified that in recent rate cases before the Pennsylvania Public Utility Commission (PPUC), the PPUC disallowed witness Moul's leverage adjustment. In response to Staff Interrogatory 71, witness Moul indicated a leverage adjustment was accepted by the PPUC in a 2007 Order. Testimony by FPUC witness Moul indicates the PPUC recognized and implemented a leverage adjustment 15 years ago, but more recent rate cases cited by witness Garrett show that more recent rate cases decided by the PPUC have disallowed the very same leverage adjustment. Further, on cross-examination, witness Moul agreed that when evaluating a utility's risk, credit rating agencies look at book value as opposed to market value. Based on the record evidence, we find that witness Moul has not proven that his leverage adjustment to the DCF model is appropriate in the context of a ratemaking proceeding nor has it been accepted in contemporary rate case proceedings.

### ***OPC***

Witness Garrett asserts a fundamental concept in finance is that no firm can grow forever at a rate higher than the growth of the economy which is represented by the Gross Domestic Product (GDP). Witness Garrett testified that the Congressional Budget Office's 2021 long-term budget outlook forecast for the U.S. GDP is 3.80%. Thus, the growth rate in the constant growth DCF model should be no more than the growth rate of the GDP, or 3.80%. Witness Garrett opines that the stable growth DCF model considers only sustainable growth rates which is appropriate for estimating the growth for utilities because they are in the sustainable growth stage of the industry life cycle. Witness Garrett opined it is reasonable to assume that a regulated utility would grow at a rate that is less than GDP. To derive his DCF result, witness Garrett calculated an average dividend yield for the gas proxy group of 3.00% based on a 30-day average stock price from June-July 2022 and the most recent quarterly dividend paid by each company and annualized the dividends. Witness Garrett calculated a DCF result of 6.70% using his estimated sustainable growth rate of 3.80%. Witness Garrett derived a second DCF estimate using analyst growth forecasts of 8.30%. Witness Garrett did not recommend his analyst growth rate should be considered, but nonetheless, used it to illustrate the sensitivity of using an analyst growth rate in the DCF model.

FPUC witness Moul disagreed with OPC witness Garrett's DCF approach and opined that witness Garrett's analysis fails to reflect investor expectations of growth that are specific to the natural gas companies included in the gas proxy group. Witness Moul rebutted that the GDP growth rates used by witness Garrett are not reflective of investor growth rate expectations which are reflected in earnings per share. Witness Moul opined that according to Professor Myron Gordon, the foremost proponent of the use of the DCF model in setting utility rates, the correct input for growth in the DCF model is analysts' forecasted earnings growth. Witness Moul contended that witness Garrett's use of a sustainable growth rate based on the GDP is problematic because it doesn't recognize that utilities can cycle through growth phases due to replacement of aging infrastructure. Witness Moul opined that replacement of aging infrastructure can only be accomplished by raising large amounts of new capital which can only be accomplished with supportive regulation, including a reasonable ROE. Witness Moul contended that witness Garrett's use of a growth rate of 3.80% is well below analysts' projections of earnings growth and produces a nonsensical DCF cost rate of 6.70%.

### ***CAPM***

The CAPM is a market-based model that estimates the cost of equity for a stock as a function of a risk-free return plus a market risk premium. The market risk premium is defined as the incremental return of the stock market as a whole less the risk-free rate multiplied by the beta for the individual security. The beta is expressed as the volatility of an individual security compared against the stock market as a whole. A beta value of 1.0 indicates the individual security has the same volatility as the stock market. A beta value of less than 1.0 is considered less risky than the stock market as a whole and a beta value greater than 1.0 is considered more risky. The basic CAPM equation requires only three inputs to estimate the cost of equity: (1) the risk-free rate; (2) the beta coefficient; and (3) the equity risk premium (ERP) expressed in this equation:  $ROE = \text{risk-free rate} + \text{Beta} (\text{market return} - \text{risk-free rate})$ .

### ***FPUC***

Witness Moul obtained a CAPM result of 14.41% for his gas proxy group using a risk-free rate of 2.75%, a leverage adjusted Beta of 1.04, and a market risk premium of 10.23%, including a size adjustment of 1.02%.

**Beta:** Witness Moul used the beta measurements published by Value Line Investment Survey on February 22, 2022, to determine the average beta value of 0.86 for his gas proxy group. Witness Moul adjusted the Value Line average beta upward to 1.04 to "be reflective of the financial risk associated with the ratemaking capital structure that is measured at book value." Witness Moul contended that because the Value Line betas are based on market value data, they must be adjusted to reflect the higher book-value capital structure used in setting rates. Similar to his M&M adjustment used in his DCF model, witness Moul used the Hamada formula to adjust the published Value Line beta values of the gas proxy group upward.

**Risk-free Rate:** Witness Moul's risk-free rate of 2.75% is based on forecasted 30-year Treasury rates published by Blue Chip as of March 1, 2022.

**Equity Risk Premium:** Witness Moul's market ERP was derived from historical equity risk premiums during low interest periods published by Stocks, Bonds, Bills, and Inflation (SBBI) Yearbook (9.29%), and forecast market returns calculated using a DCF model applied to the S&P 500 Composite (15.25%) and the projected Value Line return (12.57%). Witness Moul averaged his historical market risk premium of 9.29 % with his average forecast market risk premium of 11.16 % to arrive at a CAPM market risk premium of 10.23%.

**Size Adjustment:** Witness Moul then added 1.02% to his CAPM result for a size adjustment. Witness Moul asserted that as the size of a firm decreases, its risk and required return on equity increases. In his testimony, witness Moul provided academic and industry support for his position. Witness Moul used the SBBI Yearbook's published size decile portfolio to determine his size adjustment wherein he chose the mid-cap size adjustment of 1.02%.

As a point of reference, the simple CAPM without a leverage or size adjustment used by witness Moul yields an ROE result of 11.54%, which includes a market risk premium of 10.23% which is almost twice that of OPC witness Garrett's ERP estimate of 5.60%.

OPC witness Garrett asserted that we should reject witness Moul's CAPM results for his beta input alone. Witness Garrett contended that by using a beta of 1.04, witness Moul is implying that FPUC is riskier than the market portfolio of stocks in the U.S. market. The average beta for the companies in the gas proxy group is only 0.83 which indicate the gas proxy group is less risky than the market as a whole. Witness Garrett used more recent Value Line data than did witness Moul to determine the gas proxy group average beta. Witness Garrett also disagreed with witness Moul's ERP of 10.23%, reiterating that the highest ERP he found from his research and analysis is only 5.8%. Further, witness Garrett disagreed with witness Moul's size adjustment which arose from a study in 1981 which indicated that the common stock of small firms had on average higher risk-adjusted returns than larger firms. Witness Garrett also testified that there were subsequent studies that found the size effect phenomenon disappeared within a few years and the authors of the study concluded it is inappropriate to automatically expect there to be a small-cap premium on every stock.

The record evidence indicates that smaller size companies may experience greater business risk than larger companies due to a lack of economies of scale. However, witness Moul did not provide persuasive testimony that a size adjustment of the magnitude of his recommended adjustment is appropriate for a regulated gas distribution utility. Further, in response to Staff Interrogatory No. 135, witness Moul agreed that stock prices reflect investors' expected returns which include all anticipated risks, including business risk. Finally, witness Moul included CUC in his proxy group used to derive the cost of equity, and therefore, reflects one-eighth of the risks related to CUC, including its smaller size. Accordingly, the record demonstrates that any risk related to size is already partly accounted for in the cost of equity for CUC and the gas proxy group.

***OPC***

OPC argued that witness Garrett used the CAPM to estimate investor expected return. Witness Garrett's CAPM yielded an ROE estimate of 7.90% based on a risk-free rate of 3.22%, a Beta for the gas proxy group of 0.83 and an ERP of 5.60%.

**Beta:** For his Beta value, witness Garrett used betas published by Value Line Investment Survey on May 27, 2022, and determined the average for the gas proxy group was 0.83.

**Risk-free Rate:** Witness Garrett used the 30-day average of daily Treasury yield curve rates on 30-year Treasury bonds from June 3, 2022, through July 18, 2022, to estimate his risk-free rate of 3.00%.

**Equity Risk Premium:** Witness Garrett's ERP was developed using the average of four estimates. The first ERP of 5.60% was obtained from a 2022 survey published by the IESE Business School. Witness Garrett explained the survey involves conducting a survey of experts including professors, analysts, chief financial officers and other executives around the country about what they believe the ERP is. A second ERP estimate published by Kroll, formerly Duff & Phelps, was 5.50%. A third estimate using an implied ERP from Dr. Aswath Damodaran published in the *Implied Equity Risk Premium Update* on Damodaran Online, indicated an ERP of 5.50%. For the fourth estimate, witness Garrett employed the DCF Model to calculate the return on the S&P 500 index data over the past six years. He calculated the S&P 500 dividend yield, buyback yield, and gross cash yield for each year, and calculated the compound annual growth rate from earnings. He used these inputs, along with a risk-free rate of 3.22% and current value of the index (3,862) to calculate a current expected return on the entire market of 9.0%. He then subtracted the risk-free rate to arrive at the implied ERP of 5.80%. The average of all four estimates used by witness Garrett was 5.60%.

FPUC witness Moul took issue with witness Garrett's application of the CAPM stating it is totally unrealistic as compared to his CAPM result of 14.41%. Witness Moul contended that on its face a CAPM result of 7.90% is not credible. Witness Moul disagreed with all of witness Garrett's inputs for his CAPM and opined that the principal issue with witness Garrett's calculation is his estimate of the ERP because it uses published surveys as opposed to the use of both historic and projected ERPs calculated based on projected market returns. Witness Moul rebutted that:

There is no evidence that investors use this source [expert surveys] of the ERP in their CAPM calculations. Furthermore, the implied total market return using Mr. Garrett's final inputs is just 8.82% (3.22% + 5.6%), which is clearly incompatible with actual stock market returns of 18.40% in 2020, 28.71% in 2021, and 12.33% on average for the past 96 years (1926-2021).

Comparing the witnesses' results, both FPUC witness Moul and OPC witness Garrett used comparable beta values and risk-free rates in their CAPM analyses. The biggest difference is the ERP estimate. Witness Moul used an ERP of 10.23% as compared to witness Garrett's ERP estimate of 5.6%. As a point of reference, witness Moul's estimate for the market return

ranges from 12.09% to 15.25%, as compared to witness Garrett's estimated implied market return of 9.00%. Both witness Moul and witness Garrett used the DCF model applied to the S&P 500 index to calculate the market return but obtained vastly different results: 15.25% for witness Moul, and 9.00% for witness Garrett. Witness Garrett used historical data from 2011 to 2021, whereas witness Moul calculated the forecasted return based on a growth rate of 13.70%. Witness Moul's growth rate for the S&P 500 index is almost twice that of the growth rate of 6.75% he opined was appropriate for the gas proxy group in his DCF approach. On cross-examination, witness Moul admitted a higher market risk premium would result in a higher estimate produced by the CAPM. Witness Moul admitted he did not consider any third-party surveys or estimates for the market risk premium and recommended that we should reject the approach to use the surveys relied upon by witness Garrett. On cross-examination, witness Moul opined ". . . the Commission should base the determination on the cost of equity on what investors expect or require, which, in my analysis, is based upon an independent objective measure of the market risk premium."

### ***Risk Premium Approach***

In a risk premium approach, the cost of equity is determined by adding an ERP to the return on a risk-free investment. Only FPUC witness Moul used a separate risk premium approach to calculate an estimated ROE. The simple equation is  $ROE = \text{risk premium} + \text{bond yield}$ . FPUC witness Moul used a risk premium approach to estimate the cost of equity by adding a risk premium of 6.75% to an estimated yield of 4.00% on long-term "A" rated public utility corporate bonds. To project a forecast of the yields on A-rated public utility bonds, witness Moul combined the forecast yields on long-term Treasury bonds published by Blue Chip Financial Forecasts, on March 1, 2022, and a yield spread of 1.25%, derived from historical data. Witness Moul opined, "All the data I used to formulate my conclusion as to a prospective yield on A-rated public utility debt are available to investors, who regularly rely upon such data to make investment decisions. Recent FOMC pronouncements have moved the forecasts of interest rates to higher levels."

To develop his ERP, witness Moul analyzed the results from the 2022 SBBI Yearbook. Witness Moul testified that his investigation, ". . . reveals that the equity risk premium varies according to the level of interest rates. That is to say, the equity risk premium increases as interest rates decline, and it declines as interest rates increase." Based on witness Moul's analysis of the historical data"

. . . the equity risk premium was 6.81% when the marginal cost of long-term government bonds was low (i.e., 2.80%, which was the average yield during periods of low rates). Conversely, when the yield on long-term government bonds was high (i.e., 7.03% on average during periods of high interest rates), the spread narrowed to 5.05%. Over the entire spectrum of interest rates, the equity risk premium was 5.93% when the average government bond yield was 4.92%. I have utilized a 6.75% equity risk premium. The equity risk premium of 6.75% that I employed is near the risk premiums (i.e., 6.81%) associated with low interest rates (i.e., 2.80%).

We agree with FPUC witness Moul that interest rates are no longer at the low levels. Thus, it would suggest that interest rates are increasing which indicates a lower risk premium as explained by witness Moul. Hence, the results of witness Moul's risk premium approach should be lower than 10.75%. In response to a question during cross-examination, witness Moul explained that if FPUC filed its rate case earlier in the year his recommendation regarding ROE probably would have been lower, and if it were filed later in the year it would be higher because interest rates have moved up quite dramatically this year. In rebuttal, witness Moul opined he incorporated the trend toward higher interest rates when he developed his Risk Premium cost of equity of 10.75% and the recent increase in interest rates would support a higher rate today. However, we find this is contrary to his explanation of the relationship between risk premiums and interest rates wherein that they are inverse of each other.

### ***Comparable Earnings Approach***

Witness Moul was the only witness to employ the comparable earnings approach. The comparable earnings approach estimates a fair return on equity by comparing returns realized by non-regulated companies to returns that a public utility with similar risk characteristics would need to realize in order to compete for capital. Because regulation is a substitute for competitively determined prices, he argued, the returns realized by non-regulated firms with comparable risks to a public utility provide useful insight into investor expectations for public utility returns. Witness Moul used a comparable earnings approach that compares the returns of non-regulated companies from different industries with similar risk traits as his gas proxy group. Witness Moul used six risk characteristics published by Value Line to make his comparison. Witness Moul reasoned that because many of the comparability factors, as well as the published returns, are used by investors in selecting stocks, and the fact that investors rely on the Value Line service to gauge returns, Value Line is an appropriate database for measuring comparable return opportunities. Witness Moul excluded returns above 20% as those returns he explained could be viewed as excessive and would not be reasonable for a regulated utility. Witness Moul's comparable earnings result was 12.05%.

OPC witness Garrett disagreed with witness Moul's use of the comparable earnings approach and explained there are three problems with his analysis. First, the comparable earnings approach uses historic earned returns to indicate the cost of equity, whereas in a regulatory proceeding prospective required returns need to be considered. Second, the comparable earnings approach using earned returns does not reflect the actual cost of equity for a regulated utility, which is most appropriately determined by the application of the CAPM and DCF Model. Third, witness Garrett contended that comparing earned returns of non-regulated, non-utility companies as an indication of FPUC's cost of equity are relatively incomparable to FPUC because the risk profiles of competitive firms will tend to be higher than those of low-risk utilities; thus, their earned returns will generally be higher.

### ***Flotation Costs***

FPUC witness Moul included flotation costs equal to 17 basis points (0.17%) to the results of his DCF model, CAPM, and Risk Premium approach. Flotation costs are defined as the out-of-pocket cost associated with the issuance of common stock. Those costs typically include the underwriters' discount and company issuance expenses.

OPC argued FPUC is asking us to award FPUC a cost of equity that is more than 300 basis points above its market-based cost of equity. Under these circumstances, it is especially inappropriate to suggest that flotation costs should be considered in any way to increase an already inflated ROE proposal. OPC witness Garrett disagreed with the inclusion of flotation costs in the cost of equity for FPUC. Witness Garrett contended that FPUC has not experienced any out-of-pocket costs for flotation, and if it did, those costs should be included as an expense. Also, underwriters are not compensated through out-of-pocket costs, but are compensated through an underwriting spread which is the difference between the price at which the underwriter purchases the shares from the firm, and the price at which the underwriter sells the shares to investors. Furthermore, FPUC is not a publicly traded company, which means it does not issue securities to the public and thus would have no need to retain an underwriter. Witness Garrett also opined that when an underwriter markets a firm's securities to investors, the investors are well aware of the underwriter's fees and have already considered and accounted for flotation costs when making their decision to purchase shares at the quoted price. As a result, OPC argued, there is no need for FPUC's shareholders to receive additional compensation to account for costs they have already considered and to which they agreed.

We find that OPC's argument is more persuasive than FPUC's argument. FPUC witness Moul calculated flotation costs for public offerings of common stock by the companies in his gas proxy group over the past twenty years. However, witness Moul did not testify to why it is appropriate to add flotation costs, nor did he rebut witness Garrett's testimony against adding flotation costs to the recommended ROE.

### **Risk Analysis**

There are two types of risk affecting FPUC, financial risk and business risk, or firm-specific risk. Financial risk relates to the amount of debt included in a company's capital structure. A company with a higher common equity ratio in its capital structure has lower financial risk, and vice-versa. Business risk includes all the other risks affecting FPUC and natural gas utilities. These risks include, but are not limited to, competition from alternative energy sources, customer usage patterns, supply side issues, a national decarbonization energy policy, cybersecurity, and the continuing cost of expanding and updating infrastructure. Witness Moul conducted a fundamental risk analysis to establish CUC's and FPUC's risk as compared to the gas proxy group and concluded that the investment risk of CUC parallels that of the gas proxy group. Witness Garrett testified that all companies face business risks which are not unique to FPUC. The risk factors discussed by witness Moul are business risks specific to FPUC for which investors do not require an additional return and have no effect on the cost of equity estimate. In response to Staff Interrogatory No. 135, witness Moul agreed that stock prices reflect investors' expected returns which include all anticipated risks, including business risk. Witness Moul testified that the credit quality rating for CUC is slightly lower than the gas group. CUC does not have a public credit rating, but instead, carries a designation of "2b" from the National Association of Insurance Commissioners, which is equivalent to an investment grade of Baa/BBB by Standard & Poor's and Moody's Investor Service. The average credit rating for the gas proxy group is A- from Standard and Poor's, and A3 from Moody's Investor Service. Witness Moul testified that CUC's and FPUC's common equity ratio is higher than the gas proxy



group indicating FPUC has lower financial risk than the gas proxy group. The five-year average common equity ratio, based on permanent capital (common equity and long-term debt) was 50.50% for the gas proxy group as compared to 60.10% for CUC. In cross-examination, witness Moul agreed that as financial risk decreases the required return on equity would decrease as well. Accordingly, if FPUC's common equity ratio from CUC is higher than the average equity ratio of the gas proxy group, FPUC's appropriate return on equity should be lower than the average of the gas proxy group, not higher as opined by FPUC witness Moul.

### **Summary**

Record evidence supports the risk-return concept that, all other things being equal, utilities with lower financial risk should be allowed lower returns. Hence, the allowed return on equity and the equity ratio are inversely related. The record evidence demonstrates FPUC has a higher equity ratio than the average of the gas proxy group, and as such, it has less financial risk. Therefore, FPUC's required return on equity should be lower than the average return on equity of the gas proxy group. Record evidence established that witness Moul's leverage adjustment for his DCF model result and the beta used in his CAPM was not supported by persuasive evidence and is therefore rejected. Without the leverage adjustment, FPUC witness Moul's DCF and CAPM results were 10.20% and 11.54%, respectively. Witness Moul's CAPM result used a market risk premium of 10.23% which was inflated due to excessively high market return estimates. OPC witness Garrett's DCF and CAPM results ranged from 6.70% to 8.50%, but he recommended an ROE of 9.25%. We agree with FPUC that witness Garrett's approach is understated and is below the national average of allowed ROEs. We find the application of the DCF Model and CAPM are the most objective methods to determine the cost of equity. As such, we place greater weight on the traditional forms of the DCF Model and the CAPM. The average of the witnesses' traditional DCF Models using reasonable growth estimates is 9.25% ( $10.20\% + 8.30\% = 18.50\% \div 2 = 9.25\%$ ). The average of the witnesses' CAPM is 11.16% ( $14.41\% + 7.90\% = 22.31\% \div 2 = 11.155\%$ ). The average of the composite DCF Model results and the composite CAPM results is 10.20% ( $9.25\% + 11.155\% = 20.405\% \div 2 = 10.20\%$ ). Accordingly, an objective composite result from both witnesses' DCF and CAPM analyses is 10.20%. On cross-examination, witness Moul indicated prospectively the cost of equity would be higher due to rising interest rates. However, FPUC's requested increase in its equity ratio from 52% to 55.1%, on balance, offsets that risk by strengthening its balance sheet. Based on an equity ratio of 55.1% from investor sources and taking into consideration rising interest rates, a fair and balanced cost of equity for FPUC for ratemaking purposes is 10.25%. As confirmed by FPUC witness Moul during cross-examination, the average awarded ROE for gas utilities in the United States is currently 9.33%, based on a report from Regulatory Research Associates (RRA). The recommended ROE for FPUC from witness Moul is 11.25%, almost 200 basis points above the national average.

### **C. Conclusion**

Based on an analysis of the record evidence, the appropriate authorized ROE midpoint is 10.25% with a range of plus or minus 100 basis points.

XXXI. Weighted Average Cost Of Capital

A. Parties' Arguments

FPUC argued the Company's capital structure and resulting overall cost of capital of 6.43%, will establish a compensatory level of return for the use of capital and, if achieved, will provide the Company with the ability to attract capital on reasonable terms. The cost of capital calculations are reflected in MFR Schedule G-3. FPUC argued that the use of the actual capital structure ratios for the parent, CUC, comports with our practice. CUC's actual capital structure ratios (including the 55.1% common equity ratio) fall within the range of the proxy group, which complies with the reasonableness standard in terms of use of the actual CUC capital structure. As such, FPUC asks that we approve the Company's capital structure and cost of capital as set forth in its filing and the testimony of its witnesses.

OPC affirmed the term cost of capital, or Weighted Average Cost of Capital (WACC), refers to the weighted average cost of the components within a company's capital structure, including the cost rates of both debt and equity. As witness Garrett explained, there are three primary components of WACC: (1) cost of debt; (2) cost of equity; and (3) capital structure. The cost of capital is expressed as a weighted average because it is based upon a company's relative levels of debt and equity, as defined by the particular capital structure of that company. As witness Garrett noted, companies in the competitive market often use their WACC as the discount rate to determine the value of capital projects, so it is important that this figure be estimated accurately. OPC argued that pursuant to the standards set forth in *Bluefield* and *Hope* cases, FPUC's financial integrity should be sufficient to attract capital on reasonable terms under a variety of market and economic conditions. OPC argued that its gradual approach theory of moving toward market expected ROEs should allow FPUC to maintain financial integrity. OPC recommended a capital structure of 9.25% ROE with a 48% common equity ratio resulting in a 5.20% overall rate of return.

FIPUG adopted the position of OPC.

B. Analysis

To reconcile its projected capital structure to its projected rate base, FPUC specifically identified customer deposits, deferred taxes, and regulatory tax liabilities, for the consolidated gas divisions in developing its capital structure. FPUC witness Napier explained that FPUC subtracted the projected direct customer deposits, deferred taxes and regulatory tax liability from its projected rate base and used the remaining investment in rate base to multiply by the percentage of CUC's equity, long term debt, and short-term debt to allocate the sources of capital of CUC. In other words, FPUC reconciled its projected capital structure to its projected rate base over investor sources (common equity, long-term debt, and short-term debt) only, while keeping the book balances for customer deposits, deferred taxes, and regulatory liabilities whole.

In MFR Schedule G-3, FPUC presented its requested projected test year capital structure based on a 13-month average as of December 31, 2023, consisting of common equity in the

amount of \$205,350,391 (55.10%), long-term debt in the amount of \$148,546,502 (39.39%) and short-term debt in the amount of \$20,789,980 (5.51%) as a percentage of investor supplied capital. FPUC witness Moul explained the ratios of FPUC's investor supplied capital are based on the actual capital structure of FPUC's parent company, CUC. When reconciled to FPUC's rate base which includes customer deposits, deferred taxes, and regulatory liabilities, the ratios are reduced to 45.14% for common equity, 32.66% for long-term debt, and 4.57% for short-term debt. FPUC's requested capital structure is summarized in Table 12.

**Table 12**  
**FPUC Requested Weighted Average Cost of Capital**

Capital Component	Amount	Ratio	Cost Rate	Weighted Cost
Common Equity	\$205,350,391	45.14%	11.25%	5.08%
Long-Term Debt	\$148,546,503	32.66%	3.48%	1.14%
Short-Term Debt	\$20,789,980	4.57%	3.28%	0.15%
Customer Deposits	\$10,782,475	2.37%	2.37%	0.06%
Deferred Taxes	\$42,152,613	9.27%	0.00%	0.00%
Deferred Taxes Common	\$79,591	0.02%	0.00%	0.00%
Regulatory Tax Liability	\$27,159,827	5.98%	0.00%	0.00%
Regulatory Tax Liab. Common	\$25,774	0.01%	0.00%	0.00%
Total	\$454,887,154	100.00%		6.43%

As discussed in Sections XXVI and XXIX of this Order, OPC recommended reducing the amount of common equity in the projected capital structure and increase the amount of long-term debt. In his testimony, OPC witness Garrett summarized OPC's recommended WACC as follows:

I recommend the Commission reject FPUC's proposed capital structure equating to a long-term debt ratio of 39.4% and a common equity ratio of 55.1% or a debt-equity ratio of 0.72. This is entirely inconsistent with the capital structures of FPUC's proxy group which I adopted. The proxy group's average capital structure equates to a long-term debt ratio of 52% and a common equity ratio of 48%. The debt-equity ratio of the proxy group is 1.08, which means that debt exceeds equity in the capital structure. The Company's proposed capital structure has the effect of increasing capital costs beyond a reasonable level for customers because it does not contain enough low-cost debt relative to high-cost equity. My recommended ROE of 9.25% coupled with adjustments to the Company's proposed capital structure equate to an overall weighted average rate of return of 5.2%.

OPC witness Smith utilized witness Garrett's recommended capital structure in OPC's proposed calculation for the WACC on Exhibit RCS-2R, Schedule D. To reflect OPC's recommended equity ratio in the capital structure, OPC witness Smith removed \$24,898,365 from the equity balance in FPUC's projected capital structure and added it to the long-term debt balance. OPC also recommended to reduce rate base by approximately \$19.8 million and made a

corresponding adjustment to reduce the capital structure by the same amount pro-rata over all sources of capital. OPC’s recommended adjustments and WACC are summarized in Table 13.

**Table 13**  
**OPC Recommended Weighted Average Cost of Capital**

Capital Component	Amount	Ratio	Cost Rate	Weighted Cost
Common Equity	\$172,594,632	39.67%	9.25%	3.67%
Long-Term Debt	\$165,892,585	38.13%	3.48%	1.33%
Short-Term Debt	\$19,884,725	4.57%	3.28%	0.15%
Customer Deposits	\$10,312,975	2.37%	2.37%	0.06%
Deferred Taxes	\$40,317,168	9.27%	0.00%	0.00%
Deferred Taxes Common	\$76,125	0.02%	0.00%	0.00%
Regulatory Tax Liability	\$25,977,211	5.97%	0.00%	0.00%
Regulatory Tax Liab. Common	\$24,652	0.01%	0.00%	0.00%
Total	\$435,080,074	100.00%		5.20%

The weighted average cost of capital combines the cost rates and amounts of the capital components into a final rate of return. As set forth in Section XXV, the appropriate amount of short-term debt is \$20,824,631 at a cost rate of 3.28%. As set forth in Section XXVI, the appropriate amount of long-term debt is \$148,794,087 at a cost rate of 3.48%. Additionally, the appropriate amount of customer deposits is \$10,782,475 at a cost rate of 2.37%. As set forth in Section XXVIII, the appropriate amount of deferred taxes, including both direct and allocated common is \$42,232,204, in addition to amounts related to FPUC’s regulatory tax liabilities of \$27,185,601. Both deferred taxes and regulatory liabilities are included in the capital structure at zero cost. As set forth in Section XXIX, the appropriate amount of common equity is \$205,692,651 at a cost rate of 10.25%. Record evidence indicates that using the capital structure of FPUC’s parent, CUC, is reasonable, comparable to the equity ratios of other regulated gas utility companies in the gas proxy group, and consistent with our practice. Therefore, we find that FPUC’s appropriate capital structure consists of 55.1% common equity, 39.39 % long-term debt, and 5.51% short-term debt as a percentage of investor sources. In Section XXIV, we mandated an increase to rate base of \$624,495. To reconcile the capital structure with the increased rate base balance of \$455,511,649, the appropriate adjustment is a pro rata increase to investor sources only. After the reconciliation adjustment, the WACC is 5.97%. The appropriate WACC is presented in Table 14 and Attachment 2, attached hereto.

**Table 14**  
**Commission-Approved Weighted Average Cost of Capital**

Capital Component	Amount	Ratio	Cost Rate	Weighted Cost
Common Equity	\$205,692,651	45.16%	10.25%	4.627%
Long-Term Debt	\$148,794,087	32.67%	3.48%	1.136%
Short-Term Debt	\$20,824,631	4.57%	3.28%	0.150%
Customer Deposits	\$10,782,475	2.37%	2.37%	0.056%
Deferred Taxes	\$42,152,613	9.25%	0.00%	0.00%
Deferred Taxes Common	\$79,591	0.02%	0.00%	0.00%
Regulatory Tax Liability	\$27,159,827	5.96%	0.00%	0.00%
Regulatory Tax Liab Common	\$25,774	0.01%	0.00%	0.00%
<b>Total</b>	<b>\$455,511,649</b>	<b>100.00%</b>		<b>5.97%</b>

C. Conclusion

Based on the aforementioned, the appropriate capital structure consists of 55.1% common equity, 39.39% long-term debt, and 5.51% short-term debt as a percentage of investor sources. Based on the proper components, amounts, and cost rates associated with the projected capital structure for the 13-month average test year ending December 31, 2023, as discussed in Sections XXV through XXX, the appropriate weighted average cost of capital for FPUC for purposes of setting rates in this proceeding is 5.97%.

**Net Operating Income**

XXXII. Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Revenues, Area Extension Plan Revenues, Expenses, and Taxes Other than Income

At hearing, we approved a Type 2 stipulation that FPUC properly removed Purchased Gas Adjustment and Natural Gas Conservation Cost Recovery Revenues, Area Extension Plan Revenues, Expenses, and Taxes Other than Income from the projected test year.

XXXIII. Non-Utility Activities

A. Parties' Arguments

In its brief, FPUC described its accounting policy and the appropriate adjustments to remove all non-utility activities from operation expenses. FPUC witness Galtman stated that FPUC's parent company, Chesapeake Utilities Corporation's accounting policy is to allocate costs to the business units that either incurred the cost directly or benefit from the cost being incurred.

FPUC maintained that OPC did not specifically identify a concern with the Company's removal of all non-utility activities. However, the Company highlighted in its brief adjustments discussed in other issues, such as OPC's recommended adjustments to depreciation expense based on OPC witness Garrett's proposed revisions to the Company's proposed depreciation

account lives and associated depreciation rates. OPC also recommended the removal of amortization expense associated with the acquisition adjustment for Chesapeake's acquisition of FPUC, consistent with its recommendation to remove the acquisition adjustment from the Company's books. FPUC requested that these adjustments be rejected and stated that the Company has made all appropriate adjustments to remove non-utility activities.

OPC stated that FPUC has shown that all non-utility activities from operating expense have been appropriately removed, properly recorded on its books and records, and reflected in the MFRs. OPC has not proposed an adjustment.

FIPUG adopted the position of OPC.

B. Analysis

The responsibility of demonstrating that all non-utility activities have been removed from operation expenses, including depreciation and amortization expense, is the burden of the Company. FPUC witness Galtman asserted that it is CUC's accounting policy to allocate costs to the business units that incurred the cost or the business units that benefited. Witness Galtman further testified that all appropriate adjustments were made to remove non-utility activity from the depreciation and amortization expenses. The Company stated that the appropriate adjustments have been made to remove depreciation and amortization expense in regards to non-utility activities, as indicated on MFR Schedule G-2, Page 2. Witness Galtman explained the different methodologies used in the allocation of costs depending on the type expense. Not only do these methodologies help reflect the relative size and benefit of each business unit receiving the shared functions, but they are also reviewed and updated at the beginning of each fiscal year and sometimes adjusted during the year if there is a change in circumstance. The Company's adjustments for non-utility activities, by system, are reflected in Attachment 3, attached hereto.

OPC did not propose any adjustments to operating expenses due to non-utility activities. In FPUC's brief, FPUC noted OPC's proposed adjustments to depreciation expense due to OPC witness Garrett's testimony, including the proposed depreciation account lives and the associated depreciation rates, along with the proposed removal of the amortization expense that is associated with CUC's acquisition of FPUC. However, these proposed adjustments are addressed in Sections XLVII and XLIX of this Order, respectively. Additionally, Staff witness Brown's testimony did not reflect any findings in the audit related to any non-utility activities.

C. Conclusion

FPUC made the appropriate adjustments to remove all non-utility activities from operation expenses, including depreciation and amortization expense. We find that no additional adjustments to the Company's filing.

XXXIV. Number of Employees

A. Parties' Arguments

FPUC argued that there is no basis to rely upon a potential merger as a basis to reduce the number of employees included in the projected test year. FPUC witness Galtman testified at the hearing that he was not aware of any proposed merger. As such, the Company disputed witness Smith's argument that the number of employees in the test year had not been fully supported due to his speculative suggestion of an anticipated merger in the projected test year.

OPC argued that FPUC has the burden of demonstrating the need for any additional employees in the 2023 projected test year, particularly in light of any potential merger in the near future.

FIPUG adopted the position of OPC.

B. Analysis

OPC witness Smith testified that FPUC increased its employee complement of 221.83 in 2021 to 240.02 in the projected 2023 test year. Witness Smith stated that "this type of cost is especially susceptible to modification in merger synergies." Witness Smith argued that payroll related costs would not likely be reflective of going forward operations if there is a sale or merger of the Company under discussion or likely to occur while rates are to be in effect. Although witness Smith did not propose a specific adjustment to the number of employees in the projected test year, OPC asserted in its post-hearing brief that the Company has the burden of demonstrating the need for any additional employees in the 2023 projected test year, particularly in light of any potential merger in the near future.

FPUC witness Cassel testified that since its last rate case, FPUC has had to operate in a very different environment when it comes to recruiting and retaining employees. In discussing benchmarking variances, FPUC witness Cassel explained that the complexity of the Company's business, the markets, as well as more frequent and detailed reporting requirements from governmental agencies have increased significantly since the last test year. The systems were formally standalone entities, so by nature of scale, governmental filings become more complex. The increased level of activity, especially in the area of safety, necessitates specialization for positions that may have previously handled multiple areas of the business and the creation of new positions to meet the Company's demand for higher-level professional staff. Witness Rudloff also testified that FPUC has an aging workforce with an average age of 49, and that the Company will be strategic in making sure it has successful knowledge transfer before employees retire. In response to discovery, FPUC indicated that, as of June 30, 2022, FPUC's actual headcount total was 225.72 and affirmed the employee complement will be 240.50 for the projected 2023 test year.

At the hearing, witness Galtman testified that he was not aware of anything that we should be aware of that would affect the expenses that are at issue in this case in terms of

mergers and acquisitions. FPUC argued that given the speculative nature of the suggestion by witness Smith, there is no basis to reduce the number of employees included by the Company. We agree with FPUC.

C. Conclusion

We find that no adjustment shall be made the number of employees in the projected test year.

XXXV. Salaries and Benefits

A. Parties' Arguments

FPUC witness Rudloff testified that the Company's overall compensation package is designed to recognize that its employees perform the most critical role for FPUC by ensuring that it provides safe, reliable, and efficient service to its customers. FPUC asserted that it offers employees both their base pay and short-term incentive pay through the Company's Incentive Performance Plan (IPP) which is based upon four key categories. Employees in certain leadership roles are also eligible for long-term incentive pay. Witness Rudloff explained that this rewards structure is comparable to what is available in the market in both the utility and non-utility industry. Witness Rudloff further testified that the Company has utilized a third-party vendor, Willis, Towers & Watson, to assist the Company in evaluating its salaries and benefits. This analysis resulted in a limited number of upward salary adjustments, but otherwise reflected that the Company's compensation package is comparable to the market. Another third-party vendor, F.W. Cook, was hired to review executive compensation in the market and make recommendations to the Board of Directors on potential adjustments. The results of that analysis indicated that CUC's CEO's total pay is within a reasonable range when compared to peer companies, as it is slightly below the total median pay given to CEOs at the other peer companies over the past three years.

Compensation in the form of stock is also paid out as a supplemental employer contribution in the event certain corporate goals are met. Witness Rudloff also noted that stock-based compensation programs are common in the industry. FPUC noted that OPC witness Smith argued that 50% of the Company's IPP should be disallowed to share the costs between customers and shareholders. Witness Smith specifically tied this adjustment to disallowing compensation that is based on the performance of the Company's stock price. FPUC witness Galtman testified that the Company benchmarks its compensation approach to its peers and other companies with whom it competes for talent. Witness Galtman elaborated that the compensation package, including incentive compensation, represents a cost that is prudent and reasonable to attract, retain, and motivate employees. Witness Galtman testified that if we disallowed costs for incentive compensation, base salaries would need to be increased for the Company to remain competitive with other companies. FPUC witness Deason argued that sharing the cost between shareholders and customers does not align with the fact that incentive compensation is a cost of providing service to customers, and, as such, it is properly paid for by customers in their rates



just like any other cost of providing service. Thus, FPUC requested that the amount reflected in the projected test year for its employee compensation package be approved.

OPC stated that this issue is stipulated on the appropriate amount of benefits that should be included in the projected test year. The appropriate amount of salaries remains in dispute and is subsequently discussed.

OPC stated that the Company has an IPP available to its employees. The IPP has four categories: (1) the individual's performance rating (PR) annual score; (2) CUC's Corporate Earnings Per Share (EPS) overall annual results; (3) consolidated return on equity (ROE); and (4) identified non-financial goals, including safety for 2021, and added other non-financial goals each year such as Equity, Diversity and Inclusion; Net Promoter; Engagement, etc. Witness Smith testified that 50% of the incentive compensation should be charged to shareholders. Specifically, witness Smith recommended disallowance for the 25% related to CUC's EPS performance category and 25% related to the consolidated ROE category, because that would provide an equal sharing of cost between shareholders and customers. OPC acknowledged that FPUC disagreed and argued that a financially sound utility is better able to ensure safe and reliable service to customers. However, OPC argued that customers already compensate the Company for being a financially sound company in the ROE award.

Witness Smith also recommended disallowing stock-based compensation to officers and executives of CUC and its Board of Directors. Witness Smith argued that customers should not be required to pay executive or management compensation that is based on the parent company's stock price. Witness Smith also noted that FPUC failed to provide any studies that demonstrate a quantitative benefit to FPUC's customers from the provision of stock-based compensation directly charged to the Company and/or allocated to FPUC from CUC.

FIPUG adopted the position of OPC.

#### B. Analysis

FPUC witness Rudloff testified that the Company's compensation philosophy recognizes that its employees perform the most critical role in ensuring that the Company is providing safe, reliable, and efficient service to customers. Witness Rudloff further elaborated on the components of the Company's total compensation package: competitive salaries; annual IPP; sign-on bonuses; driver incentives; relocation assistance; tuition reimbursement; life insurance and long-term disability provided by the Company; four medical plan options, including a Health Saving Account; prescription plan; vision plan; Flexible Spending Accounts; and generous 401k retirement plan and a Roth 401(k) Savings Plan. In the projected test year, the Company reflected \$12,672,189, \$5,086,185, \$91,077, and \$56,535 in Payroll and \$2,276,761, \$1,205,289, \$18,542, and \$10,073 in Employee Pensions and Benefits for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

OPC witness Smith's testimony reflects adjustments to several components of the Company's total compensation package. Additionally, the appropriate amount of benefits to

include in the projected test year was stipulated by the parties. The proposed adjustments to the Company's amount of salaries and benefits in the projected test year are further discussed below.

### **Incentive Compensation**

FPUC offers the Company's IPP for non-officer, eligible employees to earn a portion of their salary in a onetime payment if certain Company and individual goals are achieved. The Company's IPP has four distinct performance categories: (1) the individual's performance rating (PR) annual score, (2) CUC's EPS overall annual results, (3) ROE, and (4) identified non-financial goals (Safety for 2021). Witness Smith argued that 50% of the incentive compensation included in the projected 2023 test year should be charged to shareholders. He further explained that the recommended decrease includes 25% related to the EPS performance category and 25% related to the consolidated ROE category, as presented in the IPP Payout Opportunity in the Company's 2021 IPP. Witness Smith also argued that the removal of 50% of the incentive compensation expense, in essence, provides an equal sharing of such cost, therefore providing an appropriate balance between shareholders and ratepayers. Witness Smith argued that both shareholders and customers benefit from the achievement of performance goals, but shareholders are the primary beneficiary of the EPS and consolidated ROE goals.

In his rebuttal testimony, FPUC witness Galtman emphasized that incentive compensation is an important part of the total compensation package offered by the Company to attract, retain, and motivate qualified employees. As a result, witness Galtman concluded that if the Company did not offer incentive compensation, or if it was disallowed, that FPUC could need to increase base salaries to remain competitive in attracting and retaining qualified employees, which would increase overall costs to the customers regardless of performance.

Witness Deason cited a prior order in a rate case for Florida Power Corporation, which found: "Incentive plans that are tied to the achievement of corporate goals are appropriate and provide an incentive to control costs."<sup>41</sup> Witness Deason also testified that we have approved incentive compensation in at least three rate cases for Gulf Power Company. He also argued that FPUC's customers benefit from incentive compensation goals tied to CUC's financial performance, because FPUC is dependent solely on CUC to raise new equity capital in the equity market in order to continue to serve the customers.

Witness Galtman also argued that OPC witness Smith's recommendation to remove 50% of the IPP due to the share of the EPS and consolidated ROE goals is misguided, because those goals are only applicable to director level employees, which is only 6.4% of employees. Other employees with the target bonus opportunity of 6% only tie a 30% share of their incentive compensation to the EPS and consolidated ROE goals. Therefore, witness Galtman argued that if witness Smith's proposal to reduce incentive compensation is accepted, it would not be appropriate to reduce the cost by 50%. Witness Galtman further maintained that a strong financial performance of the Company is ultimately in the best interests of the customers, as it is better able to ensure safe and reliable service, and have greater access to capital at lower cost.

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<sup>41</sup> Order No. PSC-1992-1197-FOF-EI, issued October 22, 1992, in Docket No. 19910890-EI, *In re: Petition for a rate increase by Florida Power Corporation*.

### **Stock-Based Compensation**

Witness Smith also argued that “ratepayers should not be required to pay executive or management compensation that is based on the performance of the Company’s (or its parent company’s) stock price.” Witness Smith stated that the cost of stock-option based compensation was typically a cost borne by shareholders. Witness Smith maintained that although stock-option based compensation is now required to be expensed on a company’s financial statements, it does not alter the rationale for not charging customers. Therefore, witness Smith argued that FPUC’s projected 2023 test year cost of service should be reduced by \$1.376 million to remove all stock-based compensation, which includes \$169,107 that is provided to the Board of Directors at the parent company level.

Witness Galtman testified that stock-based compensation is also an important part of the total compensation package the Company offers to attract, retain, and motivate key employees. Witness Galtman argued that if stock-based compensation was not offered by the Company or if we disallowed the associated expenses, FPUC would need to consider increasing base compensation in order to attract and retain a qualified leadership team.

### **Total Compensation**

In response to witness Smith’s proposed adjustments to both incentive compensation and stock-based compensation, witness Galtman emphasized the point that the total compensation package, including both incentive compensation and stock-based compensation, represents a cost that is prudent and reasonable to attract, retain and motivate employees who are qualified to perform the functions necessary for the benefit of customers. FPUC witness Deason argued that witness Smith did not provide any analysis of the net amount of compensation to employees from the recommended adjustments, nor whether that net amount is reasonable.

As testified by witness Rudloff, the Company engaged a third-party vendor, Willis, Towers & Watson, to help evaluate the labor market and benchmark FPUC’s compensation and benefit programs against the external market. Based on this third-party study, the Company adjusted the salaries of four employees to a comparable market rate. The results indicated that overall compensation for other employees in Florida was comparable to market. Additionally, officer compensation is reviewed by the Compensation Committee of CUC’s Board of Directors, who engages an outside consulting firm, F.W. Cook, to perform a market-based review of executive compensation and make recommendations to the Board of Directors on potential adjustments. The Company also engaged Institutional Shareholder Services, Inc. (ISS) to evaluate the CEO’s pay and the Company’s performance over the past three years. This analysis concluded that the Company’s CEO’s total pay is within a reasonable range and slightly below the total median pay given to CEOs at peer companies over the past three years. ISS also concluded that the Company’s performance has exceeded all of its peers over the past three years.

Witness Deason argued that FPUC would be justified in rethinking its approach to employee compensation, which could mean adopting a plan with little or no incentive pay, if we were to accept witness Smith’s recommendation. This approach would presumably eliminate this

issue in future rate proceedings. However, witness Deason argued that this could have adverse effects on FPUC's employees' efficiency and productivity.

We agree with the Company's position that the total compensation package as a whole should be assessed and reviewed for reasonableness, as opposed to individual subparts such as incentive compensation. As argued by both witness Galtman and witness Deason, it would be problematic to adjust one component of compensation that was determined as one part of a total package designed to attract and retain a quality workforce. By Order No. PSC-2002-0787-FOF-EI, we considered adjustments proposed by OPC to individual components of Gulf Power Company's total compensation and ultimately concluded that the total compensation plan should be compared and assessed based on the market value for similar jobs groups.<sup>42</sup>

So long as the level of the total compensation package is appropriate, it is not reasonable to make further adjustments to individual components. As such, we are persuaded by the third-party studies commissioned by FPUC which have determined that the Company's compensation package is comparable to its market peers. Therefore, we make no adjustments to salaries for the projected 2023 test year.

### **Benefits**

The amount of benefits to include in the projected test year has been stipulated to the amount of \$2,914,960. This amount reflects OPC's adjustment to decrease benefits by \$1,762 for SERP. As such, a reduction shall be made to reflect the difference between the projected test year consolidated amount of \$3,513,411 and the stipulated amount. This results in a reduction of \$519,024 and \$78,890 for FPUC and Chesapeake, respectively, and an increase of \$597 and \$1,611 for Indiantown and Ft. Meade, respectively.<sup>43</sup> Thus, the appropriate amount of benefits to include in the projected test year is \$1,757,738, \$1,126,400, \$19,139, and \$11,684, for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

### C. Conclusion

The appropriate amount of salaries to include in the projected test year is \$12,672,189, \$5,086,185, \$91,077, and \$56,535 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. As stipulated by the parties, the appropriate amount of benefits is \$2,914,960, which reflects OPC's adjustment for SERP. Based on the stipulated total, the appropriate amount of benefits to include in the projected test year is \$1,757,738, \$1,126,400, \$19,139, and \$11,684, for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. The benefits expense shall be decreased by \$519,024 and \$78,890 for FPUC and Chesapeake, respectively, and increased by \$597 and \$1,611 for Indiantown and Ft. Meade, respectively.

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<sup>42</sup> Order No. PSC-2002-0787-FOF-EI, issued June 10, 2002, in Docket No. 20010949-EI, *In re; Request for rate increase by Gulf Power Company*.

<sup>43</sup> The non-labor trend factor used to project Account 926 Employees Pension & Benefits expense is based on payroll and customer growth. The factor used to calculate the consolidated total of \$3,513,411 is different than each system specific factor, resulting in system specific totals that do not sum to equal the consolidated total. Our adjustment reflects the consolidated factor applied to each system to reach the stipulated total. This produces an increase for Indiantown and Chesapeake, despite the net adjustment being a decrease.

XXXVI. Pensions and Post-Retirement Benefits Expense

At hearing, we approved a Type 2 stipulation that the total revised pension expense is a \$34,320 credit, which is based on the filed amount of \$42,900 credit and increased for the self-reported corrections in response to Citizen's Production of Documents number 56 of \$8,580.<sup>44</sup>

XXXVII. D&O Insurance Expense

A. Parties' Arguments

FPUC witness Russell explained that standard liability insurance is for losses or advancement of defense costs in the event of a legal action brought for alleged wrongful acts in their capacity as directors and officers. FPUC referred to the arguments it made in its post-hearing brief regarding Section XXII to refute OPC witness Smith's proposal to remove half of the expense. Witness Russell testified that D&O Liability Insurance coverage protects the ratepayers and shareholders from the impact of potential expense associated with a claim filed against the Company and serves to attract and retain qualified candidates. While witness Russell did not dispute that D&O Liability Insurance provides benefits to shareholders, he emphasized that it also provides coverage for lawsuits brought by other parties, such as customers and vendors. The Company also contended that witness Smith's rationale for removing half of the expense is inconsistent with our prior decisions regarding the D&O Liability Insurance expense of other natural gas utilities.<sup>45</sup> FPUC maintained that witness Smith's argument should be rejected and no adjustment should be made to remove any portion of D&O Liability Insurance expense.

Witness Smith recommended adjusting the D&O Liability Insurance expense by half, because he contended that it is primarily for the benefit of shareholders. As such, he argued that shareholders should cover at least some of the costs. Witness Smith acknowledged the argument that D&O Liability Insurance is a necessary business expense which protects customers; however, he asserted that the primary purpose of D&O Liability Insurance is the protection of shareholders from the imprudent decisions of the Board and the officers of the Company. Witness Smith noted that unlike an unregulated entity, criteria exists for recovery of costs, and he further testified he would recommend either complete disallowance or at the very least equal sharing of D&O policy costs because the benefit is primarily for shareholders. However, witness Smith acknowledged that this issue had been addressed in prior cases where we have allowed electric companies to place one-half the cost of the D&O Liability Insurance expense in test year expenses and working capital. Therefore, OPC asserted that an adjustment should be made to remove half of the cost, or \$85,528, for D&O Liability Insurance expense from the projected test year cost of service.

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<sup>44</sup> Pensions and pot-retirement benefits expense is recorded under Account 926 Employees Pensions & Benefits, and the stipulated total of that account is discussed in Section XXXV.

<sup>45</sup> See Order No. PSC-2009-0411-FOF-GU, issued on June 9, 2009, in Docket No. 20080318-GU, *In re: Petition for rate increase by Peoples Gas System*, p. 37.

FIPUG adopted the position of OPC.

B. Analysis

OPC witness Smith argued that D&O Liability Insurance is primarily for the benefit of shareholders because it is designed to protect shareholders from decisions made by the officers and board members who are elected by shareholders to represent shareholders. Due to shareholders being the primary beneficiary of D&O Liability Insurance, witness Smith argued that there should be either a complete disallowance or equal sharing between the customers and shareholders. Witness Smith also testified that we have addressed this issue in prior electric cases. Witness Smith cited the 2011 GPC rate case and the 2009 PEF rate case, in both of which we determined that D&O Liability Insurance expense should be shared equally between customers and shareholders.<sup>46</sup>

In rebuttal testimony, FPUC witness Russell recognized that D&O Liability Insurance does provide benefits to shareholders, but he maintained that the coverage also protects the customers from the impact of potential expense associated with a claim filed against the Company. Witness Russell also testified that “many officers and non-employee directors would refuse to accept a position with a company that doesn’t have a D&O policy.” The Company argued that there should be no adjustment to remove any expense for D&O Liability Insurance because the D&O policy benefits customers by making it easier to hire qualified officers and directors, as well as mitigating risk from potential lawsuits.

Additionally, in its post-hearing brief, FPUC cited the 2008 PGS rate case and argued that witness Smith’s rationale for removing half of the expense is inconsistent with our prior decisions on D&O Liability Insurance expense within natural gas utilities.<sup>47</sup> As summarized in FPUC’s brief, we have allowed PGS full recovery of costs for D&O Liability Insurance allocated from its parent, TECO, and recognized that D&O Liability Insurance had become a necessary part of conducting business for any company. The 2008 PGS rate case order also cited the necessity of maintaining D&O Liability Insurance in order to protect customers from allegations of corporate misdeeds and to attract and retain competent directors and officers that facilitate efficient operations.

The 2009 PEF rate case order further considered our conclusions in the 2008 PGS rate case order regarding D&O Liability Insurance expense. We reiterated all of the factors cited for supporting the inclusion of the total cost in the 2008 PGS Rate Case. These factors include the necessity of D&O Liability Insurance in attracting and retaining competent directors and officers, recognizing that the insurance has become a necessary part of conducting business effectively, especially for a large public company, and in turn, the benefit customers receive from being part of a large public company. We also affirmed that these factors benefit not only shareholders of the Company, but customers as well.<sup>48</sup> In prior dockets, this demonstration of benefits to customers justified the full recovery of the cost. However, our decision in the 2009

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<sup>46</sup> *Id.*

<sup>47</sup> Order No. PSC-2009-0411-FOF-GU.

<sup>48</sup> Order No. PSC-2009-0411-FOF-GU, at p. 37.

PEF rate case further recognized that the same demonstration of benefits to shareholders justified recovery of costs from shareholders as well. Thus, we decided that because the D&O Liability Insurance benefits both customers and shareholders, the costs should be shared, and an adjustment was made to remove half of the expense to reflect the cost sharing.<sup>49</sup>

The 2011 GPC rate case order further elaborated that the primary argument related to D&O Liability Insurance rests on who benefits from a company's decision to acquire it—the shareholders, the customers, or both. While we agreed with Gulf's assertion that the insurance cost is prudent and necessary for a publicly held company, we also recognized the benefit to Gulf's shareholders by deciding that, consistent with its prior decision in the 2009 PEF rate case, the cost of D&O Liability Insurance would be a shared cost.<sup>50</sup> We acknowledge that the rate cases previously discussed reflect different conclusions in regards to the inclusion of costs for D&O Liability Insurance. However, the chronological order of the cases also demonstrates how our view of the expense has evolved over time.

The more recent cases provide a reasonable basis for continuing to recognize the benefits to both customers and shareholders through cost sharing. Therefore, we find that an adjustment to remove half of the D&O Liability Insurance expense from the projected test year is appropriate. The projected test year cost of service for FPUC, Chesapeake, Indiantown, and Ft. Meade shall be decreased by \$61,524, \$23,430, \$319, and \$255, respectively, to reflect half of D&O Liability Insurance expense.

C. Conclusion

The projected test year cost of service for FPUC, Chesapeake, Indiantown, and Ft. Meade shall be decreased by \$61,524, \$23,430, \$319, and \$255, respectively, to reflect half of D&O Liability Insurance expense.

XXXVIII. O&M Expenses

A. Parties' Arguments

The Company separated FERC accounts for O&M expenses into two groups: payroll-related and non-payroll-related. Witness Napier testified that FPUC's O&M expenses were projected using the historic test year as the starting point, and after adjustments, payroll and non-payroll trend factors were used by the Company to derive historic year +1 and projected test year O&M expenses. Table 15 below shows all five of the trend factors the Company proposed, although FPUC clarifies that only the Inflation and the Inflation and Customer Growth trend factors were used to calculate non-payroll expenses.

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<sup>49</sup> Order No. PSC-2010-0131-FOF-EI, at p. 99.

<sup>50</sup> Order No. PSC-2012-0179-FOF-EI, at p. 101.

**Table 15**  
**Trend Factors used by FPUC to Project O&M Expenses<sup>51</sup>**

Trend Factors	Historic Base Year +1 12/21/22	Projected Test Year 12/31/23
Inflation	5.88%	9.17%
Customer Growth	2.38%	5.05%
Payroll	3.50%	7.12%
Inflation and Customer Growth	8.40%	14.68%
Payroll and Customer Growth	5.96%	12.53%

FPUC contends that the non-labor trend factors for inflation and customer growth used in this case were “conservative” and “consistent with the factors used in the Company’s last rate case.” The Company states that current inflation estimates are higher than those used at the time it filed its MFRs for this case, yet the Company is not seeking any inflation-related adjustments. Additionally, the Utility asserts that the absence of testimony and evidence from OPC and FIPUG is an indication that there is some level of agreement with its position in this matter.

OPC argues that FPUC has the burden of demonstrating that the changes to the non-labor trend factors for inflation and customer growth included in the projected test year O&M expenses are appropriate. None of the witnesses from OPC provided direct or rebuttal testimony in this matter. In addition, OPC did not issue discovery requests to probe whether test year O&M expenses should be adjusted to reflect changes to the non-labor trend factors for inflation and customer growth.

FIPUG adopted the position of OPC.

#### B. Analysis

This section addresses whether FPUC’s non-payroll trend factors shown on Table 15, and as applied in this case, should be modified, and if so, what changes would result to test year O&M expenses.

FPUC’s inflation trend factors used for calculating 2022 and 2023 O&M expenses were based on the January 2022 Bloomberg Weighted Average of Consumer Price Index (CPI) for those years. The Bloomberg forecast used monthly and quarterly data that incorporated more than 40 different economists’ expectations for CPI.

According to FPUC, 2022 and 2023 CPI forecasts prepared by Bloomberg in August 2022 have increased, compared to its forecasts prepared in January 2022, due to a multitude of factors, including tight labor markets that pushed wages higher, supply chain disruptions, and the

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<sup>51</sup> According to witness Napier, O&M expenses for some accounts were projected directly, rather than having a trend factor applied, based on managerial expertise or known items impacting such expenses, and are thereby addressed in other sections. We note that the values shown for the Projected Test Year are compounded (2022 and 2023 combined).



Russia-Ukraine conflict and its impact on commodity prices. We note that the actual CPI for the first six months of 2022 was higher than the January 2022 projection for those months.<sup>52</sup> In addition, the August 2022 forecasted CPI for July 2022 through December 2023 (Bloomberg) is higher than the January 2022 CPI forecast for that time period. For the 2023 test period, the revised compound inflation factor is 12.17%, compared to the January 2022 compound inflation factor for 2023 of 9.17%.<sup>53</sup>

The trend factors for inflation used by the Company at the time it made its filing were “conservative,” and were based on using data from more than 40 different economists’ expectations for CPI. By incorporating the economic expectations from more than 40 sources, the resulting averages are reasonable, since they balance the most optimistic and pessimistic projections for CPI. Numerous factors outside of the Utility’s control (such as tight labor markets, supply chain challenges, and the Russia-Ukraine conflict) may exert an upward influence on estimates of inflation. Therefore, the trend factor used in this case for inflation, CPI, is conservative, yet reasonable.

Witness Napier testified that the trend factors for FPUC’s customer growth are based on a detailed analysis, and are consistent with those used in prior rate proceedings. The customer growth trend factors utilized by the Company for determining test year O&M expenses are reasonable and consistent with those used in Section II of this Order.

The various O&M accounts to which non-payroll trend factors for inflation and customer growth are applied are identified in MFR Schedule G-2 Consolidated (Calculation of the Projected Test Year Net Operating Income), Pages 19a through 19d.<sup>54</sup> The non-labor trend factors as-filed were appropriately applied to the O&M expenses identified in MFR Schedule G-2. Therefore, using the as-filed trend factors is appropriate, and no adjustment is needed for FPUC’s projected test year O&M expenses due to changes in non-payroll trend factors.

C. Conclusion

The non-labor trend factors for inflation and customer growth, as proposed and applied by FPUC, are reasonable; and thus, no adjustment is needed to FPUC’s projected test year O&M expenses to reflect changes to such factors.

XXXIX. Storm Damage Accrual and Cap

A. Parties’ Arguments

FPUC argued that its annual accrual should be increased to \$10,000 from its current accrual of \$6,000. This requested increase is to cover the entire consolidated entity and is due to the projected increased storm activity. The Company argued that by applying the inflation and

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<sup>52</sup> The August 2022 forecast indicates the revised inflation factor for 2022 was 8.05%, compared to the 5.88% factor developed in the earlier (January 19, 2022) forecast.

<sup>53</sup> The compound inflation factor is the multiplier of 2022 and 2023 CPI.

<sup>54</sup> Amounts are shown for the Historic Base Year, the Historic Base Year +1, and also for the Projected Test year.

growth compound multiplier of 1.7307, the increased accrual amount was determined. No increase to the reserved cap was requested at this time. FPUC argued that based on the questions asked by OPC at the hearing, it was suggested that the storm balance had not fallen below \$600,000; however, the storm balance had been trending downward since 2016. While OPC and FIPUG took a position that the accrual should remain at current levels, the Company argued that neither party had offered testimony on this matter. FPUC argued that it demonstrated a need for an increase in the accrual amount and it was in the best interests of customers to have a well-funded reserve in the event storm damage is incurred.

OPC argued that while FPUC requested an increase to the storm accrual due to a change in storm activity since its last rate case, no support was provided for this assertion. Additionally, FPUC witness Napier testified that the consolidation and expanded territory provided further need for an increase to the accrual; however, OPC argued that no study was presented by the witness to demonstrate this need. OPC argued that the ending 2021 balance for the storm reserve was over \$662,000, and between 2016-2021, the storm reserve never had a negative balance and remained over \$600,000. OPC argued that FPUC's maximum reserve amount of \$1,000,000 was appropriate and the annual accrual should remain at \$6,000.

FIPUG adopted the position of OPC.

#### B. Analysis

Rule 25-7.0143, F.A.C., addresses the establishment of a storm reserve account and outlines the types of storm related costs that an investor-owned natural gas utility can charge to the storm reserve. FPUC witness Napier testified that in the Company's prior rate proceeding, we approved an annual storm accrual of \$6,000 with a maximum reserve amount of \$1,000,000. In the current rate proceeding, FPUC requested an increase of \$4,000 to the annual accrual, bringing the accrual amount to \$10,000. Witness Napier testified that the increase was needed to expand coverage for Ft. Meade, Indiantown, and Chesapeake, all of which had no provision for storms. Witness Napier also stated that the Company considers the current maximum reserve amount of \$1,000,000 to be adequate to cover any future storms.

OPC's witnesses did not testify to FPUC's requested annual storm damage accrual increase of \$4,000, and FIPUG did not sponsor any witness testimony in this matter. However, in its brief, OPC stated there was no need at this time to increase the Company's annual storm damage accrual. At the hearing, witness Napier testified that the increase was necessary for coverage of the three divisions, but the \$4,000 increase was not mathematically determined. In response to discovery, FPUC stated that by applying the inflation and growth compound multiplier of 1.7307 from its MFRs, this would increase the annual storm accrual expense from \$6,000 to approximately \$10,000, which it deemed was a conservative approach.

Considering the consolidation of the four entities and that no previous storm provision was in place for Ft. Meade, Indiantown, and Chesapeake, an increase to the storm accrual is reasonable. Although OPC disagreed on the accrual amount, it did note in its brief that "all FPUC business units should be covered by the current storm reserve."

C. Conclusion

Given the testimony presented by witness Napier and the information provided in discovery, we find that the annual storm damage accrual shall be increased by \$4,000 to \$10,000 and there shall be no change to the cap of \$1,000,000.

XL. Parent Debt Adjustment

A. Parties' Arguments

FPUC witness Reno testified that application of the parent debt adjustment (PDA)<sup>55</sup> in this case would be inappropriate because there is no “double leverage” tax benefit that needs to be captured. Witness Reno stated further that FPUC is not a borrower under any third-party debt arrangement, and instead relies upon the debt of its parent, CUC. Because FPUC has no debt, there is no deduction for income tax expense recorded on its federal tax return, and thus no duplicated tax benefit between CUC and FPUC. While it has no debt of its own, an allocated portion of CUC’s capital structure is taken into account in FPUC’s rate base. As such, an allocated portion of the parent’s tax benefit of interest expense is also allocated to FPUC and deducted from tax expense. This interest synchronization fully addresses the duplicative tax benefit contemplated by the Parent Debt Adjustment, because FPUC has no debt of its own.

OPC argued the parent debt rule presumes that the customers of the regulated subsidiary who pay a statutory tax rate in the calculation of their rates, are paying an excessive return on equity because the true nature of the equity component upon which that return is based is actually partially supported by debt. In effect, where this fact situation occurs, the customers are paying a gross-up on the ROE for the income taxes applicable to that profit earned by the shareholders. If and to the extent that there is debt invested in the equity of the subsidiary, the shareholders—here CUC—would not owe the IRS income taxes on the full amount of the profit they earn.

OPC further argued that where debt may be invested in the equity that is included in the equity portion of the capital structure that is intended to support the regulated subsidiary’s rates, the PDA rule requires that the parent share some of the tax deductions with the subsidiary as an income tax offset. This is intended to ameliorate the customer harm from the affiliate transaction that effectively transfers an excessive profit to the parent/shareholders. Thus, the PDA mandates that in a situation where debt at the parent company may be invested in the subsidiary equity, the affiliate benefit provided to the parent’s shareholder must be equitably shared with the customers who provide the benefit.

Finally, OPC argued that FPUC failed to rebut the presumption allowed by the PDA rule and the mandatory application of the rule should be made in the amount of \$679,973.

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<sup>55</sup> Rule 25-14.004, F.A.C.

FIPUG adopted the position of OPC.

B. Analysis

The parent debt adjustment provides that the income tax expense of a regulated utility will be adjusted to reflect the tax benefit of the interest expense of the parent company where the parent company's debt may be invested in the equity of the regulated utility and both join in the filing of a consolidated income tax return.

OPC argued that the parent debt rule presumes customers of the regulated subsidiary are paying an excessive return on equity because the true nature of the equity component upon which that return is based is partially supported by debt. However, we find no evidence in the record or the rule as to what the parent debt rule presumes. It should be noted, the required return on equity is a function of risk, i.e. the greater the risk the greater the required return, and not a function of from where the funds came. For example, if an investor took out a second mortgage to buy a stock, the required and expected return on the stock would be a function of the risk to which the capital was exposed and would not be limited to the rate on the investor's second mortgage.

More importantly, FPUC does not issue its own debt or equity and the capital structure being used for regulatory purposes is based on the ratios of investor capital at the parent company, CUC. As correctly pointed out by OPC, because FPUC has not issued any stock, the only equity on the balance sheet of FPUC is retained earnings. In calculating the parent debt adjustment, the rule states:

The adjustment shall be made by multiplying the debt ratio of the parent by the debt cost of the parent. This product shall be multiplied by the statutory tax rate applicable to the consolidated entity. This result shall be multiplied by the equity dollars of the subsidiary, excluding retained earnings. The resulting dollar amount shall be used to adjust the income tax expense of the utility.

C. Conclusion

OPC argued that the parent debt rule presumes customers of the regulated utility are paying an excessive return on equity because the true nature of the equity component upon which that return is based is partially supported by debt. However, the required return on equity is a function of the risk to which the capital is exposed and not a function of from where the funds came.

In calculating OPC's parent debt adjustment, witness Smith ignored FPUC's retained earnings. Had witness Smith included FPUC's retained earnings when calculating the adjustment, the result would have been an amount of zero because all of FPUC's equity is retained earnings. Consequently, no parent debt adjustment is necessary.

XLI. Regulatory Commission Expense

A. Parties' Arguments

FPUC witness Cassel testified that the Company was requesting total rate case expense of \$3,427,574 and that this amount should be amortized over five years. FPUC noted that, in response to discovery, the Company provided the updated rate case expense amount of \$3,672,702, which reflects updated projections based on workload associated with the rate case. FPUC stated the rate case expense reflects the cost of consultants hired to help prepare and support the rate case, as well as legal representation. The Company explained the necessity of these costs by stating that it does not retain a sufficient number of employees to adequately support a full-rate proceeding. FPUC further explained that while its in-house staff assisted with the case, additional expertise in specific areas of the rate case is necessary, such as legal assistance for administrative litigation. The Company asserted that overall payroll expense would be much higher if FPUC were to maintain the staffing levels necessary to support a rate proceeding, which would be unreasonable given the infrequency of its rate case filings, and maintained that this method allowed the Company to keep payroll expense lower with the ability to retain the appropriate resources when necessary. FPUC additionally stated that the five-year amortization period is appropriate given the frequency between rate cases. FPUC noted that neither OPC nor FIPUG presented testimony or other evidence disputing FPUC's rate case expense amount, aside from OPC's prehearing position, as adopted by FIPUG, suggesting that it would object to any increase in rate case expense.

OPC asserted that total rate case expense should be limited to \$3,427,574, the amount reflected in witness Cassel's testimony and it should not be increased to reflect the Company's updated request of \$3,672,702. OPC argued against the inclusion of the updated actual and estimated rate case expense due to the timing of the additional information and the potential inclusion of expense associated with the Company's errors. OPC acknowledged that it had the opportunity to vet the projected amount of rate case expense reflected in FPUC witness Cassel's testimony, but it opined that the updated expense information, provided in response to our Staff's discovery requests, arrived after Intervenor testimony was filed and days before the hearing. Additionally, OPC cited the timing of FPUC witness Lee's revised direct testimony, filed on September 9, 2022, to correct errors discovered when responding to discovery, and stated that some of the additional rate case expense would be due to the correction of the Company's errors in her revised filing. OPC argued in its brief that customers should not have to pay the expense associated with these corrections.

FIPUG adopted the position of OPC.

