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 August 3, 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:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Office of Industry Development and Market Analysis (Wendel, Fogleman) *EW* *CH*  
Office of the General Counsel (Trierweiler) *WT* *MT*

**RE:** Application for Certificate of Authority to Provide Telecommunications Service

**AGENDA:** 8/3/2021 - 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>
20210117-TX	TELETECH COMMUNICATIONS INC	8962

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 2A



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-**

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**DATE:** July 27, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Higgins)  
Division of Economics (Draper)  
Office of the General Counsel (Brownless, DuVal)

**RE:** Docket No. 20210001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

**AGENDA:** 08/03/21 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** Recommendation 2A – Duke Energy Florida, LLC

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2021 JUL 27 AM 10:47  
COMMISSION  
CLERK

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## Case Background

On July 9, 2021, Duke Energy Florida, LLC (DEF or Company), filed for a mid-course correction (MCC Petition) of its 2021 fuel cost recovery factors. DEF's current fuel factors were approved at the December 15, 2020 Special Commission Conference.<sup>1</sup> Underlying the approval of DEF's 2021 factors was the Florida Public Service Commission's (Commission) review of the Company's projected 2021 fuel- and capacity-related service costs. These service costs are recovered through the fuel and capacity cost recovery factors that are set/reset annually in this docket. These cost recovery factors are usually effective for a period of 12 months. However, the Commission requires that if an investor-owned electric utility's fuel or capacity cost recovery position is projected to exceed a specified range within the standard 12-month timeframe, the utility shall promptly notify the Commission by letter delivered to the Commission Clerk. The

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<sup>1</sup>Order No. PSC-2021-0024-FOF-EI, issued January 6, 2021, in Docket No. 20210001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.*

notification of a 10 percent cost variance shall include a petition for mid-course correction to the fuel cost recovery or capacity cost recovery factors, or shall include an explanation of why a mid-course correction is not practical. This requirement is codified by Rule 25-6.0424, Florida Administrative Code (F.A.C.), and is commonly referred to as the Commission's "mid-course correction rule." The Commission's mid-course correction rule and its codified procedures are discussed in greater detail below.

***Mid-Course Correction***

Mid-course corrections are used by the Commission between annual fuel clause hearings whenever costs deviate from revenue by a significant margin. Under Rule 25-6.0424, F.A.C., a utility must notify the Commission whenever it expects to experience an under- or over-recovery of greater than 10 percent.

On July 9, 2021, DEF filed its MCC Petition and supporting documentation proposing a mid-course correction of its fuel charges.<sup>2</sup> Specifically, the Commission is being asked to approve an increase in fuel charges due to the Company now projecting a period-ending 2021 under-recovery of fuel costs that exceeds the 10 percent threshold. The proposed increase to DEF's currently-authorized fuel charges is being driven by both actual 2020 and projected 2021 fuel costs being greater than originally assumed, as well as other factors that are discussed further in Issue 1. The Company's petition satisfies the filing requirements of Rule 25-6.0424(1)(b), F.A.C.

DEF has requested that the proposed revised fuel factors and associated tariffs become effective beginning with the first billing cycle of October 2021. However, DEF has offered that if the Commission deems it appropriate, the revised fuel factors could instead become effective on the first billing cycle of September 2021, thereby serving to reduce the projected under-recovery amount carried forward to 2022. These topics are further discussed in both Issues 1 and 2.

The Commission is vested with jurisdiction over the subject matter of this proceeding by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

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<sup>2</sup>Document No. 07679-2021.

## Discussion of Issues

**Issue 1:** Should the Commission modify DEF's currently-approved fuel factors for the purpose of addressing a portion of its currently-projected under-recovery of 2021 fuel costs?

**Recommendation:** Yes. Staff recommends the Commission approve an adjustment to DEF's currently-approved fuel factors for the purpose of incorporating a portion of the total projected 2021 period-ending under-recovery of fuel costs. (Higgins, Brownless, Draper)

**Staff Analysis:** DEF participated in the Commission's most-recent fuel hearing which took place on November 3, 2020. The Fuel Order issued with respect to DEF set forth the Company's fuel, purchased power, and capacity-related cost recovery factors effective with the first billing cycle of January 2021.<sup>3</sup> However, as discussed below, the currently-authorized fuel cost recovery factors are now projected to under-recover the Company's 2021 fuel cost by greater than 10 percent. Staff notes this recommendation is only addressing/recommending recovery of the Company's 2020 final fuel total true-up amount, which following the calculation methodology prescribed by Rule 25-6.0424(1)(a), F.A.C., represents an amount that would not constitute a MCC recovery position of greater than 10 percent.

With respect to the Company's capacity cost recovery levels, its currently-authorized capacity cost recovery factors remain sufficient to return the requisite amount of revenue; therefore, no change is being sought through this mid-course correction process for those factors.

### **DEF Mid-Course Correction**

The Company filed its MCC Petition on July 9, 2021. Preceding the filing of its MCC Petition and in accordance with the noticing requirement of Rule 25-6.0424(2), F.A.C., DEF filed notice on March 25, 2021, informing the Commission that based on a then-recent fuel cost projection, it estimated an under-recovery position of greater than 10 percent for the period-ending 2021 accounting cycle.<sup>4</sup> However, DEF believed the rise in natural gas prices that drove its projected under-recovery of greater than 10 percent was transitory, primarily being driven by increased demand during the 2020-2021 winter months coupled with a short-term decrease in supply stemming from the severe winter storm that impacted Texas and the mid-west during February of 2021. Other market-based factors driving the price increases are reduced levels of both natural gas production and storage, as well as increased exports of liquefied natural gas.

In the aftermath of the aforementioned severe weather event, DEF observed that natural gas prices decreased by approximately 5.7 percent. This reduction in commodity price drove its projected period-ending 2021 under-recovery below the 10 percent threshold, or down to approximately 8 percent.

However, later in the year as conditions changed around its 2021 fuel cost and revenue projections, the Company determined that filing for a mid-course correction of its fuel charges would be required. DEF now projects a period-ending 2021 under-recovery of fuel costs in the amount of \$190,992,316 million. The Company has proposed to address this under-recovery in

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<sup>3</sup>Order No. PSC-2021-0024-FOF-EI.

<sup>4</sup>Document No. 03048-2021.

two parts. The first part/portion is proposed to be collected in 2021 and consists of the 2020 total true up (excluding revenue tax) in the amount of \$39,503,838. The specific recovery period for this first part is the remaining three months of this year, or from October through December 2021. The second part/portion will be proposed for collection in calendar-year 2022 and consists of the current 2021 MCC actual/estimated true up (with interest) in the amount of \$151,488,477.

### **2020 Under-Recovery**

Accounting for the Company's 2021 mid-course correction essentially begins with its under-recovery of fuel costs in 2020. DEF's final (re)projection of 2020 fuel costs filed with the Commission was on September 2, 2020, as part of its *Revised Petition for Approval of Fuel Cost Recovery and Capacity Cost Recovery Actual/Estimated True-Up for the Period January 2020 through December 2020*.<sup>5</sup> The Company's 2020 actual/estimated filing reflects actual fuel cost and revenue data for January through June 2020, and estimated data for July through December 2020. In this filing, the Company projected the 2020 average delivered cost of natural gas would be \$3.31 per MMBtu. However, DEF's actual cost of natural gas for 2020 averaged \$3.37 per MMBtu (increase of 1.8 percent).<sup>6</sup>

The Company initially projected an *over-recovery* of \$61,083,424, which is the amount included in 2021 fuel rates.<sup>7</sup> However, DEF only over-recovered \$21,579,587, leaving a final 2020 *under-recovery*, i.e., final 2020 true up amount, of (\$39,503,838). The final 2020 under-recovery with tax is \$39,532,281, and represents the adjustment amount to current rates being proposed for determining the fuel factors for the remainder of 2021.

### **Projected 2021 Under-Recovery**

DEF's original 2021 fuel cost projection filed for the purposes of cost recovery was on September 3, 2020, as part of its *Petition for Approval of Fuel Cost Recovery and Capacity Cost Recovery Factors for January 2021 through December 2021*.<sup>8</sup> The underlying market-based natural gas price data used to produce the 2021 projections was sourced on June 12, 2020. Specifically, relevant to the MCC Petition, this original projection of future natural gas prices was used to produce an average delivered natural gas cost of \$4.06 per MMBtu for the months of June through December 2021. However, as indicated in the MCC Petition, DEF now projects that the average delivered cost of natural gas for June 2021 through December 2021 will be \$4.60 per MMBtu, which represents an increase of 13.3 percent.<sup>9</sup>

In Table 1-1 below, staff displays the fuel cost and revenue differences between the original and updated 2021 projections, as well as the other primary accounting components for determining the Company's fuel cost recovery position under Rule 25-6.0424, F.A.C.

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<sup>5</sup>Document Nos. 04044-2020 and 05805-2020.

<sup>6</sup>Document No. 03168-2021.

<sup>7</sup>Order No. PSC-2021-0024-FOF-EI.

<sup>8</sup>Document Nos. 05916-2020 and 09682-2020.

<sup>9</sup>Updated 2021 pricing information for the month of June is based on forward market data as of April 12, 2021, and June 14, 2021, for the months July through December.

**Table 1-1  
 Mid-Course Correction Components**

Category	Original Projection (\$)	Mid-Course Projection (\$)	Difference from Original Projection (%)
Total Jurisdictional Fuel & Net Power Transaction Costs	1,279,043,741	1,411,034,824	10.32%
Total Jurisdictional Period-Applicable Fuel Revenues	1,223,244,961 <sup>10</sup>	1,259,598,672 <sup>11</sup>	2.97%
2021 MCC Actual/Estimated True-Up	-	(151,436,157)	-
2020 True-Up	(61,083,424) <sup>12</sup>	(39,503,838) <sup>13</sup>	-
Interest Provision	-	(52,320)	-
Projected 2021 End of Period Total Net True-Up	-	(190,992,316)	-

Sources: Document Nos. 05916-2020 and 07679-2021.  
 Figures may not sum due to rounding.

