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 Commission Conference Agenda
 November 3, 2020

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Item 1

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Osorio, Buys, Cicchetti) *MC* *ALM*
Office of the General Counsel (Lherisson, Schrader) *JSC*

RE: Docket No. 20200205-EI – Application for authority to issue and sell securities during 12 months ending December 31, 2021, by Duke Energy Florida, LLC.

AGENDA: 11/03/20 – Consent Agenda – Final Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Please place the following security application on the consent agenda for approval.

Docket No. 20200205-EI – Application for authority to issue and sell securities during 12 months ending December 31, 2021, by Duke Energy Florida, LLC.

Duke Energy Florida, LLC (DEF or Company) seeks authority to issue, sell, or otherwise incur during 2021 up to \$1.5 billion of any combination of equity securities, long-term debt securities, and other long-term obligations. Additionally, the Company requests authority to issue, sell, or otherwise incur during 2021 and 2022, up to \$1.5 billion outstanding at any time of short-term debt securities and other obligations.

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

Staff has reviewed the Company's projected capital expenditures. The amount requested by the Company (\$3.0 billion) exceeds its expected capital expenditures (\$2.2 billion). The additional

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amount requested exceeding the projected capital expenditures allows for financial flexibility with regard to unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends DEF's application for authority to issue and sell securities be approved.

For monitoring purposes, this docket should remain open until May 6, 2022, to allow the Company time to file the required Consummation Report.

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Osorio, Buys, Cicchetti) *MC* *ALM*
Office of the General Counsel (Lherisson, Schrader) *JSC*

RE: Docket No. 20200208-EI – Application for authority to issue and sell securities for 12 months ending December 31, 2021, by Tampa Electric Company.

AGENDA: 11/03/20 – Consent Agenda – Final Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Please place the following security application on the consent agenda for approval.

Docket No. 20200208-EI – Application for authority to issue and sell securities for 12 months ending December 31, 2021, by Tampa Electric Company.

Tampa Electric Company (Tampa Electric or Company) seeks the authority to issue, sell and/or exchange equity securities and issue, sell, exchange and/or assume long-term or short-term debt securities and/or to assume liabilities or obligations as guarantor, endorser, or surety during calendar year 2021. The Company also seeks authority to enter into interest swaps or other derivatives instruments related to debt securities during calendar year 2021.

The amount of all equity and long-term debt securities issued, sold, exchanged, or assumed and liabilities and obligations assumed or guaranteed, as guarantor, endorser, or surety will not exceed in aggregate \$1.3 billion during calendar year 2021, including any amounts issued to retire existing long-term debt securities. The maximum amount of short-term debt outstanding at

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any one time will be \$1.0 billion during calendar year 2021. This application is for both Tampa Electric and its gas distribution division, Peoples Gas System.

In connection with this application, Tampa Electric confirms that the capital raised pursuant to this application will be used in connection with the activities of the Company's regulated electric and gas divisions and not the unregulated activities of the utilities or their affiliates.

Staff has reviewed the Company's projected capital expenditures. The amount requested by the Company (\$2.3 billion) exceeds its expected capital expenditures (\$1.2 billion). The additional amount requested exceeding the projected capital expenditures allows for financial flexibility with regard to unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends Tampa Electric's application to issue and sell securities be approved.

For monitoring purposes, this docket should remain open until May 6, 2022, to allow the Company time to file the required Consummation Report.

Item 2

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Lherisson) *JSC*
Office of Consumer Assistance and Outreach (Hicks, Plescow) *RH*
Division of Economics (Coston) *JGH*

RE: Docket No. 20200030-EI – Complaint by Juana L. Del Rosario against Florida Power & Light Company regarding backbilling for alleged meter tampering.

AGENDA: 11/03/20 – Regular Agenda – Motion to Dismiss – Oral argument not requested; participation is at the Commission’s discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Brown

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On June 13, 2019, Ms. Juana Del Rosario filed an informal complaint with the Florida Public Service Commission (Commission) against Florida Power & Light Company (FPL or Utility).¹ In her informal complaint, Ms. Del Rosario alleged that she was improperly backbilled for up to 48 months of usage, for a total of \$2,351.23. Although FPL had found that her meter had been tampered with, Ms. Del Rosario alleged that she did not tamper with the meter.

By letter dated December 17, 2019, staff advised Ms. Del Rosario that her informal complaint had been reviewed by the Commission’s Process Review Team, in accordance with Rule 25-22.032, Florida Administrative Code (F.A.C.), and it appeared that FPL had not violated any applicable statutes, rules, company tariffs, or Commission orders. Staff advised Ms. Del Rosario

¹ Complaint Number 1310438E.

that if she disagreed with staff's complaint conclusion, she could file a petition for initiation of formal proceedings for relief against FPL.

Ms. Del Rosario filed a formal complaint against FPL on January 17, 2020, pursuant to Rule 25-22.036, F.A.C. In her complaint Ms. Del Rosario stated that she did not tamper with her meter. During the investigation of Ms. Del Rosario's complaint, staff learned that Ms. Del Rosario established an account for electric service with FPL at her residence on April 18, 2003. On September 14, 2010, FPL installed smart meter ACD0735 at Ms. Del Rosario's residence. On February 25, 2019, FPL reviewed the communication from smart meter ACD0735 and found a drop in consumption occurred on May 22, 2014. On May 16, 2019, FPL found that Ms. Del Rosario's smart meter was missing the outer and inner seals, which were an indication that someone other than utility staff accessed the meter enclosure and internal meter workings. On June 12, 2019, FPL provided notice to Ms. Del Rosario that her service would be disconnected due to meter tampering. FPL restored Ms. Del Rosario's service pending the resolution of her complaint.

On March 20, 2020, staff sent a letter to Ms. Del Rosario requesting any additional information or documentation that might assist the Commission in addressing her complaint. Staff did not receive a response from Ms. Del Rosario.

In Ms. Del Rosario's formal complaint she requested the Commission find that FPL incorrectly backbilled her account and to require FPL to give Ms. Del Rosario a credit adjustment of \$2,351.23. At the June 9, 2020 Commission Agenda Conference, Ms. Del Rosario asserted that she denies all of FPL's allegations and she did not engage in meter tampering.

By Proposed Agency Action Order No. PSC-2020-0219-PAA-EI, issued June 29, 2020 (PAA Order 2020-0219), the Commission denied Ms. Del Rosario's formal complaint. In PAA Order 2020-0219 the Commission placed the customer on notice that pursuant to Rule 25-6.104, F.A.C., in the event of unauthorized or fraudulent use, or meter tampering, the utility may bill the customer based on a reasonable estimate of the energy used. The Commission found that there was sufficient cause to determine that meter tampering occurred at the Del Rosario residence to allow FPL to backbill the Del Rosario account for unmetered kilowatt hours, and that because the account was in Ms. Del Rosario's name during the entire period, she should be held responsible for a reasonable amount of backbilling. Finally, the Commission found that it was reasonable for FPL to backbill the account for 48 months in the amount of \$2,351.23.

On July 20, 2020, Ms. Del Rosario timely filed with the Commission Clerk a letter of protest titled Notice of Request of An Appeal (Protest Petition) reiterating her claims set forth in her formal complaint. On July 31, 2020, FPL filed a Motion to Dismiss Petition asserting that the Protest Petition failed to meet the established pleading requirements and states no cause of action for which relief can be granted. Ms. Del Rosario did not file a response to FPL's Motion.

FPL did not request oral argument regarding its Motion to Dismiss. Pursuant to Rule 25-22.0022, F.A.C., the Commission may hear argument from the parties at its discretion.²

This recommendation addresses whether FPL's Motion to Dismiss should be granted and the appropriate disposition of Ms. Del Rosario's Protest Petition. The Commission has jurisdiction over this matter pursuant to Sections 366.04 and 120.569, Florida Statutes (F.S.), and Rule 25-22.032, F.A.C.

² Rule 25-22.0022(1), F.A.C., provides, in pertinent part, "[f]ailure to timely file a request for oral argument shall constitute waiver thereof." Staff notes that waiver does not limit the Commission's discretion to grant or deny oral argument. Rule 25-22.0022(3), F.A.C. If the Commission decides that oral argument would aid in its understanding and disposition of the underlying matter, staff recommends that the Commission allow three minutes per side.

Discussion of Issues

Issue 1: Should the Commission grant FPL's Motion to Dismiss Ms. Del Rosario's Protest Petition?

Recommendation: Yes. The Commission should grant FPL's Motion to Dismiss Ms. Del Rosario's Protest Petition. (Lherisson)

Staff Analysis: Rule 25-22.036(2), F.A.C., states that a complaint is appropriate when an act or omission of a person subject to the Commission's jurisdiction affects the complainant's substantial interest and violates a statute, rule or Commission order. A complaint is dismissed with prejudice if no cause of action is stated and an amended pleading will not cure the deficiency.

Ms. Del Rosario's Protest Petition

By PAA Order 2020-0219 the Commission denied Ms. Del Rosario's formal complaint. On July 20, 2020, Ms. Del Rosario filed with the Commission Clerk a letter of protest. In Ms. Del Rosario's Protest Petition, she reiterates the information that the parties provided which led to the Commission taking a proposed agency action on Ms. Del Rosario's formal complaint. The only new information that Ms. Del Rosario provided in her Protest Petition is that she considers herself "a victim of this situation" and that she is "a Christian woman with moral principles and values, [she] work[s] for [her] local church, and [she] would not jeopardize those principles in violation of [her] integrity and commitment to God." Ms. Del Rosario requests that her case be "thoroughly reviewed, revised, and corrected."

FPL's Motion to Dismiss

FPL alleges that Ms. Del Rosario's Protest Petition fails to meet pleading requirements for a formal proceeding under Rule 28-106.201, F.A.C., because it does not provide a statement of all disputed issues of material fact or a statement of ultimate facts alleged requiring reversal or modification of PAA Order 2020-0219. FPL contends that Ms. Del Rosario fails to state any rule or statutes that FPL has allegedly violated. As such, FPL contends that Ms. Del Rosario's Protest Petition must be dismissed because it does not give FPL or the Commission adequate notice of what facts would give rise to an alleged violation of rule or statute requiring reversal or modification.

Analysis

A motion to dismiss challenges the legal sufficiency of the facts alleged in a petition to state a cause of action. Meyers v. City of Jacksonville, 754 So. 2d 198, 202 (Fla. 1st DCA 2000). The standard to be applied in disposing of a motion to dismiss is whether, with all the allegations in the petition assumed to be true, the petition states a cause of action upon which relief can be granted. Id. The moving party must specify the grounds for the motion to dismiss, and all material allegations must be construed against the moving party in determining if the petitioner has stated the necessary allegations. Matthews v. Matthews, 122 So. 2d 571 (Fla. 2d DCA 1960). When making this determination, only the petition and documents incorporated therein can be

Date: October 22, 2020

reviewed, and all reasonable inferences drawn from the petition must be made in favor of the petitioner. Varnes v. Dawkins, 624 So. 2d 349, 350 (Fla. 1st DCA 1993); Flye v. Jeffords, 106 So. 2d 229 (Fla. 1st DA 1958), overruled on other grounds, 153 So. 2d 759, 765 (Fla. 1st DCA 1963); and Rule 1.130, Florida Rules of Civil Procedure. When “determining the sufficiency of the complaint, the trial court may not look beyond the four corners of the complaint, consider any affirmative defenses raised by the defendant, nor consider any evidence likely to be produced by either side.” Varnes v. Dawkins at 350.

For formal administrative proceedings authorized by Chapter 120, F.S., the Uniform Rules of Procedure contained in Chapter 28-106, F.A.C., apply. Section 120.569(2)(c), F.S., states that the Commission shall dismiss a petition for failure to substantially comply with the Uniform Rules. Pursuant to this statute, the dismissal of a petition shall, at least once, be without prejudice to the petitioner to allow the filing of a timely amended petition curing the defect, unless it conclusively appears from the face of the petition that the defect cannot be cured. However, the Commission has previously held pro se litigants such as Ms. Del Rosario to a relaxed pleading standard, in order to prevent delay and promote resolution of parties’ claims.³

Staff is sensitive to Ms. Del Rosario’s circumstances, and despite the lack of a legally sufficient pleading, staff has attempted to determine whether amendment of the complaint could lead to a situation where the Commission would have jurisdiction to grant Ms. Del Rosario some relief. The facts and arguments alleged in Ms. Del Rosario’s Protest Petition are the same facts and arguments that the Commission considered when taking proposed agency action on Ms. Del Rosario’s formal complaint. She fails to allege a statement of ultimate facts that would require reversal or modification of PAA Order 2020-0219. Ms. Del Rosario’s Protest Petition fails to make any new allegations or assertions that could be framed differently that would give the Commission the opportunity to consider and grant her relief.

Upon review of information provided to staff, there is no evidence that FPL backbilled Ms. Del Rosario incorrectly. Meter tests performed by FPL on smart meter ACD0735 revealed a registration below the allowable tolerances due to the tampered CT wires. Ms. Del Rosario has presented no documentation or evidence that supports her contention that she was improperly backbilled or that the meter tampering occurred before she became owner of the property. In the Protest Petition, Ms. Del Rosario fails to state how any of her claims relate to a specific rule or statute that she contends would require reversal or modification of Commission PAA Order 2020-0219. Staff believes that FPL properly handled Ms. Del Rosario’s account in compliance

³ See, e.g. Order No. PSC-11-0117-FOF-PU, issued February 17, 2011, in Docket Nos. 100175-TL and 100312-EI, Complaint against AT&T d/b/a BellSouth for alleged violations of various sections of Florida Administrative Code, Florida Statutes, and AT&T regulations pertaining to billing of charges and collection of charges, fees, and taxes; In re: Complaint against Florida Power & Light Company for alleged violations of various sections of Florida Administrative Code, Florida Statutes, and FPL tariffs pertaining to billing of charges and collection of charges, fees, and taxes; Order No. PSC-02-1344-FOF-TL, issued October 3, 2002, in Docket No. 020595-TL, In re: Complaint of J. Christopher Robbins against BellSouth Telecommunications, Inc. for violation of Rule 254.073(1)(c), F.A.C., Answering Time; Order No. PSC-12-0252-FOF-EI, issued May 23, 2012, in Docket No. 110305-EI, In re: Initiation of formal proceedings of Complaint No. 1006767E of Edward McDonald against Tampa Electric Company, for alleged improper billing.

with FPL's tariffs, statutes, rules or Commission Order. Staff recommends that the Commission grant FPL's motion to dismiss without prejudice.

Issue 2: Should this docket be closed?

Recommendation: Yes. If the Commission agrees with staff regarding Issue 1, then Ms. Del Rosario's Protest Petition should be dismissed without prejudice, and the docket should be closed. (Lherisson)

Staff Analysis: If the Commission agrees with staff regarding Issue 1, then Ms. Del Rosario's Protest Petition should be dismissed without prejudice, and the docket should be closed.

Item 3

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Phillips) *TB*
Division of Accounting and Finance (Higgins) *ALM*
Division of Economics (Coston, Forrest) *JGH*
Office of the General Counsel (Stiller, Trierweiler) *JSC*

RE: Docket No. 20200064-EI – Petition for a limited proceeding to approve fourth SoBRA, by Tampa Electric Company.

AGENDA: 11/03/20 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Polmann

CRITICAL DATES: 60-day suspension date has been waived by the utility

SPECIAL INSTRUCTIONS: None

Case Background

By Order No. PSC-2017-0456-S-EI, issued on November 27, 2017, the Florida Public Service Commission (Commission) approved Tampa Electric Company's (TECO or Company) Amended and Restated Stipulation and Settlement Agreement (2017 Settlement).¹ The 2017 Settlement allows for the inclusion into base rates of up to 600 megawatts (MW) of solar projects which meet certain criteria through a Solar Base Rate Adjustment (SoBRA) mechanism.

¹ Order No. PSC-2017-0456-S-EI, issued November 27, 2017, in Docket No. 20170210-EI, *In re: Petition for limited proceeding to approve 2017 amended and restated stipulation and settlement agreement, by Tampa Electric Company*, and Docket No. 20160160-EI, *In re: Petition for approval of energy transaction optimization mechanism, by Tampa Electric Company*.

On June 5, 2018, the Commission approved TECO's First SoBRA tranche which consisted of two solar projects, Payne Creek and Balm, with a total installed capacity of 144.7 MW.² On December 7, 2018, the Commission approved TECO's Second SoBRA tranche which consisted of five solar projects, Lithia, Grange Hall, Bonnie Mine, Peace Creek, and Lake Hancock, with a total installed capacity of 261.3 MW.³ On November 12, 2019, the Commission approved TECO's Third SoBRA tranche which consisted of two solar projects, Wimauma and Little Manatee River, with a total installed capacity of 149.3 MW.⁴ A Fourth tranche of 50 MW is available contingent upon meeting certain criteria tied to the projects in the First and Second SoBRA tranches, which is addressed in Issue 1.

By Order No. PSC-2020-0224-AS-EI, issued June 30, 2020, the Commission approved TECO's 2020 Settlement Agreement (2020 Settlement).⁵ The 2020 Settlement addressed, among other issues, how to calculate the average installed costs for the First and Second SoBRA tranches. On September 4, 2020, the Commission approved TECO's true-up of the First and Second SoBRAs in Order No. PSC-2020-0303-PAA-EI (True-Up Order), which include a reduction in revenue requirements to be implemented along with the TECO's Fourth SoBRA revenue requirement calculation.⁶

On February 27, 2020, as required by the 2017 Settlement, TECO notified the Commission that it intended to seek approval of a Fourth SoBRA tranche. On July 31, 2020, TECO filed a petition for approval of the Fourth SoBRA tranche, the last allowed by the 2017 Settlement, which consists of one solar project, Durrance, with a total installed capacity of 45.7 MW. The Commission has jurisdiction pursuant to Sections 366.06 and 366.076, Florida Statutes (F.S.).

² Order No. PSC-2018-0288-FOF-EI, issued June 5, 2018, in Docket No. 20170260-EI, *In re: Petition for limited proceeding to approve first solar base rate adjustment (SoBRA), effective September 1, 2018, by Tampa Electric Company.*

³ Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No. 20180133-EI, *In re: Petition for limited proceeding to approve second solar base rate adjustment (SoBRA), effective January 1, 2019, by Tampa Electric Company.*

⁴ Order No. PSC-2019-0477-FOF-EI, issued November 12, 2019 in Docket No. 201900136-EI, *In re: Petition for limited proceeding to approve Third solar base rate adjustment (SoBRA), effective January 1, 2020, by Tampa Electric Company.*

⁵ Order No. PSC-2020-0224-AS-EI, issued June 30, 2020, in Docket Nos. 20200064-EI, *In re: Petition for a limited proceeding to approve fourth SoBRA, by Tampa Electric Company*; 20200065-EI, *In re: Petition for a limited proceeding to eliminate accumulated amortization reserve surplus for intangible software assets, by Tampa Electric Company*; 20200067-EI, *In re: Review of 2020-2029 Storm Protection Plan pursuant to Rule 25-6.030, F.A.C., Tampa Electric Company*, 20200092-EI, *In re: Storm protection plan cost recovery clause*; and 20200145-EI, *In re: Petition to approve the 2020 settlement agreement by Tampa Electric Company.*

⁶ Order No. PSC-2020-0303-PAA-EI, issued September 4, 2020 in Docket No 20200144-EI, *In re: Petition for limited proceeding to true-up first and second SoBRA, by Tampa Electric Company.*

Discussion of Issues

Issue 1: Is the Fourth SoBRA project proposed by TECO eligible in its entirety for treatment pursuant to paragraph 6 of the 2017 Settlement?

Recommendation: Yes. TECO is eligible for cost recovery of the Fourth SoBRA project, Durrance, under the conditions outlined in paragraph 6 of the 2017 Settlement and paragraph 3 of the 2020 Settlement, on the requested 45.7 MW portion of its solar capacity. (Phillips)

Staff Analysis: Paragraph 6 of the 2017 Settlement outlines the conditions under which TECO may seek cost recovery of certain solar facilities for all SoBRA tranches, with additional requirements for the availability of the Fourth SoBRA tranche. The requirements for system cost-effectiveness and average installed cost, respectively, for all SoBRA tranches are discussed in Issues 2 and 3, respectively.

The Fourth SoBRA tranche consists of a single solar project, Durrance, located in Polk County, with a projected in-service date on or before January 1, 2021. While the Durrance project will be installed at a total capacity of 60.1 MW, TECO is only seeking recovery of 45.7 MW through the SoBRA mechanism. Staff notes that the Commission has previously approved a portion of a solar project for recovery through the 2017 Settlement in a stipulation approving the Second SoBRA Tranche for the Lake Hancock Solar project.⁷ The recovery for the remaining 14.4 MW may be addressed in a future docket.

Subparagraph 6(c) of the 2017 Settlement outlines the conditions under which TECO may seek cost recovery of a Fourth SoBRA tranche with up to an additional 50 MW of solar capacity. These conditions include that the projects from the First and Second SoBRAs are in-service and operating as designed by December 31, 2019, and the average installed cost is no more than \$1,475 per kilowatt of alternating current capacity (kW_{ac}). Pursuant to paragraph 3 of the 2020 Settlement, the weighted average installed cost is determined by the average of the First and Second SoBRA installed costs taken together. The First and Second SoBRA projects' actual in-service dates were no later than April 25, 2019, and the weighted average installed cost was \$1,448/ kW_{ac} . The in-service date and installed cost for each project in the First and Second SoBRAs are listed in Table 1-1.

⁷ Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No. 20180133-EI, *In re: Petition for limited proceeding to approve second solar base rate adjustment (SoBRA), effective January 1, 2019, by Tampa Electric Company.*

**Table 1-1
In-Service Dates and Installed Costs for First and Second SoBRA Projects**

Project Name	In-Service Date	Installed Cost (\$/kW_{ac})
First SoBRA		
Payne Creek Solar	September 1, 2018	1,342
Balm Solar	September 27, 2018	1,478
Second SoBRA		
Lithia Solar	January 1, 2019	1,481
Grange Hall Solar	January 2, 2019	1,430
Peace Creek Solar	March 1, 2019	1,479
Bonnie Mine Solar	January 23, 2019	1,496
Lake Hancock Solar	April 25, 2019	1,459

Source: Order No. PSC-2020-0303-PAA-EI, issued September 4, 2020 in Docket No 20200144-EI,
In re: Petition for limited proceeding to true-up first and second SoBRA, by Tampa Electric Company

Conclusion

TECO is eligible for cost recovery of the Fourth SoBRA project, Durrance, under the conditions outlined in paragraph 6 of the 2017 Settlement and paragraph 3 of the 2020 Settlement, on the requested 45.7 MW portion of its solar capacity.

Date: October 22, 2020

Issue 2: Is the Fourth SoBRA project proposed by TECO cost-effective pursuant to subparagraph 6(g) of the 2017 Settlement?

Recommendation: Yes. The 45.7 MW portion of the Durrance project included in TECO's Fourth SoBRA will lower the Company's projected system costs as compared to the system without the solar project; therefore, the Fourth SoBRA is considered to be cost-effective under subparagraph 6(g) of the 2017 Settlement. (Phillips)

Staff Analysis: Subparagraph 6(g) of the 2017 Settlement states that the cost-effectiveness for SoBRA project(s) shall be evaluated based only on whether the projects in the SoBRA will lower the Company's overall projected system cumulative present value revenue requirement (CPVRR) as compared to the system without the SoBRA project(s). This compares the cost of the added generation, transmission, operations and maintenance (O&M) and other expenses of the proposed solar project(s) to the avoided traditional generation, transmission, fuel, and O&M expenses that would otherwise have been incurred if the facilities had not been constructed.