B. Analysis

In its initial filing, the Company requested \$3,427,574 in total rate case expense. The Company also requested a five-year amortization period for the expense, resulting in total Rate Case Expense Amortization of \$685,515. FPUC witness Cassel testified that the five-year amortization period is appropriate given the frequency between rate cases. The five-year

amortization period requested by the Company is not disputed by any of the Intervenors, and we find it is reasonable.

FPUC allocated the total rate case expense to each system based on the projected net operating revenue for each system as a percentage of the consolidated net operating revenue projected for 2022. However, in response to our staff's discovery request, the Company recognized that its calculation of the allocation percentages did not use the correct, final net operating revenues reflected in its initial filing and provided a corrected calculation of the percentages. Although this correction results in a net zero adjustment, the rate case expense for each system should reflect the correct allocations, since each revenue requirement is calculated separately. Based on a five-year amortization period, the Rate Case Expense Amortization shall be increased by \$4,360 and \$23 for FPUC and Indiantown, respectively, and decreased by \$4,230 and \$153 for Chesapeake and Ft. Meade, respectively. The original and revised allocations of the Company's initially requested total rate case expense and amortization expense are reflected in Table 16.

**Table 16**  
**Rate Case Expense Allocations by System**

System	Total Expense		Amortization Expense	
	Initial	Reallocated	Initial	Reallocated
FPUC	\$2,463,741	\$2,485,540	\$492,748	\$497,108
Chesapeake	948,753	927,604	189,751	185,521
Indiantown	5,827	5,942	1,165	1,188
Ft. Meade	9,254	8,490	1,851	1,698
Total-Consolidated	<u>\$3,427,575</u>	<u>\$3,427,575</u>	<u>\$685,515</u>	<u>\$685,515</u>

As part of our analysis, we reviewed all updates to actual and estimated rate case expense, and the Company provided a breakdown as of August 31, 2022. The revised requested total rate case expense through completion of the hearing process is \$3,672,702. The components of the Company's estimated rate case expense are reflected in Table 16.

**Table 17**  
**Consolidated Total Rate Case Expense**

Category	Initial Filing	Actual as of 8/31/22	Additional Estimated	Total Revised
Outside Consultants	\$1,404,752	\$832,409	\$821,245	\$1,653,654
Legal Services	462,719	184,526	292,193	476,719
Travel Expenses	81,259	8,798	82,461	91,259
Add'l Staffing	1,166,782	607,480	505,791	1,113,271
Other Expenses	312,063	130,324	207,475	337,799
Total	<u>\$3,427,575</u>	<u>\$1,763,537</u>	<u>\$1,909,165</u>	<u>\$3,672,702</u>

OPC witness Smith did not dispute the total amount of rate case expense requested by the Company in his testimony, nor did OPC raise any issue with it at the hearing. However, OPC

maintained in its brief that total rate case expense should be limited to \$3,427,575, the amount in the Company's initial filing, and not increased to reflect the updated request of \$3,672,702. OPC argued against the inclusion of the updated actual and estimated rate case expense due to the timing of the additional information and the potential inclusion of expense associated with the Company's errors.

OPC acknowledged that it had the opportunity to vet the projected amount of rate case expense reflected in FPUC witness Cassel's testimony, but it opined that the updated expense information, provided in response to our Staff's discovery requests, arrived after Intervenor testimony was filed and days before the hearing. As noted by OPC, our Staff's discovery requesting updated rate case expense was sent September 27, 2022. The timing of the Company's response was a function of when it was sent by our Staff and should not be a basis for disallowing the additional rate case expense. OPC was afforded an opportunity to request and further vet rate case expense throughout the discovery process leading up to and after Intervenor testimony. Further, the Company's response was filed on October 13, 2022, 12 days before the hearing, and the issue still could have been raised at the hearing by OPC through cross examination.

Additionally, OPC cited the timing of FPUC witness Lee's revised direct testimony, filed on September 9, 2022, to correct errors discovered when responding to discovery, and stated that some of the additional rate case expense would be due to the correction of the Company's errors in her revised filing. OPC argued in its brief that customers should not have to pay the expense associated with these corrections. Based on the updated rate case expense documentation, the projected consulting expense for witness Lee included in the Company's initial request was not increased in the update to rate case expense. The total expense includes a flat fee for preparation of the depreciation study and hours associated with responding to discovery, rebuttal testimony, and the hearing. As such, the additional rate case expense will not be disallowed on the basis of witness Lee's fees.

We have examined the requested actual and estimated expenses, along with supporting documentation and find these expenses are reasonable for a rate case processed on the hearing track. As cited in MFR Schedule C-13, examples of factors impacting the level of rate case expense, especially in comparison to previous dockets, can be attributed to the complexity of pursuing consolidation, increases in consulting and legal rates due to inflation and the market, processing the case with a full hearing instead of PAA, and the length of time between last rate cases, with prior dockets filed between 13 to 19 years ago and no prior rate case for Ft. Meade. Further, none of the Intervenors raised any issues or concerns with the Company's initial requested rate case expense. The additional \$245,127 of rate case expense included in the Company's updated request is only a 7% increase, and the breakdown of the additional expense and hours is reasonable. As such, Rate Case Expense Amortization shall be increased by \$35,551, \$13,268, and \$85, and \$121 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, to reflect the additional rate case expense.

C. Conclusion

Based on the adjustments to reallocate and update the Company's requested rate case expense, Rate Case Expense Amortization shall be increased by \$39,911 (\$4,360 + \$35,551), \$9,038 (-\$4,230 + \$13,268), and \$108 (\$23 + \$85) for FPUC, Chesapeake, and Indiantown, respectively, and decreased by \$32 (-\$153 + \$121) for Ft. Meade. The appropriate amortization period for the expense is five years.

XLII. Uncollectible Accounts and Bad Debt

A. Parties' Arguments

FPUC maintained that there is no contention between the parties related to the Company's calculation of the revenue expansion factor of 74.1067% and net income multiplier of 1.3494. FPUC witness Napier also explained that the bad debt rate used in the revenue expansion factor for the individual systems was calculated on a consolidated basis due to our decision to allow the Company to file consolidated MFRs in the instant docket.<sup>56</sup>

FPUC witness Cassel also proposed that a portion of bad debt expense be assigned to each rate component based on the percentage of projected revenues recovered through each rate component. Witness Cassel argued that because bad debt is a function of the Company's total revenue and not just base rates, it is more appropriate to have the costs associated with bad debt recovered from each rate component instead of collecting the total cost through base rates.

However, if we reject the Company's request to move bad debt expense associated with the cost recovery clauses into the respective clauses for recovery, the Company asked that bad debt expense included in the calculation of the Company's revenue requirement be increased by \$125,369.

OPC stated that FPUC witness Grimard testified that the Company is proposing to recover bad debt expense associated with individual cost recovery mechanisms and riders within each specific recovery mechanism or rider, more specifically, the Purchased Gas Cost Recovery Factor, Energy Conservation Cost Recovery clause, and Swing Service Riders. OPC claimed that witness Grimard's only justification for seeking a change from our practice of recovering bad debt expense in base rates was that the Company felt it was more appropriate. OPC also claimed that the fact that FPUC has not come to us for a base rate increase in thirteen years shows that recovery of bad debt expense is not a problem. OPC also maintained that FPUC needed to demonstrate the amount of Bad Debt and Uncollectible Accounts is appropriate in the Revenue Expansion Factor.

FIPUG adopted the position of OPC.

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<sup>56</sup> Order No. PSC-2022-0058-PAA-GU, issued on February 15, 2022, in Docket No. 20210188-GU, *In re: Joint petition for variance from Rule 25-7.039(1), F.A.C., by Florida Public Utilities Company and Florida Division of Chesapeake Utilities Corporation.*



B. Analysis

We reviewed the Company's calculation of the revenue expansion factor and determined that the Company calculated a single, consolidated revenue expansion factor and net operating income multiplier, instead of calculating a rate for each system. As reflected in MFR Schedule G-4 for each system, the bad debt rate used in the Company's calculations was based on the total consolidated revenues and bad debt expense, instead of a system specific basis. FPUC witness Napier explained that it was appropriate to calculate the bad debt rate on a consolidated basis, because we approved the Company's variance from Rule 25-7.039(1), F.A.C., in anticipation of FPUC's consolidation filing.<sup>57</sup> She maintained that our decision to grant the rule waiver permitted the Company to file the rate case based on consolidated data, with the exception of specific MFR schedules identified in its petition.

However, the Company's joint petition addressed in the Order was to provide the data for certain MFR schedules on a system-specific basis, as the comparison and benchmarking of certain data would not be comparable on a consolidated basis. The Company's waiver request was based on its intention to file consolidated MFRs in support of its requested rate consolidation, and we did not address the permissibility of consolidated MFRs. We have not yet approved the Company's request to consolidate its rates. Therefore, the Company's requested revenue requirement is evaluated on a standalone basis for each system. As such, we recalculated the bad debt rate for each system based on the revenues and uncollectable accounts expense for each specific system.

We also reviewed the bad debt expense used to calculate the bad debt rate in light of the Company's proposal to transfer recovery of a portion of bad debt expense from base rates into clauses. In its initial filing, the Company made an adjustment to decrease total O&M expense by \$104,008, \$19,771, \$371, and \$1,219 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, to reflect the transfer of bad debt expense. The uncollectable accounts expense used in the Company's calculation of the bad debt rate did not include an adjustment to reflect the Company's proposed decrease. For reasons addressed below, we reverse the Company's adjustment to transfer bad debt expense. Therefore, a corresponding adjustment to decrease the bad debt expense used in the calculation of each system's bad debt rate is not necessary.

The bad debt rates calculated by the Company and adjusted by us are reflected in the table below.

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<sup>57</sup> Order No. PSC-2022-0058-PAA-GU, issued on February 15, 2022, in Docket No. 20210188-GU, *In re: Joint petition for variance from Rule 25-7.039(1), F.A.C., by Florida Public Utilities Company and Florida Division of Chesapeake Utilities Corporation.*

**Table 18**  
**Bad Debt Rate by System**

<b>System</b>	<b>Per MFRs</b>	<b>Comm. Adjusted</b>
FPUC	0.2314 %	0.2381 %
Chesapeake	0.2314 %	0.2034 %
Indiantown	0.2314 %	1.0751 %
Ft. Meade	0.2314 %	0.6844 %

### **Transfer of Bad Debt Expense**

FPUC's methodology to determine the amount of bad debt expense that is transferred into the clauses is based on the percentage of projected revenues recovered through each particular rate component. The example given in FPUC witness Cassel's testimony is that if 70% of the Company's projected revenues were recovered through base rates, 70% of the projected bad debt expense would be allocated to base rates and the remainder would be allocated proportionally for recovery through the clauses. He further clarified that the Company will apply the write-off factor for each customer class to the corresponding rate components for that customer class and adjust the clause rate accordingly. As part of the Company's justification for the proposed change in recovery, witness Cassel testified that it would be more appropriate to recover costs associated with bad debt expense from each component instead of collecting through base rates, since bad debt expense is a function of the Company's total revenue and not just base rates. Witness Cassel also contended that this methodology of bad debt revenue recovery allows the Company to more accurately recover the actual bad debt expense because the rates are changed more frequently for the clauses, and the Company would not have to wait until the next rate case to update the bad debt recovered in base rates.

We have previously addressed this requested change in recovery of bad debt expense and have a long-standing practice of maintaining the collection of bad debt expense through base rates. By Order No. PSC-2009-0411-FOF-GU, we denied the request of Peoples Gas System (PGS) to recover a portion of its uncollectible accounts through the Purchased Gas Adjustment (PGA) Clause instead of base rates.<sup>58</sup> In our decision, we cited OPC witness Schultz's testimony that transferring a portion of bad debt expense into the PGA clause would provide PGS with an automatic pass-through and would take away incentive for it to minimize write-offs between rate cases. By Order No. PSC-2010-0153-FOF-EI, we also denied the request of Florida Power & Light Company (FPL) to remove portions of bad debt being recovered in base rates and transfer them into recovery clauses.<sup>59</sup> We agreed with OPC witness Brown's argument that FPL's proposal would create a need for more regulatory oversight and lessen its incentive to reduce uncollectible accounts. In regards to the increased regulatory oversight, witness Brown testified to the potential complexities of FPL's proposal, such as having to develop separate write-off rates and establishing separate accrual provisions for each clause, as the components of uncollectible accounts would vary by month and customer.

<sup>58</sup> Order No. PSC-2009-0411-FOF-GU, issued June 9, 2009, in Docket No. 20080318-GU, *In re: Petition for rate increase by Peoples Gas System*.

<sup>59</sup> Order No. PSC-2010-0153-FOF-EI, issued March 17, 2010, in Docket No. 20080677-EI, *In re: Petition for increase in rates by Florida Power & Light Company*.

FPUC acknowledged both of these cases in its brief and contended that our decision was due to the companies not providing sufficient justification for changing our existing practice. However, FPUC did not address the specific problems we considered in those cases, such as the potential to reduce or eliminate a company's efforts to minimize bad debt. Further, the potential for additional regulatory oversight is a consideration that extends far beyond the instant docket. The Company has outlined details of executing its proposal, such as quarterly updates of the write-off factors for each clause, a higher frequency of updating allocations, and an additional true-up component to address potential over-recovery due to allocations that also require additional regulatory oversight in multiple filings.

Although OPC did not provide any testimony addressing the Company's proposal, it did maintain in its brief that FPUC did not sufficiently demonstrate a need for the departure from the our long-standing practice of collecting bad debt expense through base rates. OPC also argued that because FPUC has not come before us in thirteen years for a base rate increase, bad debt expense being recovered in base rates is not a significant issue. We agree with OPC that the Company has not justified the proposed departure from our practice.

C. Conclusion

The expense associated with uncollectable accounts in the projected test year shall be increased by \$104,008, \$19,771, \$371, and \$1,219 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, to maintain the recovery of bad debt in base rates. The bad debt rate reflected in the Revenue Expansion Factor for each system shall be adjusted to 0.2381%, 0.2034%, 1.0751%, and 0.6844% for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

XLIII. Rental Expense

At hearing, we approved a Type 2 stipulation that FPUC's rental expense shall be reduced by \$78,249 in the projected 2023 test year.

XLIV. O&M Expenses

A. Parties' Arguments

FPUC witness Napier testified that O&M expenses were projected using the historic year as the starting point and then making all necessary adjustments as reflected in this rate proceeding either trending those forward with an appropriate trend factor or directly projecting the expense using specific information, such as the expertise of internal managers. FPUC emphasized the testimony of Staff witness Brown, which reflected that the O&M expense balances were adequately supported by source documentation, utility in nature, and recorded consistent with the Uniform System of Accounts. FPUC concluded its argument by stating that it had provided sufficient evidence and testimony to support O&M expense of \$43,913,407.

OPC stated that the amount of projected test year O&M expense should reflect all of OPC's recommended adjustments and results in a balance of \$41,314,859.

FIPUG adopted the position of OPC.

B. Analysis

**Lobbying Costs**

OPC witness Smith testified that the Company included lobbying costs in its cost of service. The Company stated that its normal practice is to record all lobbying costs below the line in FERC Account 426.4. However, in response to OPC Interrogatory No. 54, the Company identified \$35,366 of lobbying costs inadvertently included in the projected 2023 test year. The lobbying costs were associated with the following industry associations: the American Gas Foundation, Associated Gas Distributors of Florida, and the American Gas Association. In a subsequent response to OPC Interrogatory No. 138, the Company identified two additional invoices associated with lobbying that totaled \$6,515. Witness Smith testified that the Company agreed with the removal of the lobbying costs from the projected 2023 test year O&M expenses. As such, the projected test year O&M expenses shall be decreased by \$41,881 (\$35,366 + \$6,515) to reflect the removal of lobbying costs. Based on witness Smith's work papers, this results in a decrease of \$26,112, \$14,960, \$404, and \$404 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

**Company Sponsored Events**

Witness Smith also testified that the Company included costs totaling \$38,835 for company-sponsored events. As described by the Company in response to OPC Interrogatory No. 101, the costs are related to events and luncheons for team building and networking. Witness Smith argued that the costs for these type of events are not necessary for the provision of safe and reliable gas service to the Company's customers. As such, his testimony reflected an adjustment to remove these costs.

FPUC witness Baugh disagreed with witness Smith's proposed adjustment to remove costs associated with company-sponsored events. He further elaborated on the nature of the events in his rebuttal testimony. Witness Baugh testified that company-sponsored events are productive events, not social events, that include events such as motivational presentations by the management. He explained that the purpose of the events are to show employees appreciation, to increase focus and consideration of safety by employees, to keep employees informed on the status of the Company as a whole, and to acknowledge employee achievements and impacts. The networking aspect of the events is intended to strengthen peer relationships in order to improve teamwork and customer service. The events are also forums for feedback between employees and management, such as providing input and suggestions to management. The Company also stated that these types of events help foster a work environment that attracts and retains quality personnel. At the hearing, witness Baugh also clarified that while the Company might have to hold these events in a larger venue to accommodate the number of attendees, such as a hotel auditorium, these events are not held at social places, such as restaurants, festivals, and athletic events.

"It is the Commission's prerogative to evaluate the testimony of competing experts and accord whatever weight to the conflicting opinions it deems appropriate." *Mayo*, 345 So. 2d at 654. Therefore, we are persuaded by OPC witness Smith and disallow the costs associated with these company sponsored events.

### **Satellite Leak Detection Project**

FPUC's current Leak Detection Program consists primarily of ground-based leak surveys, and involves crews manually using handheld methane detection equipment over the length of the pipeline. Pipeline and Hazard Materials Safety Administration (PHMSA) requires that leak surveys be conducted on a 1-year, 3-year or 5-year interval dependent upon several factors.<sup>60</sup>

FPUC is requesting to add to its existing Leak Detection Program the use of satellite scanning technology to detect leaks on its gas pipeline system. FPUC plans to accomplish this by purchasing services from a third-party vendor that would combine satellite scans of the gas pipelines, including surrounding areas, and system data from the Company. The estimated costs for utilization of this system would be approximately \$1.5 million in 2023.

According to FPUC witness Bennet, the use of satellite scans in lieu of ground surveys would provide better quantitative data regarding leaks, an increase in frequency of system surveys, including on-demand surveys after natural disasters, and by not using on-the-ground personnel for leak detections, reduce environmental impacts and safety risks. However, witness Bennet testified that PHMSA does not accept satellite scans for its leak survey requirements, and the Company would still have to conduct its current ground-based leak surveys, with any cost savings only potentially materializing after acceptance by PHMSA. Witness Bennet asserts that the Company, in conjunction with its satellite vendor, was attempting to gain acceptance by PHMSA. However, witness Bennet was uncertain about satellite scans becoming a PHMSA-accepted practice, and if it were to occur, in what capacity that would manifest. No other witness provided testimony regarding the Leak Detection Program modification.

While we recognize the potential advantages provided by the use of satellite scans, PHMSA has not accepted their use as a primary method of leak detection and the program would result in no identified cost savings during the projected 2023 test year. The Company could benefit from the advantages provided by the use of satellite scanning technology, but this shall not come at a cost to customers given the lack of requirement or acceptance by PHMSA. Because of the increase in leak detection costs and uncertainty regarding potential PHMSA acceptance of satellite leak surveys, the costs associated with FPUC's modification to its current Leak Detection Program are removed from the Company's 2023 base rates. This removal of program costs shall be reflected by a reduction of \$1,005,632, \$428,172, \$12,369, and \$12,319 to O&M expenses for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

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<sup>60</sup> PHMSA Rule 49 C.F.R. § 192.723(b)(1)

**Conclusion**

Based on the adjustments above and previous NOI issues, the appropriate amount of projected test year O&M expenses for FPUC, Chesapeake, Indiantown, and Ft. Meade is \$29,453,858, \$12,080,309, \$185,305, and \$184,070, respectively. Our approved projected test year O&M expenses and adjustments are reflected in Table 19.

**Table 19**  
**Projected Test Year O&M Expenses**

<b>System</b>	<b>Amount Requested</b>	<b>Adjustments</b>	<b>Adjusted Amount</b>
FPUC	\$30,949,611	(\$1,495,754)	\$29,453,858
Chesapeake	12,686,345	(606,036)	12,080,309
Indiantown	197,476	(12,171)	185,305
Ft. Meade	<u>194,405</u>	<u>(10,335)</u>	<u>184,070</u>
Total-Consolidated	<u>\$44,027,837<sup>61</sup></u>	<u>(\$2,124,295)</u>	<u>\$41,903,542</u>

XLV. Florida Depreciation and Amortization Expense

A. Parties' Arguments

FPUC stated that CUC uses allocation factors based on plant in service, base revenues, and payroll. FPUC also noted that Florida Common and Corporate Common plant and accumulated depreciation were allocated using the 2021 allocation factors which were based on estimated usage of the assets. The Company also emphasized that Staff witness Brown noted no exceptions related to intercompany allocations. FPUC asserted that neither OPC nor FIPUG took issue with the Company's allocation and concluded that no adjustments should be made to the allocations.

OPC stated that FPUC is responsible for demonstrating that the amount of Florida Common and Corporate Common depreciation and amortization expense allocated appropriately reflect allocations among FPUC's gas division, FPUC's electric division, and non-regulated operations included in the projected test year. OPC maintained that these amounts should reflect all OPC depreciation adjustments.

FIPUG adopted the position of OPC.

B. Analysis

Due to the multiple gas utilities that fall under FPUC and the multiple business units under the parent company of CUC, it is the Company's responsibility to make all adjustments between what the Company has labeled as Florida Common and Corporate Common, as well as

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<sup>61</sup> Due to inconsistent linking sources and rounding errors in the Excel MFRs included in Exhibit 94, the aggregate of the projected test year O&M expenses from each system's separate MFR Schedule G-2, Page 1 of 31, is \$1,118 higher than the total projected test year O&M expenses reflected on the Consolidated MFR Schedule G-2, Page 1 of 31.

the depreciation and amortization expense allocated between FPUC's gas division, FPUC's electric division, and the non-regulated operations. The Company has adapted the allocation principles of its parent company, CUC, which relies on factors such as plant in service, base revenues, and payroll.

As shown in the Company's MFR Schedule G-2, for the projected test year, there was a total of \$262,652 of Florida Common depreciation and amortization expense, allocated with 71.3% allocated to non-utility activities and a total of 28.7 percent allocated to the four systems. The schedule also reflects a total of \$2,531,243 of Corporate Common depreciation and amortization expense, allocated with 72.92 percent allocated to non-utility activities and a total of 27.08% allocated to the four systems.

Staff witness Brown did not reflect any findings during the audit. OPC did not have any additional adjustments to be made; however, it was noted in FPUC's brief that OPC witness Smith analyzed the depreciation rates and OPC witness Garrett determined a different depreciation expense.

C. Conclusion

No additional adjustments to the Company's filing are required.

XLVI. GRIP Program Depreciation Expense

A. Parties' Arguments

FPUC stated that the appropriate annual amount of GRIP-related depreciation expense includes \$2,350,496 for Account 376G – Plastic Mains and \$1,224,846 for Account 380G – Plastic Services. FPUC also stated that these amounts result in a total annual GRIP-related depreciation expense of \$3,575,342. FPUC further stated that these depreciation expense amounts result from the application of the Company's proposed revised depreciation rates applied to an investment amount of \$195,899,859. FPUC explained that this investment amount is \$13,356 lower than the amount reflected on Schedule G-1 due to a retirement not being properly reclassified from Account 376G to Account 3762.

FPUC argued that OPC did not propose any adjustments related to GRIP depreciation expense, but based on OPC witness Garrett's proposed depreciation rates, OPC witness Smith did propose adjustments to overall depreciation expense. FPUC additionally argued that it has met the burden of proof for this issue.

OPC stated that the burden is on FPUC to show that the projected test year depreciation expense related to the GRIP investments is appropriate. It argued that these amounts should include the adjustments that are reflected on Exhibit 63.

FIPUG adopted the position of OPC.

B. Analysis

FPUC witness Lee's proposed depreciation expense related to the Company's GRIP program is \$3,575,342. Despite FPUC's argument that OPC did not propose an adjustment to GRIP-related depreciation expense, we calculated OPC witness Garrett's proposed expense of \$3,705,475.<sup>62</sup> This difference is due solely to the proposed depreciation rates that were proposed by each party.

Based on the depreciation rates approved in Section V and the level of GRIP investments approved in Section IX, the appropriate amount of depreciation expense to include in the projected test year for FPUC's GRIP program is \$3,575,342.

C. Conclusion

Using the life and salvage parameters approved in Section V, the appropriate amount of depreciation expense to include in the projected test year for FPUC's GRIP program is \$3,575,342.

XLVII. Depreciation and Amortization Expense

A. Parties' Arguments

FPUC stated that based upon adjustments reflected in its petition, as well as the Company's proposed Depreciation Study and new depreciation rates, the appropriate amount of depreciation and amortization expense in the projected test year is \$14,674,376.

OPC stated that FPUC has the burden of demonstrating that the amount of Depreciation and Amortization Expense included in the projected test year are appropriate and that these amounts should reflect all applicable OPC adjustments, resulting in a balance of \$13,103,290.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in Section V regarding the Company's Depreciation Study, the appropriate amount of Depreciation and Amortization Expense for the projected test year is \$11,125,245, \$3,389,506, \$122,815, and \$35,270 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. The Depreciation and Amortization Expense and adjustments for each system are reflected in Table 20.

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<sup>62</sup> \$2,476,104 (Account 376G – Plastic Mains) + \$1,224,846 (Account 380G – Plastic Services) = \$3,705,475



**Table 20**  
**Projected Test Year Depreciation and Amortization Expense**

<b>System</b>	<b>Amount Requested</b>	<b>Adjustments</b>	<b>Adjusted Amount</b>
FPUC	\$12,207,363	(\$1,082,118)	\$11,125,245
Chesapeake	3,931,048	(541,542)	3,389,506
Indiantown	133,914	(11,100)	122,815
Ft. Meade	44,336	(9,066)	35,270
Total-Consolidated	<u>\$16,316,661</u>	<u>(\$1,643,826)</u>	<u>\$14,672,836</u>

C. Conclusion

The appropriate amount of Depreciation and Amortization Expense for the projected test year is \$11,125,245, \$3,389,506, \$122,815, and \$35,270 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

XLVIII. Interest Synchronization

A. Parties' Arguments

FPUC witness Reno stated that OPC witness Smith's interest synchronization adjustment to reduce income tax expense is only appropriate if FPUC's rate base and debt/equity ratios are modified as OPC has recommended. Based on the Company's position that OPC's recommended adjustments to rate base and capital structure are not appropriate, FPUC argued that no adjustment should be made for interest synchronization.

OPC witness Smith testified that an interest synchronization adjustment allows the adjusted rate base and cost of debt to coincide with the income tax calculation. OPC asserted that the recommended adjustments to rate base would result in a reduction to income tax expense in the amount of \$134,104.

FIPUG adopted the position of OPC.

B. Analysis

As explained by OPC witness Smith, an interest synchronization adjustment allows the adjusted rate base and the cost of debt to correspond with the income tax calculations. He further explained that any change in the rate base or weighted cost of debt will have a corresponding impact to income tax expense, due to the associated changes in deductible interest expense related to the amount of regulated jurisdictional debt supporting the jurisdictional rate base. OPC's proposed adjustments reflected in witness Smith's testimony result in an increased debt ratio, which results in a greater interest deduction and a reduction to income tax expense in the amount of \$134,104.

FPUC's witness Reno contended that witness Smith's interest synchronization adjustment is only necessitated by OPC's proposed adjustments to the Company's rate base and

debt to equity ratios. She stated that without these modifications, an adjustment to the Company's filing is not necessary.

The Company's basis for disputing witness Smith's specific interest synchronization adjustment is not based on the concept of making the adjustment. In fact, FPUC witness Napier testified that the Company's requested net operating income was adjusted to reflect interest synchronization, consistent with our prior practice and the Company's last rate case. The Company's position is a function of its disagreement with OPC's adjustments to the components that comprise the interest synchronization adjustment. As such, an interest synchronization adjustment is necessary.

C. Conclusion

The appropriate corresponding adjustment to account for interest synchronization is a decrease of \$1,792, \$669, \$4, and \$6 to the income tax expense for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

XLIX. Acquisition Expense Amortization Adjustment

A. Parties' Arguments

FPUC stated that, for all of the reasons set forth under Section XVIII, which FPUC adopted and incorporated for purposes of Section XLIX, the amortization expense in the amount of \$1,139,808 should not be adjusted, consistent with retention of the acquisition adjustment on the Company's books.

OPC witness Smith testified that in Order No. PSC-2012-0010-PAA-GU, we ordered that the level of cost saving supporting CUC's request will be subject to review in FPUC's next rate case, and if cost savings no longer existed the adjustment may be reduced or removed. OPC acknowledged that FPUC witness Napier created an exhibit which purported to show net cost savings related to the acquisition, and the acquisition adjustment of \$4,463,872. OPC argued that the cost savings are neither acquisition-related nor an apples-to-apples comparison. OPC argued that witness Napier included cost savings for fuel, but that witness Napier could not answer if those savings were largely due to market fluctuations. Witness Napier also removed many O&M expense items included in the 2023 projected test year and added only one O&M expense item.

Witness Smith testified that FPUC's witnesses Cassel and Deason attempted to show they are relying on the five factors discussed in Order No. PSC-2012-0010-PAA-GU. Witness Smith testified that the Company failed to demonstrate that the acquisition fully meets all five criteria. Witness Smith also argued that employees have been added and the costs to provide service have increased significantly, which shows that there is no on-going economic justification to allow the acquisition adjustment. As such, OPC argued that the acquisition adjustment amortization expense of \$1,139,750 should not be included in the 2023 test year operating expenses.

FIPUG adopted the position of OPC.

B. Analysis

As addressed in Section XVIII, the acquisition adjustments associated with the acquisitions of FPUC and Indiantown are included. Additionally, neither the parties nor Staff witness Brown raised any issues specifically with the amortization of the acquisition adjustments. Based on our review, no adjustments to the amortization expense associated with the acquisition adjustments are necessary.

C. Conclusion

No adjustments are necessary.

L. Taxes Other Than Income

A. Parties' Arguments

FPUC stated that the appropriate level of Taxes Other Than Income (TOTI) is \$7,566,334. FPUC noted that OPC witness Smith suggested a reduction of \$188,619 for payroll tax expense based on his recommended adjustment to reduce the Company's incentive performance plan (IPP) by half. FPUC maintained that this adjustment was not appropriate, as the record demonstrates that the Company's IPP should be fully allowed. Therefore, FPUC concluded that the associated payroll tax expense should not be disallowed.

OPC stated that FPUC has the burden of demonstrating that the amount of projected test year TOTI is appropriate and that the amounts should reflect all applicable adjustments proposed by OPC, resulting in a balance of \$7,377,715.

FIPUG adopted the position of OPC.

B. Analysis

Per MFR Schedule G-2—page 1 of 31—for each individual system, the Company reflected TOTI of \$5,676,736, \$1,825,683, \$37,885, and \$26,030 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. The Company projected Regulatory Assessment Fees (RAFs) by multiplying total revenues by 0.00503. Pursuant to Rule 25-7.0131(1)(a), F.A.C., the RAF rate for investor-owned gas utilities is 0.005. Recalculating the Company's RAFs with the correct rate results in an immaterial difference. Therefore, an adjustment to the RAFs included in TOTI is not necessary.

Based on our findings in Section III, a corresponding adjustment to increase TOTI by \$895 is necessary to reflect the RAFs associated with the increase in revenues for FPUC. Therefore, the appropriate amount of TOTI for the projected test year is \$5,677,631, \$1,825,683, \$37,885, and \$26,030 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. The amount of TOTI for each system is reflected in Table 21.

**Table 21**  
**Projected Test Year TOTI**

<b>System</b>	<b>Amount Requested</b>	<b>Adjustments</b>	<b>Adjusted Amount</b>
FPUC	\$5,676,736	\$895	\$5,677,631
Chesapeake	1,825,683	0	1,825,683
Indiantown	37,885	0	37,885
Ft. Meade	26,030	0	26,030
Total-Consolidated	<u>\$7,566,334</u>	<u>\$895</u>	<u>\$7,567,230</u>

C. Conclusion

The appropriate amount of TOTI for the projected test year is \$5,677,631, \$1,825,683, \$37,885, and \$26,030 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

LI. Income Tax Expense

A. Parties' Arguments

FPUC stated that total income taxes for the test year ending December 31, 2023 were projected using the projected taxable operating income less calculated interest expense and other deductions multiplied by the current state and federal tax rates, with additional adjustments made as necessary. FPUC's witness Reno explained that FPUC uses an effective tax rate of 25.35%, which accounts for both the applicable federal and state tax rates. FPUC also argued that OPC witness Smith's additional interest synchronization adjustment should not be accepted. FPUC witness Napier testified that the Net Operating Income in the Company's initial filing was adjusted to reflect the tax effect of synchronizing interest expense to rate base, which is also consistent with our practice and the Company's last rate case. FPUC stated that the appropriate amount of Income Tax Expense in the projected test year should be \$2,422,856.

OPC stated that FPUC has the burden of demonstrating that the amount of projected test year Income Tax Expense is appropriate and maintained that these amounts should reflect all applicable OPC adjustments, resulting in a balance of \$709,626 for Federal and (\$239,987) for State.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in previous sections, the appropriate amount of projected test year Income Tax Expense, including current and deferred income taxes and interest synchronization, is \$2,579,727, \$445,076, (\$55,773), and (\$13,661) for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, as reflected in Table 22.

**Table 22**  
**Projected Test Year Income Tax Expense**

	<b>FPUC</b>	<b>Chesapeake</b>	<b>Indiantown</b>	<b>Ft Meade</b>
Amount Requested	\$1,899,562	\$157,716	(\$61,627)	(\$18,533)
Comm. Adjustments:				
Effect of Other Adjustments	\$698,745	\$290,854	\$5,859	\$4,917
Interest Synchronization	<u>3,478</u>	<u>1,298</u>	<u>12</u>	<u>12</u>
Total Comm. Adjustments	\$702,223	\$292,152	\$5,910	\$4,929
Comm. Adjusted Amount	<u>\$2,601,785</u>	<u>\$449,868</u>	<u>(\$55,717)</u>	<u>(\$13,604)</u>

C. Conclusion

The appropriate amount of projected test year Income Tax Expense, including current and deferred income taxes and interest synchronization, is \$2,579,727, \$445,076, (\$55,773), and (\$13,661) for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

LII. Total Operation Expense

A. Parties' Arguments

FPUC stated that based on the testimony of its witnesses, as well as stipulations approved in this proceeding, the appropriate amount of total operating expenses for the projected test year is \$68,576,974.

OPC stated that FPUC has the burden of demonstrating that the amount of Total Operation Expenses for the projected test year is appropriate and maintained that these amounts should reflect all applicable OPC adjustments, resulting in a balance of \$16,795,756.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in other sections, the appropriate amount of Total Operation Expenses for the projected test year is \$48,863,842, \$17,751,719, \$290,386, and \$231,863 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively. Our approved Total Operation Expenses and adjustments for each system are reflected in Table 23.

**Table 23**  
**Projected Test Year Total Operation Expenses**

<b>System</b>	<b>Amount Requested</b>	<b>Comm. Adjustments</b>	<b>Comm. Adjusted Amount</b>
FPUC	\$50,733,273	(\$1,869,431)	\$48,863,842
Chesapeake	18,600,793	(849,074)	17,751,719
Indiantown	307,649	(17,263)	290,386
Ft. Meade	246,237	(14,374)	231,863
Total-Consolidated	<u>\$69,887,952</u>	<u>(\$2,750,141)</u>	<u>\$67,137,810</u>

C. Conclusion

The appropriate amount of Total Operation Expenses for the projected test year is \$48,863,842, \$17,751,719, \$290,386, and \$231,863 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively.

LIII. Net Operating Income

A. Parties' Arguments

FPUC stated that the Company has made all of the appropriate adjustments to net operating income, as set forth in the testimony of witness Napier. FPUC explained that OPC witness Smith made an additional adjustment of \$5,378,053, which is the combined amount of his adjustments to depreciation expense for OPC witness Garrett's depreciation study adjustments, to amortization expense related to the Acquisition Adjustment, Incentive Compensation expense, Stock-Based Compensation expense, Payroll Tax expense, Supplemental Executive Retirement Program (SERP) expense, D&O Liability Insurance Expense, rent expense, lobbying costs, interest synchronization, Parent Debt Adjustment, and Company Sponsored Events. FPUC asserted that other than OPC witness Smith's SERP adjustment addressed in the approved stipulation in Section XXXV, all other adjustments are inappropriate and should not be approved. The Company concluded its argument by stating that it had met its burden and fully supported the appropriate amount of Net Operating Income for the projected test year of \$12,728,343.

OPC stated that FPUC has the burden of demonstrating that the amount of Net Operating Income for the projected test year is appropriate and maintained that these amounts should reflect all applicable OPC adjustments, resulting in a balance of \$16,795,756.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in other sections, the appropriate amount of Net Operating Income for the projected test year is \$12,016,382, \$2,520,846, (\$147,396), and (\$31,391) for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, as shown on Attachment 3.

C. Conclusion

The appropriate amount of Net Operating Income for the projected test year is \$12,016,382, \$2,520,846, (\$147,396), and (\$31,391) for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, as shown on Attachment 3.

### **Revenue Requirements**

LIV. Revenue Expansion Factor

A. Parties' Arguments

FPUC stated that the appropriate revenue expansion factor and the net income multiplier is 74.1067% and 1.3494, respectively, which is consistent with the Company's evidence and arguments addressed in Section XLII.

OPC asserted that FPUC has the burden of demonstrating that the amount of the revenue expansion factor and net operating income multiplier is appropriate, including the elements and rates for FPUC. OPC maintained these amounts should reflect all applicable OPC adjustments.

FIPUG adopted the position of OPC.

B. Analysis

We reviewed the Company's calculations and made an adjustment to reflect the adjusted bad debt rate recommended in Section XLII. We also made an adjustment to reflect the RAF rate of 0.005, pursuant to Rule 25-7.0131(1)(a), F.A.C. The calculations of the Company are reflected in Table 24 and 25 below.

**Table 24**  
**Revenue Expansion Factor & NOI Multiplier Per MFRs**

<b>Line No.</b>	<b>Description</b>	<b>Company</b>
1	Revenue Requirement	100.000%
2	Gross Receipts Tax Rate	0.0000%
3	Regulatory Assessment Rate	0.5030%
4	Bad Debt Rate	0.2314%
5	Net Before Income Taxes (1)-(2)-(3)	99.2656%
6	State Income Tax Rate	5.5000%
7	State Income Tax (5 x 6)	5.4596%
8	Net Before Federal Income Tax (5-7)	93.8060%
9	Federal Income Tax Rate	21.0000%
10	Federal Income Tax (8 x 9)	19.6993%
11	Revenue Expansion Factor (8)-(10)	74.1067%
12	Net Operating Income Multiplier 100% /Line 11	1.3494

**Table 25**  
**Commission Approved Revenue Expansion Factor & NOI Multiplier by System**

<b>Line No.</b>	<b>Description</b>	<b>FPUC</b>	<b>Chesapeake</b>	<b>Indiantown</b>	<b>Ft. Meade</b>
1	Revenue Requirement	100.0000%	100.0000%	100.0000%	100.0000%
2	Gross Receipts Tax Rate	0.0000%	0.0000%	0.0000%	0.0000%
3	Regulatory Assessment Rate	0.5000%	0.5000%	0.5000%	0.5000%
4	Bad Debt Rate	0.2381%	0.2034%	1.0751%	0.6844%
5	Net Before Income Taxes (1)-(2)-(3)	99.2619%	99.2966%	98.4249%	98.8156%
6	State Income Tax Rate	5.5000%	5.5000%	5.5000%	5.5000%
7	State Income Tax (5 x 6)	5.4594%	5.4613%	5.4134%	5.4349%
8	Net Before Federal Income Tax (5-7)	93.8025%	93.8353%	93.0115%	93.3808%
9	Federal Income Tax Rate	21.0000%	21.0000%	21.0000%	21.0000%
10	Federal Income Tax (8 x 9)	19.6985%	19.7054%	19.5324%	19.6100%
11	Revenue Expansion Factor (8)-(10)	74.1040%	74.1299%	73.4791%	73.7708%
12	Net Operating Income Multiplier 100% /Line 11	1.3495	1.3490	1.3609	1.3555

C. Conclusion

The appropriate revenue expansion factor for FPUC, Chesapeake, Indiantown, and Ft. Meade is 74.1040%, 74.1299%, 73.4791%, and 73.7708%, respectively. The appropriate net



operating income multiplier for FPUC, Chesapeake, Indiantown, and Ft. Meade is 1.3495, 1.3490, 1.3609, and 1.3555, respectively.

LV. Annual Operating Revenue Increase

A. Parties' Arguments

FPUC stated that the appropriate annual operating revenue increase for the projected test year is \$42,094,548, which includes the roll-in of the GRIP revenues of \$19,755,931.

OPC maintained that the annual operating revenue increase should reflect all applicable OPC adjustments. OPC stated that based on the inclusion of OPC witness Smith's adjustments, the increase in the revenue requirement should be no more than \$7.8 million. However, OPC argued that a further reduction of \$8.3 million was warranted due to its proposed reversal of FPUC's adjustment to Affiliated Payables, as addressed in Section XXIII. OPC concluded that this reduction results in as much as a \$500,000 reduction to rates and demonstrates that the Company is not entitled to any revenue increase, exclusive of the GRIP transfer into base rates.

FIPUG adopted the position of OPC.

B. Analysis

Based on our findings in other sections, the appropriate annual operating revenue increase for the projected test year for FPUC, Chesapeake, Indiantown, and Ft. Meade is reflected in the table below, as well as in Attachment 5 attached hereto.

**Table 26**  
**Commission Approved Annual Operating Revenue Increase**

	<b>FPUC</b>	<b>Chesapeake</b>	<b>Indiantown</b>	<b>Ft. Meade</b>
Operating Revenue Increase	\$11,144,623	\$5,693,243	\$358,887	\$150,254
GRIP Surcharge Revenue	<u>16,067,872</u>	<u>3,678,303</u>	<u>0</u>	<u>9,757</u>
Total Revenue Increase	<u>\$27,074,145</u>	<u>\$9,371,084</u>	<u>\$358,377</u>	<u>\$159,418</u>

C. Conclusion

The appropriate annual operating revenue increase for the projected test year is \$11,144,623, \$5,693,243, \$358,887, and \$150,254 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, or \$17,347,007 on a consolidated basis. Including GRIP revenues transferred to base rates, the total appropriate annual operating revenue increase for the projected test year is \$27,074,145, \$9,317,084, \$358,377, and \$159,418 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, or \$36,909,024 on a consolidated basis.

## Cost of Service and Rate Design

### LVI. Cost of Service Consolidation

#### A. Parties' Arguments

In its brief, FPUC asserted that consolidation of the four natural gas business units will ensure that: (1) customers continue to receive safe and reliable natural gas service from an efficient, unified company; and (2) the utility continues to be able to meet the growing demand for natural gas service in all of its service areas. As such, the Company requested a unified rate structure and recognition that these entities are now a single operation unified under the name Florida Public Utilities Company.

FPUC stated that the Company used the Commission-prescribed, excel-based cost-of-service model. Furthermore, FPUC asserted that while not proposing to fully consolidate rates across all four divisions, consolidation of rate structure is consistent with sound principles of rate design and balances concepts of cost of service and efficiency in rates. The Company alleges that it has met its burden of proof to demonstrate that consolidation is in the best interest of its ratepayers, because a unified structure is consistent with sound principles of rate design and will promote a simpler, more modern rate structure. As such, FPUC's proposal to consolidate should be approved.

OPC stated in its brief that assuming the proposed consolidation of its cost of service for Florida Public Utilities Company, Chesapeake, Fort Meade, and Indiantown are non-discriminatory and consistent with OPC's recommendation on the other issues in this docket, we may approve the proposed consolidation of its cost of service. If the proposed consolidation of its cost of service is not consistent with OPC's recommended adjustments in the other issues then the proposed consolidation of its cost of service should be adjusted accordingly.

FIPUG adopted the position of OPC.

#### B. Analysis

Witness Cassel contended that one purpose of this rate case filing is to seek permission to consolidate rates and implement a unified rate structure. To achieve the goal of a unified rate structure, witness Taylor explained in his direct testimony that all of the cost of service data was extracted from the total cost of service, i.e., total revenue requirement, and schedules in this filing.

We agree with witness Cassel who testified that the Company over the last few years has taken a number of steps to combine parts of the four utilities. Specifically, in 2014, we approved consolidation of the Companies' conservation programs.<sup>63</sup> In 2015, we approved a modified cost

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<sup>63</sup> Order No. PSC-2014-0655-FOF-GU, issued November 6, 2014, in Docket No. 20140004-GU, *In re: Natural gas conservation cost recovery*.

allocation methodology and revised Purchased Gas Adjustment (PGA) calculation to enable the Companies to have the ability to better balance the costs of individual projects across its entire system, rather than on a system-by-system basis.<sup>64</sup> In 2016, we approved a modification to the swing service rider to allow the Companies to allocate costs in a more equitable manner across customer classes.<sup>65</sup> In 2019, we approved modifications to the transportation imbalance tariffs of FPUC and Ft. Meade to allow the Companies to have consistent tariff provisions across their Florida business units.<sup>66</sup> Finally, in 2021, we approved to consolidation of the Companies' four different Commission-approved tariffs to the extent possible, without modification to any of the four utilities' rates and charges.<sup>67</sup> The Company's proposal to consolidate the cost of service is consistent with our approval to combine parts of the operations, as listed in the orders above.

We agree with FPUC's assertion that consolidation of the cost of service will allow the Company to implement a unified rate structure and recognize the four regulated business units as a single operating unit under the name of Florida Public Utilities Company. Prior the filing of the rate case, we approved the Company's petition to file consolidated MFR schedules in accordance with the Company's intent to operate, going forward, on a fully consolidated basis.<sup>68</sup> Neither OPC nor FIPUG provided any testimony or evidence to contradict the testimony from the Company's witness regarding a consolidated cost of service.

### C. Conclusion

We approve of FPUC's proposal to consolidate its cost of service for Florida Public Utilities Company, Chesapeake, Fort Meade, and Indiantown. The consolidated cost of service is reasonable and will allow the Company to achieve its goal to combine its four natural gas business units into a single unified utility under the name Florida Public Utilities Company.

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<sup>64</sup> Order No. PSC-2015-0321-PAA-GU, issued August 10, 2015, in Docket No. 20150117-GU, *In re: Joint petition for approval of modified cost allocation methodology and revised purchased gas adjustment calculation, by Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division, Florida Public Utilities Company - Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

<sup>65</sup> Order No. PSC-2016-0422-TRF-GU, issued October 3, 2016, in Docket No. 20160085-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.*

<sup>66</sup> Order No. PSC-2019-0153-TRF-GU, issued April 24, 2019, in Docket No. 20190036-GU, *In re: Petition for authority for approval of revised transportation imbalance tariffs, by Florida Public Utilities Company; Florida Public Utilities Company-Ft. Meade.*

<sup>67</sup> Order No. PSC-2021-0148-TRF-GU, issued April 22, 2021, in Docket No. 20200214-GU, *In re: Joint petition of Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and the Florida Division of Chesapeake Utilities Corporation for approval of consolidation of tariffs, for modifications to retail choice transportation service programs, and to change the MACC for Florida Public Utilities Company.*

<sup>68</sup> Order No. PSC-2022-0058-PAA-GU, issued February 15, 2022, in Docket No. 20210188-GU, *In re: Joint petition for variance from Rule 25-7.039(1), F.A.C., by Florida Public Utilities Company and Florida Division of Chesapeake Utilities Corporation.*

LVII. Cost of Service Study

A. Parties' Arguments

In its brief, FPUC contended that the Company “developed a consolidated cost-of-service study to appropriately assign costs to serve based upon a more modern, simplified, and consolidated rate structure, rather than the current structure, which could be characterized as antiquated, overly complicated and ripe for alignment.” The Company had used the prescribed excel model in its three previous rate filings and this cost-of-service study aligned with prior studies for the Company. FPUC asserts that the inputs to the model were obtained from the Company’s revenue requirement information and where more detailed information was necessary, the data were derived from the historical books and records of the Company and information provided by Company personnel. Thereafter, FPUC asserts that the overall rate design process consists of finding a reasonable balance between the various principles applicable to rate design.

OPC stated that assuming the proposed cost of service study is non-discriminatory and consistent with OPC’s recommendation on the other issues in this docket, we may approve the cost of service study. If the cost of service study is not consistent with OPC’s recommended adjustments in the other issues then the cost of service study should be adjusted accordingly.

FIPUG adopted the position of OPC.

B. Analysis

FPUC witness Taylor in direct testimony addressed the cost of service study. Witness Taylor explained that the purpose of the cost of service study is to allocate the overall test year cost to each rate class in a manner that reflects the cost of providing service to each class. This approach is consistent with cost of service rate making. Neither OPC nor FIPUG offered any testimony or other evidence contrary to FPUC witness Taylor’s testimony and proposed cost of service study. Based on the evidence in the record, we agree with FPUC that the proposed cost of service study is reasonable and appropriate.

C. Conclusion

Based on the record, we approve FPUC’s proposed cost of service study.

LVIII. Residential and Commercial Rate Classes

A. Parties' Arguments

FPUC explained that the current rate structures are overly stratified and the overall number of different rate classes are unnecessary. The consolidation is one of rate structure and not full consolidation of rates, as there will be three sets of proposed rates applicable to three

service areas. The three service areas are as follows: (1) Florida Public Utilities Company and Chesapeake, (2) Fort Meade, and (3) Indiantown.

Witness Taylor testified that Atrium Economics performed a detailed analysis of the customers' premises and related annual consumption of therms based on the historical year 2021 to recommend customer transitions to the proposed classes. Given the differences in the current rate structures across the business units, the consolidation process could not match each present rate class to a proposed rate class. Nonetheless, FPUC emphasized that the main consideration was to move customers from existing classes to new ones that reflected similar customer type and annual consumption. Other factors such as tariff schedule simplicity and transparency, customer transition and impact, and gas usage applicability levels were also considered in the analysis while developing the proposed consolidated rate structure.

OPC stated in its brief assuming the proposed consolidated rate classes are non-discriminatory and consistent with OPC's recommendation on other issues in this docket, we may approve the consolidated rate classes. If the consolidated rate classes are not consistent with OPC's recommended adjustments in other issues, then the consolidated residential and commercial rate classes should be adjusted accordingly.

FIPUG adopted the position of OPC.

B. Analysis

Currently, the rate schedules, or rate classes, for the four natural gas utilities differ. FPUC proposed to consolidate its currently existing 54 rate classes into 16 rate classes. The current number of rate schedules between the four utilities differ greatly. Ft. Meade currently has four rate schedules (Residential, General Service-1, Large Volume Service, and Natural Gas Vehicle Service). Indiantown's current tariff has five rate schedules (Transportation Service 1 through 4 and Natural Gas Vehicle). FPUC's and Chesapeake's current tariff, on the other hand, includes a larger number of rate schedules for commercial and industrial customers.

As stated in FPUC's brief on this issue, FPUC witness Taylor testified that the Company undertook a review of its current rate structures and found that they are overly stratified and the overall number of rate classes are unnecessary. Witness Taylor went on to note that the primary guiding principles to transition customers from existing rate classes to proposed new ones were customer type and annual consumption. Witness Taylor provided a summary of the present and proposed customer classes as an attachment to his direct testimony.

With respect to the residential customers, a review of the current tariffs shows that FPUC and Ft. Meade have one residential rate schedule applicable to all residential customers. Indiantown and Chesapeake's tariff provides volumetric rates, based on annual consumption, and not end-use type (residential, commercial, etc.). Chesapeake's tariff also includes rate schedules FTS-A and FTS-B, for low volume users, that have been closed to new customers since 2009. Witness Taylor explained in direct testimony that residential customers were migrated to three proposed residential rate schedules (RES-1, RES-2, and RES-3) based on annual consumption.

Witness Taylor explained that large bill impacts were occurring from consolidating all residential customers into a single residential rate. Witness Taylor, therefore, proposed to separate the residential customers into three distinct groups to provide bill impact relief to the smallest customers.

Witness Taylor also explained that while the proposed rates structures are consolidated, proposed rates will differ. There will be three proposed rates: FPUC and Chesapeake, Ft. Meade, and Indiantown. FPUC proposed to set lower rates for Ft. Meade and Indiantown customers, compared to the proposed rates for FPUC and Chesapeake customers, which results in lower average increases for these business units. Specifically, witness Taylor testified that given the relatively low total revenue contributions from Ft. Meade and Indiantown, FPUC proposed to set the Ft. Meade average increase to 19% and to 24% for Indiantown to protect these customers from significant increases resulting from the consolidation. The Ft. Meade and Indiantown divisions provide services to about 1% of the Company's total customers (mostly residential) and less than 1% of the total cost of service. Witness Taylor provided calculations to show the cost of service for each business unit and on a consolidated basis, which support the assertion that Ft. Meade and Indiantown's combined cost of service represents less than one percent of the total Company cost of service. The proposed are discussed in Sections LIX and LX, and we agree with FPUC's approach to consider bill impacts for the Ft. Meade and Indiantown customers.

Upon cross-examination by FIPUG, witness Taylor testified that he did not identify any negative effects on industrial customers through the consolidation of rates. Witness Taylor also asserted that he developed a block rate structure for one of the larger industrial classes to take into account bill impacts and to try to moderate the increase that certain customers would have seen through the alignment of rates. The proposed block rate structure applies to rate schedule General Service-8 (GS-8) that applies to customers with annual usage over 1 million therms.

We find that the consolidated rate classes provide clarity to customers and will allow the Company to operate as one utility under the Florida Public Utilities Company name. Additionally, we note that no party submitted testimony or other evidence demonstrating that the consolidated rate classes are inappropriate and should not be approved.

C. Conclusion

FPUC's proposed consolidated residential and commercial rate classes are appropriate and shall be approved.

LIX. Customer Charges

A. Parties' Arguments

The Company stated that the customer charges for the consolidated rate classes were set in a way that would minimize bill impacts for customers with different usage ranges and differing existing customer charges.

OPC stated that FPUC's proposed customer charges are not appropriate unless they are non-discriminatory and consistent with OPC's recommendation on other issues.

FIPUG adopted the position of OPC.

B. Analysis

The customer charges as shown in Attachment 7, attached hereto, in combination with the per therm distribution charges shown in Section LX, are designed to allow the Company to recover the total Commission-approved revenue requirement. Further, we approved the Company's proposed cost of service methodology in Section LVII and the consolidated rate classes in Section LVIII of this Order.

C. Conclusion

The proposed customer charges as provided in the tariffs in Attachment 8, attached hereto, are approved.

LX. Per Therm Distribution Charges

A. Parties' Arguments

FPUC stated that the per therm, or volumetric, charges are set forth in MFR Schedule H-1. Monthly forecasted volumes were derived by allocating the total annual forecasted volumes among the months based on the historical monthly data. The monthly therm use per customer was derived by dividing the monthly forecasted volumes by the forecasted annual total customers.

OPC stated that FPUC's proposed per therm distribution charges are not appropriate unless they are non-discriminatory and consistent with OPC's recommendation on other issues.

FIPUG adopted the position of OPC.

B. Analysis

FPUC and Ft. Meade have sales customers that purchase natural gas from the utility. Therefore, the per therm charges for FPUC and Ft. Meade are referred to as non-fuel energy charge. Indiantown and CFG only offer transportation service, with all their customers receiving natural gas from third-party marketers. Therefore, the per therm charges for Indiantown and CFG are referred to as transportation charges.

We have reviewed the Company's revised cost of service filing and it reflects the Commission-approved total Company revenue requirement. Further, we approved the Company's proposed cost of service methodology in Section LVII and the consolidated rate classes in Section LVIII.

The residential rate schedules RES/REST-1 and RES/REST-2 will be applicable to existing customers using less than 250 therms annually. Residential rate schedule RES/REST-3 will be available to existing customers using 250 therms or greater annually and all new residential customers after February 28, 2023.

The per therm distribution charges as provided in the tariffs in Attachment 8 are approved.

LXI. Consolidated Miscellaneous Service Charges

A. Parties' Arguments

FPUC explained that the Company proposed to increase its miscellaneous service charges, apply them across the consolidated companies, and apply certain new charges. Differences in current and proposed charges are a result of consolidation and standardization of processes, expenses, as well as the impact over time on the Company's costs to perform each service since the last time miscellaneous service charges were calculated. FPUC asserted that all charges were evaluated in order to determine the appropriate cost, such as labor and transportation costs, and overhead costs were applied to the tasks based upon the estimated time to perform the job. FPUC asserted that some of the costs have gone up by more than \$10 over the years. Finally, FPUC explained that some charges are new for a particular division and customer base as a result of applying the same charges across the consolidated Company.

OPC stated that many of the miscellaneous service charges are increasing by more than \$10 for those charges that existed and some appear to be set at or greater than 1.5 times the previous rate. In its brief, OPC requested that we should consider the requested amounts and set them to reduce potential rate shock.

FIPUG adopted the position of OPC.

B. Analysis

FPUC provided the cost support for the proposed miscellaneous service charges in MFR Schedule E-3, pages 1-6. MFR Schedule E-3 provides, for each charge, the estimated time for customer contact, a description of the tasks performed at the customer's premises, a list of the materials and supplies needed to perform the task, and overhead costs.

The miscellaneous service charges proposed by FPUC and as approved by us are shown in Table 27.



**Table 27**  
**Proposed/Approved Consolidated Miscellaneous Service Charges**

	Residential	Non-Residential
Service Connection Charge	\$75	\$125
Service Reconnection Charge	\$60	\$70
Change of Account Charge	\$45	\$45
Failed Trip Charge	\$55	\$55
Temporary Disconnection Charge	\$55	\$55
Field Collection Charge	\$50	\$50
Bill Collection with Service Disconnect Charge	\$50	\$50
Same Day or Outside Normal Business Hours Charge	\$200	\$200
Late Payment Charge	1.5% of past due balance or \$5.00, whichever is greater	1.5% of past due balance or \$5.00, whichever is greater
Worthless Check Charge	Per Section 68.065, F.S.	Per Section 68.065, F.S.

The service charges currently vary by rate class (with the exception of Ft. Meade) and by utility. For instance, FPUC's current residential service connection charge is \$52 for Chesapeake, \$35 for Indiantown, \$50 for Ft. Meade, and \$52 for Ft. Meade. Witness Grimard stated that given the similarity of the field activities required to perform each of these miscellaneous services, it is no longer necessary to stratify the charges by rates class. Instead, the miscellaneous service charges are calculated for residential and non-residential customers, as shown in Table 27 above. Furthermore, as described by witness Grimard, the utilities currently do not have the same service charges; therefore, certain charges will be entirely new for customers in those areas.

Witness Grimard commented that the miscellaneous service charges have been determined using consolidated processes across all four business units and that the rate changes are fully supported by the cost of service, with the exception of the returned check charge that was established pursuant to Florida Statute. Upon cross examination by OPC, witness Grimard agreed that some charges increased by more than \$10. However, witness Grimard asserted that these charges were derived from cost of service, and the Company's cost to provide these services have gone up more than \$10 over the years.

Typically, revenues collected through the miscellaneous service charges offset the requested base revenue increase. To the extent miscellaneous service charges are set below cost, the difference in revenues would be recovered through base rates. Upon review of MFR Schedule E-3, we confirmed that the proposed charges are based on the costs shown in the MFRs. Based on the evidence in the record, we agree that FPUC's proposed miscellaneous service charges are reasonable and appropriate as shown in Table 27, and they are hereby approved.

C. Conclusion

FPUC's miscellaneous service charges are reasonable and approved.

LXII. Area Expansion Program

At hearing, we approved a Type 2 stipulation that FPUC's proposal to modify its existing Area Extension Program is appropriate.

LXIII. Non-Rate-Related Tariff Changes

A. Parties' Arguments

The Company explained that by and large the proposed changes, as described in the direct testimony of witness Grimard, to non-rate-related tariff provisions are for the purpose of clarification and to reflect consolidation of the business units. Changes that rise to the level above administrative changes are proposed changes to make the Individual Transportation Service requirements and the telemetry equipment requirement for transportation customers consistent across the consolidated platform. The Company noted that the telemetry requirement is not expected to impact any existing customers, as they would already have the telemetry equipment installed. The Company also proposed a revision to its Letter of Authorization (LOA) to require non-residential transportation customers and pool managers to execute the LOA prior to the electronic enrollment of the customer into the transportation program. Finally, the Company requested to correct the security requirements calculation for pool managers and clarify and correct certain tariff provisions related to pool managers. The Company noted in its brief that neither OPC nor FIPUC offered any testimony or evidence to rebut the evidence put forth by FPUC witness Grimard.

OPC stated in its brief that assuming the tariffs are non-discriminatory and consistent with OPC's recommendations for other matters in this docket, we may approve the proposed tariffs. If the proposed tariffs are not consistent with OPC's recommended adjustments in other matters then these proposed tariffs should be adjusted accordingly.

FIPUG adopted the position of OPC.

B. Analysis

Witness Grimard provided in her direct testimony an overview of the non-rate-related tariff changes proposed by the Company. Administrative changes include updating the title page to reflect the company name Florida Public Utilities Company, updated system maps, and updated definitions to reflect that Ft. Meade, Indiantown, FPUC, and Chesapeake are part of the Company's service area. Other changes described by witness Grimard include corrections to the tariff.

In addition to the changes listed above, the Company proposed to make the telemetry requirement consistent in its tariff and applicable to transportation customers whose annual consumption exceeds the term threshold stated in the tariff. Telemetry equipment is a remote reading device owned, installed, and maintained by the Company, at the customer's expense, and

required for large industrial customers receiving transportation service. The Company explained that no existing customers would be required to have telemetry installed who otherwise do not have telemetry in place at this time.

According to the Company's tariff, transportation service is provided under individual or aggregated transportation service programs. Under individual transportation service, the customer chooses the pool manager to deliver the natural gas while under the aggregated transportation service program, the customers receive the natural gas from a Company-approved pool manager. Witness Grimard explained that the Company is proposing to make the individual transportation service availability consistent across the four business units.

The LOA is an agreement executed by the customer and the customer's selected pool manager which authorizes the Company to assign the customer to the selected pool manager and affirms the customer's and pool manager's acceptance of the Company's tariff provisions. As described by witness Grimard, with the initiation of an electronic sign-up process for transportation service, the Company proposed to require that customers and pool managers execute the LOA prior to the electronic enrollment into transportation service.

We have reviewed the proposed non-rate-related tariff changes. We find they are appropriate and reasonable, and consistent with the Company's request to fully consolidate all the tariff-related provisions for natural gas service. OPC and FIPUG have provided no evidence to dispute the appropriateness of the proposed non-rate related tariff changes.

C. Conclusion

FPUC's non-rate-related tariff changes are appropriate and shall be approved.

LXIV. Effective Date of Rates and Charges

A. Parties' Arguments

No additional argument was provided in FPUC's brief on this matter.

OPC stated that once we have determined the appropriate rates and charges and tariffs, the effective date of FPUC's revised rates and charges should allow time for adequate notice to customers and prompt implementation after our final order in this matter.

FIPUG adopted the position of OPC.

B. Analysis

FPUC provided direct notice of the prospective rate increase to its customers during the first week of February, and also posted notice of the rate increase on its website. The information provided clearly identifies a comparison between current and proposed rates, and that the rates we ultimately approve will not exceed those identified in the notice. Therefore, the rates and

charges approved herein shall become effective March 1, 2023. We approve the tariffs as provided in Attachment 8.

C. Conclusion

The rates and charges approved herein shall become effective March 1, 2023.

**Other Issues**

LXV. Rate Adjustment Mechanism for Corporate Tax Rate Change

A. Parties' Arguments

FPUC argued that its proposed rate adjustment mechanism provides the fairest method for both its customers and FPUC to ensure a consistent and predictable practice of collecting taxes by adjusting base rates to reflect the appropriate tax rate when State or Federal tax rates change. FPUC argued that we have approved similar mechanisms in the context of approved settlements for Tampa Electric Company in Docket No. 20210034-EI, and Florida Power & Light Company in Docket No. 20210015-EI. FPUC argued that while settlements may not, generally, be considered precedential or binding upon us, it is worth noting that the proposed mechanism is not a novel proposal. Further, FPUC argued that it is well-established that we enjoy broad authority over rates and ratemaking, and therefore do not need a settlement process to establish a regulatory mechanism. FPUC asserted that counsel for OPC suggested, on cross examination, that the proposed mechanism does not take into consideration potential tax credits, but FPUC witness Cassel noted that the proposed mechanism is intended only to address the impact on rates due to tax rate changes. FPUC argued that implementation of this mechanism will reduce regulatory lag for the benefit of both the Company and its customers. FPUC asserted that it has met its burden and demonstrated that its proposal is reasonable, efficient, and fair and should therefore be approved.

OPC argued we should reject FPUC's proposal to create a tax rate change mechanism. OPC argued our policy has been, absent a negotiated settlement, to address tax changes if and when they happen. OPC asserted that this policy is enshrined in a prehearing order (Order No. PSC-2017-0099-PHO-EI) that forbade OPC from even raising the issue of tax law changes, much less having us approve a preemptory mechanism in case there was a tax law change. OPC asserted in a footnote in its brief that the prehearing order became final and has the full force and effect of any final order regardless if it was the order of a single Commissioner. OPC argued that consistent application of our stated policy requires that the edict delivered in the prehearing order be followed in this case. OPC asserted that the two electric rate cases that FPUC points to as examples of other tax rate adjustment mechanisms that we approved were incorporated in settlements that also included stay-out provisions and compromised revenue requirement provisions. OPC argued that FPUC has the opportunity to seek recovery of any now speculative future tax changes, if and when one occurs, through a separate limited proceeding or base rate case as ordered in the Gulf Power Company policy decision in Order No. PSC-2017-0099-PHO-EI, if they are earning outside their range.

FIPUG adopted the position of OPC.

B. Analysis

FPUC witness Cassel proposed a rate adjustment mechanism to change base rate charges over a uniform percentage for each customer class within 120 days of the effective date of any change to State or Federal corporate income tax law. Witness Cassel explained FPUC's proposed method to calculate the adjustment would use the forecasted surveillance report for the calendar year to calculate the impact on current rates and develop a uniform percentage change to base rate charges for each customer class. Witness Cassel pointed out that we have approved similar mechanisms in the context of approved settlements for Tampa Electric Company in Docket No. 20210034-EI,<sup>69</sup> and Florida Power & Light Company in Docket No. 20210015-EI.<sup>70</sup> OPC argued in its brief that the two cases cited by witness Cassel were for electric utilities and the provisions in the settlement provided a much more detailed mechanism to adjust rates. The Company's proposed mechanism only addresses a change in the corporate tax rate and doesn't address provisions for refunding potential over-collections of taxes back to customers or potential new tax credits that may benefit FPUC. In its brief, OPC argued that a Prehearing Order has the full force and effect of any final order. However, the purpose of a Prehearing Order is to determine the relevant issues to be addressed at hearing. A Prehearing Order is not intended to establish or declare substantive policy. FPUC has the opportunity to seek recovery of any future corporate tax law changes through a limited proceeding pursuant to Section 366.076, Florida Statutes. Accordingly, a limited proceeding is available for the parties to address potential State or Federal income tax law changes which would allow us and interested parties an opportunity to consider all the issues that may arise from State or Federal tax law changes and establish the appropriate rates at that time.

C. Conclusion

If there is a change in State or Federal tax laws FPUC or OPC has the opportunity to file a petition for a limited proceeding pursuant to Section 366.076, Florida Statutes, requesting that we consider the issues and expenses affected by a potential corporate tax law change. FPUC's request for a rate adjustment mechanism for corporate tax rate change in this proceeding is denied.

LXVI. Extension of Facilities tariff and Minimum Volume Commitment

At hearing, we approved a Type 2 stipulation that FPUC's proposal to modify its Extension of Facilities tariff to provide the Company with the option of requiring a Minimum Volume Commitment from non-residential customers is appropriate.

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<sup>69</sup>Order No. PSC-2021-0423-S-EI, issued November 10, 2021, in Docket No. 20210034-EI, *In re: Petition for rate increase by Tampa Electric Company*.

<sup>70</sup>Order No. PSC-2021-0446-S-EI, issued December 2, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light*.

LXVII. Interim Increase

A. Parties' Arguments

FPUC stated that the appropriate final revenue requirement for FPUC exceeds that amount of the interim increase approved by Order No. PSC-2022-0308-PCO-GU. As such, the Company maintained that no refund of the interim increase is appropriate.

OPC stated that if we approve final rates that are less than the amount allowed to be collected as interim rates, then the portion of the interim rates over-collected should be refunded to customers. Furthermore, OPC argued that the interim rates revenue requirement was increased by \$12,058,569 based on an improper rate base increase of \$122,658,297 to eliminate receivables from associated companies, as discussed in Section XXIII. OPC asserted that this created a revenue requirement greater than the overall consolidated requested interim revenue increase of \$7,129,255 and that there should be a refund of interim rates if the Affiliated Payables Adjustment in Section XXIII is reversed.

FIPUG adopted the position of OPC.

