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 May 4, 2021

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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: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Deas)^{CH}
Office of the General Counsel (Weisenfeld)^{TL}

RE: Application for Certificate of Authority to Provide Telecommunications Service

AGENDA: 5/4/2021 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
20210054-TX	CSG-Cloud, LLC	8960

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

Item 2

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Williams)^{CH}
Office of the General Counsel (Murphy) *TL*

RE: Docket No. 20210049-TP – Request for submission of proposals for relay service, beginning in March 2022, for the deaf, hard of hearing, deaf/blind, or speech impaired, and other implementation matters in compliance with the Florida Telecommunications Access System Act of 1991.

AGENDA: 05/04/21 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: The current contract with Sprint expires February 28, 2022. Significant time is needed to issue the RFP, evaluate proposals, and to set-up the system.

SPECIAL INSTRUCTIONS: Anticipate the need for sign language interpreters and assisted listening devices. Please place near the beginning of the agenda to reduce interpreter costs.

Case Background

The existing Florida relay service provider contract expires February 28, 2022. On March 1, 2021, Sprint Communications Company, L.P., a wholly-owned subsidiary of T-Mobile USA, Inc. (Sprint) provided written notice to the Florida Public Service Commission (FPSC or Commission) that it does not intend to extend the relay provider contract an additional year past the expiration date, as permitted by the existing contract.

Attachment A to this recommendation contains a draft Request for Proposals (RFP) to provide telecommunications relay service in Florida. If approved, the RFP will be issued no later than May 11, 2021, with the proposals due by June 17, 2021. The tentative schedule calls for the Commission to select a provider at the October 5, 2021 Agenda Conference, and for the provider to begin providing service on March 1, 2022.

The RFP describes a relay service in compliance with the Florida Telecommunications Access System Act (TASA), Chapter 427, Part II, Florida Statutes, the Federal Americans with Disabilities Act of 1990, 42 USC §12101 et seq., and Federal Communications Commission regulations on relay service, 47 CFR Part 64. The RFP mandates many features for relay service including 24 hour a day service every day of the year, answering time and blocking standards, confidentiality conditions, procedures for relaying a call giving substantial control to the user as to how the call is handled, communications assistant and provider requirements, and provisions for complaint resolution and consumer input. In addition, the RFP allows a bidder to provide unsolicited features as part of its basic relay service for which additional evaluation points may be awarded.

The Commission shall award the contract to the bidder whose proposal is the most advantageous to the state, taking into account the factors set forth in Section 427.704(3)(a), Florida Statutes:

- a. The appropriateness and accessibility of the proposed telecommunications relay service for the citizens of the state, including persons with hearing and/or speech loss;
- b. The overall quality of the proposed telecommunications relay service;
- c. The charges for the proposed telecommunications relay service;
- d. The ability and qualifications of the bidder to provide the proposed telecommunications relay service as outlined in the RFP;
- e. Any proposed service enhancements and technological enhancements which improve service without significantly increasing cost;
- f. Any proposed inclusion of provision of assistance to deaf persons with special needs to access the basic telecommunications system;
- g. The ability to meet the proposed commencement date for the Florida Relay Service; and
- h. All other factors listed in the RFP.

Each bidder will be required to submit its Proposal on the basis of a charge per billable minute for a three-year contract with the option of four one-year extensions. The price proposal must be submitted in a sealed envelope separate from the technical proposal.

Docket No. 20210049-TP

Date: April 22, 2021

The RFP also provides for a point system for evaluating the proposals. A weight of 50% will be given to the technical aspect of the proposal and a weight of 50% will be given to the price aspect of the proposal.

A Bidders' Conference was held on April 6, 2021. During the Conference, staff conducted a detailed walk-through of the Draft RFP and allowed participants to ask questions and present suggested changes. In addition, staff allowed Conference participants and all interested persons to submit suggested changes to the Draft RFP for staff's consideration. Staff has addressed all suggested changes, and has presented its recommended basis for acceptance or denial in Issue One of the recommendation.

The FPSC has authority over TASA pursuant to Part II of Chapter 427, Florida Statutes.

Discussion of Issues

Issue 1: Should the RFP be issued?

Recommendation: Yes. The Commission should issue the RFP, as set forth in Attachment A.

Staff Analysis: The RFP was drafted to describe as specifically as possible the relay service that should be provided. The RFP includes services currently being provided in Florida and complies with Federal Communications Commission regulations.

The RFP is substantially similar to the RFP issued by the Commission in May 2017. Based on analysis by staff, along with suggested revisions from Hamilton Relay, Inc. (Hamilton Relay) and Sprint, staff recommends specific substantive modifications to the May 2017 RFP. Staff also recommends denial/modification of some suggested revisions. Staff's review of specific revisions to substantive sections of the 2017 RFP is presented below:

Section A.34. Liquidated Damages for Failure to Initiate Services on Time or to Provide Contracted Services for the Life of the Contract

The 2017 RFP required that liquidated damages may accrue up to specific dollar amounts for each breach of contract. Further, the RFP required that liquidated damages for any particular month may not exceed the actual monthly revenue from the provision of services pursuant to this RFP.

Hamilton Relay suggests substituting the monthly requirement with a daily requirement. This revision would require that liquidated damages for any particular day may not exceed the actual revenue for that day from the provision of service. Staff does not oppose this revision.

Sprint requests that the RFP allow for a 30 day cure period such that the provider can come into compliance prior to liquidated damages being imposed. Staff does not oppose Sprint's suggestion provided that any "cure" is subject to Commission approval. However, a cap on daily liquidated damages for failure to initiate service on time cannot logically be linked to actual revenues because if the service does not launch there will be no revenues and therefore, no damages. Similarly, there is no logical cure for having failed to timely launch the service. Thus, the revenue linkage and 30 day cure language should not apply to the provider's failure to meet the service initiation date.

Section B.33. Emergency Operations and Uninterruptible Power

The 2017 RFP required that in addition to a minimum of thirty (30) minutes battery capacity sufficient to operate each relay center processing Florida relay traffic at busy season busy hour load, each relay center shall have installed emergency power generating equipment capable of maintaining the relay center's operations. The uninterruptible power system shall support the switch system and its peripherals, switch room environmental (air conditioning, fire suppression system, emergency lights and system alarms), operator consoles/terminals, operator worksite emergency lights, and Call Detail Record recording. Provisions shall be made to meet emergencies resulting from failure of power service, sudden and prolonged increases in traffic, storms, lightning, etc. Employees shall be instructed as to the procedures

to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of relay service.

Hamilton Relay suggests that the RFP be revised to eliminate the minimum thirty (30) minutes battery capacity requirement. However, Hamilton Relay agrees with the provision that the provider shall provide an uninterruptible power system. Staff does not oppose Hamilton Relay's suggested change because installing emergency power generating equipment for uninterruptible power is sufficient.

Sections B.40-45 Related to Billing Arrangements

Both Hamilton Relay and Sprint had comments regarding Sections 40-45 based upon changes in the federal regulations governing equal access and billing options. In light of the August 5, 2020 FCC Report and Order (FCC 20-105) in which the FCC repealed the equal access and billing option requirement for state TRS programs, staff recommends that the RFP be amended accordingly, and that Sections 40-45, along with the related scoring section in Attachment A of the RFP be intentionally left blank with no points awarded.

Section C - Format

In the 2017 RFP, and previous RFP filings, the Commission required bidders to file an original and fifteen (15) two-sided copies of the technical proposal along with an original and five (5) copies of the price proposal.

Sprint filed comments stating that over the past year, as a result of the COVID-19 emergency, virtually all states have moved from requiring multiple hard copies to permitting electronic submissions of documents. Sprint further presents that prior to COVID-19, many states were moving to an electronic filing format for the submission of TRS proposals.

Considering the current COVID-19 alternate work arrangements, along with paper reduction efforts, staff supports reducing the number of hard copy proposals. In discussions with FPSC staff assigned to the docket, and previous proposal evaluators, staff believes it would be beneficial for evaluators to have a hard copy of the proposals available to use. Staff recommends that bidders be required to make an electronic filing, along with the submission of one original and 8 hard copies of the technical proposals.

Section E – Tables

The 2017 RFP contained two tables presenting data for the most recent year. Table 1 presented Intrastate minutes of use data and Table 2 presented a combination of Intrastate and Interstate data.

Hamilton Relay requests that the RFP be revised to include minutes of use for the most recent two years. Hamilton Relay also requests that Intrastate TRS Spanish and STS minutes of use be presented. Staff supports Hamilton Relay's request and the tables have been revised accordingly.

In addition to the changes discussed in the recommendation, the 2017 RFP has been edited for internal consistency with those changes identified in the recommendation. Staff recommends that the Commission issue the RFP as set forth in Attachment A. Staff also requests administrative authority to correct any scrivener's errors that may be discovered prior to issuance.

Issue 2: Should this docket be closed?

Recommendation: No. (Murphy)

Staff Analysis: Rather than a Commission order being issued on this contractual matter, the RFP should be issued pursuant to Section 120.57(3), Florida Statutes. This docket should remain open throughout the life of the contract, and the provider should be selected at a future Commission Agenda Conference to begin providing service on March 1, 2022.

STATE OF FLORIDA

FLORIDA PUBLIC SERVICE COMMISSION

REQUEST FOR PROPOSALS

TO PROVIDE

TELECOMMUNICATIONS RELAY SERVICE IN

FLORIDA

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REQUEST FOR PROPOSALS

A. ADMINISTRATIVE REQUIREMENTS AND PROCEDURES

1. Issuing Entity and Point of Contact

This Request For Proposals (RFP) is issued by the Florida Public Service Commission (FPSC). The FPSC's Proposals Review Committee (PRC) Chairman is the sole point of contact concerning this RFP and all communications must be made through the Chairman, Curtis Williams. Mailed correspondence must be addressed to Curtis Williams, c/o Mr. Adam J. Teitzman, Commission Clerk, Office of Commission Clerk, Florida Public Service Commission, 2540 Shumard Oak Boulevard, Tallahassee, FL 32399-0850 and should reference Docket No. 20210049-TP. The PRC Chairman can be contacted at (850) 413-6924 and facsimile correspondence should be directed to (850) 413-6925. E-mail should be directed to the PRC Chairman at cjwillia@psc.state.fl.us.

2. Purpose

The purpose of this RFP is to contract for a Florida Relay Service (FRS) System that meets the needs of the people of the State of Florida pursuant to the Telecommunications Access System Act of 1991 (Part II of Chapter 427, Florida Statutes) and which satisfies or exceeds the relay system certification requirements of the Federal Communications Commission under the Americans with Disabilities Act. Bidders must comply with the requirements of both laws.

Section E, Tables 1 and 2 of this RFP contains a summary of Florida intrastate billable session minutes for telecommunications relay services (TRS), speech-to-speech (STS), Spanish, and captioned telephone service (CTS) provided by the current relay service provider for the months of March 2019 through February 2020 and March 2020 through February 2021 respectively. Section E, Tables 3 and 4 contains a summary of intrastate and interstate session minutes for TRS, STS, Spanish, and CTS provided by the current relay provider for the months of March 2019 through February 2020 and March 2020 through February 2021 respectively. The bidder assumes all responsibility for the accuracy of data from these reports and billable minute information in using them for bidding purposes.

3. Other Applicable Laws/Legal Considerations

This RFP, and any resulting contract, shall be governed by the laws of the State of Florida. The bidders and provider shall comply with applicable federal, state, and local laws and regulations.

The contract shall be construed according to the laws of the State of Florida. Any legal proceedings against any party relating to or arising out of the RFP or any resultant

contract or contractual relation shall be brought in State of Florida administrative or judicial forums. The venue will be Leon County, Florida.

4. Scope

This RFP contains the instructions governing the proposal to be submitted and the material to be included therein, mandatory administrative and operational requirements which a bidder shall meet to be eligible for consideration, specific instructions for proposal submission, and evaluation criteria.

5. FCC Authority to Provide Relay Services

The provider shall have the necessary FCC authority or only use, for relay service, telecommunications providers that have the necessary FCC authority to provide interstate and international service.

6. Definitions/Acronyms

The following terms, when used in this RFP, have the meaning shown below.

- a. Abandoned Calls – Calls reaching the relay switch and terminated by the caller before a communications assistant answers regardless of the amount of time that has elapsed since the call reached the relay switch.
- b. Administrator – A not-for-profit corporation incorporated pursuant to the provisions of Chapter 617, Florida Statutes, and designated by the FPSC to administer the telecommunications relay service system and the distribution of specialized telecommunications devices pursuant to Section 427.703(1), Florida Statutes.
- c. Advisory Committee – A group created by Section 427.706, Florida Statutes, and consisting of up to ten individuals named by the FPSC for the purposes described in Part II of Chapter 427, Florida Statutes.
- d. Answer Time – The point in the progression of inbound calls beginning when it arrives at the call center switch until it is routed to a communications assistant.
- e. Billable Minutes – For the purpose of calculating and rendering bills to the Administrator pursuant to Section 427.704(4), Florida Statutes, billable minutes is the elapsed time between the time the incoming call enters the Florida Relay System provider's relay center switch and the completion of relay service. Total session time shall be rounded to the nearest one-tenth of a minute or less per session and the time for all call sessions shall be added

together for all incoming calls during the month to produce the total billable minutes per month. The total of billable minutes for the month shall be rounded to the nearest one-tenth of a minute. In a session which includes a mix of intrastate toll or local calls and interstate or international calls, the time associated with the interstate or international calls shall not be included in the billable time for that call session.

- f. Blocked calls – Calls blocked by the carrier’s 800 number network.
- g. Communications Assistant (CA) - A person who relays conversation to and from users of a relay system.
- h. Deaf – Having a permanent hearing loss and being unable to discriminate speech sounds in verbal communication, with or without the assistance of amplification devices.
- i. Dual Sensory Loss – Having both a permanent hearing loss and a permanent visual impairment and includes deaf/blindness.
- j. Electronic Posting - The Florida Department of Management Service's Vendor Bid System website located at http://myflorida.com/apps/vbs/vbs_www.main_menu.
- k. FPSC - Florida Public Service Commission.
- l. General Assistance Calls – Incoming calls to the CA that are not associated with an outgoing relay call. Such calls may provide information about using relay or other types of calls that are normally handled by customer service.
- m. Hard of Hearing – Having a permanent hearing loss which is severe enough to necessitate the use of amplification devices to discriminate speech sounds.
- n. Hearing Loss or Hearing Disabled – Being deaf or hard of hearing and includes dual sensory impairment.
- o. Hearing Carry-Over (HCO) – A feature that allows people who are speech disabled to use their hearing abilities to listen directly to their party. The CA voices the typed responses from the HCO user to the hearing person, who then speaks directly to the HCO user without CA interaction.
- p. Incoming Call – An incoming call refers to the portion of the communications connection from the calling party to the relay service center. An incoming Telecommunications Device for the Deaf (TDD) call is a call originated by a TDD user. An incoming telephone call is a call originated by a telephone user.

An incoming call includes calls to the relay service telephone number for completing a relay call as well as general assistance calls.

- q. Minor Irregularity – A variation from the request for proposals terms and conditions which does not affect the price of the proposal, give the bidder an unfair advantage or benefit not enjoyed by other bidders, or does not adversely impact the interests of the FPSC.
- r. Outgoing Call – An outgoing call refers to the portion of the communications connection from the relay service center to the called party. An outgoing TDD call is a call to a TDD user. An outgoing telephone call is a call to a telephone user.
- s. Provider – The entity with whom the FPSC contracts to provide Florida Relay Service.
- t. Proposals Review Committee (PRC) – The PRC consists of designated FPSC staff and designated members of the Advisory Committee.
- u. Session Minutes – Session minutes include the entire time that the relay call is connected to the communication assistant, including the time used to set up the call until the time the communications assistant disconnects the last party.
- v. Speech Impaired or Speech Disabled – Having a permanent loss of verbal communications ability which prohibits normal usage of a standard telephone set as stated in Section 427.703(10), Florida Statutes.
- w. Speech to Speech (STS) – A service that enables a person with speech disabilities to use relay service with his own voice or voice synthesizer, rather than using a TDD. A specially trained CA functions as a human translator for people with speech disabilities who have trouble being understood on the telephone. The STS CA repeats the words of the speech disabled user to the other party on the call.
- x. Telecommunications Device for the Deaf (TDD or TTY) – A teleprinter, an electronic device connected to a standard telephone line, operated by means of a keyboard, and used to transmit or receive signals through telephone lines.
- y. User - Includes either the calling or called party in a relay call.
- z. Video Relay – Video relay interpreting allows the caller, utilizing video conferencing facilities, to use sign language to communicate with the CA who voices the call to the hearing person at the receiving end.

- aa. Voice Carry-Over - A feature that enables a user with a hearing disability to utilize his useable speech for direct expression of voice communications and to use the CA for conversion of the other user's communications from voice to TDD.

7. Key Dates

The following dates are target dates. The FPSC and the PRC Chairman reserve the right to change the dates. Any change to the dates shall be accomplished by addendum.

Release Request for Proposals..... by May 11, 2021
Clarifying Questions Submitted in Writing to
PRC Chairman 3:00p.m. EDT.....by May 25, 2021
Answers to Clarifying Questions.....by June 8, 2021
TECHNICAL AND PRICE PROPOSAL
DUE DATE & TIME 3:00 p.m. EDT..... by June 17, 2021
Performance Bond Due Upon Execution of Contract
Begin ServiceMarch 1, 2022

8. Commencement Date

The commencement date for the service is March 1, 2022. Within their response to the RFP, bidders shall provide a work schedule showing how they can meet that deadline and shall provide a statement that they can provide the complete service on March 1, 2022.

9. Term of Contract

The term of the Contract will be an initial three year period. Upon mutual agreement between the FPSC and the provider, the Contract may be extended for up to four additional one year periods subject to the same terms and conditions set forth in the initial Contract and any written amendments signed by the parties. Any extension is subject to the availability of funds and contingent upon satisfactory performance by the provider. The provider shall notify the FPSC of its desire to extend service by March 1 the year before the current service period expires. For example, if the contract service period is due to expire on February 28, 2025, the provider must notify the FPSC by March 1, 2024, if it desires a one year extension of service.

10. Restrictions on Communications

From the issue date of this RFP until the staff recommendation on the award of the contract is filed in the docket file, bidders are not to communicate with any FPSC Commissioner, staff member, or Advisory Committee member regarding this RFP except for:

- a. Written correspondence to or from the PRC Chairman for clarifying questions only regarding the FPSC-approved RFP. All written questions must be submitted to the PRC Chairman by 3:00 pm EDT, May 25, 2021, and written answers to the questions will be posted in Docket No. 20210049-TP and on the Florida Department of Management Services Vendor Bid System (http://www.myflorida.com/apps/vbs/vbs_www.main_menu) by June 8, 2021. No changes to the FPSC-approved RFP will be considered.
- b. Oral discussions at an oral interview or site visit pursuant to Section A.

After the recommendation for award is filed, there will be no oral or written communication with FPSC staff, including the PRC Chairman, or any member of the FPSC concerning the RFP. Written correspondence submitted to the docket file for the sole purpose of identifying a mathematical error will be reviewed by appropriate FPSC staff.

For breach of this provision, the FPSC reserves the right to reject the proposal.

11. Modifications, Withdrawals, and Late Proposals

Proposals may only be modified or withdrawn by the bidder up to the established filing date and time. It is the responsibility of the bidder to ensure that the proposal is received by the Office of Commission Clerk on or before the proposal due date and time. Both the technical and price proposals must be filed by June 17, 2021, at 3:00 p.m. EDT. Late proposals will not be accepted.

12. Bidding Costs

Neither the FPSC, nor the Florida Relay System, is liable for any costs incurred by a bidder in conjunction with the development of its proposal.

13. Rejection of Proposals, Correction of Errors

The PRC Chairman and the FPSC reserve the right to reject any or all proposals and to cancel the RFP. The FPSC reserves the right to allow a bidder to correct minor irregularities upon notification by the PRC Chairman. A bidder may not modify its proposal after opening; however, calculation or typographical errors may be corrected by the FPSC.

14. Public Availability of Proposals, News Releases and Public Announcements

The technical proposals will each be made available to the general public within 10 days after each is opened. The price proposals will not be opened until after the technical proposals have been evaluated. Such price proposals will be made available after the staff

recommendation for award is filed. The FPSC may issue press releases or public announcements concerning filed proposals or the RFP process.

15. Protests

Failure to file a protest of either the RFP or the letter of intent within the time prescribed in Section 120.57(3)(b), Florida Statutes, shall constitute a waiver of proceedings under Chapter 120, Florida Statutes.

16. Letter of Intent/Notification to Bidders

Upon selection of a potential provider by the FPSC, the FPSC will issue a letter of intent to the potential provider. The electronic posting of the Notice of Intent to Award is the point of entry to protest the award pursuant to Section 120.57(3), Florida Statutes. A contract shall be completed and signed by all parties concerned within thirty (30) days of mailing the letter of intent. If this date is not met, through no fault of the FPSC, the FPSC may elect to cancel the letter of intent and make the award to another bidder.

All bidders will receive a copy of the letter of intent by certified mail, return receipt requested.

17. Award of Contract

The FPSC shall award the contract to the bidder whose proposal is the most advantageous to the state, taking into account the following considerations in Section 427.704(3)(a), Florida Statutes:

- a. The appropriateness and accessibility of the proposed telecommunications relay service for the citizens of the state, including persons who are deaf, hard of hearing, or speech impaired.
- b. The overall quality of the proposed telecommunications relay system.
- c. The charges for the proposed telecommunications relay service system.
- d. The ability and qualifications of the bidder to provide the proposed telecommunications relay service system as outlined in the RFP.
- e. Any proposed service enhancements and technological enhancements which improve service without significantly increasing cost.
- f. Any proposed provision of assistance to deaf persons with special needs to access the basic telecommunications system.

- g. The ability to meet the proposed commencement date for the FRS.
- h. All other factors listed in the RFP.

18. Award Without Discussion

The FPSC reserves the right to make an award without discussion of proposals with the bidder. Therefore, it is important that each technical and price proposal be submitted in the most complete, understandable, and accurate manner possible.

19. Oral Interviews/Site Visits/Written Data Requests

Bidders may be asked to participate in oral interviews, respond to a written data request, make their facilities available for a site inspection by the PRC or make their financial records available for a FPSC audit. Such interviews, site visits, and/or audits will be at the bidder's expense except that the PRC will pay for its own expenses (transportation, meals, housing, etc.). Bidders should come to oral interviews prepared to answer the PRC's questions and the bidder's primary contact person (person signing the letter of transmittal accompanying the RFP or his designee) shall be present at all meetings with the PRC or FPSC.

20. Contract Document

The successful bidder will be required to sign a contract which will include the following elements.

- a. The RFP.
- b. The bidder's proposal in response to the RFP.
- c. A document identifying any clarifications to the proposal and any unsolicited items contained in the proposal and desired by the FPSC to be included in the FRS.

All of the above items together will constitute a complete initial contract that will be executed by the FPSC's Executive Director on behalf of the FPSC.

21. Limited Liability

Neither the FPSC, its Advisory Committee, the Administrator, the PRC and the provider of the telecommunications relay service, nor any agent, employee, representative, or officer of the foregoing shall be liable for any claims, actions, damages, or causes of action arising out of or resulting from the establishment, participation in, or operation of the telecommunications relay service, except where there is malicious purpose or wanton and willful disregard of

human rights, safety, or property in the establishment, participation in, or operation of the telecommunications relay service. To the fullest extent permitted by law, all prospective service providers and their assigns or successors by their participation in the RFP process, shall indemnify, save and hold the FPSC and its employees and agents, including the Advisory Committee and PRC, free and harmless from all suits, causes of action, debts, rights, judgments, claims, demands, accounts, damages, costs, losses, and expenses of whatsoever kind in law or equity, known and unknown, foreseen and unforeseen, arising from or out of the RFP and/or any subsequent acts related thereto, including, but not limited to, the recommendation of a bidder to the FPSC and any action brought by an unsuccessful bidder. This is a statutory requirement that will not be amended or waived.

22. Disclaimer

All information contained in the RFP, including any amendments and supplements thereto, reflects the best and most accurate information available to the FPSC at the time of the RFP preparation. No inaccuracies in such information shall constitute a basis for change of the payments to the provider or a basis for legal recovery of damages, either actual, consequential, or punitive.

23. Cancellation/Availability of Funds

The FPSC shall have the right to unilaterally cancel, terminate, or suspend any ensuing contract, in whole or in part, by giving the provider 60 calendar day's written notice by certified mail, return receipt requested, or in person with proof of delivery. If a breach of the contract by the provider occurs, the FPSC will provide written notice to the provider, and allow 30 days to cure the breach. If a breach of the contract is not cured within the 30 days, the FPSC may, by written notice to the provider, terminate the contract upon 24 hour notice. The provisions herein do not limit the FPSC's right to remedies at law or to damages.

Pursuant to Rule 25-25.013, F.A.C., on multi-term contracts, this contract is subject to the availability of funds.

24. Public Bidder Meetings and Proprietary/Confidential Information

Written requests for confidentiality shall be considered by the FPSC as described in Section 364.183, Florida Statutes. Rule 25-22.006, F.A.C., should be followed in making a request.

Meetings held between the FPSC or PRC and the bidder shall be open to the general public. Should the need arise to discuss any confidential materials, the FPSC or PRC will attempt to hold such a discussion by referring to the confidential material in a general way without closing the meeting. All meetings with bidders will be transcribed.

25. Public Records

All material submitted regarding this RFP becomes the property of the FPSC and subject to Chapter 119, Florida Statutes, (Public Records Law) and in accordance with Section 119.0701, Florida Statutes (Request for Contractor Records). The PRC reserves the right to use any or all information/material presented in reply to the RFP, subject to any confidentiality granted via Chapter 364 and Part II of Chapter 427, Florida Statutes. Disqualification of a bidder does not eliminate this right.

Unless otherwise exempt from disclosure under Chapter 119, Florida Statutes, or Section 24(a) of Article I of the State of Florida Constitution, all documents qualifying as public records shall be made available by the provider to the requestor, for public inspection. The FPSC may unilaterally cancel the contract for refusal by the provider to allow such public access. The provider must:

- a. Keep and maintain public records required by the FPSC in order to perform the service.
- b. Upon request from the FPSC's custodian of records, provide the FPSC with a copy of the requested records or allow the records to be inspected or copied within a reasonable time at a cost that does not exceed the cost provided in the Public Records Law or as otherwise provided by law. A provider who fails to provide public records to the FPSC may be subject to penalties under Section 119.10, Florida Statutes.
 - i. The Provider should acknowledge public records requests in a reasonable time and begin gathering the responsive records promptly. If the Provider requires a clarification from the requestor of public records, the Provider should ask for clarification from the requestor within 3 business days of receiving the public records request.
 - ii. When it appears that preparation of requested records will require the extensive use of information technology processing resources and/or extensive time to locate and prepare the material for copying (i.e. more than 30 minutes to locate the records), the person requesting the public records should be advised within 3 business days of the request that they may be billed for the actual cost of locating these records. The estimated costs should be consistent with the FPSC's *Time Accounting for Copying PSC Records* form (PSC/CLK 014-C). Pursuant to Section 350.06(6), F.S.,

in any instance where the copying fee would amount to less than \$1, no fee is to be charged. If the requestor agrees to pay the estimated costs, the Provider should gather the records for delivery. The Provider should also keep a record of the time spent in searching for and preparing the material for copying so the actual costs can be billed to the requestor. Upon payment of the actual costs of locating the records, the Provider should deliver the copied material to the requestor.

- iii. If the Provider requires FPSC assistance to respond to a public records request that requires extensive use of time, it should inform the FPSC of any such public records request within 3 days of receiving the request so that the FPSC can assist the Provider in facilitation of the request when possible.

- c. Ensure that public records that are exempt or confidential and exempt from public records disclosure requirements are not disclosed except as authorized by law for the duration of the contract term and following completion of the contract if the provider does not transfer the records to the FPSC.

- d. Upon completion of the contract, transfer, at no cost, to the FPSC all public records in possession of the provider or keep and maintain public records required by the FPSC to perform the contract. If the provider transfers all public records to the FPSC upon completion of the contract, the provider shall destroy any duplicate records that are exempt or confidential and exempt from public records disclosure requirements. If the provider keeps and maintains public records upon completion of the contract, the provider shall meet all applicable requirements for retaining public records. All records stored electronically must be provided to the FPSC in an Adobe PDF format.

IF THE PROVIDER HAS QUESTIONS REGARDING THE APPLICATION OF CHAPTER 119, FLORIDA STATUTES, TO THE CONTRACTOR'S DUTY TO PROVIDE PUBLIC RECORDS RELATING TO THIS CONTRACT, CONTACT THE CUSTODIAN OF PUBLIC RECORDS AT (850) 413-6770, clerk@psc.state.fl.us, 2540 SHUMARD OAK BOULEVARD, TALLAHASSEE, FLORIDA 32399-0850.

The FPSC and the provider acknowledge that this contract, including all elements identified in section A. 20 of this RFP, is a public record, is available to the public for inspection, and may be posted on a web site by the State of Florida.

26. Non-Collusion

By submitting a proposal, the bidder affirms that the proposed bid prices have been arrived at independently without collusion, consultation, or communications with any other bidder or competitor, that the said bid prices were not disclosed by the bidder prior to filing with the FPSC, and that no attempt was made by the bidder to induce any other person, partnership or corporation, to submit or not submit a proposal.

27. Changes in the Contract

Any change in the contract shall be accomplished by a formal written contract amendment signed by the authorized representatives of both the FPSC and the provider. No other document or oral communications shall be construed as an amendment to the contract.