Overall, TECO estimates that the 45.7 MW portion of the Durrance project included in the Fourth SoBRA produces projected system CPVRR savings of \$31.0 million without accounting for costs associated with carbon emissions. Using TECO's base case estimate for avoided carbon costs would increase system savings by \$7.2 million to a total of \$38.3 million, while its high scenario would increase system savings by \$24.2 million to a total of \$55.2 million. Even if the total 60.1 MW capacity of Durrance project is considered, the project still produces savings of \$39.9 million without consideration of carbon costs.

As part of its analysis, TECO used a non-standard value of deferral for avoided generation. As discussed in the stipulations approving each of the prior SoBRA tranches, the parties agreed to use a pro-rata share of the avoided generation benefits of the full 600 MW of all SoBRAs combined.⁸ As TECO witness Aponte admits in his testimony, the Fourth SoBRA project does not avoid any generation, but credits the unit for \$34.5 million in savings based on its share of the 600 MW SoBRA capacity. This value was calculated based on the Company's current avoided unit, a reciprocating engine. Staff notes however that at the time of approval of the 2017 Settlement, and in its three prior SoBRA dockets, TECO used a combustion turbine as the avoided unit, which has a lower capacity cost. If this change in unit type did not occur, the value of deferral would be reduced by \$10.3 million to \$24.3 million in savings. Even with this reduction, the Fourth SoBRA is projected to be cost-effective and reduce system costs by \$20.8 million without consideration of carbon costs. The results of each of the carbon scenarios and the avoided unit comparisons are summarized in Table 2-1.

⁸ Order No. PSC-2018-0288-FOF-EI, issued June 5, 2018, in Docket No. 20170260-EI, *In re: Petition for limited proceeding to approve first solar base rate adjustment (SoBRA), effective September 1, 2018, by Tampa Electric Company*. Order No. PSC-2018-0571-FOF-EI, issued December 7, 2018, in Docket No. 20180133-EI, *In re: Petition for limited proceeding to approve second solar base rate adjustment (SoBRA), effective January 1, 2019, by Tampa Electric Company*. Order No. PSC-2019-0477-FOF-EI, issued November 12, 2019, in Docket No. 201900136-EI, *In re: Petition for limited proceeding to approve Third solar base rate adjustment (SoBRA), effective January 1, 2020, by Tampa Electric Company*.

**Table 2-1
 Cost-Effectiveness Analysis Results**

CO ₂ Emissions	Avoided Unit and Capacity Comparisons		
	Reciprocating Engine (45.7 MW)	Reciprocating Engine (60.1 MW)	Combustion Turbine (45.7 MW)
CPVRR (\$ Millions)			
Low	31.0	39.9	20.8
Base	38.3	50.9	28.0
High	55.2	77.2	45.0

Source: Exhibit JAA-1 from Document No. 04171-2020 and TECO’s Response to Staff’s Second Data Request.

Conclusion

The 45.7 MW portion of the Durrance project included in TECO’s Fourth SoBRA will lower the Company’s projected system costs as compared to the system without the solar project; therefore, the Fourth SoBRA is considered to be cost-effective under subparagraph 6(g) of the 2017 Settlement.

Issue 3: Is the projected installed cost of the Fourth SoBRA project proposed by TECO less than or equal to the Installed Cost Cap of \$1,500 per kWac pursuant to subparagraph 6(d) of the 2017 Settlement?

Recommendation: Yes. The estimated installed cost of the Durrance project in the Fourth SoBRA is \$1,500 per kWac, which is equal to the installed cost cap specified in subparagraph 6(d) of the 2017 Settlement. (Phillips)

Staff Analysis: Subparagraph 6(d) of the 2017 Settlement specifies a \$1,500 per kWac installed cost cap for each SoBRA project. The estimated direct installed cost of the Durrance project is \$66.7 million, or approximately \$1,460 per kWac. In addition, TECO is claiming Allowance for Funds Used During Construction (AFUDC) of approximately \$1.9 million. The total all-in-cost is \$68.6 million or \$1,500 per kWac which is equal to the \$1,500 per kWac installed cost cap specified in subparagraph 6(d) of the 2017 Settlement. The projected installed costs for the Durrance project are listed in Table 3-1 by subcategory.

Table 3-1
Projected Installed Cost for Fourth SoBRA

Projected Cost	Cost (\$ Million)	Cost (\$ per kWac)
Major Equipment and Balance of System	55.3	1,210
Development	1.6	35
Transmission Interconnect	3.0	66
Land	5.8	127
Owner's Cost	1.0	22
AFUDC	1.9	41
Total	68.6	1,500

Source: Exhibit MDW-1 from Document No. 04171-2020

Conclusion

The estimated installed cost of the Durrance project in the Fourth SoBRA is \$1,500 per kWac, which is equal to the installed cost cap specified in subparagraph 6(d) of the 2017 Settlement.

Issue 4: What is the estimated annual revenue requirement associated with TECO's Fourth SoBRA project?

Recommendation: The estimated annual revenue requirement associated with TECO's Fourth SoBRA project is \$7,534,000. (Higgins)

Staff Analysis: In 2017, TECO received authorization for a framework to recover costs associated with the construction and operation of a then-conceptual series of solar generating facilities.⁹ The framework included conditions by which the Company can petition the Commission to implement project-specific estimated annual revenue requirements, beginning on specified dates, subject to certain agreed-upon conditions.¹⁰ In particular, the effective date of the Fourth SoBRA's rate adjustment can be no earlier than January 1, 2021, and that incremental annual revenue requirement may not exceed \$10.2 million.

The Company is requesting the Commission approve an estimated annual revenue requirement based on the projected installed cost of the single project comprising the Fourth SoBRA, Durrance. The projected annual revenue requirement for the Fourth SoBRA project also includes a relatively minor revenue requirement revision stemming from the Company's "trued-up" First and Second SoBRA projects. This amount, \$77,000, identified in the True-Up Order, was ordered to be carried forward and applied to the Company's Fourth SoBRA/instant request.¹¹

The cumulative Fourth SoBRA annual revenue requirement is initially formulated using an estimated capital cost (Issue 3). Other delineated components of the revenue requirement include operation and maintenance expenses, depreciation expense, financing costs, insurance costs, and taxes. The proposed estimated total annual revenue requirement associated with TECO's Fourth SoBRA is \$7,611,000. This amount consists of an estimated capital cost of \$6,802,000, an annual fixed operation and maintenance expense of \$244,000, and land-associated costs in the amount of \$564,000. However, after the incorporation of the revenue requirement revision identified in the True-Up Order, the annual revenue requirement associated with TECO's Fourth SoBRA project is \$7,534,000.¹²

Table 4-1 displays the total estimated annual Fourth SoBRA revenue requirement by cost category, as well as the estimated-to-actual annual revenue requirement revision from the First and Second SoBRA projects.

⁹ Order No. PSC-2017-0456-S-EI, issued November 27, 2017, in Docket No. 20170210-EI, *In re: Petition for limited proceeding to approve 2017 amended and restated stipulation and settlement agreement, by Tampa Electric Company*, and Docket No. 20160160-EI, *In re: Petition for approval of energy transaction optimization mechanism, by Tampa Electric Company*.

¹⁰ 2017 Settlement, ¶6(b).

¹¹ Order No. PSC-2020-0303-PAA-EI, issued September 4, 2020, in Docket No. 20200144-EI, *In re: Petition for limited proceeding to true-up first and second SoBRA, by Tampa Electric Company*.

¹² *Id.*

Table 4-1
Fourth SoBRA Estimated Annual Revenue Requirement

Plant Durrance	Revenue Requirement (\$000)
Capital	\$6,802
Fixed Operation & Maintenance	244
Land	564
Fourth SoBRA Revenue Requirement Subtotal	<u>7,611</u>
True-Up	(\$77)
Grand Total*	<u>\$7,534</u>

Source: Prepared Direct Testimony and Exhibit of TECO witness Jose A. Aponte, Exhibit (JAA-1), Document No. 3.

*May not compute exactly due to rounding.

Conclusion

The estimated annual revenue requirement associated with TECO's Fourth SoBRA project is \$7,534,000.

Date: October 22, 2020

Issue 5: Should the Commission approve the tariffs for TECO reflecting the base rate increase for the Fourth SoBRA project determined to be appropriate in these proceedings?

Recommendation: Yes. The Commission should approve the tariffs and base rates as shown in Attachment A to the recommendation effective with the first billing cycle in January 2021. The base rate increase was calculated in accordance with the 2017 Settlement. (Forrest)

Staff Analysis: TECO Witness Ashburn in his testimony filed on July 31, 2020, provides the proposed tariffs and base rates to reflect the annual revenue requirement increase of \$7,534,000 as recommended in Issue 4. Witness Ashburn states that the base rate increase was allocated to the rate classes as required by the 2017 Settlement. For a residential customer using 1,000 kilowatt-hours, the base rate increase will be \$0.44. Commercial customers will see base rate increases between 0.5 and 1 percent, depending on usage.

Staff recommends that the Commission should approve the tariffs and base rates as shown in Attachment A to the recommendation effective with the first billing cycle in January 2021. Staff reviewed the calculations provided by Witness Ashburn and believes that the base rate increase was calculated in accordance with the 2017 Settlement.

Issue 6: Should this docket be closed?

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

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



TWENTY-~~SEVENTH-EIGHTH~~ REVISED SHEET NO. 6.030
CANCELS TWENTY-~~SIXTH-SEVENTH~~ REVISED SHEET
NO. 6.030

RESIDENTIAL SERVICE

SCHEDULE: RS

AVAILABLE: Entire service area.

APPLICABLE: To residential consumers in individually metered private residences, apartment units, and duplex units. All energy must be for domestic purposes and should not be shared with or sold to others. In addition, energy used in commonly-owned facilities in condominium and cooperative apartment buildings will qualify for this rate schedule, subject to the following criteria:

1. 100% of the energy is used exclusively for the co-owners' benefit.
2. None of the energy is used in any endeavor which sells or rents a commodity or provides service for a fee.
3. Each point of delivery will be separately metered and billed.
4. A responsible legal entity is established as the customer to whom the Company can render its bills for said service.

Resale not permitted.

Billing charges shall be prorated for billing periods that are less than 25 days or greater than 35 days. If the billing period exceeds 35 days and the billing extension causes energy consumption, based on average daily usage, to exceed 1,000 kWh, the excess consumption will be charged at the lower monthly Energy and Demand Charge.

LIMITATION OF SERVICE: This schedule includes service to single phase motors rated up to 7.5 HP. Three phase service may be provided where available for motors rated 7.5 HP and over.

MONTHLY RATE:

Basic Service Charge:
\$15.05

Energy and Demand Charge:

First 1,000 kWh	5.484225¢ per kWh
All additional kWh	6.484225¢ per kWh

MINIMUM CHARGE: The Basic Service Charge.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

Continued to Sheet No. 6.031

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: January 1, 2021



TWENTY-~~EIGHTH-NINTH~~ REVISED SHEET NO. 6.050
CANCELS TWENTY-~~SEVENTH-EIGHTH~~ REVISED SHEET
NO. 6.050

GENERAL SERVICE - NON DEMAND

SCHEDULE: GS

AVAILABLE: Entire service area.

APPLICABLE: For lighting and power in establishments not classified as residential whose energy consumption has not exceeded 9,000 kWh in any one of the prior twelve (12) consecutive billing periods ending with the current billing period. For any billing period that exceeds 35 days, the energy consumption shall be prorated to that of a 30-day amount for purposes of administering this requirement. Resale not permitted.

CHARACTER OF SERVICE: Single or 3 phase, 60 cycles and approximately 120 volts or higher, at Company's option.

LIMITATION OF SERVICE: All service under this rate shall be furnished through one meter. Standby service permitted on Schedule GST only.

MONTHLY RATE:

Basic Service Charge:

Metered accounts	\$18.06
Un-metered accounts	\$15.05

Energy and Demand Charge:

5.448496¢ per kWh

MINIMUM CHARGE: The Basic Service Charge.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be 0.468169¢ per kWh of billing energy. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

Continued to Sheet No. 6.051

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: January 1, 2024



TWENTY-~~SEVENTH-EIGHTH~~ REVISED SHEET NO. 6.080
 CANCELS TWENTY-~~SIXTH-SEVENTH~~ REVISED SHEET
 NO. 6.080

GENERAL SERVICE - DEMAND

SCHEDULE: GSD

AVAILABLE: Entire service area.

APPLICABLE: To any customer whose energy consumption has exceeded 9,000 kWh in any one of the prior twelve (12) consecutive billing periods ending with the current billing period. Also available to customers with energy consumption at any level below 9,000 kWh per billing period who agree to remain on this rate for at least twelve (12) months. For any billing period that exceeds 35 days, the energy consumption shall be prorated to that of a 30-day amount for purposes of administering this requirement. Resale not permitted.

CHARACTER OF SERVICE: A-C; 60 cycles; 3 phase; at any standard Company voltage.

LIMITATION OF SERVICE: Standby service is permitted only for customers who generate less than 20% of their on-site load requirements or whose generating equipment is used for emergency purposes.

MONTHLY RATE:

STANDARD

OPTIONAL

Basic Service Charge:

Secondary Metering Voltage \$ 30.10
 Primary Metering Voltage \$ 130.44
 Subtrans. Metering Voltage \$ 993.27

Basic Service Charge:

Secondary Metering Voltage \$ 30.10
 Primary Metering Voltage \$ 130.44
 Subtrans. Metering Voltage \$ 993.27

Demand Charge:

\$10.~~76~~92 per kW of billing demand

Demand Charge:

\$0.00 per kW of billing demand

Energy Charge:

1.589¢ per kWh

Energy Charge:

6.~~585~~595¢ per kWh

The customer may select either standard or optional. Once an option is selected, the customer must remain on that option for twelve (12) consecutive months.

Continued to Sheet No. 6.081

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



TWENTY-~~FOURTH~~FIFTH REVISED SHEET NO. 6.081
CANCELS TWENTY-~~THIRD~~FOURTH REVISED SHEET
NO. 6.081

Continued from Sheet No. 6.080

BILLING DEMAND: The highest measured 30-minute interval kW demand during the billing period.

MINIMUM CHARGE: The Basic Service Charge and any Minimum Charge associated with optional riders.

TEMPORARY DISCONTINUANCE OF SERVICE: Where the use of energy is seasonal or intermittent, no adjustments will be made for a temporary discontinuance of service. Any customer prior to resuming service within 12 months after such service was discontinued will be required to pay all charges which would have been billed if service had not been discontinued.

POWER FACTOR: Power factor will be calculated for customers with measured demands of 1,000 kW or more in any one billing period out of twelve (12) consecutive billing periods ending with the current billing period. When the average power factor during the month is less than 85%, the monthly bill will be increased 0.201¢ for each kVARh by which the reactive energy numerically exceeds 0.619744 times the billing energy. When the average power factor during the month is greater than 90%, the monthly bill will be decreased 0.101¢ for each kVARh by which the reactive energy is numerically less than 0.484322 times the billing energy.

METERING VOLTAGE ADJUSTMENT: When the customer takes energy metered at primary voltage, a discount of 1% will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

When the customer takes energy metered at subtransmission or higher voltage, a discount of 2% will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

DELIVERY VOLTAGE CREDIT: When a customer under the standard rate takes service at primary voltage, a discount of ~~9091~~¢ per kW of billing demand will apply. A discount of \$~~2.77~~81 per kW of billing demand will apply when a customer under the standard rate takes service at subtransmission or higher voltage.

When a customer under the optional rate takes service at primary voltage, a discount of ~~0.237240~~¢ per kWh will apply. A discount of ~~0.724735~~¢ per kWh will apply when a customer under the optional rate takes service at subtransmission or higher voltage.

Continued to Sheet No. 6.082

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



~~ELEVENTH-TWELFTH~~ REVISED SHEET NO. 6.082
CANCELS ~~TENTH-ELEVENTH~~ REVISED SHEET NO.
6.082

Continued from Sheet No. 6.081

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be ~~7472~~¢ per kW of billing demand for customers taking service under the standard rate and ~~0.479182~~¢/kWh for customer taking service under the optional rate. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

PAYMENT OF BILLS: See Sheet No. 6.022.

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



TWENTY-~~FIFTH~~SIXTH REVISED SHEET NO. 6.085
CANCELS TWENTY-~~FOURTH~~FIFTH REVISED SHEET NO.
6.085

**INTERRUPTIBLE SERVICE
(CLOSED TO NEW BUSINESS AS OF MAY 7, 2009)**

SCHEDULE: IS

AVAILABLE: Entire Service Area.

APPLICABLE: To be eligible for service under Rate Schedule IS, a customer must have been taking interruptible service under rate schedules IS-1, IST-1, IS-3, IST-3, SBI-1, or SBI-3 on May 6, 2009 and have signed the Agreement for the Purchase of Industrial Load Management Service under Rate Schedule GSLM-2. When electric service is desired at more than one location, each such location or point of delivery shall be considered as a separate customer. Resale not permitted.

CHARACTER OF SERVICE: The electric energy supplied under this schedule is three phase primary voltage or higher.

LIMITATION OF SERVICE: Standby service is permitted only for customers who generate less than 20% of their on-site load requirements or whose generating equipment is used for emergency purposes.

MONTHLY RATE:

Basic Service Charge:

Primary Metering Voltage	\$ 624.05
Subtransmission Metering Voltage	\$2,379.85

Demand Charge:

~~\$3,904.07~~ per KW of billing demand

Energy Charge:

2.513¢ per KWH

Continued to Sheet No. 6.086

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



TWENTY-~~THIRD~~ FOURTH REVISED SHEET NO. 6.086
CANCELS TWENTY-~~SECOND~~ THIRD REVISED SHEET
NO. 6.086

Continued from Sheet No. 6.085

BILLING DEMAND: The highest measured 30-minute interval KW demand during the month.

MINIMUM CHARGE: The Basic Service Charge and any Minimum Charge associated with optional riders.

POWER FACTOR: When the average power factor during the month is less than 85%, the monthly bill will be increased 0.201¢ for each kVARh by which the reactive energy numerically exceeds 0.619744 times the billing energy. When the average power factor during the month is greater than 90%, the monthly bill will be decreased 0.101¢ for each kVARh by which the reactive energy is numerically less than 0.484322 times the billing energy.

METERING VOLTAGE ADJUSTMENT: When the customer takes energy metered at subtransmission or higher voltage, a discount of 1% of the energy and demand charge will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

DELIVERY VOLTAGE CREDIT: When the customer furnishes and installs all subtransmission or higher voltage to utilization voltage substation transformation, a discount of ~~\$1.09-14~~ per KW of billing demand will apply.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be ~~\$1.55-62~~ per KW of billing demand. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

Continued to Sheet No. 6.087

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



THIRTY-~~THIRD~~-FOURTH REVISED SHEET NO. 6.290
CANCELS THIRTY-~~SECOND~~-THIRD REVISED SHEET NO.
6.290

CONSTRUCTION SERVICE

SCHEDULE: CS

AVAILABLE: Entire service area.

APPLICABLE: Single phase temporary service used primarily for construction purposes.

LIMITATION OF SERVICE: Service is limited to construction poles and services installed under the TUG program. Construction poles are limited to a maximum of 70 amperes at 240 volts for construction poles. Larger (non-TUG) services and three phase service entrances must be served under the appropriate rate schedule, plus the cost of installing and removing the temporary facilities is required.

MONTHLY RATE:

Basic Service Charge: \$18.06

Energy and Demand Charge: 5.448496¢ per kWh

MINIMUM CHARGE: The Basic Service Charge.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

MISCELLANEOUS: A Temporary Service Charge of \$260.00 shall be paid upon application for the recovery of costs associated with providing, installing, and removing the company's temporary service facilities for construction poles. Where the Company is required to provide additional facilities other than a service drop or connection point to the Company's existing distribution system, the customer shall also pay, in advance, for the estimated cost of providing, installing and removing such additional facilities, excluding the cost of any portion of these facilities which will remain as a part of the permanent service.

PAYMENT OF BILLS: See Sheet No. 6.022.

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



TWENTY-~~SEVENTH-EIGHTH~~ REVISED SHEET NO. 6.320
CANCELS TWENTY-~~SIXTH-SEVENTH~~ REVISED SHEET
NO. 6.320

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

SCHEDULE: GST

AVAILABLE: Entire service area.

APPLICABLE: For lighting and power in establishments not classified as residential whose energy consumption has not exceeded 9,000 kWh in any one of the prior twelve (12) consecutive billing periods ending with the current billing period. All of the electric load requirements on the customer's premises must be metered at one (1) point of delivery. For any billing period that exceeds 35 days, the energy consumption shall be prorated to that of a 30-day amount for purposes of administering this requirement. Resale not permitted.

CHARACTER OF SERVICE: Single or 3 phase, 60 cycles and approximately 120 volts or higher, at Company's option.

LIMITATION OF SERVICE: All service under this rate shall be furnished through one meter. Standby service permitted.

MONTHLY RATE:

Basic Service Charge:
\$20.07

Energy and Demand Charge:
12.~~374594~~¢ per kWh during peak hours
3.053¢ per kWh during off-peak hours

Continued to Sheet No. 6.321

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



TWENTY-~~SECOND~~-THIRD REVISED SHEET NO. 6.321
CANCELS TWENTY-~~FIRST~~-SECOND REVISED SHEET
NO. 6.321

Continued from Sheet No. 6.320

DEFINITIONS OF THE USE PERIODS: All time periods stated in clock time. (Meters are programmed to automatically adjust for changes from standard to daylight saving time and vice-versa.)

	<u>April 1 - October 31</u>	<u>November 1 - March 31</u>
Peak Hours: (Monday-Friday)	12:00 Noon - 9:00 PM	6:00 AM - 10:00 AM and 6:00 PM - 10:00 PM

Off-Peak Hours: All other weekday hours, and all hours on Saturdays, Sundays, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be off-peak.

MINIMUM CHARGE: The Basic Service Charge.

BASIC SERVICE CHARGE CREDIT: Any customer who makes a one time contribution in aid of construction of \$94.00 (lump-sum meter payment), shall receive a credit of \$2.01 per month. This contribution in aid of construction will be subject to a partial refund if the customer terminates service on this optional time-of-day rate.

TERMS OF SERVICE: A customer electing this optional rate shall have the right to transfer to the standard applicable rate at any time without additional charge for such transaction, except that any customer who requests this optional rate for the second time on the same premises will be required to sign a contract to remain on this rate for at least one (1) year.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be 0.~~468~~169¢ per kWh of billing energy. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

Continued to Sheet No. 6.322

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



TWENTY-~~EIGHTH-NINTH~~ REVISED SHEET NO. 6.330
CANCELS TWENTY-~~SEVENTH-EIGHTH~~ REVISED SHEET
NO.6.330

TIME-OF-DAY
GENERAL SERVICE - DEMAND
(OPTIONAL)

SCHEDULE: GSDT

AVAILABLE: Entire service area.

APPLICABLE: To any customer whose energy consumption has exceeded 9,000 kWh in any one of the prior twelve (12) consecutive billing periods ending with the current billing period. Also available to customers with energy consumption at any level below 9,000 kWh per billing period who agree to remain on this rate for at least twelve (12) months. For any billing period that exceeds 35 days, the consumption shall be prorated to that of a 30-day amount for purposes of administering this requirement. Resale not permitted.

CHARACTER OF SERVICE: A-C; 60 cycles; 3 phase; at any standard Company voltage.