B. Analysis

By Order No. PSC-2022-0308-PCO-GU, issued August 19, 2022, we authorized the collection of interim rates, subject to refund, pursuant to Section 366.071, F.S. The approved interim revenue requirements for FPUC, Chesapeake, Indiantown, and Ft. Meade were \$42,307,452, \$14,548,672, \$129,024, and \$189,935, respectively. The interim collection period is September 2022 through March 2023. Attachment 6, attached hereto, contains the rates and charges that were in effect prior to the interim rates and our approved interim rates, which went into effect September 1, 2022.

According to Section 366.071, F.S., adjustments made in the rate case test period that do not relate to the period interim rates are in effect shall be removed. Rate case expense is an example of an adjustment which is recovered only after final rates are established.

In this proceeding, the test period for establishment of interim rates is the 12-month period ended December 31, 2021. FPUC's approved interim rates did not include any provisions for pro forma or projected operating expenses or plant. The interim increase was designed to allow recovery of actual interest costs, and the lower limit of the last authorized range for return on equity.

To establish the proper refund amount, we calculated a revised interim revenue requirement utilizing the same data used to establish final rates for the 2023 projected test year. Items, such as rate case expense, were excluded because these items are prospective in nature and did not occur during the interim collection period. Using the principles discussed above, because the revenue requirements, granted in Order No. PSC-2022-0308-PCO-GU, for the December 2021 interim test year are less than the revenue requirements of \$71,376,837,

\$25,710,254, \$512,800, and \$360,792 for FPUC, Chesapeake, Indiantown, and Ft. Meade, respectively, in the interim collection period.

C. Conclusion

No refund of interim rates is required. Further, upon the filing of this order in this docket, the corporate undertaking shall be released.

LXVIII. Description of Adjustments

A. Parties' Arguments

FPUC agreed that the Company should be required to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of our findings in this rate case.

OPC stated that we should require FPUC to file, within 90 days after the date of the final order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records which will be required as a result of our findings in this rate case.

FIPUG adopted the position of OPC.

B. Conclusion

FPUC shall be required to file, within 90 days after the date of this order in this docket, a description of all entries or adjustments to its annual report, rate of return reports, and books and records, which will be required as a result of our findings in this rate case.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Florida Public Utilities Company's Petition for Rate Increase is granted as set forth herein. It is further

ORDERED that each of the findings made in the body of this Order are hereby approved in every respect. It is further

ORDERED that all matters contained in the attachments and schedules appended hereto are incorporated herein by reference. It is further

ORDERED that Florida Public Utilities Company's proposal to consolidate its cost of service for Florida Public Utilities Company, Chesapeake, Fort Meade, and Indiantown is approved. It is further

ORDERED that the revised tariffs submitted by Florida Public Utilities Company, and the final rates and charges contained therein, as attached to this Order, are hereby approved. It is further

ORDERED that the approved rates and charges for Florida Public Utilities Company shall be effective for meter readings on March 1, 2023. It is further

ORDERED that Florida Public Utilities Company shall file, within 90 days after the issuance of this order, a description of all entries or adjustments to its annual report, rate of return reports, and books and records, which will be required as a result of our findings in this rate case. It is further

ORDERED that Florida Public Utilities Company shall provide an annual report to the Commission Clerk on the status of the clean-up efforts at the remediation sites, as well as a schedule reflecting both the clean-up costs and the amounts recovered from customers. The annual reports shall be filed annually by March 15, starting in 2024, for data for the prior calendar year. At the end of the remediation period, the Company shall file a petition for final true-up to dispose of any over- or under-recovery of the surcharge for our review and approval. If the environmental remediation costs or length of recovery period changes, the Company shall petition us to request a modification to the surcharge. It is further

ORDERED that after this final Order is issued this docket shall be closed.

By ORDER of the Florida Public Service Commission this 15th day of March, 2023.



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ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.



NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Any party adversely affected by the Commission 's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water and/or wastewater utility by filing a notice of appeal with the Office of Commission Clerk, and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

COMPARATIVE AVERAGE RATE BASE

FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 20220067-GU  
PTY 12/31/23

ATTACHMENT 1  
Page 1 of 2

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
PLANT IN SERVICE					
UTILITY PLANT					
	\$406,415,830				
		(3,064,246)			
		(2,250,462)			
		4,080,866			
		(4,195,556)			
15	Miscellaneous Intangible Plant Correction			(85,839)	
	Total Plant-In-Service	\$406,415,830	(\$5,429,398)	\$400,986,432	(\$85,839) \$400,900,593
COMMON PLANT ALLOCATED					
	Total Common Allocated	\$6,066,521	\$0	\$6,066,521	\$0 \$6,066,521
ACQUISITION ADJUSTMENT					
	Total Acquisition Adjustment	\$35,456,269	\$0	\$35,456,269	\$0 \$35,456,269
CONSTRUCTION WORK IN PROGRESS					
	Total Construction Work In Progress	\$6,135,461	\$0	\$6,135,461	\$0 \$6,135,461
GOODWILL					
	Total Goodwill	\$2,469,682	(2,469,682)	\$0	\$0 \$0
	Eliminate goodwill from rate base				
	Total Goodwill	\$2,469,682	(\$2,469,682)	\$0	\$0 \$0
TOTAL PLANT					
		\$456,543,763	(\$7,899,080)	\$448,644,683	(\$85,839) \$448,558,844
DEDUCTIONS					
ACCUM. DEPR. - PLANT IN SERVICE					
	Total Accum. Depr. - Plant In Service	(\$99,386,751)	\$4,312,121	(\$95,074,630)	\$498,606 (\$94,576,023)
	Eliminate Non-Utility Plant		1,149,526		
	Eliminate Flex Rate Plant		330,594		
	Eliminate Special Contracts		2,832,001		
10	To Correct AEP Reserve.			(85,698)	
17	Depreciation Study			584,304	
ACCUM DEPR. - COMMON PLANT					
17	Total Accum. Depr. - Common Plant	(\$2,078,531)	\$0	(\$2,078,531)	(18,858) (\$2,097,389)
	Depreciation Study			(18,858)	
ACCUM. AMORT. - ACQUISITION ADJ.					
	Total Accum. Amort. - Acquisition Adj.	(\$16,476,096)	\$0	(\$16,476,096)	\$0 (\$16,476,096)
CUSTOMER ADVANCES FOR CONSTRUCTION					
	Total Customer Advances for Construction	(\$695,131)	\$0	(\$695,131)	\$0 (\$695,131)
TOTAL DEDUCTIONS					
		(\$118,636,509)	\$4,312,121	(\$114,324,388)	\$479,748 (\$113,844,640)
NET UTILITY PLANT					
		\$337,907,254	(\$3,586,959)	\$334,320,295	\$393,909 \$334,714,204

COMPARATIVE AVERAGE RATE BASE

FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 20220067-GU  
PTY 12/31/23

ATTACHMENT 1  
Page 2 of 2

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
<b>WORKING CAPITAL ALLOWANCE</b>					
<b>ASSETS</b>					
	(\$63,577,776)				
		(1,178,187)			
		(4,080,866)			
		95,355,445			
		(463,060)			
		(1,376,768)			
21				(1,376,768)	
22				(13,031)	
	<u>(\$63,577,776)</u>	<u>\$88,256,564</u>	<u>\$24,678,788</u>	<u>(\$1,389,799)</u>	<u>\$23,288,989</u>
<b>LIABILITIES</b>					
	\$32,354,911				
		(9,293,106)			
		775,137			
		98,078			
		(\$4,030,417)			
	<u>\$32,354,911</u>	<u>(\$12,450,307)</u>	<u>\$19,904,603</u>	<u>\$0</u>	<u>\$19,904,603</u>
	<u>(\$95,932,687)</u>	<u>\$100,706,872</u>	<u>\$4,774,185</u>	<u>(\$1,389,799)</u>	<u>\$3,384,386</u>
	<u>\$241,974,567</u>	<u>\$97,119,912</u>	<u>\$339,094,480</u>	<u>(\$995,890)</u>	<u>\$338,098,590</u>

COMPARATIVE AVERAGE RATE BASE

FLORIDA DIVISION OF CHESEAPEAKE UTILITIES CORPORATION  
DOCKET NO. 20220067-GU  
PTY 12/31/23

ATTACHMENT 1  
Page 1 of 2

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
<b>PLANT IN SERVICE</b>					
UTILITY PLANT	\$159,380,408				
Eliminate Non-Utility Plant		(113,082)			
Eliminate Flex Rate Plant		(254,880)			
Eliminate Franchise/Consent Costs		(14,132)			
Eliminate Special Contracts		(11,086,460)			
Total Plant-In-Service	\$159,380,408	(\$11,468,554)	\$147,911,853	\$0	\$147,911,853
<b>COMMON PLANT ALLOCATED</b>					
Total Common Allocated	\$2,565,707	\$0	\$2,565,707	\$0	\$2,565,707
<b>ACQUISITION ADJUSTMENT</b>					
Total Acquisition Adjustment	\$0	\$0	\$0	\$0	\$0
<b>CONSTRUCTION WORK IN PROGRESS</b>					
Total Construction Work In Progress	\$995,023	\$0	\$995,023	\$0	\$995,023
<b>TOTAL PLANT</b>	\$162,941,138	(\$11,468,554)	\$151,472,584	\$0	\$151,472,584
<b>DEDUCTIONS</b>					
<b>ACCUM. DEPR. - PLANT IN SERVICE</b>					
Eliminate Non-Utility Plant		36,270			
Eliminate Flex Rate Plant		166,200			
Eliminate Franchise/Consent Costs		14,132			
Eliminate Special Contracts		6,225,516			
17 Depreciation Study				282,200	
Total Accum. Depr. - Plant In Service	(44,726,311)	6,442,118	(38,284,193)	282,200	(38,001,993)
<b>ACCUM DEPR. - COMMON PLANT</b>					
17 Depreciation Study	(\$872,840)			(8,101)	
Total Accum. Depr. - Common Plant	(\$872,840)	\$0	(\$872,840)	(\$8,101)	(\$880,942)
<b>ACCUM. AMORT. - ACQUISITION ADJ.</b>					
Total Accum. Amort. - Acquisition Adj.	\$0	\$0	\$0	\$0	\$0
<b>TOTAL DEDUCTIONS</b>	(\$45,599,152)	\$6,442,118	(\$39,157,034)	\$274,099	(\$38,882,934)
<b>NET UTILITY PLANT</b>	\$117,341,987	(\$5,026,436)	\$112,315,551	\$274,099	\$112,589,650



COMPARATIVE AVERAGE RATE BASE

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN  
DOCKET NO. 20220067-GU  
PTY 12/31/23

ATTACHMENT 1

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
PLANT IN SERVICE					
UTILITY PLANT					
Total Plant-In-Service	\$2,887,462	\$0	\$2,887,462	\$0	\$2,887,462
COMMON PLANT ALLOCATED					
Total Common Allocated	\$40,718	\$0	\$40,718	\$0	\$40,718
ACQUISITION ADJUSTMENT					
Total Acquisition Adjustment	\$745,800	\$0	\$745,800	\$0	\$745,800
CONSTRUCTION WORK IN PROGRESS					
Total Construction Work In Progress	\$0	\$0	\$0	\$0	\$0
TOTAL PLANT	\$3,673,980	\$0	\$3,673,980	\$0	\$3,673,980
DEDUCTIONS					
ACCUM. DEPR. - PLANT IN SERVICE					
17 Depreciation Study	(\$1,329,675)			5,748	
Total Accum. Depr. - Plant In Service	(\$1,329,675)	\$0	(\$1,329,675)	\$5,748	(\$1,323,926)
ACCUM DEPR. - COMMON PLANT					
17 Depreciation Study	(\$11,756)			(171)	
Total Accum. Depr. - Common Plant	(\$11,756)	\$0	(\$11,756)	(\$171)	(\$11,926)
ACCUM. AMORT. - ACQUISITION ADJ.					
Total Accum. Amort. - Acquisition Adj.	(\$642,179)	\$0	(\$642,179)	\$0	(\$642,179)
TOTAL DEDUCTIONS	(\$1,983,609)	\$0	(\$1,983,609)	\$5,577	(\$1,978,032)
NET UTILITY PLANT	\$1,690,371	\$0	\$1,690,371	\$5,577	\$1,695,948
WORKING CAPITAL ALLOWANCE ASSETS					
To Correct FL Common Credits Booked to A/R		(3,463)			
Equity-Remove from Rate Base		2,133,205			
Reflect Half Unamortized Rate Case Expense		(3,115)			
21 Removal of Unamortized Rate Case Expense				(3,115)	
22 D&O Liability Insurance				(62)	
Total Assets	(\$2,014,718)	\$2,126,627	\$111,909	(\$3,177)	\$108,732
LIABILITIES					
Eliminate Customer Deposits	(\$136,487)	(6,847)			
Accrued Interest Financed by Parent Company		4,077			
Recording Health Insurance from Parent		798			
Total Liabilities	(\$136,487)	(\$1,973)	(\$138,459)	\$0	(\$138,459)
TOTAL WORKING CAPITAL ALLOWANCE	(\$1,878,231)	\$2,128,599	\$250,368	(\$3,177)	\$247,191
TOTAL RATE BASE	(\$187,860)	\$2,128,599	\$1,940,739	\$2,400	\$1,943,140

COMPARATIVE AVERAGE RATE BASE

FLORIDA PUBLIC UTILITIES COMPANY - FT. MEADE  
DOCKET NO. 20220067-GU  
PTY 12/31/23

ATTACHMENT 1

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
PLANT IN SERVICE					
UTILITY PLANT					
Total Plant-In-Service	\$1,468,666	\$0	\$1,468,666	\$0	\$1,468,666
COMMON PLANT ALLOCATED					
Total Common Allocated	\$15,332	\$0	\$15,332	\$0	\$15,332
ACQUISITION ADJUSTMENT					
Total Acquisition Adjustment	\$0	\$0	\$0	\$0	\$0
CONSTRUCTION WORK IN PROGRESS					
Total Construction Work In Progress	\$0	\$0	\$0	\$0	\$0
GOODWILL	\$713,930				
Eliminate goodwill		(713,930)			
Total Goodwill	\$713,930	(\$713,930)	\$0	\$0	\$0
TOTAL PLANT	\$2,197,928	(\$713,930)	\$1,483,998	\$0	\$1,483,998
DEDUCTIONS					
ACCUM. DEPR.- PLANT IN SERVICE	(\$304,463)				
17 Depreciation Study				4,658	
Total Accum. Depr.- Plant In Service	(\$304,463)	\$0	(\$304,463)	\$4,658	(\$299,805)
ACCUM DEPR. - COMMON PLANT	(\$2,908)				
17 Depreciation Study				(95)	
Total Accum. Depr. - Common Plant	(\$2,908)	\$0	(\$2,908)	(\$95)	(\$3,002)
ACCUM. AMORT. - ACQUISITION ADJ.					
Total Accum. Amort. - Acquisition Adj.	\$0	\$0	\$0	\$0	\$0
TOTAL DEDUCTIONS	(\$307,370)	\$0	(\$307,370)	\$4,563	(\$302,808)
NET UTILITY PLANT	\$1,890,557	(\$713,930)	\$1,176,627	\$4,563	\$1,181,190
WORKING CAPITAL ALLOWANCE ASSETS	(\$2,024,050)				
To Correct FL Common Credits Booked to A/R		(3,426)			
Equity-Remove from Rate Base		2,099,434			
Reflect Half Unamortized Rate Case Expense		(4,690)			
21 Removal of Unamortized Rate Case Expense				(4,690)	
22 D&O Liability Insurance				(49)	
Total Assets	(\$2,024,050)	\$2,091,319	\$67,268	(\$4,739)	\$62,529
LIABILITIES	(\$54,775)				
Eliminate Customer Deposits		(28,816)			
Accrued Interest Financed by Parent Company		2,561			
Recording Health Insurance from Parent		430			
Total Liabilities	(\$54,775)	(\$25,825)	(\$80,601)	\$0	(\$80,601)
TOTAL WORKING CAPITAL ALLOWANCE	(\$1,969,275)	\$2,117,144	\$147,869	(\$4,739)	\$143,130
TOTAL RATE BASE	(\$78,718)	\$1,403,214	\$1,324,497	(\$176)	\$1,324,320

FLORIDA PUBLIC UTILITIES COMPANY - CONSOLIDATED  
Docket No. 20220067-GU  
PTY 12/31/23  
13 Month Average

ATTACHMENT 2

COMPANY POSITION	FPUC	SPECIFIC	PRO RATA	FPUC	RATIO	COST RATE	WEIGHTED COST
	PER BOOKS			ADJUSTED			
COMMON EQUITY	\$138,114,052	(\$2,469,682)	\$69,706,021	\$205,350,391	45.14%	11.25%	5.08%
LONG TERM DEBT	98,721,741		49,824,762	148,546,503	32.66%	3.48%	1.14%
SHORT TERM DEBT	13,816,704		6,973,276	20,789,980	4.57%	3.28%	0.15%
CUSTOMER DEPOSITS	10,782,475			10,782,475	2.37%	2.37%	0.06%
DEFERRED TAXES	42,152,613			42,152,613	9.27%	0.00%	0.00%
DEFERRED TAXES-COMMON	79,591			79,591	0.02%	0.00%	0.00%
REGULATORY TAX LIABILITY	27,159,827			27,159,827	5.98%	0.00%	0.00%
REGULATORY TAX LIABILITY- COMMON	25,774			25,774	0.01%	0.00%	0.00%
TOTAL	\$330,852,777	(\$2,469,682)	\$126,504,059	\$454,887,154	100.00%		<u>6.43%</u>

COMMISSION APPROVED	ADJUSTED	SPECIFIC	PRO RATA	COMMISSION	RATIO	COST RATE	WEIGHTED COST
	PER BOOKS			APPROVED			
COMMON EQUITY	\$138,114,052	(\$2,469,682)	\$69,041,853	\$204,686,223	45.12%	10.25%	4.62%
LONG TERM DEBT	98,721,741		49,344,315	148,066,056	32.64%	3.48%	1.14%
SHORT TERM DEBT	13,816,704		6,906,035	20,722,739	4.57%	3.28%	0.15%
CUSTOMER DEPOSITS	10,782,475			10,782,475	2.38%	2.37%	0.06%
DEFERRED TAXES	42,152,613			42,152,613	9.29%	0.00%	0.00%
DEFERRED TAXES-COMMON	79,591			79,591	0.02%	0.00%	0.00%
REGULATORY TAX LIABILITY	27,159,827			27,159,827	5.99%	0.00%	0.00%
REGULATORY TAX LIABILITY- COMMON	25,774			25,774	0.01%	0.00%	0.00%
TOTAL	\$330,852,777	(\$2,469,682)	\$125,292,203	\$453,675,298	100.00%	19.38%	<u>5.97%</u>



COMPARATIVE NET OPERATING INCOME

FLORIDA PUBLIC UTILITIES COMPANY  
Docket No. 20220067-GU  
PTY 12/31/23

ATTACHMENT 3  
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ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION ADJS.	APPROVED ADJUSTED
	OPERATING REVENUES				
	\$111,901,695				
		(39,922,959)			
		(3,512,455)			
		(333,538)			
		(4,617,431)			
		(2,350,415)			
		(482,325)			
		13,268			
3				179,063	
	\$111,901,695	(\$51,205,856)	\$60,695,839	\$179,063	\$60,874,902
	OPERATING EXPENSES:				
	COST OF GAS				
	\$39,723,152				
		(39,723,152)			
	\$39,723,152	(\$39,723,152)	\$0	\$0	\$0
	OPERATION & MAINTENANCE EXPENSE				
	\$34,678,049				
		(3,494,876)			
		(949)			
		(68,652)			
		(59,953)			
		(104,008)			
35				(519,024)	
37				(61,524)	
41				4,360	
41				35,551	
42				104,008	
44				(27,381)	
44				(1,005,632)	
44				(26,112)	
	\$34,678,049	(\$3,728,438)	\$30,949,611	(\$1,495,754)	\$29,453,858
	DEPRECIATION & AMORTIZATION				
	\$13,348,264				
		(163,323)			
		(331,868)			
		(49,510)			
		(139,852)			
		(456,348)			
47				(1,082,118)	
	\$13,348,264	(\$1,140,901)	\$12,207,363	(\$1,082,118)	\$11,125,245

FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 20220067-GU  
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COMPARATIVE NET OPERATING INCOME

ATTACHMENT 3  
Page 2 of 2

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
TAXES OTHER THAN INCOME					
Payroll Taxes	\$762,400				
Gross Receipts	2,682,107				
Franchise Fees	1,935,325				
Miscellaneous	42,900				
Property Tax	4,647,964				
Regulatory Assessment Fee	539,640				
Eliminate TOTI associated with:					
Fuel & Swing		(199,807)			
Conservation		(17,579)			
AEP		(1,669)			
Revenue Related Taxes		(4,617,431)			
Flex Revenues		(37,902)			
Special Contracts		(25,873)			
Eliminate Property Tax on Non-Utility Plant		(33,336)			
TOTI associated with Corrected Revenue				895	
TOTAL TAXES OTHER THAN INCOME	\$10,610,334	(\$4,933,598)	\$5,676,736	\$895	\$5,677,631
INCOME TAX EXPENSE					
Income Taxes - Current & Deferred	\$2,325,300				
Income Tax associated with:					
Interest Income		3,363			
Economic Development		240			
Flex Revenues		(556,158)			
Special Contract Revenues		(65,047)			
Transfer of Bad Debt Expense to Clause		26,361			
Non-Utility Depreciation Expense		41,394			
Environmental Amort. In the Rider		115,661			
Property Tax-Common Plant		8,449			
48 Interest Synchronization Adj.				3,478	
51 Fall-Out Adj. Federal Income Taxes				547,114	
51 Fall-Out Adj. State Income Taxes				151,631	
TOTAL INCOME TAXES	\$2,325,300	(\$425,737)	\$1,899,563	\$702,223	\$2,601,786
TOTAL OPERATING EXPENSES	\$100,685,099	(\$49,951,826)	\$50,733,273	(\$1,847,372)	\$48,885,901
NET OPERATING INCOME	\$11,216,596	(\$1,254,030)	\$9,962,565	\$2,026,435	\$11,989,000

COMPARATIVE NET OPERATING INCOME

FLORIDA DIVISION OF CHESEAPEAKE UTILITIES CORPORATION

ATTACHMENT 3

Docket No. 20220067-GU

Page 1 of 2

PTY 12/31/23

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION ADJS.	APPROVED ADJUSTED
OPERATING REVENUES	\$32,999,551				
Eliminate Fuel & Swing Sales		(7,999,484)			
Eliminate Conservation Revenue		(1,262,407)			
Eliminate Tax Revenue		(757,170)			
Eliminate Flex Related Revenue		(156,600)			
Eliminate Special Contracts Revenue		(2,563,506)			
Record Interest Income on Cash		5,829			
TOTAL REVENUES	\$32,999,551	(\$12,733,338)	\$20,266,212	\$0	\$20,266,212
OPERATING EXPENSES:					
COST OF GAS	\$7,959,448				
Eliminate Fuel Expense		(7,959,448)			
Total Cost of Gas	\$7,959,448	(\$7,959,448)	\$0	\$0	\$0
OPERATION & MAINTENANCE EXPENSE	\$14,231,632				
Eliminate Conservation Expenses		(1,256,089)			
Eliminate Economic Development Expenses		(4)			
Eliminate Flex Related Expenses		(45,184)			
Eliminate Special Contracts Related Expenses		(224,238)			
Transfer Bad Debt Expense to Clauses		(19,771)			
35 Benefits Stipulation				(78,890)	
37 Remove half of D&O Liability Insurance				(23,430)	
41 Updated Allocation of Rate Case Expense				(4,230)	
41 Increased Rate Case Expense				13,268	
42 Maintain Bad Debt Expense in Base Rates				19,771	
43 Updated Rent Expense				(78,249)	
44 Remove Company Sponsored Events Expense				(11,145)	
44 Remove Satellite Leak Detection Program				(428,172)	
44 Remove Lobbying Costs				(14,960)	
TOTAL O & M EXPENSE	\$14,231,632	(\$1,545,287)	\$12,686,345	(\$606,036)	\$12,080,309
DEPRECIATION & AMORTIZATION	\$4,117,195				
Exclude Non-Utility Depreciation Exp.		(9,765)			
Exclude Flex Depreciation Expense		(6,280)			
Exclude Special Contracts Depreciation Exp.		(170,102)			
47 Depreciation Study				(541,542)	
TOTAL DEPRECIATION & AMORTIZATION	\$4,117,195	(\$186,147)	\$3,931,048	(\$541,542)	\$3,389,506

COMPARATIVE NET OPERATING INCOME

FLORIDA DIVISION OF CHESEAPEAKE UTILITIES CORPORATION ATTACHMENT 3  
DOCKET NO. 20220067-GU Page 2 of 2  
PTY 12/31/23

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
TAXES OTHER THAN INCOME					
Payroll Taxes	\$316,735				
Franchise Fees	757,170				
Miscellaneous	16,644				
Property Tax	1,476,447				
Regulatory Assessment Fee	162,179				
Eliminate TOTI associated with:					
Fuel & Swing		(40,036)			
Conservation		(6,318)			
Revenue Related Taxes		(757,170)			
Flex Revenues		(1,711)			
Special Contracts		(95,507)			
Eliminate Property Tax on Non-Utility Plant		(2,749)			
<b>TOTAL TAXES OTHER THAN INCOME</b>	<b>\$2,729,175</b>	<b>(\$903,491)</b>	<b>\$1,825,683</b>	<b>\$0</b>	<b>\$1,825,683</b>
INCOME TAX EXPENSE					
Income Taxes - Current & Deferred	\$699,837				
Income Tax associated with:					
Interest Income		1,477			
Economic Development		1			
Flex Revenues		(26,213)			
Special Contract Revenues		(525,569)			
Transfer of Bad Debt Expense to Clause		5,011			
Non-Utility Depreciation Expense		2,475			
Property Tax-Common Plant		697			
48 Interest Synchronization Adj.				1,298	
51 Fall-Out Adj. Federal Income Taxes				227,737	
51 Fall-Out Adj. State Income Taxes				63,117	
<b>TOTAL INCOME TAXES</b>	<b>\$699,837</b>	<b>(\$542,121)</b>	<b>\$157,716</b>	<b>\$292,152</b>	<b>\$449,868</b>
<b>TOTAL OPERATING EXPENSES</b>	<b>\$29,737,286</b>	<b>(\$11,136,493)</b>	<b>\$18,600,793</b>	<b>(\$844,282)</b>	<b>\$17,756,511</b>
<b>NET OPERATING INCOME</b>	<b>\$3,262,264</b>	<b>(\$1,596,845)</b>	<b>\$1,665,419</b>	<b>\$844,282</b>	<b>\$2,509,701</b>

COMPARATIVE NET OPERATING INCOME

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN  
Docket No. 20220067-GU  
PTY 12/31/23

ATTACHMENT 3

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
OPERATING REVENUES	\$181,298				
Eliminate Fuel & Swing Sales		(28,951)			
Eliminate Conservation Revenue		(9,493)			
Record Interest Income on Cash		38			
TOTAL REVENUES	\$181,298	(\$38,406)	\$142,892	\$0	\$142,892
OPERATING EXPENSES:					
COST OF GAS	\$28,806				
Eliminate Fuel Expense		(28,806)			
Total Cost of Gas	\$28,806	(\$28,806)	\$0	\$0	\$0
OPERATION & MAINTENANCE EXPENSE	\$207,293				
Eliminate Conservation Expense		(9,446)			
Transfer Bad Debt Expense to Clauses		(371)			
35 Benefits Stipulation				597	
37 Remove half of D&O Liability Insurance				(319)	
41 Updated Allocation of Rate Case Expense				23	
41 Increased Rate Case Expense				85	
42 Maintain Bad Debt Expense in Base Rates				371	
44 Remove Company Sponsored Events Expense				(155)	
44 Remove Satellite Leak Detection Program				(12,369)	
44 Remove Lobbying Costs				(404)	
TOTAL O & M EXPENSE	\$207,293	(\$9,817)	\$197,476	(\$12,171)	\$185,305
DEPRECIATION & AMORTIZATION	\$133,914				
47 Depreciation Study				(11,100)	
TOTAL DEPRECIATION & AMORTIZATION	\$133,914	\$0	\$133,914	(\$11,100)	\$122,815
TAXES OTHER THAN INCOME					
Payroll Taxes	\$6,596				
Miscellaneous	264				
Property Tax	30,306				
Regulatory Assessment Fee	912				
Eliminate TOTI on Fuel & Swing		(145)			
Eliminate TOTI on Conservation		(48)			
TOTAL TAXES OTHER THAN INCOME	\$38,078	(\$192)	\$37,885	\$0	\$37,885
INCOME TAX EXPENSE					
Income Taxes - Current & Deferred	(\$61,730)				
Income Taxes on Interest Income		10			
Income Taxes - Transfer of Bad Debt Expense to Clauses		94			
48 Interest Synchronization Adj.				8	
51 Fall-Out Adj. Federal Income Taxes				4,618	
51 Fall-Out Adj. State Income Taxes				1,280	
TOTAL INCOME TAXES	(\$61,730)	\$104	(\$61,627)	\$5,906	(\$55,721)
TOTAL OPERATING EXPENSES	\$346,360	(\$38,711)	\$307,649	(\$17,209)	\$290,440
NET OPERATING INCOME	(\$165,062)	\$305	(\$164,757)	\$17,209	(\$147,548)

COMPARATIVE NET OPERATING INCOME

FLORIDA PUBLIC UTILITIES COMPANY - FT. MEADE  
Docket No. 20220067-GU  
PTY 12/31/23

ATTACHMENT 3

ISSUE NO.	TOTAL PER BOOKS	COMPANY ADJS.	COMPANY ADJUSTED	COMMISSION APPROVED ADJS.	COMMISSION APPROVED ADJUSTED
OPERATING REVENUES	\$375,512				
Eliminate Fuel & Swing Sales		(138,897)			
Eliminate Conservation Revenue		(14,733)			
Eliminate Tax Revenue		(21,546)			
Record Interest Income on Cash		38			
TOTAL REVENUES	\$375,512	(\$175,138)	\$200,374	\$0	\$200,374
OPERATING EXPENSES:					
COST OF GAS	\$138,202				
Eliminate Fuel Expense		(138,202)			
Total Cost of Gas	\$138,202	(\$138,202)	\$0	\$0	\$0
OPERATION & MAINTENANCE EXPENSE	\$210,750				
Eliminate Conservation Expense		(14,659)			
Eliminate Economic Development Expense		(467)			
Transfer Bad Debt Expense to Clauses		(1,219)			
35 Benefits Stipulation				1,611	
37 Remove half of D&O Liability Insurance				(255)	
41 Updated Allocation of Rate Case Expense				(153)	
41 Increased Rate Case Expense				121	
42 Maintain Bad Debt Expense in Base Rates				1,219	
44 Remove Company Sponsored Events Expense				(155)	
44 Remove Satellite Leak Detection Program				(12,319)	
44 Remove Lobbying Costs				(404)	
TOTAL O & M EXPENSE	\$210,750	(\$16,345)	\$194,405	(\$10,335)	\$184,070
DEPRECIATION & AMORTIZATION	\$44,336				
47 Depreciation Study				(9,066)	
TOTAL DEPRECIATION & AMORTIZATION	\$44,336	\$0	\$44,336	(\$9,066)	\$35,270
TAXES OTHER THAN INCOME					
Payroll taxes	\$3,946				
Gross receipts	8,849				
Franchise fees	12,697				
Property tax	21,072				
Regulatory Assessment Fee	1,780				
Eliminate TOTI on Fuel & Swing		(695)			
Eliminate TOTI on Conservation		(74)			
Eliminate TOTI on Revenue Related Taxes		(21,546)			
TOTAL TAXES OTHER THAN INCOME	\$48,344	(\$22,315)	\$26,030	\$0	\$26,030
INCOME TAX EXPENSE					
Income Taxes - Current & Deferred	(\$18,971)				
Income Taxes on Interest Income		10			
Income Taxes - Economic Development Exp.		118			
Income Taxes - Transfer of Bad Debt Expense to Clauses		309			
48 Interest Synchronization Adj.				12	
51 Fall-Out Adj. Federal Income Taxes				3,850	
51 Fall-Out Adj. State Income Taxes				1,067	
TOTAL INCOME TAXES	(\$18,971)	\$437	(\$18,534)	\$4,929	(\$13,605)
TOTAL OPERATING EXPENSES	\$422,662	(\$176,425)	\$246,237	(\$14,317)	\$231,920
NET OPERATING INCOME	(\$47,149)	\$1,287	(\$45,862)	\$14,317	(\$31,546)

NET OPERATING INCOME MULTIPLIER

FLORIDA PUBLIC UTILITIES COMPANY  
 DOCKET NO. 20220067-GU  
 PTY 12/31/23

ATTACHMENT 4

DESCRIPTION	COMPANY	COMMISSION APPROVED			
	PER FILING	FPUC	CHESAPEAKE	INDIANTOWN	FT. MEADE
REVENUE REQUIREMENT	100.0000%	100.0000%	100.0000%	100.0000%	100.0000%
REGULATORY ASSESSMENT RATE	0.5030%	0.5000%	0.5000%	0.5000%	0.5000%
BAD DEBT RATE	0.2314%	0.2381%	0.2034%	1.0751%	0.6844%
NET BEFORE INCOME TAXES	<u>99.2656%</u>	<u>99.2619%</u>	<u>99.2966%</u>	<u>98.4249%</u>	<u>98.8156%</u>
STATE INCOME TAX RATE	5.5000%	5.5000%	5.5000%	5.5000%	5.5000%
STATE INCOME TAX	5.4594%	5.4594%	5.4613%	5.4134%	5.4349%
NET BEFORE FEDERAL INCOME TAXES	<u>93.8060%</u>	<u>93.8025%</u>	<u>93.8353%</u>	<u>93.0115%</u>	<u>93.3808%</u>
FEDERAL INCOME TAX RATE	21.0000%	21.0000%	21.0000%	21.0000%	21.0000%
FEDERAL INCOME TAX	19.6993%	19.6985%	19.7054%	19.5324%	19.6100%
REVENUE EXPANSION FACTOR	<u>74.1067%</u>	<u>74.1040%</u>	<u>74.1299%</u>	<u>73.4791%</u>	<u>73.7708%</u>
NET OPERATING INCOME MULTIPLIER	<u>1.3494</u>	<u>1.3495</u>	<u>1.3490</u>	<u>1.3609</u>	<u>1.3555</u>

COMPARATIVE REVENUE DEFICIENCY CALCULATIONS

FLORIDA PUBLIC UTILITIES COMPANY  
DOCKET NO. 20220067-GU  
PTY 12/31/23

	COMPANY ADJUSTED	COMMISSION APPROVED
RATE BASE (AVERAGE)	\$339,094,480	\$338,098,590
RATE OF RETURN	X <u>6.43%</u>	X <u>5.97%</u>
REQUIRED NOI	<u>\$21,803,775</u>	<u>\$20,172,466</u>
Operating Revenues	\$60,695,839	\$60,874,902
Operating Expenses:		
Operation & Maintenance	\$30,949,611	\$29,453,858
Depreciation & Amortization	12,207,363	11,125,245
Taxes Other than Income Taxes	5,676,736	5,677,631
Income Taxes	<u>1,899,563</u>	<u>2,601,786</u>
Total Operating Expenses	<u>\$50,733,273</u>	<u>\$48,858,520</u>
ACHIEVED NOI	<u>\$9,962,566</u>	<u>\$12,016,382</u>
NOI DEFICIENCY	\$11,841,210	\$8,156,085
NOI MULTIPLIER	<u>1.3494</u>	<u>1.3495</u>
REVENUE INCREASE	<u>\$15,978,594</u>	<u>\$11,006,274</u>
GRIP REVENUES IN BASE RATES	<u>\$16,067,872</u>	<u>\$16,067,872</u>
TOTAL REVENUE INCREASE	<u>\$32,046,465</u>	<u>\$27,074,145</u>



COMPARATIVE REVENUE DEFICIENCY CALCULATIONS  
FLORIDA DIVISION OF CHESEAPEAKE UTILITIES CORPORATION  
DOCKET NO. 20220067-GU  
PTY 12/31/23

	COMPANY ADJUSTED	COMMISSION APPROVED
RATE BASE (AVERAGE)	\$112,527,439	\$112,309,248
RATE OF RETURN	X <u>6.43%</u>	X <u>5.97%</u>
REQUIRED NOI	<u>\$7,235,514</u>	<u>\$6,700,870</u>
Operating Revenues	\$20,266,212	\$20,266,212
Operating Expenses:		
Operation & Maintenance	\$12,686,345	\$12,080,309
Depreciation & Amortization	3,931,048	3,389,506
Taxes Other than Income Taxes	1,825,683	1,825,683
Income Taxes	<u>157,716</u>	<u>449,868</u>
Total Operating Expenses	<u>\$18,600,793</u>	<u>\$17,745,366</u>
ACHIEVED NOI	<u>\$1,665,419</u>	<u>\$2,520,846</u>
NOI DEFICIENCY	\$5,570,095	\$4,180,023
NOI MULTIPLIER	<u>1.3494</u>	<u>1.3490</u>
REVENUE INCREASE	<u>\$7,516,317</u>	<u>\$5,638,781</u>
GRIP REVENUES IN BASE RATES	<u>\$3,678,303</u>	<u>\$3,678,303</u>
TOTAL REVENUE INCREASE	<u>\$11,194,620</u>	<u>\$9,317,084</u>

COMPARATIVE REVENUE DEFICIENCY CALCULATIONS

FLORIDA PUBLIC UTILITIES COMPANY - INDIANTOWN  
 DOCKET NO. 20220067-GU  
 PTY 12/31/23

	COMPANY ADJUSTED	COMMISSION APPROVED
RATE BASE (AVERAGE)	\$1,940,739	\$1,943,140
RATE OF RETURN	X <u>6.43%</u>	X <u>5.97%</u>
REQUIRED NOI	<u>\$124,790</u>	<u>\$115,936</u>
Operating Revenues	\$142,892	\$142,892
Operating Expenses:		
Operation & Maintenance	\$197,476	\$185,305
Depreciation & Amortization	133,914	122,815
Taxes Other than Income Taxes	37,885	37,885
Income Taxes	<u>(61,627)</u>	<u>(55,721)</u>
Total Operating Expenses	<u>\$307,649</u>	<u>\$290,285</u>
ACHIEVED NOI	<u>(\$164,757)</u>	<u>(\$147,393)</u>
NOI DEFICIENCY	\$289,546	\$263,329
NOI MULTIPLIER	<u>1.3494</u>	<u>1.3609</u>
TOTAL REVENUE INCREASE	<u>\$390,715</u>	<u>\$358,377</u>

COMPARATIVE REVENUE DEFICIENCY CALCULATIONS

FLORIDA PUBLIC UTILITIES COMPANY - FT. MEADE  
DOCKET NO. 20220067-GU  
PTY 12/31/23

	COMPANY ADJUSTED	COMMISSION APPROVED
RATE BASE (AVERAGE)	\$1,324,497	\$1,324,320
RATE OF RETURN	X <u>6.43%</u>	X <u>5.97%</u>
REQUIRED NOI	<u>\$85,165</u>	<u>\$79,015</u>
Operating Revenues	\$200,374	\$200,374
Operating Expenses:		
Operation & Maintenance	\$194,405	\$184,070
Depreciation & Amortization	44,336	35,270
Taxes Other than Income Taxes	26,030	26,030
Income Taxes	<u>(18,534)</u>	<u>(13,605)</u>
Total Operating Expenses	<u>\$246,237</u>	<u>\$231,765</u>
ACHIEVED NOI	<u>(\$45,862)</u>	<u>(\$31,391)</u>
NOI DEFICIENCY	\$131,027	\$110,406
NOI MULTIPLIER	<u>1.3494</u>	<u>1.3555</u>
REVENUE INCREASE	<u>\$176,809</u>	<u>\$149,660</u>
GRIP REVENUES IN BASE RATES	<u>\$9,757</u>	<u>\$9,757</u>
TOTAL REVENUE INCREASE	<u>\$186,566</u>	<u>\$159,418</u>

**Florida Public Utilities Company  
FPUC  
Docket No. 20220067-GU  
Prior to Interim and Interim Rates**

Rate Code	Rate Schedule	Prior to Interim	Interim Rate
RS	<u>Residential Service</u>		
	Customer Charge	\$11.00	\$11.00
	Energy Charge (cents/therm)	49.828	62.340
RSGS	<u>Residential Standby Generator Service</u>		
	Customer Charge	\$21.25	\$21.25
	Energy Charge (cents/therm)	49.828	85.816
GS-1	<u>General Service - 1</u>		
	Customer Charge	\$20.00	\$20.00
	Energy Charge (cents/therm)	39.136	46.700
GTS-1	<u>General Transportation Service - 1</u>		
	Customer Charge	\$20.00	\$20.00
	Transportation Charge (cents/therm)	39.136	44.895
GS-2	<u>General Service - 2</u>		
	Customer Charge	\$33.00	\$33.00
	Energy Charge (cents/therm)	39.136	45.658
GTS-2	<u>General Transportation Service - 2</u>		
	Customer Charge	\$33.00	\$33.00
	Transportation Charge (cents/therm)	39.136	44.753
CSGS	<u>Commercial Standby Generator Service</u>		
	Customer Charge	\$35.81	\$35.81
	Transportation Charge (cents/therm)	39.136	72.928
LVS	<u>Large Volume Service</u>		
	Customer Charge	\$90.00	\$90.00
	Energy Charge (cents/therm)	35.366	40.866
LVTS	<u>Large Volume Transportation Service</u>		
	Customer Charge	\$90.00	\$90.00
	Transportation Charge (cents/therm)	35.366	40.311
IS/ITS (Closed)	<u>Interruptible (Transportation) Service</u>		
	Customer Charge	\$280.00	\$280.00
	Transportation Charge (cents/therm)	23.08	26.042
NGVS/NGVTS	<u>Natural Gas Vehicle (Transportation) Service</u>		
	Customer Charge	\$100.00	\$100.00
	Transportation Charge (cents/therm)	17.111	19.276
GLS/GLTS	<u>Gas Lighting (Transportation) Service</u>		
	Customer Charge	\$0.00	\$0.00
	Transportation Charge (cents/therm)	24.21	27.234

**Florida Public Utilities Company  
Chesapeake  
Docket No. 20220067-GU  
Prior to Interim and Interim Rates**

Rate Code	Rate Schedule	Prior to Interim	Page 1 of 2 Interim Rate
FTS-A (Closed)	<u>Firm Transportation Service - A</u>		
	Customer Charge	\$13.00	\$13.00
	Transportation Charge (cents/therm)	46.358	84.533
FTS-A (Fixed) (Closed)	<u>Firm Transportation Service - A (Fixed)</u>		
	Customer Charge	\$17.00	\$19.72
	Transportation Charge (cents/therm)	0	0
FTS-B (Closed)	<u>Firm Transportation Service - B</u>		
	Customer Charge	\$15.50	\$15.50
	Transportation Charge (cents/therm)	49.286	80.367
FTS-B (Fixed) (Closed)	<u>Firm Transportation Service - B (Fixed)</u>		
	Customer Charge	\$23.00	\$26.68
	Transportation Charge (cents/therm)	0	0
FTS-1	<u>Firm Transportation Service - 1</u>		
	Customer Charge	\$19.00	\$19.00
	Transportation Charge (cents/therm)	46.31	73.194
FTS-1 (Fixed)	<u>Firm Transportation Service - 1 (Fixed)</u>		
	Customer Charge	\$29.00	\$33.64
	Transportation Charge (cents/therm)	0	0
FTS-2	<u>Firm Transportation Service - 2</u>		
	Customer Charge	\$34.00	\$34.00
	Transportation Charge (cents/therm)	31.960	47.507
FTS-2 (Fixed)	<u>Firm Transportation Service - 2 (Fixed)</u>		
	Customer Charge	\$48.00	\$55.69
	Transportation Charge (cents/therm)	0	0
FTS-2.1	<u>Firm Transportation Service - 2.1</u>		
	Customer Charge	\$40.00	\$40.00
	Transportation Charge (cents/therm)	30.827	41.912
FTS-2.1 (Fixed)	<u>Firm Transportation Service - 2.1 (Fixed)</u>		
	Customer Charge	\$87.00	\$100.93
	Transportation Charge (cents/therm)	0	0
FTS-3	<u>Firm Transportation Service - 3</u>		
	Customer Charge	\$108.00	\$108.00
	Transportation Charge (cents/therm)	24.102	33.554
FTS-3 (Fixed)	<u>Firm Transportation Service - 3 (Fixed)</u>		
	Customer Charge	\$162.00	\$187.94
	Transportation Charge (cents/therm)	0	0

**Florida Public Utilities Company  
Chesapeake  
Docket No. 20220067-GU  
Prior to Interim and Interim Rates**

Rate Code	Rate Schedule	Page 2 of 2	
		Prior to Interim	Interim Rate
FTS-3.1	<u>Firm Transportation Service - 3.1</u>		
	Customer Charge	\$134.00	\$134.00
	Transportation Charge (cents/therm)	20.383	27.258
FTS-3.1 (Fixed)	<u>Firm Transportation Service - 3.1 (Fixed)</u>		
	Customer Charge	\$263.00	\$305.11
	Transportation Charge (cents/therm)	0	0
FTS-4	<u>Firm Transportation Service - 4</u>		
	Customer Charge	\$210.00	\$210.00
	Transportation Charge (cents/therm)	18.900	24.759
FTS-5	<u>Firm Transportation Service - 5</u>		
	Customer Charge	\$380.00	\$380.00
	Transportation Charge (cents/therm)	16.580	21.747
FTS-6	<u>Firm Transportation Service - 6</u>		
	Customer Charge	\$600.00	\$600.00
	Transportation Charge (cents/therm)	15.137	18.955
FTS-7	<u>Firm Transportation Service - 7</u>		
	Customer Charge	\$700.00	\$700.00
	Transportation Charge (cents/therm)	12.300	15.084
FTS-8	<u>Firm Transportation Service - 8</u>		
	Customer Charge	\$1,200.00	\$1,200.00
	Transportation Charge (cents/therm)	11.024	13.576
FTS-9	<u>Firm Transportation Service - 9</u>		
	Customer Charge	\$2,000.00	\$2,000.00
	Transportation Charge (cents/therm)	9.133	11.331
FTS-10	<u>Firm Transportation Service - 10</u>		
	Customer Charge	\$3,000.00	\$3,000.00
	Transportation Charge (cents/therm)	8.318	10.126
FTS-11	<u>Firm Transportation Service - 11</u>		
	Customer Charge	\$5,500.00	\$5,500.00
	Transportation Charge (cents/therm)	6.977	8.955
FTS-12	<u>Firm Transportation Service - 12</u>		
	Customer Charge	\$9,000.00	\$9,000.00
	Transportation Charge (cents/therm)	6.124	7.612
FTS-NGV	<u>Firm Transportation Service - Natural Gas Vehicle</u>		
	Customer Charge	\$100.00	\$100.00
	Transportation Charge (cents/therm)	17.111	19.855

**Florida Public Utilities Company  
Ft. Meade  
Docket No. 20220067-GU  
Prior to Interim and Interim Rates**

Rate Code	Rate Schedule	Prior to Interim	Interim Rate
RS-1	<u>Residential Service</u>		
	Customer Charge	\$8.50	\$8.50
	Energy Charge (cents/therm)	55.7	81.47
GS-1	<u>General Service - 1</u>		
	Customer Charge	\$17.50	\$17.50
	Energy Charge (cents/therm)	55.7	68.01
GTS-1	<u>General Transportation Service - 1</u>		
	Customer Charge	\$17.50	\$17.50
	Transportation Charge (cents/therm)	55.7	67.02
LVS	<u>Large Volume Service</u>		
	Customer Charge	\$175.00	\$175.00
	Energy Charge (cents/therm)	21.8	28.677
LVTS	<u>Large Volume Transportation Service</u>		
	Customer Charge	\$175.00	\$175.00
	Transportation Charge (cents/therm)	21.8	26.381
NGVS	<u>Natural Gas Vehicle Service</u>		
	Customer Charge	\$100.00	\$100.00
	Energy Charge (cents/therm)	17.111	17.111
NGVTS	<u>Natural Gas Vehicle Transportation Service</u>		
	Customer Charge	\$100.00	\$100.00
	Transportation Charge (cents/therm)	17.111	17.111

**Florida Public Utilities Company  
Indiantown  
Docket No. 20220067-GU  
Prior to Interim and Interim Rates**

Rate Code	Rate Schedule	Prior to Interim	Interim Rate
TS-1	<u>Transportation Service - 1</u>		
	Customer Charge	\$9.00	\$9.00
	Transportation Charge (cents/therm)	37.835	62.109
TS-2	<u>Transportation Service - 2</u>		
	Customer Charge	\$25.00	\$25.00
	Transportation Charge (cents/therm)	5.762	9.093
TS-3	<u>Transportation Service - 3</u>		
	Customer Charge	\$60.00	\$60.00
	Transportation Charge (cents/therm)	4.785	8.111
TS-4	<u>Transportation Service - 4</u>		
	Customer Charge	\$2,000.00	\$2,000.00
	Transportation Charge (cents/therm)	3.910	3.910
	Demand Charge (cents/Dekatherm)	53.000	53.000
TS-NGV	<u>Transportation Service - Natural Gas Vehicle</u>		
	Customer Charge	\$100.00	\$100.00
	Transportation Charge (cents/therm)	17.111	17.111



**Florida Public Utilities Company  
FPUC and Chesapeake  
Docket No. 20220067-GU  
Commission Approved Rates**

**Page 1 of 2**  
Commission  
Approved Rate

Rate Code	Rate Schedule	Commission Approved Rate
RES-1/REST-1	<u>Residential Service - 1/Residential Transportation Service - 1 (Closed)</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$16.50 0.50906
RES-2/REST-2	<u>Residential Service - 2/Residential Transportation Service - 2 (Closed)</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$19.50 0.54106
RES-3/REST-3	<u>Residential Service - 3/Residential Transportation Service - 3</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$26.50 0.61699
RES-SG/RES-SGT	<u>Residential Standby Generator Service/Residential Standby Generator Transportation Service</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$36.50 0.61699
GS-1/GTS-1	<u>General Service - 1/General Transportation Service - 1</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$40.00 0.63434
GS-2/GTS-2	<u>General Service - 2/General Transportation Service - 2</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$70.00 0.63212
GS-3/GTS-3	<u>General Service - 3/General Transportation Service - 3</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$150.00 0.55785
GS-4/GTS-4	<u>General Service - 4/General Transportation Service - 4</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$275.00 0.52858
GS-5/GTS-5	<u>General Service - 5/General Transportation Service - 5</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$750.00 0.46653
GS-6/GTS-6	<u>General Service - 6/General Transportation Service - 6</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$2,500.00 0.43262
GS-7/GTS-7	<u>General Service - 7/General Transportation Service - 7</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$4,500.00 0.33967
GS-8A/GTS-8A	<u>General Service - 8A/General Transportation Service - 8A</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$9,500.00 0.31967

**Florida Public Utilities Company  
 FPUC and Chesapeake  
 Docket No. 20220067-GU  
 Commission Approved Rates**

**Page 2 of 2**  
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Rate Code	Rate Schedule	Commission Approved Rate
GS-8B/GTS-8B	<u>General Service - 8B/General Transportation Service - 8B</u>	
	Customer Charge	\$9,500.00
	Energy/Transportation Charge (\$/therm)	0.29967
GS-8C/GTS-8C	<u>General Service - 8C/General Transportation Service - 8C</u>	
	Customer Charge	\$9,500.00
	Energy/Transportation Charge (\$/therm)	0.15601
GS-8D/GTS-8D	<u>General Service - 8D/General Transportation Service - 8D</u>	
	Customer Charge	\$9,500.00
	Energy/Transportation Charge (\$/therm)	0.15134
COM-INT/COM-INNT	<u>Commercial Interruptible Service/Commercial Interruptible Transportation Service</u>	
	(Closed)	
	Customer Charge	\$750.00
	Energy/Transportation Charge (\$/therm)	0.35266
COM-NGV/COM-NGVT	<u>Commercial Natural Gas Vehicle Service/Commercial Natural Gas Vehicle</u>	
	<u>Transportation Service</u>	
	Customer Charge	\$250.00
	Energy/Transportation Charge (\$/therm)	0.47124
COM-OL/COM-OLT	<u>Commercial Outdoor Lighting Service/Commercial Outdoor Lighting</u>	
	<u>Transportation Service</u>	
	Customer Charge	\$0.00
	Energy/Transportation Charge (\$/therm)	0.66344
COM-SG/COM-SGT	<u>Commercial Standby Generator Service/Commercial Standby Generator</u>	
	<u>Transportation Service</u>	
	Customer Charge	\$65.00
	Energy/Transportation Charge (\$/therm)	0.18105

**Florida Public Utilities Company  
Ft. Meade  
Docket No. 20220067-GU  
Commission Approved Rates**

**Page 1 of 2**  
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Approved Rate

Rate Code	Rate Schedule	Commission Approved Rate
RES-1	<u>Residential Service - 1 (Closed)</u> Customer Charge Energy Charge (\$/therm)	\$11.50 0.58026
RES-2	<u>Residential Service - 2 (Closed)</u> Customer Charge Energy Charge (\$/therm)	\$12.50 0.58026
RES-3	<u>Residential Service - 3</u> Customer Charge Energy Charge (\$/therm)	\$16.50 0.58026
RES-SG	<u>Residential Standby Generator Service</u> Customer Charge Energy Charge (\$/therm)	\$36.50 0.61699
GS-1/GTS-1	<u>General Service - 1/General Transportation Service - 1</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$25.00 0.55700
GS-2/GTS-2	<u>General Service - 2/General Transportation Service - 2</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$50.00 0.55700
GS-3/GTS-3	<u>General Service - 3/General Transportation Service - 3</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$100.00 0.55700
GS-4/GTS-4	<u>General Service - 4/General Transportation Service - 4</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$225.00 0.31366
GS-5/GTS-5	<u>General Service - 5/General Transportation Service - 5</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$300.00 0.26922
GS-6/GTS-6	<u>General Service - 6/General Transportation Service - 6</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$2,500.00 0.43262
GS-7/GTS-7	<u>General Service - 7/General Transportation Service - 7</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$4,500.00 0.33967
GS-8A/GTS-8A	<u>General Service - 8A/General Transportation Service - 8A</u> Customer Charge Energy/Transportation Charge (\$/therm)	\$9,500.00 0.31967

**Florida Public Utilities Company  
 Ft. Meade  
 Docket No. 20220067-GU  
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**Page 2 of 2**  
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 Approved Rate

Rate Code	Rate Schedule	
GS-8B/GTS-8B	<u>General Service - 8B/General Transportation Service - 8B</u>	
	Customer Charge	\$9,500.00
	Energy/Transportation Charge (\$/therm)	0.29967
GS-8C/GTS-8C	<u>General Service - 8C/General Transportation Service - 8C</u>	
	Customer Charge	\$9,500.00
	Energy/Transportation Charge (\$/therm)	0.15601
GS-8D/GTS-8D	<u>General Service - 8D/General Transportation Service - 8D</u>	
	Customer Charge	\$9,500.00
	Energy/Transportation Charge (\$/therm)	0.15134
COM-INT/COM-INTT	<u>Commercial Interruptible Service/Commercial Interruptible Transportation Service</u> (Closed)	
	Customer Charge	\$750.00
	Energy/Transportation Charge (\$/therm)	0.35266
COM-NGV/COM-NGVT	<u>Commercial Natural Gas Vehicle Service/Commercial Natural Gas Vehicle Transportation Service</u>	
	Customer Charge	\$250.00
	Energy/Transportation Charge (\$/therm)	0.47124
COM-OL/COM-OLT	<u>Commercial Outdoor Lighting Service/Commercial Outdoor Lighting Transportation Service</u>	
	Customer Charge	\$0.00
	Energy/Transportation Charge (\$/therm)	0.66344
COM-SG/COM-SGT	<u>Commercial Standby Generator Service/Commercial Standby Generator Transportation Service</u>	
	Customer Charge	\$65.00
	Energy/Transportation Charge (\$/therm)	0.18105

**Florida Public Utilities Company  
Indiantown  
Docket No. 20220067-GU  
Commission Approved Rates**

**Page 1 of 2**  
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Approved Rate

Rate Code	Rate Schedule	Commission Approved Rate
REST-1	<u>Residential Transportation Service - 1</u> (Closed)	
	Customer Charge	\$11.50
	Transportation Charge (\$/therm)	0.37835
REST-2	<u>Residential Transportation Service - 2</u> (Closed)	
	Customer Charge	\$12.50
	Transportation Charge (\$/therm)	0.37835
REST-3	<u>Residential Transportation Service - 3</u>	
	Customer Charge	\$16.50
	Transportation Charge (\$/therm)	0.25220
RES-SGT	<u>Residential Standby Generator Transportation Service</u>	
	Customer Charge	\$36.50
	Transportation Charge (\$/therm)	0.61699
GTS-1	<u>General Transportation Service - 1</u>	
	Customer Charge	\$25.00
	Transportation Charge (\$/therm)	0.05762
GTS-2	<u>General Transportation Service - 2</u>	
	Customer Charge	\$35.00
	Transportation Charge (\$/therm)	0.05762
GTS-3	<u>General Transportation Service - 3</u>	
	Customer Charge	\$45.00
	Transportation Charge (\$/therm)	0.05762
GTS-4	<u>General Transportation Service - 4</u>	
	Customer Charge	\$55.00
	Transportation Charge (\$/therm)	0.04962
GTS-5	<u>General Transportation Service - 5</u>	
	Customer Charge	\$750.00
	Transportation Charge (\$/therm)	0.46653
GTS-6	<u>General Transportation Service - 6</u>	
	Customer Charge	\$2,500.00
	Transportation Charge (\$/therm)	0.43262
GTS-7	<u>General Transportation Service - 7</u>	
	Customer Charge	\$4,500.00
	Transportation Charge (\$/therm)	0.33967
GTS-8A	<u>General Transportation Service - 8A</u>	
	Customer Charge	\$9,500.00
	Transportation Charge (\$/therm)	0.31967

**Florida Public Utilities Company  
 Indiantown  
 Docket No. 20220067-GU  
 Commission Approved Rates**

**Page 2 of 2**  
 Commission  
 Approved Rate

Rate Code	Rate Schedule	
GTS-8B	<u>General Transportation Service - 8B</u>	
	Customer Charge	\$9,500.00
	Transportation Charge (\$/therm)	0.29967
GTS-8C	<u>General Transportation Service - 8C</u>	
	Customer Charge	\$9,500.00
	Transportation Charge (\$/therm)	0.15601
GTS-8D	<u>General Transportation Service - 8D</u>	
	Customer Charge	\$9,500.00
	Transportation Charge (\$/therm)	0.15134
COM-INNT	<u>Commercial Interruptible Transportation Service (Closed)</u>	
	Customer Charge	\$750.00
	Transportation Charge (\$/therm)	0.35266
COM-NGVT	<u>Commercial Natural Gas Vehicle Transportation Service</u>	
	Customer Charge	\$250.00
	Transportation Charge (\$/therm)	0.47124
COM-OLT	<u>Commercial Outdoor Lighting Transportation Service</u>	
	Customer Charge	\$0.00
	Transportation Charge (\$/therm)	0.66344
COM-SGT	<u>Commercial Standby Generator Transportation Service</u>	
	Customer Charge	\$65.00
	Transportation Charge (\$/therm)	0.18105

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No.2

Original Sheet No. 1.000

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*TITLE PAGE*

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**NATURAL GAS TARIFF**

**ORIGINAL VOLUME 2**

of

Florida Public Utilities Company

(Cancels and supersedes Original Volume No. 1 of Florida Public Utilities Company and Florida  
Division of Chesapeake Utilities Corporation)

FILED WITH

FLORIDA PUBLIC SERVICE COMMISSION

Communications concerning this Tariff should be addressed to:

Florida Public Utilities Company  
208 Wildlight Avenue  
Yulee, Florida 32097

Attention: Director of Regulatory Affairs

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 2.000

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***MISCELLANEOUS AND GENERAL INFORMATION***

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**Company Information:**

Florida Public Utilities Company is principally engaged in the distribution and sale of natural gas. Its operations are entirely within the State of Florida.

**The general office of the Company is located at:**

Florida Public Utilities Company  
208 Wildlight Avenue  
Yulee, Florida 32097

**Business offices are located at:**

450 South Highway 17-92  
DeBary, Florida 32713

780 Amelia Island Parkway  
Fernandina Beach, FL 32034

2825 Penn Avenue  
Marianna, Florida 32448

1635 Meathe Drive  
West Palm Beach, Florida 33411

331 West Central Avenue, Suite 200  
Winter Haven, Florida 33880

**Communications covering rates should be addressed to:**

Florida Public Utilities Company  
208 Wildlight Avenue  
Yulee, Florida 32097

**Tariff Applicability:**

The terms and conditions, rate schedules, forms of service, agreements, and other provisions of this Tariff shall apply to Gas Sales and Gas Transportation Service, as applicable rendered by the Comp through its distribution systems as now constituted and as they may be enlarged or extended.

**Statement of Agents:**

No agent or employee of the Company has authority to make any promise, agreement or representa inconsistent with the provisions of this Tariff.

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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED***

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**FPUC - Indiantown Service Area Map\***



\*Indiantown Service Area includes Customers located inside Indiantown city limits and those Customers acquired by the Company through the purchase of Indiantown Natural Gas.

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

Effective: March 1, 2023

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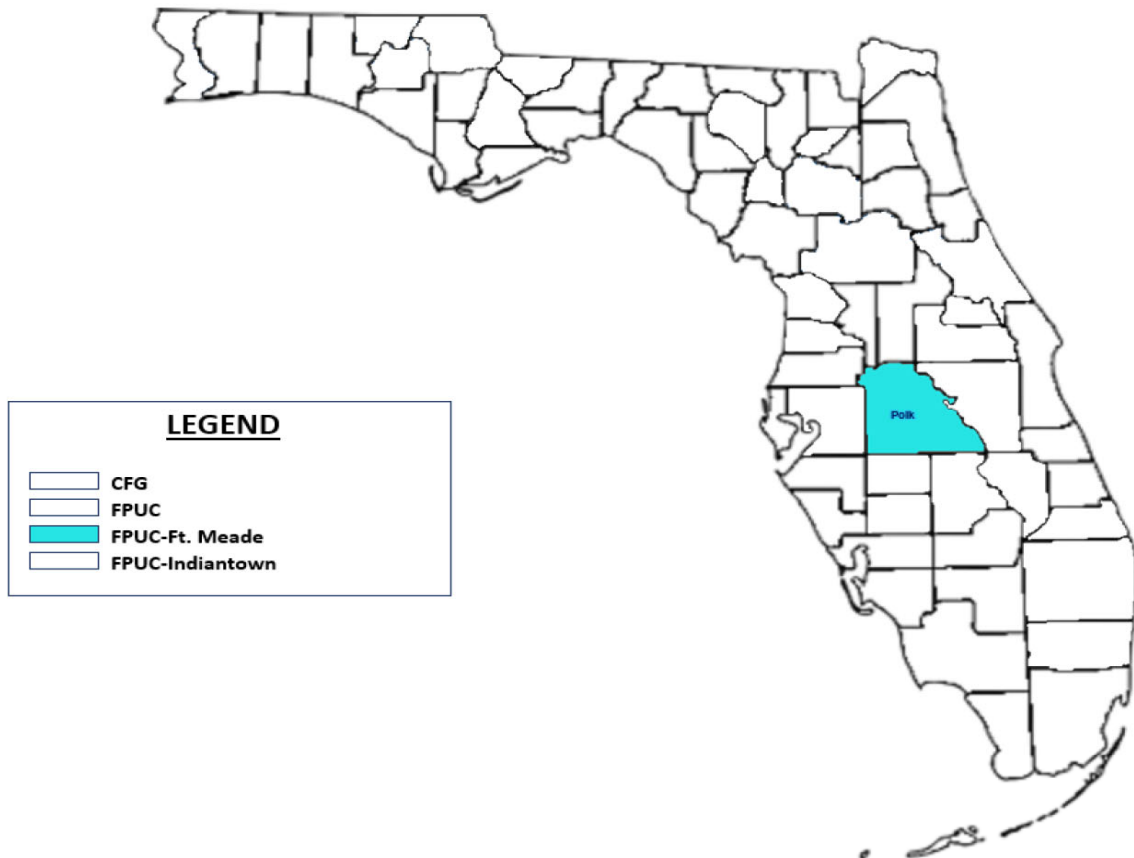
Original Sheet No. 4.001

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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

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**FPUC - Ft. Meade Service Area Map\***



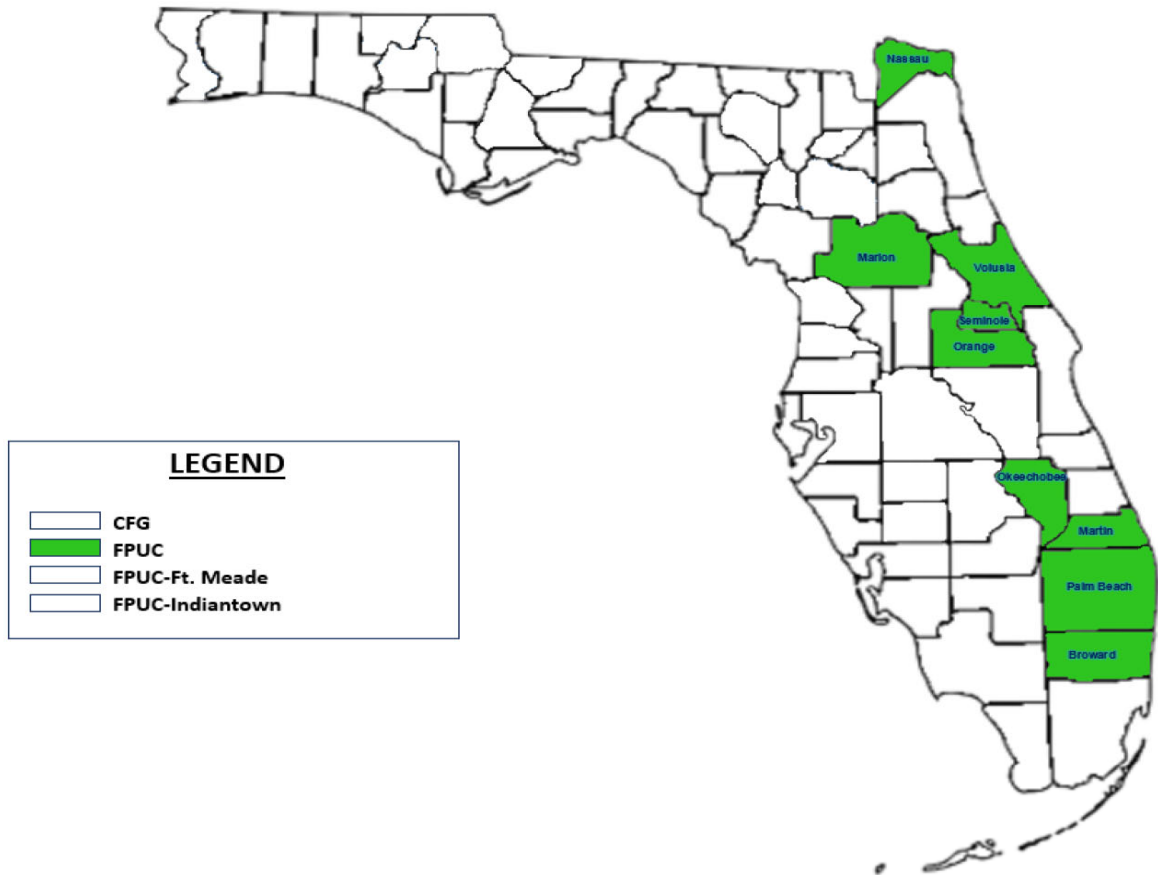
\*Ft. Meade Service Area includes Customers located inside Ft. Meade city limits and those Customers acquired by the Company through the purchase of Ft. Meade municipal gas system.