Following the methodology prescribed in Rule 25-6.0424(1)(a), F.A.C., the mid-course percentage is equal to the estimated end-of-period total net true-up amount, including interest, divided by the current period's total actual and estimated jurisdictional fuel revenue applicable to period, or  $(\$190,992,316) / \$1,259,598,672$ . This calculation results in a mid-course correction level of (15.2) percent. However, at this time DEF is only requesting that its currently-approved fuel factors be adjusted to recover a portion of the end-of-period 2021 under-recovery.

**Fuel Factor**

DEF's currently-approved levelized fuel factor is 3.090 cents per kWh.<sup>14</sup> The Company is requesting to increase the current levelized fuel factor to 3.509 cents per kWh, or by 13.6 percent.

**Bill Impact**

In Table 1-2 below, staff displays the bill impact to a typical residential customer using 1,000 kWh of electricity a month associated with new rates becoming effective in either September or October, through December 2021:

<sup>10</sup>Inclusive of Regulatory Assessment Fee.

<sup>11</sup>Net of Regulatory Assessment Fee.

<sup>12</sup>Represents estimated true-up ending balance for the period January 2020 through December 2020 as approved by Order No. PSC-2021-0024-FOF-EI.

<sup>13</sup>Represents the total true-up for the period ended December 2020.

<sup>14</sup>Order No. PSC-2021-0024-FOF-EI.

**Table 1-2**  
**Monthly Residential Billing Detail at 1,000 kWh**

Invoice Component	Currently-Approved Charges for Sept. Through Dec. 2021 (\$)	Proposed Charges Beginning Sept. or Oct. Through Dec. 2021 (\$)	Approved to Proposed Difference (\$)	Approved to Proposed Difference (%)
Base Charge	\$74.89	\$74.89	-	-
Fuel Charge	28.11	32.28	\$4.17	14.83%
Capacity Charge	14.05	14.05	-	-
Conservation Charge	3.38	3.38	-	-
Environmental Charge	0.99	0.99	-	-
Storm Protection Plan	0.31	0.31	-	-
Interim Storm Charge	0.55	0.55	-	-
Asset Securitization Charge	<u>2.48</u>	<u>2.48</u>	-	-
Gross Receipts Tax	3.20	3.31	\$0.11	3.44%
<b>Total</b>	<b><u>\$127.96</u></b>	<b><u>\$132.24</u></b>	<b><u>\$4.28</u></b>	<b>3.34%</b>

Source: DEF MCC Petition, Schedule E-10.

DEF's current total residential charge for the first 1,000 kWh of usage for January through December 2021 is \$127.96. If the Company's mid-course correction proposal is approved, then the current total residential charge, beginning September or October through December 2021, for the first 1,000 kWh of usage will be \$132.24. This represents an increase of 3.34 percent. For non-residential customers, DEF reported that based on average levels of usage, bill increases for commercial customers would range from approximately 3.20 to 4.10 percent, and approximately 5.20 percent for industrial customers.<sup>15</sup> DEF's proposed tariffs are shown on Appendix A to this recommendation. DEF stated that all customers are being provided notice of the proposed rate change in their August customer bills. In addition, large-account customers will receive notification of the proposed increase from their DEF account representative.

In summary, staff recommends the Company's fuel cost recovery factors be adjusted to incorporate a portion of the projected end-of-year 2021 fuel cost under-recovery associated with the final 2020 under-recovery. If the Commission approves staff's recommendation in Issue 2, the factors will remain the same, however it is estimated that approximately \$16.4 million of the 2021 projected under-recovery will be collected this year. The remaining under-recovery of fuel costs for 2021 will be carried forward and included for recovery during calendar year 2022.

<sup>15</sup>Document No. 07942-2021, filed July 14, 2021, DEF's Responses to Staff's First Data Request, No. 6.

**Conclusion**

Staff recommends the Commission approve an adjustment to DEF's currently-approved fuel factors for the purpose of incorporating a portion of the total projected 2021 period-ending under-recovery of fuel costs.

**Issue 2:** If approved by the Commission, what is the appropriate effective date for DEF's revised fuel cost recovery factors?

**Recommendation:** Staff recommends that the fuel cost recovery factors as shown on Appendix A become effective with the first billing cycle of September 2021. (Draper, Brownless, DuVal)

**Staff Analysis:** DEF has requested that the revised fuel cost recovery factors become effective with the first billing cycle of October 2021. However, DEF has also stated that if the Commission deems it appropriate, revised fuel cost recovery factors could instead become effective with the first billing cycle of September 2021, thereby serving to reduce the projected under-recovery amount carried into 2022.

Over the last 20 years in the Fuel Clause docket, the Commission has considered the effective date of rates and charges of revised fuel cost recovery factors on a case-by-case basis. The Commission has approved fuel cost recovery factor rate decreases effective sooner than the next full billing cycle after the date of the Commission's vote, with the range between the vote and effective date being from 25 to 2 days. The rationale for that action being that it was in the customers' best interests to implement the lower rate as soon as possible.<sup>16</sup> With regard to fuel cost recovery factor rate increases, the Commission has approved an effective date of the revised factors ranging from 14 to 29 days after the vote.<sup>17</sup> In two of these cases, the Commission noted that the utility had given its customers 30 days' written notice before the date of the vote that a fuel cost recovery factor increase had been requested and provided the proposed effective date of the higher fuel factors.<sup>18</sup>

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<sup>16</sup>Order No. PSC-08-0825-PCO-EI, issued December 22, 2008, in Docket No. 080001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-09-0254-PCO-EI, issued April 27, 2009, in Docket No. 090001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-11-0581-PCO-EI, issued on December 19, 2011, in Docket No. 110001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-12-0342-PCO-EI, issued July 2, 2012, in Docket No. 120001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2012-0082-PCO-EI, issued February 24, 2012, in Docket No. 120001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-15-0161-PCO-EI, issued April 30, 2015, in Docket No. 150001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2018-0313-PCO-EI, issued June 18, 2018, in Docket No. 20180001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order PSC-2020-0154-PCO-EI, issued May 14, 2020, in Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

<sup>17</sup>Order No. PSC-03-0381-PCO-EI, issued March 19, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0382-PCO-EI, issued March 19, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0400, issued March 24, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0849-PCO-EI, issued July 22, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-09-0213-PCO-EI, issued April 9, 2009, in Docket No. 090001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2019-0109-PCO-EI, issued March 22, 2019, in Docket No. 20190001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

<sup>18</sup>Order No. PSC-09-0213-PCO-EI; Order No. PSC-2019-0109-PCO-EI.



In its petition, DEF proposes to apply and collect a portion of the current under-recovery of fuel cost over three months beginning with the first billing cycle of October 2021, and ending with the last billing cycle of December 2021. The Company states that it is only seeking to recover a portion of the total period-ending 2021 under-recovery given the limited timeframe available and the associated impact that full-recovery would have on fuel factors. The remaining 2021 under-recovery will become part of DEF's 2022 fuel cost recovery factor and be recovered during 2022. However, if the Commission deems it appropriate, DEF believes the revised fuel factors, as shown on Appendix A, could become effective with the September billing cycle, rather than the as-proposed October billing cycle. This would allow the Company to begin collecting a portion of what will become the actual 2021 under-recovery, thus serving to mitigate the 2022 rate impact. DEF proposes to address the remaining 2021 estimated under-recovery in its 2022 projection testimony due to be filed on or before September 3, 2021.

In the instant case, there are 24 days between the Commission's vote on August 3<sup>rd</sup> and the beginning of DEF's September billing cycle (August 27).<sup>19</sup> Staff believes beginning the recovery with the September, rather than the October, billing cycle will help spread the under-recovery over a longer period thereby decreasing the amount to be collected in 2022 by approximately \$16.4 million. This will help ameliorate the rate impact for customers in 2022.

DEF has stated all customers are being notified of the proposed rate change through a bill insert in their August 2021 bills. The rate-change notification is also being posted on DEF's website. In addition, large-account customers will receive notification of the proposed increase from their DEF account representative.<sup>20</sup>

All aspects considered, staff believes working to effectively balance the proposed 2021 rate increase and the expected 2022 rate increase by smoothing the amplitude of the bill impact over the entire recovery period warrants allowing DEF's revised fuel cost recovery factors to become effective with the first billing cycle of September 2021.

## **Conclusion**

Based on the above, staff recommends that the fuel cost recovery factors as shown on Appendix A become effective with the first billing cycle of September 2021.

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<sup>19</sup>DEF's September billing cycle begins on August 27, 2021. See Document No. 07942-2021, filed July 14, 2021, DEF's Responses to Staff's First Data Request, No. 2.

<sup>20</sup>Document No. 07942-2021, filed July 14, 2021, DEF's Responses to Staff's First Data Request, No. 8.