LIMITATION OF SERVICE: Standby service is permitted only for customers who generate less than 20% of their on-site load requirements or whose generating equipment is used for emergency purposes.

MONTHLY RATE:

Basic Service Charge:

Secondary Metering Voltage	\$ 30.10
Primary Metering Voltage	\$ 130.44
Subtransmission Metering Voltage	\$ 993.27

Demand Charge:

\$~~3.44~~⁴⁹ per kW of billing demand, plus
\$~~7.04~~¹⁴ per kW of peak billing demand

Energy Charge:

2.908¢ per kWh during peak hours
1.049¢ per kWh during off-peak hours

Continued to Sheet No. 6.331

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



TWENTY-~~THIRD~~ FOURTH REVISED SHEET NO. 6.332
CANCELS TWENTY-~~SECOND~~ THIRD REVISED SHEET
NO. 6.332

Continued from Sheet No. 6.331

POWER FACTOR: Power factor will be calculated for customers with measured demands of 1,000 kW in any billing period out of twelve (12) consecutive billing periods ending with the current billing period. When the average power factor during the month is less than 85%, the monthly bill will be increased 0.201¢ for each kVARh by which the reactive energy numerically exceeds 0.619744 times the billing energy. When the average power factor during the month is greater than 90%, the monthly bill will be decreased 0.101¢ for each kVARh by which the reactive energy is numerically less than 0.484322 times the billing energy.

METERING VOLTAGE ADJUSTMENT: When the customer takes energy metered at primary voltage, a discount of 1% will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

When the customer takes energy metered at subtransmission or higher voltage, a discount of 2% will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

DELIVERY VOLTAGE CREDIT: When the customer takes service at primary voltage a discount of ~~9091~~¢ per kW of billing demand will apply. When the customer takes service at subtransmission or higher voltage, a discount of \$2.~~77~~81 per kW of billing demand will apply.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be ~~7472~~¢ per kW of billing demand. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

PAYMENT OF BILLS: See Sheet No. 6.022.

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



TWENTY-~~FIFTH~~SIXTH REVISED SHEET NO. 6.340
CANCELS TWENTY-~~FOURTH~~FIFTH REVISED SHEET
NO. 6.340

TIME OF DAY
INTERRUPTIBLE SERVICE
(CLOSED TO NEW BUSINESS AS OF MAY 7, 2009)

SCHEDULE: IST

AVAILABLE: Entire Service Area.

APPLICABLE: To be eligible for service under Rate Schedule IST, a customer must have been taking interruptible service under rate schedules IS-1, IST-1, IS-3, IST-3, SBI-1, or SBI-3 on May 6, 2009 and have signed the Agreement for the Purchase of Industrial Load Management Service under Rate Schedule GSLM-2. When electric service is desired at more than one location, each such location or point of delivery shall be considered as a separate customer. Resale not permitted.

CHARACTER OF SERVICE: The electric energy supplied under this schedule is three phase primary voltage or higher.

LIMITATION OF SERVICE: Standby service is permitted only for customers who generate less than 20% of their on-site load requirements or whose generating equipment is used for emergency purposes.

Basic Service Charge:

Primary Metering Voltage	\$ 624.05
Subtransmission Metering Voltage	\$2,379.85

Demand Charge:

~~\$3,904.07~~ per KW of billing demand

Energy Charge:

2.513¢ per KWH

Continued to Sheet No. 6.345

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



~~TWENTY-NINTH~~~~THIRTIETH~~ REVISED SHEET NO. 6.350
CANCELS ~~TWENTY-TWENTY-EIGHTH~~~~NINTH~~ REVISED
SHEET NO. 6.350

Continued from Sheet No. 6.345

METERING VOLTAGE ADJUSTMENT: When the customer takes energy metered at subtransmission or higher voltage, a discount of 1% of the energy and demand charge will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

DELIVERY VOLTAGE CREDIT: When the customer furnishes and installs all subtransmission or higher voltage to utilization voltage substation transformation, a discount of \$1.~~09~~14 per KW of billing demand will apply.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be \$1.~~55~~62 per KW of billing demand. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

PAYMENT OF BILLS: See Sheet No. 6.025.

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



~~THIRTEENTH~~ ~~FOURTEENTH~~ REVISED SHEET NO. 6.565
 CANCELS ~~TWELFTH~~ ~~THIRTEENTH~~ REVISED SHEET NO. 6.565

Continued from Sheet No. 6.560

MONTHLY RATES:

Basic Service Charge: \$15.05
 Energy and Demand Charges: 5.495539¢ per kWh (for all pricing periods)

MINIMUM CHARGE: The Basic Service Charge.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

PAYMENT OF BILLS: See Sheet No. 6.022.

DETERMINATION OF PRICING PERIODS: Pricing periods are established by season for weekdays and weekends. The pricing periods for price levels P₁ (Low Cost Hours), P₂ (Moderate Cost Hours) and P₃ (High Cost Hours) are as follows:

<u>May through October</u>	<u>P₁</u>	<u>P₂</u>	<u>P₃</u>
Weekdays	11 P.M. to 6 A.M.	6 A.M. to 1 P.M. 6 P.M. to 11 P.M.	1 P.M. to 6 P.M.
Weekends	11 P.M. to 6 A.M.	6 A.M. to 11 P.M.	-----
<u>November through April</u>	<u>P₁</u>	<u>P₂</u>	<u>P₃</u>
Weekdays	11 P.M. to 5 A.M.	5 A.M. to 6 A.M. 10 A.M. to 11 P.M.	6 A.M. to 10 A.M.
Weekends	11 P.M. to 6 A.M.	6 A.M. to 11 P.M.	-----

The pricing periods for price level P₄ (Critical Cost Hours) shall be determined at the sole discretion of the Company. Level P₄ hours shall not exceed 134 hours per year.

Continued to Sheet No. 6.570

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: January 1, 2024



~~EIGHTEENTH-NINETEENTH~~ REVISED SHEET NO. 6.601
CANCELS ~~SEVENTEENTH-EIGHTEENTH~~ REVISED
SHEET NO. 6.601

Continued from Sheet No. 6.600

CHARGES FOR SUPPLEMENTAL SERVICE:

Demand Charge:

\$10.~~76~~92 per kW-Month of Supplemental Billing Demand (Supplemental Billing Demand Charge)

Energy Charge:

1.589¢ per Supplemental kWh

DEFINITIONS OF THE USE PERIODS: All time periods stated in clock time. (Meters are programmed to automatically adjust for changes from standard to daylight saving time and vice-versa.)

	<u>April 1 - October 31</u>	<u>November 1 - March 31</u>
<u>Peak Hours:</u> (Monday-Friday)	12:00 Noon - 9:00 PM	6:00 AM - 10:00 AM and 6:00 PM - 10:00 PM

Off-Peak Hours: All other weekday hours, and all hours on Saturdays, Sundays, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be off-peak.

BILLING UNITS:

Demand Units: Metered Demand - The highest measured 30-minute interval kW demand served by the company during the month.

Site Load - The highest kW total of Customer generation plus deliveries by the company less deliveries to the Company, occurring in the same 30-minute interval, during the month.

Normal Generation - The generation level equaled or exceeded by the Customer's generation 10% of the metered intervals during the previous twelve months.

Supplemental Billing Demand - The amount, if any, by which the highest Site Load during any 30-minute interval in the month exceeds Normal Generation, but no greater than Metered Demand.

Continued to Sheet No. 6.602

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



~~NINETEENTH-TWENTIETH~~ REVISED SHEET NO. 6.603
CANCELS ~~EIGHTEENTH-NINETEENTH~~ REVISED SHEET
NO. 6.603

Continued from Sheet No. 6.602

METERING VOLTAGE ADJUSTMENT: When the customer takes energy metered at primary voltage, a discount of 1% will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

When the customer takes energy metered at subtransmission or higher voltage, a discount of 2% will apply to the Demand Charge, Energy Charge, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

DELIVERY VOLTAGE CREDIT: When the customer takes service at primary voltage, a discount of ~~9091~~¢ per kW of Supplemental Demand and 63¢ per kW of Standby Demand will apply.

When the customer takes service at subtransmission or higher voltage, a discount of \$~~2.77~~81 per kW of Supplemental Demand and \$1.97 per kW of Standby Demand will apply.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be ~~7472~~¢ per kW of Supplemental Demand and Standby Demand. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021. Note: Standby fuel charges shall be based on the time of use (i.e., peak and off-peak) fuel rates for Rate Schedule SBF. Supplemental fuel charges shall be based on the standard fuel rate for Rate Schedule SBF.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

PAYMENT OF BILLS: See Sheet No. 6.022.

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



~~FIFTEENTH-SIXTEENTH~~ REVISED SHEET NO. 6.606
CANCELS ~~FOURTEENTH-FIFTEENTH~~ REVISED SHEET
NO. 6.606

Continued from Sheet No. 6.605

CHARGES FOR SUPPLEMENTAL SERVICE

Demand Charge:

\$3.4449 per kW-Month of Supplemental Demand (Supplemental Billing Demand Charge), plus
\$7.0414 per kW-Month of Supplemental Peak Demand (Supplemental Peak Billing Demand Charge)

Energy Charge:

2.908¢ per Supplemental kWh during peak hours
1.049¢ per Supplemental kWh during off-peak hours

DEFINITIONS OF THE USE PERIODS: All time periods stated in clock time. (Meters are programmed to automatically adjust for changes from standard to daylight saving time and vice-versa.)

	<u>April 1 - October 31</u>	<u>November 1 - March 31</u>
<u>Peak Hours:</u> (Monday-Friday)	12:00 Noon - 9:00 PM	6:00 AM - 10:00 AM and 6:00 PM - 10:00 PM

Off-Peak Hours: All other weekday hours, and all hours on Saturdays, Sundays, New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day shall be off-peak.

BILLING UNITS:

Demand Units: Metered Demand - The highest measured 30-minute interval kW demand served by the Company during the month.

Metered Peak Demand - The highest measured 30-minute interval kW demand served by the Company during the peak hours.

Site Load - The highest kW total of Customer generation plus deliveries by the company less deliveries to the company, occurring in the same 30-minute interval, during the month.

Continued to Sheet No. 6.607

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



~~SIXTEENTH SEVENTEEN~~ REVISED SHEET NO. 6.608
CANCELS ~~FIFTEENTH SIXTEENTH~~ REVISED SHEET NO.
6.608

Continued from Sheet No. 6.607

TERM OF SERVICE: Any customer receiving service under this schedule will be required to give the Company written notice at least 60 months prior to transferring to a firm non-standby schedule. Such notice shall be irrevocable unless the Company and the customer should mutually agree to void the notice.

TEMPORARY DISCONTINUANCE OF SERVICE: Where the use of energy is seasonal or intermittent, no adjustments will be made for a temporary discontinuance of service. Any customer prior to resuming service within 12 months after such service was discontinued will be required to pay all charges which would have been billed if service had not been discontinued.

POWER FACTOR: When the average power factor during the month is less than 85%, the monthly bill will be increased 0.201¢ for each kVARh by which the reactive energy numerically exceeds 0.619744 times the billing energy. When the average power factor during the month is greater than 90%, the monthly bill will be decreased 0.101¢ for each kVARh by which the reactive energy is numerically less than 0.484322 times the billing energy.

METERING VOLTAGE ADJUSTMENT: When the customer takes energy metered at primary voltage, a discount of 1% will apply to the Demand Charges, Energy Charges, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

When the customer takes energy metered at subtransmission or higher voltage, a discount of 2% will apply to the Demand Charges, Energy Charges, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charge.

DELIVERY VOLTAGE CREDIT: When the customer takes service at primary voltage, a discount of ~~9091~~¢ per kW of Supplemental Demand and 63¢ per kW of Standby Demand will apply.

When the customer takes service at subtransmission or higher voltage, a discount of \$~~2.77-81~~ per kW of Supplemental Demand and \$1.97 per kW of Standby Demand will apply.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be ~~7472~~¢ per kW of Supplemental Demand and Standby Demand. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

Continued to Sheet No. 6.609

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



~~THIRTEENTH~~ ~~FOURTEENTH~~ REVISED SHEET NO. 6.700
CANCELS ~~TWELFTH~~ ~~THIRTEENTH~~ REVISED SHEET NO.
6.700

**INTERRUPTIBLE STANDBY AND SUPPLEMENTAL SERVICE
(CLOSED TO NEW BUSINESS AS OF MAY 7, 2009)**

SCHEDULE: SBI

AVAILABLE: Entire service area.

APPLICABLE: Required for all self-generating customers eligible for service under rate schedules IS or IST whose generating capacity in kilowatts (exclusive of emergency generation equipment) exceeds 20% of their site load in kilowatts. Also available to self-generating customers eligible for service under rate schedules IS or IST whose generating capacity in kilowatts does not exceed 20% of their site load in kilowatts, but who agree to all the terms and conditions of this rate schedule. To be eligible for service under this rate schedule, a customer must have been taking interruptible service under rate schedules IS-1, IST-1, IS-3, IST-3, SBI-1, or SBI-3 on May 6, 2009 and have signed the Supplemental Tariff Agreement for the Purchase of Industrial Standby and Supplemental Load Management Rider Service. Resale not permitted.

CHARACTER OF SERVICE: The electric energy supplied under this schedule is three phase primary voltage or higher

LIMITATION OF SERVICE: A customer taking service under this tariff must sign the Tariff Agreement for the Purchase of Standby and Supplemental Service

MONTHLY RATE:

Basic Service Charge:

Primary Metering Voltage	\$649.14
Subtransmission Metering Voltage	\$2,404.93

Demand Charge:

~~\$3,904.07~~ per KW-Month of Supplemental Demand (Supplemental Demand Charge)
\$1.39 per KW-Month of Standby Demand (Local Facilities Reservation Charge)

plus the greater of:

\$1.20 per KW-Month of Standby Demand (Power Supply Reservation Charge); or
\$0.48 per KW-Day of Actual Standby Billing Demand (Power Supply Demand Charge)

Continued to Sheet No. 6.705

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



~~TENTH-ELEVENTH~~ REVISED SHEET NO. 6.715
CANCELS ~~NINTH-TENTH~~ REVISED SHEET NO. 6.715

Continued from Sheet No. 6.710

POWER FACTOR: When the average power factor during the month is less than 85%, the monthly bill will be increased 0.201¢ for each kVARh by which the reactive energy numerically exceeds 0.619744 times the billing energy. When the average power factor during the month is greater than 90%, the monthly bill will be decreased 0.101¢ for each kVARh by which the reactive energy is numerically less than 0.484322 times the billing energy.

METERING VOLTAGE ADJUSTMENT: When the customer takes energy metered at subtransmission or higher voltage, a discount of 1% will apply to the standby and supplemental demand charges, energy charges, Delivery Voltage Credit, Power Factor billing, and Emergency Relay Power Supply Charges.

DELIVERY VOLTAGE CREDIT: When the customer furnishes and installs all subtransmission or higher voltage to utilization voltage substation transformation, a discount of \$1.~~09~~14 per KW of Supplemental Demand and 34¢ per KW of Standby Demand will apply.

EMERGENCY RELAY POWER SUPPLY CHARGE: The monthly charge for emergency relay power supply service shall be \$1.~~55~~62 per KW of Supplemental Demand and Standby Demand. This charge is in addition to the compensation the customer must make to the Company as a contribution-in-aid of construction.

FUEL CHARGE: Supplemental energy may be billed at either standard or time-of-day fuel rates at the option of the customer. See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021.

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021.

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021.

FRANCHISE FEE CHARGE: See Sheet No. 6.021.

PAYMENT OF BILLS: See Sheet No. 6.022.

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2020~~



~~ELEVENTH-TWELFTH~~ REVISED SHEET NO. 6.805
 CANCELS ~~TENTH-ELEVENTH~~ REVISED SHEET NO. 6.805

Continued from Sheet No. 6.800

MONTHLY RATE:

High Pressure Sodium Fixture, Maintenance, and Base Energy Charges:

Rate Code		Description	Lamp Size				Charges per Unit (\$)			
Dusk to Dawn	Timed Svc.		Initial Lumens ⁽²⁾	Lamp Wattage ⁽³⁾	kWh		Fixture	Maint.	Base Energy ⁽⁴⁾	
					Dusk to Dawn	Timed Svc.			Dusk to Dawn	Timed Svc.
800	860	Cobra ⁽¹⁾	4,000	50	20	10	3.16	2.48	0.47	0.24
802	862	Cobra/Nema ⁽¹⁾	6,300	70	29	14	3.20	2.11	0.69	0.33
803	863	Cobra/Nema ⁽¹⁾	9,500	100	44	22	3.63	2.33	1.04	0.52
804	864	Cobra ⁽¹⁾	16,000	150	66	33	4.18	2.02	1.565 Z	0.78
805	865	Cobra ⁽¹⁾	28,500	250	105	52	4.87	2.60	2.49 Z	1.23
806	866	Cobra ⁽¹⁾	50,000	400	163	81	5.09	2.99	3.868 Z	1.92
468	454	Flood ⁽¹⁾	28,500	250	105	52	5.37	2.60	2.49	1.23
478	484	Flood ⁽¹⁾	50,000	400	163	81	5.71	3.00	3.868 Z	1.92
809	869	Mongoose ⁽¹⁾	50,000	400	163	81	6.50	3.02	3.868 Z	1.92
509	508	Post Top (PT) ⁽¹⁾	4,000	50	20	10	3.98	2.48	0.47	0.24
570	530	Classic PT ⁽¹⁾	9,500	100	44	22	11.85	1.89	1.04	0.52
810	870	Coach PT ⁽¹⁾	6,300	70	29	14	4.71	2.11	0.69	0.33
572	532	Colonial PT ⁽¹⁾	9,500	100	44	22	11.75	1.89	1.04	0.52
573	533	Salem PT ⁽¹⁾	9,500	100	44	22	9.03	1.89	1.04	0.52
550	534	Shoebox ⁽¹⁾	9,500	100	44	22	8.01	1.89	1.04	0.52
566	536	Shoebox ⁽¹⁾	28,500	250	105	52	8.69	3.18	2.49 Z	1.23
552	538	Shoebox ⁽¹⁾	50,000	400	163	81	9.52	2.44	3.868 Z	1.92

(1) Closed to new business
 (2) Lumen output may vary by lamp configuration and age.
 (3) Wattage ratings do not include ballast losses.
 (4) The Base Energy charges are calculated by multiplying the kWh times the lighting base energy rate of ~~2.369373c~~ per kWh for each fixture.

Continued to Sheet No. 6.806

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



~~NINTH-TENTH~~ REVISED SHEET NO. 6.806
 CANCELS ~~EIGHTH-NINTH~~ REVISED SHEET NO. 6.806

Continued from Sheet No. 6.805

MONTHLY RATE:

Metal Halide Fixture, Maintenance, and Base Energy Charges:

Rate Code		Description	Lamp Size				Charges per Unit (\$)			
Dusk to Dawn	Timed Svc.		Initial Lumens ⁽²⁾	Lamp Wattage ⁽³⁾	kWh		Fixture	Maint.	Base Energy ⁽⁴⁾	
					Dusk to Dawn	Timed Svc.			Dusk to Dawn	Timed Svc.
704	724	Cobra ⁽¹⁾	29,700	350	138	69	7.53	4.99	3.27	1.636 4
520	522	Cobra ⁽¹⁾	32,000	400	159	79	6.03	4.01	3.77	1.87
705	725	Flood ⁽¹⁾	29,700	350	138	69	8.55	5.04	3.27	1.636 4
556	541	Flood ⁽¹⁾	32,000	400	159	79	8.36	4.02	3.77	1.87
558	578	Flood ⁽¹⁾	107,800	1,000	383	191	10.50	8.17	9.070 9	4.525 3
701	721	General PT ⁽¹⁾	12,000	150	67	34	10.60	3.92	1.59	0.81
574	548	General PT ⁽¹⁾	14,400	175	74	37	10.89	3.73	1.757 6	0.88
700	720	Salem PT ⁽¹⁾	12,000	150	67	34	9.33	3.92	1.59	0.81
575	568	Salem PT ⁽¹⁾	14,400	175	74	37	9.38	3.74	1.757 6	0.88
702	722	Shoebox ⁽¹⁾	12,000	150	67	34	7.22	3.92	1.59	0.81
564	549	Shoebox ⁽¹⁾	12,800	175	74	37	7.95	3.70	1.757 6	0.88
703	723	Shoebox ⁽¹⁾	29,700	350	138	69	9.55	4.93	3.27	1.636 4
554	540	Shoebox ⁽¹⁾	32,000	400	159	79	10.02	3.97	3.77	1.87
576	577	Shoebox ⁽¹⁾	107,800	1,000	383	191	16.50	8.17	9.070 9	4.525 3

(1) Closed to new business

(2) Lumen output may vary by lamp configuration and age.

(3) Wattage ratings do not include ballast losses.

(4) The Base Energy charges are calculated by multiplying the kWh times the lighting base energy rate of ~~2.369373c~~ per kWh for each fixture.

Continued to Sheet No. 6.808

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



~~TENTH-ELEVENTH~~ REVISED SHEET NO. 6.808
 CANCELS ~~NINTH-TENTH~~ REVISED SHEET NO. 6.808

Continued from Sheet No. 6.806

MONTHLY RATE:

LED Fixture, Maintenance, and Base Energy Charges:

Rate Code		Description	Size				Charges per Unit (\$)			
Dusk to Dawn	Timed Svc.		Initial Lumens ⁽²⁾	Lamp Wattage ⁽³⁾	kWh ⁽¹⁾		Fixture	Maintenance	Base Energy ⁽⁴⁾	
					Dusk to Dawn	Timed Svc.			Dusk to Dawn	Timed Svc.
828	848	Roadway ⁽¹⁾	5,155	56	20	10	7.27	1.74	0.47	0.24
820	840	Roadway ⁽¹⁾	7,577	103	36	18	11.15	1.19	0.85	0.43
821	841	Roadway ⁽¹⁾	8,300	106	37	19	11.15	1.20	0.88	0.45
829	849	Roadway ⁽¹⁾	15,285	157	55	27	11.10	2.26	1.3031	0.64
822	842	Roadway ⁽¹⁾	15,300	196	69	34	14.58	1.26	1.6364	0.81
823	843	Roadway ⁽¹⁾	14,831	206	72	36	16.80	1.38	1.71	0.85
835	855	Post Top ⁽¹⁾	5,176	60	21	11	16.53	2.28	0.50	0.26
824	844	Post Top ⁽¹⁾	3,974	67	24	12	19.67	1.54	0.57	0.28
825	845	Post Top ⁽¹⁾	6,030	99	35	17	20.51	1.56	0.83	0.40
836	856	Post Top ⁽¹⁾	7,360	100	35	18	16.70	2.28	0.83	0.43
830	850	Area-Lighter ⁽¹⁾	14,100	152	53	27	14.85	2.51	1.26	0.64
826	846	Area-Lighter ⁽¹⁾	13,620	202	71	35	19.10	1.41	1.68	0.83
827	847	Area-Lighter ⁽¹⁾	21,197	309	108	54	20.60	1.55	2.56	1.28 0.001
831	851	Flood ⁽¹⁾	22,122	238	83	42	15.90	3.45	1.97	00
832	852	Flood ⁽¹⁾	32,087	359	126	63	19.16	4.10	2.9899	1.49
833	853	Mongoose ⁽¹⁾	24,140	245	86	43	14.71	3.04	2.04	1.02
834	854	Mongoose ⁽¹⁾	32,093	328	115	57	16.31	3.60	2.7273	1.35

(1) Closed to new business
 (2) Average
 (3) Average wattage. Actual wattage may vary by up to +/- 5 watts.
 (4) The Base Energy charges are calculated by multiplying the kWh times the lighting base energy rate of ~~2.3693736~~ per kWh for each fixture.