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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

**FPUC - FPUC Service Area Map**

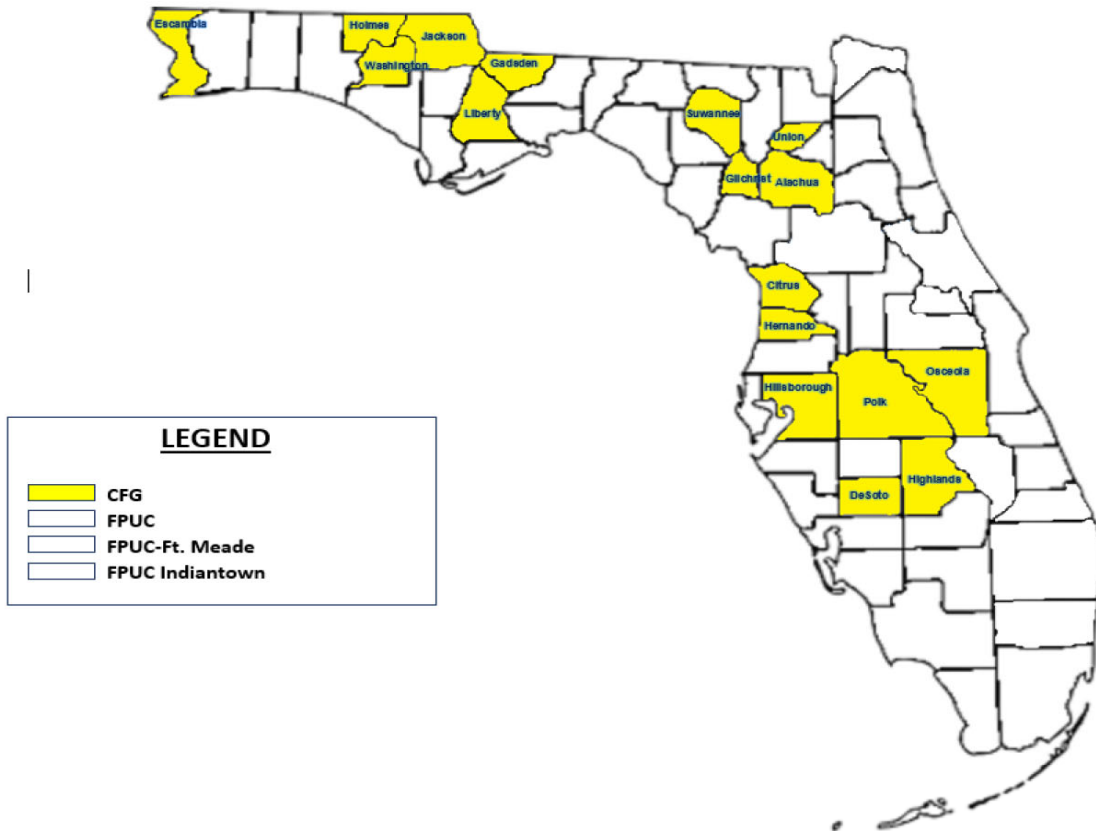


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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

**FPUC - CFG Service Area Map**



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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

---

**Counties and Communities Served**

**Indiantown Service Area:**

Counties

Martin

Communities

Indiantown (city limits)

**Ft. Meade Service Area:**

Counties

Polk

Communities

Ft. Meade (city limits)

**FPUC Service Area:**

Counties

Broward

Communities

Coconut Creek  
Cooper City  
Coral Springs  
Davie  
Deerfield Beach  
Ft. Lauderdale  
Hillsboro Beach  
Hollywood  
Lauderdale Lakes  
Lauderhill  
Lighthouse Point  
Oakland Park  
Parkland  
Pembroke Pines  
Plantation  
Sunrise  
Tamarac  
Weston  
Unincorporated Broward County

Marion

Dunnellon  
Ocala  
Unincorporated Marion County

Martin

Hobe Sound

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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

---

FPUC Service Area Continued:

Counties

Communities

Martin County Continued

Jupiter Island  
Palm City  
Sewells Point  
Stuart  
Unincorporated Martin County

Nassau

Bryceville  
Callahan  
Hilliard  
Fernandina Beach  
Yulee  
Unincorporated Nassau County

Okeechobee

Okeechobee  
Unincorporated Okeechobee County

Orange

Apopka  
Maitland  
Oakland  
Ocoee  
Orlando  
Winter Garden  
Winter Park  
Unincorporated Orange County

Palm Beach

Atlantis  
Belle Glade  
Boca Raton  
Boynton Beach  
Briny Breezes  
Cloud Lake  
Delray Beach  
Glen Ridge  
Golfview

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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

---

FPUC Service Area Continued:

Counties

Palm Beach County Continued

Seminole

Communities

Greenacres  
Gulf Stream  
Haverhill  
Highland Beach  
Hypoluxo  
Juno Beach  
Jupiter  
Jupiter Inlet  
Lake Clarke Shores  
Lake Park  
Lake Worth  
Lantana  
Loxahatchee Groves  
Manalapan  
Mangonia Park  
North Palm Beach  
Ocean Ridge  
Pahokee  
Palm Beach  
Palm Beach Gardens  
Palm Beach Shores  
Palm Springs  
Riviera Beach  
Royal Palm Beach  
South Bay  
South Palm Beach  
Tequesta  
Village of Golf  
Wellington  
West Palm Beach  
Westlake  
Unincorporated Palm Beach  
  
Altamonte Springs



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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

---

FPUC Service Area Continued:

Counties

Communities

Seminole County Continued

Lake Mary  
Longwood  
Oviedo  
Sanford  
Winter Springs  
Unincorporated Seminole County

Volusia

City of Oak Hill  
Daytona Beach  
Debary  
Deland  
Deltona  
Edgewater  
Lake Helen  
New Smyrna Beach  
Orange City  
Ormond Beach  
Port Orange  
South Daytona Beach  
Town of Ponce Inlet  
Unincorporated Volusia County

**CFG Service Area:**

Counties

Communities

Alachua

Alachua  
Archer  
Gainesville  
High Springs  
Newberry  
Unincorporated Alachua County

Citrus

Crystal River  
Hernando  
Homosassa  
Inverness

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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

---

CFG Service Area Continued:

<u>Counties</u>	<u>Communities</u>
Citrus County Continued	Lecanto Unincorporated Citrus County
DeSoto	Arcadia Unincorporated DeSoto County
Escambia	Unincorporated Escambia County
Gadsden	Quincy Unincorporated Gadsden County
Gilchrist	Trenton Unincorporated Gilchrist County
Hernando	Unincorporated Hernando County
Highlands	Unincorporated Highlands County
Hillsborough	Lithia Plant City Unincorporated Hillsborough County
Holmes	Bonifay Unincorporated Holmes County
Jackson	Marianna Unincorporated Jackson County
Liberty	Bristol Unincorporated Liberty County
Osceola	Champions Gate St. Cloud Unincorporated Osceola County

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

Effective: March 1, 2023

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

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***SYSTEM MAPS AND LIST OF COUNTIES AND COMMUNITIES SERVED -  
CONTINUED***

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CFG Service Area Continued:

Polk	Auburndale Bartow Davenport Dundee Eagle Lake Haines City Highland City Lake Alfred Lake Hamilton Lake Wales Lakeland Mulberry Polk City Winter Haven Unincorporated Polk County excluding those Customers in the Ft. Meade Service Area
Suwannee	Unincorporated Suwannee County
Union	Unincorporated Union County
Washington	Unincorporated Washington County

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***TECHNICAL TERMS AND ABBREVIATIONS***

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When used in Rules and Regulations or the rate schedules contained in this volume, the following terms shall have the meanings defined below.

Agent. A contractually authorized Marketer or Designee of Customer under these Rules and Regulations.

Aggregated Transportation Service. Transportation Service provided by Company to those Customers assigned to the applicable Customer Pool wherein the authorized Pool Manager causes Gas to be delivered to Company for transportation to the Customer Accounts.

Aggregated Transportation Service Agreement. An agreement between the Company and the authorized Pool Manager establishing terms and conditions for the management of a TTS or CI Customer Pool.

Alert Day. Any Gas Day where Company notifies, Customer, Pool Manager, or Shipper's Designee of restrictions on the deliveries of Gas within certain specified tolerances.

Alternate Fuel. Any source of energy other than Gas delivered through Company's distribution facilities.

Application for Service. A request for service made to the Company by a prospective Customer. Applications for residential service may be made by telephone or in writing. An application for any other class of service offered by the Company shall be submitted in writing on Company's Natural Gas Service Agreement.

Area Extension Program (AEP) Recovery Amount. The cost difference between the MACC and the estimated capital investment costs (such cost difference to include the Company's Mid-Point of its Authorized Rate of Return to be updated annually per Company's FPSC Earning Surveillance Report) required to extend the distributions facilities to serve the prospective Customers.

Atmospheric Pressure. Fourteen and seventy-three hundredths (14.73) pounds to the square inch, irrespective of actual elevation or location of the point of measurement above sea level or variations in Atmospheric Pressure from time to time.

British Thermal Unit (Btu). The quantity of heat required to raise the temperature of one pound (avoirdupois) of pure water from 58.5 degrees Fahrenheit to 59.5 degrees Fahrenheit at a constant pressure of 14.73 pounds per square inch absolute.

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***TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED***

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Business Day. The weekdays Monday through Friday, exclusive of federal banking holidays, unless notified otherwise.

CFG Service Area: CFG Service Area includes Customers located within the counties on the List of Counties and Communities Served under CFG Service Area in this tariff and excluding those Customers served in the Company's Ft. Meade Service Area.

CI Cycle Read Pool. That group of certain CFG, Indiantown, Florida Public Utilities, and Ft. Meade Service Areas Non-residential Aggregated Transportation Service Customers who have, (i) executed a Letter of Authorization with a Company-approved Pool Manager to utilize Transportation Service through an aggregated Customer Pool and (ii) who have field meters that are "manually" read by the Company on a scheduled monthly cycle, once per month.

CI Daily Read Pool. That group of certain CFG, Indiantown, Florida Public Utilities, and Ft. Meade Service Areas Non-residential Aggregated Transportation Service Customers who have (i) executed a Letter of Authorization with a Company-approved Pool Manager to utilize Transportation Service through an aggregated Customer Pool, and (ii) who have RTU and/or MTU measurement that is downloaded daily by the Company.

Company. Florida Public Utilities Company, acting through its duly authorized officers or employees within the scope of their respective duties.

Company Delivery Point or Company Point of Delivery. The point at the interconnection between the facilities of Company and a Customer at which the Gas leaves the outlet side of Company's custody transfer point and enters the Customer's installation.

Company Operating Units. The Company's FPUC Indiantown Service Area, FPUC Ft. Meade Service Area, FPUC Company Service Areas, and CFG Company Service Areas inclusive of those counties and communities served and identified individually in Sheet Nos. 4.000-4.109, Maps and Communities Served in this Tariff.

Company Receipt Point. The point at the connection of the facilities of Transportation Service Provider and Company at which the Gas leaves the outlet side of Transportation Service Provider's custody transfer point and enters the Company's facilities.

Company's Regulated Sales Service Pool. The group of Ft. Meade and FPUC Service Area Customers who purchase their Gas supply directly from the Company and pays the Company's Purchased Gas Cost Recovery Factor listed in this Tariff.

Florida Public Utilities Company  
FPSC Tariff  
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Original Sheet No. 5.002

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***TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED***

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Cubic Foot of Gas. For purposes of measurement herein shall be determined as follows:

When Gas is metered at the Standard Delivery Pressure, a Cubic Foot of Gas shall be

- a. defined as the specific volume of gas which, and pressure existing in the Meter, occupies one (1) cubic foot.
- b. When Gas is metered at other than the Standard Delivery Pressure, a Cubic Foot of Gas shall be defined as the volume of Gas which, at a Flowing Temperature of sixty degrees Fahrenheit (60°F.), and at an absolute pressure of 14.73 pounds per square inch, occupies one cubic foot.
- c. Where measurement is by means of orifice Meters, volumes shall be computed in accordance with the joint Bureau of Standards, AGA A.S.M.E. specifications published April, 1955 as Gas Measurement Committee Report No. 3 of the American Gas Association as amended or revised from time to time.

Customer. Any person, business, or other legal entity receiving natural gas distribution service, transportation service, or other service specific in this Tariff.

Customer Installation. Customer owned facilities, located on the outlet side of the Company's Delivery Point, constructed to receive gas service from Company.

Customer Pool. The group of Customers who are collectively served by a Company-authorized Pool Manager(s) in accordance with the applicable provisions of the Company's Aggregated Transportation Service program(s).

Curtailement. The suspension of gas service provided by Company to affected Customers, in accordance with the provisions of the Company's end use Curtailment plan, as amended from time to time, on file with the FPSC.

Daily Capacity (release) Quantity (DCQ). The quantity, in Dekatherms, of Transportation Service Provider pipeline capacity to be released to Customer's Pool Manager and Pool Manager is required to acquire for delivery by Pool Manager to the Company on a daily basis.

Daily Delivered Capacity (release) Variance (DDCV). The quantity of capacity, if any, each Pool Manager must deliver that is in addition to the quantity of firm capacity released by the Company to Pool Manager to meet Pool Manager's Customer Pool's aggregated Daily Demand Requirement i.e., the mathematical difference between each Pool Manager's specific Customer Pool's aggregated Daily Demand Requirement and Pool Manager's aggregated Daily Capacity (release) Quantity.

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***TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED***

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Daily Demand Requirement (DDR). The total demand requirement for any given day of all Customers participating in a Customer Pool. Calculated by the Company on a Monthly basis, the DDR is the average of the Customer's billed quantity divided by the number of Days in the then applicable billing period and divided by ten.

Dekatherm (Dkt). 1,000,000 Btu's or ten (10) Therms.

FAC. Florida Administrative Code.

FERC. Federal Energy Regulatory Commission.

Flowing Temperature. The arithmetical average of the temperature of the gas flowing through the Meters as recorded by a recording thermometer installed at the point of measurement. Where such installation is not provided, the Flowing Temperature of the gas shall be assumed to be sixty degrees Fahrenheit (60°) F.

FPSC. Florida Public Service Commission.

FPUC Service Area: FPUC Service Area includes Customers located within the counties on the List of Counties and Communities Served under FPUC Service Area in this tariff and excluding those Customers served in the Company's Indiantown Service Area.

Ft. Meade Service Area: Ft. Meade Service Area includes Customers located inside Ft. Meade city limits and those Customers acquired by the Company through the purchase of Ft. Meade municipal gas system.

Gas. Natural Gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of this Tariff.

Gas Day. A period of twenty-four (24) consecutive hours beginning and ending at 9:00 a.m. Central Clock Time.

Gas Month. A period beginning 9:00 a.m. Central Clock Time on the first Day of a calendar Month and ending at 9:00 a.m. Central Clock Time on the first Day of the succeeding calendar Month.

Gas Service Facilities. The Service Line, Meter, regulator, and all appurtenances thereto necessary to convey Gas from the Company's Main to the Company's Delivery Point.

Indiantown Service Area: Indiantown Service Area includes Customers located inside Indiantown city limits and those Customers acquired by the Company through the purchase of Indiantown Natural Gas.

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Florida Public Utilities Company

Effective: March 1, 2023

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***TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED***

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Letter of Authorization (“LOA”). An agreement executed by Customer and Customer’s selected Pool Manager which i) authorizes Company to assign Customer to its selected Pool Manager’s Customer Pool, ii) affirms Customer acceptance of Company’s Tariff provisions, and iii) affirms Pool Manager’s acceptance of Company’s Tariff provisions.

Main. The pipe and appurtenances installed in an area to convey Gas to other Mains or to gas service Facilities.

Maximum Allowable Construction Cost (MACC). The maximum capital cost to be incurred by the Company for an extension of facilities. The MACC shall equal six (6) times the estimated annual revenue less the cost of gas, taxes, and franchise fees.

Maximum Allowable Operating Pressure (MAOP). The maximum pressure, in pounds per square inch gauge (p.s.i.g.), allowed by applicable code, regulation, or product specification, or the operation of any specific portion of Company’s distribution system.

Maximum Daily Transportation Quantity (MDTQ). The maximum quantity of Gas that the Company is obligated to transport and make available for delivery to a Customer or Pool Manager under any applicable Transportation Service Agreement for Transportation Service on any one Day.

Meter. Any device or instrument for measuring and indicating or recording the volume of Gas passing through it.

MMBtu. 1,000,000 Btus, deemed equivalent to one Dekatherm (Dkt).

Month. The period between any two (2) regular readings of Company’s Meters at approximately thirty (30) Day intervals.

Monthly Imbalance Quantity. The operational imbalance amount for a billing period for an individual Customer or group of Customers in a Customer Pool.

Nomination. A request by a Customer, Pool Manager, or Shipper’s Designee to a Transportation Service Provider and Company for receipt and delivery of a physical quantity of Gas pursuant to Transportation Service Providers’ and or Company’s Tariff.

Operational Flow Order. Any Gas Day where Company notifies Customer, Pool Manager, or Shipper’s Designee of conditions that could threaten the safe operation or system integrity of the Transportation Service Provider and / or Company or where Customer’s, Pool Manager’s, or Shipper’s Designee’s Gas deliveries are required to be within certain specified hourly or daily Gas flow quantities.



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***TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED***

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Pool Manager. An entity, authorized in accordance to the provisions of this FPSC-approved Tariff, that provides gas supply, Transportation Service Provider pipeline capacity management and other related services for those Customers receiving service under the Company's Aggregated Transportation Service program(s).

Primary Delivery Point(s). Delivery Point(s) listed in Customer's Transportation Service Agreement, or Pool Manager's Aggregated Transportation Service Agreement.

Primary Receipt Point(s). Point(s) of Receipt listed in Customer's Transportation Agreement or Pool Manager's Aggregated Transportation Service Agreement.

Receipt Point. The point at the interconnection between the facilities of the Transportation Service Provider(s) and upstream system at which the Gas enters the facilities of the Transportation Service Provider(s).

Relinquishment. The release of firm capacity right(s) pursuant to the Rules and Regulations in this Natural Gas Tariff and FERC rules.

Renewable Natural Gas (RNG). Pipeline-quality biomethane that is interchangeable with conventional natural gas.

Request for Gas Sales or Transportation Service. Company's Natural Gas Service Agreement which, when properly executed by a prospective Customer, requests Gas Service from the Company.

Retainage. A percentage of Customer's or Customer's Agent's Gas that Company is allowed to retain for unaccounted for Gas at no cost to Company.

Service Line. All piping between the Main tap up to and including the first valve or fitting of the Meter or regulator setting.

Shipper. Customer or Pool Manager who has executed a Transportation Service Agreement or an Aggregated Transportation Service Agreement, and who has acquired capacity with a Transportation Service Provider.

Shipper's Designee. A contractually authorized Marketer or Agent of an Individual Transportation Service Customer or Off-system Delivery Point Operator Service Customer under these Rules and Regulations who is appointed by Customer and approved by Company to perform the obligations of an ITS and OS-DPO Customer or Pool Manager on the Company's system such as invoicing and payment, nominations, monthly imbalance resolution or operator order responsibility.

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***TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED***

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Standard Delivery Pressure. Gas delivered at Standard Delivery Pressure may vary from three (3) inches to fifteen (15) inches of water column. No adjustment will be made for variation from the normal Atmospheric Pressure at the Customer's Meter.

Sub-metering. The practice of installing additional metering equipment beyond the Company installed utility Meter.

Therm. A unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

Total Heating Value. The number of British Thermal Units produced by combustion in a recording calorimeter at a constant pressure of the amount of gas which would occupy a volume of one (1) cubic foot at a temperature of sixty degrees Fahrenheit (60°F.) if saturated with water vapor, and under a pressure equal to that of thirty inches (30") of mercury at thirty-two degrees Fahrenheit (32°F.) and under standard gravitational force (acceleration 980.665 centimeters per second) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of the gas and air, and when the water formed by combustion is condensed to the liquid state.

Company will determine a monthly average heating value of natural gas to be effective as of the first Day of each Month. Said monthly average heating value will be in effect on a calendar Month basis. It will reflect the average monthly heating value of the natural gas delivered to Company during the immediately preceding calendar Month.

Transportation Service. The service provided by Company where Customer-owned Gas is received by Company from a Transportation Service Provider at the Company Receipt Point(s), transported through Company's distribution system, and delivered by Company at the Company's Delivery Points to Customer.

Transportation Service Agreement. The fully executed Transportation Service Agreement or Contract Transportation Service Agreement between Company and Customer.

Transportation Service Provider. Any interstate pipeline, intrastate pipeline, or local distribution company that transports Gas to Company's Receipt Point(s).

Transportation Service Provider Delivery Point(s). The point at the connection of the facilities of Transportation Service Provider, at which the gas leaves the outlet side of the measuring equipment of Transportation Service Provider and enters an off-system facility.

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***TECHNICAL TERMS AND ABBREVIATIONS - CONTINUED***

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Upstream Pipeline Capacity Costs. Expenses incurred by the Company including but not limited to reservation, demand, usage, commodity, fuel, and applicable fuel charges incurred by the Company as a result of Company's contractual arrangements with Transportation Service Provider(s).

Working Day. Shall have the same meaning as Business Day, previously defined herein.

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***RULES AND REGULATIONS***

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**A. CLASSIFICATION OF CUSTOMERS, POOL MANAGERS, AND SERVICES**

1. Classification of Customers:

a. Residential Customers:

Applies to Customers receiving gas service from the Company for use in a single-family dwelling or building, or in an individual flat, apartment or condominium unit in a multiple family dwelling or building or portion thereof occupied as the home, residence or sleeping place of one or more persons. Also applies to Gas used in commonly owned facilities of condominium associations, cooperative apartments, and homeowner associations subject to the following criteria:

- i. 100% of the Gas is used exclusively for the co-owner's benefit.
- ii. None of the Gas is used in any endeavor that sells or rents a commodity or provides a service for a fee or otherwise engages in a commercial or Industrial enterprise.
- iii. Each Customer premise is separately metered and billed.
- iv. A responsible legal entity is established as the Customer to whom the Company can render its bills for said service.

b. Commercial Customers:

Applies to Customers receiving gas service from the Company engaged in selling, warehousing or distributing a commodity, product or service in some business activity or in a profession, or in some other form of economic or social activity (offices, stores, clubs, hotels, etc.)

All Commercial Customers whose daily consumption of Gas exceeds 1,500 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

c. Industrial Customers:

Applies to Customers receiving gas service from the Company engaged in a process which creates a product or changes raw or unfinished materials into another form of product, or which involves the extraction of a raw material from the earth (factories, mills, distilleries, machine shops, wells, refineries, plants, etc.).

All Industrial Customers whose daily consumption of Gas exceeds 1,500 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

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***RULES AND REGULATIONS - CONTINUED***

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- d. Natural Gas Vehicle Customers:  
Non-Residential Customers receiving gas service through a separate Meter for compression and delivery (through the use of equipment furnished by Customer) into motor vehicle fuel tanks or other transportation containers.
- e. Special Purpose Customers:  
Customers receive gas service from the Company that do not meet the definition for any of the above Customer Classifications.
- f. Alternate Fuel Customers:  
Applies to any Commercial or Industrial Customer whose annual metered gas volume exceeds 25,000 Therms, and who has the continuing capability to utilize an Alternate Fuel which displaces natural Gas delivered by the Company, Alternate Fuel Customers shall, by a contract in writing, provide from time to time, sufficient evidence of the Alternate Fuel price to warrant an adjustment in the Company's rate for the Rate Schedule under which the Customer receives gas service, In all cases where continuous operation of a Customer's facility is necessary, the Alternate Fuel Customers shall, continuously maintain the capability to utilize a supply of Alternate Fuel of sufficient quantity to allow the Curtailment of Gas service without adversely impacting Customer's operation.
- g. Interruptible Customers:  
At the sole option of the Company, Customer with or without Alternate Fuel capabilities, whose annual metered Gas Volume exceeds 100,000 Therms, and who, by contract in writing, agrees to periodically interrupt their gas service and discontinue operations to the benefit of other distribution system Customers, may be designated an Interruptible Customer. Such Customers may be deemed eligible to receive service under the Company's Contract Transportation Service or Special Contract provisions. The Company's Interruptible rate schedules are closed at this time.

All Interruptible Customers shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

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2. Classification of Pool Managers:

- a. TTS Pool Manager:  
Any Company approved Pool Manager that is authorized to deliver Gas to Company's Receipt Point(s), which is subsequently delivered by Company at the Company's Delivery Point(s) to Customers participating in Company's TTS Customer Pools under the Aggregated Transportation Service (ATS) program.
- b. CI Pool Manager:  
Any Company-approved Pool Manager or Shipper Designee that is authorized to deliver Gas to: i) Company's Receipt Point(s), which is subsequently delivered by Company at the Company Delivery Point(s) to Commercial, Industrial, and/or Special Purpose Customers, or ii) a Transportation Service Provider Delivery Point(s) where Company provided the Off-System Delivery Point Operator Service.

3. Classification of Services:

- a. Regulated Sales Service Ft. Meade and FPUC Service Areas:  
Gas sales made by the Company through Company's Purchased Gas Cost Recovery mechanism. This service is required for all Residential Customers located in the Company's Ft. Meade and FPUC Service Areas and is optional for all Non-Residential Customers in the Company's and Ft. Meade and FPUC Service Areas. This service is not available to Customers located in Company's I Indiantown and CFG Service Areas.
- b. Transportation Service:  
Transportation Service is required for all Indiantown and CFG Service Area Customers and is optional for all Ft. Meade and FPUC Service Area Non-Residential Customers. Transportation Services will be provided under Company's Individual or Aggregated Transportation Service Program(s), in accordance with the Rules and Regulations set forth in this Tariff.
  - i. Individual Transportation Service (ITS):
    1. Individual Transportation Service is available to Customers who are served under Company's CTS and FGS rate schedules, and Special Contract Customers. Individual Transportation Service Customers are required to execute a Transportation Service Agreement, or the applicable Contract Transportation Service Agreement or Flexible Gas Service Agreement with the Company.

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***RULES AND REGULATIONS - CONTINUED***

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2. All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.
- ii. Aggregated Transportation Service (ATS):
  1. CI Service Pools:

Unless otherwise authorized by Company, all Non-Residential Customers in the Indiantown and CFG Service Areas, shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

All Ft, Meade and FPUC Service Area Non-Residential Customers shall have the option of utilizing ATS and shall utilize a Company approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s) or purchasing Gas from Company's Regulated Sales Service Pool.
  2. TTS Service Pool(s):

Unless otherwise authorized by Company, all Indiantown and CFG Residential Customers shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at Company's Receipt Point(s).
- c. Contract Transportation Service (CTS):

Transportation Service provided to Customer that has Alternate Fuel or physical or economical bypass capabilities and that:

  - i. Meets the minimum annual threshold of 25,000 Therms of required Gas supply;
  - ii. Has executed a CTS Affidavit and Contract Transportation Service Agreement which is accepted by the Company; and
  - iii. Company may periodically adjust its Tariff rates for gas service to compete with Customers' Alternative Fuel pricing or bypass alternative as provided in the CTS Rider, the Rules and Regulations set forth in this Tariff, and other approved Rule or Regulations of the Company, as applicable. Billing Adjustments and Taxes and Fees, as set forth in Sheet Nos. 7.300-7.417, may also apply.



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- d. Special Contract Service (SCS):  
Transportation Service provided to a Customer at the sole option of the Company pursuant to Florida Public Service Commission Rule 25-9.034, FAC, where the rates, terms and conditions for service may be different than those set forth in the Company's approved Tariff. All SCS Customers shall enter into a Special Contract Agreement with the Company, which is subject to the approval of the FPSC. Billing Adjustments and Taxes and Fees, as set forth in Sheet Nos. 7.300-7.417, may also apply.
- e. Shipper of Last Resort Service (SOLR):  
In the event all TTS Pool Manager(s) are terminated, the Company shall perform all TTS Pool Manager functions as defined in this Tariff. The SOLR service will be provided in accordance with the Rules and Regulations set forth in this Tariff, the terms and conditions of the TTS Pool Manager Agreement(s), and other approved rules and regulations of the FPSC. The Company shall provide this service to Customers until a replacement TTS Pool Manager is selected. Billing Adjustments and Taxes and Fees, as set forth in Sheet Nos. 7.300-7.417, may also apply.
- f. Flexible Gas Service (FGS):  
This service is available at the Company's option to Customers meeting the applicability standards which include i) the Customer must demonstrate to the Company that Customer has a viable economic energy alternative including verifiable documentation of Customer's energy alternative; and ii) the Company must demonstrate that this new Customer will not cause any additional costs to, or cross-subsidization by, the Company's other rate classes. The Company is under no obligation to grant service under this Tariff.
- g. Off System Sales Service (OSSS-1):  
Interruptible Natural Gas delivered by Company to any person not connected to Company's distribution system. Customer and Company shall rely on measurement made by the Transportation Service Provider. Unless curtailed, all Nominations to Customer's Transportation Service Provider Pipeline Delivery Point shall be considered to have been made by the Transportation Service Provider. Off-System Sales include i) intrastate and interstate pipeline capacity releases made by the Company, ii) commodity sales made by the Company, and / or iii) delivered sales made by the Company. Fifty percent (50%) of the net revenues shall be retained by Company. The remaining fifty percent (50%) of the net revenues shall be used to reduce Company's costs recovered through the Company's Purchase Gas Cost Recovery Clause.

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***RULES AND REGULATIONS - CONTINUED***

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- h. Renewable Natural Gas Service (RNG):  
Service provided to RNG producers which includes conditioning or upgrading biogas into pipeline quality RNG for interconnection, injection, and delivery into the Company's distribution systems. The Company may provide upgrade equipment, compressors, blowers, anaerobic digestors, site work, piping, heat exchangers, driers, metering, system interconnects, injection equipment, storage vessels, and other equipment deemed necessary for the safe and reliable operation of the biogas conditioning site and system interconnect/injection point(s). The Company's provision of RNG service to the Customer may require an agreement between the Company and the Customer. RNG shall conform to the Quality of Gas provisions contained in this tariff.
  
- i. Pool Manager Services:
  - i. Shipper Administrative and Billing Service (SABS):  
Administrative and billing service provided to a Pool Manager under the SABS rate schedule, in accordance with the Rules and Regulations and Agreements set forth in this Tariff. The Company shall provide the following services to Pool Managers under the SABS; i) reading of Customer's Meters, ii) provision of Customer projected monthly usage information, along with Transportation Service Provider capacity quantity to be released to Pool Manager, iii) provision of Customer usage information to Pool Manager each Month, iv) retention of Customer's historical usage information, v) Letter of Authorization review and administration, vi) receipt and administration of Pool Manager's Gas rates for Customer billing, vii) calculation and presentation of Pool Manager's gas billing charges on Company's monthly bill or, at Company's sole option, on a separate bill to Customer, viii) collection and application of Customer payments for Pool Manager's Gas billing charges, ix) remittance of Customer payments for Pool Manager's gas billing charges to Pool Manager, net of Pool Manager's billing charges that are bad debt write-offs and recovery of said bad debts, the SABS Tariff-approved charges and other applicable charges and adjustments, and x) other services as the Company may determine necessary to administer Gas deliveries by Pool Managers to Customers. This service is required for TTS Pool Managers and is not available to CI Pool Managers. Billing Adjustments and Taxes and Fees, as set forth on Sheet Nos. 7.300-7.417, may also apply.

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***RULES AND REGULATIONS - CONTINUED***

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ii. Shipper Administrative Service (SAS):

Administrative service provided to a Pool Manager under the SAS rate schedule, in accordance with the Rules and Regulations set forth in this Tariff. The Company shall provide the following services to Pool Managers under the SAS; i) reading of Customer's Meters, ii) provision of Customer projected monthly usage information, along with Transportation Service Provider capacity quantity to be released to Pool Manager, iii) provision of Customer usage information to Pool Manager each Month, iv) retention of Customer's historical usage information, v) Letter of Authorization review and administration, and vi) other service as the company may determine necessary to administer Gas deliveries by Pool Managers to Customers. This service is required for CI Pool Manager or Customers that have executed an FGS or Special Contract Agreement, as may be negotiated by Company, and is not available to TTS Pool Manager. Billing Adjustments and Taxes and Fees, as set forth on Sheet Nos. 7.300-7.417, may also apply.

iii. Delivery Point Operator Service (DPO):

Administrative service provided to a Pool Manager by Company, or Company's agent acting as DPO, in accordance with the Rules and Regulations set forth in this Tariff. Company shall provide the following services to Pool Managers receiving DPO service; i) receipt and administration of scheduled Gas quantities for Pool Manager's Customer Pool, ii) compilation of measured Gas quantities for Pool Manager's Customer Pool, iii) resolution of monthly imbalances with Transportation Service Provider (difference between scheduled Gas quantities for all Pool Managers and measured Gas quantities at the Company's Receipt Points), using approved book-out and/or cash-out processes of Transportation Service Provider(s), iv) resolution of monthly imbalances with Pool Manager (difference between scheduled Gas quantities and measured Gas quantities for Pool Manager's Customer Pool), in accordance with this Tariff, v) administration of the Operational Balancing Account ("OBA"), in accordance with this Tariff, vi) administration of Transportation Service Provider Operational Orders, including financial transactions, if any, and vii) other service as Company may determine necessary to administer Gas deliveries by Shippers to Customers.

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***RULES AND REGULATIONS - CONTINUED***

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iv. Off-System Delivery Point Operator Service (OS-DPO):

Administrative service, in accordance with an executed Off-System Delivery Point Operator Agreement, provided at Company Receipt Point(s) to a Pool Manager by Company, or Company's agent acting as DPO, in accordance with the Rules and Regulations set forth in this Tariff, as applicable. Company shall provide the following services to Pool Managers under the OS-DPO Service, i) receipt and administration of scheduled Gas quantities for Pool Manager's Customer Pool, ii) compilation of measured Gas quantities for Pool Manager's Customer Pool, iii) resolution of monthly imbalances with Transportation Service Provider (difference between scheduled Gas quantities for all Pool Managers and measured Gas quantities at the Company Receipt Point(s)), using approved book-out and/or cash-out processes of Transportation Service Provider, iv) resolution of monthly imbalances with Pool Manager ((difference between scheduled Gas quantities and measured Gas quantities for Pool Manager's Customer Pool), in accordance with this Tariff, v) administration of the OBA account, in accordance with this Tariff, vi) administration of Transportation Service Provider Operational Orders, including financial transactions, if any, in accordance with this Tariff, and vii) other services as Company may determine necessary to administer Gas deliveries by Pool Managers to Customers. Billing Adjustments and Taxes and Fees, as set forth on Sheet Nos. 7.300-7.417, may also apply. Upon initiation of service, any TTS Pool Manager or CI Pool Manager who has executed an Off-System Delivery Point Operator Agreement will be assigned to the OS-DPO rate schedule.

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**B. SERVICE REQUEST**

1. Request for Service:

A prospective Customer may request Service by:

- a. Applications for service may be made by telephone or in writing to the Company.
- b. Electronic request to the Company's web site (www.fpuc.com)
- c. Applicants for space heating only service shall be required by Company to contribute the cost of providing facilities for such service.

2. Commencement of Service:

Completion of an application or the deposit of any sum of money by the prospective Customer shall not require Company to render Service until the expiration of such time as may be reasonably required by Company to determine if such prospective Customer has fully complied with the provisions of Company's applicable Customer Rules and Regulations and as may reasonably be required by Company to install the required facilities to render Service to such prospective Customer.

3. Withholding of Service:

Company may withhold initiation of service requested by any Customer until such Customer has paid all indebtedness for Service to the Company and such Customer has complied with all applicable Rules and Regulations.

4. Connection and Re-Connection Charge:

Company shall bill the Customer an approved Connection or Re-Connection Charge set forth in the "Miscellaneous Service Charges" section of this Tariff, for initiation or restoration of Service. The Company shall bill the Customer an approved Change of Account Charge for reading the Meter at a premise where there is a change of Customer occupancy.

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**C. DEPOSITS AND SECURITY**

1. Establishment of Credit:

In lieu of a deposit, the Company may allow a prospective Customer to satisfactorily establish credit prior to the commencement of service by one of the following methods:

2. Residential:

Furnish a satisfactory guarantor to secure payment of bills for service requested; such guarantor must be a Customer of the Company with a satisfactory payment record. A guarantor's liability shall be terminated when a Residential Customer, whose payment of bills is secured by the guarantor, meets the requirements of this Tariff's "Refund of Deposits" section below. Guarantors providing security for payment of Residential Customer's bills shall only be liable for bills contracted at the service address contained in the contract of guaranty; or

- a. Furnish an irrevocable letter of credit from a bank equal to two (2) Month's average bills; or
- b. Furnish a surety bond equal to two (2) Month's average bills; or
- c. Pay a cash deposit.

3. Non-residential:

- a. Furnish a satisfactory guarantor to secure payment of bills for the service requested, such a guarantor need not be a Customer of the Company; or
- b. Furnish an irrevocable letter of credit from a bank equal to two (2) Months average bills; or
- c. Furnish a surety bond equal to two (2) Month's average bills; or
- d. Pay a cash deposit.

4. Deposit Required:

Unless credit is otherwise established in accordance with this "Deposits and Security" section of the Tariff, the Customer shall make a deposit. The amount of the deposit shall be calculated in conformity with the requirements of Section 366.05(1)(c), Florida Statutes as follows:

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***RULES AND REGULATIONS - CONTINUED***

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**Deposit Required Continued**

- a. For an existing account or premise, the total deposit may not exceed two (2) Months of average actual charges, calculated by adding the monthly charges from the 12-Month period immediately before the date any change in the deposit is sought, dividing this total by 12, and multiplying the result by 2. If the account or premise has less than 12 Months of actual charges the deposit shall be calculated by adding the available monthly charges, dividing this total by the number of Months available, and multiplying the result by 2.
  - b. For a new service or premise request, the total deposit may not exceed two (2) Months of projected charges, calculated by the twelve (12) Months of projected charges, dividing this total by twelve (12), and multiplying the result by two (2). Once the new Customer has had continuous service for a twelve (12) Month period, the amount of deposit shall be recalculated using actual data. Any difference between the projected and actual amounts must be resolved by the Customer paying any additional amount that may be billed by the utility or the utility returning any overcharge.
  - c. A Residential Customer may request the amount of the initial deposit be billed and paid in even installments over a period of two (2) Month's for deposit amounts between \$50 and \$150 and three (3) Month's for deposits amounts over \$150, which may be granted at the Company's discretion.
5. **New or Additional Deposits:**  
The Company may require, upon written notice to an existing Customer of not less than thirty (30) Days, a deposit (including guaranty, letter of credit, or surety bond) where previously waived or returned, or an additional deposit, in order to secure payment of current bills. Such notice for a deposit shall be separate and apart from any bill for service and shall explain the reason for the deposit; provided, however, that the total amount of the required new or additional deposit shall not exceed an amount equal to the average actual charges for service for two (2) billing periods during the twelve (12) month period immediately prior to the date of notice. The thirty (30) Day notice shall not apply when service is being reestablished after discontinuance of service for non-payment. In the event the Customer has had service less than twelve (12) months, then the Company shall base its new or additional deposit on the average actual monthly billing available.

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***RULES AND REGULATIONS - CONTINUED***

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6. Interest on Deposits:

Company shall pay a minimum interest on deposits of two percent (2%) per annum. Two percent (2%) per annum interest will be credited to a Customer's account annually in accordance with the current effective Rules and Regulations of the Commission. Three percent (3%) per annum will be credited annually on deposits of qualifying Residential Customers when the Company elects not to refund such a deposit after twenty-three (23) Months.

The Company shall credit annually three percent (3%) per annum on deposits of Non-Residential Customers qualifying for refund under until the Commission sets a new interest rate applicable to the Company. No Customer shall be entitled to receive interest on his deposit until and unless a Customer relationship and the deposit have been in existence for a continuous period of six Months, then Customer shall be entitled to receive interest from the day of the commencement of the Customer relationship and the placement of deposit. Deposits shall cease to bear interest upon discontinuance of service.

7. Refund of Deposits:

After a residential Customer has established a satisfactory payment record and has had continuous service for a period of not less than twenty-three (23) Months, at the Company's option, the Company may refund the Residential Customer's deposit and if Company does not refund Residential Customer's deposit, Company shall pay Customer the higher rate of interest specified in the "Interest on Deposits" section of this Tariff, provided the Customer has not, in the preceding twelve (12) Months: i) made more than one late payment of the bill (after the expiration of twenty (20) days from the date of presentation by Company), ii) paid with a check refused by a bank, iii) been disconnected for non-payment, iv) tampered with the gas Meter, or, v) used service in a fraudulent or unauthorized manner.

Upon termination of service, the company shall credit the amount of any cash deposit and accrued interest thereon against the final amount due Company from Customer and the balance, if any, shall be returned promptly to the Customer no later than fifteen (15) days after the final bill for service is rendered.



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***RULES AND REGULATIONS - CONTINUED***

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**D. CUSTOMER'S INSTALLATION**

1. General:

Customer's Installation shall be constructed, installed, and maintained in accordance with standard practice as determined by local codes and ordinances, these Rules and Regulations, and other applicable governmental requirements.

2. Inspection of Customer's Installation:

Where governmental inspection of a Customer's Installation is required, Company will not supply service to such installation until the necessary inspections have been made and Company has been authorized to provide service.

Company may also inspect Customer's Installation prior to rendering service, and from time to time thereafter, but assumes no responsibility whatsoever as a result of having made such inspection. Company will not render service to any Customer Installation which Company finds to be hazardous, or in noncompliance with any applicable code, ordinance, regulation, or statute.

Company will withhold or discontinue service to Customer's Gas equipment whenever it finds a hazardous condition or a condition that is in violation of a code, ordinance, regulation or statute governing the installation or use of Gas equipment or Customer's Installation, and service will be rendered or restored only when the hazardous condition or noncompliance has been corrected.

3. Changes in Customer's Installation:

A Customer shall notify Company of any change in Customer's requirements for service and receive authorization from Company prior to making any such change so that Company may be in a position to meet Customer's requirements. Customer will be liable for any damage resulting from violation of this rule.

4. Right of Way:

Customer shall make or procure satisfactory conveyance to Company, of all necessary easements and rights-of-way, including right of convenient access to Company's property, for furnishing adequate and continuous service or the retirement of Company's property upon termination of service.

5. Protection of Company's Property:

Customer shall properly protect Company's property on Customer's premises, and shall permit no one but Company's employees or agents, or persons authorized by law, to have access to Company's piping, Meters, or apparatus. In the event of any loss or damage to Company's property caused by or arising out of carelessness or misuse thereof by

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***RULES AND REGULATIONS - CONTINUED***

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Protection of Company's Property Continued

Customer, Customer shall pay to Company the cost of replacing such loss or repairing such damage. This section does not apply to Customer's check Meter if one is so installed.

6. Operation of Company's Facilities:

No Customer or other person shall, unless authorized by Company to do so, operate or change any of Company's Facilities.

7. Access to Premises:

The Company or its duly authorized agents shall have access at all reasonable hours to the premises of the Customer for the purpose of installing, maintaining, inspecting or removing the Company's property, reading Meters and such other purposes as are incident to rendering or terminating gas service to the Customer. In such performance the Company and its Agents shall not be liable for trespass.

8. Indemnity to Company:

The Customer shall indemnify, hold harmless and defend the Company from and against all liability, proceedings suits, cost or expense for loss, damage or injury to persons or property, in any manner directly or indirectly connected with or growing out of the transmission and use of Gas by the Customer at or on the Customer's side of the Company's Delivery Point.

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***RULES AND REGULATIONS - CONTINUED***

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**E. SERVICE CONNECTIONS**

1. Company reserves the right to designate the locations and specifications for the Main line taps, Service Lines, curb cocks, Meters, regulators, and appurtenances and to determine the amount of space which must be left unobstructed for the installation and maintenance thereof.
2. Applicant may request an alteration of such a designation but, if consented to by Company, the excess cost of such revised designation over and above the cost of the original Company design shall be borne by Applicant.
3. The Service Lines, curb cocks, Meters and regulators or governors will be installed and maintained by Company and shall remain the property of Company.
4. Any relocation or alteration of Company-owned facilities to furnish gas service to Customer for the convenience and benefit of the Company shall be paid for by the Company; however, any such changes occasioned or necessitated by any action of the Customer, or owner of the property if the Customer is a lessee, shall be at the expense of the Customer or owner.
5. Company reserves the right to postpone to a more favorable season the extension of Mains and connection of Service Lines during seasons of the year when climatic conditions would cause abnormally high construction costs.

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***RULES AND REGULATIONS - CONTINUED***

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**F. FACILITY EXTENSIONS**

**1. Distribution Facilities Extension Policy:**

- a. Feasibility Assessment:  
Prior to any extension of distribution facilities for the purpose of providing service to one or more Customer premises, the Company shall assess the economic feasibility of its capital investments for each proposed extension of facilities. For the purposes of this policy, distribution facilities shall mean: Mains, Service Lines, land rights, City Gate stations, district regulator stations, Meters, regulators, other materials and appurtenances, including the installation of such facilities.
- b. Security for Expansion Projects:  
Notwithstanding the provisions in Section C - Deposits and Security of this Tariff and application of security under this Section 1.b. is in lieu of the requirements in Section 2.b. below and upon the execution of a CTS or FGS Service Agreement, or Special Contract between the Company and Customer, Customer shall furnish to Company security acceptable to Company to secure the payment to Company of all costs incurred by Company for the design, engineering, permitting, construction, completion, testing, and placing in service of the expansion project which have not been recovered by Company through the distribution or transportation charges payable by Customer.
- c. Maximum Allowable Construction Cost: The maximum capital cost to be incurred by the company for an extension of facilities shall be defined as the Maximum Allowable Construction Cost (MACC). The MACC shall equal the estimated annual service revenues to be derived from the distribution facilities multiplied by six (6).

**2. Distribution Facilities Extension Options:**

- a. Free Extensions:  
The Company shall extend its distribution facilities to serve prospective Customer premises at no cost where the capital investment for such extension does not exceed the MACC.

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***RULES AND REGULATIONS - CONTINUED***

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Distribution Facilities Extension Options Continued

b. Advance in Aid of Construction:

Where the estimated capital investment for an extension of facilities exceeds the MACC, the Company may require that a prospective Customer(s) or other person, such as a real estate developer, governmental entity, or other authority ("Depositor") deposit an Advance in Aid of Construction (Advance). The amount of the Advance required from the Depositor shall equal the difference between the estimated capital investment and the MACC.

The Advance made by the Depositor shall be non-interest bearing. The Company may refund a portion, or all, of the Advance to the Depositor in accordance the following provisions:

c. Company at the option of the Depositor shall:

- i. At the end of the initial year of service refund to the Depositor or his assigns an amount equal to the excess, if any, by which six times that year's actual gas revenues, less actual cost of gas, exceeds the allowable construction cost used to determine the amount of the advance in aid or construction; or
- ii. At the end of the initial four years of service refund to the Depositor, or his assigns, an amount equal to the excess, if any, by which gas revenues less the actual cost of gas for those four years exceeds the allowable construction cost used to determine the amount of the advance in aid of construction.
- iii. Refund option shall be determined by Depositor and so stated on the agreement to be executed at the time contribution is received by Company.
- iv. For each additional Customer taking service at any point on a Main installed as part of a distribution facilities extension within a period of five (5) years from the in-service date of the extension, the Company shall refund to the Depositor an amount by which the MACC of each additional Customer exceeds the capital investment costs of connecting such Customer, provided that an additional Main extension shall not have been necessary to serve such additional Customer.
- v. The aggregate refund to any Depositor made through the above provisions shall not exceed the original Advance of such Depositor.

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***RULES AND REGULATIONS - CONTINUED***

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Advance in Aid of Construction Continued

- vi. The distribution facilities extension shall at all times be the property of the Company and any unrefunded portion of the Advance at the end of five (5) years shall be credited to the Company's distribution Main plant account.

2. Minimum Volume Commitment:

- a. The Company may require a commitment by Customer to take- or-pay for a minimum volume of Gas as deemed appropriate by the Company given the circumstances of facility cost and/or the service requirements of a particular Customer. In no instance will the minimum volume commitment be set at a level that exceeds the volume used to calculate the MACC for the Customer, nor will the volume commitment term exceed six (6) years.

The distribution facilities extension shall at all times be the property of the Company and any unrefunded portion of the Advance at the end of five (5) years shall be credited to the Company's distribution Main plant account.

3. Area Extension Program:

a. AEP Charge

The Company shall calculate the cost difference between the MACC and the estimated capital investment costs (such cost difference to include the Company's allowed cost of capital) required to extend the distribution facilities to serve the prospective Customer(s) (the "AEP Recovery Amount"). The AEP Recovery Amount shall be divided by the number of Customer premises projected to be served at the end of the completed build out date of the extension. The Amortization Period shall apply individually to each premise and shall not exceed seventy-two (72) Billing Months. For the purposes of AEP cost recovery, a Billing Month shall mean a month in which Company renders a billing statement to an active Customer account for a premise served by an AEP extension of facilities. In the event a premise becomes inactive, the Amortization Period shall be suspended until the premise is reactivated. The AEP Recovery Amount shall be divided by the number of months in the Amortization Period to establish a monthly AEP Charge. The AEP Charge shall be billed to each Customer premise activating service prior to the completed build out date following the in-service date of the extension.

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***RULES AND REGULATIONS - CONTINUED***

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- b. The AEP Charge shall not be billed to any Customer premise that activates Gas service from an AEP extension of facilities subsequent to the end of the completed build out period following the in-service date of an AEP extension of facilities.
  - c. Revenues from the AEP Charge shall be credited against the Company's distribution main plant account, except that the Company shall retain, as a return on its capital investment, a portion of such revenues equal to its allowed cost of capital.
4. Service Extensions from Existing Mains:  
The Company shall extend service facilities connecting a Customer premise to an existing Main, where the Company's capital investment to install the service does not exceed the MACC. Where the service extension capital investment exceeds the MACC, the Customer shall pay to the Company a non-refundable amount equal to the difference between the MACC and the estimated capital cost of the service extension.
5. Temporary Service:  
In the case of temporary service for short-term use, Company may require Customer to pay all costs of making the service connection and removing the material after service has been discontinued, or to pay a fixed amount in advance to cover such expense; provided, however, that Customer shall be credited with reasonable salvage realized by Company when service is terminated.
6. Relocation of Distribution Facilities:  
When alterations or additions to structures or improvements on premises to which Company provides service necessitate the relocation of Company's distribution facilities, or when such relocation is requested by Customer for any reason, Customer may be required to reimburse Company for all or any part of the costs incurred by Company in the performance of such relocation.
7. Ownership of Property:  
The Company shall own, operate, and maintain all service pipes, regulators, vents, Meters, Meter connections, valves, and other apparatus from Company Mains to the outlet side of the Meter and shall have a perpetual right of ingress and egress thereto.

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***RULES AND REGULATIONS - CONTINUED***

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**G. METERING**

1. Use of Meters and Measuring Equipment:

- a. The Company shall provide, install, and properly maintain at its own expense such Meter or Meters, recording devices and metering equipment necessary to measure the quantity of Gas used by the Customer. Customer will safeguard Company's equipment and facilities located on Customer's property and will not permit unauthorized persons to operate or alter such Company-owned or controlled equipment or facilities in any manner.
- b. The Customer, upon thirty (30) days-notice to Company, may install, maintain and operate at Customer's expense such check measuring equipment on Customer's Installation as desired provided that such equipment shall be so installed as not to interfere with the safe and efficient operation of Company's equipment. No Gas shall be Sub-metered or further distributed by Customer for purpose of resale unless approved by Company or the FPSC.
- c. Company may furnish and install such regulating and/or flow control equipment and devices as it deems to be in the best interest of the Customer served, or in the best interest and/or function of the Company's distribution system in general.
- d. Only duly authorized agents of the Company or persons authorized by law shall set or remove, turn on or turn off, or in any way handle Company's Meters. Only Company's duly authorized agents shall make connections to the Company's system. Unauthorized connections to, or tampering with, the Company's Meter or metering equipment, or indications or evidence thereof, subjects the Customer to immediate discontinuance of service, prosecution under the laws of the State of Florida, adjustment of prior bills for service furnished, and reimbursement of the Company for all expenses incurred on Customer's account.

2. Remote Telemetry Installation:

- a. All remote reading devices shall be owned, installed and maintained by the Company. When requested by Customer below the annual consumption level above, and approved by the Company, a remote reading device may be installed at a cost payable by the Customer.



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***RULES AND REGULATIONS - CONTINUED***

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- b. Customer shall, at the Customer's expense, provide and maintain electrical power and telephone service to the remote reading device location.
  - c. A periodic verification reading shall be taken on the meter and the remote reading device. The Company shall notify the Customer when the periodic verification is required. The Company shall determine the frequency of such verification based on the technical characteristics of the installed equipment and its in-service performance.
  - d. In cases of a measurement dispute related to the remote reading device, the Company's meter may be used as the final determinant in measuring consumption.
3. Location of Meters:
- a. The Customer shall furnish a convenient, accessible, and safe place in which the Meter and/or other such facilities can be installed, operated, and maintained without charge to Company. This location insofar as practical shall be outside the building and free of
  - b. excessive temperature variations or potential causes of damage that might affect Meter operation or accuracy.
  - c. If changes in conditions on the Customer's premises adversely affect the convenience, accessibility or safety of the Meter location, the Customer shall be responsible for the cost of relocating the Meter, its appurtenances, and related piping to a location meeting the above requirements.
4. Meter Accuracy at Installation:
- a. A gas Meter shall be within plus or minus one percent (1%) of accuracy to be installed for Customer use.
  - b. Each Meter removed from service when opened for repairs shall be adjusted to be not more than 1 percent (1%) fast or 1 percent (1%) slow before being reset. If not opened for repairs, the Meter may be reset without adjustment if found to be not more than 1 percent (1%) fast or not more than 1 percent (1%) slow provided the Meter is otherwise in good condition.

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- c. No Meter may be installed unless it has been tested within the previous 12 Months and found to be within the accuracy limits established herein.
- 5. Periodic Meter Tests:
  - a. Meters installed will be tested periodically at reasonable intervals and in accordance with Commission Rule 25-7.064 FAC.
- 6. Meter Test by Request:
  - a. Upon written request of a Customer, Company shall, without charge, make a test of the accuracy of the Meter in use at Customer's premise, provide, first that the Meter has not been tested by Company or by the FPSC within twelve (12) Months previous to such request.
  - b. Should any Customer request a Meter test more frequently than provided above, Company shall require a deposit to defray the cost of testing in accordance with FPSC Rule 25-7.065 FAC.
  - c. If the Meter is found to be more than two percent (2%) fast, the deposit shall be refunded, but if below this accuracy limit, the deposit shall be retained by the Company as a service charge for conducting the test.
- 7. Meter Test – Referee:
  - a. In the event of a dispute, upon written application to the FPSC by any Customer, a test of the Company's Meter at Customer's premise shall be made or supervised as soon as practicable by a representative of the FPSC.
  - b. The Meter shall in no way be disturbed after the Company has received notice that application has been made for such referee test unless a representative of the FPSC is present or unless authority to do so is first given in writing by the FPSC or by the Customer.
  - c. A written report of the results of the test shall be made by the FPSC to the Customer.

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***RULES AND REGULATIONS - CONTINUED***

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**H. MEASUREMENT**

1. Determination of Volume:
  - a. The volume and Total Heating Value of the Gas shall be determined as follows:
2. Base Conditions:
  - a. A standard cubic foot for measurement purposed shall be the volume of such cubic foot at the temperature of 60 degrees Fahrenheit and an absolute pressure of 14.73 p.s.i.a.
  - b. The Average Atmospheric Pressure shall be assumed to be fourteen and seventy-three hundredths pounds per square inch absolute (14.73 p.s.i.a.) irrespective of actual elevation or location of the point of measurement or of variations in such Atmospheric Pressure from time to time.
3. Unit of Volume:
  - a. Subject to the Technical Terms and Abbreviations of this Tariff, the Standard Delivery Pressure shall be 14.98 p.s.i.g. and the Standard Delivery Temperature shall be 60 degrees Fahrenheit.
  - b. For purposes of billing computations, a Cubic Foot of Gas shall be that quantity which, at a pressure of 14.98 p.s.i.g. and a temperature of 60 degrees Fahrenheit, occupies one cubic foot.
  - c. When deliveries are made at flowing pressures in excess of the Standard Delivery Pressure, metered volumes shall be corrected for such variation through utilization of recorded flowing pressure data, correction devices which are an integral part of the Meter installation, or by correction factors for fixed pressure deliveries.
  - d. With respect to Gas delivered at High Pressure, flowing Gas temperature shall be assumed to average 60 degrees Fahrenheit for all measurement, unless Customer and Company agree otherwise. When an assumed Flowing Temperature of 60 degrees Fahrenheit is not used, the temperature shall be determined as the arithmetic average of Flowing Temperatures as recorded by a temperature recorder, if such a recorder is utilized, or through the use of correcting indices or temperature compensating meters, where recording or compensating devices are not installed, the temperature of the Gas shall be assumed to be the climatological 30-year average monthly temperature as established by the nearest National

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***RULES AND REGULATIONS - CONTINUED***

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Unit of Volume Continued

Oceanic and Atmospheric Administration Weather Bureau and published by the Department of Commerce.

- e. Unless determined to be otherwise by a gravity balance, the specific gravity of the flowing Gas shall be assumed to be 0.6.
  - f. When sales or transportation volumes are metered at pressures of 10 p.s.i.g. (pounds per square inch gauge) and over, and where such volumes are also corrected for Flowing Temperatures other than assumed 60 degrees Fahrenheit, such volumes shall be corrected for deviations from Boyle's Law by use of the appropriate super compressibility factor.
4. Billing Unit:
- a. The sales and transportation unit of Gas shall be the Therm, being 100,000 Btu's. The number of Therms billed to Customer shall be determined by multiplying the number of Cubic Feet of Gas delivered at 14.98 p.s.i.g. and 60 degrees Fahrenheit, by the Total Heating Value of such Gas and dividing the product by 100,000.
  - b. The Total Heating value of the Gas delivered to Customer shall be determined as that reported periodically by Transportation Service Provider, provided such value is applicable to the Gas delivered to Customer, or such value shall be determined by Company by use of a calorimeter or other instrument suitable for heating value determination. The Total Heating Value shall be corrected to and expressed as that contained in the Unit of Volume addressed on the Technical Terms and Abbreviation Section of this Tariff.
5. Pressure:
- a. Where delivery pressure higher than Standard Delivery Pressure is supplied, Company will make reasonable efforts to maintain such higher-delivery pressure. Company does not undertake to deliver Gas at a pressure higher than the Standard Delivery Pressure throughout its Service Areas. Prospective Industrial and large Commercial Customers who desire to utilize Gas at pressures higher than the Standard Delivery Pressure should inquire of Company to determine the pressure that Company can make available at any given location in its service territory before obtaining any equipment requiring pressures higher than the Standard Delivery Pressure.

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***RULES AND REGULATIONS - CONTINUED***

6. Quality of Gas:

- a. All Gas which Customer, Pool Manager, or Shipper's Designee cause to be received by Company at Company's Receipt Point(s) for transportation and delivery by Company shall conform to the quality and heating value specifications set forth herein. In addition to any other remedies available to Company, Company shall have the right to refuse to accept at Transportation Service Provider's Delivery Point(s) any Gas which fails to conform to such quality and heating value specifications.
- b. Gas delivered to the Company's system from an interconnected pipeline shall be in conformance with the quality specifications as provided for in the Terms and Conditions in the Tariff of that pipeline interconnected to the Company's distribution system.
- c. Any gas entering the Company's system at a Company Receipt Point that is not an interconnected pipeline with gas quality specifications set forth in its Tariff, shall be in conformance with the quality specification listed below:

<b><u>Containment/Property</u></b>	<b><u>Unit</u></b>	<b><u>Value</u></b>
Heating Value	BTU/SCF	960-1100
Wobbe Number	BTU/SCF	1250-1400
Carbon Dioxide	CO2 % vol	<2
Oxygen	O2 % vol	<0.2
Nitrogen	N2 % vol	<3
Total inerts	% vol	<4
Hydrogen Sulfide	PPM	<4
Siloxanes	PPM	<1
Total Sulfur	PPM	<78.5
Water	Lbs/MMCF	<7

Gas received at injection receipt points shall be commercially free from hazardous waste, solid or liquid matter, dust, gums, and gum-forming constituents microbiological organisms, or any other substance which might interfere with the merchantability of the gas, or cause injury to or interfere with proper operation of the lines, meters, regulators. The Company reserves the right to waive the quality specifications listed above on a not-unduly discriminatory basis.

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***RULES AND REGULATIONS - CONTINUED***

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**I. ASSIGNMENT OF RATE SCHEDULES**

1. Customers:

a. Initial Rate Schedule Assignment:

At the time of Meter activation, Company shall estimate the annual usage of Customer (based upon the connected gas consuming appliances or equipment) and shall assign Customer to the applicable rate schedule. Company shall not be required to make any refunds to Customers if actual annual usage is below the minimum usage level of the rate schedule assigned.

b. Rate Schedule Review

Service under any rate schedule is subject to review by the Company or any time at the Customer's request. If reviewed, the Company will determine the annual usage of each Premise at calendar year end and shall assign each Premise under review to the rate schedule that corresponds to the Premise's respective annual Therm usage. Premises with less than twelve months of billing history will not be re-classified into a different rate schedule. Such rate schedule assignments shall be effective with the first billing cycle in July and not more than one change in rates shall be made within any twelve-month period. The Company shall not be required to make any refunds to Customers if actual annual usage is below the minimum usage level of the rate schedule assigned.

2. Pool Manager / Shipper / Off System Customers:

a. SABS Rate Schedule:

Upon initiation of service, all TTS Pool Managers shall be assigned to the SABS rate schedule.

b. SAS Rate Schedule:

Upon initiation of service, all CI Pool Managers shall be assigned to the SAS rate schedule.

c. OS-DPO Rate Schedule:

Upon initiation of service, any TTS Pool Manager or CI Pool Manager who has executed an Off-System Delivery Point Operator Agreement with Company shall be assigned to the OS-DPO rate schedule.

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***RULES AND REGULATIONS - CONTINUED***

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**J. BILLING AND COLLECTING**

1. Billing:

a. Billing Periods:

Each Customer's Meter will be read at regular intervals and bills will be rendered on a monthly basis. Bills will be rendered as soon as practical after determination of their amount and shall be due and payable at the office of Company within twenty (20) days from the date of presentation by the Company.

When AMR is provided by the Company, the actual date of the AMR reading used for billing purposes for each Customer shall be determined by Company and shall be at monthly intervals, advanced or postponed by no more than five (5) days from the actual read date of the prior calendar Month, and bills for service will be rendered regularly on a monthly basis. Bills will be rendered as soon as practical after determination of their amount and shall be due and payable at the office of the Company in accordance with the Commission Rules and Regulations, and the requirements of this Section.

b. Partial Month:

Upon commencement of service less than fifteen (15) days prior to a regular monthly read date and when the service continues thereafter to the same Customer at the same address where the Customer is receiving service on monthly rate schedules, no bill will be rendered for service covering such period, but the charge for such period will be included in the bill rendered for the next succeeding monthly billing period.

c. Non-Receipt of Bills:

Non-receipt of bills by Customer shall not release or diminish obligation of Customer with respect to payment thereof.

d. Calculation of Bill:

- i. A Meter or Meters at each Company Delivery Point will measure Customer consumption and the Company shall apply appropriate conversion factors (including Btu factor) to determine Customer's usage and the Monthly Rates set forth in the applicable rate schedule shall be applied to determine the amount of Company's bill for service. Each bill regardless of type shall be subject to the applicable taxes and Billing Adjustments identified in this Tariff.

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- ii. If a Customer receives service under more than one rate schedule, the service rendered under each rate schedule shall be separately metered and separate bills shall be calculated. If a Customer receives service under a particular rate schedule but receives delivery thereof at more than a single Company Delivery Point, the Company shall consider such deliveries as separate service and will calculate separate bills.
  - e. Billing of Pool Manager's Charges:  
The Company shall include TTS Pool Manager's charges, separately identified, on its monthly bill to individual Customers. The Company may, at its sole option, include Pool Manager's charges for other services on Company's monthly bill to Customers.
- 2. Back Billing:  
The Company may back bill Customer for any period of up to twelve (12) Months for any undercharge in billing which is the result of the Company's error. In such instance, the Company shall allow the Customer to pay over the same time period as the time period during which the underbilling occurred or some other mutually agreeable time period.
- 3. Delinquent Bills:  
Bills are due when rendered and are delinquent in accordance with the rules established by Commission Rule 25-7.090.
- 4. Estimated Bills:  
When there is good reason for doing so, the Company may estimate the Meter reading for billing purposes. In such circumstances, the word "Estimated" shall prominently appear on the bill.
- 5. Adjustment of Bills for Meter Error:
  - a. Fast Meters:  
Whenever a Meter is found to have an average error of more than two percent (2%) fast, the Company shall refund to the Customer the amount billed in error for one-half the period since the last test, said one-half period not to exceed twelve (12) Months except that if it can be shown that the error was due to some cause, the date of which can be fixed, the overcharge shall be computed back to, but not beyond, such date, based upon available records. If the Meter has not been tested in accordance with Rule 25-7.064 F.A.C., the period for which it has been in service beyond the regular test period shall be added to the twelve (12) Months in computing the refund. The refund shall not include any part of any minimum charge.



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b. Slow Meters:

Except as provided by this sub-section, the Company may back bill in the event that a Meter is found to be slow, non-registering or partially registering. The Company may not back bill for any period greater than twelve (12) Months from the date it removes the Meter of a Customer, which Meter is later found by the Company to be slow, non-registering or partially registering. If it can be ascertained that the Meter was slow, non-registering or partially registering for less than twelve (12) Months prior to removal, then the Company may back bill only for the lesser period of time. In any event, the Customer may extend the payments of the back bill over the same amount of time for which the Company issued the back bill. Nothing in this sub-section shall be construed to limit the application of Subsection i. below.

- i. Whenever a Meter tested is found to have an average error of more than two percent (2%) slow, the Company may bill the Customer an amount equal to the unbilled error in accordance with this Subsection. If the Company has required a deposit as permitted under Rule 25-7.065(2) F.A.C., the Customer may be billed only for that portion of the unbilled error that is in excess of the deposit retained by the Company.
- ii. In the event of a non-registering or a partially registering Meter unless the provisions of Subsection iii. below apply, a Customer may be billed on an estimate based on previous bills for similar usage.
- iii. It shall be understood that when a Meter is found to be in error in excess of the prescribed limits of two percent (2%) fast or slow, the figure to be used for calculating the amount of refund or charge shall be that percentage of error as determined by the test.
- iv. In the event of unauthorized use, the Customer may be billed on a reasonable estimate of the gas consumed.
- v. In the event of a Meter error, Company shall provide the corrected Meter readings for the applicable period defined above to the Customer, Shipper's Designee, or authorized Pool Manager to facilitate correction of the gas purchase bills provided to the Customer by their supplier.

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6. Budget Billing Program (Optional):

- a. Residential Customers may elect to make budgeted monthly payments of amounts due the Company to help stabilize monthly payments. To qualify for the Budget Billing Program, a Customer must be a year-round Customer with twelve (12) Months of consecutive bills and have zero balance owing when the Customer elects to participate in the Program. The Company will implement Customer's participation in the program on the first day of the Month following the application by Customer.
- b. If a Customer requests to make budgeted monthly payments, the initial budgeted monthly payment amount is based on an average of the previous twelve (12) Months bills due the Company, including all applicable fees and taxes (excluding service charges and additional fees). The Company reserves the right to estimate increases or decreases over historical amounts in rate components (including taxes) to the account, and then apply a factor based upon the above and true-up any variances.

After the Customer's budgeted monthly payment amount has been initially established, the Company may recalculate the budgeted monthly payment from time to time. If the recalculated budgeted monthly payment varies by 10% or more from the budgeted monthly payment amount then in effect, the Company may begin charging the recalculated amount on Customer's next successive bill.

- c. Any current and budget balance will be shown on the Customer's bill. The Customer's budgeted monthly payment will be recalculated on each anniversary of the Customer's initial participation in the program. On such recalculation, any credit and debit deferred balance will be recalculated in the following year's budgeted monthly payment calculation.
- d. An electing Customer's participation in the budgeted payment plan will be continuous unless the Customer requests that participation in the plan be terminated or that gas service be terminated, or the Customer is delinquent in paying the budgeted payment amount and becomes subject to the collection action on the service account. At that time, the Customer's participation in the program will be terminated and the Customer shall settle their account with the Company in full. If a Customer requests to terminate participation in the program, but remains a Customer of the Company, the Customer shall pay any deferred debit balance with their next regular monthly bill, and any deferred credit balance shall be used to reduce the amount due for the next regular monthly bill. An electing

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Budget Billing Program (Optional) Continued:

Customer may request that participation be terminated at any time, but once terminated by Customer request or due to collection action, will be limited to a six (6) Month waiting period before Customer may rejoin the Budget Billing program.

7. Payments:

a. Payment Methods:

Customers may elect to pay their bill by cash, check, money order, credit card, debit card, automatic withdrawal from a bank account, or on-line via Company's website no later than twenty (20) Days from the date of presentation by Company.

- i. Customers may elect to pay their bill at a Company authorized payment agent listed on Company's website.

b. Application of Payments:

Customer payments received by the Company shall be applied to the billed charges as follows:

i. Aging of Accounts Receivable:

Oldest outstanding billed charges until fully satisfied following the payment application methodology specified below.

- ii. Proceeding to the next oldest outstanding billed charge until either the entire payment has been applied or until the entire amount owed has been satisfied following the payment application methodology specified below.

c. Payment Application Methodology:

- i. Separately stated taxes and fees, until fully satisfied; then,
- ii. Pool Manager's charges for the sale of Gas, if any, until fully satisfied; then
- iii. Company's regulated charges, until fully satisfied; then,
- iv. Other Company non-regulated charges, until fully satisfied; then other Pool Manager charges.