28. Conflict of Interest/Standards of Conduct

The award hereunder is subject to the provisions of Chapter 112, Florida Statutes, (Public Officers and Employees), and Chapter 350, Florida Statutes (Standards of Conduct). All bidders shall disclose with their bid the name of any officer, director, or agent, who is also an employee of the State of Florida, or any of its agencies. Further, all bidders shall disclose the name of any state employee who owns, directly or indirectly, an interest of five percent or more in the bidder's firm or any of its branches.

29. Minority Business

It is the policy of the FPSC to encourage participation by minority business enterprises (as defined in Section 287.012, Florida Statutes) in FPSC contracts. If two identical bids/proposals to an invitation for bids or request for proposals are received and one response is from a minority owned company, the FPSC shall enter into a contract with the minority owned company. If applicable, the bidder shall include in its proposal evidence that it meets the definition of a minority business.

30. Dispute Resolution

Any dispute concerning performance of the Contract shall be decided by the FPSC or the FPSC's designated Contract manager, who shall reduce the decision to writing and serve a copy on the provider. The decision shall be final and conclusive unless within twenty one (21) days from the date of receipt, the provider files with the FPSC a petition for administrative hearing. The FPSC's decision on the petition shall be final, subject to the provider's right to review pursuant to Chapter 120, Florida Statutes. Exhaustion of administrative remedies is an absolute condition precedent to the provider's ability to pursue any other form of dispute resolution; provided, however, that the parties may employ the alternative dispute resolution procedures outlined in Chapter 120, Florida Statutes. Without

limiting the foregoing, the exclusive venue of any legal or equitable action that arises out of or relates to the Contract shall be the appropriate state court in Leon County, Florida; in any such action, Florida law shall apply and the parties waive any right to jury trial.

31. Waiver

The delay or failure by the FPSC to exercise or enforce any of its rights under this Contract shall not constitute or be deemed a waiver of FPSC's right thereafter to enforce those rights, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

32. Severability

If a court deems any provision of the Contract void or unenforceable, that provision shall be enforced only to the extent that it is not in violation of law or is not otherwise unenforceable and all other provisions shall remain in full force and effect.

33. Force Majeure, Notice of Delay, and No Damages for Delay

The provider shall not be responsible for delay resulting from its failure to perform if neither the fault nor the negligence of the provider or its employees or agents contributed to the delay and the delay is due directly to acts of God, wars, acts of public enemies, strikes, fires, floods, or other similar cause wholly beyond the provider's control, or for any of the foregoing that affect subcontractors or suppliers if no alternate source of supply is available to the provider. In case of any delay the provider believes is excusable, the provider shall notify the FPSC in writing of the delay or potential delay and describe the cause of the delay either (1) within ten (10) days after the cause that creates or will create the delay first arose, if the provider could reasonably foresee that a delay could occur as a result, or (2) if delay is not reasonably foreseeable, within five (5) days after the date the provider first had reason to believe that a delay could result. THE FOREGOING SHALL CONSTITUTE THE PROVIDER'S SOLE REMEDY OR EXCUSE WITH RESPECT TO DELAY.

Providing notice in strict accordance with this paragraph is a condition precedent to such remedy. No claim for damages, other than for an extension of time, shall be asserted against the FPSC. The provider shall not be entitled to an increase in the Contract price or payment of any kind from the FPSC for direct, indirect, consequential, impact or other costs, expenses or damages, including but not limited to costs of acceleration or inefficiency, arising because of delay, disruption, interference, or hindrance from any cause whatsoever. If performance is suspended or delayed, in whole or in part, due to any of the causes described in this paragraph, after the causes have ceased to exist the provider shall perform at no increased cost, unless the FPSC determines, in its sole discretion, that the delay will significantly impair the value of the Contract to the State or to Customers, in which case the FPSC may (1) accept allocated performance or deliveries from the provider, or (2) purchase from other sources (without recourse to and by the provider for the related costs and

expenses) to replace all or part of the products that are the subject of the delay, which purchases may be deducted from the Contract quantity, or (3) terminate the Contract in whole or in part.

34. Liquidated Damages for Failure to Initiate Services on Time or to Provide Contracted Services for the Life of the Contract

Implementation of the Florida Relay Service in a timely manner is essential. Failure by the provider to implement the service by March 1, 2022, shall be considered a significant and material breach of the Contract. For each day the service is delayed, the provider shall pay to the Administrator, for deposit in its operating fund, the sum of \$25,000. Except for the Force Majeure provisions in Section A.33., which shall apply, this amount is not subject to the limitations and cure language set forth below.

After a 30 day opportunity for the provider to effectuate a cure that is approved by the Commission, liquidated damages may accrue up to the following amounts for each breach as set forth below. Such liquidated damages for any day may not exceed the actual revenue for that day. Similarly, liquidated damages for any particular month may not exceed the actual monthly revenue from the provision of services pursuant to this RFP for that month. For failure to:

- a. Meet answer time requirements - \$5,000/day.
- b. Meet blockage rate or transmission level requirement - \$5,000/day.
- c. Meet complaint resolution requirement - \$1,000/complaint.
- d. Provide timely reports - \$500/day.
- e. Meet minimum typing speed of 60 words per minute on live traditional relay calls - \$5,000/day.
- f. Provide contracted services for the life of the contract, the FPSC reserves the right to require the payment by the provider of liquidated damages in the amount commensurate with the duration and extent of the system deficiencies.

Any liquidated damages may be paid by means of the Administrator deducting the amount of the liquidated damage from a monthly payment to the provider. Such action shall only occur upon order of the FPSC. The Liquidated Damage provisions stated above in this Section A.34 are subject to the Force Majeure provisions in Section A.33.

35. Cooperation with FPSC Inspector General

The bidder understands and will comply with Subsection 20.055(5), Florida Statutes, which requires cooperation with the inspector general in any investigation, audit, inspection, review, or hearing pursuant to Section 20.055, Florida Statutes.

B. THE SERVICE TO BE PROVIDED

1. Overview

This section of the RFP lists and describes the specific basic features of the relay service required to be provided.

2. Scope of Service

The relay service shall be designed to provide the means by which a deaf, hard of hearing, speech, or dual sensory impaired person using a TTY can communicate over the existing telecommunications network with a non-TTY user (and vice-versa) through the use of the relay system. The service shall also provide other telecommunications services to persons with hearing and speech disabilities as further described below.

The FPSC is interested in procuring a relay service that is as cost efficient as possible while at the same time providing a service as equivalent to standard telecommunications service as possible.

3. Access Numbers

There shall be a single access number for TDD users, a single access number for voice users, a single access number for ASCII users, and a single access number for Spanish users. The TDD access number shall be (800) 955-8771, the voice access number shall be (800) 955-8770, and the ASCII access number shall be (800) 955-1339. The Spanish access number shall be (877) 955-8773. The provider must request FPSC authority to use additional numbers for relay access (e.g., Speech to Speech (STS), other foreign languages, etc.). If a caller calls the wrong access number, the system shall process the call without requiring the caller to redial.

Access shall also be provided via "711" which shall point to the (800) 955-8770 number.

4. Availability of the System to Users

The service shall be designed to relay local, intrastate, interstate, and international calls that originate or terminate in Florida. Relay service shall be available 24 hours per day every day of the year. No restrictions shall be placed on the length or number of calls placed by customers through the relay center.

5. Minimum Communications Assistant (CA) Qualifications and Testing

The provider shall adequately supervise and train its employees to always be courteous, considerate, and efficient in their contact and dealings with its customers and the public in general, and shall conduct periodic evaluations to ensure that courteous service is being rendered.

Bidders shall specify how CAs will meet all necessary proficiency requirements. CAs shall be able to quickly and accurately type TDD relay messages. The provider shall use valid, unbiased tests for CAs on subjects including, but not limited to:

- a. Competent skills in typing, grammar, spelling, interpretation of typewritten American Sign Language (ASL), and familiarity with hearing and speech disability cultures, languages and etiquette. CAs must possess clear and articulate voice communications.
- b. A high school diploma or grade equivalent diploma. In addition, each candidate shall pass a high school level English comprehension and grammar test before being considered for employment.
- c. A minimum typing speed of 60 words per minute (wpm) on live traditional relay calls. Technological aids may be used to reach the required typing speed. The provider shall conduct monthly test calls on live calls using a statistically valid sample of their Florida TRS calls, with test results being submitted to the contract administrator on a monthly basis. The provider shall use prepared scripts that reflect a typical conversation and calling through the relay system the same as other live calls. The purpose of these calls will be to ensure all federal and state requirements for relay service are met. The provider shall explain as part of its proposal how it will conduct the test calls to determine the adequacy of service provided by the relay service. The method to be used to determine the typing speed is as follows. Start timing the CA when the CA begins to type the message to the TTY user. Count the number of characters including spaces and divide that number by five to determine the number of words per minute. It shall be the objective of the provider to test each CA at least once yearly. If a CA does not meet the 60 wpm requirement, the CA shall be taken off of live relay calls until further training and compliance can be accomplished.
- d. Ethics (e.g., how a CA interacts with clients).
- e. Confidentiality.

Any person who has not passed these tests shall not be utilized as a CA.

6. Communications Assistant (CA) Training

Each bidder shall demonstrate in its proposal how ongoing CA training will be provided by including with its proposal an outline of a proposed CA training plan. The provisions for CA training shall include, but not be limited to, an understanding of limited written English and ASL, deaf culture, needs of hearing and speech disabled and dual sensory impaired users, ability to speak in a tone of voice consistent with the intent and mood of the conversation, operation of relay telecommunications equipment, how to handle hearing and Voice Carry-Over, ethics, confidentiality and other requirements of the provider's operating policies and procedures. Training shall include both simulated and live on-line call handling.

7. Staff Training

All relay center staff, including management, shall receive training in ASL, deaf culture, needs of hearing, speech and dual sensory impaired users, ethics, and confidentiality. Each proposal should include an outline of a staff training plan indicating training topics and time frames as well as explaining how individuals or organizations (such as deaf service centers, state agencies, Florida Telecommunications Relay, Inc., universities, etc.) representing the hearing and speech impaired community would be used to assist with the training.

8. Counseling of CAs and Staff

Bidders are required to outline a program for counseling and support that will help CAs and staff deal with the emotional aspects of relaying calls. Those providing this staff support shall have training in dealing with the emotional aspects of handling relay calls. However, in counseling sessions, the CA shall not give to the support person the names of callers involved. The counseling support system shall follow the confidentiality provisions of this RFP.

9. Procedures for Relaying Communications

The system shall be designed to convey the full content of the communications. Unless requested otherwise by a user, the CA shall relay all calls according to the following procedures.

- a. The CA is to be identified by a number (not name) followed by "M" if male and "F" if female. The provider shall establish a method which will allow identification of the CA in the event a complaint is filed or a user wants to praise the work of the CA.
- b. The user shall be kept informed on the status of the call, such as dialing, ringing, busy, disconnected, or on hold throughout the call session. The

system shall provide feedback to callers on the call status within 10 seconds after a caller has provided the number to call and continue to provide feedback until the call is answered.

- c. All users shall have the option of telling the CA how to greet the called party and what aspects of the call that he/she will handle. For example, the TDD user may voice the call (Voice Carry-Over), rather than have the CA do it or the caller may ask that relay be explained as soon as someone answers the call.
- d. When the call is first answered, and at all times during the conversation, the system shall type to the TDD user or verbalize to the non-TDD user verbatim what is said or typed unless the relay user specifically requests summarization. If the CA summarizes the conversation, the CA shall inform both parties that the call is being summarized.
- e. When the CA is asked to explain relay to a user, the CA shall express the term "explaining relay" to the other user on the call to let them know what is happening rather than transmitting all of the explanation.
- f. When speaking for the TDD user, the CA shall adopt a conversational tone of voice appropriate to the type of call being made and conveying the intent and mood of the message. The CA shall also indicate identifiable emotions by typing those in parentheses, (e.g., he's laughing, he's crying). Any identifiable background noises shall be relayed to the TDD user in parentheses. The CA shall identify to the TDD user, if identifiable, the gender of voice users when they first come on the line. All of the above should be done automatically unless the user asks that it not be done.
- g. CAs shall indicate to the user, if known, if another person comes on the line.
- h. All comments directed to either party by the CA or to the CA by either party shall be relayed. These comments shall be typed in parentheses. However, comments between the CA and a relay user at the beginning of a call which deal with billing information need not be relayed to the other user.
- i. CAs shall verify spelling of unfamiliar proper nouns, numbers, addresses, information about drug prescriptions and other unfamiliar words that are spoken and are to be relayed.
- j. CAs shall stay on the line for a minimum of ten (10) minutes before allowing a change in CAs. For STS calls, the CA must stay on the line a minimum of twenty (20) minutes. If a user requests that the same CA be used during the

entire conversation, the system shall comply whenever possible until both parties have terminated the call.

- k. CAs shall not counsel, offer advice, or interject personal opinions or additional information into any relay call. This also means the CAs shall not make any value judgments on the profanity or obscenity or legality of any messages. Furthermore, the CAs shall not hold personal conversations with anyone calling the system.
- l. Users shall not be required to give their names or the name of the party they are calling, unless needed for billing.
- m. The system shall transmit conversations between TTY and voice callers in real time.
- n. For each incoming call, the CA shall without delay make as many outgoing calls as requested by the caller.
- o. If a user requests that a CA of a specific gender be used, the provider shall make best efforts to accommodate the request when a call is initiated and at the time the call is transferred to another CA.
- p. The provider shall provide a customer profile database. Such data may not be used for any purpose other than to connect the TRS user with the called parties desired by that TRS user. Such information shall not be sold, distributed, shared or revealed in any other way by the relay center or its employees, unless compelled to do so by lawful order.

10. Languages Served

At all times, the provider shall make available CAs with the capability to provide relay service to users who use either English, Spanish, or ASL on their relay call. Translation from one language to another is not required.

11. Additional Languages Served

The provider will not be required to serve languages other than English, Spanish, or ASL. However, additional evaluation points may be given for proposals that include how the provider would handle relay calls using one or more additional languages (e.g., French, Haitian Creole, etc.). Additional languages should be identified.

12. Shift Advisor/Consultant

On each shift the provider shall employ in the relay center at least one person who is highly knowledgeable of ASL in order to serve as an advisor/consultant to assist CAs in

understanding the intent of messages and properly communicating the full content of communication.

13. Confidentiality of Calls

As required by Section 427.704(1)(c), Florida Statutes, all calls shall be totally confidential; no written or electronic script shall be kept beyond the duration of the call. CAs and supervisory personnel shall not reveal information about the content of any call and, except for the minimum necessary for billing, complaint processing, statistical reporting or training purposes as further described in this RFP, shall not reveal any information about a call. CAs and supervisory personnel shall be required to sign a pledge of confidentiality promising not to disclose the identity of any callers (except for the reasons discussed in this section) or any information learned during the course of relaying calls, either during the period of employment as a CA or after termination of employment.

- a. When training new CAs by the method of sharing past experience, trainers shall not reveal any of the following information:
 - (1) Names of the parties on the call.
 - (2) Originating or terminating points of specific calls.
 - (3) Specifics of the information conveyed.
- b. CAs shall not discuss, even among themselves or their supervisors, any names or specifics of any relay call, except as necessary in instances of resolving complaints, bill processing, emergencies, or for training purposes. CAs may discuss a general situation with which they need assistance in order to clarify how to process a particular type of relay call. CAs should be trained to ask questions about procedures without revealing names or specific information that will identify the caller.
- c. Watching or listening to actual calls by anyone other than the CA is prohibited except for training or monitoring purposes or other purposes specifically authorized by the FPSC. FPSC staff shall be permitted to observe live calls for monitoring purposes, but shall also comply with the confidentiality provisions above.
- d. A copy of the FPSC rules on confidentiality shall be provided to a user upon request and at no cost.

14. Types of Calls to be Provided

- a. Text-to-voice/voice-to-text. The provider shall transmit conversations between TTY and voice callers in real time.
- b. Voice carry-over (VCO), two-line VCO, VCO-to-TTY, and VCO-to-VCO.
- c. Hearing carry-over (HCO), two-line HCO, HCO-to-TTY, HCO-to-HCO and Captioned Telephone or its equivalent service.

15. Call Release Functionality

Call release functionality is a feature that allows the CA to sign-off or "release" from the telephone line after the CA has set up a telephone call between the originating TTY caller and a called TTY party, such as when a TTY user must go through a TRS facility to contact another TTY user because the called TTY party can only be reached through a voice-only interface, such as a switchboard.

The provider shall also immediately release a call when a TTY user using the relay system is inactive for more than thirty (30) seconds.

16. Speed dialing

A feature that allows a TRS user to place a call using a stored number maintained by the TRS facility. In the context of TRS, speed dialing allows a TRS user to give the CA a "short-hand" name or number for the user's most frequently called telephone numbers.

17. Three-Way Calling Functionality

A feature that allows more than two parties to be on the telephone line at the same time with the CA.

18. Voicemail and Interactive Menus

CAs must alert the TRS user of the presence of a recorded message and interactive menus through a hot key on the CA's terminal. The hot key will send text from the CA to the consumer's TTY indicating that a recording or interactive menu has been encountered. Relay providers shall electronically capture recorded messages and retain them for the length of the call. The provider may not impose any charges for additional calls, which must be made by the relay user in order to complete calls involving recorded or interactive messages.

The bidder shall explain how messages will be left on or retrieved from answering machines and how interaction with voice response units will be accomplished. The bidder shall explain how any access code used to retrieve messages will be confidentially handled.

The bidder shall explain if and how messages will be retrieved from an answering machine if the originating party calling the relay center is at the same location as the answering machine. For example, if a person is at home and cannot retrieve his messages from his own answering machine, how will the relay center accomplish retrieving the message and relaying the information to the deaf or hard of hearing person when only one telephone line exists to the residence?

19. Voice and Hearing Carry-Over

The provider shall provide both voice and hearing Carry-Over upon request of the user. A TDD user may request Voice Carry-Over (VCO) which will allow him/her to speak directly to the telephone user and receive the message typed back on the TDD. In addition, a TDD user may request Hearing Carry-Over (HCO) which will enable the TDD user to directly hear what the telephone user is saying and type back his/her message, which will be spoken by the operator.

As part of its proposal, the bidder shall describe in detail how incoming 2-line VCO calls will be handled. As part of its proposal the bidder shall also describe in detail how outgoing 2-line VCO calls will be handled.

The provider shall make provision for two persons who have a hearing loss to speak for themselves by means of Voice Carry-Over to Voice Carry-Over (VCO to VCO) and for two persons who are speech disabled to hear for themselves by means of Hearing Carry-Over to Hearing Carry-Over (HCO to HCO).

20. Captioned Telephone Voice Carry-Over

The provider shall provide as part of its proposal a description of how Captioned Telephone or its equivalent service will be provided, including 2-line captioned service. If an equivalent service is provided, it must be compatible with the existing Captioned Telephone telephones currently in use by end users. The provider shall price the Captioned Telephone service separately from other relay services in its price proposal. No roaming or guest options are to be allowed.

The provider shall conduct monthly test calls on live calls using a statistically valid sample of its Florida captioned telephone calls, with results being submitted to the contract administrator on a monthly basis. The provider shall use prepared scripts that reflect a typical conversation and calling through the relay captioned telephone system the same as other live calls. The purpose of these calls will be to ensure all federal and state requirements for relay service are met. The provider shall explain as part of its proposal how it will conduct the test calls to determine the adequacy of service provided by the captioned telephone service.

21. Turbocode™

The provider shall provide Turbocode™, or its functionally equivalent, service that allows the relay user to interrupt the CA or other TDD user as part of the basic relay system.

Pricing for this service shall be included in the basic relay price in the bidder's price proposal.

22. Speech to Speech

The provider must offer Speech to Speech (STS) users the option to maintain at the relay center a list of names and telephone numbers which the STS user calls. When the STS user requests one of these names, the CA shall just repeat the name and state the telephone number to the STS user. This information must be transferred to any new STS provider.

Pricing for STS service shall be included in the basic relay service price in the bidder's price proposal.

23. Access to Pay Per Call Services (i.e. 900/976)

The provider shall provide access to pay per call services such as 900/976 numbers.

The bidder should explain how it will provide relay service users with access to pay per call services. Bidders are to describe how such access can be provided, how callers can disconnect without being charged, and a methodology for billing the user directly for any charges incurred from the pay per call service. The bidder should describe how it would deal with denied pay per call calls and high bill complaints for 900/976 calls. Before placing the call, the CA shall advise the caller that there will be a charge for the call.

The bidder shall explain in the proposal how interstate and intrastate pay per call charges shall be separated for end user payment purposes.

24. Caller ID

When a TRS facility is able to transmit any calling party identifying information to the public network, the provider must pass through, to the called party, at least one of the following: the number of the TRS facility, 711, or the 10-digit number of the calling party.

25. Last Number Redial

Last Number Redial allows the caller to have the system dial the last number called via relay without the caller having to give the number to the CA.

26. Obscenity Directed at the Operator

CAs do not have to tolerate obscenity directed at them. A proposal shall specify how the provider will handle these situations.

27. Emergency Calls

The provider must use a system for incoming emergency calls that, at a minimum, automatically and immediately transfers the caller to an appropriate Public Safety Answering Point (PSAP). An appropriate PSAP is either a PSAP that the caller would have reached if he had dialed 911 directly, or a PSAP that is capable of enabling the dispatch of emergency services to the caller in an expeditious manner. In addition, a CA must pass along the caller's telephone number to the PSAP when a caller disconnects before being connected to emergency services.

28. Blockage

The provider is responsible for ensuring that 99 percent of all calls reaching the provider's relay center per day are either answered or continue to receive a ringing signal. Calls that are blocked must receive a network blockage signal of 120 interruptions per minute.

29. Answer Time

The provider is responsible for answering, except during network failure, 85 percent of all calls daily within 10 seconds of reaching the relay switch by any method which results in the caller's call immediately being placed, not put in a queue, or on hold. Elapsed time is calculated from the time inbound calls reach the relay switch. In calculating the percentage of calls meeting the answer time standard, the numerator shall be the total number of calls per day that are answered (with a CA ready to serve) in 10 seconds or less. The denominator shall be the total number of calls per day reaching the relay switch. Answer time shall not be reported as an average speed of answer or by using a weighted service level.

30. Equipment Compatibility

It is necessary for the system to be capable of receiving and transmitting in both Baudot and ASCII codes, as well as voice. It is also required that the relay system be capable of automatically identifying incoming TDD signals as either Baudot or ASCII. All equipment shall be compatible with the basic protocol of TDDs distributed in Florida through the Administrator.

31. Transmission Levels

Transmission levels must be maintained within industry standards as outlined in the American National Standards Institute (ANSI) – Network Performance – Switched Exchange Access Network Transmission specifications (ANSI T1.506-1997). The provider must provide updates to those standards as amended by ANSI during the term of the contract and must meet the amended standards.

32. Measuring Equipment Accuracy

Every meter, recording and ticketing device used to capture call details for billing subscribers or the FPSC/Administrator as well as for providing traffic information shall be tested prior to its installation and shall be accurate 97 percent of the time to within a one second grace period. All equipment shall be maintained in a good state of repair consistent with safety and adequate service performance. Quarterly testing of the measuring equipment accuracy shall be performed by the provider and files should be maintained for the duration of the contract for FPSC review upon request.

33. Emergency Operations and Uninterruptible Power

The provider shall provide an uninterruptable power system sufficient to operate each relay center processing Florida relay traffic at busy season busy hour load. The uninterruptible power system shall support the switch system and its peripherals, switch room environmental (air conditioning, fire suppression system, emergency lights and system alarms), operator consoles/terminals, operator worksite emergency lights, and Call Detail Record recording. Provisions shall be made to meet emergencies resulting from failure of power service, sudden and prolonged increases in traffic, storms, lightning, etc. Employees shall be instructed as to the procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of relay service.

The bidder shall describe its plan for dealing with all types of natural and man-made problems (e.g., hurricanes, lightning strikes, fires, etc.) which either isolate the relay center and prevent calls from reaching the center or cause the center to be unable to operate. In addition, the plan should detail the steps which will be taken to deal with the problem and restore relay service.

The provider shall inform the contract manager of any major interruptions to the operation of the relay center extending beyond five minutes duration. The contract manager shall also be informed when it becomes known to the relay center that any portion of the state is isolated for more than five minutes from the relay center. The provider shall also provide a written (or e-mail) report to the contract manager after restoration of service.

Although it is not mandatory, the FPSC urges the provider to subscribe qualifying facilities for priority restoration under the Telecommunications Service Priority Program.

34. Intercept Messages

Appropriate intercept messages shall be provided if a system failure occurs.

35. Service Expansion

The bidder shall show the capability of expanding services in response to increasing demand. The bidder shall develop and illustrate in its proposal a detailed plan of how this expansion will be accomplished. The plan shall include, but not be limited to, trunking capacity, CA workstations, personnel, and equipment capacity. The plan shall also indicate how any time lag shall be avoided to meet any increased call volume. The above plans shall allow the provider to be able to maintain all standards listed in the RFP.

36. New Technology

The users should be allowed to benefit from advancing technology. The bidder should keep abreast of technological changes in the provision of relay service to inform the FPSC and Administrator when new enhancements are available and at what price, and to provide the FPSC the opportunity to purchase such enhancements or upgrades to the service.

37. Consumer Input and Participation in Advisory Committee and FPSC Proceedings

The telephone users shall have input on the quality of the delivery of service. Bidders shall develop a plan to include the FPSC and its Advisory Committee in any evaluation of the system. A bidder shall not include travel or per diem costs of the FPSC or its Advisory Committee in its bid price since those costs will be funded by the State. An outline of this plan shall be included with the bidder's proposal. The plan shall explain methods for consumer input and how the recommendations from these evaluations will be incorporated into the policies of the relay center. This does not preclude the provider from conducting additional internal evaluations which use relay staff. The results of any service quality evaluation shall be reported to the FPSC office within 15 calendar days after the last month in each quarter.

Bidders are encouraged to include in the consumer input plan, methods for working with organizations serving individuals with hearing and speech loss statewide to conduct periodic community forums. The community forums shall be for the purpose of gaining user input on the quality of relay service and for responding to user questions and problems on use of the relay service. The community forums shall be planned and conducted in conjunction with organizations serving people with hearing and speech loss.

The provider shall participate in all meetings of the Advisory Committee and all FPSC workshops and hearings relating to relay service unless excused by the contract manager.

38. Complaint Resolution

The provider shall establish procedures regarding complaints, inquiries, and comments regarding system services and personnel. The provider shall ensure that any caller to the relay center having a complaint will be able to reach a supervisor or administrator while still online during a relay call. All complaints received by supervisors, or in writing, shall be documented, including their resolution, and kept on file and available to the FPSC upon request. In addition, the relay center shall have a toll-free Customer Services telephone number available statewide and accessible to the public for the purpose of reporting service or other deficiencies. Records of such reports and copies of written reports regarding service or other deficiencies shall be maintained for the life of the contract and for twelve (12) months after conclusion of the contract period. This record shall include the name and/or address of the complainant, the date, and time received, the CA identification number, the nature of the complaint, the result of any investigation, the disposition of the complaint, and the date of such disposition. Each signed letter of complaint shall be acknowledged in writing or by contact by a representative of the provider. The necessary replies to inquiries propounded by the FPSC's staff concerning service or other complaints received by the FPSC shall be furnished in writing within fifteen (15) days from the date of the FPSC inquiry.

A complaint log compliant with the FCC reporting requirements shall be provided to the FPSC's contract manager in a timely manner for filing with the FCC.

39. Charges for Incoming Calls

The provider shall make no charge to the users for making calls (incoming) to the relay service.

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46. Special Needs

The provider is not required to provide Special Needs services. However, consideration will be given for additional evaluation points for proposals that include Special

Needs services (beyond any other services for basic relay described elsewhere in their proposal) as a part of the basic relay service.

“Special Needs” means limiting factors of a physical or literacy nature that preclude a person who is hearing, speech or dual-sensory (both hearing and visually impaired) disabled from using basic relay service. Special Needs includes: (1) physical limitations, either temporary or permanent, which preclude use of a TDD with or without adaptations for persons with manual dexterity limitations (e.g., paralysis, severe arthritis, broken fingers) and (2) markedly limited ability either to read or write English or Spanish which precludes the user from being able to use the relay service. (However, relay service does not include translation from one language to another for the Special Needs population or for any other consumers). Special Needs does not include: (1) unavailability of telephone service at the caller's home or business, (2) inability to communicate in either English or Spanish (i.e., where caller can only communicate in a language other than English or Spanish), or (3) handling complex calls (e.g., intervening in a call with a doctor to explain a medical procedure).

The bidder shall describe what steps will be taken to provide telecommunications assistance to persons with hearing, speech and dual-sensory impairments who have special needs. This description shall include the types of services that would be provided, the prices to end users (if any) for those services, how those services would operationally be provided, how parties other than the provider would be involved in providing Special Needs services, and how the provider would assure that those parties would fulfill their portion of the service obligation.

47. Unsolicited Features in Basic Relay Service

The bidder will not be required to provide unsolicited features in its basic relay service. However, additional evaluation points will be considered for proposals that include unsolicited features. The cost to the state for these unsolicited features must be included within the basic relay service price proposal.

Any additional features not described elsewhere in the RFP, and which the bidder is including in its basic relay service and price proposal, which a bidder would like to propose shall be fully described indicating how the feature would work, how it would improve the system, which users would benefit from the feature and any other information which would allow the FPSC and PRC to evaluate the feature. Examples might include features such as: video interpreting; use of speech synthesis equipment instead of a CA to convert text to speech; use of voice recognition equipment instead of a CA to convert speech to text; enhanced transmission speed or any proposed service enhancements and technological enhancements which improve service.