Continued to Sheet No. 6.810

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



FIFTH SIXTH REVISED SHEET NO. 6.809
CANCELS FOURTH FIFTH REVISED SHEET NO. 6.809

Continued from Sheet No. 6.808

MONTHLY RATE:

LED Fixture, Maintenance, and Base Energy Charges:

Rate Code		Description	Size				Charges per Unit (\$)			
Dusk to Dawn	Timed Svc.		Initial Lumens ⁽¹⁾	Lamp Wattage ⁽²⁾	kWh ⁽¹⁾		Fixture	Maint.	Base Energy ⁽³⁾	
					Dusk to Dawn	Timed Svc.			Dusk to Dawn	Timed Svc.
912	981	Roadway	2,600	27	9	5	4.83	1.74	0.21	0.12
914		Roadway	5,392	47	16		5.97	1.74	0.38	
921		Roadway/Area	8,500	88	31		8.97	1.74	0.737	
926	982	Roadway	12,414	105	37	18	6.83	1.19	1.441	0.43
932		Roadway/Area	15,742	133	47		14.15	1.38	2	
935		Area-Lighter	16,113	143	50		11.74	1.41	1.481	
937		Roadway	16,251	145	51		8.61	2.26	9	
941	983	Roadway	22,233	182	64	32	11.81	2.51	1.52	0.76
945		Area-Lighter	29,533	247	86		16.07	2.51	2.04	
947	984	Area-Lighter	33,600	330	116	58	20.13	1.55	2.75	1.3738
951	985	Flood	23,067	199	70	35	11.12	3.45	1.66	0.83
953	986	Flood	33,113	255	89	45	21.48	4.10	2.11	1.07
956	987	Mongoose	23,563	225	79	39	11.78	3.04	1.87	0.9293
958		Mongoose	34,937	333	117		17.84	3.60	2.777	
965		Granville Post Top (PT)	3,024	26	9		5.80	2.28	0.21	
967	988	Granville PT	4,990	39	14	7	13.35	2.28	0.33	0.17
968	989	Granville PT Enh ⁽⁴⁾	4,476	39	14	7	15.35	2.28	0.33	0.17
971		Salem PT	5,240	55	19		10.95	1.54	0.45	
972		Granville PT	7,076	60	21		14.62	2.28	0.50	
973		Granville PT Enh ⁽⁴⁾	6,347	60	21		16.62	2.28	0.50	
975	990	Salem PT	7,188	76	27	13	13.17	1.54	0.64	0.31

⁽¹⁾ Average
⁽²⁾ Average wattage. Actual wattage may vary by up to +/- 10 %.
⁽³⁾ The Base Energy charges are calculated by multiplying the kWh times the lighting base energy rate of ~~2.3693736~~ per kWh for each fixture.
⁽⁴⁾ Enhanced Post Top. Customizable decorative options

Continued to Sheet No. 6.810

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



~~NINTH-TENTH~~ REVISED SHEET NO. 6.815
 CANCELS ~~EIGHTH-NINTH~~ REVISED SHEET NO. 6.815

Continued from Sheet No. 6.810

Miscellaneous Facilities Charges:

Rate Code	Description	Monthly Facility Charge	Monthly Maintenance Charge
563	Timer	\$7.54	\$1.43
569	PT Bracket (accommodates two post top fixtures)	\$4.27	\$0.06

NON-STANDARD FACILITIES AND SERVICES:

The customer shall pay all costs associated with additional company facilities and services that are not considered standard for providing lighting service, including but not limited to, the following:

1. relays;
2. distribution transformers installed solely for lighting service;
3. protective shields;
4. bird deterrent devices;
5. light trespass shields;
6. light rotations;
7. light pole relocations;
8. devices required by local regulations to control the levels or duration of illumination including associated planning and engineering costs;
9. removal and replacement of pavement required to install underground lighting cable; and
10. directional boring.

MINIMUM CHARGE: The monthly charge.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.021

FRANCHISE FEE: See Sheet No. 6.021

PAYMENT OF BILLS: See Sheet No. 6.022

SPECIAL CONDITIONS:

On customer-owned public street and highway lighting systems not subject to other rate schedules, the monthly rate for energy served at primary or secondary voltage, at the company's option, shall be ~~2.369373¢~~ per kWh of metered usage, plus a Basic Service Charge of \$10.52 per month and the applicable additional charges as specified on Sheet Nos. 6.020 and 6.021.

Continued to Sheet No. 6.820

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



SECOND-THIRD REVISED SHEET NO. 6.830
CANCELS FIRST-SECOND SHEET NO. 6.830

CUSTOMER SPECIFIED LIGHTING SERVICE

SCHEDULE: LS-2

AVAILABLE: Entire service area

APPLICABLE:

Customer Specified Lighting Service is applicable to any customer for the sole purpose of lighting roadways or other outdoor areas. Service hereunder is provided for the sole and exclusive benefit of the customer, and nothing herein or in the contract executed hereunder is intended to benefit any third party or to impose any obligation on the Company to any such third party. At the Company's option, a deposit amount of up to a two (2) month's average bill may be required at anytime.

CHARACTER OF SERVICE:

Service is provided during the hours of darkness normally on a dusk-to-dawn basis. At the Company's option and at the customer's request, the company may permit a timer to control a lighting system provided under this rate schedule that is not used for dedicated street or highway lighting. The Company shall install and maintain the timer at the customer's expense. The Company shall program the timer to the customer's specifications as long as such service does not exceed 2,100 hours each year. Access to the timer is restricted to company personnel.

LIMITATION OF SERVICE:

Installation shall be made only when, in the judgment of the Company, location of the proposed lights are, and will continue to be, feasible and accessible to Company personnel and equipment for both construction and maintenance and such installation is not appropriate as a public offering under LS-1.

TERM OF SERVICE:

Service under this rate schedule shall, at the option of the customer, be for an initial term of twenty (20) years beginning on the date one or more of the lighting equipment is installed, energized, and ready for use and shall continue after the initial term for successive one-year terms until terminated by either party upon providing ninety (90) days prior written notice.

SPECIAL CONDITIONS:

On lighting systems not subject to other rate schedules, the monthly rate for energy served at primary or secondary voltage, at the company's option, shall be ~~2.369373¢~~ per kWh of metered usage, plus a Basic Service Charge of \$10.52 per month and the applicable additional charges as specified on Sheet Nos. 6.020 and 6.021

Continued to Sheet No. 6.835

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: ~~January 1, 2021~~



SECOND-THIRD REVISED SHEET NO. 6.835
CANCELS ~~FIRST-SECOND~~ SHEET NO. 6.835

Continued from Sheet No. 6.830

MONTHLY RATE: The monthly charge shall be calculated by applying the monthly rate of 1.19% to the In-Place Value of the customer specific lighting facilities identified in the Outdoor Lighting Agreement entered into between the customer and the Company for service under this schedule.

The In-Place Value may change over time as new lights are added to the service provided under this Rate Schedule to a customer taking service, the monthly rate shall be applied to the In-Place Value in effect that billing month.

NON-STANDARD FACILITIES AND SERVICES:

The customer shall pay all costs associated with additional company facilities and services that are not considered standard for providing lighting service, including but not limited to, the following:

1. relays;
2. distribution transformers installed solely for lighting service;
3. protective shields;
4. bird deterrent devices;
5. light trespass shields;
6. light rotations;
7. light pole relocations;
8. devices required by local regulations to control the levels or duration of illumination including associated planning and engineering costs;
9. removal and replacement of pavement required to install underground lighting cable;
10. directional boring;
11. specialized permitting that is incremental to a standard construction permit; and
12. specialized engineering scope required by either the customer or by local code or ordinance that is unique to the requested work.

Payment may be made in a lump sum at the time the agreement is entered into, or at the customer's option these non-standard costs may be included in the In-Place Value to which the monthly rate will be applied.

MINIMUM CHARGE: The monthly charge.

ENERGY CHARGE: For monthly energy served under this rate schedule, 2.369373¢ per kWh.

FUEL CHARGE: See Sheet Nos. 6.020 and 6.021.

ENERGY CONSERVATION CHARGE: See Sheet Nos. 6.020 and 6.021.

CAPACITY CHARGE: See Sheet Nos. 6.020 and 6.021

ENVIRONMENTAL COST RECOVERY CHARGE: See Sheet Nos. 6.020 and 6.021

FLORIDA GROSS RECEIPTS TAX: See Sheet No. 6.022

FRANCHISE FEE: See Sheet No. 6.022

PAYMENT OF BILLS: See Sheet No. 6.022

ISSUED BY: N. G. Tower, President

DATE EFFECTIVE: January 1, 2021

Item 4

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts, Doehling) *TB*
Division of Accounting and Finance (J. Bloeker, Norris) *ALM*
Division of Economics (Hudson, Sibley) *JGH*
Office of the General Counsel (Stiller) *JSC*

RE: Docket No. 20180214-WS – Application to transfer facilities and Certificate Nos. 542-W and 470-S in Putnam County from St. John's River Club Utility Company, LLC to St. Johns River Estates Utilities, LLC.

AGENDA: 11/03/20 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

St. John's River Club Utility Company, LLC (SJRC or Seller) is a Class C water and wastewater utility providing service to approximately 85 customers in the Bayou Club development located in Putnam County. SJRC is located in the St. Johns River Water Management District (SJRWMD). The SJRWMD has implemented district wide irrigation water use restrictions to encourage conservation. SJRC's 2019 Annual Report indicates gross revenues of \$14,644 and \$20,529 for water and wastewater, respectively, and net operating income of \$3,437 for water and \$4,818 for the wastewater system.

The Florida Public Service Commission (Commission) granted original water and wastewater certificates to Buffalo Bluff Utilities, Inc. in 1992.¹ The Commission approved the transfer of Buffalo Bluff Utilities, Inc. to St. John's River Club, L.L.C. in 2005.² In 2007, the Commission approved the transfer of the system to SJRC.³ The rates for the Utility were last set by the Commission in a staff-assisted rate case in 2000.⁴

On November 20, 2018, American Retirement Communities (ARC) filed an application with the Commission for the transfer of Certificate Nos. 542-W and 470-S from SJRC to St. Johns River Estates Utilities, LLC (SJR Estates, Buyer or Utility) in Putnam County. After discussions with staff, the Buyer resubmitted the application in its own name instead of its parent company, ARC, on December 10, 2018.

This recommendation addresses the transfer of the water and wastewater systems and Certificate Nos. 542-W and 470-S, the appropriate net book value of the water and wastewater systems for transfer purposes, and the need for an acquisition adjustment. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

1 Order No. PSC-92-0330-FOF-WS, issued May 11, 1992 in Docket No. 19910646-WS, *In re: Application for water and wastewater certificates in Putnam County by Buffalo Bluff Utilities, Inc.*

2 Order No. PSC-05-0431-PAA-WS, issued April 20, 2005, in Docket No. 20041096-WS, *In re: Application for Transfer of Certificate Nos. 542-W and 470-S in Putnam County from Buffalo Bluff Utilities, Inc. to St. John's River Club, L.L.C.*

3 Order No. PSC-07-0195-FOF-WS, issued March 5, 2007, in Docket No. 20060703-WS, *In re: Application for transfer of Certificate Nos. 542-W and 470-S in Putnam County from St. John's River Club, L.L.C. to St. John's River Club Utility Company, LLC.*

4 Order No. PSC-00-2500-PAA-WS, issued December 26, 2000, in Docket No. 20000327-WS, *In re: Application for Staff-Assisted Rate Case in Putnam County by Buffalo Bluff Utilities, Inc.*

Discussion of Issues

Issue 1: Should the transfer of Certificate Nos. 542-W and 470-S in Putnam County from St. John's River Club Utility Company, LLC to St. Johns River Estates Utilities, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 542-W and 470-S is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges, except the main extension charges, should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). The Seller is current with respect to annual reports and regulatory assessment fees (RAFs) through December 31, 2019. The Buyer will be responsible for filing annual reports and paying RAFs for 2020 and all future years. (Doehling, M. Watts, J. Blocker, Sibley)

Staff Analysis: On November 20, 2018, ARC filed an application on behalf of SJR Estates for the transfer of Certificate Nos. 542-W and 470-S from SJRC to SJR Estates in Putnam County. After discussions with staff in which staff attempted to get clarification regarding the filing, SJR Estates chose to submit a revised application on its own behalf. The revised application was submitted on December 10, 2018. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale to SJR Estates occurred on August 17, 2018, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

SJR Estates provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the service territory which is appended to this recommendation as Attachment A. The Utility provided a copy of a 99 year lease agreement effective August 9, 2018, as evidence that SJR Estates has rights to long-term use of the land upon which the water and wastewater treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(i), and (j), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment and a list of the assets purchased. There are no developer agreements, customer deposits, or customer advances that must be disposed of regarding the transfer. According to the purchase agreement, the total purchase price for assets is \$10,000. According to the Buyer, the sale took place on August 17, 2018, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The Utility's water treatment plant is composed of three four-inch wells with inline Venturi Aerators and hypo-chlorination used as the primary form of treatment. The wastewater system consists of one lift station and an extended aeration treatment facility with chlorinated effluent sent to two percolation ponds. The last sanitary survey of the water treatment facility was conducted on May 8, 2020, by the Department of Environmental Protection (DEP). The last compliance inspection of the wastewater treatment facility was on January 29, 2016. There were no deficiencies noted in either inspection and both systems were determined to be in compliance with the DEP's rules and regulations.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. The application states that while the Buyer does not have experience in the water or wastewater industry, it plans to continue to maintain the system and will hire appropriate staff. Through its review of DEP records, staff has verified that the same plant operator has been retained. The application also includes financial statements supporting the financial ability of the Buyer to provide service to the proposed service area. Based on its review, staff believes the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility's rates and charges were last set in a staff-assisted rate case in 2000⁵ and have remained unchanged. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by the Commission. As discussed in Issue 3, due to the level of net contribution in aid of construction (CIAC) to net plant, staff is recommending that the main extension charge for both water and wastewater be discontinued. Therefore, staff recommends that the Utility's existing rates and charges, except the main extension charges, remain in effect until a change is authorized by this Commission and are shown on Schedule No. 4.

Regulatory Assessment Fees and Annual Reports

Staff has verified that the Seller is current with respect to annual reports and RAFs through December 31, 2019. The Buyer will be responsible for filing annual reports and paying RAFs for 2020 and all future years.

Conclusion

Based on the foregoing, staff recommends the transfer of the water and wastewater systems and Certificate Nos. 542-W and 470-S is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates and charges, except the main extension charges, should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or

⁵ Order No. PSC-00-2500-PAA-WS, issued December 26, 2000, in Docket No. 20000327-WS, *In re: Application for staff-assisted rate case in Putnam County by Buffalo Bluff Utilities, Inc.*

connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C. The seller is current with respect to annual reports and RAFs through December 31, 2019. The Buyer will be responsible for filing annual reports and paying RAFs for 2020 and all future years.

Date: October 22, 2020

Issue 2: What is the appropriate net book value for the SJR Estates systems for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The net book value (NBV) of the water and wastewater systems for transfer purposes is \$1,079 and \$7,664, respectively, as of August 17, 2018. No positive acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, SJR Estates should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in SJR Estates' 2020 Annual Report when filed. (J. Blocker)

Staff Analysis: Rate base was last established as of December 31, 2004, in Order No. PSC-2005-0431-PAA-WS. The purpose of establishing net book value for both the water and wastewater systems for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for non-used and useful plant and working capital. The NBV has been updated to reflect balances as of August 17, 2018. Staff's recommended NBV, as described below, is shown on Schedule Nos. 1, 2 and 3, attached to the recommendation.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected water and wastewater UPIS balances of \$99,234 and \$132,899, respectively, as of August 17, 2018. Audit staff reviewed UPIS additions since the last rate case proceeding and as a result of a lack of proper supporting invoices, has decreased UPIS for water by \$14,204 and wastewater by \$3,914. Therefore, staff recommends that the Utility's water and wastewater UPIS balances as of August 17, 2018, should be \$85,030 and \$128,985, respectively.

Land

According to the Utility's general ledger, as of August 17, 2018, the water and wastewater land balances were \$4,152 and \$10,960, respectively. Water and wastewater land additions were noted in the general ledger for 2017 and 2018. Upon discussion however, the Buyer stated that the Seller did not have any additions during those periods and could not provide any supporting documentation. Audit staff determined that water land was overstated by \$3,049, and wastewater land was overstated by \$1,122. Therefore, staff recommends that the Utility's water and wastewater land balances as of August 17, 2018, should be \$1,103 and \$9,838, respectively.

Accumulated Depreciation

The Utility's general ledger reflected an accumulated depreciation balance of \$83,867 for water and \$126,343 for wastewater as of August 17, 2018. Audit staff calculated water and wastewater accumulated depreciation using the rates from Rule 25-30.140, F.A.C., and the audited plant additions and retirements as of August 17, 2018. Based on this calculation, water and wastewater accumulated depreciation is overstated by \$3,189 and \$831, respectively. As such, staff recommends that the Utility's accumulated depreciation balances should be \$80,678 for water and \$125,512 for wastewater, as of August 17, 2018.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

As of August 17, 2018, the Utility's general ledger reflected CIAC balances of \$31,205 and \$34,285 for the water and wastewater, respectively. Staff reviewed the CIAC balances and has no adjustments. As of August 17, 2018, the Utility's general ledger reflected accumulated amortization of CIAC balances of \$27,520 and \$29,024 for water and wastewater, respectively. Staff recalculated accumulated amortization of CIAC balances based on the approved rate from Order No. PSC-2005-0431-PAA-WS. Based on staff's recalculation, water and wastewater accumulated amortization of CIAC was overstated by \$691 and \$386, respectively. Therefore, staff recommends CIAC balances of \$31,205 for water and \$34,285 for wastewater, and accumulated amortization of CIAC balances of \$26,829 for water and \$28,638 for wastewater, as of August 17, 2018.

Net Book Value

The Utility reflected a NBV for water of \$15,834 and a NBV for wastewater of \$12,255. Based on the adjustments above, staff recommends a NBV \$1,079 for water and a NBV of \$7,664 for wastewater, for a total NBV of \$8,743.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. The Utility and its assets were purchased for \$10,000. As stated above, staff recommends the appropriate total NBV to be \$8,743. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. However, pursuant to Rule 25-30.0371(2), F.A.C., a positive acquisition adjustment shall not be included in rate base unless there is proof of extraordinary circumstances. The Buyer did not request a positive acquisition adjustment. As such, staff recommends that no positive acquisition adjustment be approved.

Conclusion

Based on the above, staff recommends that the NBV of the Utility, for transfer purposes, is \$8,743 (\$1,079 + \$7,664), as of August 17, 2018. No positive acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, the Buyer should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in SJR Estates' 2020 Annual Report.

Date: October 22, 2020

Issue 3: Should the Utility's main extension charge be discontinued?

Recommendation: Yes. The Utility's main extension charge should be discontinued for the water and wastewater systems. SJR Estates should provide notice to customers who have requested service within 12 calendar months prior to the month the application was filed to the present. The Utility should file revised tariffs reflecting the discontinuance of the main extension charges. The revised tariffs should be effective for connections made on or after the stamped approval date on the tariff sheets. The Utility should provide proof of the date notice was given within 10 days of the date of the notice. (Hudson)

Staff Analysis: The Utility's existing service availability charges include main extension charges of \$545 for water and \$935 for wastewater. A main extension charge allows the Utility to recover a portion of the cost of the Utility's distribution and collection lines from future customers. Currently, the Utility is not built out and can accommodate approximately 20 additional connections.

Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the Rule, the maximum amount of contributions-in-aid-of construction (CIAC), net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity. The minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution and wastewater collection systems. The maximum guideline is designed to ensure that the Utility retains an investment in the system.

Staff's recommended net book values yield contribution levels of 100 percent for water and 163 percent for wastewater. As a result, because the Utility has fully recovered the cost of the Utility's distribution and collection lines and the contribution levels exceed the maximum guideline in Rule 25-30.580, F.A.C., staff recommends that the Utility's main extension charge should be discontinued for the water and wastewater systems.

Based on the above, the Utility's main extension charge should be discontinued for the water and wastewater systems. SJR Estates should provide notice to customers who have requested service within 12 calendar months prior to the month the application was filed to the present. The Utility should file revised tariffs reflecting the discontinuance of the main extension charges. The revised tariff should be effective for connections made on or after the stamped approval date on the tariff sheets. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 4: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision. (Stiller)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision.