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***RULES AND REGULATIONS - CONTINUED***

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**K. OBLIGATIONS OF COMPANY AND CUSTOMER**

1. Obligations of Company:

- a. Operation of Company's System:  
Company shall use reasonable diligence in operating its system in order to insure a uniform and adequate delivery of Gas to meet Customers' requirements. Company is responsible for the sale of natural gas and transportation of Customer-owned Gas, as applicable, but is not responsible for providing Gas, except in the circumstances when the Company is providing SOLR Service to Company's TTS Customers.
- b. Company's Obligation to Provide Transportation Service to Customers:  
Notwithstanding all other applicable provisions of this Tariff and any Special Contract provisions to the contrary, Company shall be obligated to provide service to Customers if Customers' designated Pool Manager meets the delivery obligations as defined in Section W12. In the event Customers' designated Pool Manager fails to meet said delivery obligations, the Company shall have no obligation to provide service to said transportation Customers.
- c. Temporary Interruptions:  
Company may temporarily shut off the Meter to the Customer's premises after reasonable notice for the purpose of making necessary repairs or adjustments to Company's distribution facilities, and will endeavor to make such interruptions, if required, at a time, where possible, which will cause the least inconvenience to the Customer.
- d. Curtailments:  
Service may be curtailed or fully interrupted without notice in case of emergency at the sole discretion of Company in accordance with the provisions of the Curtailment plan, on file with the Commission. Company assumes no liability for any loss or damage that may be sustained by Customer by reason of any Curtailment or interruption of service rendered hereunder.
- e. Information to Customers:  
A copy of Company's approved Tariff is available for inspection on the Company's website.

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2. Obligations of Customers:

a. Access to Customer's Premises:

Customer shall be obligated to allow Company or its duly authorized agents to enter Customer's premises at all reasonable hours for obtaining Meter readings, for shutting off the flow of Gas when necessary or due to any Customer delinquency or infraction, for inspecting, removing, repairing, or protecting from abuse or fraud any of the property of Company installed on the premises or for all other reasons set forth in other sections of these Rules and Regulations. Access shall be granted at all times for emergency purposes. Any refusal on the part of Customer to permit Company access to premises will be cause for discontinuance of service without liability to the Company.

b. Right of Way:

The Customer shall grant or cause to be granted to Company, without cost to Company, all rights, easements, permits and/or privileges that in Company's opinion are necessary for the rendering of service.

c. Protection of Company's Property:

All property of Company installed in or upon Customer's premises in supplying service is placed there under Customer's protection. All reasonable care shall be exercised to prevent loss of, or damage to, such property and, ordinary wear and tear excepted, Customer will be held liable for any such loss of property, and/or damage thereto and shall pay to Company the cost of necessary repairs or replacements.

d. Interfering or Tampering with Company's Property:

Customer will be held responsible for broken seals, tampering or any interference with Company's Meter or Meters, or other equipment of Company installed on Customer's premises. No one except employees or authorized agents of Company will be allowed to make any repairs or adjustments to any Meter or other piece of apparatus belonging to Company except in cases of emergency.

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- e. Non-Residential Customer Request to Increase Usage:  
Non-Residential Customer at an existing premise shall notify Company of Non-Residential Customer's intent to increase its current annual usage by at least 25% at said premise at least sixty (60) days prior to the expected increase in usage.

Company shall respond to Non-Residential Customer's request within thirty (30) days of receipt, indicating Company's acceptance or denial of Non-Residential Customer's request and any limitations of service.

3. Conformance with Tariff:

Upon commencement of service, the Rules and Regulations and the applicable rate schedules of this Tariff shall be binding upon Customer and Company unless otherwise stated in a Special Contract as approved by the Commission in accordance with Commission Rule 25-9.034 FAC or as stated in a Flexible Gas Service Agreement.

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**L. FORCE MAJEURE**

1. In the event either Company, Customer, Customer's Agent or Pool Manager is unable wholly or in part by Force Majeure to carry out its obligations under this Tariff, or under a Special Contract, other than to make payments due thereunder, it is agreed that on such party giving notice and full particulars of such Force Majeure to the other party as soon as possible after the occurrence of the cause relied on, then the obligations of the party giving such notice, so far as they are affected by such Force Majeure, shall be suspended during the continuance of any inability so caused but for no longer period, and such cause shall as far as possible be remedied with all reasonable dispatch.
2. The term "Force Majeure", as employed herein, shall mean acts of God, strikes, lockouts, or other Industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government-mandated quarantines associated herewith, landslides, lightning, earthquakes, fires, storms, hurricanes or evacuation orders due to hurricanes, floods, washouts, arrests and restraints of government and people, civil disturbances, explosions, breakage or accidents to machinery or lines of pipe, the necessity for making repairs or alterations to machinery or lines of pipe, freezing of well or lines of pipe, partial or entire failure of source of supply, and any other cause, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome; such term shall likewise include (a) in those instances where either party is required to obtain servitudes, rights of way grants, permits, or licenses to enable such party to fulfill its obligations hereunder, the inability of such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such servitude, right of way grants, permits, or licenses; and (b) in those instances where either party is required to furnish materials and supplies for the purpose of constructing or maintaining facilities or is required to secure grants or permissions from any governmental agency to enable such party to acquire, or the delays on the part of such party in acquiring, at reasonable cost and after the exercise of reasonable diligence, such materials and supplies, permits and permissions.
3. It is understood and agreed that the settlement of strikes or lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes or lockouts by acceding to the demands of an opposing party when such course is inadvisable in the discretion of the party having the difficulty.

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**M. DISCONTINUANCE OF SERVICE**

The Company reserves the right, but assumes no liability for failure to do so, to discontinue service to any Customer for cause as follows:

1. Without Notice:

- a. For Customer's non-compliance with or violation of any State or municipal law or regulation governing gas service.
- b. For Customer's failure or refusal of the Customer to correct any deficiencies or defects in Customer's piping or appliances which are reported to Customer by Company.
- c. For Customer's failure or refusal to provide adequate space for the Meter and service equipment of Company.
- d. In the event of a condition known to Company to be hazardous.
- e. In the event of Customer's tampering with regulators, valves, Meters, or other facilities furnished and owned by Company.
- f. In the event of Customer's unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of service, Company, before restoring service, may require the Customer to make at Customer's 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 such fraudulent use.
- g. Upon request by Customer, subject to any existing agreement between Customer and Company as to unexpired term of service.

2. With Notice:

After five (5) Working Days' (any day on which the Company's business office is open and the U.S. Mail is delivered) notice in writing.

- a. For Customer non-payment of bills for gas service.
- b. When Company had reasonable evidence that Customer has been previously disconnected for nonpayment at present or other location and is receiving



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Discontinuance of Service - With Notice Continued

service for his own use under a different name in order to avoid past due payments to Company.

- c. For Customer refusal or failure to make a deposit or increase a deposit, when requested, to assure payment of bills.
- d. For violation of these Rules and Regulations which Customer refused or neglects to correct.
- e. For Customer's neglect or refusal to provide reasonable access to Company or its agents for the purpose of reading Meters or inspection and maintenance of equipment owned by Company.

Waiver of Discontinuance of Gas Service:

Discontinuance of gas service shall be temporarily waived in specific cases provided that service is medically essential and discontinuance will endanger life or require hospitalization to sustain life. Prior to granting a medical waiver, the Customer shall be required to furnish the Company written notice from a competent physician acceptable to the Company that service is required for life support.

Collection in Lieu of Discontinuance of Gas Service:

A Collection in Lieu of Discontinuance Charge (applicable Section O) shall be added to the Customer's past due bill when payment, inclusive of said charge, is made at a billed address prior to discontinuance of gas service for non-payment of Company's regulated charges.

Reconnection of Service:

When service has been discontinued for any of the reasons set forth in these Rules and Regulations, Company shall not be required to restore service until the following conditions have been met by Customer.

1. Where Service was Discontinued without Notice:

- a. The dangerous condition shall be removed and, if the Customer had been warned of the condition a reasonable time before the discontinuance and had failed to remove the dangerous condition, a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.

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- b. All bills for service due Company by reason of fraudulent use or tampering shall be paid, a deposit to guarantee the payment of future bills shall be made, and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.
  - c. If reconnection is requested on the same premises after discontinuance, a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.
2. Where Service was Discontinued with Notice:
- a. Satisfactory arrangements for the payment of all bills for service then due shall be made and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.
  - b. Satisfactory arrangement for the payment of all bills then due under a different name shall be made and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.
  - c. A satisfactory guarantee of payment for all future bills shall be furnished and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.
  - d. The violation of these Rules and Regulations shall be corrected and a reconnection fee as indicated and as applicable in Section O of these Rules and Regulations shall be paid.
3. Termination of Service at the Request of Customer:
- a. Change of Occupancy:  
Subject to any existing agreement by Customer and Company, if Customer wishes the gas service to be terminated, the Customer shall give notice to the Company at least three (3) days prior to the time that such termination shall become effective. Customer will be held liable both for any gas that may pass through the Meter and safe custody of the Company's property until three (3) days after such notice shall have been given, provided that the Meter and/or other movable equipment shall not have been removed within that time by the Company.

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***RULES AND REGULATIONS - CONTINUED***

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b. Removal of Service:

If Customer wishes Company's property to be removed, Customer shall give notice to the Company at least ten (10) Working Days prior to the time of such requested removal.

4. Termination of Customer by Pool Manager:

Any CI Pool Manager may terminate service for any reason to a Non-Residential Customer upon written notice to Company ten (10) days prior to the first day of the Month. Unless Company receives a subsequent enrollment request, said Non-Residential CFG Service Area or Indiantown Service Area Customer shall be assigned to a TTS Pool Manager or said Non-Residential Ft. Meade Service Area or FPUC Service Area Customer shall be assigned to the Company's Regulated Sales Service Pool.

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***RULES AND REGULATIONS - CONTINUED***

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**N. LIMITATIONS OF SUPPLY**

Company reserves the right, subject to regulatory authority having jurisdiction, to limit, restrict or refuse service that will result in additions to its distribution system and/or production capacity and/or alterations in its contractual requirements of supply from nonaffiliated companies that may jeopardize service to existing Customers.

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***RULES AND REGULATIONS - CONTINUED***

**O. MISCELLANEOUS SERVICE CHARGES**

	<u>Customer Classification</u>	
	<u>Residential</u>	<u>Non-Residential</u>
1. <u>Service Connection Charge</u> Regularly Scheduled	\$75	\$125
2. <u>Service Reconnection Charge</u> Regularly Scheduled	\$60	\$70
3. <u>Change of Account Charge (Read Meter Only)</u> Regularly Scheduled	\$45	\$45
4. <u>Failed Trip Charge</u> – Applies when Customer fails to keep a scheduled appointment with the Company’s employee, agent, or representative Regularly Scheduled	\$55	\$55
5. <u>Temporary Disconnection of Service Charge</u> Regularly Scheduled	\$55	\$55
6. <u>Field Collection Charge</u> Regularly Scheduled	\$50	\$50
7. <u>Bill Collection with Service Disconnect Charge</u> Regularly Scheduled	\$50	\$50
8. <u>Same Day or Outside Normal Business Hours Charge</u> (If available)	\$200	\$200
9. <u>Late Payment Charge:</u> A bill shall be considered past due upon the expiration of twenty (20) days from the date of presentation by Company. The balance of all past due charges for services rendered may be subject to a Late Payment Charge of 1.5% or \$5.00, whichever is greater, except the accounts of federal, state, and local governmental entities, agencies, and instrumentalities. A Late Payment Charge may be applied to the accounts of federal, state, and local governmental entities and instrumentalities at a rate no greater than allowed, and in a manner permitted by applicable law.		

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***RULES AND REGULATIONS - CONTINUED***

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10. Worthless Check Service Charge:

The service charge for each worthless check shall be determined in accordance with Section 68.065, Florida Statutes. Such service charge shall be added to the Customer's bill for gas service for each check dishonored by the bank upon which it is drawn. Termination of service shall not be made for failure to pay the returned check charge.

Company may waive miscellaneous service charges for cause on a not unduly discriminatory basis.

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***RULES AND REGULATIONS - CONTINUED***

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**P. MEASURING CUSTOMER SERVICE**

All gas sold to Customer shall be measured by commercially acceptable measuring devices owned and maintained by the Company, except where it is impractical to Meter loads, such as street lighting, temporary or special installations, in which case the consumption may be calculated, or billed on a rate or as provided in Company's filed Tariff.

1. Individual gas metering by Company shall be required for each separate occupancy unit of new commercial establishments, residential buildings, condominiums, cooperatives, marinas, and trailer, mobile home and recreational vehicle parks for which construction is commenced after January 1, 1987. This requirement shall apply whether or not the facility is engaged in a time-sharing plan. Individual Meters shall not, however, be required:
  - a. In those portions of a commercial establishment where the floor space dimensions or physical configuration of the units are subject to alteration, as evidenced by non-structural element partition walls, unless Company determines that adequate provisions can be made to modify the metering to accurately reflect such alterations;
  - b. For gas used in central heating, central water heating, ventilating and air conditioning systems, or gas back up service to storage heating and cooling systems;
  - c. For gas used in specialized-use housing accommodations such as hospitals, nursing homes, living facilities located on the same premises as, and operated in conjunction with, a nursing home or other health care facility providing at least the same level and types of services as a nursing home, convalescent homes, facilities certified under Chapter 651, Florida Statutes, college dormitories, convents, sorority houses, fraternity houses, motels, hotels, and similar facilities. For separate, specially designated areas for overnight occupancy at trailer, mobile home and recreational vehicle parks where permanent residency is not established and for marinas where living aboard is prohibited by ordinance, deed restriction, or other permanent means.

In such multiple occupancy units, which would require the provision of individual gas service above the second story, unless specifically requested.

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For purposes of this Section P:

1. "Occupancy unit" means that portion of any commercial establishment, single and multi-unit residential building, trailer, mobile home or recreational vehicle park, or marina which is set apart from the rest of such facility by clearly determinable boundaries as described in the rental, lease, or ownership agreement for such unit.
2. "Time-sharing plan" means any arrangement, plan, scheme, or similar device, whether by member ship, agreement, tenancy in common, sale, lease, deed, rental agreement, license, or right-to-use agreement or by any other means, whereby a purchaser, in exchange for a consideration received a right to use accommodations or facilities, or both, for a specific period of time less than a full year during any given year, but not necessarily for consecutive years, and which extends for a period of more than three years.

The construction of a new commercial establishment, residential building, marina, or trailer, mobile home or recreational vehicle park shall be deemed to commence on the date when the building structure permit is issued.

The individual metering requirement is waived for any time-sharing facility for which construction was commenced before January 1, 1987 in which separate occupancy units were not metered in accordance with Subsection 1.c. above.

Where individual metering is not required and master metering is used in lieu thereof, Sub-metering may be used by Customer of record/owner of such facility solely for the purpose of allocating the cost of the gas billed by Company. The term "cost" as used herein represents only those charges specifically authorized by Company's Tariff including but not limited to the Customer, energy, Purchased Gas Cost Recovery Factor, and conservation charges made by Company plus applicable taxes and fees to Customer of record responsible for the master Meter payments. The term cannot be construed to include late payment charges, returned check charges, the cost of the distribution system behind the master Meter, the cost for billing, and other such costs.



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**Q. WARRANTY, CONTROL, AND INDEMNIFICATION**

1. Warranty:

Pool Manager warrants that it will have good and merchantable title to, all Gas delivered by Transportation Service Provider to Company for Shipper's account at Transportation Service Provider's Delivery Point(s), and that such Gas will be free and clear of all liens, encumbrances, and claims whatsoever. In the event any adverse claim in respect to said Gas is asserted, or Pool Manager breaches its warranty herein, Company shall not be required to perform its obligations to transport and deliver said Gas to Customer accounts in Pool Manager's Customer Pool or, subject to receipt of any necessary regulatory authorization, to continue service hereunder for Pool Manager until such claim has been finally determined; provided, however, that Pool Manager may receive service if i) in the case of an adverse claim, Pool Manager furnishes a bond to Company, conditioned for the protection of Company with respect to such claim, or ii) in the case of a breach of warranty, Pool Manager promptly furnishes evidence, satisfactory to Company, of Pool Manager's title to said Gas.

2. Control and Possession:

Pool Manager shall be deemed to be in control and possession of Gas prior to delivery to the Company Receipt Point(s) or Transportation Service Provider Delivery Point(s); and Company shall be deemed to be in control and possession of the Gas to be transported by it upon delivery of such Gas by Transportation Service Provider to the Delivery Point(s), and until it shall have been delivered to Company's Point(s) of Delivery. Each party, while deemed to be in control and possession of such Gas, shall be responsible for, and shall indemnify and hold the other harmless from any and all claims, actions, suits, including attorney's fees, arising out of or relating in any way to custody and control of such Gas.

3. Indemnification to Company by Customer:

The Customer shall indemnify, hold harmless, and defend the Company from and against any and all liability, proceedings, suits, cost or expense for loss, damage, or injury to persons or property, in any manner directly or indirectly connected with or growing out of the distribution and/or transportation of Gas by the Customer, as such may be defined in the CI Pool Manager and TTS Pool Manager Agreements.

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***RULES AND REGULATIONS - CONTINUED***

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**R. TRANSPORTATION SERVICE**

1. Individual Transportation Service:

- a. Applicability:  
Individual Transportation Service is available to Customers who are served under Company's CTS Rider, FGS rate schedule, and Special Contract Customers. Individual Transportation Service Customers are required to execute the applicable Transportation Service Agreement, Contract Transportation Service Agreement, Flexible Gas Service Agreement, or Special Contract (that has been approved by the FPSC) with the Company.
- b. Company-Approved Pool Manager:  
Unless otherwise authorized by Company, all ITS Customers shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company's Delivery Point(s). Customer shall have the right to change their Pool Manager pursuant to Section U4 below. Customer will not be charged to designate its initial Pool Manager. Ft. Meade and FPUC Service Area Customers will be charged a \$23.00 fee if a Pool Manager is changed after its initial designation.
- c. Service Agreement:  
All Customers receiving Individual Transportation Service shall enter into the applicable Transportation Service Agreement with Company. Upon receipt of the Customer's executed Transportation Service Agreement, the Company shall have up to thirty (30) Days to initiate service under the Agreement, in addition to any time requirements for the physical extension or improvement to the Company's facilities required to provide such service.
- d. Service Initiation:  
Transportation Service may begin on the first day of the Month, provided that timely Nominations are submitted in accordance with the Company's Tariff, and such other actions as are required to cause Gas to be delivered to the Company for transportation to the Customer, are undertaken by Customer, or Customer's Agent.

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***RULES AND REGULATIONS - CONTINUED***

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- a. Full Requirements:  
All Customers receiving Individual Transportation Service shall transport all of their natural gas quantity requirements through Company's distribution system. Regulated Sales Service shall not be available from the Company. Gas quantities scheduled for delivery to the Company by the Customer, or Customer's Agent that are not in balance with actual metered consumption at the Company's Delivery Point shall be subject to the imbalance resolution provisions of this Tariff.
- b. Electronic Measurement:  
All Customers receiving Transportation Service, whose annual consumption of Gas exceeds 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense.
- c. SAS Rate Schedule:  
Upon initiation of service, all ITS Shippers shall be assigned to the SAS rate schedule.
- d. Shipper Designee / Shipper Designee:  
Marketers, brokers, or other third-party suppliers of Gas that wish to either act as Designees for Individual Transportation Service Customers or Off-System Delivery Point Operator Service Customer, shall be required to execute a Shipper's Designee Form with the Company. Customer's Designee shall warrant clear title, any Gas delivered into Company's system, and Customer's facilities. Designee shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Designee shall indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.
- e. Limitation of Transportation Service:
  - i. New Premise:  
Company reserves the right, subject to the regulatory authority having jurisdiction, to limit or restrict usage through establishment of an MDTQ or refuse Transportation Service to a new premise that will result in additions to its distribution system that may jeopardize Transportation Service to existing Customers.

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***RULES AND REGULATIONS - CONTINUED***

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ii. Existing Premise:

Company may establish a MDTQ for Gas for Non-Residential Customers at an existing premise that requests an increase in annual usage, if, in the reasonable opinion of Company, establishment of an MDTQ is necessary to protect system integrity or to ensure other existing premises are not adversely affected by said Non-Residential Customer(s) request. Company shall not be obligated to transport Non-Residential Customer-owned Gas above Non-Residential Customer's MDTQ, if established, but may do so if feasible and without adverse effect to other Customers, in the reasonable opinion of Company.

2. Aggregated Transportation Services:

f. CI Pools:

i. Obligation to Serve:

Company is responsible for the transportation of Customers' Gas. Company is not responsible for providing Gas commodity for Customers. If Customer, or Customer's Agent, if applicable, fails to provide Gas, Company may disconnect service to Customer. In the event, the Company's authorized Pool Manager fails to cause to be delivered on any day at the assigned Company Receipt Point(s) with the Company, any portion of the quantities of Gas for transportation to the Customers in the Customer Pool, the Company may immediately seek the remedies set forth in Section S4, and the applicable provisions of the CI Pool Manager Agreement(s). If such remedies result in the termination of the Pool Manager, the Company shall immediately recall all capacity released to the Pool Manager and implement the Shipper of Last Resort Service for those Customers served in the Company's Indiantown and CFG Service Areas. Customers who are located in the Company's Ft. Meade and FPUC Service Areas will be assigned to Company's Regulated Sales Service Pool, until such time as the Customer is enrolled in an applicable Transportation Service program.

ii. Applicability:

Unless otherwise authorized by the Company, all Indiantown and CFG Service Area Non-Residential Customers shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s). All Ft. Meade and FPUC Service Area Non-Residential Customers shall have the option of using Company's Transportation Service and shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

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***RULES AND REGULATIONS - CONTINUED***

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- iii. Company-Approved Pool Manager:  
Unless otherwise authorized by Company, Company will require all Non-residential Customers in the Indiantown and CFG Service Areas Customers and those Non-Residential Customers in the Ft. Meade and FPUC Service Areas who elect to use Company's Transportation Service to designate a Pool Manager from a list of approved Pool Managers posted by Company on Company's website. Customer shall have the right to change their Pool Manager pursuant to Section U4 below. Customer will not be charged to designate its initial Pool Manager. Ft. Meade and FPUC Service Area Customers will be charged a \$23.00 fee if a Pool Manager is changed after its initial designation.
- iv. New Customers:  
New Customers in the Indiantown and CFG Service Areas must request CI Transportation Service by submitting a Request for Gas Service. New Non-Residential Customers located in the Indiantown and CFG Service Areas will be assigned to an applicable Customer Pool pursuant to Section U2 below.  
  
New Customers in the Ft Meade and FPUC Service Areas must request CI Transportation Service by submitting a Request for Gas Service. All Non-Residential Customers in the New Ft. Meade and FPUC Service Areas will be assigned to an applicable Customer Pool pursuant to Section U2 below.
- v. Service Initiation:  
Service will be initiated to Customer pursuant to Section U2 below.  
  
Notwithstanding the above provisions, the Company may extend the time period for the initiation of service to accommodate the physical extension or improvement of the Company's facilities required to provide such service.
- vi. SAS Rate Schedule:  
Upon initiation of service, all CI Pool Managers shall be assigned to the SAS rate schedule.
- vii. Service Limitation:  
Customers served under an FGS, CTS, or a Special Contract shall not be eligible to receive Aggregated Transportation Service unless otherwise approved by Company.

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***RULES AND REGULATIONS - CONTINUED***

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g. TTS Pools – Indiantown and CFG Service Areas:

iii. Obligation to Serve:

Company is responsible for the transportation of Customers' Gas. Company is not responsible for providing Gas commodity for Customer. If Customer, or Customer's Agent, if applicable, fails to provide Gas, Company may disconnect service to Customer. In the event, the Company's authorized Pool Manager fails to cause to be delivered on any day at the assigned Company Receipt Point(s) with the Company, any portion of the quantities of Gas for transportation to the Customers in the Customer Pool, the Company may immediately seek the remedies set forth in Section S4, and the applicable provisions of the Aggregated Transportation Service Agreement(s). If such remedies result in the termination of the Pool Manager, the Company shall immediately recall all capacity released to the Pool Manager and implement the Shipper of Last Resort Service, until such time as the Company can reasonably select a new Pool Manager. Indiantown and CFG Service Area Non-Residential Customers may participate in a TTS Pool by default or at Customer's request upon written consent from the TTS Pool Manager(s).

ii. Applicability:

Unless otherwise authorized by Company, all Indiantown and CFG Service Area Residential and Non-Residential Customers shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

iii. Company-Designated Pool Manager:

Company will initially assign the current Indiantown Customer Pool to a new TTS Pool served by the existing Indiantown Pool Manager. Current CFG Service Area Residential Customers will be allocated to their current TTS Pool. Indiantown and CFG Service Area Residential Customers are permitted to change Pool Managers once annually pursuant to Section U4 below.

Indiantown and CFG Service Area Non-Residential Customers may default to or elect to receive TTS Service, subject to acceptance of the Customer by the authorized Pool Manager. Once accepted, Non-Residential Indiantown and CFG Service Area Customers must remain with their chosen TTS Pool for a period of not less than twelve consecutive Months. The authorized Pool Manager shall cause Gas to be delivered to the Transportation Service Provider's point of delivery with the Company, for redelivery to the Point(s) of Delivery for each Customer in the Customer Pool. Ft. Meade and FPUC Service Area Non-Residential Customers are only eligible to receive Transportation Service through the CI Customer Pools.

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***RULES AND REGULATIONS - CONTINUED***

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- iv. New Customers:  
New Indiantown Service Area Non-Residential and CFG Service Area Non-Residential Customers must request to participate in a TTS Pool by submitting a Request for Transportation Service.
- v. Service Initiation:  
Upon receipt of Customer's Request for TTS Service, the Company and Pool Manager shall make all reasonable efforts to initiate Transportation Service in accordance with Customer's requested initiation date.
- Notwithstanding the above provisions, the Company may extend the time period for the initiation of service to accommodate the physical extension or improvement of the Company's facilities required to provide such service.
- vi. SABS Rate Schedule:  
Upon initiation of service, all Indiantown and CFG Service Area TTS Pool Managers shall be assigned to the SABS rate schedule.
- vii. Service Limitation:  
Customers served under an FGS, CTS or a Special Contract shall not be eligible to receive Aggregated Transportation Service (either TTS or CI) unless otherwise approved by Company.

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***RULES AND REGULATIONS - CONTINUED***

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**S. AUTHORIZED POOL MANAGERS**

1. The Company, on behalf of the Customer Accounts in the TTS Customer Pool(s), shall, select qualified Pool Manager(s) to provide Gas supply and transportation management services to the TTS Customer Pool(s). The Company shall issue a Request for Proposal (RFP) from time-to-time, soliciting bids from qualified gas marketing companies interested in becoming a Pool Managers. The RFP shall be disseminated in such a manner as to ensure its reasonable distribution to gas marketing companies active in the Florida retail gas market. Nothing in this Tariff shall preclude the Company from joining with other parties to issue a joint RFP, combining Customer volumes from all parties, for the purpose of obtaining more favorable gas supply and transportation management terms.
2. CI and TTS Pool Manager Minimum Requirements:
  - a. Pool Manager(s) shall be a duly authorized shipper on all Company's Transportation Service Provider's interstate pipeline systems.
  - b. Pool Manager(s) shall demonstrate their capability to meet Company's standards for creditworthiness.
  - c. Pool Manager(s) shall execute either a CI Pool Manager Agreement or a TTS Pool Manager Agreement, as applicable with the Company prior to providing gas supply and transportation management services to the Customer Pool(s).
3. TTS Pool Manager's Obligation to Serve:
  - a. The Pool Manager(s) shall be required to provide natural Gas sales and management services to all of the Company's Indiantown and CFG Service Area Residential Customers and those Non-Residential accounts transferred into the Customer Pool, as well as other accounts that may be added to the Customer Pool during the term of the Agreement. Subsequent to the initial transfer of Customers into the Customer Pool as described, above, Customers shall be added to the Customer Pool as follows: (i) Indiantown and CFG Service Area Residential Customers receiving a new service connection for the purpose of initiating Transportation Service, (ii) Indiantown and CFG Service Area Residential Customers reactivating an existing disconnected service, (iii) Indiantown and CFG Service Area Non-Residential Customers, upon request, with the prior approval of the Pool Manager, (iv) Indiantown and CFG Service Area Non-Residential Customers unable to receive service from Transportation Service Provider or a gas marketer under the Individual Transportation Service Program, with the stipulations that a) Pool Manager may establish reasonable deposit or account security requirements prior to initiating gas service and, b)



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TTS Pool Manager's Obligation to Serve Continued

such Customers may select another gas marketer and exit the Customer Pool at the beginning of any Month.

- b. TTS Pool Manager(s) shall accept all Customers assigned to the Customer Pool by Company in accordance with the provisions established in this Tariff and the TTS Pool Manager Agreement and commit to providing gas service on a firm and continuous basis except in situations where the Company discontinues Transportation Service to Customer. Pool Manager shall have the right to discontinue deliveries of Gas for said Customer on the date of the discontinuation of service by Company, such date to be provided to Pool Manager by Company ten (10) Working Days prior to the discontinuation of service. Pool Manager shall have unrestricted right to discontinue Gas deliveries in the event of fraudulent or unauthorized use of Gas by Customer. Pool Manager shall provide notice to Company within twenty-four (24) hours of any termination of gas deliveries. At such time as all delinquent bills and amounts due Pool Manager are paid in full by Customer, any all damages and costs related to fraudulent or unauthorized use are recovered, Pool Manager shall immediately restore delivery of Gas for the Customer and promptly notify Company of such restoration. Pool Manager shall be governed by the Company policies related to medically critical service.

4. Pool Manager's Non-performance:

- a. The Company shall establish in the TTS Pool Manager and CI Pool Manager Agreements such standards of performance for the Pool Manager as are reasonably required to assure reliable service to the Customer Pool(s), and to ensure appropriate disposition of Operational Balancing Account transactions. At a minimum, all Pool Manager(s) shall be obligated to cause sufficient quantities of Gas to be delivered for the Customer Pool each and every day such that scheduled quantities for the Customer Pool remain in reasonable balance with actual consumption. The Company shall establish appropriate penalties to be enforced should the Pool Manager fail to perform. In the event of substantial non-performance, as defined in the TTS and CI Pool Manager Agreements, the Company shall terminate the Pool Manager, and implement the Shipper of Last Resort Service, until such time as the Company can reasonably select a new Pool Manager.

5. Rate Impact of Aggregation:

Aggregated loads will not result in lower transportation rates for individual Customers.

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***RULES AND REGULATIONS - CONTINUED***

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**T. CUSTOMER'S AGENT OR SHIPPER'S DESIGNEE**

1. Designee Agreement:

Marketers, brokers, or other third-party suppliers of Gas that wish to either act as Agents for Individual Transportation Service Customers or Off-System Delivery Point Operator Service and, shall be required to execute an ITS and OS-DPO Shipper Designee Form with the Company (Sheet Nos. 8.130-8.131).

2. Indemnification:

Customer's Agent shall warrant clear title, or right to transport, any Gas delivered into Company's system, and Customer's Agent shall be deemed to be in exclusive control and possession of Gas prior to delivery into Company's system for redelivery to Customer. Customer's Agent agrees to indemnify, defend, and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries on behalf of a transporting Customer.

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***RULES AND REGULATIONS - CONTINUED***

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**U. ASSIGNMENT OR SELECTION OF POOL MANAGER**

1. Approved Pool Manager:

Unless otherwise authorized by Company, all Indiantown and CFG Service Area Customers and Ft. Meade and FPUC Service Area Customers who chose to utilize Company's Transportation Service shall utilize a Company-approved Pool Manager to arrange for delivery of Customer-owned Gas to Company at the Company's Receipt Point(s).

2. Service Initiation New Premise - Initial Service Assignment:

New CFG and Indiantown Service Area Non-Residential Customers will be initially assigned to the daily prevailing TTS Pool until such time as Non-Residential Customer receives an initial bill from the Company and Non-Residential Customer submits a Letter of Authorization to a Company-approved replacement Pool Manager and replacement Pool Manager enrolls Non-Residential Customer into replacement Pool Manager's respective CI Customer Pool.

New CFG and Indiantown Service Area Residential Customers will be assigned to the daily prevailing TTS Pool until such time as Residential Customer receives an initial bill from the Company and Residential Customer submits a Letter of Authorization to a Company-approved replacement TTS Pool Manager and replacement TTS Pool Manager enrolls Customer into replacement TTS Pool Manager's respective TTS Customer Pool.

New FPUC and Ft. Meade Service Area CI Customers will be initially assigned to Company's Regulated Sales Service Pool until such time as Customer receives an initial bill from the Company and Customer submits a Letter of Authorization to a Company-approved Pool Manager and Pool Manager enrolls Customer into Pool Manager's respective CI Customer Pool.

3. Service Initiation - Existing Premise:

To initiate Transportation Service that includes Individual Transportation Service and CI Transportation Service, a Customer requesting service at an existing premise shall select a Company-approved Pool Manager and initial Pool Manager shall enroll Customer electronically via Company's website. Prior to electronic enrollment, Pool Manager shall obtain a Letter of Authorization from the Customer in the form set forth on Sheet Nos. 8.134-8.137 of this tariff and have signed by the Customer prior to enrollment.

Transportation Service by the Company to a Customer account to which an initial bill has been issued and for which service hereunder has been properly requested by electronic enrollment prior to the tenth (10<sup>th</sup>) Business Day prior to the end of the month will commence on the first day of the following calendar month following receipt by the Company of the aforesaid electronic enrollment.

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***RULES AND REGULATIONS - CONTINUED***

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Service Initiation Existing Premise Continued:

For new Customer premises to which an initial bill has not been issued, Service will be delayed until the first day of the second calendar month following enrollment by the Pool Manager.

4. Service Transfer Between Pools:

To initiate the transfer of service between Transportation Service pools that includes Individual Transportation Service, CI Transportation Service, and TTS Service, a Customer shall select a Company-approved replacement Pool Manager and replacement Pool Manager shall enroll Customer electronically via Company's website. Prior to electronic enrollment transfer, Pool Manager shall obtain a Letter of Authorization from the Customer in the form set forth on Sheet Nos. 8.134-8.137 of this tariff and have signed by the Customer prior to enrollment. Transportation Service by the Company to a Customer account for which service hereunder has been properly requested by electronic enrollment prior to the tenth (10<sup>th</sup>) Business Day prior to the end of the month will commence on the first day of the following calendar month following receipt by the Company of the aforesaid electronic enrollment.

5. Reactivation of Existing Residential Customer Premise:

Residential Customers reactivating Transportation Service at an existing premise shall be assigned to the TTS Pool Manager that was serving the previous Residential Customer located at the premise.

6. Transfer of Residential Customer:

When a Residential Customer transfers Transportation Service from an existing premise to another premise, upon request by Customer, said Residential Customers' existing TTS Pool Manager shall transfer with the Customer to the new premise.

7. Transfer of Non-Residential Customer:

Non-Residential Customers transferring Transportation Service from an existing premise to another premise shall be required to submit a new LOA to Pool Manager, and Pool Manager shall transfer service no later than ten (10) Days prior to the end of the Month to retain its selected Pool Manager at the new premise. All Ft. Meade and FPUC Service Area Non-Residential Customers who change Pool Managers will be charged a \$23.00 fee when a Pool Manager is changed after Customer's initial designation.

8. Indiantown and CFG Service Area Non-Residential Customers Currently Receiving Service from CI Pool Manager:

Non-Residential Customers receiving service from a CI Pool Manager may select to be assigned to a TTS Customer Pool. Said Non-Residential Customer shall execute a Letter of Authorization specifying the TTS Pool Manager or shall be assigned by Company to a TTS Pool Manager.

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***RULES AND REGULATIONS - CONTINUED***

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9. Ft. Meade and FPUC Service Area Non-Residential Customers Currently Receiving Service from CI Pool Manager:  
Non-Residential Customers receiving service from a CI Pool Manager may select to be assigned to Company's Regulated Sales Service. Said Non-Residential Customer shall execute a Request to Return to Regulated Sales Service Form no later than ten (10) Working Days prior to the end of the Month. Customer who elects to return to Company's Regulated Sales Service Pool will be required to remain on Regulated Sales Service for a period of not less than twelve (12) Months.
10. Termination of Shipper Status:
- a. CI Pool Manager:  
If Company terminates a CI Pool Manager, CI Pool Manager's Indiantown and CFG Service Area Customers shall be assigned by Company to a TTS Pool Manager or CI Pool Manager Ft. Meade and FPUC Service Area Customers shall be assigned by Company to Company's Regulated Sales Service Pool.
- b. TTS Pool Manager – Indiantown and CFG Service Areas:  
If Company terminates a TTS Pool Manager, TTS Pool Manager's Customers shall revert to the remaining TTS Pool Manager(s) until a replacement TTS Pool Manager is approved. Upon selection of a replacement TTS Pool Manager, such Customers shall be transferred back to the replacement TTS Pool Manager. If all TTS Pool Managers' rights are terminated, Company shall serve Customers in the TTS program under its SOLR Service, until a replacement TTS Pool Manager is approved or any Non-Residential Customers select a CI Pool Manager in accordance with Section 3 above.
11. Assignment or Selection of Shipper Pricing Options by Customers:
- a. Residential Customers – Indiantown and CFG Service Areas:  
Residential Customers assigned to a TTS Pool Manager shall receive the standard pricing option as identified in Company's TTS Pool Manager Agreement with each TTS Pool Manager. Residential Customers transferring service from an existing premise to another premise shall, upon request by Customer, retain the standard pricing option with the same TTS Pool Manager at the original premise. Residential Customers shall, request to change their selection of TTS Pool Manager once within a twelve-Month period. Company does not assume any liability related to the selections made by each Residential Customer and does not warrant that each Residential Customer will select the TTS Pool Manager that is most advantageous.

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***RULES AND REGULATIONS - CONTINUED***

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b. Non-Residential Customers:

i. CI Pool Manager:

Non-Residential Customers selecting an approved CI Pool Manager shall establish price and other terms and conditions of service directly with the selected CI Pool Manager.

1. Selection of CI Pool Manager – Indiantown and CFG:

Non-Residential Customers in a TTS Customer Pool may select any approved CI Pool Manager at any time in accordance with Section U2 or U3 above.

2. Selection of CI Pool Manager – Ft. Meade and FPUC Service Areas:

Non-Residential Customers participating in Company's Regulated Sales Service Pool may select any approved CI Pool Manager at any time in accordance with Section U2 or U3 above.

ii. TTS Pool Manager – Indiantown and CFG:

Non-Residential Customers assigned to a TTS Pool Manager shall receive the standard pricing option as identified in Company's TTS Pool Manager Agreement with each TTS Pool Manager. Non-Residential Customers in the TTS program who transfer service from an existing premise to another premise shall, upon request by Customer, retain the standard pricing option in effect at the original premise.

1. Selection of TTS Pool Manager:

Non-Residential Customers in a TTS Customer Pool may, by submitting a fully executed Letter of Authorization, request to change their TTS Pool Manager once within a twelve-Month period.

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***RULES AND REGULATIONS - CONTINUED***

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**V. INITIATION OF TRANSPORTATION SERVICE**

**Initiation of Pool Manager Service:**

Any Company-approved Pool Manager or Shipper Designee that is authorized to deliver Gas to Company's Receipt Point(s), which is subsequently delivered by Company at the Company's Delivery Point(s) under one of the Company's Transportation Service Programs will be required to meet the following provisions before service can be initiated to the Pool Manager.

1. **TTS Pool Manager Requirements:**
  - a. TTS Pool Manager(s) selected by the Company shall:
    - i. Execute a TTS Pool Manager Agreement (Sheet Nos. 8.157-8.170);
    - ii. Establish credit sufficient to Company in accordance with these Rules and Regulations; and
    - iii. Agree to receive SABS service.
2. **TTS Pool Manager Competitive Bid Process:**
  - a. Through a competitive Request for Proposal process, the Company shall select one or more TTS Pool Managers to provide gas supply and related services to the Company's TTS Customers.
3. **Allocation of Customers to TTS Pool Managers (Indiantown and CFG Service Areas):**

Customers shall be initially assigned to the TTS Customer Pools. Residential Customers may request to change their selection of TTS Pool Manager once within a twelve-Month period. Company does not assume any liability related to the selections made by each Customer and does not warrant that each Customer will select the TTS Pool Manager that is the most advantageous. Non-Residential CFG Service Area and Indiantown Service Area Customers can select any Company-approved CI Pool Manager and exit the TTS program in accordance with Section U3.
4. **CI Pool Manager Requirements:**
  - a. An entity is eligible to become a CI Pool Manager shall:
    - i. Execute a CI Pool Manager Agreement Sheet Nos. (8.153-8.156) ;
    - ii. Establish credit sufficient to Company in accordance with these Rules and Regulations;
    - iii. Agree to retain copies of fully executed Customer Letter of Authorizations and provide such LOA upon request by the Company and
    - iv. Agree to receive SAS service.

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***RULES AND REGULATIONS - CONTINUED***

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5. Establishment of Credit:

- a. All Pool Managers shall establish credit prior to commencing deliveries of Gas and shall maintain such credit during the term hereof. The amount of credit established by each Pool Manager will be equal to the greater of \$10,000 or an amount equal to Pool Manager's highest two (2) months aggregated Daily Demand Requirement for the most recent 24-month period multiplied by the applicable Transportation Service Provider's applicable rate schedule(s). Credit will be established by one of the following methods:
  - i. Payment of a cash deposit with Company;
  - ii. Furnishing an irrevocable letter of credit from a bank;
  - iii. Furnishing a surety bond issued by an entity acceptable to the Company;
  - iv. Possessing and maintaining a Standard & Poor's Long-Term Debt Rating of A- or better, a Moody's rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to Company; or
  - v. Providing an acceptable parental or corporate guarantee.

If the Pool Manager seeks to establish credit, Pool Manager shall furnish to Company Pool Manager's audited financial statements (accompanied by the opinion of and independent certified public accountants or chartered accountants of a recognized national or regional standing) for at least the two most recently completed fiscal years.

All Pool Manager deposits will be subject to an annual review by Company and will be adjusted and billed accordingly. The minimum deposit maintained by each Pool Manager will be \$10,000.



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***RULES AND REGULATIONS - CONTINUED***

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**W. CAPACITY ASSIGNMENT AND RECALL**

1. **Intent of Capacity Release:**  
Company, through its Service Agreements with Transportation Service Providers, has contracted for firm capacity rights on the Transportation Service Providers' pipeline systems. Company will temporarily relinquish capacity to Customer or Pool Manager, as applicable, each Month, utilizing the methodology described below, on Transportation Service Provider's systems for Customers and Pool Managers' use in transporting Gas to Company's Individual Transportation Service, CI, and TTS Customer Pool(s). Company will retain enough capacity to serve Company's Regulated Sales Service Customer Pool each Month.
2. **Capacity Release Methodology:**  
The Company shall retain, adequate quantities of capacity on Transportation Service Providers' systems to serve Company's Regulated Sales Service Customer Pool prior to the allocation of capacity to Individual Transportation Service Customers who have executed a capacity release agreement with the Company, and Pool Manager Customer Pools. The Company shall temporarily relinquish quantities of Transportation Service Provider Capacity to i) individual Customers who have executed Capacity Release Agreements with the Company, ii) TTS Pool Managers, and iii) CI Pool Managers each Month.
3. **Daily Demand Requirement Calculation and Quantity of Capacity for Release:**  
Each Month after adequate capacity is allocated to Company's Regulated Sales Service Pool, Company shall determine the aggregated DDR to be relinquished to each Aggregated Transportation Service Pool Manager using the following methodology:
  - a. For each existing and new Aggregated Transportation Service Customer (both CI Daily and Cycle Read Pools and TTS Pool(s)), the aggregated DDR shall be determined by using the prior year's applicable Month Gas consumption for each Customer in the Customer Pool (adjusted for Customer additions and losses from the succeeding eleven-Month period) and dividing by the number of days in the applicable Month, then dividing the result of this calculation (Therms per Gas Day) by ten (10) (to convert Therms to Dekatherms); and then rounding up to the next whole Dekatherm. In the case of the CI Daily Read Pool(s) and only for the purposes of calculating the Pool Manager's aggregated Daily Capacity (release) Quantity ("DCQ"), the aggregated DDR calculated above will be multiplied by 0.50. CI Daily Read Pool Managers may request up to no greater than one hundred percent (100%) of Customer's total historical DDR.

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***RULES AND REGULATIONS - CONTINUED***

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Daily Demand Requirement Calculation and Quantity of Capacity for Release Continued

- b. Each Month, the Company shall determine the total aggregated DDR for each Customer Pool, in accordance with the methodology described herein. Adjustments to Pool Manager's aggregated DDR will occur from time to time to reflect changes in the Company's weighted average cost of capacity and Pool Manager's Customer as a result of the enrollment and transfer of Customers to and between Customer Pools.

For each existing and new Individual Transportation Service Customer, Company will relinquish capacity based on Customer MDTQ as provided in the Capacity Release Agreement (if any) between Customer and Company. Customer must elect a MDTQ of sufficient quantity to satisfy the Customer's Monthly natural gas requirements. Company will provide Customer a twelve-Month consumption history to assist in making its initial election.

- c. Remaining capacity, if any, may be allocated to the Company's Regulated Sales Service Pool and TTS Pool(s) on a pro-rata basis based on the prior Month's actual throughput for each of the Regulated Sales Service and TTS Pool(s).

4. Scope of Capacity Release:

- a. Pool Manager Service Agreements with Transportation Service Providers:

Pool Manager shall enter into all required agreements with each Transportation Service Provider so that Pool Manager has all necessary rights to accept and acquire the relinquished capacity from Company hereunder. Capacity releases shall be made on a temporary basis, in accordance with applicable FERC rules and regulations, as they may change from time to time. Pool Manager shall have sole responsibility for complying with all provisions of such agreements and all applicable provisions of Transportation Service Providers' FERC Tariffs.

- b. Relinquishment Notices:

Each Month, Company shall provide to Transportation Service Providers the notice of capacity release required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff. Such notices shall offer to relinquish, on a temporary basis that portion of the Pool Manager's aggregated DCQ to be relinquished by Company by Customer Pool. Company shall diligently and in a time sufficient for Pool Manager to commence use of the released capacity, take all other actions required under the rules and regulations of the respective Transportation Service Provider's FERC Tariff to relinquish capacity to Pool Manager. Capacity releases will be released to Customers, Pool Managers, and Shipper's Designee(s) pursuant to Company's state-approved retail choice programs as set forth in this Section W. of this Tariff.

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***RULES AND REGULATIONS - CONTINUED***

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- c. Acceptance of Capacity Release:  
Pool Manager shall diligently and in a timely manner take all actions necessary under the rules and regulations of Transportation Service Provider's FERC Tariffs to acquire and accept the capacity relinquished by Company. Company has no obligation to relinquish capacity to Pool Manager in quantities greater than the Aggregated DCQ. If after five (5) Days, Pool Manager does not acquire requisite capacity, Pool Manager may be terminated.
5. Capacity Exceeding Released Quantities:  
If Pool Manager's Customer Pool's aggregated DDR is greater than Pool Manager's Customer Pool's aggregated DCQ, Pool Manager shall be responsible for taking such actions as are required to obtain sufficient Transportation Service Provider capacity to meet its Customer Pool requirements (aggregated DDR), such additional quantities shall be defined as Pool Manager's Customer Pool's Daily Delivery Capacity Variance ("DDCV"). Pool Manager may acquire such Transportation Service Provider capacity quantities from any source.
6. Capacity Charges:  
Pool Manager shall pay to Transportation Service Provider the rate listed in Company's relinquishment notice. Such rate will be based on Company's annualized weighted average cost of capacity excluding releases to ITS Customers, Customers receiving service under Rate Schedules FGS and Rider CTS, those Customers served by the Company pursuant to a Special Contract, those Customers who utilize upstream capacity released by the Company pursuant to an asset management agreement, and capacity released by Company pursuant to a long term capacity release i.e., a period a longer than one (1) year) or the negotiated rate for the capacity relinquished by the Company. Pool Manager shall indemnify Company and hold it harmless from any and all rates and charges assessed by Transportation Service Provider to Company for the relinquished capacity.
7. Capacity Payments:  
Pool Manager shall make all payments to Transportation Service Provider(s) for the relinquished capacity in accordance with Transportation Service Provider's FERC Tariffs, and by any applicable FERC rule or order. If Pool Manager fails to make such payments, Company may make such payments on behalf of Pool Manager (in a manner which preserves any rights which Pool Manager may have to dispute the nature or amount of the charges). Pool Manager shall reimburse Company for such payments inclusive of interest, at the highest interest rate allowed by law, from the date such payments are made by Company to Transportation Service Provider.

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***RULES AND REGULATIONS - CONTINUED***

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8. Recall Rights to Released Capacity:

- a. All capacity relinquished to Pool Manager by Company, may be recalled by Company from time to time to facilitate the redistribution of capacity among Pool Managers to accommodate Customer migration, or to change the rate of the release regardless of the term of a specific capacity release by Company to Pool Manager.
- b. Company shall have the right to recall temporarily or permanently a portion or all of the capacity relinquished hereunder, subject to the applicable notice requirements in Transportation Service Providers' FERC Tariffs, in the event that Pool Manager breaches its contractual obligations of payment to Transportation Service Provider for the released capacity; or (ii) Pool Manager otherwise breaches the terms and conditions of this Tariff. In the event Company temporarily recalls a portion of the relinquished capacity, Company shall re-release such capacity to Pool Manager within ten (10) Working Days after Pool Manager has provided assurance satisfactory to Company, in Company's reasonable discretion, that the cause which gave rise to Company's recall right has been removed.
- c. Capacity is required to serve Company's high priority Customers.

9. Retained Right of First Refusal:

Company shall retain the sole right to affirmatively exercise, at the time specified in the Service Agreement, Transportation Service Provider's FERC Tariffs, or any FERC rule or order, any right of first refusal mechanism (however denominated), including the option to extinguish such right, applicable to the relinquished capacity; provided, however, that Company may not exercise any such right in a manner which would impair Pool Manager's right to use the relinquished capacity during the term of any release.

10. Periodic Open Seasons:

Company may hold an open season for incremental capacity releases not less than once per year. The open season may be held from April 1<sup>st</sup> through April 15<sup>th</sup> of each calendar year or other such period that Company may elect. Primary firm capacity from the Company's interstate capacity portfolio will be made available to on-system Customers and Pool Managers on an as-available basis.

Releases by the Company will be for a period of not less than one year. Incremental quantities when aggregated with existing capacity release quantities made by Company to a Customer or Pool Manager will be not greater than the monthly historical demand quantity of the Customer or Customer Pool.

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***RULES AND REGULATIONS - CONTINUED***

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Periodic Open Seasons Continued

Releases requested during the applicable open season period will be awarded on a pro-rata basis and the awarded releases will be implemented not later than June 1<sup>st</sup> of the same calendar year or the first calendar Day of the month following the first full month after capacity has been awarded to the acquiring Customer or Pool Manager. Capacity awarded, if available, will be made on a not unduly discriminatory basis by the Company.

11. Capacity Acquisition:

a. Customer Pools:

Company shall provide to Pool Managers each Month, at least four (4) Days prior to Transportation Service Provider's deadline for posting capacity releases for the first day of the following Month, (i) a list of the accounts comprising Pool Manager's Customer Pool and the associated Non-Residential Customer DDRs, (ii) the estimated total Gas requirements to meet the needs of each of Pool Manager's Customer Pools for such following Month i.e., Pool Manager's aggregated DDR and, (iii) the aggregated DCQ that Company proposes to relinquish to Pool Manager for each Customer Pool. Pool Manager shall confirm the accuracy of the list of accounts comprising Pool Manager's Customer Pool with Company within one (1) Business Day after delivery of the Customer list to Pool Manager. If Pool Manager fails to confirm the accuracy of said list, Company shall proceed with the release to Pool Manager based on the information provided.

b. Maximum Daily Transportation Quantity (MDTQ):

Company may establish a MDTQ for Gas for one or more Customer(s) or Pool Manager(s) if, in the reasonable opinion of the Company, it is necessary to protect system integrity or to ensure existing Customers are not adversely affected by Customer(s) and or Pool Manager(s) requiring an MDTQ. Company shall not be obligated to transport Gas above the Customer's or Pool Manager's MDTQ, if established, but may do so if feasible and without adverse effect to other Customers, in the reasonable opinion of the Company.

12. Pool Manager's Firm Delivery Requirements:

- a. Unless excused by Force Majeure, Pool Manager shall cause Transportation Service Providers to deliver on each Gas Day to Company Primary Receipt Points where Company is the DPO a quantity of Gas sufficient to reliably serve the requirements of its Customer Pool and off-system Customers. Pool Manager shall have no obligation to deliver Gas to Company on behalf of Customers whose

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***RULES AND REGULATIONS - CONTINUED***

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Pool Manager's Delivery Obligations Continued

service is terminated, either upon request of the Customer or for cause. Company shall promptly notify the Pool Manager of any known change in Customer account status that will affect Gas quantity deliveries.

- b. If any act or omission of Pool Manager causes Company, as the DPO, to incur any Transportation Service Provider penalties, other expenses or liabilities of any kind, Pool Manager will indemnify and reimburse Company for all said penalties, other expenses, or liabilities. Nothing herein shall be deemed to foreclose Company from employing other remedies, including cessation of deliveries for the unauthorized usage of Gas.

13. Non-Performance Penalty:

The Company shall assess the Pool Manager a per MMBtu charge equal to the higher of \$15.00 or 200% of the highest of the FGT zone 1, FGT zone 2, or FGT zone 3 Midpoint price published in Platts Gas Daily for each day when delivery to Company by Pool Manager differs from Pool Manager's Pool(s) aggregated DCQ. The Company may waive this charge from time-to-time on a non-discriminatory basis.

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***RULES AND REGULATIONS - CONTINUED***

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**X. NOMINATIONS AND SCHEDULING**

Nominations and Scheduling:

All TTS Pool Managers and CI Daily and Cycle Read Pool Managers, shall submit to the Company all Nomination and scheduling information affecting Company's Delivery Points simultaneous to any submission to Transportation Service Provider(s). In addition, each Customer, Pool Manager, or Shipper Designee shall submit to Company each day Nominated quantities for each Individual Transportation Service Customer that is required to have and has electronic telemetering equipment installed, ("Telemetered Customer").

CI Cycle Read Pools will be permitted one Nomination change within the Month. Such Nomination must be delivered to Company no later than the fifteenth (15<sup>th</sup>) of the applicable Month.

TTS Pool(s) and CI Daily Read Pool(s) will be permitted to change Nominations throughout the applicable Month.

Such Nomination shall include the following information:

1. The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated – "Del Loc" (Delivery Location);
2. The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (TPS Delivery Quantity);
3. The downstream delivery facility name, and quantity in Therms of Gas to be delivered for each Company Customer account or Pool "Dn Name" (Duns Number);
4. A beginning and ending date for each Nomination;
5. Ranking for allocation "Del Rank" (Delivery Rank)

Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

Unassigned Gas

"Unassigned Gas" shall mean any quantity of gas received at a Company Receipt Point for which there is no transportation nomination that can be readily identified by Company and assigned by Company to the appropriate Customer(s), Shipper's Designee(s), and Pool Manager(s).

Company shall post on its website the quantity, production month received on the Company's system, and the point of receipt associated with any Unassigned Gas ("Notice"). Company shall continue to post the Notice for a period of not less than one Business Day.

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

Effective: March 1, 2023

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***RULES AND REGULATIONS - CONTINUED***

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In order to be a valid claim for purposes hereof, a claim must:

1. Be provided to the Company in writing;
2. Identify the specific Unassigned Gas delivered;
3. Provide independent evidence of ownership of Unassigned Gas claimed; and
4. Agree to indemnify Company fully with respect to any adverse claims to ownership of the Gas or to the proceeds resulting from the sale thereof.

If a valid claim is received, such quantities will be subject to purchase by the Company at seventy-five percent (75%) of the Gas Daily index for Gas delivered at the Florida City Gate.

If a valid claim is not received, such quantities of Gas will be credited to the Company's Regulated Sales Service fuel clause.



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***RULES AND REGULATIONS – CONTINUED***

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**Y. OPERATIONAL CONTROLS**

1. **Operational Controls Applicability:**  
Operational Controls shall be applicable to all Customers, Customer Pools, Pool Managers, and Shipper Designees with the exception of Company's TTS and CI Cycle Read Pool(s).
2. **Contact Persons:**  
Any Customer taking delivery of Gas from Company or any Pool Manager or Shipper Designees causing Gas to be delivered to Company, shall cooperate fully with Company in maintaining the integrity of its system. All Customers, Pool Managers, and Shipper's Designees shall name an appropriate contact person(s) available to receive communication from Company on operating matters at any time, on a 24-hour a day, 365-day a year basis. For all Residential Customers, the contact person shall be that individual listed in the Company's records as the applicant for service or the account holder of record. If Company is unable after reasonable efforts to contact any Customer or Customer's contact person, such Customer shall be solely responsible for any consequences arising from such failure of communication.
3. **Maintaining Proper System Pressure:**  
In the event that Company determines in its sole discretion, reasonably exercised, that action is required to avoid an operating condition in which system pressure is not maintained, in which system pressure is maintained at an operationally unacceptably high level, and/or Transportation Service Provider has issued an operational directive under Transportation Service Provider's Tariff, Company may issue the following Operational Controls to Customers, Shipper Designees, and/or Pool Managers.
4. **Operational Flow Orders (OFO) Notices:**  
The Company may issue an OFO notice and shall promptly notify via electronic means (electronic bulletin board, e-mail or telephone) all affected Customers, Customer's Designees and Pool Managers causing Gas to be delivered to the Company's Receipt Point(s), that such OFO has been issued.
  - a. **Operational Flow Orders – Action Required:**  
Such Operational Flow Orders may require Customers, Customer's Designees and Pool Managers to undertake any of the following:
    - i. Company may issue an Operational Flow Order to individual Customer, Shipper's Designees, and Pool Managers, specific geographic regions, or at one or a group of specific Company Receipt Points.
    - ii. To commence or increase supply inputs by a specific quantity.
    - iii. To cease or reduce supply inputs by a specified quantity.

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***RULES AND REGULATIONS - CONTINUED***

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Operational Flow Orders – Action Required Continued

- iv. To commence or increase takes of Gas from the system by a specified volume.
  - v. To reduce takes of Gas from the system by specified volumes.
  - vi. In the event the action(s) set forth in (a)-(e) are not operationally feasible, the Operational Flow Order may require Customers, Customer's Designees and Pool Managers, to take other such action within Customers, Customer's Designees and Pool Managers control which would tend to alleviate the operating condition to be addressed.
- b. Failure to Comply with Operational Flow Orders:  
If the Customers, Customer's Designees, or Pool Managers violates the terms of the OFO, the Company shall charge the responsible Customers, Customer's Designees and Pool Managers:
- i. If the Customers, Customer's Designees, or Pool Managers violates the terms of the OFO (i.e. is outside the established percentage usage tolerances of the notice), the Company shall charge the responsible Customers, Customer's Designees and Pool Managers two (2) times the applicable Transportation Service Provider's FERC approved Tariff OFO penalty. Company may waive OFO penalties on a nondiscriminatory basis.
  - c. Imbalances incurred on the of the Operational Flow Order shall be included in Customer or Pool Manager's monthly imbalance quantity and will be subject to monthly balancing.
5. Alert Day Notices:  
The Company may issue an Alert Day notice when in its sole discretion. Alert Days will be used when other operational tools are perceived to be inappropriate to resolve the operating situation and shall promptly notify via electronic means (electronic bulletin board, e-mail or telephone) all affected Customers, Customer's Designees and Pool Managers causing Gas to be delivered to the Company's Receipt Point(s), that such Alert Day notice has been issued.
- a. Alert Day Notice – Action Required:  
Such Alert Day Notices may require Customers, Customer's Designees, and Pool Managers to undertake any of the following:

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***RULES AND REGULATIONS - CONTINUED***

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Alert Day Notice – Action Required Continued

- i. Company may issue an Alert Day to individual Customers, Customer's Designees and Pool Managers, specific geographic regions, or at one or a group of specific Company Receipt Points.
    - ii. In the event the action(s) set forth above are not operationally feasible, the Alert Day notice may require Customers, Shipper's Designees, and Pool Managers, to take other such action within Customer's, Shipper's Designee's, or Pool Manager's control which would tend to alleviate the operating condition to be addressed.
  - b. Failure to Comply with Alert Day Notice:  
If the Customers, Customer's Designees, or Pool Managers violates the terms of the Alert Day notice, the Company shall charge the responsible Customers, Customer's Designees and Pool Managers:
    - i. For an overage Alert Day, two (2) times Transportation Service Provider's FERC approved Tariff Alert Day penalty.
    - ii. For an underage Alert Day, 50% (fifty percent) of Transportation Service Provider's FERC approved Tariff Alert Day penalty.
    - iii. Company may waive Alert Day penalties on a nondiscriminatory basis.
  - c. Imbalances incurred on the day of the Alert Day will not be included in Customer or Pool Manager's monthly imbalance quantity and will not be subject to monthly balancing.
6. Pipeline Balancing Charges:  
As the DPO, the Company shall comply with any operational balancing tools order issued by Transportation Service Provider(s), and as applicable, the Company, shall issue penalty charges directly to the responsible Customer(s), Customer's Designees and Pool Managers(s), to the extent such charges are able to be directly assigned. The remaining balance of such charges, if any, shall be allocated on a pro-rata basis to Company's Operational Balancing Account and/or Purchased Gas Cost Recovery Clause, if applicable.

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***RULES AND REGULATIONS - CONTINUED***

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7. Disposition of Penalties:

All penalties, net of payments to third parties, collected by the Company related to the operational control of the system, shall be issued directly to the responsible Customer(s), Shipper Designees and/or Pool Managers(s), to the extent such charges are able to be directly assigned. The remaining balance of such charges, if any, shall be allocated on a pro-rata basis to Company's Operational Balancing Account and/or Purchased Gas Cost Recovery Clause, if applicable. The Company shall not, under any circumstances, retain any of the penalties collected from Customers, Customer's Designees, or the authorized Pool Manager, nor absorb any costs related to complying with valid Transportation Service Provider Operational Tool orders.

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***RULES AND REGULATIONS - CONTINUED***

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**YY. IMBALANCE RESOLUTION**

The balancing of the quantity of Gas scheduled and nominated for each Customer or Customer Pool at all Company Receipt Points for which Company, or Company's agent, is the DPO, and the actual usage by the sum of all Individual Transportation Service Customers and Customer Pools served by each Customer, Shipper Designee, or Pool Manager shall be calculated on a Monthly basis. Long or short Monthly Imbalance Quantities for each individual Customer Pool will be netted against Customer Pools administered by the same Pool Manager provided however, Customer Pools with an Imbalance Level (long or short) greater than 20% will not be eligible to be netted. The Company and Customer, Shipper's Designee or Pool Manager shall resolve all remaining Monthly Imbalance Quantities at the end of each Month, as follows:

1. If the Monthly Imbalance Quantity is long (amount of Gas scheduled is greater than aggregated actual usage by Customer Pool(s)), the Company shall purchase from Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking: (i) the lowest weekly average (weeks where Friday is within the calendar Month) of the "Daily price survey" for Gas under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platt's Gas Daily*, for the Month in which the positive (long) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	0.90
Greater than 20%	0.80

The total amount due Customer, Shipper Designee, or Pool Manager shall be the product of the Unit Price and the positive (long) monthly imbalance.

2. If the Monthly Imbalance Quantity is short (amount of Gas scheduled is less than aggregated actual usage by Customer Pool(s)), the Company shall sell to Customer or Pool Manager such Monthly Imbalance Quantity at a price per Therm (the "Unit Price") calculated by taking the (i) the highest weekly average (weeks where Friday is within the calendar Month) of the "Daily price survey" for Gas posted under the "Midpoint" column for "Florida Gas, zone 1", "Florida Gas, zone 2" or "Florida Gas, zone 3", as reported in *Platts Gas Daily*, for the Month in which the negative (short) Monthly Imbalance Quantity was incurred, multiplied by the applicable factor set forth below:

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***RULES AND REGULATIONS - CONTINUED***

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<u>Imbalance Level</u>	<u>Factor</u>
0% to 5%	1.00
Greater than 5% to 20%	1.10
Greater than 20%	1.20

and (ii) the Gulfstream Natural Gas 6% deliverability reservation per Therm tariff rate inclusive of all applicable surcharges (as it may change from time to time) plus the FGT FTS-1 usage rate per Therm, inclusive of all applicable surcharges.

The total amount due to the Company shall be the product of the Unit Price and the (short) negative monthly imbalance.

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***RULES AND REGULATIONS - CONTINUED***

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**Z. MUTUALLY BENEFICIAL TRANSACTIONS**

Pool Manager and Customer recognize that Company maintains the operation and integrity of Company distribution system on a daily basis. Pool Manager and Customer also recognizes that as DPO for the Transportation Service Provider's pipeline interconnects, Company or its agent is subject to the rules and regulations of the Transportation Service Provider(s) with regard to operational flow rates, pressures, and penalties. As such, Company may need Pool Manager or Customer to vary its daily delivery from the nominated delivery quantities. On those occasions, Company may request, at its sole discretion, and Pool Manager and Customer may agree to, a change to Customer's or Pool Manager's nominated Gas supply quantities and Transportation Service Provider(s) pipeline capacity. Terms and conditions of such transactions shall be agreed upon at the time of the transaction and shall be recorded and confirmed in writing within two Business Days after the transaction.

Disposition of Net Revenues:

Net revenues shall mean the revenues received by Company for Natural Gas above the cost of Natural Gas to the Company and revenues received by Company for pipeline demand charges above the prevailing rates for like period(s) as negotiated by Transportation Service Provider Customers via the Transportation Service Provider's Relinquishment program on its Electronic Bulletin Board system. Disposition of net revenues received by Company during each Month that this service is provided shall be as follows:

Fifty percent (50%) of the net revenues shall be retained by Company. The remaining fifty percent (50%) of the net revenues shall be used to reduce Company's cost of Natural Gas recovered through the Purchased Gas Cost Recovery Clause.

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***RULES AND REGULATIONS - CONTINUED***

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**ZZ. TERMINATION OF POOL MANAGER STATUS**

Termination of Shipper Status:

Unless excused by Force Majeure, Company may terminate the Pool Manager's rights for the following:

1. Pool Manager fails to satisfy in full the terms and conditions of this Tariff;
2. Pool Manager voluntarily suspends the transaction of business where there is an attachment, execution, or other judicial seizure of any portion of their respective assets;
3. Pool Manager becomes insolvent or unable to pay its debts as they mature or makes an assignment for the benefit of creditors;
4. Pool Manager files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy;
5. Pool Manager applies for or consents to the appointment of a receiver, trustee, or conservator for any portion of its properties or such appointment is made without its consent; or,
6. Pool Manager engages in slamming or other unlawful activities.

CI Pool Manager:

If Company terminates a CI Pool Manager, CI Pool Manager's Indiantown and CFG Service Area Customers shall be assigned by Company to a TTS Pool Manager. If Company terminates a CI Pool Manager serving Customers in Company's Ft. Meade and FPUC Service Areas Customers shall be assigned by Company to Company's Regulated Sales Service Pool.

TTS Pool Manager Indiantown and CFG Service Areas:

If Company terminates a TTS Pool Manager, TTS Pool Manager's Indiantown and CFG Service Area Customers shall revert to the remaining TTS Pool Manager(s) TTS Pool(s), if any, until a replacement TTS Pool Manager is approved. Upon selection of a replacement TTS Pool Manager, Indiantown and CFG Service Area Customers shall be transferred to the replacement TTS Pool Manager. If there are no other Company-approved TTS Pool Managers serving the Company's Indiantown and CFG Service Area Customers then the Company will invoke Company's Shipper of Last Resort service until such time when a new TTS Pool Manager has been selected.



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***RATE SCHEDULES***  
**RESIDENTIAL SERVICE - 1 – (RES-1) - CLOSED**

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**Availability:**

Available within the FPUC and Ft. Meade Service Areas of the Company only.

**Applicability:**

Applicable to Residential Service classification only whose annual metered volume is less than 100 therms annually (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator). This rate schedule is closed to all other existing and new Customers after February 28, 2023.

**Character of Service:**

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

**Ft. Meade Service Area Monthly Rate**

Customer Charge:	\$11.50 per Meter per Month
Non-Fuel Energy Charge:	\$0.58026 per Therm

**FPUC Service Area Monthly Rate**

Customer Charge:	\$16.50 per Meter per Month
Non-Fuel Energy Charge:	\$0.50906 per Therm

**Minimum Bill:**

The Customer Charge.

**Terms of Payment:**

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

**Billing Adjustments:**

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

**Terms and Conditions:**

Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to Transportation Service.

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**RESIDENTIAL SERVICE – 2 – (RES-2) – CLOSED**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to Residential Service classification only using 100 through 249 Therms annually (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator). This rate schedule is closed to all other existing and new Customers after February 28, 2023.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Ft. Meade Service Area Monthly Rate

Customer Charge:	\$12.50 per Meter per Month
Non-Fuel Energy Charge:	\$0.58026 per Therm

FPUC Service Area Monthly Rate

Customer Charge:	\$19.50 per Meter per Month
Non-Fuel Energy Charge:	\$0.54106 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to Transportation Service.

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**RESIDENTIAL SERVICE – 3 – (RES-3)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to existing Residential Service classification Customers prior to March 1, 2023, using 250 Therms or greater, annually (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator).

Beginning March 1, 2023, applicable to Residential Service classification Customers (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator).

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Ft. Meade Service Area Monthly Rate

Customer Charge:	\$16.50 per Meter per Month
Non-Fuel Energy Charge:	\$0.58026 per Therm

FPUC Service Area Monthly Rate

Customer Charge:	\$26.50 per Meter per Month
Non-Fuel Energy Charge:	\$0.61699 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to gas service.