**Issue 3:** Should this docket be closed?

**Recommendation:** No. The 20210001-EI docket is an on-going proceeding and should remain open. (Brownless)

**Staff Analysis:** The fuel docket is on-going and should remain open.



SECTION NO. VI  
NINETY-FOURTH FIFTH REVISED SHEET NO. 6.105  
CANCELS NINETY-THIRD FOURTH REVISED SHEET NO. 6.105

RATE SCHEDULE BA-1 BILLING ADJUSTMENTS								
Page 1 of 3								
Applicable:								
To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.								
COST RECOVERY FACTORS								
Rate Schedule/Metering Level	ECCR <sup>(2)</sup>		CCR <sup>(3)</sup>		ECRC <sup>(4)</sup>	ASC <sup>(5)</sup>	SPPCRC <sup>(6)</sup>	SCRS <sup>(7)</sup>
	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2, RSS-1 (Sec.) < 1000 > 1000	0.338	-	1.405	-	0.099	0.248	0.031	0.055
GS-1, GST-1								
Secondary	0.326	-	1.342	-	0.098	0.244	0.026	0.045
Primary	0.323	-	1.329	-	0.097	0.242	0.026	0.045
Transmission	0.319	-	1.315	-	0.096	0.239	0.025	0.044
GS-2 (Sec.)	0.223	-	0.808	-	0.095	0.147	0.013	0.022
GSD-1, GSDT-1, SS-1*								
Secondary	-	1.08	-	4.20	0.096	0.192	0.019	0.030
Primary	-	1.07	-	4.16	0.095	0.190	0.019	0.030
Transmission	-	1.06	-	4.12	0.094	0.186	0.019	0.029
CS-1, CST-1, CS-2, CST-2, CS-3, CST-3, SS-3*								
Secondary	-	0.35	-	1.22	0.091	0.128	0.026	0.051
Primary	-	0.35	-	1.21	0.090	0.127	0.026	0.050
Transmission	-	0.34	-	1.20	0.089	0.125	0.025	0.050
IS-1, IST-1, IS-2, IST-2, SS-2*								
Secondary	-	0.94	-	3.50	0.093	0.160	0.013	0.016
Primary	-	0.93	-	3.47	0.092	0.156	0.013	0.016
Transmission	-	0.92	-	3.43	0.091	0.157	0.013	0.016
LS-1 (Sec.)	0.098	-	0.172	-	0.091	0.030	0.017	0.047
*SS-1, SS-2, SS-3								
Monthly								
Secondary	-	0.104	-	0.404	-	-	-	-
Primary	-	0.103	-	0.400	-	-	-	-
Transmission	-	0.102	-	0.396	-	-	-	-
Daily								
Secondary	-	0.050	-	0.192	-	-	-	-
Primary	-	0.050	-	0.190	-	-	-	-
Transmission	-	0.049	-	0.186	-	-	-	-
GSLM-1, GSLM-2	See appropriate General Service rate schedule							

  

Fuel Cost Recovery <sup>(1)</sup>			
Rate Schedule/Metering Level	Levelized	On-Peak	Off-Peak
	¢/ kWh	¢/ kWh	¢/ kWh
RS-1 Only < 1,000	2.8443,228	N/A	N/A
RS-1 Only > 1,000	3.6444,228	N/A	N/A
LS-1 Only Secondary	2.0663,356	N/A	N/A
All Other Rate Schedules Secondary	3.0943,514	3.8744,396	2.7443,117
All Other Rate Schedules Primary	3.0623,479	3.8324,352	2.7123,086
All Other Rate Schedules Transmission	3.0323,444	3.7934,308	2.6803,055

(Continued on Page No. 2)

ISSUED BY: Thomas G. Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: September 1, 2021

# Item 2B

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-**

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**DATE:** July 27, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Higgins) *ALM*  
Division of Economics (Draper) *JGH*  
Office of the General Counsel (Brownless, DuVal) *JSC*

**RE:** Docket No. 20210001-EI – Fuel and purchased power cost recovery clause with generating performance incentive factor.

**AGENDA:** 08/03/21 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** Recommendation 2B – Tampa Electric Company

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### Case Background

On July 19, 2021, Tampa Electric Company (TECO or Company), filed for a mid-course correction (TECO MCC Petition) of its 2021 fuel cost recovery factors. TECO's current fuel factors were approved at the November 3, 2020 Commission Conference.<sup>1</sup>

Underlying the approval of TECO's 2021 factors was the Florida Public Service Commission's (Commission) review of the Company's projected 2021 fuel- and capacity-related service costs. These service costs are recovered through the fuel and capacity cost recovery factors that are set/reset annually in this docket. These cost recovery factors are usually effective for a period of 12 months. However, the Commission requires that if an investor-owned electric utility's fuel or capacity cost recovery position is projected to exceed a specified range within the standard 12-

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<sup>1</sup>Order No. PSC-2020-0439-FOF-EI, Issued November 16, 2020, in Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor.*

month timeframe, the utility shall promptly notify the Commission by letter delivered to the Commission Clerk. The notification of a 10 percent cost variance shall include a petition for mid-course correction to the fuel cost recovery or capacity cost recovery factors, or shall include an explanation of why a mid-course correction is not practical. This requirement is codified by Rule 25-6.0424, Florida Administrative Code (F.A.C.), and is commonly referred to as the Commission's "mid-course correction rule." The Commission's mid-course correction rule and its codified procedures are discussed in greater detail below.

### ***Mid-Course Correction***

Mid-course corrections are used by the Commission between annual fuel clause hearings whenever costs deviate from revenue by a significant margin. Under Rule 25-6.0424, F.A.C., a utility must notify the Commission whenever it expects to experience an under- or over-recovery of greater than 10 percent.

On July 19, 2021, TECO filed its MCC Petition and supporting documentation proposing a mid-course correction of both its fuel and capacity charges. Specifically, the Commission is being asked to approve increases in fuel and capacity charges due to the Company now projecting period-ending 2021 under-recoveries of both fuel and capacity costs that exceed the 10 percent threshold. The proposed increase to TECO's currently-authorized fuel charges is being driven by projected 2021 fuel and capacity costs being greater than originally estimated, as well as other factors that are discussed further in Issue 1. Higher natural gas prices is the primary driver of both under-recoveries. While the factors established in the fuel clause are directly affected by changes in fuel prices, capacity costs may indirectly be affected as well. In this instance, higher natural gas prices led to higher capacity costs due to a greater amount of economically-viable energy (economy purchases carrying an associated capacity cost) available for purchase.

The Company has requested that the proposed revised fuel and capacity factors and associated tariff become effective beginning with the first billing cycle of September 2021. This topic is further discussed in both Issues 1 and 2. The petition and supporting documentation satisfies the filing requirements of Rule 25-6.0424(1)(b), F.A.C.<sup>2</sup>

The Commission is vested with jurisdiction over the subject matter of this proceeding by the provisions of Chapter 366, Florida Statutes (F.S.), including Sections 366.04, 366.05, and 366.06, F.S.

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<sup>2</sup>Document Nos. 08085-2021 and 08252-2021.

## Discussion of Issues

**Issue 1:** Should the Commission modify TECO's currently-approved fuel and capacity factors for the purposes of addressing currently-projected under-recoveries of 2021 fuel and capacity costs?

**Recommendation:** Yes. Staff recommends the Commission approve an adjustment to TECO's currently-approved fuel cost recovery factors for the purpose of incorporating the total projected period-ending 2021 under-recovery of its fuel costs in the amount of \$73,680,277. Staff further recommends the Commission approve an adjustment to TECO's capacity cost recovery factors to incorporate a projected period-ending 2021 under-recovery of capacity costs in the amount of \$9,628,629. (Higgins, Draper, Brownless)

**Staff Analysis:** TECO participated in the Commission's most-recent fuel hearing which took place on November 3, 2020. The Fuel Order issued with respect to TECO set forth the Company's fuel, purchased power, and capacity-related cost recovery factors effective with the first billing cycle of January 2021.<sup>3</sup> However, as discussed below, both the currently-authorized fuel and capacity cost recovery factors are now projected to be in under-recovery positions at the end of the year by greater than 10 percent.

### **TECO Mid-Course Correction – Fuel and Purchased Power**

TECO filed its MCC Petition on July 19, 2021. TECO states that throughout 2021, it has continuously monitored and evaluated its fuel and purchased power cost recovery revenue and expenses on an ongoing basis. However, at this point in the accounting cycle, based on mid-year updates to its cost and revenue projections, TECO now expects a period-ending 2021 under-recovery of fuel costs in excess of the 10 percent threshold set forth in Rule 25-6.0424(1)(a), F.A.C. The Company attributes the increase in natural gas costs to reduced levels of both natural gas production and storage, as well as increased exports of liquefied natural gas. TECO also states that it expects the aforementioned factors driving natural gas prices higher to persist into 2022. TECO is requesting to collect the under-recovery over a four-month period, or from September through December 2021.

### **TECO Mid-Course Correction – Capacity**

As part of its request, TECO is proposing to increase its 2021 capacity cost recovery factors to incorporate a projected 2021 under-recovery of \$9,628,629. TECO's capacity mid-course correction position following the calculation methodology in Rule 25-6.0424(1)(a), F.A.C., is 444 percent.<sup>4</sup> TECO states the projected under-recovery is caused by greater projected amounts of economic power purchases due to the increased cost of natural gas making such options more economically viable.

Incorporated in its capacity MCC request is a final 2020 capacity cost under-recovery of \$3,354,779.<sup>5</sup> As proposed, and in similar fashion to the fuel cost recovery proposal, the mid-

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<sup>3</sup>Order No. PSC-2020-0439-FOF-EI.

<sup>4</sup>Document No. 08196-2021.

<sup>5</sup>Document Nos. 08085-2021 and 03197-2021.

course correction related to capacity will be distributed over the same four-month period, or from September through December 2021.

### ***Period-Ending 2020 Recovery Positions***

#### ***Fuel***

TECO initially projected an under-recovery of (\$25,479,055), which is the amount included in the 2021 fuel factors.<sup>6</sup> However, TECO only under-recovered (\$21,709,799), leaving a final 2020 over-recovery, i.e., final 2020 true up amount, of \$3,769,256.<sup>7</sup> The final 2020 over-recovery is being proposed for refund in 2021 as part of the mid-course correction.

#### ***Capacity***

Concerning TECO's capacity costs, the Company initially projected for 2020 an actual/estimated over-recovery of \$1,771,480.<sup>8</sup> However, TECO's actual 2020 capacity true up was an under-recovery of (\$1,583,299), resulting in a final 2020 capacity true-up amount under-recovery of (\$3,354,779).<sup>9</sup> This final 2020 under-recovery is being proposed for collection as part of the capacity mid-course correction.