ST. JOHNS RIVER ESTATES UTILITIES, LLC

DESCRIPTION OF TERRITORY SERVED

A part of Sections 33 and 34, Township 10 South, Range 26 East and a part of Section 39, Township 10 South, Range 26 East and part of Section 39, Township 11 South, Range 26 East, Putnam County, Florida, being more particularly described as follows: For a point of reference commence at the point of intersection of the northerly line of said Section 39, Township 10 South, Range 26 East, said point being 100.00 feet easterly of as measured at right angles to the center line of the CSX Transportation right-of-way as now established; thence S 28°27'00" E, a distance of 1226.87 feet to the northeasterly right-of-way of County Road 309-B as now established to the POINT OF BEGINNING; thence northwesterly along said northeasterly right-of-way line, along the arc of a curve concave northeasterly and have a radius of 1860.08 feet, a chord bearing of N 53°28'26" W and a chord distance of 118.36 feet; thence N 28°27'00" W, a distance of 1281.54 feet; thence N 61°33'00" E, a distance of 50.00 feet; thence N 28°27'00" W, along the easterly right-of-way line of the CSX Transportation right-of-way, said right-of-way line being 100.00 feet easterly of as measured at right angles to said center line as now established, a distance of 1404.97 feet; thence N 73°28'46" E, a distance of 478.55 feet; thence N 01°09'00" W, a distance of 210.00 feet; thence N 88°51'00" E, a distance of 210.00 feet; thence N 01°09'00" W, a distance of 600 feet more or less to the waters of Murphy Creek; thence southeasterly along said waters of Murphy Creek a distance of approximately 4700 feet to the easterly line of Section 39, Township 10 South, Range 26 East; thence S 26°14'14" E, along said easterly line of said Section 39, Township 10 South, Range 26 East and the easterly line of said Section 39, Township 11 South, Range 26 East, a distance of 1447 feet more or less; thence S 74°31'16" W a distance of 1674.27 feet, to the northeasterly right-of-way line of County Road 309-B as now established; thence N 59°08'00" W along said northeasterly right-of-way line a distance of 203.67 feet; thence northwesterly along the northeasterly right-of-way line, along the arc of a curve concave northeasterly and having a radius of 1860.08 feet, a chord bearing of N 57°11'47" W and a chord distance of 125.6 feet to the POINT OF BEGINNING.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

St. Johns River Estates Utilities, LLC
pursuant to
Certificate Number 542-W

to provide water service in Putnam County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

Order Number	Date Issued	Docket Number	Filing Type
PSC-92-0330-FOF-WS	5/11/92	19910646-WS	Original Certificate
PSC-05-0431-PAA-WS	4/20/05	20041096-WS	Transfer
PSC-07-0195-FOF-WS	3/05/07	20060703-WS	Transfer
*	*	20180214-WS	Transfer

***Order Numbers and dates to be provided at time of issuance.**

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

St. Johns River Estates Utilities, LLC
pursuant to
Certificate Number 470-S

to provide wastewater service in Putnam County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

PSC-92-0330-FOF-WS	5/11/92	19910646-WS	Original Certificate
PSC-05-0431-PAA-WS	4/20/05	20041096-WS	Transfer
PSC-07-0195-FOF-WS	3/05/07	20060703-WS	Transfer
*	*	20180214-WS	Transfer

***Order Numbers and dates to be provided at time of issuance**

**St. Johns River Estates Utilities, LLC
 Schedule of Net Book Value as of August 17, 2018**

Water System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff Recommended</u>
Utility Plant in Service	\$99,234	(\$14,204)	\$85,030
Land & Land Rights	4,152	(3,049)	1,103
Accumulated Depreciation	(83,867)	3,189	(80,678)
CIAC	(31,205)	-	(31,205)
Accumulated Amortization of CIAC	<u>27,520</u>	<u>(691)</u>	<u>26,829</u>
Total	<u>\$15,834</u>	<u>(\$14,755)</u>	<u>\$1,079</u>

Wastewater System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff Recommended</u>
Utility Plant in Service	\$132,899	(\$3,914)	\$128,985
Land & Land Rights	10,960	(1,122)	9,838
Accumulated Depreciation	(126,343)	831	(125,512)
CIAC	(34,285)	-	(34,285)
Accumulated Amortization of CIAC	<u>29,024</u>	<u>(386)</u>	<u>28,638</u>
Total	<u>\$12,255</u>	<u>(\$4,591)</u>	<u>\$7,664</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of August 17, 2018**

<u>Explanation</u>	<u>Water</u>	<u>Wastewater</u>
Utility Plant in Service To reflect appropriate amount of utility plant in service.	<u>(\$14,204)</u>	<u>(\$3,914)</u>
Land To reflect appropriate amount of land.	<u>(\$3,049)</u>	<u>(\$1,122)</u>
Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>\$3,189</u>	<u>\$831</u>
Accumulated Amortization of CIAC To reflect appropriate amount of Accumulated Amortization of CIAC.	<u>(\$691)</u>	<u>(\$386)</u>
Total Adjustments to Net Book Value as of August 17, 2018	<u>(\$14,755)</u>	<u>(\$4,591)</u>

**St. Johns River Estates Utilities, LLC
 Schedule of Staff's Recommended Account Balances as of August 17, 2018**

Water System

<u>Account No.</u>	<u>Description</u>	<u>UPIS</u>	<u>Accumulated Depreciation</u>
304	Structures & Improvements	\$3,825	(\$3,825)
307	Wells & Springs	13,229	(13,229)
311	Pumping Equipment	10,924	(10,505)
320	Water Treatment Equipment	854	(854)
330	Distribution Reservoirs	7,350	(7,350)
331	Transmission & Distribution Mains	33,346	(29,853)
333	Services	8,530	(8,322)
334	Meters & Meter Install	<u>6,972</u>	<u>(6,740)</u>
	Total	<u>\$85,030</u>	<u>(\$80,678)</u>

Wastewater System

<u>Account No.</u>	<u>Description</u>	<u>UPIS</u>	<u>Accumulated Depreciation</u>
354	Structures & Improvements	\$49,635	(\$49,635)
360	Collection Sewers - Force	8,681	(8,681)
361	Collection Sewers - Gravity	20,587	(19,360)
363	Services to Customers	2,414	(2,355)
370	Receiving Wells	6,614	{6,614}
380	Treatment & Disposal - Equipment	12,965	(10,779)
381	Plant Sewers	<u>28,089</u>	<u>(28,089)</u>
	Total	<u>\$128,985</u>	<u>(\$125,512)</u>

**St. Johns River Estates Utilities, LLC
Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$7.91
3/4"	\$11.87
1"	\$19.78
1 1/2"	\$39.55
2"	\$63.28
3"	\$126.56
4"	\$197.75
6"	\$395.50
Charge Per 1,000 gallons	\$3.63

Initial Customer Deposits

Residential and General Service – 5/8" X 3/4"	\$50.00
All Other Meter Sizes	2x average estimated bill

Miscellaneous Service Charges

Initial Connection Charge	\$25.00
Normal Reconnection Charge	\$25.00
Violation Reconnection Charge	\$25.00
Premises Visit Charge (in lieu of disconnection)	\$25.00

Service Availability Charges

Meter Installation Charge	
5/8" x 3/4"	\$110.00
All Others Per Gallon	Actual Cost

**St. Johns River Estates Utilities, LLC
Monthly Wastewater Rates**

Residential Service

Base Facility Charge – All Meter Sizes	\$11.09
Charge Per 1,000 gallons 8,000 gallon cap	\$3.84

General Service

Base Facility Charge by Meter Size	
5/8" x 3/4"	\$11.09
3/4"	\$16.64
1"	\$27.73
1 1/2"	\$55.45
2"	\$88.72
3"	\$177.44
4"	\$277.25
6"	\$554.50
Charge Per 1,000 gallons	\$4.60

Initial Customer Deposits

Residential and General Service – 5/8" X 3/4"	\$50.00
All other meter sizes	2x average estimated bill

Miscellaneous Service Charges

Initial Connection Charge	\$25.00
Normal Reconnection Charge	\$25.00
Violation Reconnection Charge	Actual Cost
Premises Visit Charge (in lieu of disconnection)	\$25.00

Item 5

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts, Doehling, Maloy, Ramos) *TB*
Division of Accounting and Finance (Norris, Sowards) *ALM*
Division of Economics (Bethea, Hudson) *JGH*
Office of the General Counsel (Lherisson, Crawford) *JSC*

RE: Docket No. 20190170-WS – Application for transfer of facilities and Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc.

AGENDA: 11/03/20 – Regular Agenda – Proposed Agency Action for Issues 2 through 8 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Royal Utility Company (RUC or Seller) is a Class B water and wastewater utility providing service to approximately 801 residential and 116 general service customers in Broward County. RUC is located in the South Florida Water Management District (SFWMD). The SFWMD has year-round landscape watering restrictions, with additional water shortage orders issued by the SFWMD as needed. There are currently no water shortage orders in effect. RUC's 2019 Annual Report indicates gross revenues of \$366,158 and \$353,700 for water and wastewater, respectively, and net operating income of \$54,019 for water and \$53,541 for the wastewater system.

The Florida Public Service Commission (Commission) granted original water and wastewater certificates to University Utility Corporation in 1976.¹ The Commission approved a transfer of majority organizational control for University Utility Corporation in 1983.² In 1988, the Commission approved the transfer of the system to RUC.³ The rates for the utility were last set by the Commission in 1983.⁴ On August 29, 2019, Royal Waterworks, Inc. (Royal, Buyer or Utility) filed an application with the Commission for the transfer of Certificate Nos. 259-W and 199-S from RUC to Royal in Broward County.

This recommendation addresses the transfer of the water and wastewater systems and Certificate Nos. 259-W and 199-S, the appropriate net book value of the water and wastewater systems for transfer purposes, the need for an acquisition adjustment, and Royal's request to add miscellaneous service charges, a late payment charge, non-sufficient funds charges, customer deposits, and a new class of service to its tariff. The Commission has jurisdiction pursuant to Sections 367.071 and 367.081, Florida Statutes (F.S.)

¹ Order No. 7273, issued June 10, 1976, in Docket Nos. 19750635-W and 19750636-S, *In re: Application of UNIVERSITY UTILITY CORPORATION for certificates to operate a water and sewer utility in Broward County and the objection thereto filed by the Board of County Commissioners of Broward County.*

² Order No. 12384, issued August 18, 1983, in Docket No. 19820275-WS, *In re: Application for approval of transfer of majority control of UNIVERSITY UTILITY CORPORATION from Ambank Properties to Rowan Construction Equipment, Inc.*

³ Order No. 19867, issued August 22, 1988, in Docket No. 19880557-WS, *In re: Application of Royal Utility Company to transfer of Certificates Nos. 259-W and 199-S from University Utility Corporation.*

⁴ Order No. 12170, issued June 24, 1983, in Docket No. 19820237-WS, *In re: Application of UNIVERSITY UTILITY CORPORATION for an increase in its rates to its customers in Broward County, Florida.*

Discussion of Issues

Issue 1: Should the transfer of Certificate Nos. 259-W and 199-S in Broward County from Royal Utility Company to Royal Waterworks, Inc. be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 259-W and 199-S is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates, service availability charges, and billing policy should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, Florida Administrative Code (F.A.C.). The Seller is current with respect to annual reports and regulatory assessment fees (RAFs) through December 31, 2019. Royal should be responsible for filing annual reports and paying RAFs for 2020 and all future years. (Doehling, M. Watts, Sowards, Bethea)

Staff Analysis: On August 29, 2019, Royal filed an application for the transfer of Certificate Nos. 259-W and 199-S from RUC to Royal in Broward County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale to Royal occurred on July 1, 2019, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

Royal provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the service territory which is appended to this recommendation as Attachment A. Royal provided a copy of a warranty deed executed on July 24, 2019, as evidence that Royal has rights to long-term use of the land upon which the treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(i), and (j), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no customer deposits, developer agreements, or customer advances that must be disposed of with regard to the transfer. According to the purchase agreement, the total purchase price of the assets is \$2,150,000. According to the application, the sale took place on July 1, 2019, subject to Commission approval, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The Utility's water system is composed of three surficial wells with aeration, filtration, softening, and gas chloramination used as the primary form of treatment. Wastewater treatment service is provided by the City of Coral Springs. The last sanitary survey of the water treatment facility was conducted on June 4, 2020, by the Department of Environmental Protection (DEP). There were no deficiencies noted and the water system was determined to be in compliance with the DEP's rules and regulations.

Date: October 22, 2020

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. Royal's application states that its president, Gary Deremer, has over 30 years of Florida-related water and wastewater industry experience with previous private utility ownership of five utility systems. Also, Mr. Deremer is a major shareholder in 18 water and wastewater utilities regulated by the Commission. Further, the application indicates that Mr. Deremer has secured the services of U.S. Water Services Corporation (U.S. Water) to provide contract operating service, billing, and collection services. Staff reviewed the personal financial statements of Royal's primary shareholder, which is Mr. Deremer.⁵ Based on its review, staff believes the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

Royal's rates were last approved in its only staff-assisted rate case in 1983.⁶ The rates were subsequently amended by 26 price indexes and pass through rate adjustments. In addition, in 1993, the Utility was granted approval to bill customers with one inch meters at the 5/8 inch meter rate.⁷ The Utility's existing service availability and miscellaneous service charges were approved prior to 1983. Royal has requested to revise its miscellaneous service charges for water and add miscellaneous service charges for wastewater, add late payment and non-sufficient funds (NSF) charges, implement a new class of service for private fire protection rates, and establish customer deposits, which are discussed in Issues 4 through 8 of this recommendation. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a Utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, staff recommends that Royal's existing rates, service availability charges, and billing policy, as reflected in Schedule Nos. 2-A and 2-B, remain in effect, until a change is authorized by the Commission.

Regulatory Assessment Fees and Annual Report

Staff has verified that the Seller is current with respect to annual reports and RAFs through December 31, 2019. Royal will be responsible for filing annual reports and paying RAFs for 2020 and all future years.

Conclusion

Based on the foregoing, staff recommends the transfer of the water and wastewater systems and Certificate Nos. 259-W and 199-S is in the public interest and should be approved effective the date of the Commission's vote. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The existing rates, service availability charges, and billing policy should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariffs reflecting the transfer should be effective for services rendered or

⁵ Document No. 08649-2019 (Confidential), filed September 6, 2019.

⁶ Order No. 12170, issued June 24, 1983, in Docket No. 19820237-WS, *In re: Application of University Utility Corporation for an increase in its rates to its customers in Broward County, Florida*.

⁷ Order No. PSC-93-1171-FOF-WS, issued August 10, 1993, in Docket No. 19930455-WS, *In re: Request for Approval of Tariff Filings for Authority to Continue Existing Billing Policy in Broward County by Royal Utility Company*.

connections made on or after the stamped approval date on the tariffs, pursuant to Rule 25-30.475, F.A.C. The Seller is current with respect to annual reports and RAFs through December 31, 2019. Royal should be responsible for filing annual reports and paying RAFs for 2020 and all future years.

Issue 2: What is the appropriate net book value for Royal's water and wastewater systems for transfer purposes?

Recommendation: The net book value (NBV) of the water and wastewater systems for transfer purposes is \$943,455 and \$539,395, respectively, as of July 1, 2019. Royal should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the 2020 Annual Report when filed. (Sewards)

Staff Analysis: Rate base was last established in 1983. The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. Royal's request for a positive acquisition adjustment is addressed in Issue 3. The NBV has been updated to reflect balances as of July 1, 2019. Staff's recommended NBV, as described below, is shown on Schedule No. 1.

Utility Plant in Service (UPIS)

According to the Seller's general ledger, the water and wastewater UPIS balances were \$3,187,937 and \$1,814,757, respectively, as of May 31, 2019. Staff auditors determined a significant portion of plant recorded between January 1, 1988, and July 1, 2019, could not be verified due to lack of supporting documentation. In order to verify the UPIS recorded in the annual report, staff obtained the tax returns of the Seller for the years 2014 through 2018.⁸ The Commission has previously approved this approach to calculate UPIS when original records were not available.⁹

In order to calculate the recommended balances for UPIS, staff has relied upon the annual reports and the Seller's tax returns, as well as invoices for additions made through July 1, 2019. Therefore, staff recommends that the Utility's UPIS balances for water and wastewater be \$3,389,692 and \$1,944,996, respectively, as of July 1, 2019. As a result, UPIS for water and wastewater should be increased by \$201,755 and \$130,239, respectively.

Land

In Order No. 19867, the Commission established the value of land for water and wastewater to be \$76,123 and \$71,802, respectively. There have been no additional land purchases since that Order was issued. Therefore, staff recommends land balances for water and wastewater of \$76,123 and \$71,802, as of July 1, 2019.

Accumulated Depreciation

According to the Seller's general ledger, the water and wastewater accumulated depreciation balances were \$2,473,158 and \$1,471,604, respectively, as of May 31, 2019. Staff calculated the appropriate accumulated depreciation balances, pursuant to Rule 25-30.140, F.A.C., through July 1, 2019. Based on staff's calculation, staff recommends that the Utility's accumulated depreciation balances for water and wastewater be \$2,522,360 and \$1,477,403, respectively, as

⁸ Document No. 08649-2019

⁹ Order No. PSC-14-0626-PAA-WU, issued October 29, 2014, in Docket No. 20130265-WU, *In re: Application for staff-assisted rate case in Charlotte County by Little Gasparilla Water Utility, Inc.*

of July 1, 2019. As a result, accumulated depreciation for water and wastewater should be increased by \$49,202 and \$5,799, respectively.

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

According to the Seller's general ledger, the water and wastewater CIAC balances were \$571,643 and \$238,921, respectively, as of May 31, 2019. Staff reviewed the CIAC balances and there have been no additional collections of CIAC through July 1, 2019. Therefore, staff recommends water and wastewater CIAC balances of \$571,643 and \$238,921, respectively, as of July 1, 2019.

According to the Seller's general ledger, the water and wastewater accumulated amortization of CIAC balances were \$579,047 and \$206,294, respectively. Staff auditors determined that the water and wastewater balances were fully amortized as of July 1, 2019. Therefore, staff recommends that the Utility's accumulated amortization of CIAC balances for water and wastewater are \$571,643 and \$238,921, respectively, as of July 1, 2019. As a result, accumulated amortization of CIAC should be reduced by \$7,404 for water, and increased by \$32,627 for wastewater.

Net Book Value

The Utility's general ledger reflected a NBV for water and wastewater of \$798,303 and \$382,328, respectively. Based on the adjustments described above, staff recommends a NBV for the Utility's water and wastewater systems of \$943,455 and \$539,395, respectively, as of July 1, 2019. Staff's recommended NBV and the balances for UPIS and accumulated depreciation, based on the National Association of Regulatory Utility Commissioners, Uniform System of Accounts, are shown on Schedule No. 1, as of July 1, 2019.

Conclusion

Based on the above, staff recommends a NBV of Royal's water and wastewater systems for transfer purposes of \$943,455 and \$539,395, respectively, as of July 1, 2019. Within 90 days of the date of the final order, the Buyer should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2020 Annual Report when filed.

Issue 3: Should a positive acquisition adjustment be recognized for ratemaking purposes?

Recommendation: No. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment should not be granted as the Utility failed to demonstrate extraordinary circumstances. (Sewards, Doehling)

Staff Analysis: In its filing, the Utility requested a positive acquisition adjustment be included in the calculation of the Utility's rate base. An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of acquisition. Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment results when the purchase price is greater than the NBV and a negative acquisition adjustment results when the purchase price is less than the NBV. A positive acquisition adjustment, if approved, increases rate base. There have been no positive acquisition adjustments requested since Rule 25-30.0371, F.A.C., was enacted in 2002.

According to the purchase agreement, the Buyer purchased the Utility for \$2,150,000. As discussed in Issue 2, staff is recommending a total NBV for the water and wastewater systems of \$1,482,850 (\$943,455 + \$539,395). This would result in a positive acquisition adjustment of \$667,150.

Rule 25-30.0371(2), F.A.C., states, in part, the following:

In determining whether extraordinary circumstances have been demonstrated, the Commission shall consider evidence provided to the Commission such as anticipated improvements in quality of service, anticipated improvements in compliance with regulatory mandates, anticipated rate reductions or rate stability over a long-term period, anticipated cost efficiencies, and whether the purchase was made as part of an arms-length transaction.

The Buyer provided information regarding improvements in quality of service, improvements in compliance with regulatory mandates, and anticipated cost efficiencies.

Improvements in Quality of Service

Royal stated in its application that through its contract with U.S. Water, it has significantly improved the quality of service to its water and wastewater customers. This is in part due to U.S. Water's extensive experience in the water and wastewater industry, as well as providing Royal with a dedicated call center for customer service. In response to staff's data requests, Royal provided a list of several improvements it has made to the water treatment plant and wastewater lift station since its acquisition. These improvements include: rehabilitation of the lime softening unit, repair of the backwash filters, replacement of the recirculation system service pump, and replacement of the master lift station pumps.¹⁰ Royal stated these repairs have improved water quality and reduced the number of overflows at the lift station. Royal also stated that it has staged U.S. Water equipment on site to enable it to provide a quicker response time for emergencies than was provided by RUC.

¹⁰ Document No. 10815-2019

Staff reviewed the complaints filed with the Commission for the five-year period prior to the acquisition, June 2014 to June 2019, as well as after the acquisition, July 2019 to October 14, 2020. For the time period prior to the acquisition, the Commission recorded a total of 11 complaints pertaining to billing, quality of service, or quality of the water product. The Commission recorded a total of two billing complaints for the time period following the acquisition. Given the minimal number of complaints for the entire period, before and after the acquisition, staff is unable to draw any conclusions regarding the anticipated improvements in quality of service since the change in ownership based upon the Commission's customer complaint data.

Improvements in Compliance with Regulatory Mandates

The last sanitary survey conducted by the DEP, while the system was owned by RUC, occurred on May 30, 2017. During this inspection six deficiencies were noted and RUC's system was found to be out of compliance with the DEP's rules and regulations. Of particular concern were holes in the roof of the clear well tank, corroded plant components, failure to establish a cross-connection control plan, and failure to follow the approved lead and copper sampling plan. Based on staff's review of DEP documents, it appears RUC had cleared these deficiencies prior to Royal's acquisition.

After Royal's acquisition, on September 16, 2019, Broward County conducted an inspection of the storage tanks on behalf of the DEP.¹¹ During the inspection, potential non-compliance was noted and a Compliance Assistance Offer letter was sent to Royal. This was in part due to the diesel fuel tank's fill cap not being properly labeled and excessive rust areas on the tank. Royal promptly labeled and painted the fill cap yellow, as well as cleaned and painted the tank to rectify the situation.

Additionally, Royal stated that Broward County has a requirement that fluoride be added to the public's drinking water.¹² Royal found that the fluoride injection system was not in service, and RUC had not purchased fluoride in the year prior to the sale of the system. Royal's review of RUC's Monthly Operating Reports to the DEP revealed, however, that RUC had been recording fluoride residuals. Royal installed the fluoride injection system in October 2019 and is injecting the fluoride as required by Broward County.

The DEP conducted a sanitary survey of Royal's water treatment plant on June 4, 2020. The report issued on July 1, 2020, stated that the system was in compliance with the DEP's rules and regulations. Also, the complete battery of water quality tests for the DEP's primary and secondary water quality standards were performed on samples taken on January 29, 2020. All contaminants were found to be below the DEP's maximum contaminant levels for each respective substance.

As discussed above, RUC had satisfied its deficiencies with the DEP prior to the sale. Since the acquisition, Royal has maintained the system in compliance with the DEP. In addition, RUC's issues with respect to regulatory compliance and quality of service prior to the transfer do not

¹¹ Document No. 11191-2020

¹² Document No. 02094-2020

appear to be especially egregious.¹³ For this reason, staff does not believe the Utility has demonstrated extraordinary circumstances for its requested positive acquisition adjustment. Instead, staff believes that the improvements in quality of service and compliance with regulatory mandates demonstrates Royal's responsible execution of its obligations as a utility owner.

Anticipated Cost Efficiencies

In its application, the Buyer stated that based on operational changes, it expects a reduction in operation and maintenance expense. In response to staff's third data request, the Utility calculated a reduction of approximately \$100,000, based on a comparison of 2018 expenses of \$762,373 and annualized 2020 expenses of \$661,610. Staff notes bad debt expense was not included due to the adverse effects the COVID-19 pandemic has had on this account. Additionally, purchased wastewater expense was not included as it is a pass-through cost and the Utility does not have control over the amount it is charged by the provider or how those charges fluctuate from year to year. The Buyer also stated that customers would receive a benefit through a reduction of cost of capital. More specifically, the Buyer was able to obtain financing through long-term debt at an interest rate of 5.25 percent, whereas the previous owner maintained long-term debt at an interest rate of 8.65 percent.

In response to staff's first data request, the Buyer stated that it believes the NBV is understated. Staff has addressed the inclusion of plant as supported by the Utility's annual reports and tax returns in Issue 2. However, Royal also believes certain replacements or repairs in previous years were recorded as operation and maintenance expenses that should have been capitalized, which has led to a further understatement of NBV. In the past, the Commission has disallowed the inclusion of previously expensed items in rate base.¹⁴ As such, staff does not believe these adjustments are appropriate for consideration of a positive acquisition adjustment.

Rule 25-30.0371(2), F.A.C., states that a positive acquisition adjustment shall not be included in rate base absent a demonstration of extraordinary circumstances. Any entity that believes a full or partial positive acquisition adjustment should be made has the burden to prove the existence of extraordinary circumstances. Prior to this transfer, the Utility may have been in need of the improvements made. However, it was not in such a dire state of operation that if the Buyer did not step in the Utility would have failed to operate properly or provide services to its customers. While staff acknowledges that the Buyer has made improvements and accomplished cost savings, staff does not believe the actions performed demonstrate extraordinary circumstances. Additionally, as discussed above, staff believes that many of the improvements undertaken by Royal, regarding quality of service and compliance with regulatory mandates, demonstrate responsible utility ownership and should not be considered extraordinary circumstances.

¹³ For comparison, see Order No. PSC-2020-0088-PAA-SU, issued March 25, 2020, in Docket No. 20190116-SU, *In re: Application for staff-assisted rate case in Brevard County, and request for interim rate increase by Merritt Island Utility Company*, Infrastructure and Operational Conditions.