48. IP-Relay Service, IP-Captioned Telephone Service, and Video Relay Service

If required by the FCC, the bidder shall be capable of providing IP-Relay service. If required by the FCC, the bidder shall be capable of providing IP-Captioned Telephone Service. If required by the FCC, the bidder shall be capable of providing Video Relay Service.

49. Redundancy

Please provide information regarding redundant coverage offered nationally, such as the number of call centers.

50. Performance Bond

The provider will be required to furnish an acceptable performance bond, certified or cashier's check, or bank money order equal to the estimated total first year price of the contract. The bond may be renewed annually and shall be in effect for the entire duration of the contract and provided to the FPSC upon execution of the contract or upon request of the FPSC's contract manager.

To be acceptable to the FPSC as surety for performance bonds, a surety company shall comply with the following provisions:

- a. The surety company shall be authorized to do business in the state of Florida.
- b. The surety company shall have been in business and have a record of successful continuous operations for at least five (5) years.
- c. The surety company shall have minimum Best's Policy Holder Rating of A and Required Financial Rating of VIII from Best's Key Rating Guide.
- d. The surety company shall provide a duly authenticated Power of Attorney evidencing that the person executing the bond on behalf of the surety had the authority to do so on the date of the bond.

51. Submission of Monthly Invoice

By the 14th calendar day of the month (or the subsequent business day if the 14th falls on a Saturday, Sunday, or holiday), the provider shall submit a detailed invoice (showing billable minutes and rates) to the Administrator [defined in Section 427.703(1), Florida Statutes] at the contracted price for the previous month's activity. The accounting period used to prepare monthly invoices shall be the calendar month. Payment shall not exceed the prices contained in the contract. The invoice and supporting documentation shall be prepared in such a way as to allow the Administrator or the FPSC to audit the invoice. A copy of the monthly

invoice shall be submitted to the contract manager at the same time it is submitted to the Administrator.

Payment is due within 30 days of receipt of a proper invoice. If payment is not received within the 30 day due date, the FPSC will be liable for interest charges at prime lending rates that will be incurred against the unpaid balance until such time as payment is received.

The invoices provided by relay provider for the FRS shall specify to whom payment shall be made and the address to which such remittance shall be mailed. If FPSC or its assigned Administrator disputes any portion of a monthly invoice, the disputing party shall provide to relay provider a detailed explanation of and manner of calculations of the disputed amounts. Relay provider will promptly address the claim with the FPSC or its Administrator and attempt to resolve the problem within thirty (30) days. If the dispute is between relay provider's Administrator and relay provider and these two parties cannot resolve the issue within thirty (30) days of the due date of the bill, relay provider shall so advise the FPSC. The FPSC will address the dispute as soon as possible. If relay provider overcharges the FPSC on any monthly invoice and the overage is paid, relay provider shall issue a credit in the amount of the overage plus interest charges at prime lending rates. Interest shall be calculated from the date such payment is received by relay provider ("Payment Date"), until the date such credit is issued.

52. Travel

The provider will not be entitled to a separate payment from the FPSC or the Administrator for any travel expenses which occur as a result of this contract.

53. Reporting Requirements

The provider shall provide to the contract manager and the Administrator the following written reports by the 25th calendar day of each month reporting data for the previous month. More frequent or more detailed reports shall also be provided upon request.

- a. Total daily and monthly
 - (1) Number of incoming calls (separately stating whether incoming calls originate as Baudot, ASCII or voice calls, and also separately stating whether each type of call is English, Spanish, or other foreign language calls). The number of incoming calls which are general assistance calls shall be footnoted on the report.
 - (2) Number of incoming call minutes associated with each of the categories of incoming calls in a.(1) above.

- (3) Number of outgoing calls (provide two breakdowns of this total: one separately stating completed calls and incomplete calls, and one separately stating whether calls terminate as Baudot, ASCII or voice calls).
 - (4) Number and percentage of incoming Florida calls received at each relay center handling Florida calls. Total should equal the number of incoming calls in item a.(1) above.
- b. Average daily and monthly blockage rate.
- c. Daily answer times for the month and daily number and percent of incoming calls answered within ten (10) seconds for the month.
- d. Total daily and monthly number of outgoing calls (including both completed and incomplete) of the following lengths:
 - (1) 0 – 10 minutes
 - (2) >10 – 20 minutes
 - (3) >20 – 30 minutes
 - (4) >30 – 40 minutes
 - (5) >40 – 50 minutes
 - (6) > 50 – 60 minutes
 - (7) > 60+ minutes
- e. On a daily basis for the month, number of outgoing calls and average length of calls by hour of day. (Total should equal total of a.(3)).
- f. Number of outgoing local, intraLATA toll, intrastate interLATA, interstate and international calls for the month. (Total should equal total of a.(3)).
- g. Number of outgoing calls and average length of completed outgoing calls originated by TDD users and voice users (identified separately). (Total number of calls should equal total of a.(3)).
- h. The provider shall provide monthly summary reports to the FPSC and the Administrator regarding the number of complaints received categorized by topic areas. The provider shall also provide a complaint summary to the FPSC

in the format necessary to submit to the FCC in compliance with 47 CFR 64.604(c)(1)(ii), by June 15 covering the previous 12 months of complaints ending May 31 of that year.

- i. The provider shall report monthly to the FPSC and the Administrator the results of any user evaluations conducted.
- j. The provider shall report monthly on new subcontractors being used to assist in providing relay service and shall identify the scope of their role in the process and the relationship of the subcontractor to the provider.
- k. By March 1, the provider shall provide to the Administrator and the contract manager forecasted relay usage figures and costs to the FPSC for the upcoming fiscal year (July 1 - June 30).
- l. The provider shall report monthly on Captioned Telephone or its equivalent service listing the daily answer time, minutes of use for international, interstate, and intrastate; billable session minutes and service levels.
- m. The provider shall submit the necessary documentation to the FPSC that complies with the state certification requirements of 47 CFR 64.606 when required.
- n. The provider shall provide reports to the FPSC as necessary to complete the five-year re-certification of Florida Relay Service with the FCC.
- o. A provider opting to locate a call center in Florida shall file quarterly reports with the FPSC's contract manager demonstrating a minimum of 75 percent of Florida relay traffic is handled by the Florida located center except when emergency conditions exist at the Florida center.

The bidder shall include information on its capability and willingness to provide ad hoc reports including new information in the bidder's database or new formats for existing information.

54. Transfer to New Provider

When relay service is transferred to a new provider, the provider shall make every effort to ensure that service is transferred to the new provider so that relay users do not experience an interruption in service. The relay service and consumer service 800 or other telephone numbers shall be made available to the new provider, with the new provider paying any costs associated with transferring the numbers to the new provider. Provision of customer profile data to the incoming provider shall be provided at least sixty (60) days prior to the outgoing provider's last day of service.

55. Insurance Coverage

During the term of the Contract, the provider shall provide insurance coverage for itself and all of its employees used in connection with the performance of services under this Contract and ensure that all subcontractors shall be similarly covered as provided herein. Such policies shall be issued by a financially sound carrier and/or carriers duly authorized to do business in the State of Florida. Such insurance coverage shall hold the FPSC harmless from any act, negligence or omission on the part of provider, its employees, agents or subcontractors and their employees in the execution or performance of the obligations assumed hereunder. This insurance will include Worker's Compensation as required by law and comprehensive general liability and bodily injury insurance in amounts no less than \$1,000,000 per occurrence and \$2,000,000 general aggregate.

56. Optional Florida Call Center

A bidder may, at its option, elect to place a call center in Florida through which relay traffic may be routed. A bidder proposing an optional call center shall maintain the call center throughout the term of the contract. A minimum of 75 percent of Florida relay traffic shall be handled by the Florida located center except when emergency conditions exist at the Florida center. Percentage of traffic routed through the Florida relay call center shall be reported to the FPSC's contract manager on a quarterly basis. The Florida call center shall be fully operational by March 1, 2022. Bidders meeting the criteria for a Florida call center will be awarded 100 points. Partial points will not be awarded in this category.

C. TECHNICAL BID PROPOSAL FORMAT

1. Format

The bidder's proposal shall be organized in the same order as the items listed in the checklist form in Section E except Signature of Acceptance items require no response other than a signature on the checklist. Signing means that the item has been reviewed and the bidder agrees to comply with the item. The person signing shall be the person in the bidder's organization authorized to make the proposal. For items for which points may be awarded, the bidder shall explain how it will provide the service described in the RFP. For pass/fail items, the bidder shall provide the information requested.

- a. The original and eight (8) two-sided copies of the technical proposal shall be filed. The original and five (5) copies of the price proposal shall be filed.
- b. The technical proposal shall be contained in a three-ring binder indicating the name of the bidder and indicating that the contents of the binder is the technical bid proposal only. Price proposals are not eligible for FPSC electronic filing. (The price proposal shall be submitted in a separate sealed envelope - see Section D.)
- c. Each page of the technical proposal shall be numbered at the bottom center of each page and each page should be consecutively numbered with no repetition of page numbers, except attachments that can be numbered A-1, B-1, etc. For example, there shall only be one page 1, one page 50 and one page 500 in the technical proposal. Page numbering shall only be done in Arabic numerals with no pages numbered with other characters such as 5.7, iii, 6-a, XIX, or similar numbering systems, except attachments as described above. Attachments can have their own numbering system. Attachments shall be labeled by letters (e.g., A, B, C, etc.) and page numbers for attachments should begin with the attachment letter designator (e.g., A-1, B-1, C-1, etc.).
- d. In the top or bottom margin of each page, the name of the company shall be identified.
- e. To the extent possible, all pages of the proposal shall be on 8½ x 11" white paper. However, individual presentations which the bidder is unable to place on an 8½ x 11" page in a readable format may be presented on a larger page.
- f. Attachments can have their own numbering system. Attachments shall be labeled by letters (e.g., A, B, C, etc.) and page numbers for attachments shall begin with the attachment letter designator (e.g., A-1, B-1, C-1, etc.).

2. Transmittal Letter

The transmittal letter on the original of the technical proposal shall contain the original manual signature of the person submitting the proposal on behalf of the bidder. The technical proposal copies shall also contain the typewritten signer's name and title. The transmittal letter shall clearly identify the complete legal name of the bidder. In the transmittal letter, the bidder shall state that it will comply with all requirements of the RFP. Any exceptions to the RFP's terms and conditions will result in disqualification from the solicitation process.

Each person signing a proposal certifies that he/she is the person in the bidder's organization authorized to make the proposal. The signer shall provide his/her affiliation with the bidder, address, telephone and facsimile numbers. If different from the person signing the proposal, the transmittal letter shall identify the person or persons (name, title, mailing address, e-mail address, telephone and facsimile number) authorized to make decisions or answer questions related to the proposal and any subsequent contract.

3. Public Entity Crimes Provision

Pursuant to Section 287.133, Florida Statutes, a person or affiliate who is on the convicted vendor list following a conviction for a public crime may not submit a bid on a contract to provide any goods or services to a public entity. The person or affiliate may not be awarded a contract or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity and may not transact business with any public entity in excess of the threshold amount provided for in Florida Statute 287.017 for Category Two (\$35,000) for a period of 36 months from the date of being placed on the convicted vendor list.

4. Financial Information

To allow the FPSC to evaluate the financial responsibility of the bidding company, the following items shall be submitted with the proposal for the bidding company (and its parent company, if applicable). Online access via a secure website¹ is an acceptable method to submit these items:

- a. Audited financial statements (or a SEC 10K Report) for the most recent two (2) years, including at a minimum:
 - (1) Statement of income and related earnings,

¹A bidder may file a claim of confidentiality pursuant to Rule 25-22.006(5), F.A.C., or the bidder may file a formal request for confidential classification pursuant to Rule 25-22.006(4), F.A.C. Documents received by means of the Internet cannot be considered confidential.

- (2) Cash flow statement,
 - (3) Balance sheet, and,
 - (4) Opinion concerning financial statements from an outside CPA;
- b. Primary Banking source letter of reference.

5. Experience and Customer References

For each state in which the bidder is providing relay service, the bidder shall indicate:

- a. When the bidder began operating the system.
- b. The number of outgoing calls for the most recent month.
- c. The total duration of the contract.

If the bidder's relay service in other states is available for testing by means of a number that can be dialed from within Florida, the bidder shall provide the telephone numbers that can be used to dial the bidder's relay service.

The bidder shall provide the names of the contract administrator for the active contracts requested above. Also provide a specific phone number and e-mail address for each contract administrator. The FPSC will contact these administrators for customer references.

6. Subcontractors

If the bidder proposes to use subcontractors, the bidder shall identify those subcontractors and indicate the scope of their role in the provision of relay service. The bidder shall also indicate what experience the subcontractor has in providing the service for which it would contract with the provider. Once the contract is awarded, any change in subcontractors shall be reviewed and acknowledged by the FPSC.

7. Bid Security Deposit

A \$500,000 bid security deposit shall be furnished to the FPSC with the original of the proposal. The bid security deposit shall be in the form of a bond, a certified or cashier's check, or bank money order that is valid through the point of execution of the contract, and is payable to the Florida Telecommunications Relay, Inc. The bid security deposit will be held without cashing.

If a bond is used, the bond shall be issued from a reliable surety company acceptable to the FPSC, licensed to do business in the state of Florida. Such a bond shall be

accompanied by a duly authenticated Power of Attorney evidencing that the person executing the bond on behalf of the surety had the authority to do so on the date of the bond. Please clearly identify the expiration date of the bond if a bond is submitted as the bid security instrument.

The unsuccessful bidders' security deposits shall be returned, without interest, within thirty (30) days after disqualification, withdrawal, or signing of the contract with the successful bidder. The successful bidder's bid security shall be returned, without interest, upon signing of the contract and furnishing the Performance Bond as specified herein. If the successful bidder fails to sign a contract within thirty (30) days after the Letter of Intent or fails to deliver the Performance Bond as specified herein, the bid security shall be forfeited to the Florida Telecommunications Access System Fund.

8. Check List of Proposal Content

As a part of the bidder's proposal, the transmittal letter should be followed by the evaluation checklist in Section E. In the blank beside each item on the checklist, except items requiring a Signature of Acceptance, the bidder's company contact person who is responsible for the proposal and any subsequent contract and who signs the transmittal letter shall initial (not check) each item in the check list which is contained within the proposal. The person initialing the checklist shall ensure that each item in the checklist is also contained in its proposal and in the same order as the item appears in the checklist. The bidder shall also indicate beside each item in the checklist the page number in its proposal where the item in the checklist can be found.

For items requiring a Signature of Acceptance, the same person shall sign each item indicating that the item has been reviewed and the bidder agrees to comply with the item.

NOTE: For filing part of a bid proposal electronically, please contact the Commission Clerk at (850) 413-6770 to discuss your filing. CONFIDENTIAL INFORMATION MAY NOT BE FILED ELECTRONICALLY.

D. THE PRICE PROPOSAL FORMAT

Bidders shall submit their bids on the basis of a charge per billable minute for all services described with the exception of Captioned Telephone in item B. 20. The prices per billable minute for Captioned Telephone in B. 20 shall be separately stated. A format similar to that shown below should be used for the price proposal.

NOTE: THE PRICE PROPOSAL SHALL BE FILED IN A SEPARATE SEALED ENVELOPE MARKED: "SEALED – TO BE OPENED ONLY BY THE FPSC PROPOSAL OPENING OFFICER"

SERVICE PRICE PER BILLABLE MINUTE

1. Basic Relay Service

Bid price shall be on a flat rate basis per billable minute for all billable minutes and not vary depending upon the volume of traffic. Existing contract price for intrastate basic relay service is \$1.35 per session minute.

2. Captioned Telephone

Bid price shall be on a rate per billable minute for all billable minutes and may vary depending upon the volume of traffic. Existing contract price for intrastate captioned telephone service is \$1.69 per session minute.

E. THE EVALUATION METHOD TO BE USED AND FILING CHECK LIST

Technical proposals will be evaluated using a pass or fail criteria for some elements, a point rating criteria for some elements, and a signature of acceptance for some elements. The PRC Chairman reserves, at his discretion, the right to notify and allow a bidder a minimum time period to cure minor irregularities in items rated on a pass/fail basis. Failure to cure such minor irregularities may result in elimination of the proposal from further evaluation. For items that are rated on a point basis, each member of the PRC will rate each item giving it a rating of between zero and the maximum point rating shown on the check list on the following pages.

The technical ratings will be based on the PRC member's evaluation of the evaluated item using the following scale.

Where maximum points equals	Poor	Fair	Good	Excellent
10	0-2.5	2.6-5.0	5.1-7.5	7.6-10
25	0-6.3	6.4-12.5	12.6-18.8	18.9-25
50	0-12.5	12.6-25	25.1-37.5	37.6-50
75	0-18.8	18.9-37.5	37.6-56.3	56.4-75
100	0-25	26-50	51-75	76-100
200	0-50	51-100	101-150	151-200

Total points from each PRC evaluator on the technical proposal will be added together for a total technical score. Proposals that do not receive at least 75 percent of the total available technical points in aggregate to achieve a level of Excellent, will be eliminated from further evaluation and the bidder's price proposal will not be considered. The technical score totals for each bidder will be compared by using the point total for the bidder with the highest point total as the denominator of a fraction with each bidder's individual point total as the numerator. Each bidder's percentage will then be multiplied by 50 percent to arrive at the weighted score for each bidder's technical proposal. Next, a weighted score for each eligible bidder's price proposal shall be calculated as follows. Each eligible bidder's price will be compared by using the lowest eligible bidder's bid price for basic relay service as the numerator of a fraction with each eligible bidder's price as the denominator. Each eligible bidder's percentage will then be multiplied by 18.14 percent to arrive at the weighted percentage score for each eligible bidder's price proposal. The same procedure will be used to evaluate Captioned Telephone or its equivalent service using 31.86 percent to arrive at the weighted percentage score.

Each eligible bidder's weighted percentage score for its technical proposal and for its price proposal will be added together and the eligible bidder with the highest total will be recommended by the PRC to the FPSC. However, the FPSC reserves the right to reject the PRC's recommendation, and reject all bids.

Evaluation Example

The following is an example of how the PRC would evaluate the bidders if the total technical points available equal 7,500. The numbers used are strictly for illustrative purposes and not intended to provide any guidance in terms of what the FPSC anticipates the price, price relationships, or usage levels to be.

Assumptions:

- a) Sum of total technical points by all evaluators:
Bidder A (7,500 points) – $7,500/7,500 = 1.000 \times 50\% = .5000$
Bidder B (7,000 points) - $7,000/7,500 = .9333 \times 50\% = .4667$
Bidder C (5,500 points) – $5,500/7,500 = .7333 \times 50\% = .3667$

In the example above, Bidder C failed to obtain a score equal to 75 percent of the total technical points available and as a result, Bidder C's price proposal would not be considered.

- b) Bidders' price proposals for basic relay service:
Bidder A - \$1.09 per billable minute
Bidder B - \$1.80 per billable minute
- c) Bidders' price proposals for Captioned Telephone service:
Bidder A - \$1.63 per billable minute
Bidder B - \$1.61 per billable minute

The technical evaluation is as follows:

Bidder A (7,500 points) - $7,500/7,500 = 1.000 \times 50\% = .5000$
Bidder B (7,000 points) - $7,000/7,500 = .9333 \times 50\% = .4667$

The price evaluation for TRS is as follows:

Bidder A (\$1.09 per billable minute) - $\$1.09/\$1.09 = 1.000 \times 18.14\% = .1814$
Bidder B (\$1.80 per billable minute) - $\$1.09/\$1.80 = .6056 \times 18.14\% = .1098$

The price evaluation for Captioned Telephone (CT) service is as follows:

Bidder A – (\$1.63 per billable minute) - $\$1.61/\$1.63 = .9877 \times 31.86\% = .3147$

Bidder B – (\$1.61 per billable minute) - $\$1.61/\$1.61 = 1.000 \times 31.86\% = .3186$

The total is calculated as follows:

Bidder A – .5000 (technical) + .1814 (price TRS) + .3147 (price CT) = .9961

Bidder B – .4667 (technical) + .1098 (price TRS) + .3186 (price CT) = .8951

FILING CHECK LIST

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
1.	_____	Format (RFP ref. Sections C and D)	N/A	N/A
2.	_____	Transmittal Letter, Address, Contact Person, Tel. and Fax No., Legal Name of Bidder, and Statement of Compliance with or lack of Compliance with RFP requirements (RFP ref. C-2)	_____	P/F
3.	_____	Check List (RFP ref. C-8 and E)	_____	P/F
4.	N/A	FCC Authority to Provide Relay Services (RFP ref. A-5)	Signature of Acceptance _____	
5.	N/A	Public Bidder Meetings and Proprietary/Confidential Information (RFP ref. A-24)	Signature of Acceptance _____	
6.	N/A	Conflict of Interest/Standards of Conduct (RFP ref. A-28) – State Name(s) or None Below Name(s) Disclosed: _____	Signature of Acceptance _____	
7.	N/A	Dispute Resolution (RFP ref. A-30)	Signature of Acceptance _____	

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
8.	N/A	Waiver (RFP ref. A-31)	Signature of Acceptance _____	
9.	N/A	Severability (RFP ref. A-32)	Signature of Acceptance _____	
10.	_____	Commencement Date (RFP ref. A-8)	_____	P/F
11.	N/A	Term of Contract (RFP ref. A-9)	Signature of Acceptance _____	
12.	N/A	Scope of Service (RFP ref. B-2)	Signature of Acceptance _____	
13.	N/A	Access Numbers (RFP ref. B-3)	Signature of Acceptance _____	
14.	N/A	Availability of the System to Users (RFP ref. B-4)	Signature of Acceptance _____	
15.	_____	Minimum CA Qualifications/Testing (RFP ref. B-5)	_____	100
16.	_____	CA Training (RFP ref. B-6)	_____	100

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
17.	_____	Staff Training (RFP ref. B-7)	_____	100
18.	_____	Counseling of CAs and Staff (RFP ref. B-8)	_____	25
19.	_____	Procedures for Relaying Communications (RFP ref. B-9)	_____	100
20.	N/A	Languages Served (RFP ref. B-10)	Signature of Acceptance _____	
21.	_____	Additional Languages Served (RFP ref. B-11)	_____	25
22.	N/A	Shift Advisor/Consultant (RFP ref. B-12)	Signature of Acceptance _____	
23.	N/A	Confidentiality of Calls (RFP ref. B-13)	Signature of Acceptance _____	
24.	N/A	Types of Calls to be Provided (RFP ref. B-14)	Signature of Acceptance _____	
25.	_____	Call Release Functionality (RFP ref. B-15)	_____	50
26.	_____	Speed Dialing (RFP ref. B-16)	_____	50
27.	_____	Three-Way Calling Functionality (RFP ref. B-17)	_____	50

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
28.	_____	Voicemail and Interactive Menus (RFP ref. B-18)	_____	50
29.	_____	Voice and Hearing Carry-Over (RFP ref. B-19)	_____	100
30.	_____	Captioned Telephone Voice Carry-Over (RFP ref. B-20)	_____	100
31.	_____	Turbocode™ (RFP ref. B-21)	_____	100
32.	_____	Speech to Speech (RFP ref. B-22)	_____	100
33.	_____	Access to Pay Per Call Services (RFP ref. B-23)	_____	100
34.	_____	Caller ID (RFP ref. B-24)	_____	100
35.	_____	Last Number Redial (RFP ref. B-25)	_____	25
36.	_____	Obscenity Directed at the Operator (RFP ref. B-26)	_____	25
37.	_____	Emergency Calls (RFP ref. B-27)	_____	100
38.	_____	Blockage (RFP ref. B-28)	_____	200
39.	_____	Answer Time (RFP ref. B-29)	_____	200
40.	N/A	Equipment Compatibility (RFP ref. B-30)	Signature of Acceptance _____	

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
41.	N/A	Transmission Levels (RFP ref. B-31)	Signature of Acceptance _____	
42.	N/A	Measuring Equipment Accuracy (RFP ref. B-32)	Signature of Acceptance _____	
43.	_____	Emergency Operations and Uninterruptible Power (RFP ref. B-33)	_____	100
44.	_____	Intercept Messages (RFP ref. B-34)	_____	P/F
45.	_____	Service Expansion (RFP ref. B-35)	_____	50
46.	N/A	New Technology (RFP ref. B-36)	Signature of Acceptance _____	
47.	_____	Consumer Input and Participation in Advisory Committee and FPSC Proceedings (RFP ref. B-37)	_____	100
48.	_____	Complaint Resolution (RFP ref. B-38)	_____	200
49.	N/A	Charges for Incoming Calls (RFP ref. B-39)	Signature of Acceptance _____	

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
50.	_____	Intentionally Left Blank		
51.	_____	Intentionally Left Blank	_____	
52.	_____	Intentionally Left Blank	_____	
53.	_____	Intentionally Left Blank	_____	
54.	_____	Intentionally Left Blank	_____	
55.	_____	Intentionally Left Blank	_____	
56.	_____	Special Needs (RFP ref. B-46)	_____	25
57.	_____	Unsolicited Features in Basic Relay Service (RFP ref. B-47)	_____	200
58.	_____	IP Relay, IP-Captioned Telephone Service, and Video Relay Service (RFP ref. B-48)	_____	Optional 0 Points
59.	_____	Redundancy (RFP ref. B-49)	_____	Optional 0 Points
60.	N/A	Performance Bond (RFP ref. B-50)	Signature of Acceptance _____	

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
61.	N/A	Submission of Monthly Invoice (RFP ref. B-51)	Signature of Acceptance _____	
62.	N/A	Travel (RFP ref. B-52)	Signature of Acceptance _____	
63.	_____	Reporting Requirements (RFP ref. B-53)	_____	50
64.	N/A	Transfer to New Provider (RFP ref. B-54)	Signature of Acceptance _____	
65.	N/A	Insurance Coverage (RFP ref. B-55)	Signature of Acceptance _____	
66.	_____	Optional Florida Call Center (RFP ref. B-56)	_____	100
67.	N/A	Public Entity Crimes Provision(RFP ref. C-3)	Signature of Acceptance _____	
68.	_____	Financial Information (RFP ref. C-4)	_____	P/F

Check List Item No.	Initials of Bidder's Contact Person	Brief Title	Page No. Of Bidder's Proposal	Pass/Fail Or Signature Or Maximum Points
69.	_____	Experience and Customer References (RFP ref. C-5)	_____	200
70.	_____	Subcontractors (RFP ref. C-6)	_____	50
71.	_____	Bid Security Deposit (RFP ref. C-7)	_____	P/F
72.	_____	The Price Proposal Format (RFP ref. Section D) Must be filed in a separate sealed envelope marked: "Sealed-To Be Opened Only By the FPSC Proposal Opening Officer."	_____	See RFP Sec. D & Sec. E
73.		MAXIMUM TOTAL POINTS		2,875

TABLE 1
INTRASTATE BILLABLE SESSION MINUTES
 (March 2019 – February 2020)

Monthly Invoice	TRS Minutes	TRS STS Minutes	TRS Spanish Minutes	Captioned Telephone Service Minutes
March 2019	100,030	6,054	7,678	41,411
April 2019	97,081	2,854	6,952	38,276
May 2019	95,634	2,995	6,926	40,681
June 2019	93,571	3,915	7,308	40,544
July 2019	92,093	4,774	7,807	37,652
August 2019	92,568	3,445	6,039	38,278
September 2019	86,523	2,303	6,855	36,382
October 2019	92,139	2,525	6,860	35,699
November 2019	84,608	1,676	6,426	31,823
December 2019	93,524	2,089	6,512	35,359
January 2020	99,572	3,310	9,824	37,053
February 2020	85,633	2,664	8,100	34,587

Source: Sprint Communications Company, L.P.

TABLE 2
INTRASTATE BILLABLE SESSION MINUTES
(March 2020 – February 2021)

Monthly Invoice	TRS Minutes	TRS STS Minutes	TRS Spanish Minutes	Captioned Telephone Service Minutes
March 2020	89,547	3,737	7,257	39,977
April 2020	82,069	2,778	7,135	41,626
May 2020	78,663	1,440	5,060	38,948
June 2020	80,449	1,496	5,928	36,102
July 2020	79,509	2,939	6,250	34,762
August 2020	82,593	2,925	6,860	33,095
September 2020	81,586	3,131	6,575	31,001
October 2020	89,289	2,508	7,221	34,351
November 2020	83,548	4,293	5,829	31,320
December 2020	93,963	8,411	7,277	34,003
January 2021	104,810	2,581	6,967	30,936
February 2021	92,717	1,769	7,300	27,919

Source: Sprint Communications Company, L.P.

TABLE 3
TOTAL BILLABLE SESSION MINUTES
 (Intrastate and Interstate)
 (March 2019 – February 2020)

Monthly Invoice	TRS Minutes	TRS STS Minutes	TRS Spanish Minutes	Captioned Telephone Service Minutes
March 2019	124,354	7,691	8,527	60,654
April 2019	117,809	4,547	7,667	56,509
May 2019	116,975	4,769	7,578	57,491
June 2019	112,464	5,360	7,819	56,596
July 2019	115,016	6,149	8,635	53,557
August 2019	113,223	4,262	6,609	53,421
September 2019	105,065	3,490	7,713	51,189
October 2019	111,529	4,021	7,651	51,293
November 2019	102,149	2,516	7,487	45,601
December 2019	111,025	2,862	7,276	49,466
January 2020	119,187	5,373	11,357	52,121
February 2020	102,681	4,101	9,309	49,024

Source: Sprint Communications Company, L.P.