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**RESIDENTIAL TRANSPORTATION SERVICE - 1 – (REST-1) - CLOSED**

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Availability:

Available within the Indiantown and CFG Service Areas of the Company only.

Applicability:

Applicable to Residential Service classification only whose annual metered volume is less than 100 Therms annually (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator). This rate schedule is closed to all other existing and new Customers after February 28, 2023.

Character of Service:

Aggregated Transportation Service provided by a TTS Pool Manager for Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not required.

Indiantown Service Area Monthly Rate

Customer Charge:	\$11.50 per Meter per Month
Transportation Charge:	\$0.37835 per Therm

CFG Service Area Monthly Rate

Customer Charge:	\$16.50 per Meter per Month
Transportation Charge:	\$0.50906 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

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**RESIDENTIAL TRANSPORTATION SERVICE – 2 – (REST-2) – CLOSED**

---

Availability:

Available within the Indiantown and CFG Service Areas of the Company only.

Applicability:

Applicable to Residential Service classification only using 100 through 249 Therms annually (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator). This rate schedule is closed to all other existing and new Customers after February 28, 2023.

Character of Service:

Aggregated Transportation Service provided by a TTS Pool Manager for Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not required.

Indiantown Service Area Monthly Rate

Customer Charge:	\$12.50 per Meter per Month
Transportation Charge:	\$0.37835 per Therm

CFG Service Area Monthly Rate

Customer Charge:	\$19.50 per Meter per Month
Transportation Charge:	\$0.54106 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.



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**RESIDENTIAL TRANSPORTATION SERVICE – 3 – (REST-3)**

---

Availability:

Available within the Indiantown and CFG Service Areas of the Company only.

Applicability:

Applicable to existing Residential Service classification Customers prior to March 1, 2023, using 250 Therms or greater, annually (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator).

Beginning March 1, 2023, applicable to Residential Service classification Customers (excluding any premise at which the only Gas-consuming appliance or equipment is a standby electric generator).

Character of Service:

Aggregated Transportation Service provided by a TTS Pool Manager for Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not required.

Indiantown Service Area Monthly Rate

Customer Charge:	\$16.50 per Meter per Month
Transportation Charge:	\$0.25220 per Therm

CFG Service Area Monthly Rate

Customer Charge:	\$26.50 per Meter per Month
Transportation Charge:	\$0.61699 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.

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**RESIDENTIAL STANDBY GENERATOR SERVICE – (RES-SG)**

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Availability:

Available within the Ft. Meade and FPUC Service Areas of the Company.

Applicability:

Applicable to Residential Service classification where the only Gas-consuming appliance or equipment is a standby electric generator.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Monthly Rate:

Customer Charge:	\$36.50 per Meter per Month
Non-Fuel Energy Charge:	\$0.61699 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to gas service.
2. Subject to No. 3 below, a Customer receiving gas service under this rate schedule shall be obligated to remain on this schedule for twelve (12) Months. This 12-Month requirement shall be renewed at the end of each twelve-Month period unless Customer terminates service at the end of any 12-Month period.
3. If Customer installs an additional Gas appliance at the premise to which service is provided hereunder, Customer shall be transferred to an appropriate rate schedule.

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**RESIDENTIAL STANDBY GENERATOR TRANSPORTATION SERVICE – (RES-SGT)**

**Availability:**

Available within the Indiantown and CFG Service Areas of the Company only.

**Applicability:**

Applicable to Residential Service classification where the only Gas-consuming appliance or equipment is a standby electric generator.

**Character of Service:**

Aggregated Transportation Service provided by a TTS Pool Manager for Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

**Electronic Measurement Equipment:**

Not required.

**Monthly Rate:**

Customer Charge:

\$36.50 per Meter per Month

Non-Fuel Energy Charge:

\$0.61699 per Therm

**Retainage:**

Not applicable.

**Minimum Bill:**

The Customer Charge.

**Terms of Payment:**

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

**Billing Adjustments:**

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

**Terms and Conditions:**

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Subject to No. 3 below, a Customer receiving gas service under this rate schedule shall be obligated to remain on this schedule for twelve (12) Months. This 12-Month requirement shall be renewed at the end of each twelve-Month period unless Customer terminates service at the end of any 12-Month period.

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**RESIDENTIAL STANDBY GENERATOR TRANSPORTATION SERVICE - (RES-SGT)  
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3. If Customer installs an additional Gas appliance at the premise to which service is provided hereunder, Customer shall be transferred to an appropriate rate schedule.

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**GENERAL SERVICE - 1 – (GS-1)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only gas-consuming appliance or equipment is a standby electric generator) using less than 1,000 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

Not applicable.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$25.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.55700 per Therm

FPUC Service Area Monthly Rate:

Customer Charge:	\$40.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.63434 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to gas service.

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**GENERAL SERVICE – 1 – (GS-1) - CONTINUED**

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Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE - 1 – (GTS-1)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only gas-consuming appliance or equipment is a standby electric generator) using less than 1,000 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not applicable.

Ft. Meade Service Area Monthly Rate

Customer Charge:	\$25.00 per Month
Transportation Charge:	\$0.55700 per Therm

Indiantown Service Area Monthly Rate

Customer Charge:	\$25.00 per Month
Transportation Charge:	\$0.05762 per Therm

CFG and FPUC Service Areas Monthly Rate

Customer Charge:	\$40.00 per Month
Transportation Charge:	\$0.63434 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	Not applicable
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<u>Transportation Administration Charge</u>	\$4.50
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Retainage:

1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

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**GENERAL TRANSPORTATION SERVICE – 1 - (GTS-1) - CONTINUED**

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Minimum Bill:

CFG and Indiantown Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.



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**GENERAL SERVICE - 2 – (GS-2)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 1,000 through 4,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

Not required.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$50.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.55700 per Therm

FPUC Service Area Monthly Rate:

Customer Charge:	\$70.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.63212 per Therm

Telemetry Maintenance Charge	Not applicable
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Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to gas service.

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**GENERAL SERVICE – 2 – (GS-2) - CONTINUED**

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Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE - 2 – (GTS-2)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 1,000 through 4,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not required.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$50.00 per Meter per Month
Transportation Charge:	\$0.55700 per Therm

Indiantown Service Area Monthly Rate:

Customer Charge:	\$35.00 per Meter per Month
Transportation Charge:	\$0.05762 per Therm

CFG and FPUC Service Areas Monthly Rate:

Customer Charge:	\$70.00 per Meter per Month
Transportation Charge:	\$0.63212 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	Not applicable
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<u>Transportation Administration Charge</u>	\$4.50
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Retainage:

1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

Minimum Bill:

CFG and Indiantown Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Transportation Administration Charge.

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**GENERAL TRANSPORTATION SERVICE – 2 – (GTS-2) - CONTINUED**

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Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL SERVICE - 3 – (GS-3)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 5,000 through 9,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

Not required.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$100.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.55700 per Therm

FPUC Service Area Monthly Rate:

Customer Charge:	\$150.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.55785 per Therm

Telemetry Maintenance Charge	Not applicable
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Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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**GENERAL SERVICE – 3 – (GS-3) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE - 3 – (GTS-3)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 5,000 through 9,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not required.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$100.00 per Meter per Month
Transportation Charge:	\$0.55700 per Therm

Indiantown Service Area Monthly Rate:

Customer Charge:	\$45.00 per Meter per Month
Transportation Charge:	\$0.05762 per Therm

CFG and FPUC Service Areas Monthly Rate:

Customer Charge:	\$150.00 per Meter per Month
Transportation Charge:	\$0.55785 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	Not applicable
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<u>Transportation Administration Charge</u>	\$4.50
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<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.
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**GENERAL TRANSPORTATION SERVICE – 3 – (GTS-3) - CONTINUED**

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Minimum Bill:

CFG and Indiantown Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.



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**GENERAL SERVICE - 4 – (GS-4)**

---

Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 10,000 through 49,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

Not required.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$225.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.31366 per Therm

FPUC Service Area Monthly Rate:

Customer Charge:	\$275.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.52858 per Therm

Telemetry Maintenance Charge	Not applicable
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Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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**GENERAL SERVICE – 4 – (GS-4) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE - 4 – (GTS-4)**

---

Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 10,000 through 49,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not required.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$225.00 per Meter per Month
Transportation Charge:	\$0.31366 per Therm

Indiantown Service Area Monthly Rate:

Customer Charge:	\$55.00 per Meter per Month
Transportation Charge:	\$0.04962 per Therm

CFG and FPUC Service Areas Monthly Rate:

Customer Charge:	\$275.00 per Meter per Month
Transportation Charge:	\$0.52858 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	Not applicable
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<u>Transportation Administration Charge</u>	\$4.50
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Retainage:

1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

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**GENERAL TRANSPORTATION SERVICE – 4 – (GTS-4) - CONTINUED**

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Minimum Bill:

CFG and Indiantown Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL SERVICE - 5 – (GS-5)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 50,000 through 249,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$300.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.26922 per Therm

FPUC Service Area Monthly Rate:

Customer Charge:	\$750.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.46653 per Therm

Telemetry Maintenance Charge	Not applicable
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Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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FPSC Tariff  
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Original Sheet No. 7.126

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**GENERAL SERVICE – 5 – (GS-5) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE - 5 – (GTS-5)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 50,000 through 249,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Ft. Meade Service Area Monthly Rate:

Customer Charge:	\$300.00 per Meter per Month
Transportation Charge:	\$0.26922 per Therm

Indiantown, CFG, and FPUC Service Areas Monthly Rate:

Customer Charge:	\$750.00 per Meter per Month
Transportation Charge:	\$0.46653 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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Retainage:

1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

Minimum Bill:

CFG and Indiantown Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

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**GENERAL TRANSPORTATION SERVICE – 5 – (GTS-5) - CONTINUED**

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Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.



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**GENERAL SERVICE - 6 – (GS-6)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 250,000 through 499,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$2,500.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.43262 per Therm
Telemetry Maintenance Charge	Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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**GENERAL SERVICE – 6 – (GS-6) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE - 6 – (GTS-6)**

---

Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 250,000 through 499,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$2,500.00 per Meter per Month
Transportation Charge:	\$0.43262 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.
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Minimum Bill:

CFG and Indiantown Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

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**GENERAL TRANSPORTATION SERVICE – 6 – (GTS-6) - CONTINUED**

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Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL SERVICE - 7 – (GS-7)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 500,000 through 999,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$4,500.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.33967 per Therm
Telemetry Maintenance Charge	Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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**GENERAL SERVICE – 7 – (GS-7) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE - 7 – (GTS-7)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 500,000 through 999,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$4,500 per Meter per Month
Transportation Charge:	\$0.33967 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.
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Minimum Bill:

CFG and Indiantown Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

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**GENERAL TRANSPORTATION SERVICE – 7 – (GTS-7) - CONTINUED**

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Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.



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**GENERAL SERVICE – 8A – (GS-8A)**

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Availability:

Available within the Ft. Meade and FPUC Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 1,000,000 through 1,499,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.31967 per Therm
Telemetry Maintenance Charge	Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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**GENERAL SERVICE – 8A – (GS-8A) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE – 8A – (GTS-8A)**

---

Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 1,000,000 through 1,499,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Transportation Charge:	\$0.31967 per Therm

**Charges Applicable to FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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Retainage:

1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

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**GENERAL TRANSPORTATION SERVICE – 8A – (GTS-8A) - CONTINUED**

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Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL SERVICE – 8B – (GS-8B)**

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Availability:

Available within the Ft. Meade and FPUC Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 1,500,000 through 1,999,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.29967 per Therm
Telemetry Maintenance Charge	Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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**GENERAL SERVICE – 8B – (GS-8B) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE – 8B – (GTS-8B)**

---

Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 1,500,000 through 1,999,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Transportation Charge:	\$0.29967 per Therm

**Charges Applicable to FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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Retainage:

1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

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**GENERAL TRANSPORTATION SERVICE – 8B – (GTS-8B) - CONTINUED**

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Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.



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**GENERAL SERVICE – 8C – (GS-8C)**

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Availability:

Available within the Ft. Meade and FPUC Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 2,000,000 through 3,999,999 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.15601per Therm
Telemetry Maintenance Charge	Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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**GENERAL SERVICE – 8C – (GS-8C) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL TRANSPORTATION SERVICE – 8C – (GTS-8C)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using 2,000,000 through 3,999,999 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Transportation Charge:	\$0.15601 per Therm

**Charges Applicable to FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.
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Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

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**GENERAL TRANSPORTATION SERVICE – 8C – (GTS-8C) - CONTINUED**

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Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**GENERAL SERVICE – 8D – (GS-8D)**

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Availability:

Available within the Ft. Meade and FPUC Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using greater than 4,000,000 Therms annually.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.15134 per Therm
Telemetry Maintenance Charge	Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

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FPSC Tariff  
Original Volume No. 2

Original Sheet No. 7.150

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**GENERAL SERVICE – 8D – (GS-8D) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Customer must contract for service on an annual basis.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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Original Sheet No. 7.151

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**GENERAL TRANSPORTATION SERVICE – 8D – (GTS-8D)**

---

Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only Gas consuming appliance or equipment is a standby electric generator) using greater than 4,000,000 Therms annually.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$9,500.00 per Meter per Month
Transportation Charge:	\$0.15134 per Therm

**Charges Applicable to FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.
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Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

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**GENERAL TRANSPORTATION SERVICE – 8 – (GTS-8D) - CONTINUED**

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Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.



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**COMMERCIAL INTERRUPTIBLE SERVICE – (COM-INT) - CLOSED**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only gas-consuming appliance or equipment is a standby electric generator). Use must be greater than 100,000 Therms annually. This rate schedule is closed to all other existing and new Customers after June 30, 1998 and any additional Gas load not served under this rate schedule without the expressed written consent of an officer of the Company.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff. All Gas delivered shall be subject to interruption in whole or in part at the sole discretion of the Company upon two hours’ notice by telephone or otherwise except in force majeure conditions.

Electronic Measurement Equipment:

All Interruptible Customers shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$750.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.35266 per Therm
Telemetry Maintenance Charge	\$30.00 per Meter per Month

Minimum Bill:

The Customer Charge plus the Telemetry Maintenance Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to gas service.

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**COMMERCIAL INTERRUPTIBLE SERVICE - (COM-INT)– CLOSED - CONTINUED**

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Unauthorized Overrun Gas:

Gas taken by Customers under this rate schedule in excess of the Maximum Daily Quantity specified in the contract or by reason of failure to comply with a Curtailment order shall be considered as unauthorized over-run Gas. Company shall bill and Customer shall pay for such unauthorized over-run Gas at the rate of \$1.50 per Therm, or the cost to the Company for such over-run Gas from its supplier, whichever is greater.

The payment of an over-run rate shall not, under any circumstances, be considered as giving Buyer the right to take unauthorized over-run Gas, nor shall such payment be considered to exclude or limit any other remedies available to comply with its obligation to stay within the provisions of all Curtailment orders.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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FPSC Tariff  
Original Volume No. 2

Original Sheet No. 7.155

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**COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE - (COM-INTT) -  
CLOSED**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer (except any Premise at which the only gas-consuming appliance or equipment is a standby electric generator). Use must be greater than 100,000 Therms annually. This rate schedule is closed to all other existing and new Customers after June 30, 1998 and any additional Gas load not served under this rate schedule without the expressed written consent of an officer of the Company.

Character of Service:

Aggregated Transportation of Customer purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Interruptible Customers shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$750.00 per Meter per Month
Transportation Charge:	\$0.35266 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month
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<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month
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<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.
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Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

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

Effective: March 1, 2023

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Original Volume No. 2

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**COMMERCIAL INTERRUPTIBLE TRANSPORTATION SERVICE – (COM-IN TT) -  
CLOSED - CONTINUED**

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Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

Unauthorized Overrun Gas:

Gas taken by Customers under this rate schedule in excess of the Maximum Daily Quantity specified in the contract or by reason of failure to comply with a Curtailment order shall be considered as unauthorized over-run Gas. Company shall bill and Customer shall pay for such unauthorized over-run Gas at the rate of \$1.50 per Therm, or the cost to the Company for such over-run Gas from its supplier, whichever is greater.

The payment of an over-run rate shall not, under any circumstances, be considered as giving Buyer the right to take unauthorized over-run Gas, nor shall such payment be considered to exclude or limit any other remedies available to comply with its obligation to stay within the provisions of all Curtailment orders.

Miscellaneous:

In the event the Company agrees to provide natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. When the Company has recovered its costs of providing the natural Gas conversion, Bills rendered under this rate schedule shall return to the rates stated herein.

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**COMMERCIAL NATURAL GAS VEHICLE SERVICE – (COM-NGV)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to Non-residential users through a separate Meter for compression and delivery (through the use of equipment furnished by Customer) into motor vehicle fuel tanks or other transportation containers. Service must be of a non-seasonal nature.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose daily consumption of Gas exceed 1,500 Therms, shall have electronic metering equipment installed by Company at Customer’s expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$250.00 per Meter per Month
Non-Fuel Energy Charge:	\$0.47124 per Therm

Telemetry Maintenance Charge:

Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Term of Service:

Contract for service hereunder shall be for a period of not less than one year.

Terms and Conditions:

Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to gas service.

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**COMMERCIAL NATURAL GAS VEHICLE TRANSPORTATION SERVICE – (COM-  
NGVT)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer through a separate Meter for compression and delivery (through the use of equipment furnished by Customer) into motor vehicle fuel tanks or other transportation container. Service must be of a non-seasonal nature.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

All Customers receiving Transportation Service, whose annual consumption of Gas exceed 50,000 Therms, shall have electronic metering equipment installed by Company at Customer's expense. Customer shall be responsible for providing electric and telephone service.

Monthly Rate:

Customer Charge:	\$250.00 per Meter per Month
Transportation Charge:	\$0.47124 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	\$30.00 per Meter per Month for Customers required to have electronic telemetry equipment
<u>Transportation Administration Charge</u>	\$20.50 per Meter per Month for Customers required to have electronic measurement equipment and \$4.50 per Meter per Month for Customers not required to have electronic measurement equipment
<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Telemetry Maintenance Charge plus the Transportation Administration Charge.

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Florida Public Utilities Company

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**COMMERCIAL NATURAL GAS VEHICLE TRANSPORTATION SERVICE – (COM -  
NGVT) - CONTINUED**

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Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustment:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

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**COMMERCIAL OUTDOOR LIGHTING SERVICE – (COM-OL)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company only.

Applicability:

Applicable to any Non-Residential Customer solely for providing gas service for Gas lighting provided Customer has Gas light fixture(s) approved by the Company, which can be discontinued without affecting other gas service provided by Company, and Customer agrees to be billed for the applicable rates and billing adjustments as part of this service.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff. This service is of lower priority than Company’s other firm services and is subject to interruption in whole or in part at the sole discretion of the Company upon two hours’ notice by telephone or otherwise except in force majeure conditions. This service shall be provided based on the rated hourly usage of each fixture. Company will bill Customer for usage based on the monthly computed usage of the Gas light fixture(s). Customer shall permit Company to place a device onto Customer’s Gas light fixture(s) for tracking purposes. In the event Customer is planning to add, remove, or alter a Gas light fixture, Customer shall notify Company so that Company may adjust its records. Failure to notify Company of any additions or alterations in a Gas light fixture(s) shall result in Customer being charged for Unauthorized Use of Gas. Further, Customer shall give timely notice to Company in the event of a Gas light malfunction.

Electronic Measurement Equipment:

Not applicable.

Monthly Rate:

Customer Charge:	\$0.00 per Customer per Month
Non-Fuel Energy Charge:	\$0.66344 per Therm

Telemetry Maintenance Charge:

Not applicable

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.



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**COMMERCIAL OUTDOOR LIGHTING SERVICE – (COM-OL) - CONTINUED**

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Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Unauthorized Use of Gas:

In the event Company finds one or more of Customer's Gas light fixtures using Gas during an interruption or Customer fails to notify Company of any additions or alternations in a Gas light fixture(s), Company shall have the right to bill Customer for the computed usage during such interruption or from the date any additions or alternations in a Gas light fixture(s) is determined at a rate of \$1.50 per Therm.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.

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**COMMERCIAL OUTDOOR LIGHTING TRANSPORTATION SERVICE – (COM-  
OLT)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer solely for providing Transportation Service for Gas lighting provided by Customer and approved by Company. Gas lighting fixture must be discontinued without affecting other gas service provided by Company.

Character of Service:

Aggregated Transportation of Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address. This service is of lower priority than Company's other firm services and is subject to interruption in whole or in part at the sole discretion of the Company upon two-hours' notice by telephone or otherwise except in force majeure conditions. This service shall be provided based on the rated hourly usage of each fixture, Company will bill Customer for usage based on the monthly computed usage of the Gas light fixture(s). Customer shall permit Company to place a device onto Customer Gas lights fixture(s) for tracking purposes. In the event Customer is planning to add, remove, or alter a Gas light fixture, Customer shall notify Company so that Company may adjust its records. Failure to notify Company of any additions or alterations in a Gas light fixture (s) shall result in Customer being charged for Unauthorized Use of Gas. Further, Customer shall give timely notice to Company in the event of a Gas light malfunction.

Electronic Measurement Equipment:

Not applicable.

Monthly Rate

Customer Charge:	\$0.00
Transportation Charge:	\$0.66344 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	Not applicable
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<u>Transportation Administration Charge</u>	\$4.50
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Retainage:

1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.

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Original Sheet No. 7.163

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**COMMERCIAL OUTDOOR LIGHTING TRANSPORTATION SERVICE – (COM-  
OLT) - CONTINUED**

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Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to Transportation Service.

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Original Volume No. 2

Original Sheet No. 7.164

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**COMMERCIAL STANDBY GENERATOR SERVICE – (COM-SG)**

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Availability:

Available within the FPUC and Ft. Meade Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer where the only Gas-consuming appliance or equipment is a standby electric generator.

Character of Service:

Natural gas or its equivalent conforming to the standards set forth in the “Quality of Gas” section of this Tariff.

Electronic Measurement Equipment:

Not required.

Monthly Rate:

Customer Charge:	\$65.00
Non-Fuel Energy Charge:	\$0.18105 per Therm

Minimum Bill:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

Terms and Conditions:

1. Service under this rate schedule is subject to the Company’s Rules and Regulations applicable to gas service.
2. Subject to No. 3 below, a Customer receiving gas service under this rate schedule shall be obligated to remain on this schedule for twelve (12) Months. This 12-Month requirement shall be renewed at the end of each twelve-Month period unless Customer terminates service at the end of any 12-Month period.
3. If Customer installs an additional Gas appliance at the premise to which service is provided hereunder, Customer shall be transferred to an appropriate rate schedule.

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**COMMERCIAL STANDBY GENERATOR TRANSPORTATION SERVICE – (COM-  
SGT)**

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Availability:

Available within the Service Areas of the Company.

Applicability:

Applicable to any Non-Residential Customer where the only Gas-consuming appliance or equipment is a standby electric generator.

Character of Service:

Aggregated Transportation Service provided by a CI Pool Manager for Customer-purchased natural Gas from Company's City Gate(s) to Customer's service address.

Electronic Measurement Equipment:

Not required.

Monthly Rate:

Customer Charge:	\$65.00
Transportation Charge:	\$0.18105 per Therm

**Charges Applicable to Ft. Meade and FPUC Service Area Customers**

<u>Telemetry Maintenance Charge</u>	Not applicable
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<u>Transportation Administration Charge</u>	\$4.50
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<u>Retainage:</u>	1.0% of deliveries tendered at Company's City Gate. Company reserves the right to adjust the rate one time per year.
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Minimum Bill:

Indiantown and CFG Service Area Customers - The Customer Charge. Ft. Meade and FPUC Service Area Customers – The Customer Charge plus the Transportation Administration Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of presentation by the Company.

Billing Adjustments:

The rates set forth above shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

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**COMMERCIAL STANDBY GENERATOR TRANSPORTATION SERVICE – (COM-  
SGT) - CONTINUED**

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Terms and Conditions:

1. Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.
2. Subject to No. 3 below, a Customer receiving gas service under this rate schedule shall be obligated to remain on this schedule for twelve (12) Months. This 12-Month requirement shall be renewed at the end of each twelve-Month period unless Customer terminates service at the end of any 12-Month period.
3. If Customer installs an additional Gas appliance at the premise to which service is provided hereunder, Customer shall be transferred to an appropriate rate schedule.

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**FLEXIBLE GAS SERVICE – (FGS)**

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Objective:

The objective of this service classification is to enable the Company the opportunity to compete in markets where natural gas service is not a monopoly service.

This Tariff provides the Company with both the opportunity and risk to compete in these markets. It is designed to increase load by working with Customers with regard to the specific terms and conditions of service.

This Tariff places the Company's shareholders at risk, not the general body of ratepayers (see rate-making treatment).

Applicability:

This service is available at the Company's option to Customer(s) meeting the applicability standards, which include (1) the Customer must provide the Company with a viable economic energy alternative including verifiable documentation of Customer alternative and (2) the Company must demonstrate that this new Customer will not cause any additional cost to the Company's other rate classes. The Company is under no obligation to grant service under this Tariff. Absent a service agreement with the Company under this rate schedule, Customers are under no obligation to accept service under this rate schedule and may elect to receive service under other applicable Tariff rate schedules.

Terms of service under this rate schedule, including pressure, capital repayment, operating conditions and length of service are separately set forth in individual agreements between the Company and the Customers.

Monthly Rate:

The rate will be developed based on economic market conditions at the time gas service is requested. The rate shall not be set lower than the incremental cost the Company incurs to serve the Customer.

Confidentiality:

The Company and Customer each regard the terms and conditions of the negotiated service agreement as confidential, proprietary business information.

The Company and Customer agree to utilize all reasonable and available measures to guard the confidentiality of said information, subject to requirements of courts and agencies having jurisdiction hereof.

In the event either party is asked to provide the information by such a court or agency, it will promptly inform the other of the request, and will cooperate in defending and maintaining the

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**FLEXIBLE GAS SERVICE – (FGS) - CONTINUED**

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Confidentiality Continued

confidentiality of the information.

This provision shall not prohibit or restrict the FPSC from reviewing the service agreement in the performance of its duties, but the FPSC shall treat the service agreement as a confidential document. Within 30 days after a service agreement has been executed under this rate schedule, the Company shall file the service agreement and related documents with the Commission of Records and Reporting for review by the Commission Staff who shall treat them as confidential documents.

Rate-Making Treatment:

To the extent that the Company enters into Flexible Gas Service agreements with Customers, the Company is at risk for the capital investment necessary to serve the Flexible Gas Service Tariff Customers, not the general body of ratepayers.

Rate Base:

In the case of providing service to a new Customer under this Tariff, the Company will identify the incremental capital costs, including construction work-in-progress, required to provide service to the Customer. In this instance, the Company will separately account for all such costs, excluding them from rate base.

Where the Customer is served from the Company's existing distribution system, a portion of the net book value of common distribution facilities, including Mains and measuring and regulating stations, reflecting the Customer's distance from the nearest point on an Interstate Gas Pipeline and the size of pipe required to serve that Customer's peak demand for Gas shall be removed from rate base.

In the case of transferring an existing Customer to this Tariff, in addition to excluding all incremental capital costs and common distribution facilities from rate base, the net book value of Mains, Service Lines, and metering equipment that were specifically installed to serve the particular Customer shall be removed from rate base.

Operating, Maintenance and Administrative Expenses:

The Company will specifically identify all incremental costs, if any, associated with the Flexible Gas Service Tariff Customer. These expenses will primarily be related to the incremental capital required to serve the Customer. In addition, the Company will allocate embedded costs including general distribution and maintenance, Meter reading, Customer billing and accounting, sales, and administrative expenses.



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**FLEXIBLE GAS SERVICE – (FGS) - CONTINUED**

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Operating, Maintenance, and Administrative Expenses Continued

In future rate cases and earnings surveillance reports, the Company will exclude all operating, maintenance, and administrative costs related to this Tariff as determined by this methodology.

Depreciation and Amortization Expenses:

The Company will exclude all depreciation and amortization expenses related to this Tariff in future rate cases and in its earnings surveillance report. Depreciation and amortization expenses may be incremental and/or allocated and will be determined based on the rate base allocated to each Customer under this Tariff as defined above.

Revenue and Related Taxes:

Revenues related to this Tariff will be excluded from regulated revenues. In filing earnings surveillance reports, the Company will remove actual revenues related to this Tariff, as well as revenue related taxes and income taxes from its calculation of FPSC adjusted rate of return.

All cost allocation related to this Tariff shall remain subject to FPSC audit.

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**OFF SYSTEM SALES SERVICE – 1 – (OSSS-1)**

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Availability:

Available within areas served by the Company, and within the area served by an interstate or intrastate natural Gas pipeline also serving the Company.

Applicability:

Interruptible Natural Gas, interstate or intrastate pipeline capacity releases, or delivered natural Gas capacity and supply combined, released or delivered by Company through the facilities of a Transportation Service Provider, using Company's transportation capacity rights on such Transportation Service Provider's pipeline, to any person not connected to Company's distribution system.

This rate schedule is applicable to both bundled and unbundled gas service, i.e., interstate or intrastate pipeline capacity only that is released by Company pursuant to Transportation Service Provider's FERC gas Tariff as well as interstate or intrastate pipeline capacity that is bundled with natural gas supply and is subsequently delivered by the Company to Customer.

Limitation of Service:

Company may notify Customer at any time to reduce or cease using Natural Gas. Company will endeavor to give as much notice as possible to Customer.

Any Gas taken in excess of the volume allocated to Customer during an interruption or Curtailment order shall be considered to be unauthorized overrun Gas. Company may bill and Customer shall pay for such unauthorized overrun Gas, in addition to other charges payable hereunder, at the greater of \$1.50 per Therm or the rate per Therm imposed on Company by the delivering Pipeline.

For each day on which Customer desires to receive service pursuant to this rate schedule, Customer shall provide a Nomination to Company specifying the quantity of Natural Gas it desires to receive at the specified point of delivery pursuant to this Agreement. Following receipt of a timely and complete Nomination from Customer, Company will confirm the quantities of Natural Gas to be made available for delivery to Customer at such point of delivery. Quantities confirmed by Florida Public Utilities Company for delivery shall be "Scheduled Quantities".

Except as nominated by Customer and scheduled by Company, neither Customer nor Company shall have any obligation to the other for any specific minimum quantity of Natural Gas or pipeline capacity on any day or during any Month. Deliveries pursuant to this rate schedule shall be subject to Curtailment or interruption at any time in the sole discretion of Company.

The point of delivery for all-natural Gas sold pursuant to this rate schedule shall be the Delivery Point of the delivering Pipeline specified by Customer. The Delivery Point operator shall be

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**OFF SYSTEM SALES SERVICE - 1 – (OSSS-1) - CONTINUED**

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Limitation of Service Continued

solely responsible for all balancing with the Pipeline, financially and physically.

Customer and Company shall rely on measurement made by the Pipeline. Unless curtailed, all Nominations to Customer's Transportation Service Provider's Delivery Point shall be considered to have been made by the Transportation Service Provider.

Character of Service:

Natural Gas or its equivalent, with an approximate average heating value of in the range of one thousand one hundred (1,000) to one thousand one hundred (1,100) British Thermal Units per standard cubic foot.

Monthly Rate:

Customer Charge: None

Non-Fuel Energy Charge:

For all Scheduled Quantities, an amount not less than \$.000 per Therm, which Non-Fuel Energy Charge shall be established by agreement between Company and Customer prior to each transaction pursuant to this rate schedule.

The Non-Fuel Energy Charge for service pursuant to this rate schedule shall be determined by Company based upon Company's evaluation of competitive conditions. Company may from time to time increase or reduce the Non-Fuel Energy Charge as it deems necessary or appropriate to remain competitive but shall have no obligation to do so; provided, however, that the Non-Fuel Energy Charge shall at all times remain within the limits set forth above.

The bill for Therms billed at the above rates shall be increased by the agreed upon price per Therm of the Natural Gas delivered to Customer pursuant to this rate schedule, including all costs incurred by Company associated with Transportation Service Provider transportation.

This rate schedule shall not be adjusted by the Company's Purchased Gas Cost Recovery Clause.

Transportation

Administration Charge: Not applicable

Minimum Bill:

Not applicable

Terms of Payment:

Bills are rendered net and are due and payable within ten (10) calendar days of receipt of invoice from Company.

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**OFF SYSTEM SALES SERVICE - 1 – (OSSS-1) - CONTINUED**

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Billing Adjustment:

Purchased Gas Cost Recovery Factor: Not applicable to this rate schedule.

All other Billing Adjustments: Sheet Nos. 7.300-7.417

Term of Service:

As mutually agreed between Company and Customer.

Terms and Conditions:

Service under this rate schedule is subject to the Company's Rules and Regulations applicable to gas service.

Disposition of Net Revenues:

For purposes of this rate schedule "net revenues" shall mean the total Non-Fuel Energy Charges received by Company for service pursuant to this rate schedule, revenues received by Company for Natural Gas above the cost of Natural Gas to the Company and revenues received by Company for pipeline demand charges above the prevailing rates for like period(s) as negotiated by Pipeline Customers via the Transportation Service Provider's Relinquishment program on its Electronic Bulletin Board system. Disposition of net revenues received by Company during each Month that service is provided pursuant to this rate schedule shall be as follows:

Fifty percent (50%) of the net revenues shall be retained by Company. The remaining fifty percent (50%) of the net revenues shall be used to reduce Company's cost of Natural Gas recovered through the Purchased Gas Cost Recovery Factor Clause.

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**RENEWABLE NATURAL GAS SERVICES – (RNGS)**

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Availability:

Throughout all Service Areas of the Companies, and within the area served by an interstate or intrastate natural Gas pipeline also service the Company.

Applicability:

For services provided to eligible Customers for biogas upgrading and conditioning services to generate Renewable Natural Gas (“RNG”) and for requisite gas services as agreed upon in the service agreement between the Customer and the Company. Service under this schedule is contingent upon mutually satisfactory arrangements between the Company and the Customer for the design, location, construction, and operation of RNG facilities.

Renewable Natural Gas Service Agreement:

The Customer and the Company will enter into a service agreement with terms designed to recover the Company’s costs to provide services, including but not limited to return on investment, amortization and depreciation, and taxes, as well as any terms necessary to comply with other provisions as determined appropriate by the Company. Absent an executed RNG service agreement, this rate schedule is not available to Customers.

Service Charges:

The Customer will be charged a monthly service charge, or other agreed upon rate and rate mechanism, designed to collect the required return on investment for the Company’s plant investment, depreciation and amortization expenses, operation and maintenance expenses, taxes, and all other expenses incurred by the Company to perform the services necessary to upgrade the biogas and to inject and transport the RNG on the Company’s distribution system for the RNG project. The Company’s plant investment in the RNG project may include, but is not limited to biogas upgrade facility equipment, compressors, blowers, anaerobic digestion equipment, site work, piping, heat exchangers, driers, metering, system interconnects, injection equipment, storage vessels, and any other equipment deemed necessary for the safe and reliable operation of the biogas conditioning site and system interconnect/injection points. The Company’s provision of RNG services to the customer will require an agreement by the Customer to purchase RNG services for a minimum period of time, to take or pay for a minimum amount of RNG service, to pay a contribution in aid of construction, if necessary, to provide adequate security as determined by the Company, and to comply with other provisions as determined necessary by the Company.

Additional Terms:

The Company’s provision of RNG service does not include the provision of electricity, natural gas, or any other fuels required to operate the RNG facilities. The customer shall reimburse the Company for all such electricity and fuel expenses incurred by the Company to provide RNG services to the customer.

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**RENEWABLE NATURAL GAS SERVICE – (RNGS) - CONTINUED**

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Additional Terms Continued:

Service provided under this Rate Schedule shall be subject to the Rules and Regulations as set forth in the Company's tariff, except as modified under this Rate Schedule and in the executed service agreement.

All RNG delivered into the Company's distribution system must meet the gas quality standards as set forth in the "Quality of Gas" section of the Company's tariff. The Company, at its sole discretion, may accept or reject RNG that does not meet those standards.

Unless otherwise agreed to between the Customer and the Company, ownership of the RNG commodity will remain with the Customer, and the Customer shall remain solely responsible for determining the end-user of such RNG unless the Company and the Customer enter into a RNG commodity purchase agreement.

Service under this Rate Schedule is contingent upon the Company and the Customer entering a mutually satisfactory RNG Service Agreement; provided, however, that the service provided to the Customer under this Rate Schedule shall not cause any additional cost to the Company's other rate classes.

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**POOL MANAGER RATE SCHEDULES**  
**POOL MANAGER SERVICE – (PMS)**

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Applicability:

The provisions of this Rate Schedule shall apply to each broker, marketer or other third-party supplier (collectively “Pool Manager”) of natural Gas that wishes to act as Agents for the purpose of purchasing and scheduling natural Gas for Customers electing Transportation Services. Pool Managers desiring to provide service to Customers will be required to sign a Pool Manager Agreement in which they will agree to be bound by the terms and conditions of the Company’s FPSC Gas Tariff.

Term of Contract:

The term of the Pool Manager Agreement shall be at least one (1) year and from month to Month thereafter unless terminated upon sixty (60) days written notice.

Creditworthiness:

1. All Pool Managers shall establish credit prior to commencing deliveries of Gas and shall maintain such credit during the term hereof. The amount of credit established by each Pool Manager will be equal to the greater of \$10,000 or an amount equal to Pool Manager’s highest two months aggregated DDR for the most recent 24-month period multiplied by the applicable Transportation Service Provider’s applicable rate schedule(s). Credit will be established by one of the following methods:
  - a. Payment of a cash deposit with Company;
  - b. Furnishing an irrevocable letter of credit from a bank;
  - c. Furnishing a surety bond issued by an entity acceptable to the Company;
  - d. Possessing and maintaining a Standard & Poor’s Long-Term Debt Rating of A- or better, a Moody’s rating of A3 or better, or a comparable rating by another nationally recognized rating organization acceptable to Company; or
  - e. Providing an acceptable parental or corporate guarantee.

If the Pool Manager seeks to establish credit pursuant to paragraph 1e above, Pool Manager shall furnish to Company Pool Manager’s audited financial statements (accompanied by the opinion of and independent certified public accountants or chartered accountants of a recognized national or regional standing) for at least the two most recently completed fiscal years.

All Pool Manager deposits will be subject to an annual review by Company and will be adjusted and billed accordingly. The minimum deposit maintained by each Pool Manager will be \$10,000.

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**POOL MANAGER SERVICE – (PMS) - CONTINUED**

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Creditworthiness Continued

Upon meeting Company's standards for creditworthiness, Company will include Pool Manager on Company's list of Approved Pool Managers. Company shall not be required to permit any Pool Manager who fails to provide the above referenced documentation to sell natural Gas on Company's distribution system.

In the event that Pool Manager defaults in its payment obligation to Transportation Service Provider for capacity relinquished as defined below, Company upon receiving notification from Transportation Service Provider of such default shall immediately terminate Pool Manager Agreement with Pool Manager. Company will not be required to permit any Pool Manager who defaults in its payment obligation to Transportation Service Provider to sell natural Gas on Company's distribution system.

Capacity Relinquishment:

Pool Manager will be required to accept a Capacity Relinquishment as required in this Tariff. Failure to accept Capacity Relinquishment by Pool Manager may result in Curtailment of service to Customers being served by Pool Manager or termination of Pool Manager.

Supplying Gas for Delivery:

Pool Manager shall be responsible for purchasing the natural Gas to be delivered for Customers served by the Pool Manager and for causing the same to be delivered to the Company's City Gate(s). Pool Manager shall diligently and in a timely manner take all actions required under the General Terms and Conditions of Transportation Service Provider's FERC Tariff to effectuate such delivery of natural Gas.

Force Majeure:

Except for making payments due, neither the Company nor the Pool Manager shall be liable in damage to the other for any act, omission or circumstances occasioned by or in consequence of any acts of God, strikes, lockouts, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government-mandated quarantines associated therewith, landslides, lightning, earthquakes, fires, storms, floods, unforeseeable or unusual weather conditions, washouts, arrests and restraint of rulers and peoples, civil disturbances, explosions, breakage or accident to machinery or lines of pipe, line freeze ups, temporary failure of Gas supply, the binding order of any court or governmental authority which has been resisted in good faith by all reasonable legal means, and any other cause, whether of the kind herein enumerated, or otherwise, and whether caused or occasioned by or happening on account of the act or omission of Company or Customer or any other person or concern not reasonably within the control of the party claiming suspension and which by the exercise of due diligence such party is unable to prevent or overcome. A failure to settle or present any strike or other controversy with employees or with anyone purporting or seeking to represent employees shall not be considered



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**POOL MANAGER SERVICE – (PMS) - CONTINUED**

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Force Majeure Continued

to be a matter within the control of the party claiming suspension.

Neither party will be entitled to the benefit of the force majeure provision hereof under either or both of the following circumstances: i) to the extent that the failure was caused by the party claiming suspension having failed to remedy the condition by taking all reasonable acts, short of litigation, if such remedy requires litigation, and having failed to resume performance of such commitments or obligations with reasonable dispatch; or ii) if the failure was caused by lack of funds, or with respect to the payment of any amount or amounts then due hereunder.

Aggregated Daily Demand Requirement:

Company will calculate the Pool Manager's aggregated Daily Demand Requirement by summing Pool Manager's Daily Demand Requirements, plus applicable Retainage, for each Customer being served by Pool Manager and rounding the total to the next greatest dekatherm. The Company will inform Pool Manager via e-mail of Pool Manager's aggregated Daily Demand Requirement by City Gate for the upcoming Month upon expiration of Company's enrollment deadline.

The Company shall assess the Pool Manager a per MMBtu charge equal to the maximum of \$15.00 or 200% of the highest weekly Alert Day Price as posted by Florida Gas Transmission Company for each day when delivery to Company by Pool Manager differs from Pool Manager's Pool(s) aggregated DCQ. This charge will serve as the final resolution between Company and Customer for such variances. The Company may waive this charge from time-to-time on a non-discriminatory basis.

Pool Manager Nominations

Each Pool Manager shall submit to Company first of the month scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s). In addition, no later than the fifteenth (15<sup>th</sup>) of each month, Pool Manager may submit a mid-month nomination change for each Customer Pool. Pool Manager shall submit to Company, this scheduling and nomination information simultaneously with its submission to Transportation Service Provider(s).

Such Nomination shall include the following information:

1. The Customer, Shipper's Designee or Pool Manager's account number under which service is being nominated – "Del Loc" (Delivery Location);
2. The Company Receipt Point location including applicable POI and upstream pipeline name, package ID "Pkg ID" (Package ID), including Customer's or Pool Manager's Company account number "Dn K" (Downstream Contract), and quantity in Therms of Gas to be tendered at each Company Receipt Point "Nom Del Qty" (TPS Delivery

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**POOL MANAGER SERVICE – (PMS) - CONTINUED**

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Pool Manager Nominations Continued

3. Quantity);
4. The downstream delivery facility name, and quantity in Therms of Gas to be delivered for each Company Customer account or Pool “Dn Name” (Duns Number);
5. A beginning and ending date for each Nomination;
6. Ranking for allocation ‘Del Rank” (Delivery Rank)

Only Nominations with clearly matching identifiers will be scheduled and subsequently delivered by Company.

Capacity Exceeding Released Quantities:

If Pool Manager’s Customer Pool’s aggregated DDR is greater than Pool Manager’s Customer Pool’s aggregated DCQ, Pool Manager shall be responsible for taking such actions as are required to obtain sufficient Transportation Service Provider capacity to meet its Customer Pool requirements, such additional quantities shall be equal to Pool Manager’s Customer Pool’s DDCV. Pool Manager may acquire such Transportation Service Provider capacity quantities from any source.

Pool Manager Warranty:

Each Pool Manager warrants that it will have at the time it delivers or causes the delivery of natural Gas into the Company’s distribution system good title to deliver the Gas. Each Pool Manager warrants that the natural Gas it delivers or causes to be delivered shall be free and clear of all liens, encumbrances, and claims whatsoever; that it will indemnify the Company and hold it harmless from all suits, actions, debts, losses and expenses arising from any adverse claims of any person to the natural Gas; and that it will indemnify the Company and hold it harmless from all taxes or assessments which may be levied and assessed upon such delivery and which are by law payable by the party making delivery.

Responsibility for Natural Gas:

The Company and the Pool Manager shall be jointly and severally liable for the natural Gas while it is in the Company’s distribution system between Company’s City Gate(s) and the point of delivery to the Customer. The Pool Manager shall be solely liable for the natural Gas until it is delivered to Company’s City Gate(s). The party or parties thus responsible for the natural Gas shall bear liability for all injury or damage caused thereby. Notwithstanding anything to the contrary stated herein, a Pool Manager shall indemnify the Company for all injury, damage, loss, or liability of the Company caused by Pool Manager’s delivery of natural Gas not complying with the Natural Gas Quality section below.

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**POOL MANAGER SERVICE – (PMS) - CONTINUED**

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Natural Gas Quality:

All-natural Gas delivered, or caused to be delivered, into Company's distribution system by or on behalf of a Pool Manager will be merchantable and shall conform to the natural Gas quality specifications set forth in the "Quality of Gas" section of this Tariff.

Billing:

The Company shall render to a Pool Manager on or before the 20<sup>th</sup> calendar day of each Month a bill for Pool Manager's monthly Customer Charge and for all imbalance charges as defined in Billing Adjustments during the preceding Month.

Payment:

Pool Manager shall pay the Company the amount due under any bill from the Company within ten (10) days after receipt by the Pool Manager of the bill from the Company. The Company may at its option require the Pool Manager to make payment of any bill by electronic transfer within such ten (10) day period. Any bill not paid within such ten (10) day period shall bear interest at the rate of one and one-half percent (1.5%) per Month.

Billing Disputes:

Pool Manager may dispute the amount of any bill by notifying the Company within sixty (60) days of receipt by the Pool Manager of the bill from the Company. If a Pool Manager in good faith disputes the amount of any bill, the Pool Manager shall nevertheless pay to the Company the amount of such bill. Company shall have thirty (30) days to resolve such disputes with Pool Manager and will refund to Pool Manager any amount resolved in favor of Pool Manager within ten (10) days of such resolution.

Termination of Service:

Pool Manager will be responsible for providing Company with a duly executed CI Pool Manager Customer Termination Notice (See Sheet No. 8.132) not less than thirty (30) Working Days prior to the Pool Manager's desired date for termination of service to Customer.

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**CFG and Indiantown Service Areas**  
**SHIPPER ADMINISTRATIVE AND BILLING SERVICE - (SABS)**

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Availability:

Throughout the CFG and Indiantown Service Areas of the Company.

Applicability:

Service under this Rate Schedule is mandatory for all Indiantown and CFG TTS Pool Managers delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Customers and who utilize the Company for billing Gas costs to Customers.

Monthly Rate:

TTS Pool Billing Administration Charge:

Indiantown Service Area:	\$0.00
Ft. Meade and FPUC Service Areas	Not applicable
CFG Service Area:	\$300.00 per pool

Per Customer Charge:

Indiantown Service Area:	\$2.03 per Customer
CFG Service Area:	\$5.50 per Customer
Ft. Meade and FPUC Service Areas:	Not applicable

Minimum Charge:

The TTS Pool Billing Administration Charge.

Billing Adjustments:

The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

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**All Companies**  
**SHIPPER ADMINISTRATIVE SERVICE - (SAS)**

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Availability:

Throughout the Service Areas of the Company.

Applicability:

Service under this Rate Schedule is mandatory for all CI Pool Managers, delivering, or causing to be delivered, Gas to the Company's distribution system for transportation to Customers.

Monthly Rate:

CI Pool Administration Charge:

Indiantown Service Area:	\$0.00 per pool
Ft. Meade and FPUC Service Areas:	\$100.00 per pool
CFG Service Area:	\$300.00 per pool

Per Customer Charge:

Indiantown Service Area:	\$2.03 per Customer
CFG Service Area:	\$7.50 per Customer
Ft. Meade and FPUC Service Areas:	\$0.00

Minimum Charge:

The CI Pool Administration Charge.

Billing Adjustments:

The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

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**OFF-SYSTEM DELIVERY POINT OPERATOR SERVICE – (OSDPOS)**

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Availability:

Throughout the areas of the state where Company's facilities are not connected to Transportation Service Provider's custody transfer point(s) and Company is willing to provide Off-System Delivery Point Operator Service to a prospective Customer.

Applicability:

Shippers that enter into an agreement with Company whereas Company, its agent, or a regulated affiliate provides the OS-DPOS at an off-system Delivery Point with Transportation Service Provider.

Monthly Rate:

Dekatherm/Day Measured at an Off-System Delivery Point Monthly Rate

Up to 500 Dekatherms	\$ 41.67
501 – 1,000 Dekatherms	\$ 83.34
1,001 – 2,500 Dekatherms	\$ 208.34
2,501 – 5,000 Dekatherms	\$ 416.67
5,001 – 10,000 Dekatherms	\$ 833.34
10,001 – 25,000 Dekatherms	\$ 1,250.00
Over 25,001 Dekatherms	\$ 1,666.67

Billing Adjustments:

The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

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**CUSTOMER RIDERS**  
**CONTRACT TRANSPORTATION SERVICE – RIDER – (CTS - RIDER)**

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Availability:

Throughout the Service Areas of the Company.

Applicability:

Customers with Alternate Fuel capabilities who execute a CTS Affidavit (Sheet Nos. 8.114-8.115) and a Contract Transportation Service Agreement (Sheet Nos. 8.116-8.123), which is accepted by Company, for a minimum term of one year, and who transport over 25,000 Therms annually.

Monthly Rate:

Customer may at any time request a reduction in the applicable rate schedule Monthly Rate by completing, and submitting to the Company, CTS Affidavit. Determination of Customer's cost of Alternate Fuel shall be based on information set forth in Company's CTS Affidavit. Customer shall certify that its cost of Alternate Fuel is less than the delivered cost of Gas transported by Company. Once a Customer has submitted and Company has accepted CTS Affidavit, the Customer shall resubmit such form, with then current information, on or before the first day of each Month thereafter, and at any time there is any change in any information contained in a form previously submitted. The Monthly Rate for a Customer, who does not submit a properly completed CTS Affidavit as required hereunder, or if Company does not accept the completed form, shall be the currently applicable Tariff rate for the Customer.

The Monthly Rate to Customer shall be determined by Company based upon Company's evaluation of competitive conditions. Such conditions may include but are not necessarily limited to the cost of Gas which is available to serve Customer; the delivered price of Customer's designated Alternate Fuel; the availability of such Alternate Fuel; and the nature of Customer's operations. Company may from time to time increase or reduce the Monthly Rate as it deems necessary or appropriate to compete with Alternate Fuel but shall have no obligation to do so.

Company will notify Customer immediately by telephone or electronic communication to be followed by written notification within 24 hours of any change in the Monthly Rate. The noticed change in the Monthly Rate shall specify that the new Monthly Rate shall be effective beginning either the subsequent Gas Month or the subsequent Gas Day, as specified in the notice.

In instances where the Customer is able to demonstrate the ability and intent to bypass the Company's distribution system, the distribution charge shall, in the discretion of the Company, be the rate per Therm necessary to retain the Customer on the Company's distribution system, provided that such rate is demonstrated to be in the long-term best interests of both the Company and its rate payers.

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

Effective: March 1, 2023

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**CONTRACT TRANSPORTATION SERVICE – RIDER – (CTS - RIDER) - CONTINUED**

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Terms and Conditions of Service:

1. The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.
2. Service under this Rate Schedule is subject to the Terms and Conditions for Transportation Service as provided in this Tariff.
3. In the event the Company agrees to provide the necessary natural Gas conversion equipment and installation, an agreement as to terms and conditions governing recovery of such conversion costs from the Customer may be entered into and the initial term of Transportation Service shall at a minimum be the same as the period of recovery stated in the agreement. Further, the rates established in the monthly rate section may be adjusted to provide for recovery by the Company of the costs incurred including carrying cost at the Company's overall cost of capital, in providing such natural Gas conversion equipment and installation. At such time as the Company has recovered its cost of providing the natural Gas conversion, bills rendered under this rate schedule shall return to the rates stated herein.
4. Service under this schedule shall be subject to the terms and conditions of the Transportation Service Agreement between the Company and the Customer and, unless otherwise indicated herein or in the Transportation Service Agreement, to the Terms and Conditions for Transportation Service set forth in this Tariff.
5. Alternate Fuel or Bypass Certification:  
The new or existing Customer shall certify that its cost of Alternate Fuel or bypass is less than the delivered cost of Gas received under Company's Transportation Service. Determination of Customer's cost of Alternate Fuel shall be based on information set forth in an affidavit acceptable to the Company. Once a Customer has submitted such form, and the same has been accepted by the Company, the Customer shall resubmit such form, with then current information, on the first day of each Month thereafter, and at any time there is any change in any information contained in a form previously submitted.

The monthly rate for a Customer who submits no affidavit to Company, or who fails to submit such form (properly completed) as required hereunder, or who's completed form if not accepted by Company, shall be the currently applicable non-adjusted rate.



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**CONTRACT TRANSPORTATION SERVICE – RIDER – (CTS - RIDER) - CONTINUED**

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6. Transportation Service rendered under this Rate Schedule may be curtailed or fully interrupted at the sole discretion of the Company in accordance with the Transportation Service Agreement and the provisions of the Curtailment Plan. The Company assumes no liability for any loss or damage that may be sustained by Customer by reason of any Curtailment or interruption of gas service rendered under this Rate Schedule.

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**AREA EXTENSION PROGRAM – RIDER – (AEP - RIDER)**

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Availability:

Throughout the Service Areas of the Company.

Applicability:

Customers activating Gas service prior to the completed build out date following the in-service date of the extension of facilities for which an AEP Charge has been established, in accordance with Section F.3. of this Tariff.

Monthly Rate:

The AEP monthly rate shall be calculated by dividing (1) the estimated amount of additional revenue required (inclusive of the Company's estimated allowed cost of capital) in excess of the MACC by (2) the number of Customer premises projected to be served at the end of year six (6) following the in-service date of the extension. The result of said calculation shall be divided by the number of months in the amortization period. The AEP-Rider charge shall be stated as a fixed dollar amount per Customer premise per Month and added to the applicable Transportation Charge of the Monthly Rate for each respective Customer to which the AEP-Rider is applicable.

Existing Areas Subject to AEP Charge

Monthly AEP Charge/Customer

None

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***BILLING ADJUSTMENTS***  
**COMPETITIVE RATE ADJUSTMENT**

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Applicability:

To the Monthly Rate provision in each of the Company's Rate Schedules, except those receiving service under the Contract Transportation Service (CTS) Rider or a Special Contract, shall be adjusted as determined in a subsequent filing made by the Company.

The distribution and transportation charges for Gas and Transportation Service is subject to adjustment in accordance with the following provisions for shortfalls or surpluses in the Company's revenues resulting from Regulated Gas Sales Service and Transportation Service under the CTS rider.

1. For the purposes of this clause, the following definitions shall apply:
  - a. "Actual revenue" means Company's actual revenue derived from service provided to Alternate Fuel Customers at rates prescribed, under the rates section of the CTS Rider, during a determination period.
  - b. "Base revenue" means the revenue which Company would have derived had all Gas transported at rates prescribed, under the "currently applicable base rate," during a determination period, been billed at the base transportation charge.
  - c. "Currently Applicable Base Rate" means the Regulated Gas Sales Service or Transportation Service Rate Schedule for which the Customer would otherwise qualify for service.
  - d. "Surplus" means the amount, if any, by which Company's actual revenue exceeds its base revenue for a determination period.
  - e. "Shortfall" means the amount, if any, by which the Company's base revenue exceeds its actual revenue for a determination period.
  - f. The existence of a shortfall or surplus shall be determined by comparing Company's actual revenue with its base revenue. This determination shall be made each year for the twelve-Months ending December ("Determination Period").
  - g. Adjustments to rates pursuant to this clause shall be implemented during an "Adjustment Period," which shall be the twelve Months immediately following the Determination Period in the event of a surplus. In the event of a shortfall, any twelve successive Months ending on a December 30 within five years following the Determination Period may be an Adjustment Period.

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**COMPETITIVE RATE ADJUSTMENT – CONTINUED**

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2. In the event of a Surplus, Company shall reduce rates to Customers to credit them with revenues equal to one-half the surplus. In the event of a shortfall, Company may increase rates to Customers to recover an amount not to exceed one-half the Shortfall. The amount of any credit or recovery is governed by the following:

$$\text{Surplus} = (\text{Actual revenue} - \text{Base revenue}) \times 0.5$$

$$\text{Short fall recovery} = (\text{Base Revenue} - \text{Actual revenue}) \times 0.5$$

A Surplus credit or Shortfall recovery shall be implemented during an adjustment period by reducing or increasing the transportation charges prescribed in each applicable rate schedule. The adjustment factor computed for each rate schedule shall conform to the methodology approved by the FPSC for use in determining cost recovery factors by rate schedule in the Company's Energy Conservation Cost Recovery Adjustment.

Any variation between the actual credit to Customers and the amount calculated pursuant to the preceding paragraph, or between the Actual Shortfall calculated amount which the Company elected to recover in an adjustment period, shall be "trued-up" during the succeeding twelve Months pursuant to methodology approved by the FPSC.

Company may defer all or a portion of a shortfall recovery to a subsequent adjustment period or portion thereof.

All adjustment factors computed on a per Therm basis shall be rounded to the nearest 0.001 cent per Therm for Customers served pursuant to the Company's applicable variable rate schedules and to the nearest \$0.01 per bill for Customers served pursuant to the Company's applicable fixed rate schedules.

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**ENERGY CONSERVATION COST RECOVERY**

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Applicability:

All Customers receiving Regulated Gas Sales Service or Transportation Service from the Company and are assigned to or have selected the rate schedules listed below. The bill for Gas or Transportation Service, as applicable, supplied to the Customer in and Billing Period shall be adjusted as follows:

Except as otherwise provided herein, each rate schedule listed below shall be increased or decreased to the nearest .001 cent multiplied by the tax factor of 1.00503 for each Therm to recover the conservation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's energy conservation plan as authorized by the Commission. The procedure for the review, approval, recovery and recording of such costs and revenues is set forth in the Commission Rule 25-17.015, F.A.C.

The cost recovery factors for the period from the first billing cycle for each Company Operating Unit for the period of March 2023 through the last billing cycle for December 2023 are as follows:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
RES-1 and REST-1	\$0.21673
RES-2 and REST-2	\$0.10408
RES-3 and REST-3	\$0.05676
RES-SG and REST-GS	\$0.24068
GS-1 and GTS-1	\$0.10982
GS-2 and GTS-2	\$0.04776
GS-3 and GTS-3	\$0.04163
GS-4 and GTS-4	\$0.03701
GS-5 and GTS-5	\$0.02836
GS-6 and GTS-6	\$0.02692
GS-7 and GTS-7	\$0.02128
GS-8A and GTS-8A	\$0.02208
GS-8B and GTS-8B	\$0.01912
GS-8C and GTS-8C	\$0.01075
GS-8D and GTS-8D	\$0.00875
COM-NGV AND COM-NGVT	\$0.02480
COM-SG AND COM-SGT	\$0.20524

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

Effective: March 1, 2023

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**GAS RELIABILITY INFRASTRUCTURE PROGRAM**

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Applicability:

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

The GRIP factors for the period from the first billing cycle for March 2023 through the last billing cycle for December 2023 are as follows:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
RES-1 and REST-1	\$0.11016
RES-2 and REST-2	\$0.04443
RES-3 and REST-3	\$0.01869
RES-SG and SGT	\$0.07555
GS-1 and GTS-1	\$0.03653
GS-2 and GTS-2	\$0.01449
GS-3 and GTS-3	\$0.01264
G4-4 and GTS4	\$0.01164
GS-5 and GTS-5	\$0.01075
GS-6 and GTS-6	\$0.01062
GS-7 and GTS-7	\$0.01041
GS-8A and GTS-8A	\$0.01032
GS-8B and GTS-8B	\$0.01032
GS-8C and GTS-8C	\$0.01032
GTS-8D and GTS 8D	\$0.01032
COM-INT and COM-INTT	\$0.00522
COM-NGV and COM-NGVT	\$0.00826
COM-OL and COM-OLT	\$0.01144
COM-SG and COM-SGT	\$0.05750

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**GAS RELIABILITY INFRASTRUCTURE PROGRAM – CONTINUED**

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Definitions:

The Company has prioritized the potential replacement projects focusing initially on areas of high consequence and areas more susceptible to corrosion. The GRIP Program minimizes impact to Customers, but at the same time, allows the Company to accelerate its replacement

Definitions Continued

program-eligible infrastructure. Costs incurred to remove the existing eligible distribution Mains and Service Lines are not recoverable under the GRIP Program.

The Eligible Infrastructure Replacement includes the following:

1. Company plant investment that
  - a. Does not increase revenues by directly connecting new Customer to the plant asset,
  - b. is in service and used and useful in providing utility service, and
  - c. was not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding.
2. Mains and Service Lines, as replacements for existing cast iron, wrought iron, and bare steel facilities, and regulation station and other pipeline system components, the installation of which is required as a consequence of the replacement of the aforesaid facilities.

The Company is recovering its revenue requirement on the actual investment amounts. The revenue requirements are inclusive of:

1. Return on investment as calculated using the allowable equity and debt components of the Company's weighted cost of capital,
2. Depreciation expense (respectively calculated using the currently approved depreciation rates),
3. Customer and general public notification expenses associated with GRIP for:
  - a. All Customers regarding the implementation of the GRIP Program and the approved surcharge factors,
  - b. The immediately affected Customers where the eligible infrastructure is being replaced, and

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**GAS RELIABILITY INFRASTRUCTURE PROGRAM – CONTINUED**

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- c. The general public through publications (newspapers) covering the geographic areas of the eligible infrastructure replacement activities.
- 4. Ad valorem taxes, grossed-up for federal and state income taxes.

The Company is utilizing a surcharge mechanism in order to recoup the costs associated with the GRIP Program. The Company has developed its GRIP surcharge factors for each rate classification utilizing the same investment data developed and approved in its most recent rate case.

The GRIP surcharge for each Customer class will be a per Therm rate per Month that is calculated by multiplying the GRIP revenue requirements by the percentage representing a class share of such requirements and dividing the result by the projected surcharge.



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**TRANSPORTATION COST RECOVERY ADJUSTMENT**

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**SWING SERVICE RIDER**

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Applicability:

The bill for Transportation Service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for each Company Operating Unit for the period of March 2023 through the last billing cycle for December 2023 are as follows:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
REST-1	\$0.1907
REST-2	\$0.1924
REST-3	\$0.2124
GTS-1	\$0.1397
GTS-2	\$0.1645
GTS-3	\$0.1586
GTS-4	\$0.1602
GTS-5	\$0.1607
GTS-6	\$0.1521
GTS-7	\$0.1488
GTS-8A	\$0.1368
GTS-8B	\$0.1487
GTS-8C	\$0.1484
GTS-8D	\$0.1460

Definitions

This surcharge allocates a fair portion of Upstream Capacity Costs and expenses associated with the provision of Swing Service to transportation Customers in accordance with FPSC approval.

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**OPERATIONAL BALANCING ACCOUNT**

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Authorization for Recovery or Refund:

It is the intent of this Tariff that the Company shall be authorized to recover or refund any and all charges and credits, related to the provision of Transportation Service, as have historically been recovered from or allocated pursuant to the Commission's ongoing Purchased Gas Cost Recovery Factor cost recovery proceedings.

Charges or Credits:

The OBA provides the mechanism by which the Company accumulates and allocates the following charges or credits, which include but are not limited to:

1. Charges or credits associated with balancing, the measured Gas quantities at the Company's Delivery Points with Transportation Service Providers scheduled quantities of Gas on Transportation Service Providers' system(s).
2. Charges or credits associated with the balancing between Pool Manager, Shipper's Designees, and Customers on the Company's distribution systems, less Retainage for unaccounted for gas, to actual daily deliveries of Gas by Company to Customers.
3. Charges or credits associated with the "Operational Controls" Section Y.7 of this Tariff. Such charges or credits associated with the Operational Controls shall be recorded in a separate sub-account of the Operational Balancing Account ("OBA").
4. Charges or credits associated with any unreleased Transportation Service Provider capacity that has not otherwise been assigned or allocated.
5. Charges or credits resulting from the over and under collection of Company's interstate pipeline capacity costs calculated monthly using Company's projected weighted average pipeline capacity expenses and released on an annualized basis and as described herein.
  - a. Company shall calculate the Weighted Average Capacity Cost ("WACC") annually (on a calendar year basis) as follows:

The Company's Weighted Average Cost of Capacity ("WACC") shall equal the projected annualized weighted average cost of capacity excluding releases to ITS Customers, Customers receiving service under Company's Rate Schedules FGS and Rider CTS, Customers served by the Company pursuant to a Special Contract, Customers who utilize upstream capacity released by the Company pursuant to an asset management agreement, and capacity released by Company pursuant to a long-term capacity release i.e., a period longer than one year.

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**OPERATIONAL BALANCING ACCOUNT – CONTINUED**

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Company shall include a load factor adjustment to Company's WACC based on Company's Residential and Non-residential Customer(s) daily demand and load factor(s) and on-going Company interstate pipeline capacity acquisition, turn-back, or long-term releases.

Company may re-project Company's WACC throughout the calendar year and if the re-projected expenses for the remaining period exceed projected recovery for the twelve (12) month period, the Company may re-project the WACC and recall and rerelease capacity to the applicable Pool Manager at the recalculated WACC.

Any over-recovery or under-recovery of Company's interstate capacity costs included in the WACC by the Company shall be "trued-up". The "trued up" WACC amount shall be applied prospectively to the succeeding calendar year's projected WACC.

Company shall maintain a separate sub-account in this OBA to track interstate pipeline capacity expenses included in Company's OBA.

6. Charges and credits associated with providing Temporary Back-Up Service in the event of the non-performance of Customer, Shipper's Designee, or Pool Manager.
7. Other charges or credits related to the provision of Transportation Service that have historically been recovered or allocated through the Commission's ongoing Purchased Gas Cost Recovery Factor cost recovery proceedings.
8. This mechanism should not be considered to preclude the Company from recovering other penalties and charges from its Customers as otherwise defined in this Tariff.

Disposition of OBA Balance:

A Customer or Pool Manager may request that its OBA balance be billed and paid on a regular monthly basis or at the end of each calendar quarter, which may be granted at the Company's discretion. Where the OBA is not billed regularly on a monthly or quarterly basis, the Company shall, within 30 days after calendar quarter end, dispose of any OBA balance with Customers and Pool Managers if such balance is at least \$100,000 (debit or credit balance). If the OBA balance at calendar quarter end is below \$100,000 (debit or credit balance), then the Company shall not dispose of the OBA balance until such time that the OBA balance is at least \$100,000 (debit or credit balance) at any subsequent calendar quarter. The Company shall, within 45 days after calendar year end, dispose of the OBA balance, regardless of balance amount, with Customers and Pool Managers. Each Customer's or Pool Manager's refund or charge shall be based upon

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**OPERATIONAL BALANCING ACCOUNT – CONTINUED**

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the proportion of scheduled Gas of each Customer or Pool Manager to the total amount of scheduled Gas by all Customers and Pool Managers during the corresponding OBA refund or charge period.

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**ENVIRONMENTAL COST RECOVERY SURCHARGE**

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Applicability:

The Non-Fuel Energy Charge or Transportation Service Charge to a Customer in any billing period shall be adjusted as follows to recover the Company's cost related to the environmental remediation of its manufactured Gas plant sites in all of the Company's Service Areas.

Except as otherwise provided herein, each rate schedule listed below shall be increased or decreased to the nearest .001 cent multiplied by the tax factor of 1.00503 for each Therm to recover the environmental mitigation related expenditures by the Company. The Company shall record both projected and actual expenses and revenues associated with the implementation of the Company's environmental remediation plan.

The cost recovery factors for the duration of the remediation efforts have been established pursuant to the methodology approved by the Commission Order in Docket No. 20220067-GU.

<u>Rate Schedule</u>	<u>Per Customer Bill/Per Month</u>
RES-1 and REST-1	\$0.12
RES-2 and REST-2	\$0.18
RES-3 and REST-3	\$0.40
RES-SG and RES-SGT	\$0.28
GS-1 and GTS-1	\$0.37
GS-2 and GTS-2	\$1.47
GS-3 and GTS-3	\$3.23
G4-4 and GTS-4	\$6.98
GS-5 and GTS-5	\$33.09
GS-6 and GTS-6	\$100.01
GS-7 and GTS-7	\$174.06
GS8A and GTS-8A	\$253.22
GS-8B and GTS-8B	\$337.88
GS-8C and GTS 8C	\$254.90
GS-8D and GTS-8D	\$618.33
COM-INT and COM-INNT	\$113.49
COM-NGV and COM-NGVT	\$128.71
COM-OL and COM-OLT	\$1.26
COM-SG and COM-SGT	\$0.45

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Florida Public Utilities Company

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**SOLAR WATER HEATING ADMINISTRATIVE BILLING SERVICE**

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Availability:

Throughout the Service Areas of the Company.