¹⁴ Order No. PSC-99-1917-PAA-WS, issued September 28, 1999, in Docket Nos. 19970536-WS and 19980245-WS, *In re: Application for limited proceeding increase in water and wastewater rates in Pasco County by Aloha Utilities, Inc.*

Conclusion

Pursuant to Rule 25-30.0371, F.A.C., staff believes a positive acquisition adjustment should not be granted as the Utility did not demonstrate extraordinary circumstances.

Issue 4: Should Royal’s request to revise water and add wastewater miscellaneous service charges be approved?

Recommendation: Yes. Royal’s request to revise water and add wastewater miscellaneous service charges should be approved. Royal should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. Royal should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bethea)

Staff Analysis: Currently, the Utility’s existing miscellaneous service charges for water consist of a violation reconnection charge of \$5.00 for normal hours and \$7.50 for after hours. There are no miscellaneous service charges for wastewater. Section 367.091, F.S., authorizes the Commission to change miscellaneous service charges. The Utility’s requested miscellaneous service charges were accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091(6), F.S. The requested charges are consistent with those recently approved for its sister companies: LP Waterworks, Inc., Country Walk Utilities, Inc., and Gator Waterworks, Inc.¹⁵ The calculations for charges for miscellaneous service charges, shown in the tables below, are rounded up to the nearest tenth. The Utility’s current and staff’s recommended miscellaneous service charges are shown in Table 4-5.

Initial Connection Charge

The initial connection charge is levied for service initiation at a location where service did not exist previously. A Royal representative makes one trip when performing the service of an initial connection. Based on labor and transportation to and from the service territory, staff recommends initial connection charges for Royal’s water and wastewater systems of \$31.10 for normal hours and \$36.20 for after hours. Staff’s calculations are shown in Table 4-1.

**Table 4-1
 Initial Connection Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Labor (Administrative) (\$28/hr x 1/4hr)	\$7.00	Labor (Administrative) (\$28/hr x 1/4hr)	\$7.00
Labor (Field) (\$30.42/hr x 1/3 hr)	\$10.14	Labor (Field) (\$45.63/hr x 1/3 hr)	\$15.21
Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91	Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91
Total	\$31.05	Total	\$36.12

¹⁵ Order Nos. PSC-2018-0553-PAA-WU, issued November 19, 2018, in Docket No. 20180021-WU, *In re: Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.*; PSC-2017-0334-PAA-WS, issued August 23, 2017, in Docket No. 20160222-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.*; and PSC-2020-0086-PAA-WU, issued March 24, 2020, in Docket No. 20190114-WU, *In re: Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.*

Normal Reconnection Charge

A normal reconnection charge is levied for the transfer of service subsequent to a customer requested disconnection. A normal reconnection requires two trips, which includes one to turn service on and the other to turn service off. Based on labor and transportation to and from the service territory, staff recommends normal reconnection charges for Royal’s water and wastewater systems of \$57.10 for normal hours and \$64.70 for after hours. Staff’s calculations are shown in Table 4-2.

**Table 4-2
 Normal Reconnection Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Labor (Administrative) (\$28/hr x 1/4hr x 2)	\$14.00	Labor (Administrative) (\$28/hr x 1/4hr x 2)	\$14.00
Labor (Field) (\$30.42/hr x 1/4 hr x 2)	\$15.21	Labor (Field) (\$45.63/hr x 1/4hr x 2)	\$22.82
Transportation (\$0.535/mile x 26 miles-to/from x 2)	\$27.82	Transportation (\$0.535/mile x 26 miles-to/from x 2)	\$27.82
Total	\$57.03	Total	\$64.64

Violation Reconnection Charge

The violation reconnection charge is levied prior to reconnection of an existing customer after discontinuance of service for cause. The service performed for violation reconnection requires two trips, which includes one trip to turn off service and a subsequent trip to turn on service once the violation has been remedied. Based on labor and transportation to and from the service territory, staff recommends violation reconnection charges for Royal’s water system of \$57.10 for normal hours and \$64.70 for after hours. For the wastewater system, staff recommends actual cost pursuant to Rule 25-30.460, F.A.C. Staff’s calculations are shown in Table 4-3.

**Table 4-3
 Violation Reconnection Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Labor (Administrative) (\$28/hr x 1/4hr x 2)	\$14.00	Labor (Administrative) (\$28/hr x 1/4hr x 2)	\$14.00
Labor (Field) (\$30.42/hr x 1/4 hr x 2)	\$15.21	Labor (Field) (\$45.63hr x 1/4 hr x 2)	\$22.82
Transportation (\$0.535/mile x 26 miles-to/from) x 2	\$27.82	Transportation (\$0.535/mile x 26 miles-to/from) x 2	\$27.82
Total	\$57.03	Total	\$64.64

Premises Visit Charge

The premises visit charge is levied when a service representative visits the premises at the customer’s request for complaint resolution and the problem is found to be the customer’s responsibility. In addition, the premises visit charge can be levied when a service representative visits a premises for the purpose of discontinuing service for nonpayment of a due and collectible bill, and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill. A premises visit requires one trip.

Based on labor and transportation to and from the service territory, staff recommends premises visit charges of \$31.10 for normal hours and \$36.20 for after hours. Staff’s calculations are shown in Table 4-4.

**Table 4-4
 Premises Visit Charge Calculation**

Activity	Normal Hours Cost	Activity	After Hours Cost
Labor (Administrative) (\$28.00/hr x 1/4hr)	\$7.00	Labor (Administrative) (\$28.00/hr x 1/4hr)	\$7.00
Labor (Field) (\$30.42/hr x 1/3 hr)	\$10.14	Labor (Field) (\$45.63/hr x 1/3 hr)	\$15.21
Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91	Transportation (\$0.535/mile x 26 miles-to/from)	\$13.91
Total	\$31.05	Total	\$36.12

Conclusion

Based on the above, the miscellaneous service charges identified in Table 4-5 below are appropriate and should be approved. The charges should be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of the notice.

**Table 4-5
 Miscellaneous Service Charges**

	Current		Staff Recommended	
	Water	Wastewater	Normal Hours	After Hours
Initial Connection Charge	N/A	N/A	\$31.10	\$36.20
Normal Reconnection Charge	N/A	N/A	\$57.10	\$64.70
Violation Reconnection Charge (Water)	\$5.00		\$57.10	\$64.70
Violation Reconnection Charge (Wastewater)		N/A	Actual Cost	
Premises Visit Charge	N/A	N/A	\$31.10	\$36.20

Issue 5: Should Royal's request to implement a late payment charge of \$6.50 be approved?

Recommendation: Yes. Royal's request to implement a late payment charge of \$6.50 should be approved. Royal should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. Royal should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bethea)

Staff Analysis: Royal is requesting a \$6.50 late payment charge to recover the cost of labor, supplies, postage, and RAFs associated with processing late payment notices. The Utility currently does not have a late payment charge. Royal is requesting \$6.50 for its late payment charge, which is consistent with recent Commission practice and the charge is consistent with that charged by other utilities managed by U.S. Water.¹⁶ The purpose of this charge is not only to provide an incentive for customers to make timely payment, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing delinquent accounts solely upon those who are cost causers. Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges.

Royal calculated the actual costs for its late payment charges to be \$8.07. Royal indicated that it will take approximately 15 minutes per account to research, compile, and produce late notices. The delinquent customer accounts will be processed by the administrative contract employee, which results in labor cost of \$7.00 (\$28.00 x 0.25 hr). This is consistent with prior Commission decisions where the Commission has allowed 10-15 minutes per account for the administrative labor associated with processing delinquent customer accounts.¹⁷ However, \$8.07 would be the highest late payment charge approved amongst all other water and wastewater utilities regulated by the Commission.¹⁸ Therefore, Royal is requesting a charge of \$6.50, consistent with recent Commission decisions. Royal's calculation for its actual costs associated with a late payment charge is shown in Table 5-1.

¹⁶ Order No. PSC-2018-0334-PAA-WU, issued June 28, 2018, in Docket No. 20170155-WU, *In re: Application for grandfather water certificate in Leon County and application for pass through increase of regulatory assessment fees, by Seminole Waterworks, Inc.*

¹⁷ Order Nos. PSC-2020-0086-PAA-WU, issued March 24, 2020, in Docket No. 20190114-WU, *In re: Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.*; PSC-16-0041-TRF-WU, issued January 25, 2016, in Docket No. 20150215-WU, *In re: Request for approval of tariff amendment to include miscellaneous service charges for the Earlene and Ray Keen Subdivisions, the Ellison Park Subdivision and the Lake Region Paradise Island Subdivision in Polk County, by Keen Sales, Rentals and Utilities, Inc.*; and PSC-15-0569-PAA-WS, issued December 16, 2015, in Docket No. 20140239-WS, *In re: Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.*

¹⁸ Order Nos. PSC-14-0105-TRF-WS, issued February 20, 2014, in Docket No. 20130288-WS, *In re: Request for approval of late payment charge in Brevard County by Aquarina Utilities, Inc.*; PSC-15-0535-PAA-WU, issued November 19, 2015, in Docket No. 20140217-WU, *In re: Application for staff-assisted rate case in Sumter County by Cedar Acres, Inc.*; and PSC-15-0569-PAA-WS, issued December 16, 2015, in Docket No. 20140239-WS, *In re: Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.*

Table 5-1
Late Payment Charge Cost Justification

Activity	Cost
Labor	\$7.00
Supplies	\$0.22
Postage	<u>\$0.49</u>
Markup for RAFs	<u>\$0.36</u>
Total Cost	<u>\$8.07</u>

Source: Utility's cost justification documentation

Conclusion

Based on the above, Royal's request to implement a late payment charge of \$6.50 should be approved. Royal should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. Royal should provide proof of the date notice was given no less than 10 days after the date of the notice.

Issue 6: Should Royal be authorized to collect Non-Sufficient Funds Charges?

Recommendation: Yes. Royal should be authorized to collect NSF charges. Royal should file a tariff sheet and a proposed customer notice to reflect the Commission-approved NSF charges. The approved charges should be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. Royal should provide proof of noticing within 10 days of rendering its approved notice. (Bethea)

Staff Analysis: Section 367.091, F.S., requires that rates, charges, and customer service policies be approved by the Commission. Staff recommends that Royal should be authorized to collect NSF charges consistent with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed:

- (1) \$25, if the face value does not exceed \$50;
- (2) \$30, if the face value exceeds \$50 but does not exceed \$300;
- (3) \$40, if the face value exceeds \$300; or
- (4) 5 percent of the face amount of the check, whichever is greater.

Conclusion

Approval of NSF charges is consistent with prior Commission decisions.¹⁹ Furthermore, NSF charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks be spread across the general body of ratepayers. As such, Royal should be authorized to collect NSF charges. Royal should file a tariff sheet and a proposed customer notice to reflect the Commission-approved NSF charges. The approved charges should be effective for service rendered on or after the stamped approval date on the tariff sheets provided customers have received notice pursuant to Rule 25-30.475, F.A.C. Royal should provide proof of noticing within 10 days of rendering its approved notice.

¹⁹ Order Nos. PSC-2020-0086-PAA-WU, issued March 24, 2020, in Docket No. 20190114-WU, *In re: Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.*; PSC-2018-0334-PAA-WU, issued June 28, 2018, in Docket No. 20170155-WU, *In re: Application for grandfather water certificate in Leon County and application for pass through increase of regulatory assessment fees, by Seminole Waterworks, Inc.*; PSC-14-0198-TRF-SU, issued May 2, 2014, in Docket No. 20140030-SU, *In re: Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc.*; and PSC-13-0646-PAA-WU, issued December 5, 2013, in Docket No. 20130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

Date: October 22, 2020

Issue 7: Should Royal's request for a new class of service for private fire protection be approved?

Recommendation: Yes. Royal's request to establish a new class of service for a private fire protection rate of \$50.96 for a six inch meter should be approved. Royal should file a proposed tariff and customer notice to reflect the Commission-approved rate. The approved rate should be effective on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475(1), F.A.C. Royal should provide proof of noticing within 10 days of rendering its approved notice. (Bethea)

Staff Analysis: Royal is requesting a new class of service for a six inch meter private fire protection rate of \$50.96. Currently, the Utility does not have any private fire protection rates. The Utility is requesting that the private fire protection rate be consistent with Rule 25-30.465, F.A.C., which states that the rate shall be one-twelfth the Utility's current base facility charge (BFC) for each meter size.

At this time, the Utility does not have a BFC for a six inch meter. Royal's proposed rate is one-twelfth of what the BFC charge would be for a six inch meter. Pursuant to Rule 25-30.437(6), F.A.C, the rates are first established with the 5/8 inch x 3/4 inch meter as the foundation. The rates for the other meter sizes are determined by factoring the BFC by the American Water Works Association meter equivalents as provided for in Rule 25-30.055(1)(b), F.A.C. The meter equivalent for a six inch meter is 50. Based on Royal's existing BFC of \$12.23 for the 5/8 inch x 3/4 inch meter and the meter equivalent of 50 for a six inch meter, the BFC for the six-inch meter is \$611.50 ($\12.23×50). Pursuant to Rule 25-30.465, F.A.C., the resulting private fire protection rate is \$50.96 ($\$611.50/12$). Therefore, staff believes the Utility's request is reasonable and should be approved.

Based on the above, Royal's request to establish a new class of service for private fire protection rate of \$50.96 for a six inch meter should be approved. Royal should file a proposed tariff and customer notice to reflect the Commission-approved rate. The approved rate should be effective on or after the stamped approval date on the tariff sheet provided customers have received notice pursuant to Rule 25-30.475(1), F.A.C. Royal should provide proof of noticing within 10 days of rendering its approved notice.

Issue 8: Should Royal's request to establish initial customer deposits be approved?

Recommendation: Yes. Royal's request to establish initial customer deposits should be approved. The appropriate initial customer deposit should be \$62.26 for water and \$79.08 for wastewater for the residential 5/8 inch x 3/4 inch meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

Staff Analysis: Rule 25-30.311, F.A.C., contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each utility's tariff contain its specific criteria for determining the amount of initial deposits. The Utility requested customer deposits of \$62.26 for water and \$79.08 for wastewater, which was based on two months of average residential monthly bills and the Utility's proposed rates. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of ratepayers. In addition, collection of customer deposits is consistent with one of the fundamental principles of rate making—ensuring that the cost of providing service is recovered from the cost-causer.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the Utility's collection of the revenues associated with that usage. Commission practice has been to set initial customer deposits equal to two months bills based on the average consumption for a 12-month period for each class of customers. The Utility indicated that the average monthly residential usage is 6,000 gallons per customer. Therefore, the average residential monthly bill is approximately \$31.13 for water and \$39.54 for wastewater service, based on the Utility's existing rates.

Based on the above, the appropriate initial customer deposit should be \$62.26 for water and \$79.08 for wastewater for the residential 5/8 inch x 3/4 inch meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

Issue 9: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, and proof that appropriate noticing has been done pursuant to Rule 25-30.4345, F.A.C. (Lherisson)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a consummating order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, and proof that appropriate noticing has been done pursuant to Rule 25-30.4345, F.A.C.

TERRITORY DESCRIPTION
Royal Waterworks, Inc.
Broward County
Water and Wastewater Service

Township 48 South, Range 41 East
Section 15

The north 1/2 of Section 15, Township 48 South, Range 41 East, situated in Broward County, Florida and containing 320 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Royal Waterworks, Inc.
pursuant to
Certificate Number 259-W

to provide water service in Broward County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
7273	07/10/76	750635-W	Original Certificate
12170	6/24/83	820237-WS	Rate Increase
12384	08/18/83	820275-WS	Transfer of Majority Control
19867	08/22/88	880557-WS	Transfer
*	*	20190170-WS	Transfer

***Order Number and date to be provided at time of issuance**

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Royal Waterworks, Inc.
pursuant to
Certificate Number 199-S

to provide wastewater service in Broward County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
7273	07/10/76	750636-S	Original Certificate
12170	6/24/83	820237-WS	Rate Increase
12384	08/18/83	820275-WS	Transfer of Majority Control
19867	08/22/88	880557-WS	Transfer
*	*	20190170-WS	Transfer

***Order Number and date to be provided at time of issuance**

Royal Waterworks, Inc.
Schedule of Net Book Value as of July 1, 2019

Water System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff Recommended</u>
Utility Plant In Service	\$3,187,937	\$201,755	\$3,389,692
Land & Land Rights	76,123	0	76,123
Accumulated Depreciation	(2,437,158)	(49,202)	(2,522,360)
CIAC	(571,643)	0	(571,643)
Amortization of CIAC	<u>579,047</u>	<u>(7,404)</u>	<u>571,643</u>
Total	<u>\$798,306</u>	<u>\$145,149</u>	<u>\$943,455</u>

Wastewater System

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff Recommended</u>
Utility Plant In Service	\$1,814,757	\$130,239	\$1,944,996
Land & Land Rights	71,802	0	71,802
Accumulated Depreciation	(1,471,604)	(5,799)	(1,477,403)
CIAC	(238,921)	0	(238,921)
Amortization of CIAC	<u>206,294</u>	<u>32,627</u>	<u>238,921</u>
Total	<u>\$382,328</u>	<u>\$157,067</u>	<u>\$539,395</u>

**Explanation of Staff's Recommended Adjustments
To Net Book Value as of July 1, 2019**

<u>Explanation</u>	<u>Water</u>	<u>Wastewater</u>
Utility Plant in Service To reflect the appropriate amount of utility plant in service	<u>\$201,755</u>	<u>\$130,239</u>
Accumulated Depreciation To reflect the appropriate amount of accumulated depreciation	<u>(\$49,202)</u>	<u>(\$5,799)</u>
Amortization of CIAC To reflect the appropriate amount of amortization of CIAC	<u>(\$7,404)</u>	<u>\$32,627</u>
Total Adjustments	<u>\$145,149</u>	<u>\$157,067</u>

Royal Waterworks, Inc.
Schedule of Staff's Recommended Account Balances as of July 1, 2019
Water System

Account			UPIS	Accumulated
<u>No.</u>	<u>Description</u>			<u>Depreciation</u>
302	Franchises		\$713	(\$494)
304	Structure and Improvements		542,157	(404,877)
307	Wells and Springs		23,683	(23,683)
309	Supply Mains		48,267	(48,267)
310	Power Generation Equipment		11,948	(7,169)
311	Pumping Equipment		735,632	(728,171)
320	Water Treatment Equipment		224,484	(55,242)
330	Distribution Reservoirs and Standpipes		9,100	(9,100)
331	Transmission and Distribution Mains		974,103	(569,917)
333	Services		168,098	(131,089)
334	Meters and Meter Installations		335,937	(339,645)
335	Hydrants		68,439	(47,249)
339	Other Plant / Misc Equipment		60,527	(46,978)
340	Office Furniture and Equipment		11,693	(11,692)
341	Transportation Equipment		13,029	(13,029)
343	Tools, Shop and Garage Equipment		10,370	(10,370)
344	Laboratory Equipment		5,856	(5,856)
347	Misc Equipment		25,650	(25,650)
348	Other Tangible Plant		<u>43,883</u>	<u>(43,883)</u>
	Total		<u>\$3,389,692</u>	<u>\$2,522,360</u>

Royal Waterworks, Inc.
Schedule of Staff's Recommended Account Balances as of July 1, 2019
Wastewater System

Account			Accumulated
<u>No.</u>	<u>Description</u>	<u>UPIS</u>	<u>Depreciation</u>
354	Structure and Improvements	\$145,709	\$103,668
355	Power Generation Equipment	37,368	18,987
360	Collection Sewers-Force	120,328	120,328
361	Collection Sewers-Gravity	1,007,571	728,031
364	Flow Measuring Devices	81,227	81,227
371	Pumping Equipment	273,926	221,187
389	Other Plant/Misc Equipment	121,758	121,758
390	Office Furniture & Equipment	11,276	11,276
391	Transportation Equipment	13,029	13,029
393	Tools, Shop, and Garage Equipment	22,947	22,947
394	Laboratory Equipment	26,858	23,768
398	Other Tangible Plant	<u>11,197</u>	<u>11,197</u>
	Total	<u>\$1,944,996</u>	<u>\$1,477,403</u>

**Royal Waterworks, Inc.
 Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$12.23
1"	\$83.32
1 1/2"	\$166.52
2"	\$266.46
3"	\$532.92

Charge Per 1,000 gallons \$3.15

Billing Policy * The City of Coral Springs requires installation of 1" meters at a minimum on all water services provided by the Utility. In situations where the Utility believes the customer would otherwise be entitled to a 5/8" x 3/4" meter, but for the existence of the prevailing South Florida Building Code, the Utility will bill that customer at the 5/8" rate for such service.

Service Availability Charges

Customer Service Line Installation Charge

All Meter Sizes Actual Cost

Guaranteed Revenue Charge

Residential-per ERC (615 GPD) per month	\$ 3.33
Per gallon per month	\$.00542

Meter Installation Charge

5/8" x 3/4"	\$100.00
1"	\$190.00
1 1/2"	\$350.00
2"	\$520.00
Over 2"	Actual Cost

**Royal Waterworks, Inc.
Monthly Wastewater Rates**

Residential Service

All Meter Sizes \$13.02

Charge Per 1,000 gallons \$4.58
10,000 gallon cap

General Service

Base Facility Charge by Meter Size

5/8" x 3/4" \$13.02

1" \$92.61

1 1/2" \$185.38

2" \$296.31

3" \$592.72

Charge Per 1,000 gallons \$4.59

Service Availability Charges

Customer Service Line Installation Charge

All Meter Sizes

Actual Cost

Guaranteed Revenue Charge

Residential-per ERC (350 GPD) per month \$ 3.18

Per gallon per month \$.012722

Item 6

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (M. Watts, Ramos) *TB*
Division of Accounting and Finance (D. Andrews) *ALM*
Office of the General Counsel (Schrader) *JSC*

RE: Docket No. 20200185-WS – Application for certificates to provide water and wastewater service in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.

AGENDA: 11/03/20 – Regular Agenda – Rule Waiver and Proposed Agency Action for Issue 1 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: 11/16/20 (90-Day Statutory Deadline to Address Rule Waiver)
12/08/20 (90-Day Statutory Deadline to Grant or Deny Certificate Application)

SPECIAL INSTRUCTIONS: None

Case Background

On July 22, 2020, Gibson Place Utility Company, LLC (GPU or Utility) filed its application for original water and wastewater certificates in Lake and Sumter Counties. The area is in the Southwest Florida Water Management District (SWFWMD) and is not in a water use caution area. The Utility anticipates providing water service to approximately 14,977 residential and 3,679 commercial equivalent residential connections (ERCs), and wastewater service to

approximately 14,977 residential and 2,818 commercial ERCs, when it reaches build out in 2028. The Utility intends to begin serving customers November 2021.

The Utility's initial application was found to be deficient. The Utility corrected the deficiency on September 9, 2020, making this the official filing date of the completed application. Pursuant to Section 367.031, Florida Statutes (F.S.), the Commission shall grant or deny an application for a certificate of authorization within 90 days of the official filing date of the completed application. Therefore, this application must be ruled upon by December 8, 2020.

Together with its application, the Utility filed a petition for temporary waiver of portions of Rule 25-30.033, Florida Administrative Code (F.A.C.), so that the Utility's initial rates and charges might be set at a date subsequent to the granting of the certificate of authorization. The Commission has 90 days to grant or deny the waiver pursuant to Section 120.542(8), F.S. Staff required additional information be provided to process the rule waiver. GPU provided the necessary information on August 18, 2020. Thus, the Commission has until November 16, 2020, to rule on the request for a waiver.