TABLE 4
TOTAL BILLABLE SESSION MINUTES
 (Intrastate and Interstate)
 (March 2020 – February 2021)

Monthly Invoice	TRS Minutes	TRS STS Minutes	TRS Spanish Minutes	Captioned Telephone Service Minutes
March 2020	108,321	3,737	8,022	57,282
April 2020	97,823	2,778	7,950	61,051
May 2020	90,768	1,440	5,622	57,450
June 2020	93,648	1,496	6,805	52,985
July 2020	92,833	2,939	7,438	49,389
August 2020	98,636	2,925	8,125	48,817
September 2020	99,749	3,131	7,533	45,005
October 2020	110,832	2,508	8,434	48,116
November 2020	101,618	4,293	6,396	45,254
December 2020	107,371	8,411	7,782	49,306
January 2021	118,844	2,581	7,867	43,250
February 2021	108,303	1,770	8,616	39,967

Source: Sprint Communications Company, L.P.

Item 3

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (DuVal) *SMC*
Division of Economics (Bethea, Sibley, Guffey, Hudson) *JGH*

RE: Docket No. 20200240-WS – Proposed amendment of Rule 25-30.460, F.A.C.,
Application for Miscellaneous Service Charges.

AGENDA: 05/04/21 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

RULE STATUS: Proposal May Be Deferred

SPECIAL INSTRUCTIONS: None

Case Background

This rulemaking was initiated to update Rule 25-30.460, Florida Administrative Code (F.A.C.), which addresses water and wastewater utility miscellaneous service charges. Notice of Rule Development for this rule appeared in the July 16, 2020 edition of the Florida Administrative Register, Vol. 46, No. 138. No rule development workshop was requested, and a rule development workshop was not held.

This recommendation addresses whether the Commission should propose the amendment of Rule 25-30.460, F.A.C. The Commission has jurisdiction pursuant to Sections 120.54, 350.127(2), 367.081, 367.091, and 367.121, Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission propose amendments to Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges?

Recommendation: Yes, the Commission should propose amendments to Rule 25-30.460, F.A.C., as set forth in Attachment A. The Commission should certify Rule 25-30.460, F.A.C., as a minor violation rule. (DuVal, Bethea, Sibley, Guffey, Hudson)

Staff Analysis: Staff recommends several amendments to Rule 25-30.460, F.A.C., as set forth in Attachment A. These recommended amendments will add clarity and specificity to the rule language. Additionally, they will update the rule to define the various miscellaneous service charges for which water and wastewater utilities may request the Commission's approval. The draft amendments to Rule 25-30.460, F.A.C., are discussed below.

Subsection (1): Utilities' Assessment of Miscellaneous Service Charges

Subsection (1) of the rule addresses the water and wastewater utilities' ability to request Commission approval of miscellaneous service charges and sets forth parameters by which such charges may be levied.

The draft amendments to subsection (1) clarify that utilities providing both water and wastewater services should assess only one instance of a miscellaneous service charge for a single event. When miscellaneous service charges are designed, they are for the utility as a whole. The miscellaneous service charges appear in both the water and wastewater tariffs. However, for utilities that offer both water and wastewater services, miscellaneous service charges are not intended to be individual system charges. The Commission-approved tariffs for miscellaneous service charges currently contain language addressing the applicability of the charges; explaining that only one instance of a charge is appropriate for a single event when the utility provides both water and wastewater services. This recommended amendment clarifies the rule language and adds consistency to utilities' interpretation and application of the rule language.

The draft amendments to subsection (1) also remove references to current miscellaneous service charges categories, as these are revised with updated definitions in staff's draft amendments to subsection (2).

Subsection (2): Definitions of Miscellaneous Service Charges

Staff is recommending a new subsection (2) to the rule. Draft subsection (2) updates the definitions of current miscellaneous service charges to reflect the evolution of certain charges, to correct any lack of consistency regarding costs and services included within the current charges, and to resolve any ambiguity in the existing definitions. Draft subsection (2) also includes additional miscellaneous service charges that the Commission considers for approval.

Draft paragraphs (2)(a) and (b) provide updated definitions for premises visit and violation reconnection charges to resolve any inconsistency or ambiguity between the existing definitions of initial connections, normal reconnections, violation reconnections, and premises visit charges. Staff removed the definitions for initial connection charges and normal reconnection charges because those services are reflected in the draft definition of the premises visit charge.

Draft paragraph (2)(c) defines a convenience charge as a charge that is levied when a customer pays a utility bill with a debit or credit card. Draft paragraph (2)(d) defines an investigation of meter tampering charge as a charge that is levied when an investigation reveals unauthorized connection to, or tampering with, a utility's meter or equipment, pursuant to paragraph 25-30.320(2)(j), F.A.C. Draft paragraph (2)(e) defines a late payment charge as a charge that is levied when a customer is delinquent in paying a bill for service, pursuant to subsection 25-30.335(4), F.A.C. Draft paragraph (2)(f) defines a non-sufficient funds charge as a charge that is levied when a customer's payment is refused by the drawee because of lack of funds, credit, or an account, pursuant to Section 68.065, F.S.

Subsection (3): After Hours Charges

Draft subsection (3) is new to the rule and replaces the language of current subsection (2) that addresses after hours charges. Staff's draft subsection (3) language simplifies the definition of the after hours charge and removes any ambiguity in the existing definition.

Minor Violation Rules Certification

Pursuant to Section 120.695, F.S., for each rule filed for adoption, the agency head must certify whether any part of the rule is designated as a rule the violation of which would be a minor violation. Rule 25-30.460, F.A.C., is currently listed on the Commission's website as a rule for which a violation would be minor because violation of the rule would not result in economic or physical harm to a person or have an adverse effect on the public health, safety, or welfare or create a significant threat of such harm.

The amendments to Rule 25-30.460, F.A.C., would not change its status as a minor violation rule. Thus, staff recommends that the Commission certify Rule 25-30.460, F.A.C., as a minor violation rule.

Statement of Estimated Regulatory Costs

Pursuant to Section 120.54(3)(b), F.S., agencies are encouraged to prepare a statement of estimated regulatory costs (SERC) before the adoption, amendment, or repeal of any rule. The SERC is appended as Attachment B to this recommendation.

The SERC concludes that the rule amendments will not likely directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate in Florida within one year after implementation. Further, the SERC economic analysis concludes that the rule amendments will not likely have an adverse impact on economic growth, private sector job creation or employment, private sector investment, business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within five years of implementation. Thus, the rules do not require legislative ratification pursuant to Section 120.541(3), F.S.

In addition, the SERC states that the rule amendments will not have an adverse impact on small business and will have no impact on small cities or counties. The SERC also concludes that the recommended amendments will not result in increased transactional costs to utilities required to comply with the rule, and, instead, will result in cost reductions and administrative efficiencies. No regulatory alternatives were submitted pursuant to Section 120.541(1)(a), F.S. None of the impact/cost criteria established in Section 120.541(2)(a), F.S., will be exceeded as a result of the recommended amendments to Rule 25-30.460, F.A.C.

Conclusion

Staff recommends that the Commission propose the amendment of Rule 25-30.460, F.A.C., as set forth in Attachment A. Staff further recommends that the Commission should certify Rule 25-30.460, F.A.C., as a minor violation rule.

Staff notes that if and when the rule amendments go into effect, there will not be an immediate impact on or change to water and wastewater utilities' existing tariffs. The existing tariffs will remain in effect, and the tariffs would be reviewed on a prospective basis to ensure conformance with the amended rule. Staff envisions that this tariff review would be conducted when a company applies for a new miscellaneous service charge under the amended rule.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing, information regarding the SERC, proposals for a lower cost regulatory alternative, or Joint Administrative Procedures Committee (JAPC) comments are filed, the rule should be filed with the Department of State, and the docket should be closed. (DuVal)

Staff Analysis: If no requests for hearing, information regarding the SERC, proposals for a lower cost regulatory alternative, or JAPC comments are filed, the rule should be filed with the Department of State, and the docket should be closed.

1 **25-30.460 Application for Miscellaneous Service Charges.**

2 (1) All water and wastewater utilities may apply for miscellaneous service charges: and
3 ~~These charges shall be included in each company's tariff. If a utility provides both water and~~
4 wastewater services, only a single charge shall be assessed for each of the miscellaneous
5 service charges identified in subsection (2). ~~and include rates for initial connections, normal~~
6 ~~reconnections, violation reconnections, and premises visit charges.~~

7 (2) The following identifies and defines miscellaneous service charges:

8 (a) A premises visit charge is levied when a service representative visits a premises to
9 discontinue service for nonpayment of a due and collectible bill and the customer pays the
10 service representative or otherwise makes satisfactory arrangements to pay the bill and service
11 is not discontinued. A premises visit charge is also levied when a service representative visits
12 a premises at the customer's request to (1) initiate service, (2) temporarily disconnect service,
13 (3) reconnect service after a temporary discontinuance, or (4) assess a service issue and it is
14 found to be the customer's responsibility. ~~Initial connection charges are levied for service~~
15 ~~initiation at a location where service did not exist previously.~~

16 ~~(b) Normal reconnection charges are levied for transfer of service to a new customer~~
17 ~~account at a previously served location, or reconnection of service subsequent to a customer~~
18 ~~requested disconnection.~~

19 ~~(b)(e) A violation reconnection is a charge that is levied prior to reconnection of an~~
20 ~~existing customer after discontinuance of service for cause according to subsection 25-~~
21 ~~30.320(2), F.A.C., including a delinquency in bill payment.~~ Violation reconnection charges
22 are at the tariffed rate for discontinuation of water service and actual cost for discontinuation
23 of wastewater service.

24 ~~(c)(d) A convenience charge is levied when a utility bill is paid by debit or credit card.~~

25 ~~Premises Visit Charge is levied when a service representative visits a premises at the~~

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

1 ~~customer's request for complaint resolution and the problem is found to be the customer's~~
2 ~~responsibility.~~

3 (d)(e) An investigation of meter tampering charge is levied when an investigation reveals
4 evidence of unauthorized connection to, or tampering with, the utility's meter or equipment,
5 pursuant to paragraph 25-30.320(2)(j), F.A.C. Premises Visit Charge (in lieu of disconnection)
6 ~~is levied when a service representative visits a premises for the purpose of discontinuing~~
7 ~~service for nonpayment of a due and collectible bill and does not discontinue service because~~
8 ~~the customer pays the service representative or otherwise makes satisfactory arrangements to~~
9 ~~pay the bill.~~

10 (e) A late payment charge is levied when a customer is delinquent in paying a bill for
11 service, pursuant to subsection 25-30.335(4), F.A.C.

12 (f) A non-sufficient funds charge is levied when a customer's payment is refused by the
13 drawee because of lack of funds, lack of credit, or lack of an account, pursuant to Section
14 68.065, F.S.

15 ~~(2) A utility may request an additional charge ("after hours charge") for overtime when the~~
16 ~~customer requests that the service be performed after normal hours. The after hours charge~~
17 ~~may be at the same rate specified for the existing charge during normal working hours. If the~~
18 ~~utility seeks a charge other than the normal working hours charge, the utility must file cost~~
19 ~~support.~~

20 (3) A utility may apply for after hours charges for a premises visit charge or violation
21 reconnection charge to account for the overtime when the customer requests that the service
22 be performed after normal business hours.

23 *Rulemaking Authority 350.127(2), 367.121 FS. Law Implemented 367.081, 367.121, 367.091*
24 *FS. History—New 11-30-93, Amended _____.*

25

CODING: Words underlined are additions; words in ~~struck through~~ type are deletions from existing law.

State of Florida



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

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

DATE: October 23, 2020

TO: Margo A. DuVal, Senior Attorney, Office of the General Counsel

FROM: Sevini K. Guffey, Public Utility Analyst III, Division of Economics *SKG*

RE: **Statement of Estimated Regulatory Costs** for the Proposed Adoption of Rule 25-30.460, Florida Administrative Code (F.A.C.), Application for Miscellaneous Service Charges

Commission staff is proposing revisions to Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges. The rule is applicable to all water and wastewater utilities that are under the Commission's jurisdiction. The purposes of these proposed rule revisions are to provide clarity to definitions of the various miscellaneous service charges, and to make interpretation and application of this rule more consistent and clear. The proposed revisions are discussed in detail in the staff recommendation. The proposed revisions will enable the utilities to interpret and apply the rule in a consistent manner, and also provide clarity about the miscellaneous service charges, which in turn is expected to result in reduced number of customer inquiries to the utilities and to the Commission regarding miscellaneous charges.

The attached Statement of Estimated Regulatory Costs (SERC) addresses the economic impacts and considerations required pursuant to Section 120.541, Florida Statutes (F.S.). Commission staff issued a SERC data request on August 10, 2020 to all Commission regulated water and wastewater utilities. Two utilities responded; on September 3, 2020, Florida Utility Services 1, LLC responded with a suggested revision to add "permanent disconnection" to rule paragraph (2)(a). On September 9, 2020, Indiantown Company filed a letter stating that they will not be responding to the SERC data request, as Indiantown Company will transfer its ownership to the Village of Indiantown.¹

The SERC analysis indicates that the proposed rule amendments will not likely increase regulatory costs, including any transactional costs or have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within five years of implementation. The proposed rule amendments would not potentially have adverse impacts on small businesses, would have no implementation cost to the Commission or other state and local government entities, and would have no impact on small cities or counties.

¹ Document No. 06132-2020, filed on September 8, 2020 and Document No. 06222-2020 filed on September 9, 2020.

No regulatory alternatives were submitted pursuant to Section 120.541(1)(g), F.S. The SERC concludes that none of the impacts/cost criteria established in Sections 120.541(2)(a), (c), (d), and (e), F.S., will be exceeded as a result of the proposed rule revisions.

cc: SERC File

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS
Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges

1. Will the proposed rule have an adverse impact on small business? [120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

Yes

No

If the answer to Question 1 is "yes", see comments in Section E.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

Yes

No

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)1, F.S.]

Economic growth Yes No

Private-sector job creation or employment Yes No

Private-sector investment Yes No

(2) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets) Yes No

Productivity Yes No

Innovation Yes No

(3) Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]

Yes No

Economic Analysis: The purposes of the proposed revisions to Rule 25-30.460, F.A.C., are to provide clarity in the definitions of the various miscellaneous service charges, and to make interpretation and application of this rule more consistent and clear. The proposed changes will provide greater clarity to customers and utilities in defining their various miscellaneous service charges and make interpretation and application of the rule more straightforward.

The reduced utility time required to appropriately interpret and apply the rule in a rate case process would result in rate cases being processed in a more efficient and cost-effective manner, which translates to less rate case expenses being passed on to customers. Additionally, the clarity of the rule could result in fewer customer inquiries to the Commission and to the utilities.

B. A good faith estimate of: [120.541(2)(b), F.S.]

(1) The number of individuals and entities likely to be required to comply with the rule.

131 Commission regulated water and wastewater utilities will be required comply with this rule.

(2) A general description of the types of individuals likely to be affected by the rule.

Types of individuals to be affected by the rule will be the approximate 111,176 water customers and 74,009 wastewater customers of the Commission regulated water and wastewater utilities.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

None. To be done with the current workload and existing staff.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

None. The rule will only affect the Commission.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

None.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities (including local government entities) required to comply with the requirements of the rule. "Transactional costs" include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule. [120.541(2)(d), F.S.]

None. The rule will only affect the Commission.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

E. An analysis of the impact on small businesses, and small counties and small cities: [120.541(2)(e), F.S.]

(1) "Small business" is defined by Section 288.703, F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.

No adverse impact on small business.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

(2) A "Small City" is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

No impact on small cities or small counties.

Minimal. Provide a brief explanation.

Other. Provide an explanation for estimate and methodology used.

F. Any additional information that the Commission determines may be useful. [120.541(2)(f), F.S.]

None.

Additional Information:

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

No regulatory alternatives were submitted.

A regulatory alternative was received from

Adopted in its entirety.

Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.

Item 4

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Office of the General Counsel (Harper) *SMC*
Division of Accounting and Finance (Fletcher, Mouring) *ALM*
Division of Economics (Coston, Guffey) *JGH*

RE: Docket No. 20210062-OT – Proposed amendment of Rule 25-6.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4 and proposed new Rule 25-7.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.

AGENDA: 05/04/21 – Regular Agenda – Rule Proposal – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

RULE STATUS: Proposal May Be Deferred

SPECIAL INSTRUCTIONS: None

Case Background

Rule 25-6.0143, Florida Administrative Code (F.A.C.), Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4., provides the standards for the application of Accumulated Provision Accounts 228.1, 228.2, and 228.4 for investor-owned electric utilities. The Commission does not currently have a corresponding rule on this subject for investor-owned natural gas utilities. Adoption of new Rule 25-7.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4, would create a new rule for the standards for the application of Accumulated Provision Accounts 228.1, 228.2, and 228.4 for natural gas utilities.

The focus of this rulemaking is to amend Rule 25-6.0143, F.A.C., for clarity and specificity. Rule 25-7.0143, F.A.C., is being created to provide an industry-specific standard for the

application of Accumulated Provision Accounts 228.1, 228.2, and 228.4 for the natural gas utilities. In general, the amendment of Rule 25-6.0143, F.A.C., and the adoption of new Rule 25-7.0143, F.A.C., is intended to provide requirements for the application of Accumulated Provision Accounts 228.1, 228.2, and 228.4, specifically as they apply to storm-related damages.

The Notice of Development of Rulemaking for Rule 25-6.0143, F.A.C., was published in the June 7, 2019 edition of the Florida Administrative Register, Volume 45, No. 111, in conjunction with the Commission's rulemaking on Rules 25-6.030 and 25-6.031, F.A.C., the storm protection plan and storm protection plan cost recovery clause rulemaking. During the development of those rules, staff determined that Rule 25-6.0143, F.A.C., needed to be updated.

In the course of considering potential amendments to Rule 25-6.0143, F.A.C., staff determined that the gas industry needed a rule similar to Rule 25-6.0143, F.A.C. Accordingly, a Notice of Development of Rulemaking for new Rule 25-7.0143, F.A.C., was published in the June 10, 2020 edition of the Florida Administrative Register, Volume 46, No. 113.

A rule development workshop on both rules was held on June 29, 2020. Representatives from Florida Power & Light Company (FPL), Tampa Electric Company (TECO), Duke Energy Florida, LLC (DEF), Gulf Power Company (Gulf), Florida Public Utilities Company (FPUC), Florida City Gas (FCG), Peoples Gas System (PGS), and the Office of Public Counsel (OPC) participated at the workshop and submitted post-workshop comments.

This recommendation addresses whether the Commission should propose the amendment of Rule 25-6.0143, F.A.C., and propose the adoption of new Rule 25-7.0143, F.A.C. The Commission has jurisdiction pursuant to Section 366.05(1), Florida Statutes (F.S.).

Discussion of Issues

Issue 1: Should the Commission propose the amendment of Rule 25-6.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4., and propose the adoption of Rule 25-7.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4?

Recommendation: Yes. The Commission should propose the amendment of Rule 25-6.0143, F.A.C., and propose the adoption of Rule 25-7.0143, F.A.C., as set forth in Attachment A. The Commission should also certify Rules 25-6.0143 and 25-7.0143, F.A.C., as minor violation rules. (Mouring, Harper, Guffey)

Staff Analysis: Staff recommends that the Commission amend Rule 25-6.0143, F.A.C., and adopt new Rule 25-7.0143, F.A.C., as set forth in Attachment A. Staff's recommended language for Rule 25-7.0143, F.A.C., generally mirrors the Commission's current use of accumulated provision accounts rule for investor-owned electric utilities. Both rules address the categories of storm-related costs eligible for certain accounting. As such, the recommended amendments discussed below for Rule 25-6.0143, F.A.C., are also reflected in staff's recommended language for Rule 25-7.0143, F.A.C.

Rule 25-7.0143, F.A.C.

Draft Rule 25-7.0143, F.A.C., is virtually identical to the electric rule, Rule 25-6.0143, F.A.C., in that both rules address the storm related costs that will be allowed to be charged to the reserve under the Incremental Cost and Capitalization Approach (ICCA) methodology. Also, draft Rule 25-7.0143, F.A.C., provides an accounting mechanism for probable liability that is not covered by insurance and a "catch-all" account for operating provisions that are not covered elsewhere in the rule. This account must be maintained in such a manner as to show the amount of each separate provision established by the utility and the nature and amounts of the debits and credits.

In addition, draft Rule 25-7.0143, F.A.C., requires the utility to show the level and annual accrual rate for each account listed in the rule so it can be evaluated at the time of a rate proceeding and adjusted as necessary. Pursuant to the draft rule, a utility may petition the Commission for a change in the provision level and accrual of a certain account outside a rate proceeding under certain, specified circumstances, but a utility may not fund any account listed in the rule unless the Commission approves such funding.

The only substantive difference between the electric and gas rules is that the gas rule does not have the subsection (1)(m) requirement that the utility must submit additional reports on insurance. Staff believes that this type of insurance may not be available to the gas utilities, and thus, to require a gas utility to provide this kind of storm insurance would be extremely uneconomical. Accordingly, staff believes an insurance provision would not be feasible for gas utilities and the proposed rule should not require it.

Subsection (1) of Both Rules

Subsection (1) of draft Rules 25-6.0143 and 25.7.0143, F.A.C., contain provisions for an account to provide for losses through accident, fire, flood, storms, nuclear accidents and similar type hazards to the utility's own property or property leased from others, which is not covered by

insurance. Staff recommends updating this subsection of the rules to require a utility to notify the Commission Clerk in writing for each incident expected to exceed 1.5 percent of jurisdictional revenues for the most recent calendar year.

Staff also recommends updating subsection (1) in Rule 25-6.0143, F.A.C., and including a provision in new Rule 25-7.0143, F.A.C., for the storm-related costs that will be allowed to be charged to the reserve under the ICCA methodology. For each of the identified accounts, a calculation is made to compare the actual average costs for a specific calendar month to the actual average costs of that same month for each of the previous three years. The actual costs for a specific calendar month that are in excess of actual average costs of that same month for each of the previous three years, would be identified as incremental costs.¹ For example, staff recommends that rule language be included to address contract labor and payroll expenses incurred in storm restoration activities and that such costs must be incurred in any month in which storm damage restoration activities are conducted. Staff recommends similar clarifications and rule language be added to address the fuel costs for both company and contractor vehicles used in storm restoration activities, as well as the vegetation management costs that are specifically related to storm restoration activities for the utilities. For all of these cost categories, staff's recommended rule language requires that the costs must be greater than the actual monthly average of contract labor or payroll costs charged to operation and maintenance expense for the same month in the three previous calendar years, and each adjustment must be accompanied by a detailed explanation of the nature of the adjustment. Finally, staff is also recommending an added "catch-all" provision to the rules, which provides that for any other costs or expenses not specifically identified in the rules but that are directly and solely attributable to a storm restoration event, such costs must be explained.

With regard to the payroll costs, DEF commented that staff's draft language in Subsection (1) of Rule 25-6.0143, F.A.C., is unclear as to which payroll expenses were eligible. It is staff's intention that the rule language allow for *all* payroll and payroll-related costs, including overtime payroll, to be eligible. Staff believes the rule as reflected in Attachment A is sufficient to address this point. The other stakeholders agreed that staff's recommended language was sufficient and clear in this regard.

Minor Violation Rules Certification

Pursuant to Section 120.695, F.S., as of July 1, 2017, the agency head shall certify whether any part of each rule filed for adoption is designated as a minor violation rule. A minor violation rule is a rule that would not result in economic or physical harm to a person or an adverse effect on the public health, safety, or welfare or create a significant threat of such harm when violated. Staff recommends that the Commission certify Rule 25-6.0143, F.A.C., and Rule 25-7.0143, F.A.C., as minor violation rules.

¹ In its post-workshop comments, FPUC, indicated that developing a three-year average may be challenging, and it did not believe that "incremental" should be determined by the previous three years spending. FPUC recommends a yearly average instead. Staff preferred three years because it is consistent with the current rule on tree trimming, and staff believes this is reasonable. Also, staff's rule language allows for the utilities to make adjustments to the baseline three-year average when accompanied by a detailed explanation of the nature and derivation of the adjustment.

Statement of Estimated Regulatory Costs

Pursuant to Section 120.54(3)(b)1., F.S., agencies are encouraged to prepare a statement of estimated regulatory costs (SERC) before the adoption, amendment, or repeal of any rule. A SERC was prepared for this rulemaking and is appended as Attachment B. As required by Section 120.541(2)(a)1., F.S., the SERC analysis includes whether the rule amendments and rule adoption are likely to have an adverse impact on economic growth, private sector job creation or employment, or private sector investment in excess of \$1 million in the aggregate within five years after implementation. Staff notes that none of the impact/cost criteria will be exceeded as a result of the recommended amendments to Rule 25-6.0143 or the adoption new Rule 25-7.0143.

Based on the utilities' responses to data requests and discussions with technical staff that oversee the accumulated provision rules, the recommended proposed rule amendments and proposed new rule will not likely increase regulatory costs, as contemplated by Section 120.541, F.S., including any transactional costs or have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within five years of implementation. The proposed new rule and rule amendments would not potentially have adverse impacts on small businesses, would have no implementation cost to the Commission or other state and local government entities, and would have no negative impact on small cities or counties.

No regulatory alternatives were submitted pursuant to Section 120.541(1)(g), F.S. The SERC concludes that none of the impacts/cost criteria established in Sections 120.541(2)(a), (c), (d), and (e), F.S., will be exceeded as a result of the proposed rule amendments or the adoption of the new rule.

Conclusion

The Commission should propose the amendment of Rule 25-6.0143, F.A.C., and the adoption of Rule 25-7.0143, F.A.C., as set forth in Attachment A. The Commission should certify Rule 25-6.0143, F.A.C., and Rule 25-7.0143, F.A.C., as minor violation rules.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no requests for hearing, information regarding the SERC, proposals for a lower cost regulatory alternative, or JAPC comments are filed, the rules should be filed with the Department of State, and the docket should be closed. (Harper)

Staff Analysis: If no requests for hearing, information regarding the SERC, proposals for a lower cost regulatory alternative, or JAPC comments are filed, the rules should be filed with the Department of State, and the docket should be closed.

1 **25-6.0143 Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.**

2 (1) Account No. 228.1 Accumulated Provision for Property Insurance.

3 (a) This account may be established to provide for losses through accident, fire, flood,
4 storms, nuclear accidents and similar type hazards to the utility's own property or property
5 leased from others, which is not covered by insurance. This account would also include
6 provisions for the deductible amounts contained in property loss insurance policies held by the
7 utility as well as retrospective premium assessments stemming from nuclear accidents under
8 various insurance programs covering nuclear generating plants. A schedule of risks covered
9 must shall be maintained, giving a description of the property involved, the character of risks
10 covered and the accrual rates used.

11 (b) Except as provided in paragraphs (1)(f), (1)(g) and (1)(h) charges to this account must
12 ~~shall~~ be made for all occurrences in accordance with the schedule of risks to be covered which
13 are not covered by insurance. Recoveries, insurance proceeds or reimbursements for losses
14 charged to this account must shall be credited to the account.

15 (c) A separate subaccount must shall be established for that portion of Account No. 228.1
16 which is designated to cover storm-related damages to the utility's own property or property
17 leased from others that is not covered by insurance. The records supporting the entries to this
18 account must shall be so kept that the utility can furnish full information as to each storm
19 event included in this account.

20 (d) In determining the costs to be charged to cover storm-related damages, the utility must
21 ~~shall~~ use an Incremental Cost and Capitalization Approach methodology (ICCA). Under the
22 ICCA methodology, the costs charged to cover storm-related damages must shall exclude
23 those costs that normally would be charged to non-cost recovery clause operating expenses in
24 the absence of a storm. Under the ICCA methodology for determining the allowable costs to
25 be charged to cover storm-related damages, the utility will be allowed to charge to Account
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existing law.

1 No. 228.1 costs that are incremental to costs normally charged to non-cost recovery clause
2 operating expenses in the absence of a storm. All costs charged to Account 228.1 are subject
3 to review for prudence and reasonableness by the Commission. In addition, capital
4 expenditures for the removal, retirement and replacement of damaged facilities charged to
5 cover storm-related damages must ~~shall~~ exclude the normal cost for the removal, retirement
6 and replacement of those facilities in the absence of a storm. The utility must ~~shall~~ notify ~~the~~
7 ~~Director~~ of the Commission Clerk in writing for each incident expected to exceed 1.5 percent
8 of jurisdictional revenues for the most recent calendar year ~~\$10 million~~.