### ***Projected 2021 Recovery Positions***

#### ***Fuel***

TECO's original 2021 fuel cost projection filed for the purposes of cost recovery was on September 3, 2020, as part of its Petition for Approval of Fuel Cost Recovery and Capacity Cost Recovery Factors for January 2021 through December 2021.<sup>10</sup>

The underlying market-based natural gas price data used to produce the 2021 projections was sourced during August 2020. The original projection of future natural gas prices was used to produce an average delivered natural gas cost of \$3.89 per MMBtu for 2021. However, as indicated in the MCC Petition, TECO now projects that the average delivered cost of natural gas for 2021 will be \$4.34 per MMBtu, which represents an increase of 11.6 percent.<sup>11</sup>

In Table 1-1 below, staff displays the fuel cost and revenue differences between the original and updated 2021 projections, as well as the other primary accounting components for determining TECO's fuel cost recovery position under Rule 25-6.0424, F.A.C.

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<sup>6</sup>Order No. PSC-2020-0439-FOF-EL.

<sup>7</sup>Document Nos. 08252-2021 and 08266-2021.

<sup>8</sup>Document No. 06604-2020.

<sup>9</sup>Document No. 03197-2021.

<sup>10</sup>Document No. 05951-2020.

<sup>11</sup>Updated 2021 pricing information for the months July through December is based on forward market (New York Mercantile Exchange, or "NYMEX") data using an average of 5 trading days ending July 2, 2021.



**Table 1-1  
 Fuel Mid-Course Correction Components**

<b>Category</b>	<b>Original Projection (\$)</b>	<b>Mid-Course Projection (\$)</b>	<b>Difference from Original Projection (%)</b>
Total Jurisdictional Fuel & Net Power Transaction Costs	592,624,880 <sup>12</sup>	677,154,125	14.26
Total Jurisdictional Period-Applicable Fuel Revenues	618,103,935	599,809,922	(2.96)
2021 MCC Actual/Estimated True-Up	-	(77,344,203)	-
2020 True-Up	(25,479,055) <sup>13</sup>	3,769,256 <sup>14</sup>	-
Interest Provision	-	(105,330)	-
Projected 2021 End of Period Total Net True-Up	-	(73,680,277) <sup>15</sup>	-

Sources: Document Nos. 05951-2020 and 08085-2021.  
 Figures may not sum due to rounding.

Following the methodology prescribed in Rule 25-6.0424(1)(a), F.A.C., the mid-course percentage is equal to the estimated end-of-period total net true-up amount, including interest, divided by the current period's total actual and estimated jurisdictional fuel revenue applicable to period, or  $(\$73,680,277) / \$599,809,922$ . This calculation results in a mid-course correction level of (12.3) percent.<sup>16</sup>

### **Fuel Factor**

TECO's currently-approved levelized fuel factor is 3.162 cents per kWh.<sup>17</sup> The Company is requesting to increase the current levelized fuel factor to 4.255 cents per kWh (with tax), or by 34.6 percent.<sup>18</sup>

### **Capacity**

TECO's original 2021 capacity cost projection filed for the purposes of cost recovery was on September 3, 2020, as part of its Petition for Approval of Fuel Cost Recovery and Capacity Cost Recovery Factors for January 2021 through December 2021.<sup>19</sup> In the filing for 2021 rates, TECO projected its net capacity cost for 2021 to be \$353,890. However, TECO now expects its 2021 net capacity cost to be \$8,426,625, for a difference of \$8,072,735.

<sup>12</sup>Inclusive of Optimization Mechanism sharing amount, Generation Performance Incentive Factor amount, and revenue taxes.

<sup>13</sup>Represents the estimated under-recovery true-up balance for the period January 2020 through December 2020 as approved by Order No. PSC-2020-0439-FOF-EI.

<sup>14</sup>Represents the total true-up for the period ended December 2020.

<sup>15</sup>Represents the period-ending 2021 mid-course correction under-recovery amount.

<sup>16</sup>Document No. 08196-2021.

<sup>17</sup>Order No. PSC-2020-0439-FOF-EI.

<sup>18</sup>Recovery factor shown on "Exhibit B" of the MCC Petition, page 5 of 33, line 13.

<sup>19</sup>Document No. 05951-2020.

TECO stated the reason for increased capacity-related costs is primarily due to greater projected amounts of economic power purchases. Similar to the implementation request for revised fuel factors, the revised capacity factors are contemplated to be effective over the September through December 2021 time period.

**Bill Impact – As-Filed Request**

In Table 1-2 below, staff displays the bill impact to a typical residential customer using 1,000 kWh of electricity a month associated with new fuel and capacity cost recovery factors becoming effective in September 2021:

**Table 1-2  
 Monthly Residential Billing Detail at 1,000 kWh**

<b>Invoice Component</b>	<b>Currently-Approved Charges (\$)</b>	<b>Proposed Charges September Through December 2021 (\$)</b>	<b>Approved to Proposed Difference (\$)</b>	<b>Approved to Proposed Difference (%)</b>
Base Charge	\$67.30	\$67.30	-	-
Fuel Charge	28.56	39.38	10.82	37.89
Conservation Charge	1.66	1.66	-	-
Capacity Charge	0.02	1.70	1.68	8,400.00
Environmental Charge	2.69	2.69	-	-
Storm Protection Plan Charge	2.39	2.39	-	-
Gross Receipts Tax	2.63	2.95	0.32	12.17
<b>Total</b>	<b><u>\$105.25</u></b>	<b><u>\$118.07</u></b>	<b><u>\$12.82</u></b>	<b>12.18%</b>

Source: TECO MCC Petition, Schedule E-10.

TECO’s current total residential charge for the first 1,000 kWh of usage for January through December 2021 is \$105.25. If TECO’s mid-course correction proposal is approved, then the current total residential charge, beginning September 2021, for the first 1,000 kWh of usage will be \$118.07. This represents an increase of 12.18 percent. For non-residential customers, TECO reported that based on average levels of usage and specific rate schedule, bill increases for small commercial customers would range from approximately 11.1 to 12.7 percent, bill increases for medium-size commercial customers would range from approximately 12.8 to 15.4 percent, and approximately 16.0 percent for large commercial/industrial customers.<sup>20</sup> TECO’s proposed tariff is shown on Appendix A to this recommendation.

<sup>20</sup>Document No. 08196-2021, filed July 21, 2021, TECO’s Responses to Staff’s First Data Request, No. 6.

### **2021 Recovery Option**

Due to the magnitude of the requested late-year rate increase, staff has estimated the effect of a reduction to TECO's requested MCC amount, which for ease of reference is (\$73,680,277). For staff's estimation, the revenue (increase) amount was limited to the actual fuel true-up amount only, or (\$26,698,570).<sup>21</sup> The actual true-up is as of the end of June 2021. This option would constitute a reduction in the amount of (\$46,981,707) to TECO's as-filed request. For recovery purposes, any amount reduced from TECO's as-filed request would carry over into 2022.

TECO's requested fuel cost recovery increase results in a "first-tier residential factor," (i.e., residential charge for the first 1,000 kWh of energy sales) of 3.938 cents per kWh. This factor produces a fuel charge of \$39.38 for the first 1,000 kWh of energy usage.<sup>22</sup> The staff-estimated first-tier residential factor is 3.295 cents per kWh.<sup>23</sup> This would result in an estimated fuel charge of \$32.95 for the first 1,000 kWh of energy usage. The estimated increase in the total bill under this scenario is approximately \$6.23, or a 5.9 percent increase, from \$105.25 to \$111.48.

### **Summary**

Staff recommends TECO's fuel cost recovery factors be adjusted to incorporate the projected 2021 end-of-year fuel cost under-recovery. Staff also recommends TECO's capacity cost recovery factors be adjusted to incorporate the projected 2021 end-of-year capacity cost under-recovery. The revised fuel and capacity factors associated with staff's recommendations are shown on Appendix A.

### **Conclusion**

Staff recommends the Commission approve an adjustment to TECO's currently-approved fuel cost recovery factors for the purpose of incorporating the total projected period-ending 2021 under-recovery of its fuel costs in the amount of \$73,680,277. Staff further recommends the Commission approve an adjustment to TECO's capacity cost recovery factors to incorporate a projected period-ending 2021 under-recovery of capacity costs in the amount of \$9,628,629.

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<sup>21</sup>Document No. 08085-2021, Exhibit A, page 2 of 3.

<sup>22</sup>Document No. 08085-2021, Schedule E1-E.

<sup>23</sup>Staff notes that due to differences in specificity and method of calculating rates, its estimate of the fuel factor and TECO's calculation may slightly differ.

**Issue 2:** If approved by the Commission, what is the appropriate effective date for TECO's revised fuel and capacity cost recovery factors?

**Recommendation:** Staff recommends that the fuel cost recovery and capacity factors as shown on Appendix A become effective with the first billing cycle of September 2021. If the Commission approves alternative cost recovery amounts, TECO should file revised tariff sheet No. 6.020 consistent with the Commission's decision within five days of the vote for administrative approval by staff. (Draper, Brownless, DuVal)

**Staff Analysis:** In its petition, TECO has requested that the revised fuel and capacity cost recovery factors become effective with the first billing cycle of September 2021.

Over the last 20 years in the Fuel Clause docket, the Commission has considered the effective date of rates and charges of revised fuel cost recovery factors on a case-by-case basis. The Commission has approved fuel cost recovery factor rate decreases effective sooner than the next full billing cycle after the date of the Commission's vote with the range between the vote and the effective date being from 25 to 2 days. The rationale for that action being that it was in the customers' best interests to implement the lower rate as soon as possible.<sup>24</sup> With regard to fuel cost recovery factor rate increases, the Commission has approved an effective date of the revised factors ranging from 14 to 29 days after the vote.<sup>25</sup> In two of these cases, the Commission noted that the utility had given its customers 30 days' written notice before the date of the vote that a fuel cost recovery factor increase had been requested and provided the proposed effective date of the higher fuel factors.<sup>26</sup>

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<sup>24</sup>Order No. PSC-08-0825-PCO-EI, issued December 22, 2008, in Docket No. 080001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-09-0254-PCO-EI, issued April 27, 2009, in Docket No. 090001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-11-0581-PCO-EI, issued on December 19, 2011, in Docket No. 110001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-12-0342-PCO-EI, issued July 2, 2012, in Docket No. 120001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2012-0082-PCO-EI, issued February 24, 2012, in Docket No. 120001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-15-0161-PCO-EI, issued April 30, 2015, in Docket No. 150001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2018-0313-PCO-EI, issued June 18, 2018, in Docket No. 20180001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order PSC-2020-0154-PCO-EI, issued May 14, 2020, in Docket No. 20200001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

<sup>25</sup>Order No. PSC-03-0381-PCO-EI, issued March 19, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0382-PCO-EI, issued March 19, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0400, issued March 24, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-03-0849-PCO-EI, issued July 22, 2003, in Docket No. 030001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-09-0213-PCO-EI, issued April 9, 2009, in Docket No. 090001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*; Order No. PSC-2019-0109-PCO-EI, issued March 22, 2019, in Docket No. 20190001-EI, *In re: Fuel and purchased power cost recovery clause with generating performance incentive factor*.