Applicability:

Service under this Rate Schedule is mandatory for any third-party entity (the "SWHS Contractor") installing residential combination thermal solar and natural Gas water heating systems on the Company's Gas distribution system that have entered into an SWHS agreement with the Company. The Company shall provide a payment agent/collection service for authorized SWHS Contractors. Each Month, the Company shall bill applicable Customers the SWHS Contractor's charge for installing and maintaining the combination solar/Gas water heating system. The Company shall remit such funds collected from Customers, less the SWHS Customer Charge, to the applicable SWHS contractors. The Company shall have no obligation to the SWHS Contractor for any charges that are not collected from Customers.

Monthly Rate:

Customer Charge: \$7.50 per bill

Minimum Charge:

The Customer Charge.

Terms of Payment:

Bills are rendered net and are due and payable within twenty (20) days from date of mailing or delivery by the Company.

Billing Adjustments:

The above rates shall be subject to the applicable Billing Adjustments set forth on Sheet Nos. 7.300-7.417.

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**TAXES AND OTHER ADJUSTMENTS**

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There will be added to all bills rendered, all applicable local, state and federal fees and taxes, including but not limited to, municipal utility taxes, franchise fees, state gross receipts tax, and state sales taxes presently assessed by governmental authorities, as well as any future changes or new fees, taxes or assessments by any governmental authorities subsequent to the effective date of this Tariff. All such fees, taxes and assessments as described above shall be shown on Customer or Pool Manager bills.



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**FPUC and Ft. Meade Service Areas**  
**PURCHASED GAS COST RECOVERY FACTOR**

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The energy charge of the Monthly Rate for Regulated Gas Sales Service supplied in any billing period shall be adjusted by the Company's expected weighted average costs of Gas (WACOG). The WACOG may not exceed the Commission-approved purchased Gas cost recovery factor based on estimated Gas purchases for the 12-Month periods of January through December, in accordance with the methodology adopted by the Commission on May 19, 1991, in Order No. PSC-98-0691-FOF-PU, or as such methodology may be amended from time to time by further order of the Commission. The factors determined as set forth above were grossed up by 1.00503 for regulatory fees (1.00000 for Customers using the Gas supply solely for the generation of electricity), and rounded to the nearest \$.00001 per Therm, to be applied to the total number of Therms consumed by the Customer during the billing period.

The purchased Gas cost recovery factor approved by the Commission for the billing Months of January 2023 through December 2023 is 1.41907 dollars per Therm.

The purchased Gas cost recovery factor shall serve as a cap or maximum recovery factor. If re-projected expenses for the remaining period exceed projected recoveries by at least 10% for the twelve-Month period, a mid-course correction may formally be requested by the Company. For changes in market conditions and costs, the Company, upon one day's notice to the Commission, shall have the option of flexing downward (reducing the WACOGs) or upward (increasing the WACOGs) to the extent that the increase does not exceed the authorized cap. The current Month's WACOGs may be adjusted for prior Months' differences between projected and actual costs of Gas purchased but may not exceed the approved cap for the period.

Any over recovery or under recovery of purchased Gas costs by the Company shall be "trued-up" (refunded to Customer or collected by Company), with interest, during the next twelve Month period, in accordance with the methodology adopted by the FPSC on May 19, 1998 in Order No. PSC-98-0691-FOF-PU, or as such methodology may be amended from time to time by further order to the FPSC.

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**CFG and Indiantown Service Areas**  
**SHIPPER OF LAST RESORT**

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Applicability:

All Customers in a TTS Customer Pool, only when the Company, upon default of all TTS Pool Managers, is providing the Shipper of Last Resort Service.

The Monthly Rate shall contain an additional component (the "SOLR Fuel Charge") for Gas supplied in any billing period. The SOLR Fuel Charge shall be Company's weighted average cost of Gas (WACOG). The WACOG shall be derived from such charges (Gas supply costs, interstate pipeline capacity charges, monthly imbalance charges, Operational Order charges, SABS Charges, etc.) that comprise the total cost of Gas to the Company. The WACOG shall be determined in accordance with the methodology adopted by the Commission on May 2, 1991, in Order No. 24463, Docket No. 910003-GU, or as such methodology may be amended from time to time by further order of the Commission. The WACOG determined as set forth above shall be grossed up by 1.00503 for regulatory fees and rounded to the nearest \$0.00001 per Therm, to be applied to the total number of Therms consumed by the Customer during each billing period.

During the time the Company is providing SOLR Service, all over- or under-recovery of the cost of Gas supplied by the Company shall be "trued up", with interest, during succeeding billing periods as an adjustment to the WACOG. Upon selection and activation of a new TTS Pool Manager(s), Company shall, on a pro-rata basis, credit or bill the new TTS Pool Manager(s) the remaining over- or under-recovery of the cost of Gas supplied.

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**STANDARD FORMS**  
**A. NATURAL GAS SERVICE AGREEMENT**



**Natural Gas Service Agreement**

The applicant named on this front page hereof identified as ("Customer") agrees to buy gas from Florida Public Utilities ("Company"), and Company agrees to sell gas to Customer under the rate classification indicated on the first page hereof and under the terms and conditions of this contract and pursuant to the applicable provisions of Company's tariff approved by the Florida Public Service Commission.

Customer: <<Opportunity\_Account>> Phone: <<Opportunity\_Account\_Phone\_Number>>  
 DBA: <<Account\_DBA>>  
 Service Address: <<Account\_ShippingStreet>>, <<Account\_ShippingCity>>, <<Account\_ShippingState>> <<Account\_ShippingPostalCode>>  
 Mailing Address: <<Account\_BillingStreet>>, <<Account\_BillingCity>>, <<Account\_BillingState>> <<Account\_BillingPostalCode>>  
 Rate Class: <<Rate\_Schedule\_Cla>> Connect Fee: <<Opportunity\_Turn..>> Monthly Charge: <<Rate\_Schedule.>>  
 Account Deposit: <<Opportunity\_Depo>> Appliance Conversion Charge: N/A

Company contends to provide gas service to the Customer in consideration of the following appliance(s) being installed for gas operation with the estimated annual consumption.

Estimated Annual Usage in Therms: <<Opportunity\_T>>

Gas Appliance(s) Schedule	Description
<<Opp>> <<Product_Name>>	<<Opportunity_LineItem_Description>>

Account Manager: <<OpportunityOwner\_FirstName>> Phone: <<OpportunityOwner\_Phone>>  
 Field Coordinator: <<Opportunity\_FieldCoordinatorUK>> Phone: <<Opportunity\_FC\_Phone>>

This agreement shall not be binding upon Company until approved and accepted on its behalf by one of its representatives in the space provided below, and thereafter shall bind and benefit the parties hereto for the term of (\_\_\_\_) years after the commencement of service by Company to Customer and thereafter from year to year until written notice of cancellation shall be given by either party to the other at least 90 days prior to the annual renewal date, their successors and assigns. This agreement may not be amended or modified except by an instrument in writing signed by the Company and Customer.

**APPROVED AND ACCEPTED:**

By: \_\_\_\_\_ By: \_\_\_\_\_  
 Florida Public Utilities Agent's Signature Customer's Signature  
 <<OpportunityOwner\_FirstName>> \_\_\_\_\_  
 Account Manager Customer  
 \_\_\_\_\_  
 Date

Customer elects a minimum annual commitment in lieu of the advance in aid of construction as described on applicable tariff rate schedule.  
 (Applicable only to Customers Natural Gas Vehicle Service Rates)

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***A. NATURAL GAS SERVICE AGREEMENT (BACK)***

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**Natural Gas Service Terms and Conditions**

The appliance names on the front page hereof identified as ("Customer") agrees to buy gas from Florida Public Utilities ("Company"), and Company agrees to sell gas to Customer under the rate classification indicated on the first page hereof and under the terms and conditions of this contract and pursuant to the applicable provisions of Company's tariff approved by the Florida Public Service Commission.

Customer and owner agree to permit the Company to install its facilities on the property listed on the first page hereof and to provide Company with egress and ingress to install, maintain or remove its gas line and equipment and to periodically read meter. Customer and owner further agree that all facilities installed by the Company, up to and including the outlet of the gas meter, shall forever remain the property of the Company. Customer, if other than owner of property on which installation is to be made, shall provide Company with either written documentation of property's owner consent for the installation of a natural gas service on the property or have the property owner complete a Property Owner's Consent Form (FPUC Form No. POCF).

Customer agrees to pay Company for all service rendered hereunder at the designated rate as it now or may subsequently be lawfully amended or superseded. If Customer fails or refuses to take gas service from the Company, Customer shall pay to the Company the actual cost incurred by the Company in constructing the facilities to have been used in providing service to the Customer. Any deposits currently held by the Company shall be forfeited by Customer in payment or partial payment of these costs.

No agent or employee of Company has any power to amend or waive any of the provisions of this contract or to make any promise or representation contrary to, or inconsistent with, the provisions hereof. This instrument constitutes the entire contract between the parties.

Customer agrees to accept and be bound by all rules and regulations of Company in connection with the service hereby covered, which are now or may hereafter be filed with, issued and promulgated by the Florida Public Service Commission or other Governmental bodies having jurisdiction thereof.


Company and Customer do respectively assume full responsibility and liability for the maintenance and operation of the facilities owned or operated by each and each shall indemnify and save harmless the other from any and all loss or damage sustained, and from any and all liability including injury to persons and property incurred, arising from any act or accident in connection with the installation, presence, maintenance and operation of facilities operated by the indemnifying party unless the same shall be due to the sole negligence of the other party, its agents, employees, contractors, guests or invitees.



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**B. EXTENSION OF FACILITIES AGREEMENT**



**Extension of Facilities Agreement**

This agreement, executed in duplicate as of the \_\_\_\_\_ day of \_\_\_\_\_, by and between Florida Public Utilities Company, a Florida Corporation, hereinafter referred to as the "Utility", party of the First part, and \_\_\_\_\_, hereinafter referred to as the "Consumer", party of the Second part witnesseth:

Whereas, the Consumer is desirous of securing an extension or increase of the facilities of the Utility as hereinafter described; and whereas, the Utility is willing to make such an extension or increase;

Now, therefore, in consideration of the respective and mutual covenants and agreements contained herein and hereinafter set forth, the parties hereto agree with each other as follows:

1. The Utility will extend or increase its facilities as follows:  
  
The Utility will commence the extension or increase of its existing facilities forthwith after the execution of this agreement and use its best efforts to complete the extension or increase of its facilities as soon as reasonably possible provided, however, that the parties expressly agree that the Utility shall not be liable or responsible for any delay caused by or resulting from shortages or unavailability of material or labor, or for any other hindrance or delay beyond the control of the Utility.
2. To compensate the Utility for the cost and expense of the aforesaid extension or increase of its facilities in accordance with the Utility's Rules and Regulations for extensions, the Consumer simultaneously with the execution of this agreement has paid to the Utility the sum of \_\_\_\_\_ the receipt of which hereby is acknowledged by the Utility. The parties agree that said sum was paid by the Consumer to and received by the Utility in accordance with the Utility's Rules and Regulations for service requiring extension of facilities within the service area of the Utility in \_\_\_\_\_ The Utility's Rules and Regulations as filed with and approved by the Florida Public Service Commission are made a part of this Agreement.
3. The parties agree that the refund provision as set forth in the Utility's approved Rules and Regulations; 7 part B, paragraph 2, shall be exercised according to option (a) at the end of the initial year of service or (b) at the end of the initial four years of service. The estimated annual gas revenue less cost of gas used to determine the amount paid in item (2) above is \_\_\_\_\_ Consumer agrees that option **B** is to be used.
4. The parties agree that the utility shall at all times have title to and keep ownership and control in and over the aforesaid extended or increased facilities, including but not limited to all new materials and equipment installed therein; and the parties agree further that the Utility shall have the sole and exclusive right to use the extended or increased facilities for the purpose of serving other Consumers of the Utility.
5. After the extension or increase of the facilities described above, the Utility agrees that subject to all applicable terms, provisions, rights, duties and penalties the Consumer will in the usual manner and at the usual times pay for the utilities and services delivered to the Consumer by means of the extended or increased facilities in accordance with the Company's tariffs filed with and approved by the Florida Public Service Commission.
6. The parties agree that no representation, warranty, condition, or agreement of any kind or nature whatsoever shall be binding upon either of the parties hereto unless incorporated in this agreement; and the parties agree further that this agreement covers and includes the entire agreement between the parties. The parties agree that all covenants and agreements contained herein shall extend to, be obligatory upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns; provided, however, that the Consumer may not transfer or assign all or any part of this Agreement or any right which he may obtain hereunder without first obtaining the written consent of the Utility.

In witness whereof, the parties hereto have executed this Agreement as of the day and year hereinbefore first written.

"Utility"  
FLORIDA PUBLIC UTILITIES COMPANY

By: \_\_\_\_\_

**Service Address:**  
\_\_\_\_\_, FL

By: \_\_\_\_\_  
Consumer:  
Owner:

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


Effective: March 1, 2023



Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.103

**C. IMPROVEMENT OR RELOCATION OF FACILITIES AGREEMENT**



**Improvement or Relocation of Facilities Agreement**

This agreement, executed in duplicate as of the \_\_\_\_\_ day of \_\_\_\_\_, by and between Florida Public Utilities Company, a Florida Corporation, hereinafter referred to as the "Utility", party of the First part, and \_\_\_\_\_, hereinafter referred to as the "Consumer", party of the Second part witnesseth:

Whereas, the Consumer is desirous of securing an improvement or relocation of existing facilities of the Utility as hereinafter described; and whereas, the Utility is willing to make such an improvement or relocation;

Now, therefore, in consideration of the respective and mutual covenants and agreements contained herein and hereinafter set forth, the parties hereto agree with each other as follows:

1. The Utility will improve or relocate existing facilities as follows:

The Utility will commence the improvement or relocation of its existing facilities forthwith after the execution of this agreement and use its best efforts to complete the improvements or relocation of its facilities as soon as reasonably possible; provided however that the parties expressly agree that the Utility shall not be liable or responsible for any delay caused by or resulting from shortages or unavailability of material or labor, or for any other hindrance or delay beyond the control of the Utility.

2. To compensate the Utility for the cost and expense of the aforesaid improvement or relocation of its facilities, the Consumer simultaneously with the execution of this agreement has paid to the Utility the sum of \_\_\_\_\_ the receipt of which hereby is acknowledged by the Utility. The parties agree that said sum was paid by the Consumer to and received by the Utility without the right of any rebate, credit, reduction or adjustment in favor of either party.
3. The parties agree that the utility shall at all times have title to and keep ownership and control in and over the aforesaid improved or relocated facilities, including but not limited to all new materials and equipment installed therein; and the parties agree further that the Utility shall have the sole and exclusive right to use the improved or relocated facilities for the purpose of serving other customers of the utility.
4. After the improvement or relocation of the facilities described above, the Consumer agrees that subject to all applicable terms, provisions, rights, duties and penalties the Consumer will in the usual manner and at the usual times pay for the utilities and services delivered to the Consumer by means of the improved or relocated facilities in accordance with the Company's tariffs filed with and approved by the Florida Public Service Commission.
5. The parties agree that no representation, warranty, condition, or agreement of any kind or nature whatsoever shall be binding upon either of the parties hereto unless incorporated in this agreement; and the parties agree further that this agreement covers and includes the entire agreement between the parties. The parties agree that all covenants and agreements contained herein shall extend to, be obligatory upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns; provided, however, that the Consumer may not transfer or assign all or any part of this agreement or any right which he may obtain hereunder without first obtaining the written consent of the Utility.

In witness whereof, the parties hereto have executed this Agreement as of the day and year hereinbefore first written.

"Utility"  
FLORIDA PUBLIC UTILITIES COMPANY

By: \_\_\_\_\_

**Service Address:**  
\_\_\_\_\_, FL

By: \_\_\_\_\_ Consumer: \_\_\_\_\_

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.104

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***D. PROPERTY OWNER'S CONSENT FORM***

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**PROPERTY OWNER'S CONSENT FORM**

\_\_\_\_\_ as the owner(s) of the property located at  
Owner/Tenant

\_\_\_\_\_ hereby grant to Florida Public Utilities Company the right to  
Street Address City or Town State  
County

install on said property the natural gas facilities required to provide gas service to the property and the right of ingress and egress to maintain, repair and operate said installed gas facilities provided, however, that Florida Public Utilities Company shall, upon completion of construction, be responsible for restoring that portion of the property used to facilitate the installation to a safe and usable condition similar or equal to that which existed prior to construction. Further, I/we agree that the installed gas service facilities shall remain forever the property and responsibility of Florida Public Utilities, its successors or assignees.

Consent Granted:

\_\_\_\_\_  
Owner

\_\_\_\_\_  
Name and Title

\_\_\_\_\_  
Print or Type

\_\_\_\_\_  
Date

Florida Public Utilities Company  
 FPSC Tariff  
 Original Volume No. 2

Original Sheet No. 8.105

**E. BILL**

**FLORIDA PUBLIC UTILITIES** Account # : [REDACTED] Page 1 of 1  
 Service Period : 12/13-01/13 Billing Date: 01/19/2023  
 Route : 000945 Service Location: [REDACTED]

Florida Public Utilities  
 P.O. Box 610  
 Marianna, FL 32447-0610  
 Customer Care: 1-800-427-7712  
 Blountstown/Bristol: (850) 674-4748  
 www.fpuc.com  
 711 for TTY / Relay Service

Previous Account Balance	Less Payments	Past Due Or Credit Balance	Current Charges	Current Charges Due On	Total NOW Due
\$303.12	\$303.12CR	\$0.00	\$504.51	02/09/2023	\$504.51

\* A Late Payment Fee will apply if amount due is greater than \$5.00 and is not paid by due date.  
 \* Past due balances are due immediately and subject to previous disconnect dates.  
 \* The APR for installment contracts is 18%.

Meter Information	- meter #	
Current Reading	0055867	
Previous Reading	-	0053255
KWH Used	=	2612
Multiplying Factor	X	1
Total KWH Used	=	2,612.00
KW Used		0.00

**Current Account Activity**  
 Billing For RS MRE21  
 Electric Service Amount\*\* 464.06  
 Florida Gross Receipts Tax 12.61  
 Jackson County Franchise Fee 27.84  
**TOTAL CURRENT ELECTRIC CHARGES 504.51**  
**Total Current Charges \$504.51**

Energy Usage	Last Year	This Year
KWH This Month	1699	2612
KWH/Day	55	84
Service Days	31	31

**Amount Includes the following charges**	
Customer Charge	16.95
Base Energy per Kwh	0.02736
Base Energy per Kwh over 1000 KWH	0.03887
PPA per KWH	0.11396
PPA per KWH over 1000 KWH	0.12646
Storm Charge per KWH	0.01280

New rates effective January 2023. For more details, visit FPUC.com/Notification

**FLORIDA PUBLIC UTILITIES** Florida Public Utilities  
 P.O. Box 610  
 Marianna, FL 32447-0610  
 711 for TTY / Relay Service  
 Address Service Requested

Route: 000945  
 [REDACTED]

To ensure proper credit, please return this portion with payment, make check / money order payable to FPUC and indicate account number.

Current Charges Due On:	02/09/2023
Account Number:	[REDACTED]
Amount Due:	\$504.51
Check Number:	
Amount Enclosed:	

Please check box to indicate address / phone changes on the reverse side:

FLORIDA PUBLIC UTILITIES  
 P.O. BOX 825925  
 PHILADELPHIA, PA 19182-5925  
 711 FOR TTY / RELAY SERVICE

00495234000000005045160

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.106

**F. NOTICE OF TERMINATION**



P.O. Box 610  
Marianna, FL 32447-0610  
Customer Care: 800-427-7712  
www.fpuc.com

8/06/2019

2064 000000034  
[Barcode]



For service at:

Disconnect Date: 8/15/2019

Account Number

Dear

We understand it can sometimes be a challenge to pay bills on time, but it only becomes more difficult the longer you wait. We're sending you this important notice because you're important to us—and we need to receive your immediate payment. Your account has a past due balance of: \$1665.20 Please pay this TOTAL AMOUNT in our office before the disconnect date to avoid disconnection of your service and losing any budget plan. The Disconnect Date above does not cancel any earlier notice if charges still remain past due. Any check payments returned by your bank as unpaid will result in disconnection without any further notice. If your service unfortunately gets disconnected, reconnection will only be scheduled once payment of your "TOTAL PAST DUE" balance and "RECONNECT CHARGE" is received by our office. Reconnecting service may require access to your meter/appliances, per Florida State Statutes. By remitting payments before the due date on future bills, you can avoid Past Due Notices, deposit increases, late fees, loss of services and reconnection charges. We hope this reminder helps you take necessary action and we look forward to servicing you well into the future. Don't hesitate to call our local Customer Care Department with any questions. Short on time? Go to the Quick Pay web site (shown on the back of your bill) or call Telepay at 1-866-957-2948 for a small fee. Add leading zeroes to the account number above to total eight digits.

**PAST DUE  
BALANCE  
REMINDER**

FN2019

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

Effective: March 1, 2023

Florida Public Utilities Company  
 FPSC Tariff  
 Original Volume No. 2

Original Sheet No. 8.107

**G. METER / SERVICE ORDER**

9/07/18 8:34 AM  
 CPKNEM01

Page 1  
 CCPK308

FPU / CPK PRODUCTION ENVIRONMENT(FPUFILES) 110715  
 CPK Service Order

\*\* DUPLICATE COPY \*\* Service Order # 2114943  
 Service Order Type EMER

Account Information

Account # \_\_\_\_\_  
 Premises # \_\_\_\_\_  
 Point of Interest \_\_\_\_\_  
 Name \_\_\_\_\_  
 DBA: \_\_\_\_\_

Service Order Information

Emergency (Comments Required)  
 \* \* \* \* \*  
 Crew WPB BOOKEEPING DEPARTMENT  
 Scheduled 8/08/2018  
 Time \_\_\_\_\_  
 Taken By CPKNOV01  
 Date 8/08/2018  
 Time 9:07:48  
 Req by \_\_\_\_\_

Call Back Phone # \_\_\_\_\_  
 Phone Number \_\_\_\_\_  
 Business Phone \_\_\_\_\_

Premises Information

Service Address \_\_\_\_\_  
 Additional Desc \_\_\_\_\_  
 Route 1605 Stop 4330 Premises Type Service Only

\* \* \* SERVICE ORDER \* \* \*

Current Read Date \_\_\_\_\_

Meter#	Mult	Pressure	Current Reading	Previous Reading	Previous Read Date	Peaks
G		1.01570			9/13/2017	W 14.85 S 12.27
99-DO NOT USE-1.01570						

G Meter Information : Meter #

MFG	Mult	Type	Size	Dials	Install
Comment					
Instruction (Service) Front Middle					
Pending SO					
1998914		Res Gas Connect		10/31/2017	Eng Plan
1998913		Set & Lock Meter		10/31/2017	Eng Plan
1998910		Service New		10/31/2017	Eng Plan

Comment \_\_\_\_\_

Start Date \_\_\_\_\_ Time \_\_\_\_\_

Completed by \_\_\_\_\_ Date \_\_\_\_\_ Time \_\_\_\_\_ Keyed \_\_\_\_\_



Florida Public Utilities Company  
 FPSC Tariff  
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**H. HAZARDOUS METER TAG**

**WARNING TAG**  
 ETIQUETA DE ADVERTENCIA / ETIQUETTE D'AVERTISSEMENT  
**GAS COMPANY WARNING TAG**

**NOTICE OF HAZARDOUS OR SUBSTANDARD CONDITION**  
 AVISO DE CONDICIÓN PELIGROSA O DEFICIENTE / AVIS DE CONDITION DANGEREUSE OU ANORMALE

FLORIDA PUBLIC UTILITIES COMPANY IS REQUIRED TO ISSUE A WARNING TAG AND TAKE SPECIFIC ACTIONS WHEN RECOGNIZING A HAZARDOUS CONDITION EXISTING ON A CUSTOMER'S PREMISES. THE CONDITIONS TO BE TAGGED AND THE ACTIONS TO BE TAKEN ARE GENERALLY AS FOLLOWS:

LA EMPRESA FLORIDA PUBLIC UTILITIES ESTÁ OBLIGADA A EXPEDIR UNA ETIQUETA DE ADVERTENCIA Y TOMAR MEDIDAS ESPECÍFICAS CUANDO IDENTIFICA UNA CONDICIÓN PELIGROSA EN LAS INSTALACIONES DE UN CLIENTE. POR LO GENERAL, LAS CONDICIONES QUE DEBEN IDENTIFICARSE Y LAS MEDIDAS QUE HAY QUE TOMAR SUELEN SER UNA DE LAS SIGUIENTES. FLORIDA PUBLIC UTILITIES COMPANY EST TENUÉ D'ÉTABLIR UNE ETIQUETTE D'AVERTISSEMENT ET DE PRENDRE DES MESURES PARTICULIÈRES LORSQU'ELLE CONSTATE LA PRÉSENCE D'UNE CONDITION DANGEREUSE DANS LES LOCAUX D'UN CLIENT. LES CONDITIONS À ÉTIQUETER ET LES MESURES À PRENDRE SONT GÉNÉRALEMENT LES SUIVANTES:

**CLASS A CONDITIONS - THESE ARE CONDITIONS THAT PRESENT AN IMMEDIATE HAZARD AND REQUIRE THE GAS TO BE SHUT OFF AND LOCKED AT THE METER, UNLESS THE AFFECTED AREA CAN EFFECTIVELY BE ISOLATED BY EITHER LOCKING OFF THE CONTROL VALVE OR DISCONNECTING AND CAPPING THE ASSOCIATED PIPING.**

CONDICIONES DE CLASE A: ESTAS SON CONDICIONES QUE PRESENTAN UN PELIGRO INMEDIATO Y REQUIEREN QUE SE APAGUE Y CORTE EL GAS EN EL MEDIDOR, A MENOS QUE EL ÁREA AFECTADA PUEDA SER AISLADA EFICAZMENTE CERRANDO LA VÁLVULA DE CONTROL O DESCONECTANDO Y CORTANDO EL SUMINISTRO A LAS TUBERÍAS CORRESPONDIENTES. CONDICIONES DE CATEGORÍA A - CES CONDITIONS PRÉSENTENT UN DANGER IMMÉDIAT EXIGEANT L'INTERRUPTION DE L'ALIMENTATION EN GAZ ET LE VERROUILLAGE DE LA CONDUITE AU COMPTEUR, SAUF S'IL EST POSSIBLE DE CORRECTEMENT ISOLER LA ZONE TOUCHÉE SOIT EN VERROUILLANT LE ROBINET DE COMMANDE OU EN DÉCONNECTANT ET EN CAPUCHONNANT LA TUYAUTERIE ASSOCIÉE.

**CLASS B CONDITIONS - THESE ARE CONDITIONS THAT DO NOT PRESENT AN IMMEDIATE HAZARD, BUT MAY BECOME HAZARDOUS IF NOT CORRECTED. THE GAS MAY BE LEFT ON.**

CONDICIONES DE CLASE B: ESTAS SON CONDICIONES QUE NO PRESENTAN UN PELIGRO INMEDIATO, PERO PUEDEN TORNARSE PELIGROSAS SI NO SE CORRIJEN. PUEDE DEJARSE EL GAS ENCENDIDO. CONDICIONES DE CATEGORÍA B - CES CONDITIONS NE PRÉSENTENT PAS UN DANGER IMMÉDIAT, MAIS PEUVENT DEVENIR DANGEREUSES SI ELLES NE SONT PAS CORRIGÉES. L'ALIMENTATION EN GAZ PEUT ÊTRE MAINTENUE.

QUESTIONS ABOUT THIS TAG WILL BE ANSWERED IF YOU CALL THE NUMBER BELOW. / SI TIENE PREGUNTAS ACERCA DE LO ANTERIOR, LLAME AL SIGUIENTE NÚMERO. / SI VOUS AVEZ DES QUESTIONS PAR RAPPORT À CECI, VOUS OBTIENDREZ DES RÉPONSES EN APPELANT LE NUMÉRO SUIVANT.

800.427.7712

**WARNING TAG**  
 ETIQUETA DE ADVERTENCIA / ETIQUETTE D'AVERTISSEMENT  
**GAS COMPANY WARNING TAG**

**NOTICE OF HAZARDOUS OR SUBSTANDARD CONDITION** AVISO DE CONDICIÓN PELIGROSA O DEFICIENTE / AVIS DE CONDITION DANGEREUSE OU ANORMALE

**ATTENTION: DO NOT REMOVE THIS TAG. IT CAN ONLY BE REMOVED AFTER THE CONDITION LISTED ON IT HAS BEEN CORRECTED.** ATENCIÓN: NO quite esta ETIQUETA. SOLO PUEDE QUITARSE DESPUÉS DE HABER CORREGIDO LA CONDICIÓN INDICADA EN ELLA. / ATTENTION: NE RETIREZ PAS CETTE ÉTIQUETTE. ELLE NE PEUT ÊTRE RETIRÉE QU'APRÈS LA CORRECTION DES PROBLÈMES ÉNUMÉRÉS.

DATE: FECHA / DATE \_\_\_\_\_  
 ADDRESS: DIRECCIÓN / ADRESSE \_\_\_\_\_  
 CITY: CIUDAD / VILLE \_\_\_\_\_  
 PERSON NOTIFIED: PERSONA NOTIFICADA / PERSONNE AVISÉE \_\_\_\_\_

OWNER: PROPIETARIO / PROPRIÉTAIRE  TENANT: INQUILINO / LOCATAIRE  
 OTHER: OTRO / AUTRE

**CONDITIONS/ CLASS: TIPO DE CONDICIÓN / CATEGORÍA DE CONDICIONES:**

See Reverse Side  
 Consulte al dorso / Voir au dos

CLASS A-HAZARD  
 CLASE A-PELIGRO / CATEGORÍA A - DANGER  
 CLASS B-SUBSTANDARD  
 CLASE B-DEFICIENTIA / CATEGORÍA B - NON CONFORME

**ACTIONS TAKEN ARE: MEDIDAS TOMADAS:**  
 / LES MESURES PRISES SONT LES SUIVANTES:

LOCKED OFF: SE CORTÓ EL GAS / VERROUILLAGE  
 DISCONNECTED & CAPPED: SE DESCONECTÓ Y CUBRÓ EL GAS / DÉCONNECTÉ ET POSÉ D'UN CAPUCHON  
 SHUT OFF: SE APAGÓ EL GAS / FERMETURE  
 AT / A / AU  
 APPLIANCE ELECTRODOMESTIC / APPAREIL  
 METER: MEDIDOR / COMPTEUR  
 OTHER: OTRO / AUTRE  
 GAS LEFT ON: EL GAS SE DEJO ENCENDIDO / ARRIVÉE DE GAZ LAISSÉE ALLUMÉE

**CONDITIONS FOUND ARE: CONDICIONES HALLADAS / LES CONDITIONS CONSTATÉES SONT LES SUIVANTES:**

GAS LEAK IN PIPING OR APPLIANCE: FUGA DE GAS EN EL ELECTRODOMESTICO O TUBERÍA / FUGA DE GAZ AU NIVEAU D'UN APPAREIL, OU DES CONDUITES  
 APPLIANCE GENERATING CARBON MONOXIDE: GENERACIÓN DE MONÓXIDO DE CARBONO POR UN ELECTRODOMESTICO / APPAREIL, PRODUISANT DU MONOXYDE DE CARBONE  
 IMPROPER OR FAULTY: INAPROPIADA O DEFECTUOSA / INADÉQUATE OU DÉFECTUEUSE  
 VENT: RESPIADERO / CONDUIT D'ÉVACUATION  FLEE TAP: CONDUIT DE RACCORDEMENT  
 CHIMNEY: CHIMENEA / CHEMINÉE  
 LEAKING OR CRACKED COMBUSTION CHAMBER: CÁMARA DE COMBUSTIÓN AGRIETADA O CON FUGAS / FUGA OU FISSURE DE LA CHAMBRE DE COMBUSTION  
 APPLIANCE / CONTROL MALFUNCTION OR MISSING: DESDEFECTO O FALTA DE ELECTRODOMESTICO/CONTROL / DÉFAILLANCE OU ABSENCE D'APPAREIL, OU DE COMMANDE  
 SUBSTANDARD PIPING: TUBERÍAS DEFICIENTES / TUYAUTERIE NON CONFORME  
 SUBSTANDARD APPLIANCE INSTALLATION: INSTALACIÓN DE ELECTRODOMESTICO DEFICIENTE / INSTALLATION D'APPAREIL NON CONFORME  
 DEFECTIVE WIRING: CABLEADO DEFICIENTE / CÂBLAGE DÉFECTUEUX  
 OTHER (DESCRIBED BELOW): OTRO (DESCRIBIR A CONTINUACIÓN) / AUTRE (DESCRIRE CI-DESSOUS)

**REMARKS: COMENTARIOS / REMARQUES:** \_\_\_\_\_

**TAGGED BY: IDENTIFICADO POR: / ETIQUETE PAR:** \_\_\_\_\_

**CUSTOMER SIGNATURE: FIRMA DEL CLIENTE: / SIGNATURE DU CLIENT:** \_\_\_\_\_

DPIA DE FPU / COPIE DE FPU

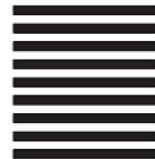
Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.109

**I. CUSTOMER METER READING CARD**

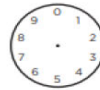


NO POSTAGE  
NECESSARY  
IF MAILED  
IN THE  
UNITED STATES



**BUSINESS REPLY MAIL**  
FIRST-CLASS MAIL PERMIT NO. 1490 WEST PALM BEACH FL  
POSTAGE WILL BE PAID BY ADDRESSEE

FLORIDA PUBLIC UTILITIES  
1635 MEATHE DRIVE  
WEST PALM BEACH, FL 33411-2615



We are unable to read your gas meter. To provide you with the most accurate bill possible, please draw the hands on the dials above as they appear on the meter. Return this card by \_\_\_\_\_

Customer Name \_\_\_\_\_

Address \_\_\_\_\_ City \_\_\_\_\_

Account # \_\_\_\_\_

Route # \_\_\_\_\_ Meter # \_\_\_\_\_ Date \_\_\_\_\_

If the current meter read is not received, your bill will be estimated based on previous gas usage. Florida Law requires FPUC to read the meter at least once every 6 months.



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**J. GAS METER NOTICE**

**GAS METER NOTICE**  
AVISO DEL METRO DEL GAS

**For Assistance, Please Contact FPU:**

<b>Office Location</b> 1635 Meathe Drive West Palm Beach, FL 33411 Monday-Friday 8:00 AM - 5:00 PM Phone: 800.427.7712	<b>Customer Call Center</b> Atención al Cliente Monday-Friday, 7:00 AM - 7:00 PM Phone: 800.427.7712 FPUC.com
---------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------

Meter Reader: \_\_\_\_\_  
Date: \_\_\_\_\_

We have been unable to read your gas meter. Please draw the hands on the dials below, matching your meter dials, and then return this card by \_\_\_\_\_ so FPU can provide you with the most accurate bill possible.  
No hemos podido llegar a su contador para hacer una lectura. Por favor dibuje las manecillas como aparecen en su contador y devuelva esta tarjeta antes de \_\_\_\_\_ para que así podamos proveerle una factura lo más correcta posible.

Account #  
Num. de cuenta \_\_\_\_\_

Address  
Dirección \_\_\_\_\_

Meter#  
Num. del contador \_\_\_\_\_

Date:  
Fecha \_\_\_\_\_

FLORIDA PUBLIC UTILITIES  
1635 MEATHE DRIVE  
WEST PALM BEACH FL 33411-2615

**BUSINESS REPLY MAIL**  
FIRST CLASS MAIL PERMIT NO. 1460 WEST PALM BEACH FL  
POSTAGE WILL BE PAID BY ADDRESSEE

NO POSTAGE  
NECESSARY  
IF MAILED  
IN THE  
UNITED STATES

**FLORIDA PUBLIC UTILITIES**



Florida Public Utilities Company  
FPSC Tariff  
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***K. MISSED SERVICE CALL TAG***

**SORRY WE MISSED YOU**

FPU Representative was here.

Date: \_\_\_\_\_ Time: \_\_\_\_\_  AM  PM

Service Order #: \_\_\_\_\_

- \_\_\_ 1. In response to your request.
- \_\_\_ 2. To read your gas meter.
- \_\_\_ 3. To install a new gas meter.
- \_\_\_ 4. To turn your gas meter ON/OFF.
- \_\_\_ 5. Could not access property, arrange access.
- \_\_\_ 6. Found a gas leak - your meter is OFF.
- \_\_\_ 7. Repaired your gas leak - OK to use.
- \_\_\_ 8. Will return to complete job/contact us to reschedule.
- \_\_\_ 9. Contact us within 24 hours to open account in your name.
- \_\_\_ 10. Line Locate.
- \_\_\_ 11. Gas System Survey.
- \_\_\_ 12. Other \_\_\_\_\_

Contact FPU or make payments by phone

**NATURAL GAS CUSTOMERS**  
800.422.7712 7:00 AM - 7:00 PM

**PROPANE CUSTOMERS - Call 8:00 AM - 5:00 PM**

Okechobee 863.763.2195	South Florida/ Brevard Bay 561.535.3814	Seminole and Volusia County 386.668.3201
---------------------------	-----------------------------------------------	------------------------------------------------

FPUC.com

**FLORIDA PUBLIC UTILITIES**

**LAMENTAMOS NO ENCONTRARLO!**

Su Representante de FPU:

Estuvo Aquí el: \_\_\_\_\_ Hora: \_\_\_\_\_  AM  PM

Nro. De Servicio: \_\_\_\_\_

- \_\_\_ 1. En respuesta a su solicitud.
- \_\_\_ 2. Para leer su contador de gas.
- \_\_\_ 3. Para instalar su nuevo contador.
- \_\_\_ 4. Para activar / desactivar su contador.
- \_\_\_ 5. No pudo acceder su propiedad. Llámenos para coordinar acceso.
- \_\_\_ 6. Encontramos una fuga de gas. Su contador fue desactivado.
- \_\_\_ 7. Reparamos su fuga de gas. Está listo para usar.
- \_\_\_ 8. Regresaremos a completar la labor. Llámenos para coordinar fecha y hora.
- \_\_\_ 9. Llámenos dentro de las siguientes 24 horas para abrir la cuenta a su nombre.
- \_\_\_ 10. Localización de líneas.
- \_\_\_ 11. Encuesta de sistemas de gas.
- \_\_\_ 12. Otro: \_\_\_\_\_

Lláme a FPU o procese su pago por teléfono

**CLIENTES DE GAS NATURAL**  
800.422.7712 7:00 AM - 7:00 PM

**CLIENTES DE GAS PROPANO - Call 8:00 AM - 5:00 PM**

Okechobee 863.763.2195	South Florida/ Brevard Bay 561.535.3814	Seminole and Volusia County 386.668.3201
---------------------------	-----------------------------------------------	------------------------------------------------

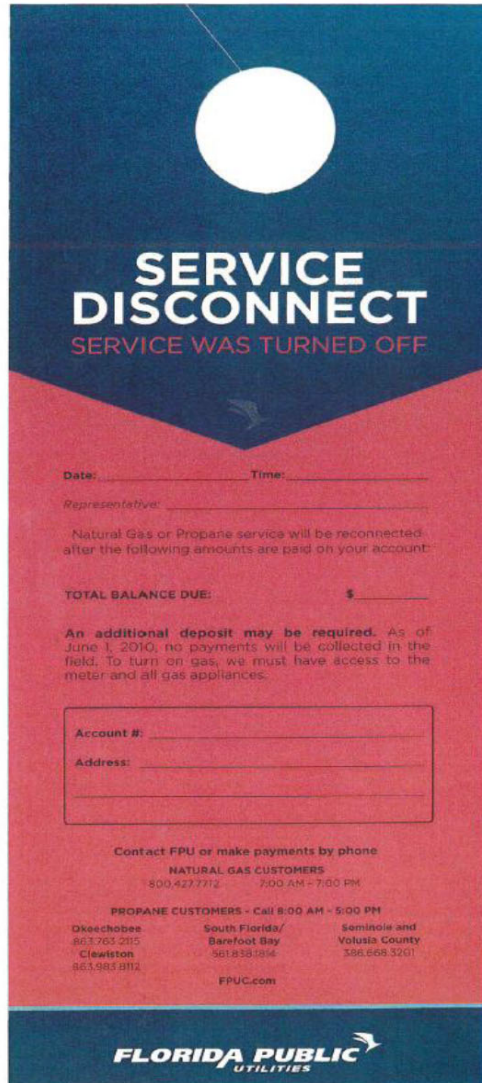
FPUC.com

**FLORIDA PUBLIC UTILITIES**

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.112

***L. SERVICE DISCONNECT TAG***



The image shows a service disconnect tag form. It has a dark blue top section with a white circle for a hole punch and the text "SERVICE DISCONNECT" in large white letters, with "SERVICE WAS TURNED OFF" in smaller red letters below it. The bottom section is red and contains several fields for information: "Date:" and "Time:" with lines for input; "Representative:" with a line; a paragraph stating "Natural Gas or Propane service will be reconnected after the following amounts are paid on your account:"; "TOTAL BALANCE DUE:" followed by a dollar sign and a line; a paragraph stating "An additional deposit may be required. As of June 1, 2010, no payments will be collected in the field. To turn on gas, we must have access to the meter and all gas appliances."; a box containing "Account #:" and "Address:" with lines for input; and contact information for "NATURAL GAS CUSTOMERS" and "PROPANE CUSTOMERS" with phone numbers and hours of service. At the bottom, it says "FLORIDA PUBLIC UTILITIES" with a logo.

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

Effective: March 1, 2023

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.113

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*M. CTS AFFIDAVIT FORM*

---

To: Florida Public Utilities Company  
Attn: Energy Logistics Department  
PO Box 960  
Winter Haven, Florida 33882

From: Company Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Contact: \_\_\_\_\_  
Telephone: \_\_\_\_\_  
Service Address: \_\_\_\_\_  
Receiving Offer: \_\_\_\_\_

Alternate Fuel Offer

Fuel Supplier: \_\_\_\_\_  
Fuel Type: \_\_\_\_\_  
Quantity: \_\_\_\_\_  
Term: \_\_\_\_\_  
Price per Unit: \_\_\_\_\_  
Taxes: \_\_\_\_\_  
Fuel Delivery Cost: \_\_\_\_\_  
Offer Expires: \_\_\_\_\_

Third Party Natural Gas Costs

Gas Supplier: \_\_\_\_\_  
Gas Supply Cost (Total): \_\_\_\_\_

Bypass Alternative

Distance from Interstate Pipeline: \_\_\_\_\_  
Construction Cost: \_\_\_\_\_  
Payback (Years): \_\_\_\_\_  
Quantity (Annual Therms): \_\_\_\_\_  
Bypass Avoidance Rate (per Therm): \_\_\_\_\_

As an Authorized Representative of \_\_\_\_\_, I hereby certify that the foregoing information is true, complete and correct, and that the Company has the capability to either utilize the designated Alternate Fuel in the quantities specified or bypass the Chesapeake Utilities Company, Florida Division at the above referenced facility. A copy of the Alternate Fuel Offer and the Third-Party Natural Gas Costs or the detailed Construction Costs is attached as evidence of the bona fide offer from the Alternate Fuel provider and the natural Gas costs from the third-party provider or a copy of the detailed Construction Costs is attached as evidence of the bona fide opportunity to bypass.

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

Effective: March 1, 2023

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***M. CTS AFFIDAVIT FORM - CONTINUED***

---

I further certify that \_\_\_\_\_ will terminate Gas Service from the Utility on \_\_\_\_\_ unless the total price for gas service is adjusted, as provided in the Company's rate schedule rider CTS, to compete with the Alternate Fuel price or bypass price as indicated above.

Customer Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF: \_\_\_\_\_

COUNTY OF: \_\_\_\_\_

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by

\_\_\_\_\_.

\_\_\_\_\_, a \_\_\_\_\_ Corporation, who (strike

one) is personally known to me / produced \_\_\_\_\_ as identification, on behalf of said Corporation.

(NOTARY SEAL)

\_\_\_\_\_  
Notary Public Signature

\_\_\_\_\_  
Typed / Printed Notary Name

Commission No: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.115

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*N. CONTRACT TRANSPORTATION SERVICE AGREEMENT*

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**FLORIDA PUBLIC UTILITIES COMPANY  
CONTRACT TRANSPORTATION SERVICE AGREEMENT**

This Agreement entered into this \_\_\_\_\_ day of \_\_\_\_\_,  
20\_\_\_\_\_, by and between Florida Public Utilities Company, herein after referred to as  
"Company" and:

Company Name: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Contact Person & Title: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

Herein referred to as "Customer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Company agrees to sell or deliver and  
Customer agrees to purchase or pay for services required by Customer under Company's  
Contract Transportation Service ("CTS") Rider.

WHEREAS Customer has demonstrated Customer's Alternative Fuel or bypass capabilities and  
has provided Company with a fully executed CTS Affidavit Form (Sheet Nos. 8.114-8.115) from  
Company's Tariff.

Term of Agreement

Service under this Agreement shall commence on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, or  
on the first day following the date the Company completes the installation of necessary Mains,  
Meters, and other essential equipment to service the Customer, whichever is later. This  
Agreement will remain in effect for an initial term of \_\_\_\_\_ year(s) beginning with the  
commencement of service by the Company, and thereafter from year to year. At any time after  
the initial term, either party may terminate this contract by giving written notice of termination  
(specifying a termination date at the end of such contract year or any contract yearly period  
thereafter) upon at least sixty (60) days prior notice.

Duly Constituted Authorities

The terms, and conditions of this Agreement are subject to change as may be lawfully required  
or permitted by the Florida Public Service Commission ("FPSC"). The applicable rates of this  
Agreement described herein. If the Company's FPSC Tariff and provisions within this

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

Effective: March 1, 2023

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.116

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***N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

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Agreement conflict, the provisions in this Agreement will prevail.

All terms and conditions set forth in Company's FPSC Tariff are incorporated herein by reference.

All services are subject to the Rules and Regulations of Company's FPSC Tariff and more specifically by the conditions contained in the Company's CTS Rate Schedule. Copies of Company's FPSC Tariff are available for public reference during normal business hours at each of the Company's natural Gas offices.

Type of Service

The service contemplated hereunder is of an Industrial or commercial character and Company does not guarantee it to be free from interruption or that the chemical composition or specific gravity of the Gas delivered may not vary from time to time. The Customer agrees to provide and maintain suitable safety and control equipment on Customer's facilities and equipment and to use only equipment of a character to ensure safe utilization of Gas sold or delivered hereunder. In the event that the supply of Gas is interrupted by any cause, Company shall not be held liable for damages on account of such interruption or any consequences resulting there from or from the restoration of service thereafter.

Full Requirements [and Security if applicable]

Customer agrees Customer shall transport all of their natural gas quantity requirements through Company's distribution system.

Upon the execution of an expansion agreement between the Company and Customer, Customer shall furnish to Company security acceptable to Company to secure the payment to Company of all costs incurred by Company for the design, engineering, permitting, construction, completion, testing, and placing in service of the expansion project which have not been recovered by Company through the transportation charges payable by Customer pursuant to this Agreement. In the event Customer elects not to use the Transportation Service contemplated by this Agreement, Company shall have the right, without notice to Customer, to make claim on the Security for the amount of all costs incurred by Company for the design, engineering, permitting, construction, completion, testing, and placing in service of the expansion project which have not, as of the time of such claim, been recovered by Company through the transportation charges payable by Customer pursuant to the Transportation and Other Charges Section of this Agreement. Security shall be provided as follows:

Provided Customer is not in default of its obligations under this Agreement, Customer's obligation to provide the Security as hereinabove provided shall terminate at the end of the Contract Year.

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.117

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***N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

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Responsibility and Liability

The Company and Customer do respectively assume full liability for the maintenance and operation of facilities operated by each party. Each party shall indemnify and save harmless the other from any and all loss or damage sustained, and from any and all liability including injury to persons and property insured, arising from any act or accident in connection with the installation, presence, maintenance and operation of facilities operated by the indemnifying party unless the same shall be due to the sole negligence of the other party, its agents, employees, contractors, guests or invitees.

Notices

All correspondence and notices required under this Agreement, except notice of Gas supply interruption or restoration of service are to be addressed at the above listed address or e-mail address and to Company at Florida Public Utilities Company, Energy Logistics Department PO Box 960, Winter Haven, Florida 33882. Notices with respect to interruption or restoration of deliveries of Gas shall be sufficient if given by Company, at the Company's option, in writing or orally in person or by telephone to the person or one of the persons designated from time to time by Customer as authorized to receive such notice. If Customer shall not have made such designation or, if made, Company is unsuccessful in its effort promptly to establish communication with the person or one of the persons so designated then in any such event, said notice shall be sufficient if given by Company to any person or persons who are on said premises or who answer Customer's telephone.

Customer Designation of Pool Manager

Customer shall designate a Pool Manager from Company' List of Approved Pool Managers on Company's website. Customer shall deliver a Letter of Authorization with a duly authorized signature acknowledging such election to the selected Pool Manager.

Point of Receipt and Point of Delivery

CTS Customers or Customer's Designee will cause Customer's natural Gas to be delivered to Company's Receipt Point as specified in Exhibit A. Customer has requested and Company agrees to receive and transport Customer's natural Gas from the Company's Receipt Point to the Company's Delivery Point as specified in Exhibit A.



Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.118

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***N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

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Election of Service Level

CTS Customers will elect a Maximum Daily Contract Quantity ("MDCQ") by season in Exhibit A. If applicable, Customer's Pool Manager will be required to accept a capacity Relinquishment in a quantity Relinquishment in a quantity equal to the Maximum Daily Contact Quantity.

Monthly Minimum Bill Quantity

Customers who are served under Company's CTS Rider requiring minimum monthly billing quantities agree to purchase or receive from Company and Company agrees to sell or deliver to Customer the monthly minimum bill quantity of natural Gas at the Point of Delivery as listed in Exhibit A.

Transportation and Other Charges

Customer shall pay Company each Month for Transportation Service in accordance with Company's CTS Rider. The charge per Therm billed by Company to Customer is \$ \_\_\_\_\_ per Therm and/or \$ \_\_\_\_\_ per Month.

Balancing Provisions

[INSERT BALANCING PROVISIONS]

Miscellaneous Provisions

(A) No agent or employee of Company has any power to amend or waive any of the provisions of this Agreement or to make any promise or representation contrary to, or inconsistent with, the provisions hereof. (B) This Agreement with portions included by reference constitutes the entire contract between the parties. (C) This Agreement shall not be binding upon Company until approved and accepted on its behalf by one of its executive officers in the space provided below, and thereafter shall bind and benefit the parties hereto, their successors and assigns.

Delivery Pressure

The Company shall endeavor to deliver Gas to Customer at the Point of Delivery at a pressure of not less than \_\_\_\_\_ p.s.i.g.

Bills for Service

Bills and payments shall be rendered in accordance with the Rules and Regulations section of the Company's currently effective FPSC Tariff.



Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.119

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***N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

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Assignment

Customer shall not assign this Agreement or any portion hereof, or any of its rights and obligations under this Agreement without the express written permission of the other party.

Headings and Captions

The headings and captions in this Agreement are for convenience and shall not constitute a part of the Agreement or be considered interpretive of the Agreement.

Performance

The failure of either Party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of or estoppel against asserting the right to require such performance in the future, nor shall a waiver or estoppel in any one instance constitute a waiver or estoppel with respect to a later breach of a similar nature or otherwise.

Governmental Agencies

Governmental agencies that are Customers under this Agreement may attach a Rider detailing matters that are required to be included by such agencies pursuant to Florida Law. The Rider is to be prepared at Customer's expense and submitted in duplicate as an attachment to this Agreement.

Interpretation

This Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, without regard to principles of conflict of law.

Settlement of Disputes

The parties desire to resolve disputes arising out of this Agreement without litigation. Accordingly, except for any 1) dispute which is subject to the exclusive jurisdiction of the Florida Public Service Commission, 2) action seeking a restraining order or an injunction related to the purposes of the Agreement, and 3) suit to compel compliance with this dispute resolution process, the parties agree to use the following dispute resolution procedure as their sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.120

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***N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

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At the written request of a party, each party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising under this Agreement. The parties intend that these negotiations be conducted by non-lawyer, business representatives. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, which shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in evidence in the arbitration or lawsuit.

If the negotiations do not resolve the dispute within sixty (60) days of the initial written request, the dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. A party may demand such arbitration in accordance with the procedures set out in those rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section. Each party may submit in writing to a party, and that party shall so respond to, a maximum of thirty-five (35) (none of which may have subparts) of the following: interrogatories, demands to produce documents, or requests for admission. Each party is also entitled to take the oral deposition of one individual of another party. Additional discovery may be permitted upon mutual agreement of the parties. The arbitration hearing shall be commenced within sixty (60) days of the demand for arbitration. The arbitration shall be held in West Palm Beach, Florida for West Palm Beach Customers and in Debary, Florida for Mid-Florida Customers. The arbitrator shall control the scheduling so as to process the matter expeditiously. The parties may submit written briefs. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings. The times specified in this section may be extended upon mutual agreement of the parties or by the arbitrator upon a showing of good cause. Judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

Each party shall bear its own costs of these procedures. A party seeking discovery shall reimburse the responding party the costs of production of documents (including search time and reproduction costs). The parties shall equally split the fees of the arbitration and the arbitrator.

The venue for any action at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement, shall be in Palm Beach County, Florida.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed the day and year first written above.

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

Effective: March 1, 2023

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.121

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***N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

---

Florida Public Utilities Company

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

CUSTOMER

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.122

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***N. CONTRACT TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

---

**EXHIBIT A  
TO THE CONTRACT TRANSPORTATION SERVICE AGREEMENT BY AND  
BETWEEN [INSERT APPLICABLE COMPANY NAME]  
AND \_\_\_\_\_**

CAPACITY RELEASE QUANTITIES – MMBTUS PER DAY

JAN _____	FEB _____	MAR _____
APR _____	MAY _____	JUN _____
JUL _____	AUG _____	SEP _____
OCT _____	NOV _____	DEC _____

TRANSPORTATION SERVICE PROVIDER \_\_\_\_\_

POI Number \_\_\_\_\_

**COMPANY'S RECEIPT POINT**

Customer shall deliver natural Gas to Company at:

\_\_\_\_\_  
Point Name

**COMPANY'S DELIVERY POINT**

Company shall deliver natural Gas to Customer at Company owned Meter located at:

\_\_\_\_\_  
Customer's Service Address, City, State, Zip code

MONTHLY MINIMUM BILL QUANTITY (THERMS), IF APPLICABLE

\_\_\_\_\_

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.123

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***O. TRANSPORTATION SERVICE AGREEMENT***

---

**FLORIDA PUBLIC UTILITIES COMPANY  
TRANSPORTATION SERVICE AGREEMENT**

This Agreement entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Florida Public Utilities Company, herein after referred to as "Company" and:

Company Name: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Contact Person & Title: \_\_\_\_\_  
Mailing Address: \_\_\_\_\_  
Telephone Number: \_\_\_\_\_  
E-mail Address: \_\_\_\_\_

Herein referred to as "Customer."

**WITNESSETH:**

Subject to the terms and conditions contained herein, Company agrees to sell or deliver and Customer agrees to purchase or pay for services required by Customer under Company's Rate Schedule \_\_\_\_\_, \_\_\_\_\_.

Term of Agreement

Service under this Agreement shall commence on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, or on the first day following the date the Company completes the installation of necessary Mains, meters, and other essential equipment to service the Customer, whichever is later. This Agreement will remain in effect for an initial term of year(s) beginning with the commencement of service by the Company, and thereafter from year to year. At any time after the initial term, either party may terminate this contract by giving written notice of termination (specifying a termination date at the end of such contract year or any contract yearly period thereafter) upon at least sixty (60) days prior notice.

Duly Constituted Authorities

The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the FPSC.

Tariff for Gas Service

All terms and conditions set forth in Company's FPSC Tariff are incorporated herein by reference. All services are subject to the Rules and Regulations of Company's FPSC Tariff and more specifically by the conditions contained in the Rate Schedule elected herein. Copies of

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

Effective: March 1, 2023

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.124

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***O. TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

---

Company's FPSC Tariff are available for public reference during normal business hours at each of the Company's natural Gas offices.

Type of Service

The service contemplated hereunder is of an Industrial or commercial character and Company does not guarantee it to be free from interruption or that the chemical composition or specific gravity of the Gas delivered may not vary from time to time. The Customer agrees to provide and maintain suitable safety and control equipment on Customer's facilities and equipment and to use only equipment of a character to ensure safe utilization of Gas sold or delivered hereunder. In case the supply of Gas is interrupted by any cause, Company shall not be held liable for damages on account of such interruption or any consequences resulting there from or from the restoration of service thereafter.

Full Requirements

Customer agrees Customer shall transport all of their natural gas quantity requirements through Company's distribution system. Regulated Sales Service shall not be available from the Company.

Responsibility and Liability

The Company and Customer do respectively assume full liability for the maintenance and operation of facilities operated by each party. Each party shall indemnify and save harmless the other from any and all loss or damage sustained, and from any and all liability including injury to persons and property insured, arising from any act or accident in connection with the installation, presence, maintenance and operation of facilities operated by the indemnifying party unless the same shall be due to the sole negligence of the other party, its agents, employees, contractors, guests or invitees.

Notices

All correspondence and notices required under this Agreement, except notice of Gas supply interruption or restoration of service are to be addressed at the above listed address or e-mail address and to Company at Florida Public Utilities Company, Energy Logistics Department PO Box 960, Winter Haven, Florida 33882. Notices with respect to interruption or restoration of deliveries of Gas shall be sufficient if given by Company, at the Company's option, in writing or orally in person or by telephone to the person or one of the persons designated from time to time by Customer as authorized to receive such notice. If Customer shall not have made such designation or, if made, Company is unsuccessful in its effort promptly to establish communication with the person or one of the persons so designated then in any such event, said notice shall be sufficient if given by Company to any person or persons who are on said premises

Florida Public Utilities Company  
FPSC Tariff  
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---

***O. TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

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or who answer Customer's telephone.

Customer Designation of Pool Manager

Customer shall designate a Pool Manager from Company' List of Approved Pool Managers on Company's website. Customer shall deliver a Letter of Authorization with a duly authorized signature acknowledging such election to the selected Pool Manager.

Point of Receipt and Point of Delivery

ITS Customers or Customer's Designee will cause Customer's natural Gas to be delivered to Company's Point of Receipt as specified in Exhibit A. Customer has requested and Company agrees to receive and transport Customer's natural Gas from the Company's Point of Receipt to the Customer's Point of Delivery as specified in Exhibit A.

Election of Service Level

ITS Customers will elect a Maximum Daily Contract Quantity ("MDCQ") by Month in Exhibit A. If applicable, Customer's Pool Manager will be required to accept a capacity Relinquishment in a quantity equal to the Maximum Daily Contract Quantity elected by Customer.

Monthly Minimum Bill Quantity (Applicable Rate Schedules)

Customers who are served under certain specific rate schedules requiring minimum monthly billing quantities and ITS Customers agree to purchase or receive from Company and Company agrees to sell or deliver to Customer the monthly minimum bill quantity of natural Gas at the Point of Delivery as listed in Exhibit A.

Miscellaneous Provisions

(A) No agent or employee of Company has any power to amend or waive any of the provisions of this Agreement or to make any promise or representation contrary to, or inconsistent with, the provisions hereof. (B) This Agreement with portions included by reference constitutes the entire contract between the parties. (C) This Agreement shall not be binding upon Company until approved and accepted on its behalf by one of its executive officers in the space provided below, and thereafter shall bind and benefit the parties hereto, their successors and assigns.

Delivery Pressure

The Company shall endeavor to deliver Gas to Customer at the Point of Delivery at a pressure of not less than p.s.i.g.

Florida Public Utilities Company  
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Original Sheet No. 8.126

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***O. TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

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Bills for Service

Bills and payments shall be rendered in accordance with the Rules and Regulations section of the Company's currently effective FPSC Tariff.

Assignment

Customer shall not assign this Agreement or any portion hereof, or any of its rights and obligations under this Agreement without the express written permission of the other party.

Headings and Captions

The headings and captions in this Agreement are for convenience and shall not constitute a part of the Agreement or be considered interpretive of the Agreement.

Performance

The failure of either Party to insist upon strict performance of any provision of this Agreement shall not constitute a waiver of or estoppel against asserting the right to require such performance in the future, nor shall a waiver or estoppel in any one instance constitute a waiver or estoppel with respect to a later breach of a similar nature or otherwise.

Governmental Agencies

Governmental agencies that are Customers under this Agreement may attach a Rider detailing matters that are required to be included by such agencies pursuant to Florida Law. The Rider is to be prepared at Customer's expense and submitted in duplicate as an attachment to this Agreement.

Interpretation

This Agreement shall be interpreted, construed, and governed by the laws of the State of Florida, without regard to principles of conflict of law.

Settlement of Disputes

The parties desire to resolve disputes arising out of this Agreement without litigation. Accordingly, except for any 1) dispute which is subject to the exclusive jurisdiction of the Florida Public Service Commission, 2) action seeking a restraining order or an injunction related to the purposes of the Agreement, and 3) suit to compel compliance with this dispute resolution process, the parties agree to use the following dispute resolution procedure as their



Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.127

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***O. TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

---

sole remedy with respect to any controversy or claim arising out of or relating to this Agreement or its breach.

At the written request of a party, each party will appoint a knowledgeable, responsible representative to meet and negotiate in good faith to resolve any dispute arising under this Agreement. The parties intend that these negotiations be conducted by non-lawyer, business representatives. The location, format, frequency, duration, and conclusion of these discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for the purposes of settlement, exempt from discovery and production, which shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in evidence in the arbitration or lawsuit.

If the negotiations do not resolve the dispute within sixty (60) days of the initial written request, the dispute shall be submitted to binding arbitration by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. A party may demand such arbitration in accordance with the procedures set out in those rules. Discovery shall be controlled by the arbitrator and shall be permitted to the extent set out in this section. Each party may submit in writing to a party, and that party shall so respond to, a maximum of thirty-five (35) (none of which may have subparts) of the following: interrogatories, demands to produce documents, or requests for admission. Each party is also entitled to take the oral deposition of one individual of another party. Additional discovery may be permitted upon mutual agreement of the parties. The arbitration hearing shall be commenced within sixty (60) days of the demand for arbitration. The arbitration shall be held in West Palm Beach, Florida for West Palm Beach Customers and in Debary, Florida for Mid-Florida Customers. The arbitrator shall control the scheduling so as to process the matter expeditiously. The parties may submit written briefs. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings. The times specified in this section may be extended upon mutual agreement of the parties or by the arbitrator upon a showing of good cause. Judgement upon the award rendered by the arbitrator may be entered in any court having jurisdiction.

Each party shall bear its own costs of these procedures. A party seeking discovery shall reimburse the responding party the costs of production of documents (including search time and reproduction costs). The parties shall equally split the fees of the arbitration and the arbitrator.

The venue for any action at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement, shall be in Palm Beach County, Florida.

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FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.128

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***O. TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

---

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be duly executed the day and year first written above.

Attest:

Florida Public Utilities Company

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Attest:

CUSTOMER:

\_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.129

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***O. TRANSPORTATION SERVICE AGREEMENT - CONTINUED***

---

**EXHIBIT A  
TO THE TRANSPORTATION SERVICE AGREEMENT BY AND BETWEEN [INSERT  
APPLICABLE COMPANY NAME]  
AND \_\_\_\_\_**

CAPACITY RELEASE QUANTITIES – MMBTUS PER DAY

JAN _____	FEB _____	MAR _____
APR _____	MAY _____	JUN _____
JUL _____	AUG _____	SEP _____
OCT _____	NOV _____	DEC _____

TRANSPORTATION SERVICE PROVIDER \_\_\_\_\_

POI Number \_\_\_\_\_

**COMPANY'S RECEIPT POINT**

Customer shall deliver natural Gas to Company at:

\_\_\_\_\_  
Point Name

**COMPANY'S DELIVERY POINT**

Company shall deliver natural Gas to Customer at Company owned Meter located at:

\_\_\_\_\_  
Customer's Service Address, City, State, Zip code

MONTHLY MINIMUM BILL QUANTITY (THERMS), IF APPLICABLE

\_\_\_\_\_

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FPSC Tariff  
Original Volume No. 2

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*P. ITS and OS-DPO SHIPPER DESIGNEE FORM*

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**ITS or OS-DPO  
Shipper Designee Form**

\_\_\_\_\_ (“Shipper”) hereby notifies Florida Public Utilities Company (“Company”) that \_\_\_\_\_ (“Designee”) as its Agent to perform the following identified (i.e., marked with an “X”) obligations of Shipper as provided by the Company Tariff and the OS-DPO Shipper Agreement:

- |                                          |                                                        |
|------------------------------------------|--------------------------------------------------------|
| <input type="checkbox"/> Invoice/Payment | <input type="checkbox"/> Monthly Imbalance Resolution  |
| <input type="checkbox"/> Nominations     | <input type="checkbox"/> Operator Order Responsibility |

Shipper, Designee, and Company hereby agree, for all purposes relating to the functions identified above, that:

1. The designation by Shipper of Agent as Shipper’s Agent shall be effective as of the beginning of the day commencing on \_\_\_\_\_.
2. Communications by Company to Designee shall be deemed to be notice to Shipper. Company has the right to rely on any written or verbal communication from Designee.
3. Designee shall perform the functions identified above in a manner consistent with Company’s Tariff on file with the Florida Public Service Commission (FPSC), as the same may be amended from time to time.
4. Shipper shall remain liable to Company (a) with respect to any act or omission of Designee in the performance of the functions identified above and, (b) for all charges arising from services provided to Shipper by Company as provided by Company’s FPSC Tariff and/or OS-DPO Shipper Agreement. Shipper shall indemnify, hold harmless and defend Company from and against any and all acts or omissions of Designee.

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

Effective: March 1, 2023

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***P. ITS and OS-DPO SHIPPER DESIGNEE FORM - CONTINUED***

<b>SHIPPER INFORMATION (Full Company Legal Name)</b>	<b>DESIGNEE INFORMATION (Full Company Legal Name)</b>
SHIPPER:	DESIGNEE:
DUNS NO:	DUNS NO:
COMPANY ACCOUNT NO.	COMPANY ACCOUNT NO.
MAILING ADDRESS:	MAILING ADDRESS:
CITY:	CITY:
STATE AND ZIP CODE:	STATE AND ZIP CODE:
CONTACT PERSON:	CONTACT PERSON:
TELEPHONE:	TELEPHONE:
E-MAIL:	E-MAIL:

For Shipper:

For Designee:

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

Accepted for Company

By: \_\_\_\_\_

Date: \_\_\_\_\_

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***Q. CI POOL MANAGER – CUSTOMER TERMINATION NOTICE***

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**CI Pool Manager – Customer Termination Notice**

**Date:** \_\_\_\_\_

**CI Pool Manager:** \_\_\_\_\_

CI Pool Manager provides notice to Florida Public Utilities Company (“Company”) that Gas supply service to the following Customer shall be terminated as provided by Company’s FPSC Tariff:

**Customer Name:** \_\_\_\_\_

**Service Location:** \_\_\_\_\_

**Customer Account No:** \_\_\_\_\_

**Effective Date of Termination:**  
\_\_\_\_\_

*Note: A separate termination notice must be provided for each Company account.*

A copy of this notice may be provided to the above listed Customer by Company. CI Pool Manager is responsible for providing notice to Customer of its Gas supply service termination.

Executed for CI Pool Manager:

By \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Accepted by Company: \_\_\_\_\_

Date: \_\_\_\_\_

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*R. LETTER OF AUTHORIZATION*

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Florida Public Utilities Company  
Attn: Energy Logistics Department  
PO Box 960  
Winter Haven, Florida 33882

Date: \_\_\_\_\_

**Florida Choice Aggregated Transportation Agreement  
Letter of Authorization ("LOA")**

Full legal name: \_\_\_\_\_

Address: \_\_\_\_\_

City/St/Zip: \_\_\_\_\_ E-mail: \_\_\_\_\_

Phone: \_\_\_\_\_

Contact name: \_\_\_\_\_ Title: \_\_\_\_\_

Account number – one per LOA: \_\_\_\_\_

Billing address: \_\_\_\_\_

If different from above

City/St/Zip \_\_\_\_\_

Service Area: Indiantown \_\_\_\_\_ CFG \_\_\_\_\_ FPUC & Ft. Meade \_\_\_\_\_

This letter constitutes a formal request by the undersigned, "Customer," for Transportation Service pursuant to Florida Public Utilities Company's, as applicable (the "Company" or "CUC") provisions of the Company's Tariff, on file with the Florida Public Service Commission, as the same may be amended from time to time (the "Tariff") for the above account number(s).