9 (e) The types of storm related costs allowed to be charged to the reserve under the ICCA
10 methodology include, ~~but are not limited to,~~ the following:

11 1. Additional contract labor hired for storm restoration activities incurred in any month in
12 which storm damage restoration activities are conducted, that are greater than the actual
13 monthly average of contract labor costs charged to operation and maintenance expense for the
14 same month in the three previous calendar years. The utility may adjust historical monthly
15 contract labor costs charged to operation and maintenance expense from calculated monthly
16 average. Each adjustment shall be accompanied by a detailed explanation of the nature and
17 derivation of the adjustment;

18 2. Logistics costs of providing meals, lodging, and linens for tents and other staging areas;

19 3. Transportation of crews and other personnel for storm restoration;

20 4. Vehicle costs for vehicles specifically rented for storm restoration activities;

21 5. Waste management costs specifically related to storm restoration activities;

22 6. Rental equipment specifically related to storm restoration activities;

23 7. Materials and supplies used to repair and restore service and facilities to pre-storm

24 condition, such as poles, transformers, meters, light fixtures, wire, and other electrical

25 equipment, excluding those costs that normally would be charged to non-cost recovery clause

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1 operating expenses in the absence of a storm;

2 8. ~~Payroll Overtime payroll~~ and payroll-related costs for utility personnel included in
3 storm restoration activities incurred in any month in which storm damage restoration activities
4 are conducted, that are greater than the actual monthly average of payroll and payroll-related
5 costs charged to operation and maintenance expense for the same month in the previous three
6 calendar years. The utility may adjust historical monthly payroll and payroll-related costs
7 charged to operation and maintenance expense from calculated monthly average. Each
8 adjustment shall be accompanied by a detailed explanation of the nature and derivation of the
9 adjustment;

10 9. Fuel cost for company and contractor vehicles used in storm restoration activities
11 incurred in any month in which storm damage restoration activities are conducted, that are
12 greater than the actual monthly average of fuel costs charged to operation and maintenance
13 expense for the same month in the previous three calendar years. The utility may adjust
14 historical monthly fuel costs charged to operation and maintenance expense from calculated
15 monthly average. Each adjustment shall be accompanied by a detailed explanation of the
16 nature and derivation of the adjustment; and

17 10. Cost of public service announcements regarding key storm-related issues, such as
18 safety and service restoration estimates;-

19 11. Vegetation management costs specifically related to storm restoration activities
20 incurred in any month in which storm damage restoration activities are conducted, that are
21 greater than the actual monthly average of vegetation management costs charged to operation
22 and maintenance expense for the same month in the previous three calendar years. The utility
23 may adjust historical monthly vegetation management costs charged to operation and
24 maintenance expense from calculated monthly average. Each adjustment shall be accompanied
25 by a detailed explanation of the nature and derivation of the adjustment; and

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1 12. Other costs or expenses not specifically identified in paragraph (1)(e)1. through
2 (1)(e)11. that are directly and solely attributable to a storm restoration event.

3 (f) The types of storm related costs prohibited from being charged to the reserve under the
4 ICCA methodology include, ~~but are not limited to,~~ the following:

5 ~~1. Base rate recoverable regular payroll and regular payroll related costs for utility~~
6 ~~managerial and non-managerial personnel;~~

7 ~~1.2.~~ Bonuses or any other special compensation for utility personnel not eligible for
8 overtime pay;

9 ~~2.3.~~ Base rate recoverable Depreciation expenses, insurance costs and lease expenses for
10 utility-owned or utility-leased vehicles and aircraft;

11 ~~3.~~ 4. Utility employee assistance costs;

12 ~~4.5.~~ Utility employee training costs incurred prior to 72 hours before the storm event;

13 ~~5.6.~~ Utility advertising, media relations or public relations costs, except for public service
14 announcements regarding key storm-related issues as listed above in subparagraph (1)(e)10.;

15 ~~6.7.~~ Utility call center and customer service costs, except for non-budgeted overtime or
16 other non-budgeted incremental costs associated with the storm event;

17 ~~8. Tree trimming expenses, incurred in any month in which storm damage restoration~~
18 ~~activities are conducted, that are less than the actual monthly average of tree trimming costs~~
19 ~~charged to operation and maintenance expense for the same month in the three previous~~
20 ~~calendar years;~~

21 ~~7.9.~~ Utility lost revenues from services not provided; and

22 ~~8.10.~~ Replenishment of the utility's materials and supplies inventories.

23 (g) Under the ICCA methodology for determining the allowable costs to be charged to
24 cover storm-related damages, certain costs may be charged to Account 228.1 only after review
25 and approval by the Commission. Prior to the Commission's determination of the

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1 appropriateness of including such costs in Account No. 228.1, the costs may be deferred in
2 Account No. 186, Miscellaneous Deferred Debits. The deferred costs must be incurred prior to
3 June 1 of the year following the storm event. By September 30 a utility must ~~shall~~ file a
4 petition for the disposition of any costs deferred prior to June 1 of the year following the storm
5 event giving rise to the deferred costs. These costs include, ~~but are not limited to~~, the
6 following:

7 1. Costs of normal non-storm related activities which must be performed by employees or
8 contractors not assigned to storm damage restoration activities (“back-fill work”) or normal
9 non-storm related activities which must be performed following the restoration of service after
10 a storm by an employee or contractor assigned to storm damage restoration activities in
11 addition to the employee’s or contractor’s regular activities (“catch-up work”); and

12 2. Uncollectible accounts expenses.

13 (h) A utility may, at its own option, charge storm-related costs as operating expenses
14 rather than charging them to Account No. 228.1. The utility must ~~shall~~ notify ~~the Director of~~
15 the Commission Clerk in writing and provide a schedule of the amounts charged to operating
16 expenses for each incident exceeding 0.5 percent of jurisdictional revenues for the most recent
17 calendar year \$5 million. The schedule must ~~shall~~ be filed annually by February 15 of each
18 year for information pertaining to the previous calendar year.

19 (i) If the charges to Account No. 228.1 exceed the account balance, the excess must ~~shall~~
20 be carried as a debit balance in Account No. 182.3 ~~228.1~~ and no request for a deferral of the
21 excess or for the establishment of a regulatory asset is necessary.

22 (j) A utility may petition the Commission for the recovery of a debit balance in Account
23 No. 182.3 discussed in paragraph (1)(i) ~~228.1~~ plus an amount to replenish the storm reserve
24 through a surcharge, securitization or other cost recovery mechanism.

25 (k) A utility must ~~shall~~ not establish or change an annual accrual amount or a target

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1 accumulated balance amount for Account No. 228.1 without prior Commission approval.

2 (l) Each utility must ~~shall~~ file a Storm Damage Self-Insurance Reserve Study (Study) with
3 the Commission Clerk by January 15, 2011 and at least once every 5 years thereafter from the
4 submission date of the previously filed study. A Study must ~~shall~~ be filed whenever the utility
5 is seeking a change to either the target accumulated balance or the annual accrual amount for
6 Account No. 228.1. At a minimum, the Study must ~~shall~~ include data for determining a target
7 balance for, and the annual accrual amount to, Account No. 228.1.

8 (m) Each utility must ~~shall~~ file a report with ~~the Director of~~ the Commission Clerk
9 providing information concerning its efforts to obtain commercial insurance for its
10 transmission and distribution facilities and any other programs or proposals that were
11 considered. The report must ~~shall~~ also include a summary of the amounts recorded in Account
12 228.1. The report must ~~shall~~ be filed annually by February 15 of each year for information
13 pertaining to the previous calendar year.

14 (2) Account No. 228.2 Accumulated Provision for Injuries and Damages.

15 (a) This account may be established to meet the probable liability, not covered by
16 insurance, for deaths or injuries to employees or others and for damages to property neither
17 owned nor held under lease by the utility. When liability for any injury or damage is admitted
18 or settled by the utility either voluntarily or because of the decision of a Court or other lawful
19 authority, such as a workman's compensation board, the admitted liability or the amount of
20 the settlement must ~~shall~~ be charged to this account.

21 (b) Charges to this account must ~~shall~~ be made for all losses covered. Detailed supporting
22 records of charges made to this account must ~~shall~~ be maintained in such a way that the year
23 the event occurred which gave rise to the loss can be associated with the settlement.

24 Recoveries or reimbursements for losses charged to the account must ~~shall~~ be credited to the
25 account.

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1 (3) Account No. 228.4 Accumulated Miscellaneous Operating Provisions.

2 (a) This account may be established for operating provisions which are not covered
3 elsewhere. This account must ~~shall~~ be maintained in such a manner as to show the amount of
4 each separate provision established by the utility and the nature and amounts of the debits and
5 credits thereto. Each separate provision must ~~shall~~ be identified as to purpose and the specific
6 events to be charged to the account to ensure that all such events and only those events are
7 charged to the provision accounts.

8 (b) Charges to this account must ~~shall~~ be made for all costs or losses covered. Recoveries
9 or reimbursements for amounts charged to this account must ~~shall~~ be credited hereto.

10 (4)(a) The provision level and annual accrual rate for each account listed in subsections (1)
11 through (3) must ~~shall~~ be evaluated at the time of a rate proceeding and adjusted as necessary.
12 However, a utility may petition the Commission for a change in the provision level and
13 accrual outside a rate proceeding.

14 (b) If a utility elects to use any of the above listed accumulated provision accounts, each
15 and every loss or cost which is covered by the account must ~~shall~~ be charged to that account
16 and must ~~shall~~ not be charged directly to expenses except as provided for in paragraphs (1)(f),
17 (1)(g) and (1)(h). Charges must ~~shall~~ be made to accumulated provision accounts regardless of
18 the balance in those accounts.

19 (c) No utility must ~~shall~~ fund any account listed in subsections (1) through (3) unless the
20 Commission approves such funding. Existing funded provisions which have not been
21 approved by the Commission must ~~shall~~ be credited by the amount of the funded balance with
22 a corresponding debit to the appropriate current asset account, resulting in an unfunded
23 provision.

24 *Rulemaking Authority 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a) FS. History—*
25 *New 3-17-88, Amended 6-11-07, _____.*

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1 **25-7.0143 Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.**
2 (1) Account No. 228.1 Accumulated Provision for Property Insurance.
3 (a) This account may be established to provide for losses through accident, fire, flood,
4 storms and similar type hazards to the utility’s own property or property leased from others,
5 which is not covered by insurance. A schedule of risks covered must be maintained, giving a
6 description of the property involved, the character of risks covered and the accrual rates used.
7 (b) Except as provided in paragraphs (1)(f), (1)(g) and (1)(h) charges to this account must
8 be made for all occurrences in accordance with the schedule of risks to be covered which are
9 not covered by insurance. Recoveries, insurance proceeds or reimbursements for losses
10 charged to this account must be credited to the account.
11 (c) A separate subaccount must be established for that portion of Account No. 228.1 which
12 is designated to cover storm-related damages to the utility’s own property or property leased
13 from others that is not covered by insurance. The records supporting the entries to this account
14 must be so kept that the utility can furnish full information as to each storm event included in
15 this account.
16 (d) In determining the costs to be charged to cover storm-related damages, the utility must
17 use an Incremental Cost and Capitalization Approach methodology (ICCA). Under the ICCA
18 methodology, the costs charged to cover storm-related damages must exclude those costs that
19 normally would be charged to non-cost recovery clause operating expenses in the absence of a
20 storm. Under the ICCA methodology for determining the allowable costs to be charged to
21 cover storm-related damages, the utility will be allowed to charge to Account No. 228.1 costs
22 that are incremental to costs normally charged to non-cost recovery clause operating expenses
23 in the absence of a storm. All costs charged to Account 228.1 are subject to review for
24 prudence and reasonableness by the Commission. In addition, capital expenditures for the
25 removal, retirement and replacement of damaged facilities charged to cover storm-related

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1 damages must exclude the normal cost for the removal, retirement and replacement of those
2 facilities in the absence of a storm. The utility must notify the Commission Clerk in writing
3 for each incident expected to exceed 1.5 percent of jurisdictional revenues for the most recent
4 calendar year.

5 (e) The types of storm related costs allowed to be charged to the reserve under the ICCA
6 methodology include the following:

7 1. Additional contract labor hired for storm restoration activities incurred in any month in
8 which storm damage restoration activities are conducted, that are greater than the actual
9 monthly average of contract labor costs charged to operation and maintenance expense for the
10 same month in the three previous calendar years. The utility may adjust historical monthly
11 contract labor costs charged to operation and maintenance expense from calculated monthly
12 average. Each adjustment must be accompanied by a detailed explanation of the nature and
13 derivation of the adjustment;

14 2. Logistics costs of providing meals, lodging, and linens for tents and other staging areas;

15 3. Transportation of crews and other personnel for storm restoration;

16 4. Vehicle costs for vehicles specifically rented for storm restoration activities;

17 5. Waste management costs specifically related to storm restoration activities;

18 6. Rental equipment specifically related to storm restoration activities;

19 7. Materials and supplies used to repair and restore service and facilities to pre-storm
20 condition, excluding those costs that normally would be charged to non-cost recovery clause
21 operating expenses in the absence of a storm;

22 8. Payroll and payroll-related costs for utility personnel included in storm restoration
23 activities incurred in any month in which storm damage restoration activities are conducted,
24 that are greater than the actual monthly average of payroll and payroll-related costs charged to
25 operation and maintenance expense for the same month in the three previous calendar years.

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1 The utility may adjust historical monthly payroll and payroll-related costs charged to
2 operation and maintenance expense from calculated monthly average. Each adjustment must
3 be accompanied by a detailed explanation of the nature and derivation of the adjustment;

4 9. Fuel cost for company and contractor vehicles used in storm restoration activities
5 incurred in any month in which storm damage restoration activities are conducted, that are
6 greater than the actual monthly average of fuel costs charged to operation and maintenance
7 expense for the same month in the three previous calendar years. The utility may adjust
8 historical monthly fuel costs charged to operation and maintenance expense from calculated
9 monthly average. Each adjustment must be accompanied by a detailed explanation of the
10 nature and derivation of the adjustment;

11 10. Cost of public service announcements regarding key storm-related issues, such as
12 safety and service restoration estimates;

13 11. Vegetation management expenses specifically related to storm restoration activities
14 incurred in any month in which storm damage restoration activities are conducted, that are
15 greater than the actual monthly average of vegetation management costs charged to operation
16 and maintenance expense for the same month in the previous three calendar years. The utility
17 may adjust historical monthly vegetation management costs charged to operation and
18 maintenance expense from calculated monthly average. Each adjustment must be
19 accompanied by a detailed explanation of the nature and derivation of the adjustment; and

20 12. Other costs or expenses not specifically identified in paragraph (1)(e)1. through
21 (1)(e)11. that are directly and solely attributable to a storm restoration event.

22 (f) The types of storm related costs prohibited from being charged to the reserve under the
23 ICCA methodology include the following:

24 1. Bonuses or any other special compensation for utility personnel not eligible for
25 overtime pay;

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- 1 2. Depreciation expenses, insurance costs and lease expenses for utility-owned or utility-
- 2 leased vehicles and aircraft;
- 3 3. Utility employee assistance costs;
- 4 4. Utility employee training costs incurred prior to 72 hours before the storm event;
- 5 5. Utility advertising, media relations or public relations costs, except for public service
- 6 announcements regarding key storm-related issues as listed above in subparagraph (1)(e)10.;
- 7 6. Utility call center and customer service costs, except for non-budgeted overtime or other
- 8 non-budgeted incremental costs associated with the storm event;
- 9 7. Utility lost revenues from services not provided; and
- 10 8. Replenishment of the utility's materials and supplies inventories.

11 (g) Under the ICCA methodology for determining the allowable costs to be charged to
12 cover storm-related damages, certain costs may be charged to Account 228.1 only after review
13 and approval by the Commission. Prior to the Commission's determination of the
14 appropriateness of including such costs in Account No. 228.1, the costs may be deferred in
15 Account No. 186, Miscellaneous Deferred Debits. The deferred costs must be incurred prior to
16 June 1 of the year following the storm event. By September 30 a utility must file a petition for
17 the disposition of any costs deferred prior to June 1 of the year following the storm event
18 giving rise to the deferred costs. These costs include the following:

- 19 1. Costs of normal non-storm related activities which must be performed by employees or
- 20 contractors not assigned to storm damage restoration activities ("back-fill work") or normal
- 21 non-storm related activities which must be performed following the restoration of service after
- 22 a storm by an employee or contractor assigned to storm damage restoration activities in
- 23 addition to the employee's or contractor's regular activities ("catch-up work"); and
- 24 2. Uncollectible accounts expenses.

25 (h) A utility may, at its own option, charge storm-related costs as operating expenses

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1 rather than charging them to Account No. 228.1. The utility must notify the Commission Clerk
2 in writing and provide a schedule of the amounts charged to operating expenses for each
3 incident exceeding 0.5 percent of jurisdictional revenues for the most recent calendar year.
4 The schedule must be filed annually by February 15 of each year for information pertaining to
5 the previous calendar year.

6 (i) If the charges to Account No. 228.1 exceed the account balance, the excess must be
7 carried as a debit balance in Account No. 182.3 and no request for a deferral of the excess or
8 for the establishment of a regulatory asset is necessary.

9 (j) A utility may petition the Commission for the recovery of a debit balance in Account
10 No. 182.3 discussed in paragraph (1)(i) plus an amount to replenish the storm reserve through
11 a surcharge, securitization or other cost recovery mechanism.

12 (k) A utility must not establish or change an annual accrual amount or a target
13 accumulated balance amount for Account No. 228.1 without prior Commission approval.

14 (l) Each utility must file a Storm Damage Self-Insurance Reserve Study (Study) with the
15 Commission Clerk by January 15, 2022 and at least once every 5 years thereafter from the
16 submission date of the previously filed study. A Study must be filed whenever the utility is
17 seeking a change to either the target accumulated balance or the annual accrual amount for
18 Account No. 228.1. At a minimum, the Study must include data for determining a target
19 balance for, and the annual accrual amount to, Account No. 228.1.

20 (2) Account No. 228.2 Accumulated Provision for Injuries and Damages.

21 (a) This account may be established to meet the probable liability, not covered by
22 insurance, for deaths or injuries to employees or others and for damages to property neither
23 owned nor held under lease by the utility. When liability for any injury or damage is admitted
24 or settled by the utility either voluntarily or because of the decision of a Court or other lawful
25 authority, such as a workman's compensation board, the admitted liability or the amount of

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1 the settlement must be charged to this account.

2 (b) Charges to this account must be made for all losses covered. Detailed supporting
3 records of charges made to this account must be maintained in such a way that the year the
4 event occurred which gave rise to the loss can be associated with the settlement. Recoveries or
5 reimbursements for losses charged to the account must be credited to the account.

6 (3) Account No. 228.4 Accumulated Miscellaneous Operating Provisions.

7 (a) This account may be established for operating provisions which are not covered
8 elsewhere. This account must be maintained in such a manner as to show the amount of each
9 separate provision established by the utility and the nature and amounts of the debits and
10 credits thereto. Each separate provision must be identified as to purpose and the specific
11 events to be charged to the account to ensure that all such events and only those events are
12 charged to the provision accounts.

13 (b) Charges to this account must be made for all costs or losses covered. Recoveries or
14 reimbursements for amounts charged to this account must be credited hereto.

15 (4)(a) The provision level and annual accrual rate for each account listed in subsections (1)
16 through (3) must be evaluated at the time of a rate proceeding and adjusted as necessary.
17 However, a utility may petition the Commission for a change in the provision level and
18 accrual outside a rate proceeding.

19 (b) If a utility elects to use any of the above listed accumulated provision accounts, each
20 and every loss or cost which is covered by the account must be charged to that account and
21 must not be charged directly to expenses except as provided for in paragraphs (1)(f), (1)(g)
22 and (1)(h). Charges must be made to accumulated provision accounts regardless of the balance
23 in those accounts.

24 (c) No utility must fund any account listed in subsections (1) through (3) unless the
25 Commission approves such funding. Existing funded provisions which have not been

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1 approved by the Commission must be credited by the amount of the funded balance with a
2 corresponding debit to the appropriate current asset account, resulting in an unfunded
3 provision.

4 Rulemaking Authority 366.05(1) FS. Law Implemented 350.115, 366.04(2)(a) FS. History -
5 New.

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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: March 29, 2021

TO: Adria E. Harper, Senior Attorney, Office of the General Counsel

FROM: Sevini K. Guffey, Public Utility Analyst III, Division of Economics *SKG*

RE: Statement of Estimated Regulatory Costs for Proposed Amendment of Rule 25-6.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4 and Proposed New Rule 25-7.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4.

The attached Statement of Estimated Regulatory Costs (SERC) addresses the economic impacts and considerations required pursuant to Section 120.541, Florida Statutes (F.S.), for the proposed modifications to Rule 25-6.0143, F.A.C., and proposed new Rule 25-7.0143, F.A.C. Commission SERC staff issued a data request on January 25, 2021 to all Commission-regulated electric and natural gas utilities. The Commission received responses from electric and natural gas utilities on February 2, 4, 5, and 12, 2021. Representatives for the electric and natural gas Investor-Owned Utilities (IOUs) participated in the rule development workshop held on June 29, 2020.

NOTE: Since SERC staff issued its data request based on the October 2020 version of these draft rules, there have been additional revisions to the rules based on utilities' comments. However, the revisions do not affect this SERC assessment.

Proposed Revisions to Rule 25-6.0143, F.A.C.

The proposed revisions clarify and add specificity to limitations on eligibility and application of certain provisions in the current rule. FPUC-Electric stated that it will incur an estimated annual cost of \$19,000 to comply with the proposed revisions if the company needs to adjust its historical data. However, at this time, the company does not foresee the need to adjust its historical data. Other electric IOUs stated that they would utilize existing resources to comply with the revised rule and if they were to incur incremental regulatory costs, the costs would be immaterial.

Overall, the electric utilities stated that the proposed rule revisions would not create incremental regulatory costs that exceed \$200,000 per year or \$1 million in the aggregate within five years of implementing the rules.

A.Harper
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Proposed New Rule 25-7.0143, F.A.C.

The proposed new rule will provide natural gas IOUs a standard for the application of Accumulated Provision Accounts 228.1, 228.2, and 228.4. As noted, this proposed new rule creates an industry-specific standard which will be beneficial to the natural gas utilities. Several natural gas utilities stated that they would incur estimated annual costs ranging from \$4,000 to \$72,000 to prepare and file a petition for storm cost recovery and would also incur estimated costs ranging from \$20,000 to \$100,000 to prepare and file a Storm Damage Self-Insurance Reserve Study. FPUC-Gas stated that it will incur an estimated annual cost of \$19,000 to comply with the proposed revisions if the company needs to adjust its historical data. However, at this time, the company does not foresee the need to adjust its historical data.

Overall, the natural gas utilities stated that the proposed new rule would not create incremental regulatory costs that exceed \$200,000 per year or \$1 million in the aggregate within five years of implementing the rules.

SERC Staff Assessment

Based on the utilities' responses to data requests and discussions with technical staff that oversee the accumulated provision rules, SERC staff believes that the proposed rule modifications and proposed new rule will not likely increase regulatory costs, as contemplated by Section 120.541, F.S., including any transactional costs or have an adverse impact on business competitiveness, productivity, or innovation in excess of \$1 million in the aggregate within five years of implementation. The proposed new rule and rule amendments would not potentially have adverse impacts on small businesses, would have no implementation cost to the Commission or other state and local government entities, and would have no negative impact on small cities or counties.

No regulatory alternatives were submitted pursuant to Section 120.541(1)(g), F.S. The SERC concludes that none of the impacts/cost criteria established in Sections 120.541(2)(a), (c), (d), and (e), F.S., will be exceeded as a result of the proposed rule revisions.

cc: SERC File

FLORIDA PUBLIC SERVICE COMMISSION
STATEMENT OF ESTIMATED REGULATORY COSTS

Rule 25-6.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4 and Rule 25-7.0143, F.A.C., Use of Accumulated Provision Accounts 228.1, 228.2, and 228.4

NOTE: Since SERC staff issued its data request based on the October 2020 version of these draft rules, there have been additional revisions to the rules based on utilities' comments. However, the revisions do not affect the SERC.

1. Will the proposed rule have an adverse impact on small business? [120.541(1)(b), F.S.] (See Section E., below, for definition of small business.)

Yes

No

If the answer to Question 1 is "yes", see comments in Section E.

2. Is the proposed rule likely to directly or indirectly increase regulatory costs in excess of \$200,000 in the aggregate in this state within 1 year after implementation of the rule? [120.541(1)(b), F.S.]

Yes

No

If the answer to either question above is "yes", a Statement of Estimated Regulatory Costs (SERC) must be prepared. The SERC shall include an economic analysis showing:

A. Whether the rule directly or indirectly:

(1) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)1, F.S.]

Economic growth Yes No

Private-sector job creation or employment Yes No

Private-sector investment Yes No

(2) Is likely to have an adverse impact on any of the following in excess of \$1 million in the aggregate within 5 years after implementation of the rule? [120.541(2)(a)2, F.S.]

Business competitiveness (including the ability of persons doing business in the state to compete with persons doing business in other states or domestic markets) Yes No

Productivity Yes No

Innovation	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
<p>(3) Is likely to increase regulatory costs, including any transactional costs, in excess of \$1 million in the aggregate within 5 years after the implementation of the rule? [120.541(2)(a)3, F.S.]</p> <p style="text-align: center;">Yes <input type="checkbox"/> No <input checked="" type="checkbox"/></p> <p>Economic Analysis:</p> <p>Most electric IOUs stated that they will utilize existing resources to make any adjustments to historical contract labor, payroll, fuel, and vegetation management costs pursuant to the proposed revised rule. If there would be any additional incremental costs, they would be immaterial. FPUC-Electric estimates approximately \$19,000 annually to comply with the proposed revisions to Rule 25-6.0143, FAC, if the company needs to do so. FPUC stated that at this time, the company does not foresee the need to adjust its historical data.</p> <p>Natural gas IOUs stated that they will be able to meet the requirements of Rule 25-7.0143, F.A.C., with existing resources and/or through contract services.</p> <p>Natural gas IOUs estimated the following costs to prepare and file a petition for storm cost recovery pursuant to Section (1)(g) of the proposed rule:</p> <ul style="list-style-type: none">FCG: \$72,000FPUC: \$10,000PGS: not expected to be materialSebring Gas: \$4,000St. Joe Gas: the company indicated that the costs are unknown <p>FPUC-Gas estimated up to an additional \$19,000 annually to make adjustments to historical data pursuant to Section (1)(e) of the proposed new rule if the company needs to do so. FPUC stated that at this time, the company does not foresee the need to adjust its historical data.</p> <p>Natural gas IOUs estimated the following costs to prepare and file a Storm Damage Self-Insurance Reserve Study pursuant to the proposed new rule:</p> <ul style="list-style-type: none">FCG: \$80,000FPUC: \$50,000PGS: \$50,000 - \$100,000Sebring Gas: \$20,000 and the subsequent 5-year updates \$5,000St. Joe Gas: the company indicated that the costs are unknown	

<p>B. A good faith estimate of: [120.541(2)(b), F.S.]</p> <p>(1) The number of individuals and entities likely to be required to comply with the rule.</p>
--

Rule 25-6.0143, F.A.C., will be applicable to five electric IOUs and Rule 25-7.0143 will be applicable to eight natural gas IOUs.

(2) A general description of the types of individuals likely to be affected by the rule.

Types of individuals likely to be affected by these rules would be customers of the above listed utilities.

C. A good faith estimate of: [120.541(2)(c), F.S.]

(1) The cost to the Commission to implement and enforce the rule.

- None. To be done with the current workload and existing staff.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

(2) The cost to any other state and local government entity to implement and enforce the rule.

- None. The rule will only affect the Commission.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

(3) Any anticipated effect on state or local revenues.

- None.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

D. A good faith estimate of the transactional costs likely to be incurred by individuals and entities (including local government entities) required to comply with the requirements of the rule. "Transactional costs" include filing fees, the cost of obtaining a license, the cost of equipment required to be installed or used, procedures required to be employed in complying with the rule, additional operating costs incurred, the cost of monitoring or reporting, and any other costs necessary to comply with the rule. [120.541(2)(d), F.S.]

- None. The rule will only affect the Commission.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

E. An analysis of the impact on small businesses, and small counties and small cities:
[120.541(2)(e), F.S.]

(1) "Small business" is defined by Section 288.703, F.S., as an independently owned and operated business concern that employs 200 or fewer permanent full-time employees and that, together with its affiliates, has a net worth of not more than \$5 million or any firm based in this state which has a Small Business Administration 8(a) certification. As to sole proprietorships, the \$5 million net worth requirement shall include both personal and business investments.

- No adverse impact on small business.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

(2) A "Small City" is defined by Section 120.52, F.S., as any municipality that has an unincarcerated population of 10,000 or less according to the most recent decennial census. A "small county" is defined by Section 120.52, F.S., as any county that has an unincarcerated population of 75,000 or less according to the most recent decennial census.

- No impact on small cities or small counties.
- Minimal. Provide a brief explanation.
- Other. Provide an explanation for estimate and methodology used.

F. Any additional information that the Commission determines may be useful.
[120.541(2)(f), F.S.]

- None.

Additional Information: Both electric and natural gas IOUs stated that their respective rules would be beneficial to them. The stated benefits are:

- Add greater guidance and clarity
- Eliminate disputes in types of storm costs charged and help avoid litigated issues
- Establish a single, consistent, and uniform methodology for all utilities for determining storm costs incurred that can be charged to the property damage reserve
- Benefit all stakeholders participating in storm cost recovery proceedings
- Enable gas utilities to know in advance the allowable costs for recovery
- Ability to use three-year averages simplifies the methodology in calculating incremental versus non-incremental costs
- Ability to adjust the three-year average to calculate the storm restoration costs offers a reasonable way to identify incremental costs
- Creation of new Rule 25-7.0143, F.A.C., that specifically applies to gas IOUs provides consistency and clarity for the gas industry
- Establish a financial reserve

G. A description of any regulatory alternatives submitted and a statement adopting the alternative or a statement of the reasons for rejecting the alternative in favor of the proposed rule. [120.541(2)(g), F.S.]

- No regulatory alternatives were submitted.
- A regulatory alternative was received from
 - Adopted in its entirety.
 - Rejected. Describe what alternative was rejected and provide a statement of the reason for rejecting that alternative.

Item 5

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Mouring) *ALM*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20210015-EI – Petition for rate increase by Florida Power & Light Company.

AGENDA: 05/04/21 – Regular Agenda – Participation is at the Commission’s discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: 05/11/21 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

This proceeding commenced on March 12, 2021, with the filing of a petition for a permanent rate increase by Florida Power & Light Company (FPL or Company). The Company is engaged in business as a public utility providing electric service as defined in Section 366.02, Florida Statutes (F.S.), and is subject to the jurisdiction of the Commission. FPL provides electric service to more than 5.6 million retail customers in much of the state.