<sup>26</sup>Order No. PSC-09-0213-PCO-EI; Order No. PSC-2019-0109-PCO-EI.

In its petition, TECO proposes to collect the current under-recoveries of fuel and capacity costs over the last four months of the year, beginning with the first billing cycle of September 2021, and ending with the last billing cycle of December 2021. In the instant case, there are 29 days between the Commission's vote on August 3<sup>rd</sup> and the beginning of TECO's September billing cycle (September 1).<sup>27</sup>

Concerning customer advisement of the instant request, TECO states that the proposed rate-change notifications are planned for customer bills beginning with August invoices. If the Commission issues a decision at the August Commission Conference, TECO will replace the proposed-change notification with one that describes the approved factors and bill changes, for the remaining August billing cycles. Additionally, on July 19, 2021, which is the same day TECO submitted its MCC Petition, the Company posted a "news release" on its website describing the proposal. Finally, TECO provided that its front-line customer service professionals are trained to respond to questions about the mid-course changes.<sup>28</sup>

### **Conclusion**

Staff recommends that the fuel cost recovery and capacity factors as shown on Appendix A become effective with the first billing cycle of September 2021. If the Commission approves alternative cost recovery amounts, TECO should file revised tariff sheet No. 6.020 consistent with the Commission's decision within five days of the vote for administrative approval by staff.

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<sup>27</sup>Document No. 08196-2021, filed July 21, 2021, TECO's Responses to Staff's First Data Request, No. 5.

<sup>28</sup>Document No. 08196-2021, filed July 21, 2021, TECO's Responses to Staff's First Data Request, No. 8.

**Issue 3:** Should this docket be closed?

**Recommendation:** No. The 20210001-EI docket is an on-going proceeding and should remain open. (Brownless)

**Staff Analysis:** The fuel docket is on-going and should remain open.



~~EIGHTY-FIRST~~ EIGHTH REVISED SHEET NO. 6.020  
 CANCELS ~~SEVENTY-NINTH~~ ~~EIGHTIETH~~ REVISED SHEET NO. 6.020

ADDITIONAL BILLING CHARGES					
<b>TOTAL FUEL AND PURCHASED POWER COST RECOVERY CLAUSE:</b> The total fuel and purchased power cost recovery factor shall be applied to each kilowatt-hour delivered, and shall be computed in accordance with the formula prescribed by the Florida Public Service Commission. The following fuel recovery factors by rate schedule have been approved by the Commission:					
RECOVERY PERIOD ( <del>September</del> <del>January</del> 2021 through December 2021)					
Rate Schedules	¢/kWh Fuel			¢/kWh Capacity	¢/kWh Environmental
	Standard	Peak	Off-Peak		
RS (up to 1,000 kWh)	<del>3.9382-856</del>			<del>0.1700-002</del>	0.269
RS (over 1,000 kWh)	<del>4.9382-856</del>			<del>0.1700-002</del>	0.269
RSVP-1 (P <sub>1</sub> )	<del>4.2553-167</del>			<del>0.1700-002</del>	0.269
(P <sub>2</sub> )	<del>4.2553-167</del>			<del>0.1700-002</del>	0.269
(P <sub>3</sub> )	<del>4.2553-167</del>			<del>0.1700-002</del>	0.269
(P <sub>4</sub> )	<del>4.2553-167</del>			<del>0.1700-002</del>	0.269
GS, GST	<del>4.2553-167</del>	<del>4.6203-335</del>	<del>4.0993-005</del>	<del>0.1500-002</del>	0.269
CS	<del>4.2553-167</del>			<del>0.1500-002</del>	0.269
LS-1, LS-2	<del>4.1873-136</del>			<del>0.0220-000</del>	0.258
GSD Optional					
Secondary	<del>4.2553-167</del>			<del>0.1130-002</del>	0.265
Primary	<del>4.2123-135</del>			<del>0.1120-002</del>	0.262
Subtransmission	<del>4.1703-104</del>			<del>0.1110-002</del>	0.260
Rate Schedules	¢/kWh Fuel			\$/kW Capacity	¢/kWh Environmental
	Standard	Peak	Off-Peak		
GSD, GSDT, SBF, SBFT					
Secondary	<del>4.2553-167</del>	<del>4.6203-335</del>	<del>4.0993-005</del>	<del>0.520-04</del>	0.265
Primary	<del>4.2123-135</del>	<del>4.5743-302</del>	<del>4.0583-064</del>	<del>0.510-04</del>	0.262
Subtransmission	<del>4.1703-104</del>	<del>4.5283-268</del>	<del>4.0173-033</del>	<del>0.510-04</del>	0.260
IS, IST, SBI					
Primary	<del>4.2123-135</del>	<del>4.5743-302</del>	<del>4.0583-064</del>	<del>0.450-00</del>	0.254
Subtransmission	<del>4.1703-104</del>	<del>4.5283-268</del>	<del>4.0173-033</del>	<del>0.440-00</del>	0.252

Continued to Sheet No. 6.021

ISSUED BY: ~~A.D. Collins~~ ~~N. G. Tower~~,  
 President

DATE EFFECTIVE: ~~September~~ ~~January~~ 1, 2021

# Item 3



FILED 7/22/2021  
DOCUMENT NO. 08220-2021  
FPSC - COMMISSION CLERK

State of Florida



## Public Service Commission

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

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

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**DATE:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Richards, D. Brown, Casper) *ALM*  
Division of Economics (Bruce, Hudson) *JGH*  
Division of Engineering (Ellis, Phillips) *TB*  
Office of the General Counsel (Weisenfeld, Tan) *TLT*

**RE:** Docket No. 20200230-WU – Application for staff-assisted rate case in Manatee County by Sunny Shores Utilities, LLC.

**AGENDA:** 08/03/21 – Regular Agenda – Proposed Agency Action Except for Issue Nos. 15, 16, 17 - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** La Rosa

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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## Case Background

Sunny Shores Utilities, LLC (Sunny Shores or Utility) is a Class C utility serving 262 residential and two general service water customers in Manatee County. The owner utilizes Florida Utility Services 1, LLC (FUS1) for billing and customer service. According to Sunny Shores' 2020 Annual Report, total gross revenues were \$92,353, and total operating expenses were \$107,069, resulting in a net operating loss of \$14,716. Sunny Shores is a reseller and purchases bulk water service from Manatee County.

In 1995, Manatee County declared the privately-owned water utility in Manatee County subject to the provisions of Chapter 367, Florida Statutes (F.S.).<sup>1</sup> In 1996, Sunny Shores Water Co., Inc. was granted a grandfather certificate to operate a water system in existence since 1969.<sup>2</sup> In 2016, the Utility was granted a transfer of majority organizational control.<sup>3</sup>

On July 27, 2020, certificate No. 578-W was transferred from Sunny Shores Water Co., Inc. to Sunny Shores Utilities, LLC.<sup>4</sup> The Order also established the net book value for transfer purposes.

On October 21, 2020, Sunny Shores filed an application for a staff-assisted rate case.<sup>5</sup> Staff selected a test year ended June 30, 2020, for the instant case. Due to the COVID-19 pandemic, Commission staff conducted a telephonic customer meeting on May 20, 2021. No customers spoke at the meeting and no representatives from the Office of Public Counsel (OPC) participated in the call. The Utility owner did participate in the call.

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

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<sup>1</sup>Order No. PSC-1995-1393-FOF-WS, issued November 9, 1995, in Docket No. 19951235-WS, *In re: Resolution of the Board of County Commissioners of Manatee County declaring Manatee County subject to the provisions of Chapter 367, F.S.*

<sup>2</sup>Order No. PSC-1996-0599-FOF-WS, issued May 7, 1996, in Docket No. 19960028-WS, *In re: Application for certificates to provide water and wastewater service in Manatee County by Sunny Shores Water Co., Inc. under grandfather rights.*

<sup>3</sup>Order No. PSC-2016-0523-TRF-WU, issued November 21, 2016, in Docket No. 20160023-WU, *In re: Application for transfer of majority organizational control of Sunny Shores Water Company, Inc., holder of Certificate No. 578-W in Manatee County, from Jack E. Mason to Jack E. Mason, II and Debbie A. Mason.*

<sup>4</sup>Order No. PSC-2020-0265-PAA-WS, issued July 27, 2020, in Docket No. 20190182-WS, *In re: Application to transfer facilities and Certificate No. 578-W from Sunny Shores Water Co. to Sunny Shores Utilities, LLC, in Manatee County.*

<sup>5</sup>Document No. 11424-2020, filed on October 21, 2020.

## Discussion of Issues

**Issue 1:** Is the quality of service provided by Sunny Shores satisfactory?

**Recommendation:** Yes. Sunny Shores is passing all Department of Environmental Protection (DEP) primary and secondary standards and has been responsive to its customer concerns. Therefore, the quality of service provided by Sunny Shores should be considered satisfactory. (Phillips)

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

### Quality of the Utility's Product

Sunny Shores is a consecutive system and purchases bulk water from Manatee County for resale. Manatee County delivers treated water to a master meter which is then channeled into Sunny Shores' distribution system. As a consecutive water system, the secondary standards of the Utility's water are not regulated by DEP. However, in November 2019, Sunny Shores' water was tested and found to be in compliance with DEP's primary and secondary drinking water standards. The Utility also tested for disinfectant byproducts in November 2020, and at that time the Utility met all standards.