The territory proposed to be served by GPU is owned or controlled by a related party which intends to develop the property as age restricted developments as designated by the City of Wildwood and the City of Leesburg. GPU's service area will consist of single family homes, general and retail office space, and educational, medical, and recreational facilities.

The potable water system for GPU will be supplied by two water treatment plants (WTPs). The WTPs will be designed to supply the demand of the entire service area at build out, which will have an average daily demand of 1.847 million gallons per day (MGD). The water treatment will consist of sodium hypochlorite chlorination. Based on other WTPs in the region, there is a potential that additional treatment may be needed to address aesthetic drinking water conditions to remove hydrogen sulfide or iron. Treatment systems will be added to the WTPs to address these groundwater components if necessary. Ground storage tanks equipped with high service pumps will address peak hour water demands and maintain system pressure.

The GPU wastewater treatment plant (WWTP) will be designed, constructed and operated to treat wastewater to levels acceptable for a public-access reuse irrigation. Backup disposal will be to rapid infiltration basins during wet weather periods or when effluent criteria are not met. The WWTP build out capacity of 2.4 MGD maximum month average daily flow will be constructed in one phase.

The Commission has jurisdiction pursuant to Sections 367.031, 367.045, 367.081, and 120.542, F.S.

Discussion of Issues

Issue 1: Should the Commission grant GPU's petition for a temporary waiver of Rule 25-30.033(1)(p) and (q), F.A.C.?

Recommendation: Yes. GPU's petition for a temporary waiver of Rule 25-30.033(1)(p) and (q), F.A.C., should be granted. GPU should file the information required to set initial rates and charges in the first quarter of 2021. The Utility has met the requirements found in Section 120.542, F.S., and the Commission should grant GPU's petition for temporary waiver of Rule 25-30.033(1)(p) and (q) until the utility has completed its permitting and is closer to the commencement of its operations. Staff recommends that GPU be required to send a status update to the Commission every six months from the date of the order as to the status of the Utility's permitting with DEP and SWFWMD, and the anticipated date of the commencement of its operations. (M. Watts, Schrader)

Staff Analysis: Rule 25-30.033(1)(p) and (q), F.A.C., directs the applicant for an original certificate to file information necessary for setting initial rates and charges, including: the filing of the existing and projected cost of the system and associated depreciation by year, the existing and projected annual contributions-in-aid-of-construction and associated amortization by year, the projected capital structure, current and projected annual operating expenses, a schedule showing how the proposed rates were developed, a schedule showing how the proposed service availability policy and charges were developed, a schedule showing how the customer deposits and miscellaneous service charges were developed, and a draft of the proposed tariff for the Utility. GPU has asked for a temporary waiver of these rules so that it may receive its certificates from the Commission and then proceed with other permitting. When GPU has received its permits, it will then be able to provide accurate cost estimates, schedules, and cost studies to support initial rates and charges.

Section 120.542, F.S., authorizes the Commission to grant variances or waivers to the requirements of its rules where the person subject to the rules has demonstrated that the underlying purpose of the statute has been or will be achieved by some other means, and that strict application of the rules would cause the person substantial hardship or would violate principles of fairness. "Substantial hardship" as defined in this section means demonstrated economic, technological, legal, or other hardship.

Section 367.031, F.S., requires each utility seeking to provide water and wastewater service to obtain a certificate of authorization from the Commission prior to obtaining permits from the Department of Environmental Protection (DEP) and the state's water management districts. Further, Section 367.045(5)(a), F.S., states that the Commission may grant a certificate of authorization if it is in the public interest. The purpose of Sections 367.031 and 367.045, F.S., is to ensure that a utility has the financial and technical ability to provide service and that there is a need for service in the proposed service area.

While GPU has requested a temporary waiver for filing part of the required financial and technical information regarding rate setting, as explained in Issue 2, staff recommends that GPU has provided sufficient information to demonstrate that it will have the financial and technical

ability to provide water and wastewater service to the proposed service area. The development planned for the GPU territory will need water and wastewater service in 2021. GPU states that the development will consist of 14,977 residential and 3,679 commercial ERCs to be developed in 2021 through 2028. GPU states that although it does not expect to provide service until 2021, Section 367.031, F.S., requires the utility to obtain certificates from the Commission prior to DEP issuing construction permits. Until such permits are issued the utility will not have the financial information required for the Commission to set initial rates. Trying to accurately establish initial rates in the absence of such necessary information presents an undue hardship to GPU.¹

The Commission has previously granted a temporary waiver of the rules regarding establishment of initial rates and charges and bifurcated the two parts (granting the certificate, and setting rates) of original certification proceedings.² In the instant case, GPU has met the underlying purpose of Sections 367.031 and 367.045, F.S., because it has demonstrated the technical and financial ability to provide service and a need for service in the proposed territory. In addition, GPU has shown that it will suffer substantial hardship if all of the provisions of Rule 25-30.033, F.A.C., are strictly applied.

GPU has requested this waiver until it receives its other permits and is closer to commencing operations. GPU states that it will file its proposed tariffs and other required financial schedules to set initial rates sufficiently in advance of beginning operations so that the Commission would have sufficient time to review and to establish initial rates and charges. GPU expects to file the information required to set initial rates and charges in the first quarter of 2021, which will be at least eight months prior to the November 2021 date GPU plans to commence service to customers. Staff believes that the waiver of the parts of Rule 25-30.033, F.A.C., that requires information to be filed for the setting rates (i.e. Paragraphs (1)(p) and (q) of the rule) would not prevent the Commission from determining 1) whether GPU has the technical and financial ability to provide service, and 2) the need for service in the proposed territory. Rates can be set at a later date and would not impact those determinations. Therefore, staff believes that the public interest can still be served, and the planning of GPU can still be facilitated, without requiring the utility to comply with the rate setting portion of Rule 25-30.033, F.A.C., at this time.

Staff recommends that the Utility has met the requirements found in Section 120.542, F.S., and the Commission should grant GPU's petition for temporary waiver of Rule 25-30.033(1)(p) and (q) until it has completed its permitting and is closer to commencement of operations. Staff also recommends that GPU be required to send a status update to the Commission every six months from the date of the order as to the status of the Utility's permitting with DEP and SWFWMD, and the anticipated date of the commencement of its operations.

¹ Letter from GPU providing further explanation of necessity of the temporary rule waiver, dated August 18, 2020, Document No. 04542-2020.

² See, e.g.: Order Nos. PSC-13-0484-FOF-WS, issued October 15, 2013, in Docket No. 20130105-WS, *In re: Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.*; and PSC-2017-0059-PAA-WS, issued February 24, 2017, in Docket No. 160220-WS, *In re: Application for original water and wastewater certificates in Sumter County by South Sumter Utility Company, LLC.*

Issue 2: Should the application of GPU for water and wastewater certificates be approved?

Recommendation: Yes. The Commission should grant GPU Certificate Nos. 677-W and 577-S to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as GPU's water and wastewater certificates and it should be retained by the Utility. (M. Watts, D. Andrews)

Staff Analysis: As stated in the Case Background, GPU filed an application for original water and wastewater certificates to provide service in Lake and Sumter Counties on July 22, 2020. The application is in compliance with the governing statute, Section 367.045, F.S., and other pertinent statutes and administrative rules concerning an application for original certificates.

Notice

The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. The notice of application for an initial certificate of authorization for water and wastewater certificates was mailed to the entities required on August 4, 2020, and published as required on August 6, 2020. No objections to the notice of application have been received and the time for filing such has expired.

Land Ownership and Service Territory

GPU submitted recorded executed easements in the name of the Utility as required by Rule 25-30.033(1)(m), F.A.C. Adequate service territory and system maps and a territory description have been provided as prescribed by Rule 25-30.033(1)(j), F.A.C. A description of the territory requested by the applicant is appended to this recommendation as Attachment A.

Financial and Technical Ability

Rule 25-30.033(1)(h), and (i), F.A.C., requires a statement showing the financial and technical ability of the applicant to provide service, a detailed financial statement, and a list of all entities upon which the applicant is relying to provide funding along with those entities' financial statements. GPU is relying upon the financial backing of its parent, Holding Company of The Villages, Inc. (The Villages). The Commission has traditionally allowed reliance on the parent's financial ability.³ The Commission's reasoning has been the logical vested interest of a parent in the financial stability of its subsidiary. The application contains The Villages' most recent financial statements as well as a letter of commitment from The Villages "to make the financial and operating commitment necessary" for GPU to build and operate the system in Lake and Sumter Counties. Staff believes that The Villages' financial statements and extensive business operations in Florida show adequate and stable funding reserves for the Utility. Therefore, staff recommends that GPU has demonstrated that it will have access to adequate financial resources to operate the Utility.

³ Order Nos. PSC-17-0059-PAA-WS, issued February 24, 2017, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC*; PSC-13-0484-FOF-WS, issued October 15, 2013, in Docket No. 20130105-WS, *In re: Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC*; and PSC-12-0224-PAA-WS, issued April 30, 2012, in Docket No. 20090445-WS, *In re: Application for original certificates for proposed water and wastewater system and request for initial rates and charges in Indian River, Okeechobee and St. Lucie counties by Grove Land Utilities, LLC*.

Regarding technical ability, as stated above, The Villages has experience with operating multiple water and wastewater utilities. These systems are in good standing with the DEP. The Utility has also retained experienced engineering, design, permitting, construction, and operation professionals with experience in the development of its other utility systems.

Based on the above, staff recommends that GPU has demonstrated the technical and financial ability to provide service to the proposed service territory.

Conclusion

The Commission should grant GPU Certificate Nos. 677-W and 577-S to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as GPU's water and wastewater certificates and it should be retained by the Utility.

Issue 3: Should initial water and wastewater rates, charges, and return on equity be approved at this time?

Recommendation: No. Initial water and wastewater rates, charges, and return on equity should not be approved at this time. (M. Watts)

Staff Analysis: As discussed in the Case Background, the Commission must grant or deny the Utility's Application for Original Certificates within 90 days of the filing date of the Application. Reviewing the rates and charges at a later date does not conflict with the requirements in Section 367.045, F.S., to approve or deny certificate applications within 90 days. As discussed in Issue 1, there should be no harm in bifurcating the rates and charges portion to a later date because the Utility will not be operational until 2021. The Commission has previously approved this method of bifurcation of the certification and the rate setting process.⁴ Therefore, staff recommends that initial water and wastewater rates, charges, and return on equity should not be approved at this time.

⁴ Order No. PSC-17-0059-PAA-WS, issued February 24, 2017, as amended by Order No. PSC-17-0059A-PAA-WS, issued February 27, 2017, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC*.

Issue 4: Should this docket be closed?

Recommendation: No. This docket should remain open to allow for the setting of initial rates, charges, and return on equity. As discussed in Issue 1, the Utility has requested that the certification and the rate setting process be bifurcated. Therefore, staff recommends that the docket remain open for the setting of initial rates, charges, and return on equity at a later date. (Schrader)

Staff Analysis: This docket should remain open to allow for the setting of initial rates, charges, and return on equity. As discussed in Issue 1, the Utility has requested that the certification and the rate setting process be bifurcated. Therefore, staff recommends that the docket remain open for the setting of initial rates, charges, and return on equity at a later date.

**GIBSON PLACE UTILITY COMPANY, LLC
FLORIDA PUBLIC SERVICE
COMMISSION SERVICE AREA
JULY 2020**

THAT PORTION OF THE SOUTHWEST 1/4 OF SECTION 35, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTHWESTERLY OF FLORIDA'S TURNPIKE.

AND:

THOSE PORTIONS OF SECTIONS 1 AND 2, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTHWESTERLY OF FLORIDA'S TURNPIKE.

AND:

THAT PORTION OF SECTION 3, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING EASTERLY OF THE EAST RIGHT-OF-WAY FOR MARSH BEND TRAIL (ALSO KNOWN AS COUNTY ROAD 501).

LESS THE FOLLOWING DESCRIBED LAND:

FROM THE NORTHWEST CORNER OF THE SOUTHWEST 1/4 OF SECTION 3, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, RUN S33°52'42"E, 202.27 FEET, THENCE RUN N66°56'13"E, 149.98 FEET TO A POINT ON THE EASTERLY RIGHT OF WAY LINE OF MARSH BEND TRAIL (ALSO KNOWN AS COUNTY ROAD 501) FOR THE POINT OF BEGINNING THENCE CONTINUE N66°56'13"E, 415.12 FEET; THENCE RUN S23°03'47"E, 396.69 FEET; THENCE RUN S66°56'13"W, 414.82 FEET TO A POINT ON THE AFORESAID EASTERLY RIGHT-OF-WAY LINE OF MARSH BEND TRAIL (ALSO KNOWN AS COUNTY ROAD 501); SAID POINT LYING ON A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 2,920.00 FEET, THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 07°47'23" AND A CHORD BEARING AND DISTANCE OF N23°06'23"W, 396.69 FEET; THENCE NORTHWESTERLY ALONG SAID CURVE AN ARC DISTANCE OF 397.00 FEET TO THE POINT OF BEGINNING;

AND:

TOGETHER WITH THOSE PORTIONS OF SECTIONS 11 AND 12, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LYING NORTH OF THE RIGHT-OF-WAY FOR COUNTY ROAD C470; LESS THAT PORTION OF SAID SECTION 12 LYING IN THE RIGHT-OF-WAY OF FLORIDA'S TURNPIKE;

TOGETHER WITH THAT PORTION OF SECTION 10, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LYING NORTH OF THE RIGHT OF WAY FOR COUNTY ROAD C470 AND LYING NORTHEASTERLY AND EASTERLY OF MARSH BEND TRAIL (ALSO KNOWN AS COUNTY ROAD 501).

LESS THOSE PORTIONS OF SAID SECTION 10 DESCRIBED AS FOLLOWS: THE NORTH 405.00 FEET OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 AND LESS THE SOUTH 270.00 FEET OF THE NORTH 675.00 FEET OF THE WEST 885.00 FEET OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4; ALSO LESS THE SOUTH 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4.

AND

TOGETHER WITH THE EAST 1/2 OF NORTHWEST 1/4 AND THE WEST 1/2 OF THE NORTHEAST 1/4 AND THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 ALL IN SECTION 13, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

LESS:

COUNTY ROAD C470 RIGHT-OF-WAY.

TOGETHER WITH THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 OF SECTION 13, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LESS THE SOUTHEAST 1/4 OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 OF THE NORTHEAST 1/4 THEREOF.

TOGETHER WITH THE SOUTH 1/2 OF SECTION 13 AND SECTIONS 14, 15 AND 22, ALL IN TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

LESS AND EXCEPT ANY PORTIONS THEREOF LYING SOUTHERLY AND SOUTHEASTERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCE AT THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF AFORESAID SECTION 13; THENCE ALONG THE EAST LINE THEREOF RUN S00°16'48"W, 1,590.67 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 9,651.36 FEET AND A CHORD BEARING AND DISTANCE OF N69°01'48"W, 2,583.11 FEET TO WHICH A RADIAL LINE BEARS N28°39'38"W; SAID POINT ALSO BEING THE POINT OF BEGINNING OF SAID LINE; THENCE DEPARTING SAID EAST LINE RUN WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 15°22'51", AN ARC DISTANCE OF 2,590.88 FEET; THENCE ALONG A NON-TANGENT LINE RUN N75°13'45"W, 290.32 FEET; THENCE N80°51'33"W, 267.86 FEET; THENCE N84°40'29"W, 360.25 FEET; THENCE S87°30'39"W, 559.85 FEET; THENCE S82°33'15"W, 283.05 FEET; THENCE S77°23'44"W, 474.36 FEET; THENCE S70°43'26"W, 653.72 FEET; THENCE S73°41'20"W, 779.80 FEET; THENCE S78°15'44"W, 478.13 FEET THENCE S82°14'08"W, 539.95 FEET; THENCE N90°00'00"W, 282.70 FEET; THENCE N82°30'35"W, 297.27 FEET; THENCE N76°33'15"W, 914.81 FEET THENCE N71°26'18"W, 488.25 FEET; THENCE N68°12'01"W, 427.81 FEET; THENCE N59°33'31"W, 456.73 FEET; THENCE N59°06'26"W, 491.06 FEET THENCE N66°59'34"W, 547.87 FEET; THENCE N77°00'45"W, 508.58 FEET; THENCE N88°50'57"W, 1,436.86 FEET THENCE S00°50'57"E, 1,181.41 FEET; THENCE S18°02'39"W, 1,061.02

FEET; THENCE S44°47'44"W, 662.62 FEET; THENCE S49°51'54"W, 730.64 FEET; THENCE S41°57'54"W, 586.89 FEET; THENCE S42°40'07"W, 254.12 FEET; THENCE S35°32'25"W, 310.04 FEET; THENCE S33°42'14"W, 426.20 FEET; THENCE S28°42'01"W, 511.74 FEET; THENCE S25°47'37"W, 537.40 FEET TO THE SOUTH LINE OF THE NORTHWEST 1/4 OF AFORESAID SECTION 22; THENCE ALONG SAID SOUTH LINE RUN N89°46'44"W, 763.10 FEET TO THE POINT OF TERMINUS OF SAID LINE.

TOGETHER WITH ALL OF SECTION 16, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LESS RIGHT-OF-WAY FOR COUNTY ROAD C470.

AND:

TOGETHER WITH THE EAST 1/4 AND THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4, ALL IN SECTION 17, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LESS ANY PORTION THEREOF LYING WITHIN THE RIGHT-OF-WAY FOR COUNTY ROAD C470.

AND:

TOGETHER WITH THE EAST 1/2 OF THE NORTHEAST 1/4 OF SECTION 20, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

AND:

TOGETHER WITH THE NORTH 1/2 OF SECTION 21, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

TOGETHER WITH ALL OF SECTION 7, TOWNSHIP 20 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, LYING SOUTH OF THE WESTERLY RIGHT OF WAY OF FLORIDA'S TURNPIKE, LESS THE RIGHT-OF-WAY FOR COUNTY ROAD C470.

AND LESS:

COMMENCE AT THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF SECTION 18, TOWNSHIP 20 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA; THENCE N01°01'02"W ALONG THE EAST LINE OF THE NE 1/4 OF SAID SECTION 18, A DISTANCE OF 2,658.28 FEET TO THE NORTHEAST CORNER OF SAID SECTION 18; THENCE S89°00'55"W ALONG THE NORTH LINE OF THE NE 1/4 OF SAID SECTION 18, A DISTANCE OF 593.64 FEET TO A POINT OF INTERSECTION WITH THE WESTERLY RIGHT-OF-WAY LINE OF FLORIDA'S TURNPIKE; THENCE LEAVING THE NORTH LINE OF THE NE 1/4 OF SAID SECTION 18, N44°00'55"W ALONG SAID WESTERLY RIGHT-OF-WAY LINE A DISTANCE OF 95.76 FEET TO A POINT OF INTERSECTION WITH THE NORTHERLY RIGHT-OF-WAY LINE OF COUNTY ROAD C470; SAID INTERSECTION ALSO BEING THE POINT OF BEGINNING; THENCE LEAVING SAID WESTERLY RIGHT-OF-WAY LINE OF FLORIDA'S TURNPIKE S89°00'55"W ALONG SAID NORTHERLY RIGHT-OF-WAY LINE A DISTANCE OF 329.45 FEET; THENCE

S80°29'04"W ALONG SAID NORTHERLY RIGHT-OF-WAY LINE A DISTANCE OF 134.83 FEET; THENCE S89°00'55"W ALONG SAID NORTHERLY RIGHT-OF-WAY LINE A DISTANCE OF 1,456.67 FEET; THENCE LEAVING SAID NORTHERLY RIGHT-OF-WAY LINE N00°59'05"W, A DISTANCE OF 130.00 FEET; THENCE N89°00'55"E, A DISTANCE OF 850.00 FEET; THENCE N00°59'05"W, A DISTANCE OF 850.00 FEET; THENCE N41°56'49"W, A DISTANCE OF 738.95 FEET; THENCE N45°59'05"E, A DISTANCE OF 100.00 FEET TO THE SAID WESTERLY RIGHT-OF-WAY LINE OF FLORIDA'S TURNPIKE; THENCE ALONG SAID WESTERLY RIGHT-OF-WAY LINE S44°00'55"E, A DISTANCE OF 2,170.00 FEET TO THE POINT OF BEGINNING.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
Gibson Place Utility Company, LLC
Pursuant to
Certificate Number 677-W**

To provide water service in Lake and Sumter Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
*	*	20200185-WS	Original Certificate

*** Order Numbers and dates to be provided at time of issuance**

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
Gibson Place Utility Company, LLC
Pursuant to
Certificate Number 577-S**

To provide wastewater service in Lake and Sumter Counties in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
*	*	20200185-WS	Original Certificate

*** Order Numbers and dates to be provided at time of issuance**

Item 7

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey) *JGH*
Office of the General Counsel (Schrader) *JSC*

RE: Docket No. 20200222-EI – Petition for approval of modifications to rate schedule FB-1, fixedbill program by Duke Energy Florida, LLC.

AGENDA: 11/03/20 – Regular Agenda – Tariff Suspension – Participation is at the Commission’s discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/27/20 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 28, 2020, Duke Energy Florida, LLC (DEF) filed a petition for approval of modifications to its Optional FixedBill (FB-1) rate schedule and associated Tariff Sheet No. 6.391. The FB-1 rate schedule is available to residential customers and offers participating customers a predetermined electric bill for 12 months protecting customers from fluctuating electric bills resulting from weather or non-weather related impacts.

DEF is proposing revisions to Tariff Sheet No. 6.391 to allow DEF to have control of thermostats of customers taking service on the FB-1 rate schedule in addition to applicable Demand-Side Management programs through December 31, 2021. DEF explains that the goal is to test customer willingness to allow DEF to control ‘eligible’ customers’ thermostats in exchange for a \$50 prepaid credit card. The proposed program is limited to 2,000 participants.

Docket No. 20200222-EI

Date: October 22, 2020

The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should DEF's proposed Optional FixedBill (FB-1) Rate Schedule and associated Tariff Sheet No. 6.391 revisions be suspended?

Recommendation: Yes. Staff recommends that the Optional FixedBill (FB-1) Rate Schedule and associated Tariff Sheet No. 6.391 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications. (Guffey)

Staff Analysis: Staff recommends that the Optional FixedBill (FB-1) Rate Schedule and associated Tariff Sheet No. 6.391 be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications.

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

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission decision on the proposed Optional FixedBill (FB-1) Rate Schedule and associated Tariff Sheet No. 6.391 revisions. (Schrader)

Staff Analysis: This docket should remain open pending the Commission decision on the proposed Optional FixedBill (FB-1) Rate Schedule and associated Tariff Sheet No. 6.391 revisions.

Item 8

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey) *JGH*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20200203-GU – Joint petition for approval of swing service rider rates for January through December 2021, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.

AGENDA: 11/03/20 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 8-Month Effective Date: 04/30/21 (60-day suspension date waived by the companies)

SPECIAL INSTRUCTIONS: None

Case Background

On August 31, 2020, Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division, and Florida Public Utilities Company – Fort Meade (jointly, FPUC), as well as the Florida Division of Chesapeake Utilities Corporation (Chesapeake) (jointly, companies), filed a petition for approval of a revised swing service rider tariff for the period January through December 2021. FPUC is a local distribution company (LDC) subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes (F.S.). FPUC is a wholly-owned subsidiary of Chesapeake Utilities Corporation, which is headquartered in Dover, Delaware. Chesapeake is also an LDC subject to the Commission’s jurisdiction under Chapter 366, F.S., and is an operating division of Chesapeake Utilities Corporation.