FPL has requested an increase in its retail rates and charges to generate \$1.108 billion in additional gross annual revenue, effective January 1, 2022. The Company also has requested an increase in its retail rates and charges to generate \$607 million in additional gross annual revenue, effective January 1, 2023. FPL asserts that the combined increases will allow the Company to earn a return on equity (ROE) of 11.50 percent which includes a 50 basis point ROE performance incentive. The Company based its requests on projected test years ending December 31, 2022 and December 31, 2023. FPL stated that these test years are the appropriate periods to

be utilized because they best represent expected future operations in the period immediately after any new base rates go into effect. FPL has also requested Solar Base Rate Adjustments (SoBRAs) of approximately \$140 million for both 2024 and 2025. In total, the Company is requesting a \$1.995 billion base rate increase. The current proposal also includes a 5-year transition rider assessed to former Gulf Power Company customers (Northwest Florida) and credited to legacy FPL customers (Peninsula Florida). The rider is separate and apart from Gulf's recovery of storm restoration costs resulting from Hurricanes Michael and Sally, which will continue under a separate surcharge. FPL did not request any interim rate relief.

In FPL's most recent base rate proceeding in Docket No. 20160021-EI, the Commission approved a settlement agreement which authorized a revenue increase of \$400 million effective January 1, 2017, and a revenue increase of \$211 million effective January 1, 2018.¹ In addition, the settlement agreement provided for a generation base rate adjustment to coincide with the in-service date of the Okeechobee Clean Energy Center. The settlement agreement provided that retail base rates, with certain exceptions, would be frozen through the last billing cycle in December 2020. Section 12(c) of the settlement agreement permitted FPL to continue to amortize its theoretical depreciation reserve surplus beyond December 31, 2020, if the Company provided notice to the Parties of the settlement agreement, prior to March 31, 2020, that it did not intend to seek a base rate increase with an effective date prior to January 1, 2022.² FPL exercised this option.

On January 29, 2021, the Commission acknowledged the Office of Public Counsel's notice of intervention in this proceeding.³ On February 22, 2021, Florida Rising, Inc. (FL Rising), League of United Latin American Citizens of Florida (LULAC), and Environmental Confederation of Southwest Florida, Inc. (ECOSWF) filed a Motion to Intervene. On March 5, 2021, Florida Industrial Power Users Group (FIPUG) filed its Motion to Intervene. On March 10, 2021, Florida Retail Federation (FRF) filed its Motion to Intervene. On March 19, 2021, Florida Executive Agencies (FEA) filed its Motion to Intervene. On March 26, 2021, Southern Alliance for Clean Energy (SACE) filed its Motion to Intervene. On March 30, 2021, Daniel R. Larson and Alexandria Larson (Larsons) filed a Motion to Intervene. A hearing has been scheduled for August 16-20 and 23-27, 2021.

This recommendation addresses the suspension of the requested permanent rate increase. The Commission has jurisdiction over this matter pursuant to Sections 366.06(2) and (4), F.S.

¹ Order No. PSC-2016-0560-AS-EI, issued December 15, 2016, in Docket No. 20160021-EI, *In re: Petition for rate increase by Florida Power & Light Company*; Docket No. 20160061-EI, *In re: Petition for approval of 2016-2018 storm hardening plan, by Florida Power & Light Company*; Docket No. 20160062-EI, *In re: 2016 depreciation and dismantlement study by Florida Power & Light Company*; Docket No. 20160088-EI, *In re: Petition for limited proceeding to modify and continue incentive mechanism, by Florida Power & Light Company*.

² *Id.*

³ Order No. PSC-2021-0062-PCO-EI, issued January 29, 2021, in Docket No. 20210015-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

Discussion of Issues

Issue 1: Should Florida Power & Light Company's request for a \$1.108 billion permanent rate increase effective January 1, 2022, a \$607 million permanent rate increase effective January 1, 2023, SoBRAs of approximately \$140 million for both 2024 and 2025, and the associated tariff revisions be suspended pending a final decision in this docket?

Recommendation: Yes. The \$1.108 billion permanent rate increase effective January 1, 2022, a \$607 million permanent rate increase effective January 1, 2023, SoBRAs of approximately \$140 million for both 2024 and 2025, and the associated tariff revisions should be suspended pending a final decision in this docket. (Mouring)

Staff Analysis: FPL filed its petition, testimony, and minimum filing requirements on March 12, 2021. The Company has requested an increase in its retail rates and charges to generate \$1.108 billion in additional gross annual revenue, effective January 1, 2022. FPL also has requested an increase in its retail rates and charges to generate \$607 million in additional gross annual revenue, effective January 1, 2023. Further, FPL has requested SoBRAs of approximately \$140 million for both 2024 and 2025.

Historically, the Commission has suspended requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. Suspension of a requested rate increase is authorized by Section 366.06(3), F.S., which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Staff recommends that the Commission suspend the requested permanent rate schedules to allow staff and any intervenors sufficient time to adequately investigate whether the request for permanent rate relief is appropriate.

Issue 2: Should this docket be closed?

Recommendation: No, this docket should remain open to process the Company's revenue increase request. (Brownless, Mouring)

Staff Analysis: This docket should remain open pending the Commission's final resolution of the Company's requested permanent base rate increase.

Item 6

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: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Mathis, D. Buys, Cicchetti) *ALM*
Office of the General Counsel (Trierweiler) *JSC*

RE: Docket No. 20210046-EI – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.07% to 6.18%, effective January 1, 2021, by Duke Energy Florida, LLC.

AGENDA: 05/04/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Duke Energy Florida, LLC's (DEF or Company) current Allowance for Funds Used During Construction (AFUDC) rate of 6.07 percent was approved by Order No. PSC-2020-0169-PAA-EI, issued May 26, 2020.¹ On February 26, 2021, DEF filed a petition for approval to change its AFUDC rate from 6.07 percent to 6.18 percent, effective January 1, 2021. As required by Rule 25-6.0141(5), Florida Administrative Code (F.A.C.), DEF filed with its petition Schedules A, B, and C identifying the capital structure, capital structure adjustments, and the methodology used to calculate the monthly AFUDC rate. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

¹Order No. PSC-2020-0169-PAA-EI, issued May 26, 2020, in Docket No. 20200062-EI, *In re: Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 6.46% to 6.07%, effective January 1, 2020, by Duke Energy.*

Discussion of Issues

Issue 1: Should the Commission approve DEF's request to increase its AFUDC rate from 6.07 percent to 6.18 percent?

Recommendation: Yes. The appropriate AFUDC rate for DEF is 6.18 percent based on a 13-month average capital structure for the period ended December 31, 2020. (Mathis)

Staff Analysis: DEF requested an increase in its AFUDC rate from 6.07 percent to 6.18 percent. Rule 25-6.0141(3), Florida Administrative Code (F.A.C.), Allowance for Funds Used During Construction, provides the following guidance:

(3) The applicable AFUDC rate will be determined as follows:

(a) The most recent 13-month average embedded cost of capital, except as noted below, will be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the utility's last rate case.

(b) The cost rates for the components in the capital structure will be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short-term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax credits. The cost of long-term debt and preferred stock will be based on end of period cost. The annual percentage rate must be calculated to two decimal places.

In support of its requested AFUDC rate of 6.18 percent, DEF provided its calculations and capital structure in Schedules A and B attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-6.0141(3), F.A.C. The requested increase in the AFUDC rate is due principally to an increase of 5 basis points in the weighted cost of long-term debt and an increase of 10 basis points in the weighted cost of common equity, offset by a decrease of 3 basis points in the weighted cost of short-term debt. In its calculation, the Company appropriately used the mid-point return on equity of 10.50 percent, which was approved by Order No. PSC-2010-0131-FOF-EI.²

Based on its review, staff believes that the requested increase in the AFUDC rate from 6.07 percent to 6.18 percent is appropriate, consistent with Rule 25-6.0141, F.A.C., and recommends it be approved.

²Order No. PSC-2010-0131-FOF-EI, issued March 5, 2010, in Docket No. 20090079-EI, *In re: Petition for increase in rates by Progress Energy Florida, Inc.*, and Docket No. 20090144-EI, *In re: Petition for limited proceeding to include Bartow repowering project in base rates, by Progress Energy Florida, Inc.*

Issue 2: What is the appropriate monthly compounding rate to achieve the requested 6.18 percent annual AFUDC rate?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 6.18 percent is 0.005008. (Mathis)

Staff Analysis: DEF requested a monthly compounding rate of 0.005008 to achieve an annual AFUDC rate of 6.18 percent. In support of the requested monthly compounding rate of 0.005008, the Company provided its calculations in Schedule C attached to its request. Rule 25-6.0141(4), F.A.C., provides a formula for discounting the annual AFUDC rate to reflect monthly compounding. The rule also requires that the monthly compounding rate be calculated to six decimal places.

Staff reviewed the Company's calculations and determined that they comply with the requirements of Rule 25-6.0141(4), F.A.C. Therefore, staff recommends that a monthly compounding AFUDC rate of 0.005008 be approved.

Issue 3: Should the Commission approve DEF's requested effective date of January 1, 2021, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective January 1, 2021, for all purposes. (Mathis)

Staff Analysis: DEF's proposed AFUDC rate was calculated using a 13-month average capital structure for the period ended December 31, 2020. Rule 25-6.0141(6), F.A.C., provides that:

No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate will be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

The Company's requested effective date of January 1, 2021, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore should be approved.

Issue 4: Should this docket be closed?

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

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

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: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (M. Andrews, Mouring) *ALM*
Division of Economics (Coston, Forrest) *JGH*
Division of Engineering (P. Buys, Ramos) *TB*
Office of the General Counsel (Stiller, J. Crawford, Osborn) *JSC*

RE: Docket No. 20200039-GU – Petition for approval to implement a temporary storm cost recovery surcharge, by St. Joe Natural Gas Company.

AGENDA: 05/04/21 – Regular Agenda – Parties May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On January 24, 2020, St. Joe Natural Gas Company (SJNG or Company) filed a petition to recover \$381,512 in incremental storm restoration costs associated with Hurricane Michael. In the petition, the Company stated that it had incurred incremental costs of \$312,012 and projected \$60,500 in remaining costs to restore its gas system to pre-storm condition. By Order No. PSC-2020-0066-PCO-GU, issued March 2, 2020, the Office of Public Counsel's (OPC) intervention was acknowledged. On March 20, 2020, the Commission issued an order allowing SJNG to implement an interim storm recovery surcharge beginning May 1, 2020.¹ On February 19, 2021, SJNG filed a request to approve final costs based on an actual amount of \$402,720 in incremental storm restoration costs.

¹ Order No. PSC-2020-0117-PCO-GU, issued April 20, 2020, in Docket No. 20200039-GU, *Petition for approval to implement a temporary storm cost recovery surcharge, by St. Joe Natural Gas Company.*

On March 25, 2021, SJNG and OPC (the Parties) filed a Joint Petition for Approval of Stipulation and Settlement (Settlement Agreement). The Settlement Agreement is attached as Attachment A. The Settlement Agreement includes adjustments to the recoverable storm amount, an adjustment to base rates after the storm surcharge terminates, and storm restoration cost process improvements to facilitate cost effective and timely storm damage recovery and service restoration.

The Settlement Agreement allows SJNG to recover \$330,115 in storm costs through its current storm charge levels established by Order No. PSC-2020-0117-PCO-GU. The storm surcharge will be extended through December 2024 at which time the surcharge will cease. Any under or over-recovery will be handled through the Natural Gas Conservation Cost Recovery Clause.

The Parties agree that it is appropriate for SJNG to record \$77,761 associated with the remaining life value of lost capital assets in a regulatory asset and recover said amount over a period of 10 years through an increase to the Company's base rates. The increase will be implemented after the storm surcharge terminates.

The Commission should vote on whether or not to grant the Joint Motion for Approval of Stipulation and Settlement which is attached as Attachment A.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of a Temporary Storm Cost Recovery Surcharge to Recover Incremental Storm Restoration Costs associated with Hurricane Michael by St. Joe Natural Gas Company, Inc.	DOCKET NO. 20200039-GU DATED: March 25, 2021
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JOINT MOTION FOR APPROVAL OF STIPULATION AND SETTLEMENT

St. Joe Natural Gas Company, Inc., (herein "SJNG" or "Company"), and the Office of Public Counsel ("OPC") (collectively, "Joint Movants" or "Parties") by and through their undersigned attorneys, respectfully move the Florida Public Service Commission ("Commission") to approve the Stipulation and Settlement ("Storm Settlement") attached hereto as Attachment "A". The Joint Movants have entered into this Storm Settlement in resolution of all issues in the above-referenced Docket. In support hereof, the Joint Movants state as follows:

1. The Company filed its Petition initiating this Docket on January 24, 2020. Therein, the Company requested recovery of \$381,512 in storm costs, which included \$60,500 in projected costs. The Office of Public Counsel filed its notice of intervention on February 28, 2020. Thereafter, by Order PSC-2020-0117-PCO-GU, issued April 20, 2020, the Commission authorized an interim surcharge for each of the Company's rate classes, which went into effect May 1, 2020. Since that time, the Company's request for recovery has been audited by the Commission staff's audit team, and the Company has responded to numerous data requests. The Company has also undertaken the remaining work associated with storm restoration, which is now complete in terms of direct, incremental storm-related costs.

Docket No. 20200039-GU

2. On February 19, 2021, the Company filed its Request for approval of final costs in the actual amount of \$402,720 in direct, incremental, storm-related costs through January 2021 (“Final True Up”). The Company’s Final True Up reflected several adjustments from the Company’s initial January 24, 2020 request, namely actual, finalized costs for the work completed after the Company’s initial filing in the amount of \$102,597, as compared to the originally projected amount of \$60,500, as well as other adjustments to reduce third party expense in Account 906 by \$20,888.
3. On March 4, 2021, Order No. PSC-2021-0096-PCO-GU was issued setting this matter for hearing and establishing the schedule for this proceeding.
4. The Storm Settlement is the result of good faith efforts to address the issues in this proceeding in a manner that will provide regulatory certainty with regard to SJNG’s rates and recovery by the Company of its significant losses resulting from Hurricane Michael. The Joint Movants represent that approval of this Storm Settlement will avoid the unnecessary expense and uncertainty associated with further litigation. The Storm Settlement results in rates and a surcharge that are fair, just, and reasonable. Therefore, the Joint Movants submit the Storm Settlement is in the public interest and respectfully request its approval as further described below.
5. In furtherance of this Joint Motion and approval of the Storm Settlement, the Joint Movants waive any right to seek reconsideration of, or otherwise appeal, any decision of the Commission approving, in its entirety, this Storm Settlement.
6. The Storm Settlement provides, among other things:

Docket No. 20200039-GU

- a. SJNG should be allowed to recover \$330,115 in storm costs through its current storm charge levels established by Order No. PSC-2020-0117-PCO-GU (“Storm Surcharge”), which shall be extended through December 2024 based upon the Company’s current therm usage projections, at which point the surcharge will cease. Any under or over-recovery shall be handled through the Natural Gas Conservation Cost Recovery Clause.
 - b. The Parties agree that it is appropriate for SJNG to record \$77,761 associated with the remaining life value of lost capital assets in a regulatory asset and recover said amount over a period of 10 years through an increase to the Company’s base rates (“Base Rates”). The increase to Base Rates will be implemented after the Storm Surcharge terminates. As such it is anticipated that the increase to Base Rates will be implemented January 1, 2025. SJNG will file revised tariffs in 2024 to reflect this increase.
 - c. SJNG will implement the storm restoration policies attached as Exhibit A to the Storm Settlement.
7. To date, no other parties have intervened in this proceeding. As the only two parties to the proceeding have executed the Storm Settlement, no party will be prejudiced by the proposed procedure or the Commission’s approval of the Storm Settlement. Should any new party seek to intervene at any point in the future, in accordance with Commission rules, such party would then take the case as they find it.
 8. The Joint Movants represent that the Storm Settlement provides an equitable and just balance of the positions of the parties on the issues in this proceeding. The Joint Movants submit approval of the Storm Settlement is in the best interests of both the Company and its customers, and therefore, respectfully request approval of same.

Docket No. 20200039-GU

9. Commission approval of this Joint Motion is consistent with the Commission's long-standing policy to encourage settlements that provide benefits to the customers and avoid unnecessary additional litigation expense.

10. Pending Commission consideration of this Storm Settlement, the Joint Movants ask that the schedule established by Order No. PSC-2021-0096-PCO-GU be suspended.

WHEREFORE, the Joint Movants hereby respectfully request that the Commission grant this Joint Motion, and approve the Stipulation and Settlement attached hereto as Attachment "A".

RESPECTFULLY SUBMITTED this 25th day of March, 2021.

/s/ Charles Rehwinkel
Charles Rehwinkel, Esquire
Office of Public Counsel
c/o The Florida Legislature
111 W. Madison Street, Room 812
Tallahassee, FL 32399-1400
Rehwinkel.charles@leg.state.fl.us

/s/ Beth Keating
Beth Keating, Esquire
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706
*Attorneys for St. Joe Natural Gas Company,
Inc.*

Docket No. 20200039-GU

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been served upon the following by Electronic Mail this 25th day of March, 2021.

Shaw Stiller, Senior Attorney Florida Public Service Commission 2540 Shumard Oak Boulevard Tallahassee, FL 32399-0850 sstiller@psc.state.fl.us	Richard Gentry, Public Counsel Charles Rehwinkel, Deputy Public Counsel Office of Public Counsel c/o The Florida Legislature 111 W. Madison Street, Room 812 Tallahassee, FL 32399-1400 Gentry.richard@leg.state.fl.us Rehwinkel.charles@leg.state.fl.us
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By: /s/ Beth Keating
Beth Keating
Gunster, Yoakley & Stewart, P.A.
215 South Monroe St., Suite 601
Tallahassee, FL 32301
(850) 521-1706

DOCKET NO. 20200039-GU - In re: Petition for Approval of a Temporary Storm Cost
Recovery Surcharge to Recover Incremental Storm Restoration Costs associated with Hurricane
Michael by St. Joe Natural Gas Company, Inc.

ATTACHMENT "A"
STIPULATION AND SETTLEMENT

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Petition for Approval of a Temporary Storm Cost Recovery Surcharge to Recover Incremental Storm Restoration Costs associated with Hurricane Michael by St. Joe Natural Gas Company, Inc.	DOCKET NO. 20200039-GU DATED: March 23, 2021
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STIPULATION AND SETTLEMENT

WHEREAS, St. Joe Natural Gas Company, Inc. (“SJNG” or “Company”) and the Office of Public Counsel (“OPC”) have signed this Stipulation and Settlement regarding the Company’s requests for relief, which initiated each of the above-referenced Dockets, (“Storm Settlement”); and

WHEREAS, unless the context clearly intends otherwise, the term “Party” or “Parties” shall mean a signatory or signatories to this Storm Settlement; and

WHEREAS, Hurricane Michael, as a Category 5 Hurricane, inflicted unprecedented and catastrophic damage in both breadth and scope to SJNG’s facilities in and around Port St. Joe, Florida; and

WHEREAS, the Company filed its Petition initiating this proceeding on January 24, 2020, and therein, requested recovery of \$381,512 in storm costs, which included \$60,500 in projected costs; and

WHEREAS, the Office of Public Counsel filed its notice of intervention on February 28, 2020; and

WHEREAS, by Order PSC-2020-0117-PCO-GU, issued April 20, 2020, the Commission authorized an interim surcharge for each of the Company’s rate classes, which went into effect May 1, 2020; and

WHEREAS, on February 19, 2021, the Company filed its Request for approval of final costs in the actual amount of \$402,720 in direct, incremental, storm-related costs through January 2021 (“Final True Up”) reflecting several adjustments from the Company’s initial January 24, 2020 request, namely actual, finalized costs for the work completed after the Company’s initial

Docket No. 20200039-GU

filing in the amount of \$102,597, as compared to the originally projected amount of \$60,500, as well as other adjustments to reduce third party expense in Account 906 by \$20,888; and

WHEREAS, on March 4, 2021, Order No. PSC-2021-0096-PCO-GU was issued setting this matter for hearing and establishing the schedule for this proceeding; and

WHEREAS, Commission Staff has conducted its audit and submitted its audit report in the Docket; and

WHEREAS, the Company has been responsive to data requests from both Commission Staff and the OPC;

WHEREAS, pursuant to the established schedule, this Docket is set for hearing on June 23, 2021; and

WHEREAS, after full and extensive review of documentation produced, the Parties have engaged in good faith discussion and have reached a full and complete resolution of all matters in this Docket; and

WHEREAS, the legal system, as well as the Commission, favors settlement of disputes, including interim solutions, for a variety of reasons, including that they are in the public interest; and

WHEREAS, the Parties to this Storm Settlement, individually and collectively, agree that this Storm Settlement, when taken as a whole, is in the public interest; and

WHEREAS, the Parties have mutually agreed in compromise, without conceding either Party's position on the legal and policy questions, to adjustments to the amounts requested for recovery by SJNG, as well as a different mechanism for recovery of one aspect of SJNG's request; and

WHEREAS, the Parties have entered into this Storm Settlement in compromise of positions taken in accord with their rights and interests under Chapters 350, 366 and 120, Florida Statutes, as applicable, and as part of a negotiated exchange of consideration among the Parties, each Party has agreed to concessions to the others with the expectation, intent, and understanding

Docket No. 20200039-GU

such that all provisions of this Storm Settlement, upon approval by the Commission, will be enforced by the Commission as to all matters addressed herein with respect to both Parties;

NOW THEREFORE, in consideration of the foregoing and the covenants contained herein, the Parties hereby stipulate and agree as follows:

I. Recovery Amount

1. SJNG will be allowed to recover \$330,115 in storm costs through its current storm charge levels established by PSC-2020-0117-PCO-GU ("Storm Surcharge"), which shall be extended through December 2024 based upon the Company's current therm usage projections, at which point the surcharge will cease. Any under or over-recovery shall be handled through the Natural Gas Conservation Cost Recovery Clause.
2. The Parties agree that it is appropriate for SJNG to record \$77,761 associated with the remaining life value of lost capital assets in a regulatory asset and recover said amount over a period of 10 years through an increase to the Company's base rates ("Base Rates").
3. The increase to Base Rates contemplated by Paragraph 2 will be implemented after the Storm Surcharge terminates. As such it is anticipated that the increase to Base Rates will be implemented January 1, 2025. SJNG will file revised tariffs in 2024 to reflect this increase.

II. Process Changes

4. SJNG will implement the storm restoration policies attached and incorporated herein as Exhibit A.

III. Future Storm Recovery

5. Nothing in this Storm Settlement shall preclude SJNG from petitioning the Commission to seek recovery of costs associated with (1) any tropical systems named by the National Hurricane Center or its successor, or (2) other catastrophic storm events causing damage to SJNG's natural gas distribution system.

Docket No. 20200039-GU

6. The Office of Public Counsel is not precluded from participating in any such proceedings and opposing the amount of SJNG's claimed costs (for example, and without limitation, on grounds that such claimed costs were not reasonable or were not prudently incurred) or whether the proposed recovery is consistent with the Commission's proposed or final, adopted Rule 25-7.0143, F.A.C., or otherwise allowed by law.

IV. Additional Commitments

7. Nothing in this Storm Settlement will have precedential value.
8. The Parties' agreement to the terms in this Storm Settlement shall be without prejudice to any Party's ability to advocate a different position in future proceedings not involving this Storm Settlement. The Parties further expressly agree that no individual provision, by itself, necessarily represents a position of any Party in any future proceeding, and the Parties further agree that no Party shall assert or represent in any future proceeding in any forum that another Party endorses any specific provision of this Storm Settlement by virtue of that Party's signature on, or participation in, this Storm Settlement. It is the intent of the Parties to this Storm Settlement that the Commission's approval of all the terms and provisions of this Storm Settlement is an express recognition that no individual term or provision, by itself, necessarily represents a position, in isolation, of any Party or that a Party to this Storm Settlement endorses a specific provision, in isolation, of this Storm Settlement by virtue of that Party's signature on, or participation in, this Storm Settlement.
9. The Parties agree Approval of this Storm Settlement by the Commission resolves all issues in this proceeding. The Parties agree that approval of the Storm Settlement will avoid additional litigation costs for all Parties. The Parties agree to waive:
 - i. All notice requirements for a hearing as set forth in Section 120.569(2)(b), Florida Statutes, or other applicable law;
 - ii. Their right to require a hearing on the merits;
 - iii. Their respective rights to seek reconsideration of any Final Order that approves this Storm Settlement in its entirety without change; and

Docket No. 20200039-GU

- iv. Their respective right to judicial review of any such final agency action approving this Storm Settlement afforded by Section 120.68, Florida Statutes.
10. The Parties further agree they will support this Storm Settlement and affirmatively assert that this Storm Settlement is in the public interest and should be approved. The Parties likewise agree and acknowledge that the Commission's approval of this Storm Settlement promotes planning and regulatory certainty for both SJNG and its customers.
11. The effective date of this Storm Settlement shall be the date of the Commission's vote approving this Storm Settlement.
12. The provisions of this Storm Settlement are contingent upon approval by the Commission in its entirety without modification, which the Parties agree is in the public interest. Approval of this Storm Settlement will resolve all matters and issues in this Docket.
13. Attached hereto as Attachment A are the appropriate tariff sheets reflecting the appropriate rate changes and surcharge, which, upon Commission approval, shall become effective on the dates set forth herein.

[SIGNATURE PAGES FOLLOW]

Docket No. 20200039-GU

In Witness Whereof, the Parties evidence both acceptance and agreement with the provisions of this Storm Settlement by their signature.

Dated this 23rd day of March, 2021.

St. Joe Natural Gas Company

Office of Public Counsel

By: 

By: /s/ Richard Gentry

Docket No. 20200039-GU

Exhibit A

STORM RESTORATION COST PROCESS IMPROVEMENTS

The following future processes summarizes the STORM RESTORATION COST PROCESS IMPROVEMENTS which is to facilitate cost effective and timely storm damage recovery and service restoration which reasonably balances the customers right to prompt restoration of service with the customers' equal right not to pay excessive or improper costs to achieve that restoration:

I. Contracting and Vendor Engagement, Travel and Work Policies

- A. Contracting policy – The Company will, to the extent practicable given its small size, make good-faith efforts to contract and establish major terms and conditions in advance with independent vendors who perform restoration services.
- B. Billing Start Point Policy- The Company will, to the extent practicable given its small size, endeavor to establish a policy that vendor billing should begin at the point in time the crew mobilizes after acquisition.
- C. Travel Time Billing Policy- The Company will, to the extent practicable given its small size, establish a policy and use its best efforts to ensure that any contracts with vendors include terms and conditions designed to limit compensation for travel time to actual time traveled.
- D. Daily Timesheet Review and Documentation Policy - The Company, given its small size, will use its best efforts to require, review and verify the daily time sheets for all its vendor crews for storm restoration work done that is not otherwise subject to an established contract price which covers all work to be performed.

Item 8

Error! Reference source not found. Error! Reference source not found.
Date: April 22, 2021

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: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Osorio, D. Buys, Cicchetti) *ALM*
Office of the General Counsel (Trierweiler) *JSC*

RE: Docket No. 20210040-GU – Request for approval of change in rate used to capitalize allowance for funds used during construction (AFUDC) from 5.97% to 6.00%, effective 1/1/21, by Peoples Gas System.

AGENDA: 05/04/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Peoples Gas System's (PGS or Company) current Allowance for Funds Used During Construction (AFUDC) rate of 5.97 percent was approved by Order No. PSC-2019-0291-PAA-GU, issued July 22, 2019.¹ On February 12, 2021, PGS filed a petition for approval to change its AFUDC rate from 5.97 percent to 6.00 percent, effective January 1, 2021. As required by Rule 25-7.0141(5), Florida Administrative Code (F.A.C.), PGS filed with its petition Schedules A, B, and C identifying the capital structure, capital structure adjustments, and the methodology used to calculate the monthly AFUDC rate. The Commission has jurisdiction over this matter pursuant to Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

¹Order No. PSC-2019-0291-PAA-GU, issued July 22, 2019, in Docket No. 20190091-GU, *In re: Docket No. 20190091-GU, Petition of Peoples Gas System for Authority to Accrue AFUDC.*

Date: April 22, 2021

Discussion of Issues

Issue 1: Should the Commission approve PGS's request to increase its AFUDC rate from 5.97 percent to 6.00 percent?

Recommendation: Yes. The appropriate AFUDC rate for PGS is 6.00 percent based on a 13-month average capital structure for the period ended December 31, 2020. (Osorio)

Staff Analysis: PGS requested an increase in its AFUDC rate from 5.97 percent to 6.00 percent. Rule 25-7.0141(3), Florida Administrative Code (F.A.C.), Allowance for Funds Used During Construction, provides the following guidance:

(3) The applicable AFUDC rate will be determined as follows:

(a) The most recent 13-month average embedded cost of capital, except as noted below, must be derived using all sources of capital and adjusted using adjustments consistent with those used by the Commission in the Company's last rate case.

(b) The cost rates for the components in the capital structure will be the midpoint of the last allowed return on common equity, the most recent 13-month average cost of short-term debt and customer deposits and a zero cost rate for deferred taxes and all investment tax credits. The cost of long-term debt and preferred stock will be based on end of period cost. The annual percentage rate will be calculated to two decimal places.

In support of its requested AFUDC rate of 6.00 percent, PGS provided its calculations and capital structure in Schedules A and B attached to its request. Staff reviewed the schedules and determined that the proposed rate was calculated in accordance with Rule 25-7.0141(3), F.A.C. The requested increase in the AFUDC rate is due principally to an increase of 4 basis points in the weighted cost of long-term debt and an increase of 3 basis points in the weighted cost of common equity, offset by a 2 basis point decrease in the weighted cost of customer deposits. In its calculation, the Company appropriately used the mid-point return on equity of 9.90 percent, which was approved by Order No. PSC-2020-0485-FOF-GU.²

Based on its review, staff believes that the requested increase in the AFUDC rate from 5.97 percent to 6.00 percent is appropriate, consistent with Rule 25-7.0141, F.A.C., and recommends it be approved.