### The Utility's Attempt to Address Customer Satisfaction

Staff reviewed the complaints filed in the Commission's Consumer Activity Tracking System (CATS), filed with the DEP, and received by the Utility from July 1, 2015, through June 31, 2020. Staff also performed a supplemental review of the complaints filed in CATS after the test year through June 30, 2021. Table 1-1 shows the number of complaints categorized by complaint type and source. It should be noted that Sunny Shores Water Co. was transferred to its current owner in 2020.

**Table 1-1  
Number of Complaints by Type and Source**

Subject of Complaint	CATS	DEP	Utility	Correspondence	Total
Water Pressure	4	1	11	9	25
Customer Service	2	0	1	3	6
Rate Increase	2	0	0	3	5
Billing	0	0	2	1	3
<b>Total *</b>	4	1	14	9	28*

\* A single customer complaint may be counted multiple times if it was reported to multiple agencies.

The CATS includes four complaints during the years reviewed, with one filed in 2020, and three filed in 2021. All four complaints were related to low water pressure, while two also mentioned poor customer service and the excessive rate increase. The DEP received one complaint, in 2015, regarding the water pressure. The Utility addressed the complaint to the DEP's satisfaction and the complaint was closed. The Utility received 14 complaints during the past five years. Eleven were related to water pressure, two related to billing issues and one customer service complaint. All 14 complaints filed with Sunny Shores were closed by the Utility. Nine customers filed correspondence in this docket. All nine discussed low water pressure, three also addressed poor customer service and the excessive rate increase, and one also noted a billing issue. A customer meeting was held on May 21, 2021, and no customers attended the meeting.

It appears based on the complaints received that low water pressure has been an ongoing issue. However, when the water pressure has been tested by the Utility, it is above the DEP standard of 20 pounds per square inch (PSI). As a reseller, Sunny Shores purchases water from Manatee County and the low pressure occurs when Manatee County flushes its water lines. The low pressure does not appear to be system wide, but most prevalent in the mobile home park. Sunny Shores has asked Manatee County to notify it when scheduled flushing will occur. Sunny Shores plans to then notify its customers of the upcoming pressure drop. As of June 11, 2021, Sunny Shores had not received a notice from Manatee County regarding flushing schedules. In response to staff's data request, the Utility stated it has contacted the Florida Rural Water Association to assist with the water pressure issue. Options such as adding a pump or storage tank on the Utility's system were discussed; however, since the Utility does not own any land, these options are not feasible. The Utility is also working with Badger Meter Company to explore options to maintain stable water pressure, such as replacing the back flow preventer with an inline check valve and/or replacing the current mechanical meter with a sonar type meter. The Utility is also considering installing various types of devices at customers' homes to record the variations in pressure. The goal would be to find a device, or series of devices, that helps maintain water pressure. Staff would again note that while the low water pressure may be an inconvenience for some customers, the Utility is meeting the DEP's 20 PSI standard and is exploring alternatives that may resolve its customer concerns.

### **Conclusion**

Sunny Shores is passing all DEP primary and secondary standards and has been responsive to its customer concerns. Therefore, the quality of service provided by Sunny Shores should be considered satisfactory.

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**Issue 2:** Are the infrastructure and operating conditions of Sunny Shores' water system in compliance with the DEP regulations?

**Recommendation:** Yes. The Utility's water system is currently in compliance with DEP regulations. (Phillips)

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

### **Water System Operating Conditions**

Sunny Shores purchases water from Manatee County; as such, it does not have any wells, water treatment facilities, or storage tanks. The water is pumped directly from Manatee County into the Utility's distribution system. A review of the DEP records did not show any consent orders against the Utility. DEP inspected the Utility's system on May 16, 2021, and determined the system is in compliance.

### **Conclusion**

Based on the above, Sunny Shores' water system is currently in compliance with DEP regulations.

**Issue 3:** What are the used and useful (U&U) percentages of Sunny Shores' water distribution system?

**Recommendation:** Sunny Shores' water distribution system should be considered 100 percent U&U. Additionally, staff recommends no adjustment to purchased water expense be made for excessive unaccounted for water (EUW). (Phillips)

**Staff Analysis:** The distribution system is composed of approximately 855 feet of 3-inch and 12,654 feet of 2-inch polyvinyl chloride (PVC) pipes.

### **Used and Useful Percentages**

Sunny Shores has not had a previous rate case and as such used and useful has not yet been established by the Commission. The water distribution system is evaluated based on equivalent residential connection (ERCs) consisting of growth, customer demand, and system capacity. During the test year the Utility served a total of 270 ERCs (262 residential and 8 general service). The Utility had no growth during the test year or prior four years. The Utility's system has a total capacity of 274 ERCs, resulting in a 98.5 percent U&U based on water usage. However, considering all of the water mains are required to adequately serve the existing customers, staff recommends the distribution system be considered 100 percent U&U.

### **Excessive Unaccounted for Water (EUW)**

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

Based on staff's review, the Utility purchased 9,244,700 gallons, and used 12,000 gallons for line flushing purposes during the test year. According to the staff audit report, the Utility sold 8,611,000 gallons of water for the test year. The resulting calculation  $([9,244,700 - 12,000 - 8,611,000] \div 9,244,700)$  for unaccounted for water is 6.2 percent; therefore, the Utility has no EUW. Staff recommends no adjustments should be made to purchased water expense.

### **Conclusion**

Sunny Shores' water distribution system should be considered 100 percent U&U. Additionally, staff recommends no adjustment to purchased water be made for EUW.

**Issue 4:** What is the appropriate average test year rate base for Sunny Shores?

**Recommendation:** The appropriate average test year rate base for Sunny Shores is \$46,813. (Richards, D. Brown, Casper, Phillips)

**Staff Analysis:** The appropriate components of the Utility's rate base include utility plant in service (UPIS), accumulated depreciation, and working capital. The Utility's net book value was established as part of its transfer proceeding in Docket No. 20190182-WU.<sup>6</sup> Staff selected the test year ended June 30, 2020, for the instant rate case. Commission audit staff determined that the Utility's books and records are in compliance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). A summary of each component and the recommended adjustments are discussed below.

### **Utility Plant in Service (UPIS)**

The Utility recorded \$26,774 for UPIS. The Utility did not record a balance in Account 341 – Transportation Equipment to reflect the allocated portion of vehicles owned by FUS1 and used by the Utility. The Utility submitted documentation supporting five vehicles with a cost of \$87,904, which are used by all utilities operating under FUS1.<sup>7</sup> Shared costs are allocated among all of the utilities in the FUS1 system based on each utility's number of customers relative to the total number of utility customers. Based on Sunny Shores' 8 percent allocation, staff increased UPIS by \$7,032 ( $\$87,904 \times 0.08$ ). In addition to those five vehicles, a 2013 Haul trailer with a cost of \$4,200 is also owned by FUS1 and used by Sunny Shores and Heather Hills. Staff applied a 43 percent allocation to the trailer based on the number of customers for Sunny Shores.<sup>8</sup> Staff increased UPIS by \$1,806 ( $\$4,200 \times 0.43$ ) for the allocation of the trailer. In total, staff increased UPIS by \$8,838 ( $\$7,032 + \$1,806$ ) for the vehicles. Additionally, staff made an averaging adjustment to decrease UPIS by \$903 to reflect the test year beginning and ending UPIS average balance. Staff's adjustments to UPIS are reflected in Table 4-2 on the next page.

### **Pro Forma Plant Additions**

Sunny Shores is seeking to implement an annual meter replacement program, due to the age of the existing meters. The Utility plans on replacing 35 meters during the first year of the program, and then 20 meters during each following year. Staff recommends approving the cost of the first year of meter replacements in this docket. The equipment cost per meter is \$133, including the meter, meter box, lid, and lock. Labor costs excluding transportation will total \$27 per meter, which includes one hour for a technician and a quarter hour for a customer service representative. The yearly equipment and labor costs therefore total \$5,571 ( $35 \times [\$133 + \$27]$ ). Transportation is a considerable expense due to the location of the Utility relative to the company headquarters. Transportation will cost \$154 per trip, including the mileage ( $\$0.56$  per mile  $\times$  140 miles = \$78) and labor (3.5 hours  $\times$  \$21 = \$75).<sup>9</sup> The Utility is able to replace two meters per trip, meaning a total of 18 trips are necessary. Transportation costs total \$2,766 ( $18 \times$

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<sup>6</sup>Order No. PSC-2020-0265-PAA-WS, issued July 27, 2020, in Docket No. 20190182-WU, *In re: Application to transfer facilities and Certificate No. 578-W from Sunny Shores Water Co. to Sunny Shores Utilities, LLC, in Manatee County.*

<sup>7</sup>Document No. 11979-2020, filed on November 13, 2020.

<sup>8</sup>Ibid.

<sup>9</sup>Mileage rates were based on IRS standards, available at: <https://www.irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2021>.



\$154). Therefore, pro forma for the replacement of 35 meters is \$8,337 (\$5,571 + \$2,766); the retirement will be \$6,253 based on 75 percent of the pro-forma plant. In addition to the meter replacement program, FUS1 purchased a vehicle on September 29, 2020, which is outside the test year.<sup>10</sup> The vehicle cost was \$31,142 and the 8 percent allocation to Sunny Shores is \$2,491 (\$31,142 x 0.08). Total pro forma adjustments are outlined in Table 4-1 below, and staff's adjustments to UPIS are summarized in Table 4-2.

**Table 4-1  
 Pro Forma Plant Adjustments**

Description	Amount
Meter replacement equipment and labor.	\$5,571
Meter replacement transportation.	2,766
Seventy-five percent retirement on meter replacement.	(6,253)
Allocated portion of vehicle.	<u>2,491</u>
Total pro forma adjustment.	<u>\$4,575</u>

Source: Utility responses to staff data requests.