The Commission first approved the companies' swing service rider tariff in Order No. PSC-16-0422-TRF-GU (swing service order) and the initial swing service rider rates were in effect for the period March through December 2017.¹ As required in the swing service order, the companies submitted the instant petition with revised 2021 swing service rider rates for Commission approval by September 1, 2020. The January through December 2020 swing service rider rates were approved in Order No. PSC-2019-0491-TRF-GU.² The swing service rider is a cents per therm charge that is included in the monthly gas bill of transportation customers. This is staff's recommendation on the 2021 swing service rider rates.

On September 8, 2020, the companies waived their 60-day file and suspend provision of Section 366.06(3), F.S., via an e-mail, which has been placed in the docket file. During its evaluation of the petition, staff issued a data request to the companies for which responses were received on September 14, 2020 and on September 28, 2020. The updated swing service rider rates and revised tariff sheets are shown in Attachment A to the recommendation. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, F.S.

¹ Order No. PSC-16-0422-TRF-GU, issued October 3, 2016, Docket No. 160085-GU, *In re: Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

² Order No. PSC-2019-0491-TRF-GU, issued November 19, 2019, Docket No. 20190160-GU, *In re: Joint petition for approval of swing service rider rate for January through December 2020, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

Discussion of Issues

Issue 1: Should the Commission approve the companies' proposed swing service rider rates and tariffs for the period January through December 2021?

Recommendation: Yes. The Commission should approve the companies' proposed swing service rider rates and tariffs for the period January through December 2021. The costs included are appropriate and the methodology for calculating the swing service rider rates is consistent with the swing service order. (Guffey)

Staff Analysis: The companies incur intrastate capacity costs when they transport natural gas on intrastate pipelines (i.e., pipelines operating within Florida only). The companies have two types of natural gas customers: sales and transportation. The swing service rider allows the companies to recover the intrastate capacity costs directly from all transportation customers as intrastate pipeline projects benefit all customers.

Types of Natural Gas Customers

Sales customers are primarily residential and small commercial customers that purchase natural gas from an LDC and receive allocations of intrastate capacity costs through the Purchased Gas Adjustment (PGA)³ charge. Of the joint petitioners in the instant docket, only Florida Public Utilities Company and Florida Public Utilities Company – Fort Meade have sales customers.

Transportation customers receive natural gas from third party marketers, also known as shippers⁴ and, therefore, do not pay the PGA charge to the LDC. The companies' transportation customers can be categorized as Transitional Transportation Service (TTS) or non-TTS. TTS program shippers purchase gas in aggregated customer pools for residential and small commercial customers, who do not contract directly with a shipper for their gas supply. Of the joint petitioners in the instant docket, only Florida Public Utilities Company – Indiantown Division (Indiantown) and Chesapeake have TTS customers.

TTS customers receive allocations of intrastate capacity costs through the swing service rider. Prior to the approval of the swing service rider, TTS customers received allocations of intrastate capacity costs through the Operational Balancing Account (OBA) mechanism. The OBA mechanism allowed Indiantown and Chesapeake to assign intrastate capacity costs to TTS shippers, who then passed the costs on to the TTS customers for whom they purchase gas. With the approval of the swing service rider, TTS customers are now charged directly for their allocated portion of the intrastate capacity costs (rather than Indiantown and Chesapeake charging the shippers who then passed the costs on to the TTS customers).

Non-TTS customers are primarily large commercial or industrial customers who contract directly with a shipper for their natural gas supply. Prior to the approval of the swing service rider, non-TTS customers were not paying a share of the intrastate capacity costs. The Commission approved a stepped implementation process for the swing service rider for non-TTS customers because the implementation of the swing service rider can have a significant financial impact on

³ The PGA charge is set by the Commission in the annual PGA cost recovery clause proceeding.

⁴ The Commission does not regulate the shippers or their charges for the gas commodity.

Date: October 22, 2020

those customers who previously had not been allocated any portion of the intrastate capacity costs.

Specifically, the swing service order approved a five-year implementation period for non-TTS customers with a 20 percent per year stepped allocation. Accordingly, the 2020 swing service charges included an 80 percent allocation of intrastate capacity costs to the non-TTS customers; the instant petition includes a 100 percent allocation of intrastate capacity costs to the non-TTS customers. The allocation to the non-TTS customers will remain at 100 percent in future petitions.

Updated 2021 Swing Service Rider Rates

The updated 2021 swing service rider rates were calculated based on the same methodology approved in the swing service order. As shown in the companies' petition, the total intrastate capacity costs for the period July 2019 through June 2020 are \$18,173,823. The total intrastate capacity costs reflect payments by the companies to intrastate pipelines for the transportation of natural gas, pursuant to Commission approved transportation agreements. In addition, the intrastate capacity costs include payments to outside contractors the companies hired to provide expertise on the purchase of commodity and capacity.

Of these costs, \$6,082,989 will be billed directly to certain large special contract customers. The remaining costs of \$12,090,834 are allocated between sales and transportation customers and will be recovered during the period January 1, 2021 through December 31, 2021.

The companies used actual therm usage data for the period July 2019 through June 2020 to allocate the intrastate capacity costs. Based on the usage data, the appropriate split for allocating the cost is \$8,571,149 (70.9 percent) to transportation customers and \$3,519,684 (29.1 percent) to sales customers. The sales customers' share of the cost is embedded in the PGA.

The transportation customers' share (\$8,571,149) is allocated to the various transportation rate schedules in proportion with each rate schedule's share of the companies' total throughput. To calculate the swing service rider rates, the cost allocated to each rate schedule is divided by the rate schedule's number of therms.

As stated earlier, TTS customers are charged an allocated portion of the intrastate capacity costs, while non-TTS customers were subject to a phased implementation in the 2017 through 2020 swing service rider rates. Since non-TTS customers are allocated 100 percent of the total intrastate capacity costs in 2021, the swing service revenues the companies are projected to receive is a total of \$8,571,149.

Credit to the PGA

The total intrastate capacity costs are embedded in the PGA with the projected 2021 swing service rider revenues incorporated as a credit in the calculation of the 2021 PGA. The amount

Date: October 22, 2020

credited to the 2021 PGA is \$8,571,149 plus \$6,082,989 received from special contract customers, for a total of \$14,654,138.⁵

Conclusion

Based on its review of the information provided in the petition and in response to staff's data requests, staff recommends that the companies' proposed swing service rider is reasonable. Staff reviewed the total projected intrastate capacity costs and verified that the costs included are appropriate. The Commission should approve the proposed swing service rider rates for the period January through December 2021. The costs included are appropriate and the methodology for calculating the swing service rider rates is consistent with the swing service order.

⁵ See direct testimony of Derrick M. Craig on behalf of FPUC, filed on August 7, 2020, Document No. 04291-2020, in Docket No. 20200003-GU, Exhibit No. DMC-2, Schedule E-1, line 8 on Page 1 of 6.

Issue 2: Should this docket be closed?

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

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

Florida Division of Chesapeake Utilities Corporation ~~Third~~ Fourth Revised Sheet No. 105.4
 Original Volume No. 4 Cancels ~~Second~~ Third Sheet No. 105.4

RATE SCHEDULES
MONTHLY RATE ADJUSTMENTS

Swing Service Rider

Applicability

The bill for transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for January 2020~~1~~ through the last billing cycle for December 2020~~1~~ are as follows:

<u>Rate Class</u>	<u>Classification</u>	<u>Rates Per Therm</u>
Firm Transportation Service A	FTS-A	\$0.06360.1090
Firm Transportation Service B	FTS-B	\$0.06480.1082
Firm Transportation Service 1	FTS-1	\$0.06840.1175
Firm Transportation Service 2	FTS-2	\$0.07480.1360
Firm Transportation Service 2.1	FTS-2.1	\$0.06980.1274
Firm Transportation Service 3	FTS-3	\$0.05780.1033
Firm Transportation Service 3.1	FTS-3.1	\$0.05800.1101
Firm Transportation Service 4	FTS-4	\$0.04860.1076
Firm Transportation Service 5	FTS-5	\$0.04900.1008
Firm Transportation Service 6	FTS-6	\$0.04980.1029
Firm Transportation Service 7	FTS-7	\$0.04820.1010
Firm Transportation Service 8	FTS-8	\$0.04800.1138
Firm Transportation Service 9	FTS-9	\$0.04650.0986
Firm Transportation Service 10	FTS-10	\$0.04660.0981
Firm Transportation Service 11	FTS-11	\$0.04940.1014
Firm Transportation Service 12	FTS-12	\$0.04320.0885

<u>Experimental Rate Class</u>	<u>Classification</u>	<u>Rates Per Bill</u>
Firm Transportation Service A	FTS-A	\$0.54710.9374
Firm Transportation Service B	FTS-B	\$0.98461.6441
Firm Transportation Service 1	FTS-1	\$1.47662.5385
Firm Transportation Service 2	FTS-2	\$3.27675.9572
Firm Transportation Service 2.1	FTS-2.1	\$10.642519.4334
Firm Transportation Service 3	FTS-3	\$12.945823.1424
Firm Transportation Service 3.1	FTS-3.1	\$36.722069.6891

Definitions

This surcharge allocates a fair portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

Issued by: Jeffrey Householder, President & CEO
 Effective: JAN-01-2020
 Chesapeake Utilities Corporation

Florida Public Utilities Company-Fort Meade
F.P.S.C. Gas Tariff
Original Volume No. 1

~~Third-Fourth~~ Revised Sheet No. 64.1
Cancels ~~Second-Third~~ Sheet No. 64.1

BILLING ADJUSTMENTS

Swing Service Rider

Applicability

The bill for transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for January 2020~~1~~ through the last billing cycle for December 2020~~1~~ are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule GSTS-1	\$0.04720.1025

Definitions

This surcharge allocates a fair portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

Issued by: ~~Kevin Webber~~ Jeffrey Householder, President & CEO
2020

Effective: JAN-01-

Florida Public Utilities Company
F.P.S.C. Gas Tariff
35.6
Third Revised Volume No. 1

~~Seventh-Eighth~~ Revised Sheet No.
Cancels ~~Sixth-Seventh~~ Revised Sheet No. 35.6

BILLING ADJUSTMENTS

Swing Service Rider

Applicability

The bill for transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service Rider factors for the period from the first billing cycle for January 2020~~1~~ through the last billing cycle for December 2020~~1~~ are as follows:

<u>Rate Class</u>	<u>Rates Per Therm</u>
Rate Schedule GSTS-1	\$0.05010.1160
Rate Schedule GSTS-2	\$0.04850.1093
Rate Schedule LVTS	\$0.04800.1052

Definitions

This surcharge allocates a fair portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

Issued by: ~~Kevin Webber, President~~ Jeffrey Householder, President & CEO
Effective: JAN 01 2020

Florida Public Utilities Company, Indiantown Division
No. 35.2
Original Volume No. 2
No. 35.2

~~Third~~Fourth Revised Sheet
Cancels ~~Second~~Third Sheet

BILLING ADJUSTMENTS

(Continued)

Swing Service Rider

Applicability

The bill for transportation service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for January 2020 through the last billing cycle for December 2020 are as follows:

<u>Rate Class</u>	<u>Classification</u>	<u>Rates Per Therm</u>
Transportation Service 1	TS1	\$0.0594 <u>0.1053</u>
Transportation Service 2	TS2	\$0.0552 <u>0.0982</u>
Transportation Service 3	TS3	\$0.0638 <u>0.0935</u>
Transportation Service 4	TS4	\$0.0000

Definitions

This surcharge allocates a fair portion of intrastate capacity costs to transportation customers in accordance with the PSC approved Swing Service Rider.

Issued by: ~~Kevin Webber, President~~Jeffrey Householder, President & CEO

Effect

Item 9

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Forrest, Coston) *JGH*
Office of the General Counsel (Osborn, Crawford) *JSC*

RE: Docket No. 20200204-GU – Petition for approval of the safety, access, and facility enhancement program true-up and 2021 cost recovery factors, by Florida City Gas.

AGENDA: 11/03/20 – Regular Agenda – Tariff Filing - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 60-day suspension date waived by the utility

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2020, Florida City Gas (FCG or utility) filed a petition for approval of the Safety, Access and Facility Enhancement Program (SAFE program) true-up and 2021 cost recovery factors. The SAFE program was approved in 2015 in Order No. PSC-15-0390-TRF-GU (2015 order).¹ The 2015 order allows the utility to recover the cost of relocating certain existing gas mains and associated facilities from rear lot easements to the street front. The 2015 order stated that allowing for the relocation of mains and services to the street front provides more direct access to the facilities and will enhance the level of service provided to all customers through improved safety and reliability. The SAFE cost recovery factor is a surcharge on customers' bills. The Commission ordered the utility to file an annual petition beginning in 2016, for review and resetting of the SAFE factors to true-up any prior over- or under-recovery and to

¹ Order No. PSC-15-0390-TRF-GU, issued September 15, 2015, in Docket No. 150116-GU, *In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery methodology, by Florida City Gas.*

set the factor for the coming year. The SAFE program is a 10-year effective program starting in 2015 to be completed in 2025. The current 2020 SAFE factors were approved by Order No. PSC-2019-0550-TRF-GU (2019 Order).² The proposed 2021 SAFE factors are shown in Attachment A to the recommendation on Tariff Sheet No. 79. Proposed revised Tariff Sheet No. 78 includes a revision to the description of the return on the SAFE investments calculation.

During the review process of the petition, staff issued one data request and responses were received on October 8, 2020. In its filing, the utility waived the 60-day suspension deadline pursuant to Section 366.06(3), Florida Statutes (F.S.). On October 14, 2020, FCG filed a corrected petition; the corrections did not impact the proposed SAFE factors. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, 366.06, and Chapter 368, F.S.

² Order No. PSC-2019-0550-TRF-GU, issued December 30, 2019, in Docket No. 20190172, *In re: Petition for approval of safety, access, and facility enhancement program true-up and 2020 cost recovery factors, by Florida City Gas.*

Discussion of Issues

Issue 1: Should the Commission approve Florida City Gas's proposed SAFE tariffs for the period January through December 2021?

Recommendation: Yes. The Commission should approve Florida City Gas's proposed SAFE tariffs for the period January through December 2021. (Forrest)

Staff Analysis: Under the SAFE program, FCG will relocate or replace 254.3 miles of mains and 11,443 associated service lines from rear property easements to the street over a 10-year period ending in 2025. The utility began its mains and services replacements at the end of 2015, as provided for in the 2015 order; the surcharges have been in effect since January 2016. As of 2020, the utility has replaced 165.3 miles of mains and 6,916 services as shown in Attachment A to the petition.

True-ups by Year

As required by the 2015 order, the utility's calculations for the 2021 revenue requirement and SAFE factors include a final true-up for 2019, an estimated/actual true-up for 2020, and projected costs for 2021.

Final True-up for 2019

FCG stated that the revenues collected for 2019 were \$286,521 compared to a revenue requirement of \$419,791 resulting in an under-recovery of \$133,270. Adding the 2018 final over-recovery of \$338,722 and the \$133,270 under-recovery of 2019, including interest, results in a final 2019 over-recovery of \$211,530.

Actual/Estimated 2020 True-up

FCG provided actual revenues for January through June and forecast revenues for July through December of 2020, totaling \$1,434,656, compared to an actual/estimated revenue requirement of \$1,511,621, resulting in an under-recovery of \$76,965. Adding the 2019 over-recovery of \$211,530 to the 2020 under-recovery of \$76,965, the resulting total 2020 true-up including interest is an over-recovery of \$137,895.

Projected 2021 Costs

FCG in Attachment B of its petition provided an overview and description of the SAFE pipeline replacement projects undertaken during 2020 and the SAFE projects scheduled for 2021. For 2021, the utility states that it plans to replace approximately 24 miles of mains in six projects in Miami-Dade and Port Saint Lucie counties. The number of projected services to be installed in 2021 is 1,386.

The utility's projected investment for 2021 is \$28,072,875 for its six projects in Miami Dade and Port Saint Lucie counties. The revenue requirement, which includes a return on investment, depreciation, and taxes, is \$2,699,930. The return on investment calculation includes federal income taxes, regulatory assessment fees, and bad debt. After subtracting the 2020 over-recovery of \$137,895, the total revenue requirement is \$2,562,035. Table 1-1 displays the projected 2021 revenue requirement calculation.

Date: October 22, 2020

Table 1-1
2021 Revenue Requirement Calculation

2021 Projected Investment	\$28,072,875
Return on Investment	\$1,666,995
Depreciation Expense	612,326
Property Tax Expense	<u>420,609</u>
2021 Revenue Requirement	\$2,699,930
Less 2020 Over-recovery	<u>\$137,895</u>
Total 2021 Revenue Requirement	\$2,562,035

Source: Attachment C of the Corrected Petition

Proposed 2021 SAFE factors

The SAFE factors are fixed monthly charges. FCG's cost allocation method was approved in the 2015 order and was used in the instant filing. The approved methodology allocates the current cost of a 2-inch pipe to all customers on a per customer basis and allocates the incremental cost of replacing a pipe larger than 2 inches to customers who use over 6,000 therms per year. For customers who require 4-inch pipes, the cost allocation takes into account that the minimum pipe is insufficient to serve their demand and, therefore, allocates an incremental per foot cost in addition to the all-customer cost. The resulting allocation factors are applied to the 2021 total revenue requirement to develop the monthly SAFE factors.

The proposed fixed monthly SAFE factor is \$1.84 for customers using less than 6,000 therms per year (current factor is \$1.05). The proposed fixed monthly SAFE factor for customers using more than 6,000 therms per year is \$3.43 (current factor is \$1.96).

Conclusion

Staff has reviewed FCG's filings and supporting documentation and believes that the calculations of the 2021 SAFE factors are consistent with the methodology approved in the 2015 order and are reasonable and accurate. The utility's proposed change on Tariff Sheet No. 78 addresses the return on investment calculation. FCG explained that the other components of capital structure shown on Tariff Sheet No. 78 pointed to the most recent earnings surveillance report, while equity did not. Therefore, FCG updated the tariff to be consistent. FCG will continue to use the return on equity and equity ratio cap from the most recent rate case. Staff recommends approval of the utility's proposed SAFE tariffs for the period January through December 2021.

Date: October 22, 2020

Issue 2: Should this docket be closed?

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

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

Florida City Gas
FPSC Natural Gas Tariff
Volume No. 10

Second Third Revised Sheet No. 78
Cancels Second First Revised Sheet No. 78

RIDER "D"

SAFETY, ACCESS AND FACILITY ENHANCEMENT (SAFE) PROGRAM

Applicable to all Customers served under the Rate Schedules shown in the table below except for those Customers receiving a discount under the AFD Rider.

Through its SAFE Program, the Company has identified the potential replacement projects focusing initially on area of limited access/pipe overbuilds, and risk assessment for Rear Lot Mains and Services considering:

- i. The pipe material;
- ii. Leak incident rates;
- iii. Age of pipeline;
- iv. Pressure under which the pipeline is operating.

The Eligible Infrastructure Replacement includes the following:

Company investment in mains and service lines, as replacements for existing Rear Lot Facilities, and regulatory station and other distribution system components, the installation of which is required as a consequence of the replacement of the aforesaid facilities that:

- i. do not increase revenues by directly connecting new Customers to the plant asset;
- ii. are in service and used and useful in providing utility service; and
- iii. that were not included in the Company's rate base for purposes of determining the Company's base rates in its most recent general base rate proceeding.

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 following:
 - a.) Equity balance from the most recent year-end surveillance report and the ROE and equity ratio cap from the most recent rate case~~Equity components as approved in the Company's most recent base rate case:~~
 - b.) Debt and customer deposit components from the Company's most recent year-end surveillance report; and
 - c.) Accumulated deferred income tax balance from the Company's most recent year-end surveillance report as adjusted, if applicable, consistent with the normalization rules of the Internal Revenue Code.
2. Depreciation expense (calculated using the currently approved depreciation rates);
3. Customer and general public notification expenses associated with the SAFE Program incurred for:

Issued by: ~~Carolyn Bermudez~~ Kurt Howard
~~Vice President~~ General Manager, Florida City Gas

Effective: January 1, 2020

Florida City Gas
 FPSC Natural Gas Tariff
 Volume No. 10

~~Second~~ Third Revised Sheet No. 79
 Cancels ~~Second~~ First Revised Sheet No. 79

RIDER "D"

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

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

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

The cost recovery factors including tax multiplier for the twelve-month period from January 1, ~~2020-2021~~ through December 31, ~~2020-2021~~ are:

<u>Rate Class</u>	<u>Rates Per Customer</u>
Rate Schedule RS-1	\$1.0584
Rate Schedule RS-100	\$1.0584
Rate Schedule RS-600	\$1.0584
Rate Schedule GS-1	\$1.0584
Rate Schedule GS-6K	\$4.963.43
Rate Schedule GS-25K	\$4.963.43
Rate Schedule GS-120K	\$4.963.43
Rate Schedule GS-1,250K	\$4.963.43
Rate Schedule GS-11M	\$-3.43
Rate Schedule GS-25M	\$-3.43
Rate Schedule GL	\$1.0584
Rate Schedule RSG	N/A
Rate Schedule CSG	N/A

Issued by: ~~Carolyn Bermudez~~ Kurt Howard Effective: January 1, 2020
~~Vice President~~ General Manager, Florida City Gas

Item 10

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hampson) *JGH*
Office of the General Counsel (Osborn, Crawford) *JSC*

RE: Docket No. 20200214-GU – 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.

AGENDA: 11/03/20 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/13/20 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 14, 2020, Florida Public Utilities Company, Florida Public Utilities Company – Indiantown Division, Florida Public Utilities Company – Fort Meade (jointly, FPUC), as well as the Florida Division of Chesapeake Utilities Corporation (herein all divisions jointly, Companies) filed a joint petition for approval of consolidation and modification of the Companies' tariffs.

The Companies have proposed to consolidate each of the division's previously approved tariffs to the extent possible without modification to any rates. Additionally, the Companies have

Docket No. 20200214-GU

Date: October 22, 2020

proposed modifications including, but not limited to, increasing the maximum allowable construction cost rate for FPUC to be consistent with the other divisions and modifying the terms and conditions under which the Companies will provide transportation services to their Florida business unit customers. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Companies' proposed revisions to their tariffs be suspended?

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

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

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

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed tariff revisions. (Osborn, Crawford)

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

Item 11

State of Florida



Public Service Commission

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

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

DATE: October 22, 2020

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Forrest, Coston, Draper) *JGH*
Office of the General Counsel (Osborn, Crawford) *JSC*

RE: Docket No. 20200216-GU – Request for approval of tariff modifications to accommodate receipt and transportation of renewable natural gas from customers, by Florida City Gas.

AGENDA: 11/03/20 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 11/16/20 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 15, 2020, Florida City Gas (FCG) filed a petition with the Commission for approval of tariff modifications to accommodate receipt and transportation of renewable natural gas (RNG) from customers. RNG is biogas that has been conditioned to meet pipeline quality standards. Specifically, FCG proposed two tariff modifications: (1) modifications to current tariffs to accommodate the receipt of RNG from biogas producers on FCG's distribution system and (2) a new Renewable Natural Gas Service (RNGS) tariff that would allow FCG to provide the necessary services to upgrade a customer's biogas in order to convert the biogas into pipeline quality RNG. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, 366.06, 366.125, and 366.91 Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should FCG's proposed new RNGS tariff and associated tariff revisions be suspended?

Recommendation: Yes. Staff recommends that the proposed new RNGS tariff and associated tariff revisions be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications. (Forrest)

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

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

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed tariff revisions. (Osborn, Crawford)

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