²Order No. PSC-2020-0485-FOF-GU, issued December 10, 2020, in Docket No. 20200051-GU, *In re: Petition for rate increase by Peoples Gas System*, Docket No. 20200166-GU, *In re: Petition for approval of 2020 depreciation study by Peoples Gas System*, and Docket No. 20200178-GU, *In re: Petition for approval to track, record as a regulatory asset, and defer incremental costs resulting from the COVID-19 pandemic, by Peoples Gas System*.

Date: April 22, 2021

Issue 2: What is the appropriate monthly compounding rate to achieve the requested 6.00 percent annual AFUDC rate?

Recommendation: The appropriate compounding rate to achieve an annual AFUDC rate of 6.00 percent is 0.004868. (Osorio)

Staff Analysis: PGS requested a monthly compounding rate of 0.004868 to achieve an annual AFUDC rate of 6.00 percent. In support of the requested monthly compounding rate of 0.004868, the Company provided its calculations in Schedule C attached to its request. Rule 25-7.0141(4), F.A.C., provides a formula for discounting the annual AFUDC rate to reflect monthly compounding. The rule also requires that the monthly compounding rate must be calculated to six decimal places.

Staff reviewed the Company's calculations and determined that they comply with the requirements of Rule 25-7.0141(4), F.A.C. Therefore, Staff recommends that a monthly compounding AFUDC rate of 0.004868 be approved.

Date: April 22, 2021

Issue 3: Should the Commission approve PGS's requested effective date of January 1, 2021, for implementing the revised AFUDC rate?

Recommendation: Yes. The revised AFUDC rate should be effective January 1, 2021, for all purposes. (Osorio)

Staff Analysis: PGS's proposed AFUDC rate was calculated using a 13-month average capital structure for the period ended December 31, 2020. Rule 25-7.0141(6), F.A.C., provides that:

No utility may charge or change its AFUDC rate without prior Commission approval. The new AFUDC rate will be effective the month following the end of the 12-month period used to establish that rate and may not be retroactively applied to a previous fiscal year unless authorized by the Commission.

The Company's requested effective date of January 1, 2021, complies with the requirement that the effective date does not precede the period used to calculate the rate, and therefore should be approved.

Date: April 22, 2021

Issue 4: Should this docket be closed?

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

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

Item 9

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: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

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

RE: Docket No. 20170114-WU – Application for transfer of facilities and water Certificate No. 165-W in Pasco County from Allen LaFortune and Otis Fonder to A Utility Inc.

AGENDA: 05/04/21 – Regular Agenda – Proposed Agency Action for Issue 2 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On May 16, 2017, A Utility Inc. (Buyer or Utility) filed an application for the transfer of Certificate No. 165-W from Allen LaFortune and Otis Fonder (ALOF or Seller) in Pasco County, Florida. According to ALOF's 2020 Annual Report, the water system is a Class C utility serving 119 residential water customers.

The water system was initially built in 1963 to serve the residents of Tropical Trailer Park in Zephyrhills, Florida. The Utility was granted an original certificate in 1974, and was subsequently transferred four times, ultimately to the current certificate holder, ALOF.¹

The Utility's application, filed on May 16, 2017, was deficient and the Utility cured its deficiencies on May 9, 2019. On February 20, 2020, staff filed its recommendation for the March 3, 2020 Commission Conference.² On February 25, 2020, the Utility verbally notified Commission staff of its intent to file a request for a positive acquisition adjustment; therefore, staff withdrew its recommendation.³ On November 19, 2020, the Utility filed a study performed by the Florida Rural Water Association (FRWA) estimating the current remaining value of the water system.⁴ Staff sent a data request to the Utility on January 27, 2021, and subsequently met telephonically with the Utility and FRWA to discuss staff's data request which sought additional clarification of the study.⁵ Based on the findings of the FRWA and discussions with staff, the Utility ultimately decided to withdraw its request for a positive acquisition adjustment and requested the application be approved based on staff's February 20, 2020 recommendation.⁶ However, staff updated its February 20, 2020 recommendation to reflect a subsequent price index and the resulting updated rates.

This recommendation addresses the transfer of the water system, the net book value (NBV) of the water system at the time of transfer, and the appropriateness of an acquisition adjustment. The Commission has jurisdiction pursuant to Sections 367.071 and 367.091, Florida Statutes (F.S.).

¹Order No. 6020, issued February 4, 1974, in Docket No. 1974037-W, *In re: Application of John W. Beeman for a certificate to operate a water utility in Pasco County, Florida*; Order No. 6998, issued November 14, 1975, in Docket No. 1974544-W, *In re: Application for transfer of water utility d/b/a Tropical Utilities and Certificate No. 165-W from John W. Beeman to Fisher Ames and his wife, Helen Ames, in Pasco County, Florida*; Order No. 10151, issued July 21, 1981, in Docket No. 19800253-W, *In re: Application for the transfer of Certificate No. 165-W from Fisher Ames and His Wife, Helen Ames, to Dale Hendryx, in Pasco County*; Order No. 11946, issued May 19, 1983, in Docket No. 19830048-W, *In re: Application for transfer of Certificate No. 165-W from Dale Hendryx to Barbara Cobb in Pasco County, Florida*; Order No. 19163, issued April 18, 1988, in Docket No. 19871156-WU, *In re: Application for transfer of Certificate No. 165-W from Melvin Cobb to Allen LaFortune and Otis Fonder (Tropical Park Water System) in Pasco County*.

²Document No. 01008-2020

³Document No. 01360-2020

⁴Document No. 12536-2020

⁵Document No. 01635-2021

⁶Document No. 02720-2021

Discussion of Issues

Issue 1: Should the application for transfer of Certificate No. 165-W in Pasco County, from Allen LaFortune and Otis Fonder to A Utility Inc. be approved?

Recommendation: Yes, the transfer of Certificate No. 165-W in Pasco County 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 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 Buyer should be responsible for filing annual reports and paying Regulatory Assessment Fees (RAFs) for 2021 and all future years. (M. Watts, Doehling, Sibley, Norris)

Staff Analysis: On May 16, 2017, A Utility Inc. filed an application for the transfer of Certificate No. 165-W from ALOF in Pasco County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale occurred on January 1, 2017, contingent upon Commission approval, pursuant to Section 367.071(1), F.S.

Noticing, Territory, and Land Ownership

The application contains a description of the water service territory, which is appended to this recommendation as Attachment A. The application also contains a copy of the Warranty Deed to Trustee Under Land Trust and a Land Trust Agreement as evidence that the Buyer has access to the land upon which the water treatment facilities are located pursuant to Rule 25-30.037(2)(s), F.A.C. A Utility Inc. provided notice as required by Rule 25-30.030(5), F.A.C., on April 11, 2019. No objections to the transfer were filed, and the time for doing so has expired.

Purchase and Financing

Pursuant to Rule 25-30.037(2)(j), F.A.C., the application contains a statement regarding financing and documentation of the terms of the transfer, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no customer deposits, guaranteed revenue contracts, developer agreements, customer advances, leases, or debt of ALOF that must be disposed of with regard to the transfer. According to the Buyer, there was no closing contract involved.⁷ However, all information regarding the terms of the transfer were provided, along with supplemental documentation. According to the Warranty Deed, the total purchase price for the assets is \$117,000. The Buyer also provided a statement acknowledging that the sale is subject to Commission approval.

Facility Description and Compliance

The water treatment system consists of two wells, a bladder tank rated at 220 gallons, and a hypochlorination process for disinfection. The Florida Department of Environmental Protection (DEP) conducted the most recent sanitary survey of the facility on December 12, 2019. Based on observations made and the information provided during the inspection, the system was

⁷Document No. 01552-2018

determined to be in compliance with the DEP's rules and regulations. In addition, the Utility was found to be in compliance with all secondary water quality standards in the last test performed on May 1, 2018. Additionally, the Utility stated that it received no customer complaints regarding the DEP secondary water quality standards in the previous five years. No customer complaints have been received by the Commission for the Utility.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2), 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 Buyer stated that its President is the current manager of the system, and has been managing it for approximately 30 years. To ensure continued operation of the Utility, the operator and all personnel will be retained in their current roles.

Pursuant to Rule 25-30.037(2)(1), F.A.C., the application contains statements describing the financial ability of the Buyer to provide service to the proposed service area. According to the application, the Buyer has acquired the assets of the Utility. Staff also reviewed the financial statements of the Buyer. Based on the above, staff believes the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates and Charges

The Utility currently has a flat rate of \$14.73 per month. The Utility's rates and charges were approved in a staff-assisted rate case in 1989.⁸ The rates were subsequently amended through eleven price index and pass through rate adjustments. The Utility is built out and has no approved service availability charges. The Utility's existing rates and charges are shown on Schedule No. 2. 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. Therefore, staff recommends that the Utility's existing rates and charges remain in effect until a change is authorized by the Commission in a subsequent proceeding.

Regulatory Assessment Fees and Annual Reports

Staff has verified that ALOF is current with respect to annual reports and RAFs through December 31, 2017. The Buyer has paid the RAFs for 2018, 2019, and 2020, and will be responsible for future RAFs. The Buyer has also filed the 2018, 2019, and 2020 Annual Reports and will likewise be responsible for future annual reports.

Conclusion

Based on the foregoing, staff recommends that the transfer of Certificate No. 165-W in Pasco County 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 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,

⁸Order No. 21652, issued August 2, 1989, in Docket No. 19881601-WU, *In re: Application of Allen LaFortune and Otis Fonder for staff-assisted rate case in Pasco County.*

pursuant to Rule 25-30.475, F.A.C. The Buyer should be responsible for filing annual reports and paying RAFs for 2021 and all future years.

Issue 2: What is the appropriate net book value for A Utility Inc.'s water system for transfer purposes and should an acquisition adjustment be approved?

Recommendation: The NBV of the water system for transfer purposes is \$9,367 as of January 1, 2017. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, A Utility Inc. 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 A Utility Inc.'s 2021 Annual Report when filed. (Norris)

Staff Analysis: Rate base was last established as of December 31, 1989.⁹ The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of January 1, 2017. Staff's recommended NBV, as described below, is shown on Schedule No. 1.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected a UPIS balance of \$97,700 as of January 1, 2017. Staff reviewed UPIS additions since the last rate case proceeding, including additional documentation provided after the audit, and has decreased UPIS by \$43,107. Staff notes that subsequent to the staff audit report, the Buyer provided a breakdown of NBV which included a component of plant based on customer value. The Buyer assigned a value of approximately \$300 to each customer using a calculation that applied a 10 percent rate of return, as reflected in the Utility's last rate case, to the flat rate charge as of January 1, 2017, and creating an amortization schedule over ten years. The customer value calculation totals \$35,100 (\$300 x 117 customers). Staff did not include this valuation in the calculation in NBV because customer value is not an asset considered in rate base. Therefore, staff recommends that the Utility's UPIS balance as of January 1, 2017, is \$54,593.

Land

The Utility's general ledger reflected a land balance of \$19,300. The Commission's previous order, mentioned above, reflected the original cost of land at \$1,000. There have been no additions to land since the last rate case. As such, land should be decreased by \$18,300. Therefore, staff recommends a balance for land of \$1,000 as of January 1, 2017.

Accumulated Depreciation

The Utility's NBV calculation did not reflect accumulated depreciation. Staff calculated accumulated depreciation of plant since 1990 to reflect accumulated depreciation as of January 1, 2017. Staff calculated the appropriate accumulated depreciation balance to be \$46,226. As a result, accumulated depreciation should be increased by \$46,226 to reflect an accumulated depreciation balance of \$46,226 as of January 1, 2017.

⁹Order No. 21652, issued August 2, 1989, in Docket No. 19881601-WU, *In re: Application of Allen LaFortune and Otis Fonder for a staff-assisted rate case in Pasco County.*

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

As of January 1, 2017, the Utility's general ledger reflected a fully amortized CIAC balance of \$26,625 for the water plant. Staff reviewed the CIAC balance and has no adjustments. Therefore, staff recommends a CIAC balance of \$26,625 and accumulated amortization of CIAC balance of \$26,625 as of January 1, 2017.

Net Book Value

The Utility's application reflected a NBV of \$117,000. Based on the adjustments described above, staff recommends a NBV of \$9,367 as of January 1, 2017. Staff's recommended NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balances for UPIS and accumulated depreciation as of January 1, 2017, are shown on Schedule No. 1.

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 \$117,000. As stated above, staff recommends the appropriate NBV is \$9,367. 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 A Utility Inc. for transfer purposes is \$9,367 as of January 1, 2017. No 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 A Utility Inc.'s 2021 Annual Report when filed.

Issue 3: Should this docket be closed?

Recommendation: 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 and the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision. (DuVal)

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 and the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision.

TERRITORY DESCRIPTION

A Utility Inc.

Pasco County

Water Service

In Section 15, Township 26 South, Range 21 East, Pasco County, Florida:

Commence at the Northeast corner of the Northwest $\frac{1}{4}$ of said Section 15; thence run West along said North Section line 300 feet for a Point of Beginning; thence South 230 feet more or less; thence East 300 feet more or less to the East line of said Northwest $\frac{1}{4}$; thence South along said East line of the Northwest $\frac{1}{4}$ 400 feet; thence West 650 feet; thence South 350 feet more or less; thence West 650 feet to the West line of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$; thence North along said line 650 feet; thence East 650 feet; thence North 100 feet; thence East 200 feet; thence North 230 feet more or less to the North line of said Section 15; thence East along said section line 150 feet more or less to the point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

A Utility Inc.

Pursuant to

Certificate Number 165-W

to provide water service in Pasco 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>
6020	02/04/1974	1974037-W	Original Certificate
6998	11/14/1975	1974544-W	Transfer
10151	07/21/1981	19800253-W	Transfer
11946	05/19/1983	19830048-W	Transfer
19163	04/18/1988	19871156-WU	Transfer
*	*	20170114-WU	Transfer

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

**Allen LaFortune and Otis Fonder Water System
Schedule of Net Book Value as of January 1, 2017**

Description	Balance Per Utility	Adjustments	Staff Recommended
Utility Plant in Service	\$97,700	(\$43,107) A	\$54,593
Land & Land Rights	19,300	(18,300) B	1,000
Accumulated Depreciation	0	(46,226) C	(46,226)
CIAC	(26,625)	0	(26,625)
Amortization of CIAC	<u>26,625</u>	<u>0</u>	<u>26,625</u>
Total	<u>\$117,000</u>	<u>(\$107,633)</u>	<u>\$9,367</u>

**Allen LaFortune and Otis Fonder Water System
Explanation of Staff's Recommended
Adjustments to Net Book Value as of January 1, 2017**

Explanation	Amount
A. Utility Plant in Service To reflect appropriate amount of UPIS.	<u>(\$43,107)</u>
B. Land and Land Rights To reflect appropriate amount of land.	<u>(\$18,300)</u>
C. Accumulated Depreciation To reflect appropriate amount of accumulated depreciation.	<u>(\$46,226)</u>
Total Adjustments to Net Book Value as of January 1, 2017.	<u>(\$107,633)</u>

Allen LaFortune and Otis Fonder Water System
Schedule of Staff Recommended Account Balances as of January 1, 2017

Account			Accumulated
No.	Description	UPIS	Depreciation
304	Structures and Improvements	\$1,200	(\$1,200)
307	Wells & Springs	1,674	(1,674)
309	Supply Mains	19,981	(11,851)
311	Pumping Equipment	14,998	(14,922)
320	Water Treatment Equipment	2,792	(2,651)
330	Distribution Reservoirs	153	(133)
333	Services	4,640	(4,640)
339	Other Plant & Miscellaneous	365	(365)
343	Tools, Shop, & Garage Equipment	51	(51)
348	Other Tangible Plant	<u>8,739</u>	<u>(8,739)</u>
	Total	<u>\$54,593</u>	<u>(\$46,226)</u>

**A Utility Inc.
Monthly Water Rates**

Residential Service

Base Facility Charge by Meter Size
Flat Rate

\$14.73

Miscellaneous Service Charges

Normal hours

Initial Connection Charge	\$15.00
Normal Reconnection Charge	\$15.00
Violation Reconnection Charge	\$15.00
Premises Visit Charge (in lieu of disconnection)	\$10.00

Item 10

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

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

RE: Docket No. 20200238-WU – Application for certificate to operate water utility in Marion County, and application for pass through increase of regulatory assessment fees, by Citra Highlands Water System, LLC.

AGENDA: 05/04/21 – Regular Agenda – Proposed Agency Action for Issue 3 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: 5/5/21 (Statutory deadline)

SPECIAL INSTRUCTIONS: None

Case Background

Citra Highlands Water System, LLC (Citra or Utility) is located in Marion County, Florida. Based on its application, the Utility's proposed service territory consists of 217 lots in the Citra Highlands subdivision (Citra Highlands) in Marion County (County). The Utility provides water service to approximately 56 residential customers, consisting of single family homes and mobile homes. There are 15 mobile homes in the proposed service territory currently on private wells. The water system was put into service in the 1980s.

The owner of Citra, Mr. Marshall Hash, first became involved with the Citra Highlands water system in 2007. To the best of Mr. Hash's knowledge, the following is the history of the system

prior to his involvement. The original developer installed the water system to serve the developed lots (mobile homes) that wished to connect to the system. Only some of the lots were connected to the system; the other developed lots were served by private wells. A homeowners association (HOA) was established to maintain the streets (only one of which was paved) and covenants. Water service was included in the HOA fees.

Around 2002, a new developer purchased lots at the other end of the subdivision and began building homes, paving the streets, and installing utility connections. Again, only some of the houses connected to the water system. By 2007, the original HOA was in the process of dissolving amid various disagreements among the residents. Of particular concern was that some residents who were connected to the water system were not paying HOA fees, but were still receiving water service. The new developer assumed control of the HOA, but did not want to remain in control of the water system. In April 2008, Mr. Hash purchased the water plant, the property on which the plant is located, and the water system assets from the builder. He agreed to bill the water customers separately at rates set by the HOA. Operation and maintenance (O&M) of the system was provided by a third-party O&M company.

In 2011, the O&M provider went out of business, and Mr. Hash took over that function as well. Throughout his involvement with the water system, new homes were built and connections were added to the water system.

On July 30, 2020, the Commission received a billing complaint from a Citra Highlands resident who is a Citra customer. During its investigation of the complaint, staff determined that Citra did not have a certificate of authorization to provide water service and did not appear to be exempt from the Commission's jurisdiction pursuant to Section 367.022, Florida Statutes (F.S.). Therefore, on October 30, 2020, Citra filed its application for an original water certificate and for approval of initial rates and charges. In its application, the Utility also requested approval for a pass-through increase for regulatory assessment fees (RAFs).¹ Staff found the application to be deficient and issued a deficiency letter on November 30, 2020. The Utility cured the deficiencies on February 4, 2021.

Pursuant to Section 367.031, F.S., the Commission shall grant or deny an application for a certificate of authorization within 90 days after the official filing date of the completed application. The application was deemed complete on February 4, 2021, which is considered the official filing date. Therefore, consistent with Section 367.031, F.S., the Commission should vote on the instant application by May 5, 2021.

This recommendation addresses the application for an original water certificate and the appropriate rates and charges for the Utility. The Commission has jurisdiction pursuant to Sections 367.031 and 367.045, F.S.

¹The Utility's request for a pass-through increase will be processed administratively subsequent to the Commission's approval of the Utility's pending certificate and approval of rates and charges.

Discussion of Issues

Issue 1: Should the application for a water certificate by Citra be approved?

Recommendation: Yes. Citra should be granted Certificate No. 679-W to serve the territory described in Attachment A, which is appended to this recommendation, effective the date of the Commission's vote. The resultant order should serve as Citra's water certificate and it should be retained by the Utility. (M. Watts, Blocker)

Staff Analysis: On October 30, 2020, Citra filed its application for an original water certificate in Marion County. Upon review, staff determined the original filing was deficient and issued a deficiency letter on November 30, 2020. The Utility cured the deficiencies on February 4, 2021, which is considered the official filing date for the application. The Utility's application is in compliance with the governing statutes, Sections 367.031 and 367.045, F.S.

Notice

On February 4, 2021, Citra filed proof of compliance with the noticing provisions set forth in Rule 25-30.030, Florida Administrative Code (F.A.C.). Rule 25-30.030(4)(h), F.A.C., requires that the notice must contain a statement that objections must be filed with the Commission no later than 30 days after the last date that the notice was mailed or published. On January 7, 2021, the Utility mailed the notice to its customers and landowners in the proposed service territory, as well as to the governmental entities and utilities required by Rule 25-30.030(2), F.A.C. The notice was also published as required by Rule 25-30.030(5)(c), F.A.C. Therefore, the protest period expired on February 10, 2021. The Commission received two responses to the notice, one from Marion County and one from a customer of the Utility.

On February 5, 2021, Marion County filed its response to the notice. In its response, the County states that from its review of the statements made in the Utility's application, it believes that, as of 2008, the public water system was subject to the Marion County Code of Ordinances (Code). The County explains that the Code requires that a permit be obtained from the County for a public water system. According to the County's records, Citra never applied for or obtained the required permit.

The County acknowledges that upon issuance of a certificate by the Commission, Citra will be exempt from the County's regulation. However, the County requests that the Commission require the Utility to obtain a permit from the County as a pre-condition to granting Citra's application for an original certificate. Of particular interest to the County is obtaining and reviewing the system information, including engineering drawings that would be required in a permit application. With this information, the County would be in a better position to serve should the system be abandoned at some point in the future and the County appointed as receiver.

On March 3, 2021, staff met with Marion County Utilities staff via teleconference. The County affirmed that it does not object to the issuance of a water certificate to Citra, but merely wants the Commission to make obtaining a permit from the County a pre-condition of granting a certificate of authorization. After discussion with Commission staff regarding its rules, statutes,

authority, procedures and precedents, the County agreed that it should pursue enforcement of its Code separately from the proceedings in the instant docket.

On February 17, 2021, seven days after the expiration of the protest period, the Commission received a response to the notice from a customer of the Utility. The customer did not express an objection to the application for a certificate of authorization, but rather an objection to a rate increase, which is not the subject of the instant application. In early March, the Utility clarified this distinction with the customer.

Land Ownership and Service Territory

Citra provided adequate service territory and system maps and a territory description as required by Rule 25-30.034(1)(k), F.A.C. The legal description of the service territory is appended to this recommendation as Attachment A. The application contains warranty deeds for the land where the water treatment facilities are located pursuant to Rule 25-30.034(1)(m), F.A.C.

Financial and Technical Ability

Pursuant to Rule 25-30.034(1)(i) and (j), F.A.C., the application contains statements describing the technical and financial ability of the Utility to provide service to the proposed service area. Citra's application states that its parent company, Hash Utilities, Inc. (Hash), acquired its first water system in 2004 and currently owns ten public water systems in Citrus, Levy, and Marion Counties. The water system in Levy County is regulated by the Commission.² Hash provides all meter reading, billing, collection, operation and maintenance, sampling, and reporting to all regulatory agencies for all of its systems. Chemical testing is done by Flowers Laboratory, and any engineering services required are provided by a licensed professional engineer. Hash is a member of the Florida Rural Water Association and the Sunshine 811 ("call before you dig") system. Also, the owners of Hash hold a Class "C" and "D" water operator's license, and a Class "D" wastewater operator license. Pursuant to Rule 25-30.034(1)(i), F.A.C., the Utility provided statements describing its financial and technical ability to provide service.³ Staff has reviewed the financial ability of the current owner and believes the owner has documented adequate resources to support the Utility's water operations. Based on the above, Citra has demonstrated the technical and financial ability to provide service to the existing service territory.

Conclusion

Staff recommends that it is in the public interest to grant Citra Certificate No. 679-W to serve the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Citra's water certificate and it should be retained by the Utility.

²Order No. PSC-11-0584-PAA-WU, issued December 21, 2011, in Docket No. 20110098-WU: *In re: Application for authority to transfer assets and water Certificate No. 428-W in Levy County, from Par Utilities, Inc., to Hash Utilities, LLC.*

³Document No. 13149-2020

Issue 2: What rates and charges should be approved for Citra?

Recommendation: With the exception of the non-sufficient funds (NSF) charge addressed in Issue 3, the Utility's rates and charges that were in effect at the time of its application for an original certificate, shown on Schedule No. 1, should be approved. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Citra should be required to bill the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. (Sibley)

Staff Analysis: Staff recommends that, with the exception of the NSF charge addressed in Issue 3, the Utility's rates and charges that were in effect at the time of its application for an original certificate, shown on Schedule No. 1, should be approved. The rates in the schedule are monthly. However, the Utility bills on a bi-monthly basis. The rates and charges should be effective for services rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Citra should be required to bill the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding.

Issue 3: Should Citra's NSF charge be revised?

Recommendation: Yes. The Utility's NSF charge should be revised to reflect the NSF charges currently set forth in Section 68.065, F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice. (Sibley)

Staff Analysis: According to the Utility's application, its existing NSF charge is \$30. Section 367.091, F.S., requires rates, charges, and customer service policies to be approved by the Commission. The Commission has authority to establish, increase, or change a rate or charge. Staff believes that Citra 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. five percent of the face amount of the check, whichever is greater.

Approval of NSF charges is consistent with prior Commission decisions.⁴ 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. Staff recommends the Utility's NSF charge should be revised to reflect the NSF charges currently set forth in Section 68.065, F.S. The NSF charges should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice.

⁴Order 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 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.*

Issue 4: Should this docket be closed?

Recommendation: No. If no person whose substantial interests are affected by the proposed agency action on Issue 3 files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once these actions are complete, this docket should be closed administratively. (Stiller)

Staff Analysis: If no person whose substantial interests are affected by the proposed agency action on Issue 3 files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once these actions are complete, this docket should be closed administratively.

Water Service Territory
Marion County, Florida

The South 1/2 of the Southwest 1/4 of Section 4, Township 13 South, Range 22 East, Marion County, Florida

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Citra Highlands Water System, LLC

pursuant to

Certificate Number 679-W

to provide water service in Marion County 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>
*	*	20200238-WU	Original Certificate

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

**Citra Highlands Water System, LLC
Monthly Water Rates**

Residential & General Service

Base Facility Charge		
5/8" x 3/4"		\$18.95
Gallage	Charge per 1,000	
gallons		\$4.30

Miscellaneous Service Charges

Initial Connection Charge	\$45.00
Normal Reconnection Charge	\$45.00
Violation Reconnection Charge	\$45.00
Premises Visit Charge (For Disconnection)	\$45.00
Premises Visit Charge	\$30.00
Late Payment Charge	\$5.00
Meter Tampering Charge	\$150.00

Service Availability Charges

Customer Service Line Installation (Tap In) Charge	
5/8" x 3/4"	\$450.00
Meter Installation Charge	
5/8" x 3/4"	\$450.00
1"	\$560.00
System Capacity Charge	
Residential-per ERC	\$795.00

Item 11

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Coston, Smith II) *JGH*
Office of the General Counsel (Murphy, Passidomo) *TLT*

RE: Docket No. 20210034-EI – Petition for rate increase by Tampa Electric Company.

AGENDA: 05/04/21 – Regular Agenda –Tariff Suspension –Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Graham

CRITICAL DATES: 06/08/21 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On April 9, 2021, Tampa Electric Company (TECO or Company) filed its petition for a permanent rate increase. TECO provides electric service to approximately 800,000 retail customers in Hillsborough and portions of Polk, Pasco, and Pinellas counties.

TECO has requested an increase in its retail rates and charges to generate \$295 million in additional gross annual revenues, effective January 1, 2022. The Company also has requested an increase in its retail rates and charges to generate \$102 million in additional gross annual revenues, effective January 1, 2023 and \$26 million in additional gross annual revenues, effective January 1, 2024. TECO requests that it also be allowed an overall rate of return of 6.67 percent, which equals the Company's total cost of capital, including a return on common equity of 10.75 percent. In addition, TECO requests to continue implementing the Asset Optimization

Program contained in the 2017 amended and restated stipulation and settlement agreement (2017 Agreement.)¹

The Company based its requests on a projected test period of January 1, 2022 through December 31, 2022. In total, the Company is requesting a \$423 million base rate increase. TECO did not request interim rate relief.

TECO's last base rate hearing was in 2013, resolved by settlement (2013 Agreement), which allowed a total base rate increase of \$70 million, including \$57.5 million in 2013, \$7.5 million in 2014, \$5.0 million in 2015, plus an additional \$110 million generation base rate adjustment (GBRA) associated with the Polk 2-5 conversion, effective 2017.² The 2013 Agreement was followed by the 2017 Agreement, which allowed a cumulative revenue increase of \$122 million over the four-year period of 2018 to 2021.³ The 2017 revenue increase was associated with a solar base rate adjustment mechanism (SoBRA) which included four tranches over the term of the 2017 Agreement.

On February 16, 2021, the Commission acknowledged the Office of Public Counsel's Notice of Intervention in this proceeding.⁴ On March 5, 2021, the Florida Industrial Power Users Group (FIPUG) filed its Motion to Intervene in this docket. This recommendation addresses the suspension of the requested permanent rate increase and all associated tariff revisions. The Commission has jurisdiction over this matter pursuant to Sections 366.06, F.S.