**Table 4-2  
 Staff Adjustments to UPIS**

Description	Amount
Allocated percentage of FUS1 vehicles.	\$7,032
Allocated percentage of Haui trailer.	1,806
Averaging adjustment.	(903)
Pro forma adjustment.	<u>4,575</u>
Total adjustment to UPIS.	<u>\$12,511</u>

Source: Utility responses to staff data requests.

Based on the adjustments explained above and outlined in Tables 4-1 and 4-2, staff recommends an average UPIS balance of \$39,285 (\$26,774 + \$12,511).

**Land and Land Rights**

The Utility did not record any land balance. As a reseller of water, there is no land associated with Sunny Shores. Therefore, staff recommends land and land rights balances remain \$0.

**Used and Useful (U&U)**

As discussed in Issue 3, Sunny Shores' distribution system is considered 100 percent U&U. Therefore, no U&U adjustments are necessary.

**Accumulated Depreciation**

The Utility recorded an accumulated depreciation balance of \$8,220. As a result of the staff audit, an adjustment was made to decrease accumulated depreciation by \$173. Additionally, staff increased accumulated depreciation by \$3,045 to reflect the Utility's allocated portion of the

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<sup>10</sup>Ibid.

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vehicles and trailer discussed previously. Staff decreased accumulated depreciation by \$1,414 to reflect an averaging adjustment, and further decreased accumulated depreciation by \$5,715 to reflect pro forma adjustments. Therefore, staff recommends an accumulated depreciation balance of \$3,963 ( $\$8,220 - \$173 + \$3,045 - \$1,414 - \$5,715$ ).

### **Contributions in Aid of Construction (CIAC)**

The Utility did not record any CIAC. Staff made no adjustment to CIAC and therefore recommends CIAC balance remain \$0.

### **Accumulated Amortization of CIAC**

The Utility did not record any accumulated amortization of CIAC. Staff made no adjustment, and therefore recommends accumulated amortization of CIAC remain \$0.

### **Acquisition Adjustment (Net)**

The Utility did not record any acquisition adjustments. Staff made no adjustment to this account and therefore recommends acquisition adjustment balance remain \$0.

### **Working Capital Allowance**

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., staff used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance. Section 367.081(9), F.S., prohibits a utility from earning a return on the unamortized balance of rate case expense. As such, for this calculation, staff removed the rate case expense balance of \$435, resulting in an adjusted O&M expense balance of \$91,928 ( $\$92,363 - \$435$ ). Applying this formula, staff recommends a working capital allowance of \$11,491 ( $\$91,928 \div 8$ ).

### **Rate Base Summary**

Based on the foregoing, staff recommends that the appropriate average test year rate base is \$46,813. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

**Issue 5:** What is the appropriate return on equity (ROE) and overall rate of return for Sunny Shores?

**Recommendation:** The appropriate ROE is 10.55 percent with a range of 9.55 percent to 11.55 percent. The traditional rate of return does not apply in this case due to rate base being less than 125 percent of O&M expenses. As such, the Operating Ratio Methodology is being used in this case. (Richards, D. Brown, Casper)

**Staff Analysis:** As discussed in Issue 9, staff is recommending the Operating Ratio Methodology be used in this case. Although the traditional rate of return does not apply in this case due to rate base being less than 125 percent of O&M expenses, staff recommends that an ROE still be established for this utility. The Utility's capital structure is comprised entirely of long-term debt.

The Utility's capital structure has been reconciled with staff's recommended rate base. The appropriate ROE is 10.55 percent with a range of 9.55 percent to 11.55 percent.<sup>11</sup> The ROE is shown on Schedule No. 2. The traditional rate of return does not apply in this case due to rate base being less than 125 percent of O&M expenses. As such, the Operating Ratio Methodology is being used in this case.

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<sup>11</sup>Order No. PSC-2021-0244-PAA-WS, issued July 6, 2021, in Docket No. 20210006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

**Issue 6:** Should the Commission approve an Allowance for Funds Used During Construction (AFUDC) rate for Sunny Shores?

**Recommendation:** Yes. The appropriate AFUDC rate for Sunny Shores is 7.83 percent. The appropriate monthly compounding rate to achieve an annual rate of 7.83 percent is 0.630192 percent. (Richards)

**Staff Analysis:** On November 13, 2020, Sunny Shores submitted a request that the Commission establish an AFUDC rate in this proceeding. In its request, the Utility stated “FUS1 plans to file a petition for approval of Capital Project Improvement plans for a majority of its systems with the Commission.”<sup>12</sup> According to the Utility, FUS1 has engaged the engineering services of the Florida Rural Water Association (FRWA) to prepare an analysis report evaluating each of its systems and to recommend corrective actions along with funding sources. The Utility further stated that it believes “most, if not all, of the proposed capital projects will qualify for AFUDC treatment as authorized by Rule 25-30.116, F.A.C.”<sup>13</sup> Sunny Shores is not currently authorized to accrue AFUDC and does not have a Commission-approved AFUDC cost rate. Staff believes it is appropriate to establish an AFUDC rate for the Utility. The Commission recently established an AFUDC rate for two sister utilities.<sup>14</sup>

As discussed in Issue 5, the Utility’s capital structure is comprised of long-term debt. Therefore, staff used the year-end long-term debt to calculate the annual AFUDC rate and monthly compounding rate for Sunny Shores. Based on its review, staff believes an AFUDC rate of 7.83 percent is appropriate and recommends Commission approval. Staff also recommends a monthly compounding rate of 0.630192 percent to achieve an annual AFUDC rate of 7.83 percent.

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<sup>12</sup>Document No. 11979-2020, filed on November 13, 2020.

<sup>13</sup>Ibid.

<sup>14</sup>Order No. PSC-2021-0107-PAA-WU, issued March 19, 2021, in Docket No. 20200168-WU, *In re: Application for staff assisted rate case in Polk County, and request for interim rate increase, by McLeod Gardens Utilities, LLC*; Order No. PSC-2021-0106-PAA-WS, issued March 17, 2021, in Docket No. 20200169-WS, *In re: Application for staff-assisted rate case in Lake County, and request for interim rate increase, by Lake Yale Utilities, LLC*.

**Issue 7:** What are the appropriate test year revenues for Sunny Shores' water system?

**Recommendation:** The appropriate test year revenues for Sunny Shores' water system are \$93,505. (Bruce)

**Staff Analysis:** Sunny Shores recorded test year revenues of \$93,205. The water revenues included \$89,371 of service revenues and \$3,834 of miscellaneous revenues. Subsequent to the test year, the Utility was granted a price index rate increase. In order to determine the appropriate test year service revenues, staff annualized service revenues by applying the number of billing determinants to the rates in effect as of August 18, 2020. As a result, staff determined that service revenues should be \$92,305, which is an increase of \$2,934.

Staff also made an adjustment to miscellaneous revenues. As discussed in further detail in Issue 13, the Utility currently charges its customers a quarterly backflow maintenance charge for an annual inspection of backflow prevention devices. However, on a prospective basis, the Utility is requiring customers to have their backflow prevention device inspected independently. Therefore, staff is decreasing miscellaneous revenues by \$2,634 to remove revenues associated with the backflow maintenance charge. This adjustment results in miscellaneous revenues of \$1,200 (\$3,834 - \$2,634) for the test year. Based on the above, the appropriate test year revenues for Sunny Shores' water system are \$93,505 (\$92,305 + \$1,200).

**Issue 8:** What is the appropriate test year operating expense for Sunny Shores?

**Recommendation:** The appropriate amount of operating expense for Sunny Shores is \$102,210. (Richards, D. Brown, Casper)

**Staff Analysis:** The Utility recorded operating expense of \$103,031. The test year O&M expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the Utility's operating expenses as described below.

### **Operation and Maintenance Expenses**

Previously, the Commission approved common O&M expenses be shared by all utilities operating under the parent company, FUS1.<sup>15</sup> As mentioned earlier, O&M common costs are allocated among all of the utilities in the FUS1 system based on each utility's number of customers relative to the total number of utility customers. Based on the number of customers for Sunny Shores, the allocation of FUS1 common costs for this utility is 8 percent.

#### **Salaries and Wages – Employees (601)**

The Utility recorded salaries and wages expense for employees of \$19,937. Staff increased this amount by \$5,924 to reflect the Utility's allocated portion of a \$74,046 increase approved in Docket No. 20200152-WS.<sup>16</sup> This amount included salary increases for eight positions and the addition of one new Compliance Technician position. Therefore, staff recommends salary and wages expense for employees of \$25,861 (\$19,937 + \$5,924).

#### **Salaries and Wages – Officers and Directors (603)**

The Utility recorded salaries and wages expense for officers and directors of \$6,252. Staff made no adjustment to this account and therefore recommends salaries and wages expense for officers and directors of \$6,252.

#### **Employee Pensions and Benefits (604)**

The Utility recorded employee pensions and benefits of \$485. Staff made no adjustment to this account and therefore recommends employee pensions and benefits of \$485.

#### **Purchased Water (610)**

The Utility recorded purchased water expense of \$34,041. The Utility purchases water from Manatee County. As a result of the staff audit, an adjustment to remove a late fee was made decreasing purchased water by \$58. Therefore, staff recommends purchased water expense of \$33,983 (\$34,041 - \$58).

#### **Materials and Supplies (620)**

The Utility recorded materials and supplies expense of \$978. This expense included allocated costs to the Utility, PVC repair tools, and miscellaneous tools. Staff made no adjustment to this account and therefore recommends materials and supplies expense of \$978.