Pool Manager: \_\_\_\_\_

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

Effective: March 1, 2023

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*R. LETTER OF AUTHORIZATION - CONTINUED*

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- Customer authorizes Company to release to the Pool Manager named above, the twelve-Month historic Gas usage for the above account number(s).
- Customer has entered, or intends to enter, into one or more agreement(s) with Pool Manager providing for Pool Manager's delivery of the Gas purchased by Customer from or through Pool Manager to Company. Delivery of the Gas takes place pursuant to a separate CI Pool Manager Agreement between Company and Pool Manager (the "Pool Manager Agreement").
- Provided the Pool Manager Agreement is in effect at the time Gas is tendered to Company by or on behalf of Pool Manager for Customer's account(s) listed above, Company will transport Gas delivered for such account(s) pursuant to the applicable provisions of Company's Tariff.
- Subject to the terms of this Agreement, this service shall continue until the Customer, Pool Manager or Company gives written notice to the others of termination of this agreement. If this Agreement is terminated for any reason as it applies to Gas to be delivered for Customer's account(s), and Customer has not executed a service contract with another Pool Manager, Company has the right to immediately reassign Customer to CUC's regulated sales service or CUC's Transitional Transportation Service (TTS) Customer Pool, as applicable.
- In the event the Pool Manager terminates its agreement with the Customer, the Customer may select a new Pool Manager. CFG Customer understands that it may select a new Pool Manager or terminate participation in the Florida Choice Program and enter the TTS Customer Pool by providing a thirty-day written notice to Company. Ft. Meade and FPUC Service Area Customers will be charged a \$23.00 fee if a Pool Manager is changed after its initial designation.
- CI Customer understands that it is responsible for the payment of all bills rendered to Customer by Pool Manager, and that each Pool Manager's bill for Gas purchased by Customer will be rendered separately from Company's CI Customer's bill(s) for Transportation Service. It is the Customer's obligation to make payments to the Company (or to an Authorized Payment Agent of the Company) of all bills rendered. Payment by a Customer to a third-party (including a third-party Gas supplier) which has not been designated by Company as an Authorized Payment Agent will not satisfy the Customer's obligation to make payment of Company's bill for Transportation service.
- The undersigned Pool Manager agrees that it will keep confidential, and not use or disclose to any person not named herein, information released pursuant to the above authorization, or information received from the above Customer, except to the extent necessary to deliver Gas to Company for transportation to the above Customer account(s), or as may be required by law (in which case Pool Manager will provide notice to Company prior to making such disclosure).

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***R. LETTER OF AUTHORIZATION - CONTINUED***

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Customer: \_\_\_\_\_

Pool Manager: \_\_\_\_\_

Print name: \_\_\_\_\_

Print name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**Pool Manager agrees to maintain the original copy of this LOA and present it upon  
Company request.**

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***R. LETTER OF AUTHORIZATION - CONTINUED***

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**Letter of Authorization  
Attachment "A"  
If Enrolling Additional Active Company Locations**

Please provide the following information for each location.

DBA: \_\_\_\_\_ Customer's Initials: \_\_\_\_\_

Service Address: \_\_\_\_\_ Billing Address: \_\_\_\_\_

City, State, Zip Code: \_\_\_\_\_ Account No. \_\_\_\_\_

The above information can be duplicated for multiple locations.

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***S. REQUEST TO RETURN TO REGULATED SALES SERVICE***

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**REQUEST TO RETURN TO REGULATED SALES SERVICE**

Date: \_\_\_\_\_

Customer Name: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Account Number: \_\_\_\_\_

This will serve as notice to Chesapeake Utilities, Florida Division that the above Customer requests to return to Regulated Sales Service on \_\_\_\_\_, which does not predate the date of this notice. Customer can provide this Notice via email to [cfgascontrol@chpk.com](mailto:cfgascontrol@chpk.com) or other email as designated by Company.

A COPY OF THIS NOTICE WILL BE FORWARDED TO POOL MANAGER UPON APPROVAL BY COMPANY.

CUSTOMERS' ACCOUNTS THAT RETURN TO REGULATED SALES SERVICE WILL BE SUBJECT TO A SECURITY DEPOSIT REVIEW AND SUBSEQUENTLY CHARGED ANY ADDITIONAL DEPOSIT REQUIREMENTS TO THEIR ACCOUNT.

EACH PERSON WHOSE SIGNATURE APPEARS BELOW, represents, and warrants that he or she has authority to bind the party on whose behalf he or she has executed this document.

\_\_\_\_\_  
Customer Signature

\_\_\_\_\_  
Company Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT***

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**OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT**

This OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT ("Agreement") is made and entered into on \_\_\_\_\_, to be effective on the first day of the Month of \_\_\_\_\_ (the "Effective Date"), by Florida Public Utilities Company and hereinafter referred to as "Company", and \_\_\_\_\_ a \_\_\_\_\_ corporation hereinafter referred to as "Shipper".

**WITNESSETH:**

**WHEREAS**, Company serves as Delivery Point Operator for several Delivery Points on Florida Gas Transmission Company and Gulfstream Natural Gas System, L.L.C., (collectively referred to herein as "Transportation Service Provider") interstate pipeline systems, as provided by the General Terms and Conditions of Transportation Service Provider's Federal Energy Regulatory Commission ("FERC") Tariff; and

**WHEREAS**, Shipper desires to designate Company as Delivery Point Operator for the Delivery Point and Company wishes to serve as such and Transportation Service Provider has accepted Company as the designated Delivery Point Operator,

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements herein contained; the parties agree as follows:

**ARTICLE I - Definitions**

Unless another definition is expressly stated within this Agreement, the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained or attached to this agreement, are intended to and will mean as follows:

**1.1 "Delivery Point"**

means the point at the connection of the facilities of Transportation Service Provider and Shipper's facility, at which the Gas leaves the outlet side of the measuring equipment of Transportation Service Provider and enters Shipper's facility, such facility designated as \_\_\_\_\_ by Transportation Service Provider.

**1.2 "Receipt or Delivery Imbalance"**

means scheduled receipts or deliveries that exceed or are below the actual receipts or deliveries at the Delivery Point, as defined by the Company Florida FPSC Tariff provisions.

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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**1.3 "Month"**

means a period beginning at 9:00 a.m. CCT on the first day of a calendar Month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar Month; provided that, in the event of a change in the definition ' of the corresponding term in Company's FPSC Tariff, this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said Tariff.

**1.4 "Operational Order"**

means an Alert Day Notice, Operational Flow Order, Pack or Draft Notice, Curtailment Order or Other Operational Control Order or any other notice or order requiring action on the part of Shipper relative to scheduled or delivered Gas quantities, in accordance with Transportation Service Provider's FERC Tariff and/or Company's FPSC Tariff.

**ARTICLE II - Scope of Service**

**2.1** Company, as Delivery Point Operator designee for the Delivery Point, shall execute such documents as are required by the Transportation Service Provider's FERC Gas Tariff to assume the obligations of Delivery Point Operator for the Delivery Point.

**2.2** Company shall administer the Delivery Point in accordance with the provisions of the Transportation Service Provider's FERC Tariff, the Company Tariff, as applicable. Resolution of Monthly Receipt or Delivery Imbalances at the Delivery Point shall be in accordance with Company's FPSC Tariff. Each Month, as provided by Tariff, Company shall provide to Shipper a statement of any Receipt or Delivery imbalance credits or charges and any Operational Order credits or charges for the preceding Month. Company shall provide timely notice to Shipper of any Operational Orders issued by Transportation Service Provider or Company that affect the Delivery Point in accordance with the Operator Order notice provisions of Company's FPSC Tariff.

**2.3** It is expressly understood that Company shall provide Delivery Point Operator services as an administrative convenience for Shipper and to facilitate Monthly imbalance resolution and Operational Order compliance. For Receipt or Delivery Imbalance resolution and Operator Order purposes, Company shall, to the extent authorized by Company's FPSC Tariff, consider Gas quantities scheduled and delivered at the Delivery Point to be part of Shipper's aggregate Gas quantities scheduled and delivered to Company Delivery Points. Shipper shall be solely responsible for resolving Receipt or Delivery Imbalances, and responding to any Transportation Service Provider Operational Orders, such response to include but not be limited to increasing or decreasing scheduled or delivered Gas quantities at the Delivery Point as may be required by Transportation Service Provider and/or Company notice. Company shall include any charges and credits for Receipt or Delivery Imbalance resolution and Operator Orders related to the Delivery

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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Point in Shipper's aggregated Monthly Operational Balancing Statement. Company shall render such statement to Shipper within fifteen (15) days of the end of a Month. Shipper shall remit payment to Company within ten (10) days of the Company bill statement date.

**ARTICLE III - Indemnification**

**3.1** For value received and to induce Company to enter into this Agreement, Shipper agrees to protect, defend (at Shipper's expense and by counsel satisfactory to Company), indemnify, and save and hold harmless Company, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses of investigating and defending any claim at any time arising and any final judgments, compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of Company's rights hereunder) incurred by Company in connection with or arising out of or resulting from or relating to or incident to:

1. any breach of any of the representations, warranties, or covenants of Shipper contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto, specifically including but not limited to:
  - a. any Transportation Service Provider penalties or other expenses or liabilities for unauthorized overrun or underrun Gas, for imbalances on a pipeline system, for failure to comply with Transportation Service Provider's FERC Tariff, or for failure to comply with Transportation Service Provider's FERC Tariff, or for failure to comply with a Curtailment notice or to take deliveries as scheduled; and
  - b. any claim by a Gas-supplier of other party contesting Shipper's warranty of title to Gas and related obligations;
2. any claim by a creditor of Shipper as a result of any transaction pursuant to or contemplated by this Agreement;
3. any claim against Company relating to any obligation or liability of Shipper, or its affiliates, or any of them of any kind or nature;
4. Any taxed of any federal, state, or local jurisdiction related to Gas supply and/or Transportation Service Provider capacity upstream of Company's distribution systems

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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In the event that any claim or demand for which Shipper would be liable to Company hereunder is asserted against or sought to be collected from Company by a third party, Company shall promptly notify Shipper of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). Shipper shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify Company:

1. Whether or not it disputes its liability to Company hereunder with respect to such claim or demand; and,
2. Whether or not it desires, at its sole cost and expense, to defend Company against such claim or demand.

In the event the Shipper notifies Company within the Notice Period that it desires to defend Company against such claim or demand and except as hereinafter provided, Shipper shall have the right to defend Company by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Shipper to a final conclusion in any manner as to avoid any risk of Company becoming subject to any liability for such claim or demand or for any other matter. If Company desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Shipper elects not to defend Company against such claim or demand, whether by not giving Company timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Shipper or by Company (Company having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful, shall be conclusively deemed to be a liability of Shipper and subject to indemnification as provided hereinabove.

**3.2** For value received and to induce Shipper to enter into this Agreement, Company agrees to protect, defend (at Company's expense and by counsel satisfactory to Shipper), Indemnify, and save and hold harmless Shipper, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses of investigating and defending any claim at any time arising and any final judgments, compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of Shipper's rights hereunder) incurred by Shipper in connection with or arising out of or resulting from or relating to or incident to:

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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1. any breach of any of the representations, warranties, or covenants of Company contained in this Agreement or in and Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto;
2. any claim by a creditor of Company as a result of any transaction pursuant to or contemplated by this Agreement;
3. any claim against Shipper relating to any obligation or liability of Company, or its affiliates, or any of them of any kind or nature; and,

In the event that any claim or demand for which Company would be liable to Shipper hereunder is asserted against or sought to be collected from Shipper by a third party, Shipper shall promptly notify Company of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). Company shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify Shipper:

1. whether or not it disputes its liability to Shipper, hereunder with respect to such claim or demand; and,
2. whether or not it desires, at its sole cost and expense, to defend Shipper against such claim or demand.

In the event that Company notifies Shipper within the Notice Period that it desires to defend Shipper against such claim or demand and except as hereinafter provided, Company shall have the right to defend Shipper by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Company to a final conclusion in any manner as to avoid any risk of Shipper becoming subject to any liability for such claim or demand or for any other matter. If Shipper desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Company elects not to defend Shipper against such claim or demand, whether by not giving Shipper timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Company or by Shipper (Shipper having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful, shall be conclusively deemed to be a liability of Company and subject to indemnification as provided herein above.

**3.3** The foregoing indemnification and hold harmless agreement shall benefit both parties from the date hereof and shall survive the termination of this Agreement.



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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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**ARTICLE IV - Failure to Perform: Default and Remedies**

**4.1** The following shall constitute an event of default:

1. Either party fails to satisfy in full the terms and conditions of this Agreement;
2. Either party voluntarily suspends the transaction of business where there is an attachment, execution or other judicial seizure of any portion of their respective assets;
3. Either party becomes insolvent or unable to pay its debts as they mature or makes and assignment of the benefit of creditors;
4. Either party files, or there is filed against it, a petition to have it adjudged bankrupt or for an arrangement under any law relating to bankruptcy;
5. Either party applies for or consents to the appointment of a receiver, trustee or conservator for any portion of its properties or such appointment is made without its consent; or
6. Either party engages in unlawful activities.

**4.2** If either party fails to perform its obligations under this Agreement, the non-defaulting party shall notify the defaulting party in writing (the "Default Notice") within three (3) days after the day that the non-defaulting party obtained knowledge of such failure to perform. Each such Default Notice shall describe in detail the act or event constituting the non-performance by the defaulting party. The defaulting party shall have five (5) days after its receipt of the Default Notice to cure any such failure to perform, unless such cure cannot be accomplished using reasonable efforts within said five (5) day period, in which case the defaulting party shall have such additional time as may be necessary, using reasonable efforts, to cure such non-performance (the "Default Cure Period"). Notwithstanding anything herein to the contrary, the Default Cure Period for any default for the non-payment of money shall not exceed five (5) days and for any event of default set forth in Section 4.1 (a) - (I), no cure period shall apply.

**4.3** In the event of a default that is not cured within the Default Cure Period, the non-defaulting party may, at its option, exercise any, some or all of the following remedies, concurrently or consecutively:

1. any remedy specifically provided for in this Agreement, and/or,
2. terminate the Agreement upon written notice to the defaulting party; and/or,
3. any remedy existing at law or in equity.

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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**ARTICLE V – Term**

**5.1** This Agreement shall be in effect for a period of twelve (12) Months beginning on the Effective Date, such period defined herein as the "Annual Period", and thereafter be extended for additional "Annual Periods"; unless either party gives written notice of termination to the other party, *not* less than sixty (60) days prior to the expiration of any "Annual Period". This Agreement may be terminated earlier by either party, with at least sixty (60) days written notice to the other party.

**ARTICLE VI - Rate for Service**

**6.1** Commencing on the Effective Date of this Agreement, and continuing until this Agreement is terminated or expires, Shipper shall pay to Company an Off-System Delivery Point Operator Charge, as provided in Company's approved FPSC Tariff. The DPO Service Charge shall be billed in addition to any Receipt or Delivery Imbalance resolution or Operational Order credits or charges.

**ARTICLE VII – Notices**

**7.1** Except as otherwise provided herein, any notice, request, demand, statement or report pertaining to this Agreement shall be in writing and shall be considered as effective on the receipt date, when delivered by certified or registered mail, an acknowledged electronic mail delivery or express mail service.

**7.2** All communications with respect to this Agreement shall be sent to the following addresses:

**To Chesapeake Utilities Corporation  
Florida Division:**

PO Box 960  
Winter Haven, Florida 33882  
Contact Person:  
Telephone:

**To Shipper:**

Company name \_\_\_\_\_  
Address \_\_\_\_\_  
City, State Zip code \_\_\_\_\_  
Contact Person: \_\_\_\_\_  
Telephone: \_\_\_\_\_

**ARTICLE VIII - Tariff Revision**

**8.1** Nothing contained in this Agreement shall prevent Company from proposing to, and filing with, the FPSC: (i) revisions to any effective rate schedule, (ii) superseding rate schedules, or (iii) any other modifications to its Tariff for the purpose of changing the rates, charges and

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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general terms and conditions applicable to services provided under the provisions of the Company FPSC Tariff, including the terms and conditions of this Agreement. Nothing contained in this Agreement shall prevent Shipper from opposing any changes, revisions or modifications contained in any proposal or filing made by Company to or with the FPSC that affect the charges or other provisions applicable to service provided under this Agreement, or from pursuing any other available legal remedy with respect to such changes, revisions or modifications.

**ARTICLE IX - Mutually Beneficial Transactions**

**9.1** Shipper recognizes that as Delivery Point Operator for the Delivery Point, Company is subject to the rules and regulations of Transportation Service Providers with regard to operational flow rates, pressures and penalties. As such, Company may need the Shipper to vary its daily deliveries from the scheduled delivery quantities. On those occasions, Company may request, at its sole discretion, and the Shipper may agree to a change to the Shipper's nominated Gas supply quantities and Transportation Service Provider's pipeline capacity. Terms and conditions of such transactions shall be agreed upon at the time of the transaction and shall be recorded and confirmed in writing within two Business Days after the transaction.

**ARTICLE X – Miscellaneous**

**10.1 Entire Agreement:** This Agreement, including the exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

**10.2 Governing Law, Rules and Regulations:** This Agreement shall be construed in accordance with the laws of the State of Florida, without regard to its choice of law rules; and, the terms and conditions of the Company FPSC approved Tariff, and Transportation Service Provider's FERC Tariff, as amended from time to time.

**10.3 Amendments:** Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought, such amendments subject to the approval of the FPSC. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 7.2 shall not be deemed nor require an amendment of this Agreement-provided such change is communicated in accordance with Section 7.1 of this Agreement.

**10.4 Legal Fees:** In the event of litigation between the parties hereto arising out of or in

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***T. OFF SYSTEM DELIVERY POINT OPERATOR AGREEMENT - CONTINUED***

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connection with this Agreement, then the reasonable attorneys' fees and costs of the party prevailing in such litigation shall be paid by the other party.

**10.5 Independent Parties:** Company and Shipper shall perform hereunder as independent parties and neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venture, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

**10.6 Assignment and Transfer:** No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations.

**10.7 Counterparts:** This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

IN WITNESS WHEREOF the parties have duly executed this Agreement in multiple originals, effective as if the Effective Date provided above.

**Chesapeake Utilities Corporation,  
Florida Division**

**Shipper**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

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

Effective: March 1, 2023

Florida Public Utilities Company  
FPSC Tariff  
Original Volume No. 2

Original Sheet No. 8.147

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*U. OFF SYSTEM SALES LETTER AGREEMENT*

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**OFF SYSTEM SALES LETTER AGREEMENT**

Date \_\_\_\_ / \_\_\_\_ / \_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

City, State, Zip Code \_\_\_\_\_

Dear \_\_\_\_\_,

As was verbally requested by \_\_\_\_\_ on \_\_\_\_\_, 20\_\_\_\_, \_\_\_\_\_ (“Customer”) desires to purchase up to \_\_\_\_\_ MMBtu per day of natural Gas, pipeline capacity and / or delivered natural Gas from Florida Public Utilities Company (“Company”) for the term beginning \_\_\_\_\_, 20\_\_\_\_ and ending \_\_\_\_\_, 20\_\_\_\_. Company is will and able to deliver such quantity of natural Gas directly to Customer for the specified term pursuant to Company’s Rate Schedule OSSS-1 a copy of which is attached here to and becomes part hereof and under the terms and conditions of this agreement. Company will purchase gas supply and/or release Transportation Service Provided interstate pipeline capacity for necessary quantities of Gas supply and capacity and, if applicable nominate the necessary quantity of transportation capacity at Receipt and Delivery Points on the interstate pipeline system of \_\_\_\_\_ in order to effectuate this transaction. This Letter Agreement expresses the mutual understanding of Company and Customer with respect to the terms to apply to such deliveries of natural gas.

In consideration of the mutual benefits set forth herein, this Letter Agreement is being made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between Company and Customer, in accordance with the following terms and conditions:

**1. Daily Delivery Quantity:**

Customer shall make a reasonable effort to nominate supplies evenly throughout the term of this Agreement, subject to the requirements of Transportation Service Provider’s Tariff, including but not limited to Nomination changes for monthly balancing, “Alert Days”, and plant operations. The Daily Delivery Quantity may be changed by mutual agreement of the parties.

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

Effective: March 1, 2023

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***U. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED***

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**2. Term:**

Company shall arrange for the delivery of the Daily Delivery Quantity of natural Gas purchased by Customer under this Letter Agreements during the above referenced term; after which this Letter Agreement shall continue in force thereafter subject to termination by either party on fifteen (15) days' notice.

**3. Delivery Point:**

Company shall deliver all-natural Gas under this letter Agreement directly to Customer's Delivery Point number(s) \_\_\_\_\_ on the \_\_\_\_\_ pipeline system.

**4. Authorization to Make Direct Deliveries:**

The natural Gas purchased by Customer pursuant to this Letter Agreement will be transported by \_\_\_\_\_ under Company's firm Transportation Service Agreement. In accordance with the Transportation Service Provider's currently effective Federal Energy Regulatory Commission ("FERC") Tariff. Company will exercise its alternate Delivery Point rights so that, upon Transportation Service Provider approval, Transportation Service Provider will deliver the natural Gas directly to Customer at the Delivery Point(s) set forth above. Customer shall be responsible for any applicable reporting or filings to be made with Federal or State governmental authorities associated with this transaction. Company retains the right to recall these volumes upon two (2) hours prior notice to Customer. This supply is fully Interruptible and will be made on a best efforts basis. Interruption and may be due to, but not limited to, the necessity of Company to use said Gas supply and/or capacity to service Customers behind its City Gate(s), loss of supply, unfavorable pipeline conditions, etc.

**5. Billing and Payment:** Company and Customer agree that the charge for the gas services provided under this Letter Agreement shall be as follows:

<u>Description</u>	<u>MMBtu/Day</u>	<u>Charge</u>
Commodity Cost of Gas	See below	See following text
Reservation Charge	DDQ	\$ _____ per MMBtu
Usage Charge	DDQ	\$ _____ per MMBtu
Company Administration Charge See below		\$ _____ per MMBtu
TOTAL CHARGE _____		Sum of items 1 through 4

NOTE: As nominated for delivery to Transportation Service Provider as indicated on Exhibit A.

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Issued by: Jeffrey Sylvester, Chief Operating Officer  
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***U. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED***

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The commodity cost of Gas for supplies nominated (if applicable) to be delivered starting with the first day of each Month shall be priced using the price posted per MMBtu in \_\_\_\_\_ plus \$ \_\_\_\_\_ per MMBtu until the first interruption of flowing Gas.

Thereafter, Gas supplies which start flowing after the first of each Month shall be priced using the \_\_\_\_\_ plus \$ \_\_\_\_\_ per MMBtu. The commodity cost of Gas shall be determined in accordance with \_\_\_\_\_.

The "Total Charge" set forth above includes the amount to be charged by Company to Customer for the natural Gas commodity, the applicable reservation and usage charges under the applicable Transportation Service Provider's FERC Gas Tariff, as well as all applicable surcharges under Transportation Service Provider's FERC Gas Tariff.

In addition to the "Total Charge" set forth above, Customer shall remit to Company any incremental charges that Company may incur as a result of the services provided under this Letter Agreement, to include, but not be limited to, any charge imposed by Transportation Service Provider directly related to this transaction, such as for imbalances and fuel reimbursement, reporting or filing fees associated with this transaction, and such other charges, fees, or assessments, including Federal and State taxes, authorized by governmental authorities.

Customer shall pay the "Total Charge", incidental charges, and any other obligations that arise as a result of this Letter Agreement, regardless of whether Customer has actually used the Daily Delivery Quantity, so long as Company has arranged for the delivery to Customer of the Daily Delivery Quantity as indicated in Exhibit A.

Customer shall remit payment to Company for the "Total Charge," any incidental charges, and any other obligation that arises as a result of this Letter Agreement within ten (10) calendar days of receipt of invoice from Company at the address set forth below in the "Execution" section of this Letter Agreement. Customer shall be deemed in receipt of Company's invoice upon delivery in person the third Business Day after mailing by registered or certified mail, postage prepaid; the next Business Day after timely delivery to a common carrier service, service fee payable by sending party, for next-day delivery. If Customer fails to pay any amount when due hereunder, Customer shall pay interest on the overdue amount at an annual rate of interest of eighteen (18) percent, calculated from the date that payment is due until the date of remittance hereunder.

**6. Warranty of Title:**

Company warrants that it will have title to the natural Gas sold hereunder from the time it is received at a Receipt Point until delivery to Customer at the Company Receipt Point(s) specified above, at which point(s) title shall pass to Customer.

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***U. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED***

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**7. Force Majeure:**

Force Majeure: The obligations of Company and Customer under this Letter Agreement, and the performance thereof, other than a failure or delay in the payment of money due hereunder, shall be excused during periods of Force Majeure. Force Majeure shall mean acts of God, strikes, lock-outs, or other Industrial disturbances, acts of the public enemy, wars, blockades, insurrections, riots, epidemics, including any government mandated quarantines associated therewith, landslides, sinkholes, earthquakes, fires, storms, floods, washouts, arrests and restraints of governments and people, civil disturbances, explosions, breakage or accident to machinery, generating equipment, or lines of pipe, the necessity for maintenance of or making repairs or alterations to machinery, generating equipment, or lines of pipe, freezing of wells or lines of pipe, failure or depletion of wells, loss or interruption of supply, Curtailment of transportation capacity on the applicable Transportation Service Provider's pipeline system, interruption or unavailability of transportation due to an event constituting Force Majeure under Company's Transportation Service agreement(s) with the applicable Transportation Service Provider, and any other causes, whether of the kind herein enumerated or otherwise, not within the control of the party claiming suspension and which in each of the above cases, by the exercise of due diligence such party is unable to prevent or overcome. The party whose performance is excused by an event of Force Majeure shall promptly notify the other party of such occurrence and its estimated time of duration and shall use all reasonable efforts to remedy such Force Majeure and resume such performance.

**8. Limitation on Liability:**

Neither Customer nor Company shall be liable to the other or to any other party claiming through the other for special, indirect or consequential damages relating to any matter covered by this Letter Agreement.

**9. Entire Agreement:**

This Letter Agreement constitutes the entire agreement between the parties with respect to the sale of natural Gas hereunder to Customer and supersedes all prior agreements and understandings between the parties.

WHEREFORE, in consideration of the foregoing terms and conditions of this Letter Agreement and the mutual benefits to be obtained therefore, the parties hereto have caused this Letter Agreement to be duly executed by their respective authorized officials.

Agreed to this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Witness

\_\_\_\_\_  
Officer

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

Effective: March 1, 2023



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***U. OFF SYSTEM SALES LETTER AGREEMENT - CONTINUED***

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**EXHIBIT "A"  
TO THE OFF-SYSTEM SALES LETTER AGREEMENT  
BY AND BETWEEN  
CHESAPEAKE UTILITES CORPORATION, FLORIDA DIVISION  
AND \_\_\_\_\_**

**DATED \_\_\_\_\_, 20\_\_\_\_**

NOMINATED FOR DELIVERY TO (TRANSPORTATION SERVICE PROVIDER)

\_\_\_\_\_  
MMBtu / DAY \*

DATE(S)

- 1.
- 2.
- 3.

\* INCLUDED FUEL PER TSP'S TARIFF

Chesapeake Utilities Corporation,  
Florida Division

\_\_\_\_\_  
(Customer)

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

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

Effective: March 1, 2023

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***V. CI POOL MANAGER AGREEMENT***

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**CI POOL MANAGER AGREEMENT**

This CI POOL MANAGER AGREEMENT is made and entered into by and between Florida Public Utilities Company hereinafter referred to as “Company” and \_\_\_\_\_, a \_\_\_\_\_ corporation hereinafter referred to as “CI Pool Manager”.

**WITNESSETH:**

WHEREAS, Pool Manager desires to operate as a CI Pool Manager on Company’s Gas distribution system, and is requesting service as provided in Company’s FPSC Tariff,

WHEREAS, Company offers such services under the applicable Rate Schedules and Rules and Regulations of its FPSC Tariff, and

WHEREAS, Company is a party to Service Agreements with Transportation Service Providers;

WHEREAS, CI Pool Manager is an authorized shipper on Transportation Service Providers' interstate Gas transmission system(s), and wishes to ship certain quantities of Gas, on a firm basis, using Company’s relinquished Transportation Service Provider Capacity to Company’s respective Primary Delivery Points to Company's distribution system, for delivery by Company to the Customer Accounts comprising the Customer Pool (as hereinafter defined); and

WHEREAS, Company wishes to temporarily release to CI Pool Manager, and CI Pool Manager wishes to acquire, a portion of Company's Firm Capacity Rights under the Service Agreements, pursuant to the capacity relinquishment provisions of the General Terms and Conditions of Transportation Service Providers' Federal Energy Regulatory Commission ("FERC") Tariffs, the Rules and Regulations of Company's FPSC Tariff, and the terms and conditions of this Agreement, to enable CI Pool Manager to ship Gas hereunder; and

WHEREAS, Company, or its designee, has certain operational and administrative obligations, as the Delivery Point Operator ("DPO") under the Transportation Service Providers FERC Tariffs, the Company FPSC Tariff and this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements herein contained, the parties agree as follows:

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

Effective: March 1, 2023

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*V. CI POOL MANAGER AGREEMENT - CONTINUED*

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1. This Agreement shall be effective on the date authorized by the FPSC for the implementation of Company's Transportation Service Programs and shall continue in effect for a period two (2) years and shall thereafter be extended for additional annual periods; unless either party gives written notice of termination to the other party, not less than ninety (90) days prior to the expiration of the initial term. This Agreement may be terminated earlier: i) at the Company's option in accordance with the provisions of its FPSC Tariff or ii) otherwise in accordance with the provisions of this Agreement and the Parties' respective rights under applicable law.
2. Should any amendment or modification to Company's authority to provide service under the CI Transportation Service program and Company's FPSC Tariff cause the terms and conditions hereof to change such that performance hereunder would be unreasonably burdensome for either party, then such burdened party may, by providing no less than thirty (30) days written notice to the other party, terminate this Agreement, without penalty, effective no earlier than on the first day of the Month subsequent to said thirty (30) day notice period.
3. CI Pool Manager agrees to comply with and be subjected to all the provisions of Company's FPSC Tariff applicable to the service provided to CI Pool Managers by Company.
4. CI Pool Manager understands that Company's Shipper Administrative Services (SAS) is mandatory for all CI Pool Managers. The SAS provides the administrative services related to Gas transportation deliveries. CI Pool Manager shall be billed for services in accordance with Company's SAS rate schedule.
5. Company shall temporarily relinquish to CI Pool Manager, and CI Pool Manager shall acquire, each Month a portion of the Firm Capacity Rights that Company is entitled to relinquish under its Transportation Service Provider Service Agreements, as provided by Company's FPSC Tariff. All capacity relinquishments shall be executed in accordance with the provisions of the respective Transportation Service Provider's FERC Tariff.
6. Except for Force Majeure events or Mutually Beneficial Transactions, as provide by Company's FPSC Tariff, CI Pool Manager shall have a firm obligation to deliver each day to the Company's distribution system, Gas quantities sufficient to meet the demand requirements of Pool Manager's CI Customer Pool(s). Pool Manager shall be obligated to cause sufficient quantities of Gas to be delivered for the Customer Pool each and every day such that scheduled quantities for the Customer Pool remain in reasonable balance with actual consumption. Delivery of all such Gas shall be at the Primary Delivery Point(s) and pathed along the Transportation Service Provider(s) pipeline, as established by the relinquishment notice describing the pipeline capacity release to the Pool Manager

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

Effective: March 1, 2023

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***V. CI POOL MANAGER AGREEMENT - CONTINUED***

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7. and released under the applicable FERC and Transportation Service Provider rules and regulations. The Company shall establish appropriate penalties to be enforced should the Pool Manager fail to perform under Rate Schedule PM. In the event of substantial non-performance, as defined in the Company's Tariff, the Company shall terminate the Pool Manager.
8. If any act or omission of Pool Manager causes Company to incur penalties or other expenses or liabilities for unauthorized overrun Gas, for imbalances on a pipeline system, for a failure to comply with Transportation Service Provider's Tariff, or for a failure to comply with a curtailment notice or to take deliveries as scheduled, Pool Manager will indemnify and reimburse Company for all such amounts which the acts or omissions of Pool Manager or its supplier have caused Company to incur. Nothing herein shall be deemed to foreclose Company from employing other remedies including cessation of deliveries, and Company reserves the right to do so, for the unauthorized consumption of Gas.

9. CI Pool Manager will participate in Company's:

Service Area: Indiantown \_\_\_\_\_ CFG \_\_\_\_\_ FPUC & Ft. Meade \_\_\_\_\_

CI Cycle Read Pool \_\_\_\_\_ Released capacity equal to 100% historical monthly quantities

CI Daily Read Pool \_\_\_\_\_ Released capacity equal to 50% of historical monthly quantities

CI Special Contract Pool \_\_\_\_\_ Capacity released per mutual agreement

10. Notices or communications to CI Pool Manager shall be given to:

Mailing Address:

Attention: \_\_\_\_\_

Telephone: \_\_\_\_\_

E-mail: \_\_\_\_\_

11. This Agreement shall become effective at the start of the Gas Day (as defined in Transportation Service Provider's FERC Tariff) on \_\_\_\_\_.

*Signature Page Follows*

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Florida Public Utilities Company

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***V. CI POOL MANAGER AGREEMENT - CONTINUED***

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IN WITNESS WHEREOF, the parties have duly executed this agreement in multiple originals  
on \_\_\_\_\_.

**Chesapeake Utilities Corporation,  
Florida Division**

**Pool Manager:**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

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***W. TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT***

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**TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT**

This TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT ("Agreement") is made and entered into by and between Chesapeake Utilities, Florida Division and hereinafter referred to as "Company", and \_\_\_\_\_, a \_\_\_\_\_ Corporation hereinafter referred to as "TTS Pool Manager".

**WITNESSETH:**

WHEREAS, Company operates a natural Gas distribution system in the state of Florida; and

WHEREAS, the FPSC has authorized Company to implement Transitional Transportation Service (TTS) Program to certain Customers as provided by Company's FPSC-approved Tariff (the "FPSC Tariff"); and

WHEREAS, Company is thereby authorized to select, through a Request for Proposal process, TTS Pool Managers to provide natural Gas sales service to Customers receiving gas service under the TTS Program; and

WHEREAS, Company is a party to Service Agreements Transportation Service Providers; and

WHEREAS, TTS Pool Manager is an authorized shipper on Transportation Service Provider(s) interstate Gas transmission systems, and wishes to ship certain quantities of Gas, on a firm basis, using Company's relinquished Transportation Service Provider Capacity to Company's respective Primary Delivery Points to Company's distribution system, for delivery by Company to the Customer Accounts comprising the Customer Pool (as hereinafter defined); and

WHEREAS, Company wishes to temporarily release to TTS Pool Manager from time to time, and TTS Pool Manager wishes to acquire from time to time, a portion of Company's Firm Capacity Rights under the Service Agreements, pursuant to the capacity Relinquishment provisions of the General Terms and Conditions of Transportation Service Providers' Federal Energy Regulatory Commission ("FERC") Tariffs, the Rules and Regulations of Company's FPSC Tariff, and the terms and conditions of this Agreement, to enable TTS Pool Manager to ship Gas hereunder; and

WHEREAS, Company, or its designee, has certain operational and administrative obligations, as the Delivery Point Operator ("DPO") under the Transportation Service Providers FERC Natural Gas Tariffs, the Company FPSC Tariff and this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements

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

Effective: March 1, 2023

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*W. TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT -  
CONTINUED*

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herein contained, the parties agree as follows:

**ARTICLE I- DEFINITIONS**

Unless another definition is expressly stated within this Agreement, the following terms and abbreviations, when used in this Agreement and in all exhibits, recitals, and appendices contained or attached to this Agreement, are intended to and will mean as follows:

**1.0 "Customer Account":** means an individual natural Gas Customer included in the Customer Pool.

**1.1 "Customer Pool":** means, the group of Customers who are collectively served by the authorized Pool Manager(s) in accordance with the applicable provisions of the Company's TTS Transportation Service program.

**1.2 "Gas":** means natural Gas or its equivalent conforming to the standards set forth in the "Quality of Gas" section of Company's FPSC approved Tariff.

**1.3 "Month":** means a period beginning at 9:00 a.m. CCT on the first day of a calendar Month and ending at 9:00 a.m. CCT on the first day of the next succeeding calendar Month; provided that, in the event of a change in the definition of the corresponding term in Transportation Service Providers' FERC Tariffs, this definition shall be deemed to be amended automatically so that it is identical at all times to the definition of the corresponding term in said Tariffs.

**1.4 "Service Agreement":** means the agreement for firm Transportation Service between Company and a Transportation Service Provider(s).

**1.5 "Therm":** means a unit of heating value equivalent to one hundred thousand (100,000) British Thermal Units.

**ARTICLE II - Company's Tariff Provisions**

**2.1** TTS Pool Manager agrees to comply with and be subject to all the provisions of Company's FPSC Tariff applicable to the service provided to TTS Pool Manager by Company, including any amendments thereto approved by the FPSC during the term of this Agreement. In the event of any conflict between said provisions of the FPSC Tariff and specific provisions of this Agreement, the latter shall prevail, in the absence of an FPSC Order to the contrary.

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***W. TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT -  
CONTINUED***

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**ARTICLE III - TTS Customer Pool**

**3.1** The TTS Pool Manager shall provide natural Gas sales and management services, in accordance with this Agreement and the FPSC Tariff, to all Residential Customers assigned by Company to the TTS Pool Manager's Customer Pool, and those Residential Customers electing to receive service from the TTS Pool Manager. The TTS Pool Manager shall also provide service to those Non-Residential Customers assigned to the TTS Pool Manager's Customer Pool as provided by Company's FPSC Tariff. The TTS Pool Manager may accept other Non-Residential Customers into the TTS Customer Pool upon the request of the Customer. TTS Customers shall have the option, once within a twelve-Month period, as provided by Tariff, to discontinue service with TTS Pool Manager and select any other approved TTS Pool Manager.

**ARTICLE IV - Capacity Relinquishment**

**4.1** Company shall temporarily relinquish to TTS Pool Manager, and TTS Pool Manager shall accept, each Month a portion of the Firm Capacity Rights that Company is entitled to relinquish under its Transportation Service Provider Service Agreements, as provided by Company's FPSC Tariff. All Capacity Relinquishments shall be executed in accordance with the provisions of the respective Transportation Service Provider's FERC Tariff.

**ARTICLE V - Firm Service**

**5.1** Except for Force Majeure events or Mutually Beneficial Transactions, as provided by Company's FPSC Tariff, TTS Pool Manager shall have a firm obligation to delivery each day to the Company's distribution system, Gas quantities sufficient to meet the demand requirements of the TTS Customer Pool. Delivery of all such Gas shall be at the Primary Delivery Point(s) and pathed along the Transportation Service Provider(s) pipeline, as established by the relinquishment notice describing the pipeline capacity release to the Pool Manager and released under the applicable FERC and Transportation Service Provider rules and regulations. The Company shall establish appropriate penalties to be enforced should the Pool Manager fail to perform under Rate Schedule PM. In the event of substantial non-performance, as defined in the Company's Tariff, the Company shall terminate the Pool Manager.

**ARTICLE VI - Delivery Point Operator Service**

**6.1** Company shall provide Delivery Point Operator Service (DPOS) to TTS Pool Manager in accordance with the provisions of Company's FPSC Tariff. DPOS shall include those activities related to Nominations, scheduling, imbalance resolution, operator order disposition and other administrative and operational activities as are assigned to the Delivery Point Operator by the respective Transportation Service Provider's FERC Tariff and/or Company's FPSC Tariff, as



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*W. TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT -  
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each may be revised from time to time.

**ARTICLE VII – Indemnification**

**7.1** For value received and to induce Company to enter into this Agreement, TTS Pool Manager agrees to protect, defend (at TTS Pool Manager's expense and by counsel satisfactory to Company), indemnify, and save and hold harmless Company, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses of investigating and defending any claim at any time arising and any final judgments, compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of Company's rights hereunder) incurred by Company in connection with or arising out of or resulting from or relating to or incident to:

1. any breach of any of the representations, warranties, or covenants of TTS Pool Manager contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto, specifically including but not limited to:
  - a. any Transportation Service Provider penalties or other expenses or liabilities for unauthorized overrun Gas, for imbalances on a pipeline system, for failure of TTS Pool Manager to comply with a Transportation Service Provider's FERC Tariff, or for failure to comply with a Curtailment notice or to take deliveries as scheduled, pursuant to Company's FPSC Tariff; and
  - b. any breach by TTS Pool Manager of warranty of title to Gas and related obligations, pursuant to Company's FPSC Tariff;
2. any claim by a creditor of TTS Pool Manager as a result of any transaction pursuant to or contemplated by this Agreement;
3. any claim against Company relating to any obligation or liability of TTS Pool Manager, or its affiliates, or any of them of any kind or nature;
4. any and all rates and charges assessed by Transportation Service Provider(s) to Company for the relinquished capacity during the period that this Agreement remains in effect, pursuant to Company's FPSC Tariff; and

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*W. TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT -  
CONTINUED*

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5. any taxes of any federal, state or local jurisdiction related to Gas supply and/or Transportation Service Provider's capacity upstream of Company's Delivery Points, pursuant to Section 11.1 of this Agreement.

In the event that any claim or demand for which TTS Pool Manager would be liable to Company hereunder is asserted against or sought to be collected from Company by a third party, Company shall promptly notify TTS Pool Manager of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). TTS Pool Manager shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify Company:

1. whether or not it disputes its liability to Company hereunder with respect to such claim or demand; and,
2. whether or not it desires, at its sole cost and expense, to defend Company against such claim or demand.

In the event that TTS Pool Manager notifies Company within the Notice Period that it desires to defend Company against such claim or demand and except as hereinafter provided, TTS Pool Manager shall have the right to defend Company by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by TTS Pool Manager to a final conclusion in any manner as to avoid any risk of Company becoming subject to any liability for such claim or demand or for any other matter. If Company desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If TTS Pool Manager elects not to defend Company against such claim or demand, whether by not giving Company timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by TTS Pool Manager or by Company (Company having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful, shall be conclusively deemed to be a liability of TTS Pool Manager and subject to indemnification as provided hereinabove.

1. For value received and to induce TTS Pool Manager to enter into this Agreement, Company agrees to protect, defend (at Company's expense and by counsel satisfactory to TTS Pool Manager), indemnify, and save and hold harmless TTS Pool Manager, its officers, directors, shareholders, employees, agents, successors and assigns, from and against all direct or indirect costs, expenses, damages, losses, obligations, lawsuits, appeals, claims, or liabilities of any kind or nature (whether or not such claim is ultimately defeated), including in each instance, but not limited to, all costs and expenses

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

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*W. TRANSITIONAL TRANSPORTATION SERVICE POOL MANAGER AGREEMENT -  
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of investigating and defending any claim at any time arising and any final judgments, compromises, settlements, and court costs and attorney's fees, whether foreseen or unforeseen (including all such expenses, court costs, and attorney's fees in the enforcement of TTS Pool Manager's rights hereunder) incurred by TTS Pool Manager in connection with or arising out of or resulting from or relating to or incident to:

- a. any breach of any of the representations, warranties, or covenants of Company contained in this Agreement or in any Exhibit, Schedule, or other document attached hereto and made a part hereof or provided pursuant hereto, specifically including but not limited to:
  - i. Company's responsibility to pay Transportation Service Provider(s) for recalled capacity, during the period of recall, pursuant to Company's FPSC Tariff; and
  - ii. any breach by Company of warranty of title to Gas and related obligations, pursuant to Company's FPSC Tariff;
- b. any claim by a creditor of Company as a result of any transaction pursuant to or contemplated by this Agreement;
- c. any claim against TTS Pool Manager relating to any obligation or liability of Company, or its affiliates, or any of them of any kind or nature; and,
- d. any and all rates and charges assessed by Transportation Service Provider(s) to TTS Pool Manager for any recalled capacity during the period that such recall remains in effect.

In the event that any claim or demand for which Company would be liable to TTS Pool Manager hereunder is asserted against or sought to be collected from TTS Pool Manager by a third party, TTS Pool Manager shall promptly notify Company of such claim or demand, specifying the nature of such claim or demand and the amount or the estimated amount thereof, if determination of an estimate is then feasible (which estimate shall not be conclusive of the final amount of such claim or demand) (the "Claim Notice"). Company shall have twenty (20) days, or such shorter period as the circumstances may require if litigation is involved, from the personal delivery or mailing of the Claim Notice (the "Notice Period") to notify TTS Pool Manager:

1. whether or not it disputes its liability to TTS Pool Manager hereunder with respect to such claim or demand; and,

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2. whether or not it desires, at its sole cost and expense, to defend TTS Pool Manager against such claim or demand.

In the event that Company notifies TTS Pool Manager within the Notice Period that it desires to defend TTS Pool Manager against such claim or demand and except as hereinafter provided, Company shall have the right to defend TTS Pool Manager by appropriate proceedings, which proceedings shall be promptly settled or prosecuted by Company to a final conclusion in any manner as to avoid any risk of TTS Pool Manager becoming subject to any liability for such claim or demand or for any other matter. If TTS Pool Manager desires to participate in, but not control, any defense or settlement, it may do so at its sole cost and expense. If Company elects not to defend TTS Pool Manager against such claim or demand, whether by not giving TTS Pool Manager timely notice as provided above or otherwise, then the amount of any such claim or demand, or, if the same is contested by Company or by TTS Pool Manager (TTS Pool Manager having no obligation to contest any such claim or demand), then that portion thereof as to which such defense is unsuccessful, shall be conclusively deemed to be a liability of Company and subject to indemnification as provided hereinabove.

The foregoing indemnification and hold harmless agreement shall benefit both parties from the date hereof and shall survive the termination of this Agreement.

**ARTICLE VIII - Customer Pricing**

**8.1 Standard Price Option- FGT Zone 3 Commodity Index Price:** As required by Company's FPSC Tariff, all Residential Customers initially entering the TTS Customer Pool shall be billed for services received from the TTS Pool Manager each Month at the Standard Price Option billing rate. Such Customers once within a twelve-Month period, shall request in writing a change of TTS Pool Manager but will remain on the Standard Price Option Billing Rate. For the purposes of this Agreement, the Standard Price Option billing rate shall include a commodity price index equal to the commodity price published in the publication "Inside FERC's Gas Market Report," in the table, Prices of Spot Gas Delivered to Pipelines, Florida Gas Transmission, for Zone 3 delivery on the first day of each Month for the respective Month of delivery. If, during the effective period of this Agreement, the specified index ceases to be published or is not published for any period, the Parties will mutually agree upon a new Gas index. The Standard Price Option shall establish a billing rate for Customers that includes the above Gas commodity price index and all other price components allowable under this Agreement or Company's FPSC Tariff, required to provide a Monthly billing rate to TTS Customers. The TTS Pool Manager shall provide the Standard Price Option billing rate to TTS Customers each Month during the entire term of this Agreement.

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**8.2 Standard Price Option- TTS Pool Manager Margin:** The TTS Pool Manager shall include a margin of \$ \_\_\_\_\_ per Therm in the Standard Price Option billing rate provided in Section 8.1.

**8.3 Other Charges and Credits:** The TTS Pool Manager may pass through to Customers in the Customer Pool those charges related to the acquisition and utilization of interstate pipeline capacity directly assigned or allocated to the TTS Pool Manager by Company, and such additional quantities of capacity provided by TTS Pool Manager pursuant to Company's Tariff, including applicable Transportation Service Provider surcharges and fuel retention costs. TTS Pool Manager may pass through to Customers in the Customer Pool those charges assessed to TTS Pool Manager by Company under the provision of its FPSC Tariff DPOS and Shipper Administrative and Billing Service (SASS). TTS Pool Manager may pass through to Customers in the Customer Pool all tax obligations related to service to TTS Customers, TTS Pool Managers margin, and any other applicable charge as provided in this Agreement or the Company Tariff. TTS Pool Manager shall pass through to Customers in the Customer Pool those credits assessed to TTS Pool Manager by Company under the provision of its FPSC Tariff DPOS.

**ARTICLE IX - Customer Account Billing and Payment**

**9.1 Customer Billing:** On a monthly basis, the TTS Pool Manager shall provide to Company the current Month's billing rate(s), in dollars per Therm, for the Commodity Index Price, Fixed Price(s), if any, and Other Pricing Option(s), if any, as provided in Article VIII. The TTS Pool Manager billing rate(s) shall include all billing components, i.e. commodity, capacity, margin, taxes, other charges or credits. Company shall bill the Customers in the TTS Pool Manager's Customer Pool the applicable billing rate, as a single line item charge on Company's monthly billing statements. The Company billing statement shall identify the charges as the cost of Gas provided by the TTS Pool Manager. Company shall bill each Customer based on the measured Gas quantities at each Customer premise.

**9.2 Shipper Administrative and Billing Service:** During the term of this Agreement, Company shall provide billing, payment remittance, and administrative services to the TTS Pool Manager for the Customers in the Customer Pool, in accordance with the Shipper Administrative and Billing Service (SABS) as provided by Company's FPSC Tariff. Company shall be responsible for monitoring Customer Account non-payment and partial payment amounts and administering the Customer Account notices and service disconnect procedures, as allowed by FPSC Rules and its FPSC Tariff. Company shall reconcile all Customer payments received through its customary payment remittance and collection efforts, and, subject to Section 9.3, remit to the TTS Pool Manager those funds related to the total cost of Gas. Company shall allow TTS Pool Manager reasonable access to Meter readings, consumption data, account payment information and other such information as may be required to conduct an independent audit of

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the payment remittance services. Each Month the TTS Pool Manager shall pay to Company an amount equal to that provided by the SABS Rate Schedule in the Company FPSC Tariff.

**9.3 Payment to TTS Pool Manager:** By the fifteenth day of each Month, Company shall remit to the TTS Pool Manager, an amount equal to the metered volume of Gas recorded during the preceding Company billing Month for each Customer Account, multiplied by the applicable billing rate for the respective Customer Accounts, less an amount deducted for non-payments or partial payments for the preceding Month's Customer Account billings, plus an amount for payments received for outstanding non-payment or partial payment amounts recorded during a prior billing period, and less SABS charges, and other fees, if any, to which the Parties may mutually agree. Any charges or credits resulting from the DPOS and/or the disposition of the Operational Balancing Account shall be separately billed in accordance with Company's FPSC Tariff. Nothing in this Agreement shall be construed as a guarantee by Company of payment to the TTS Pool Manager of any TTS Pool Manager charges included on any billing statement produced by Company for which payments are not received from Customers. In the event of partial payments by Customers, Company shall first apply the funds received from the partial payment to any tax amounts for which Company is responsible for collecting from the Customer Account. Any remaining balance from the partial payment shall next be applied against the TTS Pool Manager's cost of Gas charges, completely satisfying such charges before applying any remaining funds to Company charges. Partial payments by Customers that result in non-payment of Company's regulated transportation charges shall be subject to disconnect under Company's service disconnect procedures, pursuant to the FPSC Tariff.

**ARTICLE X - Customer Bad Debt**

**10.1** Company shall diligently execute the service discontinuation provisions of its FPSC Tariff. The TTS Pool Manager may take such reasonable actions as are necessary to recover any monetary loss due to non-payment of Customer bills and/or to collect debts resulting from the non-payment of Customer bills, including recovery of such debts through a surcharge to the Customer Pool billing rate. Any such bad debt collections through surcharge shall be subject to audit by Company.

**ARTICLE XI -Taxes Billed to Customers**

**11.1** As provided in Section 8.3 and Section 9.1, the TTS Pool Manager may include all taxes related to providing Gas supply service to TTS Customers in its monthly billing rates. Company shall have no responsibility for the collection of any TTS Pool Manager tax obligation, other than to the extent such taxes are included in the TTS Pool Manager's monthly billing rates. Company shall not be responsible for the remittance of any taxes to any jurisdiction on behalf of the TTS Pool Manager. The TTS Pool Manager shall be responsible for remittance of all taxes



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related to Gas supply and Transportation Service Provider capacity upstream of the Company Delivery Point with the Customer Accounts in the Customer Pool. Company shall be responsible for collection and remittance of all taxes related to the transportation of Gas on its distribution system, including Florida State Gross Receipts Taxes.

**ARTICLE XII - Program Revisions**

**12.1** Nothing contained in this Agreement shall prevent Company from proposing to, and filing with, the FPSC: (i) revisions to any effective rate schedule, (ii) superseding rate schedules, or (iii) any other modifications to its Tariff for the purpose of changing the rates, charges and general terms and conditions applicable to the service provided under the TTS provisions of the Company Tariff, including the terms and conditions of this Agreement. Nothing contained in this Agreement shall prevent TTS Pool Manager from opposing any changes, revisions or modifications contained in any proposal or filing made by Company to or with the FPSC that affect the charges or other provisions applicable to service provided under this Agreement, or from pursuing any other available legal remedy with respect to such changes, revisions or modifications.

**ARTICLE XIII- Term and Termination**

**13.1 Term:** This Agreement shall be effective on the date authorized by the FPSC for the implementation of Phase Two of Company's TTS Program and shall continue in effect for a period of two (2) years, and shall thereafter be extended for additional annual periods; unless either party gives written notice of termination to the other party, not less than ninety (90) days prior to the expiration of the initial term. This Agreement may be terminated earlier: (a) at Company's option in accordance with the provisions of its FPSC Tariff, or (b) otherwise in accordance with the provisions of this Agreement and the Parties' respective rights under applicable law.

**13.2 Termination Due to Program Amendment or Modification:** Should any amendment or modification to Company's authority to provide service under the TTS Program and Company's FPSC Tariff cause the terms and conditions hereof to change such that performance hereunder would be unreasonably burdensome for either party, then such burdened party may, by providing no less than thirty (30) days written notice to the other party, terminate this Agreement, without penalty, effective no earlier than on the first day of the Month subsequent to said thirty (30) day notice period.

**ARTICLE XIV- Assignment and Transfer**

**14.1** No assignment of this Agreement by either party may be made without the prior written

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approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party, and upon such assignment or transfer and assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and assumption of duties and obligations.

**ARTICLE XV – Governmental Authorizations; Compliance with Law**

**15.1 Compliance with Law:** This Agreement shall be subject to all valid applicable state, local, and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement. The parties shall comply at all times with all applicable Federal, state, municipal, and other laws, ordinances and regulations. The parties shall furnish any information or execute any documents required by any duly constituted Federal or state regulatory authority in connection with the performance of this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any such law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of the FPSC or the FERC over this Agreement or any part thereof. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then neither party shall have any obligation to the other during the period that performance is precluded.

**15.2 Applicable Law and Venue:** This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. Unless otherwise agreed in writing by the parties, venue for any legal action hereunder shall be in either Alachua or Polk County, Florida.

**15.3 Revisions to Taxes:** If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should increase any present tax or levy any additional tax, relating to the service provided by Company under this Agreement, any such additional tax required by law to be paid by Company shall, in Company's discretion, insofar as such discretion is provided for under applicable law, be either separately stated on the total amount of the bill or computed on a cents per Therm basis and added to the then effective rate for Company's services hereunder.

If, during the term of this Agreement, the Federal Government, or any State, municipality or subdivision of such Government, should decrease or eliminate any tax relating to the service



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provided by Company under this Agreement, the reduction in such tax required to be paid by Company shall, in Company's discretion, insofar as such discretion is provided for under applicable law, be either separately stated as a deduction to the total amount of the bill or computed on a cents per Therm basis and subtracted from the then effective rate hereunder.

**ARTICLE XVI – Notices**

Except as otherwise provided herein, any notice, request, demand, statement or report pertaining to this Agreement shall be in writing and shall be considered as effective on the receipt date, when mailed by certified or registered mail, or on the date sent by express mail service.

All communications with respect to this Agreement shall be sent to the following addresses:

**To Company:**

Chesapeake Utilities Corporation,  
Florida Division  
PO Box 960  
Winter Haven, Florida 33882  
Attention:  
Telephone:  
E-Mail:

**To TTS Pool Manager:**

Pool Manager Name  
Address  
City, State Zip Code  
Attention:  
Telephone:  
E-mail

**ARTICLE XVI – Miscellaneous**

**16.1 Headings:** All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

**16.2 Entire Agreement:** This Agreement, including the exhibits attached hereto, sets forth the full and complete understanding of the parties as of the date of its execution by both parties, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

**16.3 Amendments:** Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the contact person pursuant to Section 18.2 shall not be deemed nor require an amendment of this Agreement provided such

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change is communicated in accordance with Section 18.1 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments which are necessary to comply with the requirements of, or are otherwise approved by, FERC, the FPSC, or their successor agencies or authorities.

**16.4 Severability:** If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided however that if such severability materially changes the economic benefits of this Agreement to either party, the parties shall negotiate an equitable adjustment in the provisions of this Agreement in good faith.

**16.5 Waiver:** No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

**16.6 Attorney's Fees and Costs:** In the event of any litigation between the parties arising out of or relating to this Agreement, the prevailing party shall be entitled to recover all costs incurred and reasonable attorney's fees, including attorney's fees in all investigations, trials, bankruptcies, and appeals.

**16.7 Independent Parties:** Company and TTS Pool Manager shall per

form hereunder as independent parties and neither Company or TTS Pool Manager are in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer or employee of the other. Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

**16.8 Counterparts:** This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any party who has signed it.

**ARTICLE XVII- Other Services**

IN WITNESS WHEREOF, the parties have duly executed this Agreement, in multiple originals, effective as of the date of execution by both parties.

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

Effective: March 1, 2023

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**Chesapeake Utilities Corporation,  
Florida Division**

**TTS Pool Manager**

BY: \_\_\_\_\_

BY: \_\_\_\_\_

NAME: \_\_\_\_\_

NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

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***X. MINIMUM VOLUME COMMITMENT AGREEMENT***

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Subject to the terms and conditions of this Service Agreement, [INSERT COMPANY NAME], a [INSERT STATE] corporation, (“Seller”), agrees to provide firm gas service to [INSERT CUSTOMER NAME] (“Buyer”), a [INSERT STATE OF INCORPORATION], [INSERT TYPE OF CORPORATION], at Buyer’s facility located at [INSERT FACILITY ADDRESS], (the “Facility”). This Service Agreement shall be effective upon the commencement of the natural gas service and shall continue in effect thereafter for a period of six (6) years or until such earlier time that Buyer meets their minimum delivery obligation.

**I - DEFINITIONS**

When used in this Service Agreement:

- A. “Gas” shall mean natural gas or any commonly accepted and suitable equivalent.
- B. “Service” shall mean the sales or transportation, balancing and delivery of gas on Seller’s distribution system pursuant to the terms and conditions of Seller’s tariff (the “Tariff”) on file with the Florida Public Service Commission, as the same may be amended from time to time, at the outlet side of Seller’s measuring and regulating equipment at the Facility.
- C. “Six-Year Service Period” shall mean the period of six (6) years following the date on which natural gas delivery service to the Facility is first available.
- D. “Commission” shall mean the Florida Public Service Commission.

**II - GENERAL SERVICE PROVISIONS AND REGULATIONS**

- A. Seller operates and maintains facilities for the distribution of natural gas in the State of Florida and proposes to deliver natural gas to the Buyer on a firm basis.
- B. Seller’s applicable rate schedules and general service provisions set forth in the Tariff and on file with the Commission, whether of general or specific applicability, as they may be amended, modified, or changed from time to time, are hereby incorporated into this Service Agreement by reference. Seller reserves the right to amend, modify or change unilaterally its tariffs and rate schedules for terms and rates such as the Customer Charge, and potential fees such as Franchise Fees, subject to the approval of the Commission.

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***X. MINIMUM VOLUME COMMITMENT AGREEMENT - CONTINUED***

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**III - PRICING TERMS**

For all Service to Buyer during the Six-Year Service Period, Buyer shall pay Seller each month in accordance with the pricing provisions of the Tariff, as amended from time to time. The Buyer will take Service under Rate Schedule [INSERT APPLICABLE RATE SCHEDULE]. During the Six-Year Service Period, Buyer agrees to a Minimum Annual Delivery (“MAD”) of natural gas at the Facility which will follow the schedule outlined in Section IV.

**IV - REQUIREMENTS**

Buyer’s total gas requirements are estimated to be \_\_\_\_\_ Therms in a six-year period.

- A. As a financial guarantee, Seller requires Minimum Annual Deliveries of gas (“MAD”) for each twelve-month delivery period as follows: period one: \_\_\_\_\_ Therms; period two: \_\_\_\_\_ Therms; period three: \_\_\_\_\_ Therms; period four: \_\_\_\_\_ Therms; period five: \_\_\_\_\_ Therms; period six: \_\_\_\_\_ Therms.
- B. As used herein, the term “twelve-month delivery period” shall mean each twelve-month period within the Six-Year Service Period beginning with the date that gas service is available to the Facility.
- C. If Buyer fails to take delivery of the MAD in any twelve-month delivery period, Buyer shall pay Seller a deficiency charge calculated as follows: the difference between the applicable MAD and the actual quantity of gas delivered during the twelve-month delivery period, multiplied by the delivery service rate in effect at the end of the twelve-month delivery period. Seller will invoice Buyer for the deficiency charge within thirty (30) days after the end of each twelve-month delivery period, and Buyer shall pay said invoice within thirty (30) days of receipt. Each party’s performance obligation hereunder shall abate proportionately during a Force Majeure event and during any period that a party is unable to perform its obligations due to the other party’s performance failure. The term of this Service Agreement shall be extended for a period equal to the length of any such abatement(s).
- D. If, during any twelve-month delivery period, the actual quantity of gas delivered to the Facility exceeds the applicable MAD, said excess shall be carried forward to the next twelve-month delivery period for purposes of calculating any deficiency charge hereunder.

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***X. MINIMUM VOLUME COMMITMENT AGREEMENT - CONTINUED***

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**V - TERMINATION CHARGES**

If Buyer terminates Service hereunder after execution of this agreement, Buyer shall pay Seller in full the remainder of the MAD deficiency charges. Buyer agrees that it will make any such deficiency charge payment to Seller within thirty (30) days after receipt of Seller's invoice.

**VI - NOTICES**

All notices in connection with this Service Agreement shall be in writing, and conveyed by first class mail, except for notices of pricing changes and notices of service interruptions (if any), which shall be provided in accordance with the Tariff and Florida law.

Notices to Buyer shall be addressed to:

Notices to Seller shall be addressed to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The date of mailing shall constitute the date of notice for all notices given under this Service Agreement, unless otherwise specified.

**VII - MISCELLANEOUS TERMS**

- A. This Service Agreement, together with the Tariff and any attachments hereto, constitute the entire agreement between the parties, and no statement, promise, or inducement made by either party or agent of either party which is not contained in this Service Agreement or the Tariff shall be binding upon either party. Subject to the other provisions of this Service Agreement, this Service Agreement may not be modified or altered except in writing signed by the parties.
- B. This Service Agreement is subject to the regulatory authority of the Commission. If any part, term, or provision of this Service Agreement is specifically held by a court, the Commission, or any other regulatory authority having jurisdiction in the matter, to be illegal or in conflict with applicable law or regulation, the validity of the remaining portions or provisions shall not be affected thereby, and the rights and obligations of the parties shall be construed and enforced as if the Service Agreement did not contain the particular part, term, or provision so held to be illegal or in conflict.

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- C. This Service Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.
- D. This Service Agreement shall be interpreted, performed, and enforced in accordance with the laws of the State of Florida

In witness whereof, the parties have executed this Service Agreement effective [INSERT EFFECTIVE DATE].

This Service Agreement is subject to the regulatory authority of the Commission. If any part term, or provision of this Service Agreement is specifically held by a court, the Commission, or any other regulatory authority having jurisdiction in the matter, to be illegal or in conflict with applicable law or regulation, the validity of the remaining portions or provisions shall not be affected thereby, and the rights and obligations of

Witness:

**Chesapeake Utilities Corporation**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Witness:

**Buyer:** \_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

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**Y. RENEWABLE NATURAL GAS SERVICE (RNGS) FORM**



**Florida Public Utilities Company**  
**Request for Gas Service Application**

Job Tracking #: \_\_\_\_\_

Customer /Company Name: \_\_\_\_\_  
 Premise Address: \_\_\_\_\_  
 D.B.A, C/O, Contact: \_\_\_\_\_  
 Mailing Address: \_\_\_\_\_

Contact Name: \_\_\_\_\_  
 Home/ Work: \_\_\_\_\_  
 Cell: \_\_\_\_\_  
 Fax: \_\_\_\_\_  
 Email: \_\_\_\_\_  
 Last 4 digits SSN/FEIN: \_\_\_\_\_  
 Last 4 digits of SSN/FEIN: \_\_\_\_\_  
 DLN: \_\_\_\_\_

Sales Rep: \_\_\_\_\_  
 Position: \_\_\_\_\_  
 ID #: \_\_\_\_\_  
 Phone: \_\_\_\_\_  
 Office/Division: \_\_\_\_\_  
 Field Coordinator: \_\_\_\_\_  
 FC Phone: \_\_\_\_\_

Job Information		Account Information	
Marketing Classification:	_____	S.I.C.:	_____
Gas Pressure:	_____	Tax District:	_____
Request for Service Type:	_____	Town Code:	_____
Gas Type:	_____	County:	_____
Metered or Bulk:	_____	Rate Schedule:	_____
Converted from:	_____	Acct Type/Class:	_____
LP Competitor:	_____	Orcom Rate Code/NFR:	_____
Connect Type:	_____	Consrv/GRIP:	_____
Premise #:	_____	Swing Rate:	_____
Account #:	_____	Turn-On Charge:	_____

Units	Equipment	Line Description	BTUH/Unit	Hours/Year	Therms/Year	Calc Therms	SCFH Load
Total BTUs:				Total Therms/Load:			

NUMBER OF DEVELOPMENT UNITS: \_\_\_\_\_  
 Minimum Deposit Requirement: \_\_\_\_\_  
 Total Monthly Customer Charge(s): \_\_\_\_\_  
 Annual Revenues - Customer Charge: \_\_\_\_\_  
 NG Non-Fuel Energy Charge: \$0.00000  
 NG Total Annual Therms: 0  
 LP Total Annual Gallons: \_\_\_\_\_  
 Annual Revenues - Non-Fuel Charge: \_\_\_\_\_  
 1-Year Estimated Non-Fuel Revenues: \_\_\_\_\_  
 6 - Year Estimated Non-Fuel Revenues: \_\_\_\_\_  
 Estimated Construction Cost: \$0.00  
 Customer's Appliance Conversion Charge: \_\_\_\_\_

Estimated Annual Customer's Fuel Charges: \_\_\_\_\_  
 Meter Load SCFH: 0  
 Requested Pressure: 0

Ext of Facilities Agreement  
 4-Year Estimated Non Fuel Rev \_\_\_\_\_

Easement Required? \_\_\_\_\_  
 Engineer/ Ops Approval & Date: \_\_\_\_\_  
 AEP Rate Required? \_\_\_\_\_

**OPERATIONAL PROVISIONS**

PROpane: ADDITIONAL COST \_\_\_\_\_

Propane Protocol= Deposit Value to show on Gas Agreement- Waived Deposit to Customer- \_\_\_\_\_

Manager's Name: \_\_\_\_\_ Mgmt. Approval Date: \_\_\_\_\_

Contractor Name \_\_\_\_\_ Energy Partner \_\_\_\_\_  
 Contact Info \_\_\_\_\_ Phone \_\_\_\_\_  
 Email \_\_\_\_\_



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*CONTRACTS AND AGREEMENTS*

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1. Amended and Restated Natural Gas Transportation Service Agreement with Indiantown Cogeneration, L.P. – FPSC Docket No. 20030808
2. Gas Transportation Agreement with the City of Lake Worth – FPSC Docket No. 20030363
3. Amendment No. 1 to Transportation Service Agreement with the City of Lake Worth – FPSC Docket No. 20160028
4. Gas Transportation Agreement with Lake Worth Generation, LLC - FPSC Docket No. 20000922
5. Contract Transportation Service Agreement with Mulberry Energy Company, Inc. – FPSC Docket No. 19920156
6. Transportation Agreement with Polk Power Partners – FPSC Docket No. 19930543
7. Gas Transportation Agreement with Polk Power Partners, L.P. – FPSC Docket No. 19940320

Amendment to Special Contract Gas Transportation Agreement with Polk Power Partners, L.P. – FPSC Docket No. 20000987

Amendment No. 2 to Gas Transportation Agreement (Special Contract), Master Gas Transportation Service Termination Agreement, Delivery Point Lease Agreement, and Letter Agreement: CFG Transportation Aggregation Service with Polk Power Partners, L.P. – FPSC Docket No. 20050835

Amendments to Special Contract with Polk Power Partners, L.P. – FPSC Docket No. 20150172

8. Gas Transportation Agreement with Orange Cogeneration Limited Partnership – FPSC Docket No. 19940830

Amendment to Special Contract Gas Transportation Agreement with Orange Cogeneration Limited Partnership – FPSC Docket No. 20000987

Amendment to Special Contract with Orange Cogeneration Limited Partnership – FPSC Docket No. 20150175

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9. Special Contract Gas Transportation Agreement with IMC-Agrico – FPSC Docket No. 19971559

Amendment to Special Contract Gas Transportation Agreement with IMC-Agrico  
– FPSC Docket No. 20000987

10. Special Contract with Mosaic Fertilizer LLC – FPSC Docket No. 20170180
11. CTS Gas Transportation Service Agreement with Citrusuco North America, Inc. – FPSC Docket No. 19991168
12. CTS Gas Transportation Service Agreement with Peace River Citrus Products, Inc. – FPSC Docket No. 20000817
13. Special Contract with Suwannee American Cement, LLC. – FPSC Docket No. 20120229
14. Special Contract with Minute Maid Company, a Division of Coca-Cola Company – FPSC Docket No. 20021174
15. Special Contract with the Department of Management Services, Agency of the State of Florida – FPSC Docket No. 20050327
16. Special Contract with Sebring Gas System (customer) – FPSC Docket No. 20170176

Special Contracts listed above and approved by the Commission are located at Company's Corporate office.