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.*

² Order No. PSC-2013-0443-FOF-EI, issued September 30, 2013, in Docket No. 20130040-EI, *In re: Petition for rate increase by Tampa Electric Company.*

³ 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.*

⁴ Order No. PSC-2021-0080-PCO-EI, issued February 16, 2021, in Docket No. 20210034-EI, *In re: Petition for increase in rates by Tampa Electric Company.*

Discussion of Issues

Issue 1: Should TECO's request for a \$295 million permanent rate increase for January 1, 2022, a \$102 million permanent rate increase for January 1, 2023, a \$26 million permanent rate increase for January 1, 2024, and all associated tariff revisions be suspended pending a final decision in this docket?

Recommendation: Yes. The Commission should suspend Tampa Electric Company's request for a \$295 million permanent rate increase for January 1, 2022, a \$102 million permanent rate increase for January 1, 2023, a \$26 million permanent rate increase for January 1, 2024, and all associated tariff revisions pending a final decision in this docket. (Coston, Smith II)

Staff Analysis: TECO filed its Petition, testimony, and minimum filing requirements on April 9, 2021. The Company has requested an increase in its retail rates and charges to generate approximately \$295 million in additional gross annual revenues, effective January 1, 2022. The Company also has requested an increase in its retail rates and charges to generate approximately \$102 million in additional gross annual revenues, effective January 1, 2023, and approximately \$26 million in additional gross annual revenues, effective January 1, 2024. Further, the Company requested to continue implementing the Asset Optimization Program contained in the 2017 Agreement.

Historically, the Commission has suspended requested permanent rate schedules in order to adequately and thoroughly examine the basis for the new rates. Suspension of a requested rate increase is authorized by Section 366.06(3), F.S., which provides:

Pending a final order by the commission in any rate proceeding under this section, the commission may withhold consent to the operation of all or any portion of the new rate schedules, delivering to the utility requesting such increase, within 60 days, a reason or written statement of good cause for withholding its consent.

Staff recommends that the Commission suspend the requested permanent rate schedules to allow staff and any intervenors sufficient time to adequately investigate whether the request for permanent rate relief is appropriate.

Issue 2: Should this docket be closed?

Recommendation: No, this docket should remain open to process the Company's revenue increase request. (Murphy)

Staff Analysis: This docket should remain open pending the Commission's final resolution of the Company's requested permanent base rate increase.

Item 12

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

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

RE: Docket No. 20210064-EI – Petition for approval of revised underground residential distribution tariffs, by Tampa Electric Company.

AGENDA: 05/04/21 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/31/21 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On April 1, 2021, Tampa Electric Company (TECO) filed a petition for approval of its 2021 revisions to its underground residential and commercial differential tariffs and associated charges. These tariffs represent the additional costs, if any, TECO incurs to provide underground service in place of overhead service in new residential subdivisions. Specifically, TECO is proposing changes to the non-refundable deposit of its contribution-in-aid-of-construction for the conversion of existing overhead distribution facilities to underground. Also, TECO is proposing changes to the charges for single-phase underground service laterals from overhead distribution systems. This recommendation is to suspend the proposed tariffs. 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 TECO's proposed underground differential tariffs be suspended?

Recommendation: Yes. Staff recommends that 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 tariff proposals. (Forrest, Coston)

Staff Analysis: Staff recommends that 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 tariff proposals.

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

Issue 2: Should this docket be closed?

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

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

Item 13

State of Florida



Public Service Commission

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

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

DATE: April 22, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Coston) *JGH*
Office of the General Counsel (Lherisson) *JSC*

RE: Docket No. 20210042-GU – Petition for approval of firm service agreement with Peoples Gas System, by SeaCoast Gas Transmission, L.L.C.

AGENDA: 05/04/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On February 19, 2021, SeaCoast Gas Transmission, L.L.C. (SeaCoast), filed a petition seeking Commission approval of a Firm Service Agreement (Agreement) with Peoples Gas System (Peoples), collectively the parties. Peoples is a local distribution company which owns and operates natural gas distribution facilities to serve retail customers and is subject to the Commission's regulatory jurisdiction under Chapter 366, Florida Statutes (F.S.). SeaCoast operates as an intrastate natural gas transmission company as defined in Section 368.103, F.S., and only transports natural gas.

By Order No. PSC-08-0747-TRF-GP, SeaCoast received approval of an intrastate gas pipeline tariff that allows it to construct and operate intrastate pipeline facilities and to actively pursue

agreements with natural gas customers.¹ SeaCoast provides transportation service only; it does not engage in the sale of natural gas. Pursuant to Order No. PSC-08-0747-TRF-GP, SeaCoast is allowed to enter into certain gas transmission agreements without prior Commission approval. However, SeaCoast is requesting Commission approval of this proposed agreement as it does not fit any of the criteria enumerated in the tariff for which Commission approval would not be required. The parties are subsidiaries of TECO Energy, Inc., and agreements between affiliated companies must be approved by the Commission pursuant to Section 368.105, F.S., and Order No. PSC-08-0747-TRF-GP.

The proposed Agreement is contained in Attachment A to this recommendation. During the evaluation of the instant petition, staff issued a data request to the parties for which responses were received on April 1, 2021. In addition, staff held an informal conference call on April 15, 2021, with the parties to discuss specifics of the request. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05(1), 366.06, and 368.105, F.S.

¹ Order No. PSC-08-0747-TRF-GP, issued November 12, 2008, in Docket No. 20080561-GP, *In re: Petition for approval of natural gas transmission pipeline tariff by SeaCoast Gas Transmission, LLC.*

Discussion of Issues

Issue 1: Should the Commission approve the February 19, 2021 proposed Agreement between SeaCoast and Peoples?

Recommendation: Yes, the Commission should approve the February 19, 2021 proposed Agreement between SeaCoast and Peoples. (Ward)

Staff Analysis: In order to serve growth and safeguard system reliability for existing and new customers in the Lakeland and Polk County area, Peoples has entered into the proposed Agreement with SeaCoast to expand gas flow into this region of its service territory. To provide intrastate transportation of gas to Peoples, SeaCoast will tap into an existing four-inch pipeline lateral of Florida Gas Transmission Company, LLC's (FGT) system serving Hillsborough County and extend a new 2.5 mile six-inch pipeline into Peoples' new high pressure main pipeline at the Polk-Hillsborough County line. As part of this project, an existing out-of-service gate station that previously provided gas to an end-use industrial customer will serve as the access point of the expansion. During staff's April 15, 2021 call with Peoples, the utility explained that the recommission process would involve testing and repairing the gate station to bring it in line with current safety and operational standards. The cost to recommission the gate station is included in the proposed Agreement. The map showing the proposed extension and its connections to existing facilities is contained in Attachment B of the recommendation.

The parties stated that they have completed the preliminary design for the infrastructure extensions. Pending Commission approval of the Agreement, the permitting process will be initiated and is expected to take four to five months. Construction is anticipated to begin in the third quarter of 2021. SeaCoast estimated that the proposed transmission pipeline will be completed by the first quarter of 2022. Peoples stated that it projects approximately 5,480 existing customers, including 4,750 residential and 730 commercial/industrial customers, would benefit from the expansion project through increased resiliency and reliability.² In addition, Peoples stated that the proposed project would support additional customer growth in the Lakeland region.

The proposed Agreement specifies an initial term of 20 years and thereafter shall be extended for additional 10-year increments, unless either party gives no less than 30 days of written notification of termination. The negotiated reservation charge (confidential) included in the proposed Agreement is designed to allow SeaCoast to recover its operational and maintenance costs, depreciation, taxes, and return on investment associated with the new transmission pipeline. SeaCoast stated that the rate set forth in the Agreement is a cost-based rate similar to rates set forth in firm service agreements with its other customers. SeaCoast asserts that the agreement is just, reasonable and not unreasonably preferential or unduly discriminatory, and therefore, consistent with Section 368.105(3)(b), F.S. While specific circumstances vary by projects due to pipe sizing, construction conditions, permitting, etc., staff believes that the information provided by SeaCoast for the proposed pipeline appears reasonable and comparable to similar agreements.

² Peoples Gas System's response to Staff's first data request, question 5. Document No. 03189-2021.

Consideration of Potential Alternatives to the SeaCoast Extension

Peoples stated that it evaluated other options to meet demand and improve delivery of gas to customers in the Lakeland and Polk County area, but those alternatives were more expensive and had shortcomings. One option considered by Peoples was a transmission line that traversed the Lakeland area with approximately 9 miles of eight-inch steel pipeline serving as the project's main line, along with approximately 2.5 miles of six-inch steel pipeline for the distribution system. The origin point of this alternative was Peoples' North Lakeland Gate Station, which serves Peoples' Lakeland and Tampa divisions. Peoples explained that this alternative line could create competing capacity demands on its North Lakeland Gate Station, which could limit the efficiency and effectiveness of that option. Contracting with SeaCoast, as proposed in the Agreement, would provide Peoples with an alternative access to FGT's system. This option would result in improved system resiliency through an additional gas delivery access point.

In response to staff's data request, SeaCoast and Peoples provided a cost estimate for the proposed six-inch SeaCoast transmission pipeline and stated that this alternative is the most cost-effective.³ Peoples also stated that FGT provided a proposal to expand its pipeline in order to meet the requirements of this project, but the FGT proposal was not cost-effective in comparison to the proposal from SeaCoast and could not be completed within the utility's time requirements.⁴

Peoples' Cost Recovery of Payments to SeaCoast

Peoples' payments to SeaCoast would be included in the calculation of the monthly Purchased Gas Adjustment (PGA) factor. Consistent with the methodology approved by the Commission in Docket No. 20000810-GU, a portion of the costs would be paid by transportation customers taking service under Peoples' Natural Choice Transportation Service program via the swing charge mechanism.⁵ Swing service charge revenues collected from transportation customers would then be credited back to the PGA. Sales customers purchase their gas from Peoples and are subject to Peoples' PGA charges. Peoples stated that if this project is approved it would include the charges in the 2022 PGA cap that would be filed for Commission review and approval in September 2021. Peoples estimates the impact on the PGA cap to be \$0.0073 per therm.

Conclusion

In 2015⁶ and 2019,⁷ the Commission approved similar transportation agreements between Peoples and SeaCoast. Based on the petition and the parties' responses to staff's data request, the parties have supported the importance of the need for pipeline extensions to service customers in

³ Peoples Gas System's response to Staff's first data request, question 1. Document No. 03189-2021.

⁴ Peoples Gas System's response to Staff's first data request, question 4. Document No. 03189-2021.

⁵ The swing charge mechanism is designed to recover the estimated costs incurred by the Company to provide swing service (i.e., manage the level of gas and interstate pipeline capacity nominated for delivery to Peoples' system) to transportation customers. The revenue derived from the charge is credited to the Purchased Gas Adjustment clause.

⁶ Order No. PSC-15-0574-PAA-GU, issued December 18, 2015, in Docket No. 20150221-GU, *In re: Petition for approval of firm service agreement with Peoples Gas System for an extension in Clay County, by SeaCoast Gas Transmission, LLC*.

⁷ Order No. PSC-2019-0545-PAA-GU, issued December 20, 2019, in Docket No. 20190145-GU, *In re: Joint petition for approval of restructures Nassau County agreements to reflect Callahan expansion, by Peoples Gas System, Florida Public Utilities Company, SeaCoast Gas Transmission, and Peninsula Pipeline Company, Inc.*

Date: April 22, 2021

the Lakeland and Polk County area. Staff believes that the proposed Agreement is cost-effective, reasonable, meets the requirements of Section 368.105, F.S., and benefits Peoples' customers. Staff therefore recommends approval of the proposed Agreement between the parties dated February 19, 2021.

Issue 2: Should this docket be closed?

Recommendation: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order. (Lherisson)

Staff Analysis: Yes. If no protest is filed by a person whose substantial interests are affected within 21 days of the issuance of the Order, this docket should be closed upon the issuance of a Consummating Order.

SEACOAST GAS TRANSMISSION, L.L.C
DOCKET NO. TBD
EXHIBIT A TO PETITION FOR APPROVAL
PAGES 1 of 14
FILED: FEBRUARY 19, 2021
Contract No. FT1-PGS-0008

FIRM SERVICE AGREEMENT

This FIRM SERVICE AGREEMENT (the "Agreement") is entered into by and between SEACOAST GAS TRANSMISSION, LLC, a Delaware limited liability company ("Company" or "Transporter"), and PEOPLES GAS SYSTEM, a division of Tampa Electric Company, a Florida corporation ("Shipper," together with Company, the "Parties" or, individually, a "Party").

WHEREAS, Shipper has requested Company to transport Gas to be delivered to Shipper's distribution system on a firm basis and Company is willing to transport Shipper's Gas on a firm basis to Shipper's distribution system under the terms and conditions of this Agreement.

NOW, THEREFORE, Company and Shipper agree that the terms below, together with the applicable General Terms and Conditions of Company's Tariff constitute the transportation service to be provided and the rights and obligations of Shipper and Company.

1. Transportation service under this Agreement will be provided under Section 368.105 (3) and (4) of the Natural Gas Transmission Pipeline Intrastate Regulatory Act ("Regulatory Act").
2. SERVICE TYPE: Firm Transportation Service.
3. RATE:
 - a. During the term of this Agreement, Shipper shall pay to Company the monthly reservation charge for Firm Transportation Service provided under this Agreement, which shall be equal to the MDQ for the respective month multiplied by the number of days in each month multiplied by the rate per Dekatherm set forth in Exhibit B of this Agreement.
 1. The parties agree to execute and file with the Commission this Firm Service Agreement to comply with the provisions of the Regulatory Act. In the event, this Firm Transportation Agreement is not approved by the Florida Public Service Commission, the same shall be of no further force or effect.
 2. It is further agreed that Company may seek authorization from the Commission and/or other appropriate body at any time and from time to time to change provisions in the General Terms and Conditions of Company's Tariff, and Company shall have the right to place such changes in effect in accordance with the Regulatory Act. This Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission order. Nothing contained herein shall require Shipper to support a position contrary to its own interests in its commercially reasonable discretion, nor require a Shipper to support a tariff provision that would materially reduce the value of the service described herein. Notwithstanding the foregoing, Company and Shipper agree not to initiate any proceeding before the Commission with respect to an increase or decrease in any negotiated rate during the term of such negotiated rate.

SEACOAST GAS TRANSMISSION, L.L.C
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EXHIBIT A TO PETITION FOR APPROVAL
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FILED: FEBRUARY 19, 2021

4. CONTRACT DATA:

The Maximum Daily Quantity ("MDQ") for service under this Agreement shall be [REDACTED].

The Maximum Hourly Quantity ("MHQ") for service under this Agreement shall be [REDACTED].

The Primary Receipt Point(s), Primary Route (if applicable), and Receipt Point MDQ are listed on Exhibit A attached hereto and are incorporated herein as if copied and set forth herein at length.

The Primary Delivery Point(s) (if applicable), Delivery Point MDQ and Delivery Pressure are listed on Exhibit B attached hereto and are incorporated herein as if copied and set forth herein at length.

5. BALANCING OF RECEIPTS AND DELIVERIES OF GAS:

Balancing of receipts and deliveries shall be governed by the provisions of the Operational Balancing Agreement, the form of which is attached hereto as Exhibit C, such agreement to be executed by the Company and Shipper at the time this Firm Service Agreement is executed.

6. TERM:

This Agreement shall be effective upon the date of its execution by Shipper. Service under this Agreement shall commence on the later of January 1, 2022 or the first day of the first month following the day on which the Shipper receives written notification of service commencement from the Transporter ("Commencement Date") and shall continue for a term of twenty (20) years ("Primary Term"). Upon two years written notice to Company, Shipper shall have the unilateral right to extend the term of this Agreement beyond the Primary Term at a rate to be mutually agreed by both parties for a period of ten (10) years from the last day of the Primary Term. This Agreement shall terminate upon 30 Days written notice by Company and Company may discontinue service hereunder if (a) Shipper, in Company's reasonable judgment fails to demonstrate creditworthiness, and (b) Shipper fails to provide adequate Security in accordance with Section 18 of the General Terms and Conditions, or (c) Shipper fails to restore imbalances arising in connection with services rendered.

7. CONDITIONS PRECEDENT:

- a. Transporter's obligations under this Agreement are expressly made subject to the following Conditions Precedent:
 1. Transporter's receipt of all required authorizations on or before June 30, 2021
- b. Shipper's obligations under the Agreement are expressly made subject to the following Condition(s) Precedent:
 1. Receipt of approval from the Florida Public Service Commission before June 30, 2021

SEACOAST GAS TRANSMISSION, L.L.C
DOCKET NO. TBD
EXHIBIT A TO PETITION FOR APPROVAL
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FILED: FEBRUARY 19, 2021

8. EARLY TERMINATION

If Shipper decides to terminate this agreement before June 30, 2021 or as a result of the failure of the conditions precedent set forth in Section 7(b), the Shipper shall only be liable for termination payment based on actual costs incurred by the Transporter. All termination notices shall be at least a five (5) prior Business Days' written notice to Transporter. If Shipper terminates this agreement as hereinabove provided, Transporter and Shipper shall be released from all obligations under this agreement, and Shipper shall pay to Transporter, within forty-five (45) days after the date of delivery of Shipper's notice of termination, all costs incurred by Transporter for the design, engineering, permitting, obtaining materials, construction including the date of Shipper's notice of termination.

9. CREDIT REQUIREMENTS:

- a. Shipper must demonstrate that it has an Investment Grade Credit Rating. If Shipper has an Investment Grade Credit Rating on the date it executes and delivers this Service Agreement, but later ceases to have an Investment Grade Credit Rating, Shipper must provide security as set forth in categories 1. or 2. below.
- b. If Shipper, at the time of its execution and delivery of this Service Agreement, or at any time thereafter during the term of this Service Agreement, does not qualify under paragraph (a), Shipper must provide security for its obligations by providing to or as directed by Company:
 1. an irrevocable guarantee, in form, amount and substance acceptable to Company in its commercially reasonable discretion (such discretion including the requirements of Company's lenders in connection with any financing of Phase I of the Florida SeaCoast Gas Transmission), supporting Shipper's obligations under this Service Agreement from a Guarantor acceptable to Company in its commercially reasonable discretion having an Investment Grade Credit rating; or
 2. a Letter of Credit, or a cash deposit in an amount equal to the amount of a Letter of Credit, or such other form of security as Company deems in its sole discretion, to be acceptable.

Notwithstanding the foregoing, Company may waive or reduce, in its sole discretion, the foregoing creditworthiness requirement, subject to revocation of such waiver or reduction if a material change occurs in the financial criteria relied upon at the time such waiver or reduction was granted.

Shipper shall (a) furnish to Company, (i) as soon as available, but in any event within 120 days after the end of each fiscal year of Shipper, audited financial statements of Shipper setting forth in comparative form the corresponding figures for the preceding fiscal year together with the auditor's report thereon, and (ii) as soon as available, but in any event within 60 days after the last day of each of Shipper's first three fiscal quarters, quarterly unaudited financial statements of Shipper on a basis consistent with the corresponding period of the preceding fiscal year, and (b) cooperate with Company to obtain and provide to Company, where

SEACOAST GAS TRANSMISSION, L.L.C
DOCKET NO. TBD
EXHIBIT A TO PETITION FOR APPROVAL
PAGES 4 of 14
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possible, such additional information regarding the financial condition of Shipper as Company may reasonably request from time to time. Company may, in its sole discretion, accept unaudited financial statements in lieu of the audited statements described in clause (l) above.

10. COMPANY'S TARIFF PROVISIONS:

Except as otherwise provided in this Agreement, Company's Tariff approved by the Commission, including any amendments thereto approved by the Commission during the Term of this Agreement, is hereby incorporated into this Agreement, and made a part hereof for all purposes. In the event of any conflict between Company's Tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

11. NOTICES:

Except as otherwise provided in the Tariff, all notices shall be in writing and mailed to the applicable address below or transmitted via facsimile. Shipper or Company may change the addresses or other information below by written notice to the other without the necessity of amending this Agreement:

Company:
Administrative Matters:
SeaCoast Gas Transmission, LLC
702 N. Franklin Street
Tampa, Florida 33602
Attention: President
Telephone: (813) 228-4111
Facsimile: (813) 228-1328

Shipper:
Administrative Matters:
Peoples Gas System, a division of Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602
Attention: Andrew Kennedy
Telephone: (813) 228-1498
Facsimile: (813) 228-4742
Email: PGSGasTransportation@tecoenergy.com

With a copy to:
SeaCoast Gas Transmission, LLC
702 N. Franklin Street
Tampa, Florida 33602
Attention: General Counsel
Telephone: (813) 228-4111
Facsimile: (813) 228-1328
Email: dmnicholson@tecoenergy.com

With a copy to:
Peoples Gas System, a division of Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602
Telephone: 813-228-4111
Facsimile: 813-228-1328
Email: ContractAdmin@tecoenergy.com

Invoices and Payment:
SeaCoast Gas Transmission, LLC
702 N. Franklin Street
Tampa, Florida 33602
Attention: General Accounting
Telephone: (813) 228-4191
Facsimile: (813) 228-4742
Email: rbarbour@tecoenergy.com

Invoices and Payment:
Peoples Gas System, a division of Tampa Electric Company
702 N. Franklin Street
Tampa, Florida 33602
Attention: Settlements
Telephone: (813) 228-1768
Facsimile: (813) 228-4742
Email: PGSSettlements@tecoenergy.com

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12. CANCELLATION OF PRIOR CONTRACT(S)

This Agreement supersedes and cancels, as of the Effective Date of this Agreement, the contract(s) between the Parties hereto as described below, if applicable: None.

13. OPERATIONAL FLOW ORDERS

Company has the right to issue effective Operational Flow Orders pursuant to Section 12 of the General Terms and Conditions.

14. HEADINGS

All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the Parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

15. ENTIRE AGREEMENT

This Agreement, including the Exhibits attached hereto, sets forth the full and complete understanding of the Parties as of the date of its execution by both Parties, and supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. Neither Party shall be bound by any other obligations, conditions or representations with respect to the subject matter of this Agreement.

16. AMENDMENTS

Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 11 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 11 of this Agreement. Further, the parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

17. SEVERABILITY

If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either Party, the Parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

18. WAIVER

No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall

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constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the Party making the waiver.

19. ATTORNEY'S FEES AND COSTS

In the event of any litigation between the Parties arising out of or relating to this Agreement, the prevailing Party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies and appeals.

20. INDEPENDENT PARTIES

Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue of this Agreement or otherwise, a partner, joint venturer, agent, employer, or employee of the other. Nothing in this Agreement shall be for the benefit of any third Person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third Person.

21. ASSIGNMENT AND TRANSFER

No assignment of this Agreement by either party may be made without the prior written approval of the other party (which approval shall not be unreasonably withheld) and unless the assigning or transferring party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring party shall furnish or cause to be furnished to the other party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

22. GOVERNMENTAL AUTHORIZATIONS; COMPLIANCE WITH LAW

This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder. Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances, and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each party shall proceed with diligence to file any necessary applications with any governmental authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 22, Company shall continue to transport, and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either party from performing hereunder, then

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neither party shall have any obligation to the other during the period that performance under the Agreement is precluded.

23. APPLICABLE LAW AND VENUE

This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida. The venue for any action, at law or in equity, commenced by either party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

24. COUNTERPARTS

This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any Party who has signed it.

THE REMAINDER OF THIS PAGE WAS INTENTIONALLY LEFT BLANK

SIGNATURE PAGE TO FOLLOW

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be signed by their respective Officers and/or representatives thereunto duly authorized to be effective as of the date stated above.

COMPANY:

SEACOAST GAS TRANSMISSION, LLC

Helen Wesley
By: hwesley@tecoenergy.com
Name: Helen Wesley
Title: Vice President
Date: 02/18/2021

Richard F Wall
By: rwall@tecoenergy.com
Name: Richard Wall
Title: Vice President, Operations
Date: 02/17/2021

SHIPPER:

PEOPLES GAS SYSTEM

Joann Wehle
By: jtwehle@tecoenergy.com
Name: Joann Wehle
Title: Vice President, Marketing & Sales
Date: 02/17/2021

Luke Buzard
By: labuzard@tecoenergy.com
Name: Luke Buzard
Title: Vice President, Pipeline Safety & Regulatory
Date: 02/17/2021

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Exhibit A - Receipt Point
Exhibit B - Delivery Point
Exhibit C - Amendment to Operational Balancing Agreement

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EXHIBIT A

For Contract No. FT1-PGS-0008

BETWEEN SEACOAST GAS TRANSMISSION COMPANY, L.L.C.
AND SHIPPER

ORIGINAL CONTRACT DATE: February 17, 2021

EFFECTIVE DATE OF THIS EXHIBIT A (which supersedes and replaces
any prior Exhibit A to this Agreement): Commencement date

Primary Receipt Points:

Primary Receipt Point

FGT – Consolidated Minerals
POI -TBD

Primary Receipt Point MDQ


plus retainage

TRANSPORTER:

SEACOAST GAS TRANSMISSION, LLC

Helen Wesley
By: hwesley@tecoenergy.com

Name: Helen Wesley

Title: Vice President

Date: 02/18/2021

Richard F Wall
By: rwall@tecoenergy.com

Name: Richard Wall

Title: Vice President, Operations

Date: 02/17/2021

SHIPPER:

PEOPLES GAS SYSTEM

Joann Wehle
By: jtwehle@tecoenergy.com

Name: Joann Wehle

Title: Vice President, Marketing & Sales

Date: 02/17/2021

Luke Buzard
By: labuzard@tecoenergy.com

Name: Luke Buzard

Title: Vice President, Pipeline Safety &
Regulatory

Date: 02/17/2021

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EXHIBIT B

For Contract No. FT1-PGS-0008

BETWEEN SEACOAST GAS TRANSMISSION, L.L.C. AND SHIPPER

ORIGINAL CONTRACT DATE: February 17, 2021

EFFECTIVE DATE OF THIS EXHIBIT B (which supersedes and replaces
any prior Exhibit B to this Agreement): Commencement date

RATE:
Reservation: \$ [REDACTED]
Usage 1: \$0.00 per dth

Retainage: 0.0%

Primary Delivery Points:

Primary Delivery Point	Primary Delivery Point MDQ	Minimum Delivery Pressure (PSIG)
Seacoast/PGS Southwest Lakeland	[REDACTED]	100 psig

Maximum Daily Transport Quantity: [REDACTED]

Maximum Hourly Flow Rate: 6%

Maximum Hourly Quantity: [REDACTED]

TRANSPORTER:

SEACOAST GAS TRANSMISSION, LLC

Helen Wesley
By: hwesley@tecoenergy.com

Name: Helen Wesley

Title: Vice President

Date: 02/18/2021

Richard F Wall
By: rfwall@tecoenergy.com

Name: Richard Wall

Title: Vice President, Operations

Date: 02/17/2021

SHIPPER:

PEOPLES GAS SYSTEM

Joann Wehle
By: jwehle@tecoenergy.com

Name: Joann Wehle

Title: Vice President, Marketing & Sales

Date: 02/17/2021

Luke Buzard
By: labuzard@tecoenergy.com

Name: Luke Buzard

Title: Vice President, Pipeline Safety &
Regulatory

Date: 02/17/2021

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FILED: FEBRUARY 19, 2021 EXHIBIT C

AMENDMENT TO OPERATIONAL BALANCING AGREEMENT

THIS AMENDMENT TO OPERATIONAL BALANCING AGREEMENT (this "Amendment") is entered into as of February 17, 2021 (the "Effective Date") by and between Peoples Gas System, a Division of Tampa Electric Company, a Florida corporation ("PGS") and the SeaCoast Gas Transmission, LLC, a Delaware limited liability company ("OBA Party").

Recitals

WHEREAS, PGS and OBA Party entered into that certain Operational Balancing Agreement dated as of October 7, 2015 (as amended to date, the "Agreement"); and

WHEREAS, PGS and OBA Party desire to enter into this Amendment for the purposes of amending certain provisions of the Agreement as set forth herein;

NOW, THEREFORE, in consideration of the foregoing recitals, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

1. Exhibit A. Exhibit A is deleted in its entirety and replaced with Exhibit A appended hereto.
2. No Other Amendment. Except as amended as set forth in this Amendment, the Agreement shall remain unchanged and shall be in full force and effect.
3. Counterparts: Electronic Signatures. This Amendment may be executed electronically and in as many counterparts as may be convenient or required. All counterparts shall collectively constitute a single document.

[Signatures appear on the following page]

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IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the Effective Date.

**Peoples Gas System, a Division of
Tampa Electric Company**

Joann Wehle
By: jtwehle@tecoenergy.com 02/18/2021
Name: Joann Wehle
Title: Vice President, Marketing & Sales

Luke Buzard
By: labuzard@tecoenergy.com 02/18/2021
Name: Luke Buzard
Title: Vice President, Pipeline Safety &
Regulatory

SeaCoast Gas Transmission, LLC

Helen Wesley
By: hwesley@tecoenergy.com 02/18/2021
Name: Helen Wesley
Title: Vice President

Richard F Wall
By: rfwall@tecoenergy.com 02/18/2021
Name: Richard Wall
Title: Vice President, Operations

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EXHIBIT A
To the Operational Balancing
Agreement Between
PEOPLES GAS SYSTEM, a division of Tampa Electric
Company and
SEACOAST GAS TRANSMISSION, LLC
Dated
October 7, 2015

Location

<u>ORN</u>	<u>DESCRIPTION</u>	<u>MEASURING PARTY</u>
TBD	SeaCoast/PGS - Asbury Lake	Seacoast
TBD	SeaCoast/PGS - Green Cove Springs	Seacoast
TBD	SeaCoast/PGS - Southwest Lakeland	Seacoast

The Parties acknowledge that for the purposes of this Operational Balancing Agreement all listed Delivery Points will be aggregated in such a manner as to create a single Operational Imbalance as if the Delivery Points for a single Location. The Points not covered by this Operational Balancing Agreement (e.g., other FGT / PGS Interconnects) will not be included in the determination of the Operational Imbalance.

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