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<sup>15</sup>Order No. PSC-2019-0503-PAA-SU, issued November 25, 2019, in Docket No. 20180202-SU, *In re: Application for staff-assisted rate case in Polk County by West Lakeland Wastewater, LLC.*

<sup>16</sup>Order No. PSC-2020-0396-PAA-WS, issued October 22, 2020, in Docket No. 20200152-WS, *In re: Application for a limited alternative rate increase proceeding in Polk and Marion Counties, by Alturas Water, LLC. Sunrise Water, LLC. Pinecrest Utilities, LLC. and East Marion Utilities, LLC.*

**Contractual Services – Professional (631)**

The Utility recorded contractual services – professional expense of \$868. This amount reflects legal and accounting expenses incurred by the Utility. As a result of the staff audit, an adjustment was made decreasing this amount by \$618 for expenses incurred outside of the test year. Therefore, staff recommends a contractual services – professional expense of \$250 (\$868 - \$618).

**Contractual Services – Testing (635)**

The Utility recorded contractual services – testing expense of \$6,564. Staff made no adjustment to this account and therefore recommends a contractual services – testing expense of \$6,564.

**Contractual Services – Other (636)**

The Utility recorded contractual services – other expense of \$1,385. Staff increased this amount by \$106 to reflect the allocated portion of replacing an air conditioning system at FUS1’s New Port Richey office. The total cost of the system was \$6,650. The Commission approved the expense of the air conditioning system in Docket No. 20200152-WS, and determined that the cost should be amortized over five years.<sup>17</sup> As such, staff increased contractual services – other expense for all FUS1 systems by \$1,330 ( $\$6,650 \div 5$  years) in that docket. The allocated portion attributable to Sunny Shores is \$106. Therefore, staff recommends contractual services – other expense of \$1,491 ( $\$1,385 + \$106$ ).

**Rents (640)**

The Utility recorded rent expense of \$3,482, which included \$533 as the allocated portion of the HVAC system discussed above. The \$533 represents the full, unamortized amount allocated at 8 percent to the Utility ( $\$6,650 \times 0.08$ ). Staff removed \$533 from rent expense and applied the amortized portion to account 636. Additionally, the Utility included an insurance premium of \$128 in account 640. Staff removed the premium from account 640 and reassigned it to account 655. Therefore, staff recommends rent expense of \$2,821 ( $\$3,482 - \$533 - \$128$ ).

**Transportation Expense (650)**

The Utility recorded transportation expense of \$3,304. Staff made no adjustment to this account, and therefore recommends a transportation expense of \$3,304.

**Insurance Expense (655)**

The Utility recorded insurance expense of \$2,482. Staff increased this amount by \$570 to reflect the allocated portion of an increase of \$7,130 approved by the Commission in Docket No. 20200152-WS.<sup>18</sup> This increase, covers auto insurance based on the premium for the policy period November 2019 through November 2020, as reflected in support documentation in that docket. The amount also includes a \$200 increase for workman’s compensation insurance for the period November 2019 to November 2020. Additionally, staff increased insurance expense by \$128 to reflect the amount reassigned from account 640. Therefore, staff recommends insurance expense of \$3,180 ( $\$2,482 + \$570 + \$128$ ).

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<sup>17</sup>Order No. PSC-2020-0396-PAA-WS, issued October 22, 2020, in Docket No. 20200152-WS, *In re: Application for a limited alternative rate increase proceeding in Polk and Marion Counties, by Alturas Water, LLC. Sunrise Water, LLC. Pinecrest Utilities, LLC. and East Marion Utilities, LLC.*

<sup>18</sup>Ibid.

### **Regulatory Commission Expense (665)**

The Utility did not record any regulatory commission expense. In response to Staff's Second Data Request, the Utility provided details of fees associated with its transfer docket.<sup>19</sup> Staff increased this account by \$594 to reflect the four-year amortization of regulatory commission expense related to legal, consulting, and filing fees associated with the transfer docket.<sup>20</sup> Staff believes that the amount should be included in the instant docket because it has not been recovered in rates to date.

Regarding the instant case, the Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$739. Additionally, the Utility paid a \$1,000 filing fee.<sup>21</sup> Staff did not include any travel expense, as the customer meeting was held remotely, and the Utility owner is planning to participate in the Commission Conference telephonically.<sup>22</sup> Staff recommends noticing costs and filing fee of \$1,739 (\$739 + \$1,000), which amortized over four years is \$435 ( $\$1,739 \div 4$  years) per year. Therefore, staff recommends a regulatory commission expense of \$1,029 ( $\$594 + \$435$ ).

### **Bad Debt Expense (670)**

The Utility recorded \$7 in bad debt expense in the test year. However, in the 2020 Annual Report, the Utility recorded bad debt expense of \$5,339. The current owner acquired the Utility in 2019, and the \$7 bad debt expense is due to the fact that the previous owner did not maintain records of bad debt, nor did the previous owner write off any of the old accounts. The amount recorded in the 2020 Annual Report is reflective, in part, of the Utility's current ownership writing off old accounts from years prior. Additionally, staff acknowledges that some portion of this increase is due to the financial difficulties experienced as a result of the COVID-19 pandemic. The general practice for determining an appropriate allowance for bad debt expense is to rely upon a three-year average of actual experience. However, in the instant case, three years of records are not available for the current owner, and the information that is available has been influenced by extraordinary circumstances that are not expected to continue indefinitely. Despite these challenges, it is incumbent that the amount of bad debt expense included in the revenue requirement is representative of the bad debt expense to be incurred by the Utility when rates go into effect.

Staff notes that while it is Commission practice to calculate bad debt expense using a three-year average, three years of records are not yet available. Staff believes in this instance, it is more appropriate to use 1.5 percent of the Utility's revenues. Doing so recognizes a portion of the pandemic-related increase to bad debt expense while reflecting an amount that is more likely to be representative of the Utility's expected bad debt expense going forward. As such, staff recommends bad debt expense of \$1,403.

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<sup>19</sup>Document No. 02561-2021, filed on March 3, 2021.

<sup>20</sup>Order No. PSC-2020-0265-PAA-WS, issued July 27, 2020, in Docket No. 20190182-WS, *In re: Application to transfer facilities and Certificate No. 578-W from Sunny Shores Water Co. to Sunny Shores Utilities, LLC, in Manatee County.*

<sup>21</sup>Document No. 11550-2020, filed on October 27, 2020.

<sup>22</sup>Document No. 07819-2021, filed on July 13, 2021.



### **Miscellaneous Expense (675)**

The Utility recorded \$17,485 as miscellaneous expense. As a result of the staff audit, an adjustment was made decreasing this amount by \$392 for removal of expenses outside of the test year. In response to Staff's Second Data Request, the Utility advised there was an erroneous amount of \$12,331 included in miscellaneous expense.<sup>23</sup> As such, staff further decreased this amount by \$12,331. Therefore, staff recommends miscellaneous expense of \$4,762 (\$17,485 - \$392 - \$12,331).

### **Operation and Maintenance Expense Summary**

The Utility recorded O&M expenses of \$97,270 for the test year. Based on the above adjustments, staff recommends the O&M expense balance be decreased by \$4,907, resulting in a total O&M expense of \$92,363 (\$97,270 - \$4,907). Staff's recommended adjustments to O&M expenses are shown on Schedule No. 3-C.

### **Depreciation Expense**

The Utility did not record any depreciation expense. As a result of the staff audit, an adjustment was made to increase depreciation expense by \$1,418. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., staff increased depreciation expense by \$1,410 to reflect the depreciation on the allocated portion of vehicles owned by FUS1 and used by the Utility. Staff further increased depreciation expense by \$538 to reflect pro forma additions. Therefore, staff recommends depreciation expense of \$3,366 (\$1,418 + \$1,410 + \$538).

### **Taxes Other Than Income (TOTI)**

The Utility recorded TOTI of \$5,761. As a result of the staff audit, an adjustment was made increasing TOTI by \$94. Additionally, staff decreased TOTI by \$80 to reflect the appropriate RAFs based on corrected test year revenues. As discussed in Issue 7, revenues have been increased by \$15,711 to reflect the change in revenue required to cover expenses and allow an opportunity to earn the recommended operating margin. As a result, TOTI should be increased by \$707 to reflect RAFs of 4.5 percent of the change in revenues. Therefore, staff recommends TOTI of \$6,482 (\$5,761 + \$94 - \$80 + \$707).

### **Operating Expenses Summary**

The Utility recorded operating expenses of \$103,031. The application of staff's recommended adjustments to the Utility's operating expenses result in a total operating expense of \$102,210. Operating expenses are shown on Schedule No. 3-A, and the related adjustments are shown on Schedule No. 3-B.

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<sup>23</sup>Document No. 02561-2021, filed on March 3, 2021.

Date: July 22, 2021

**Issue 9:** Does Sunny Shores meet the criteria for the application of the Operating Ratio Methodology?

**Recommendation:** Yes. Sunny Shores meets the requirement for application of the Operating Ratio Methodology for calculating revenue requirement. The margin should be 12 percent of O&M expenses less the amount for purchased water expense. (Richards, D. Brown, Casper)

**Staff Analysis:** Rule 25-30.4575(2), F.A.C., provides that, in rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the Operating Ratio Methodology to establish the utility's revenue requirement when a utility's rate base is no greater than 125 percent of O&M expenses and the use of the Operating Ratio Methodology does not change the Utility's qualification for a SARC.

Under the Operating Ratio Methodology, instead of calculating the utility's revenue requirement based on a rate of return on the utility's rate base, the revenue requirement is calculated using a margin of 12 percent of O&M expenses, not to exceed \$15,000. Purchased water and wastewater expenses, if any, must be removed from O&M expense prior to calculating the margin of 12 percent.

With respect to Sunny Shores, staff has recommended a rate base of \$46,813, and O&M expense of \$92,363 (Issues 4 and 8, respectively). Based on the recommended amounts, Sunny Shores' rate base is only 51 percent of its O&M expense. Pursuant to Rule 25-30.4575(2), F.A.C., staff removed the purchased water expense of \$33,983 from the total O&M expense of \$92,363. Therefore, staff used an adjusted O&M expense of \$58,380 (\$92,363 - \$33,983). In addition, the application of the Operating Ratio Methodology does not change the Utility's qualification for a SARC. As such, Sunny Shores meets the criteria for the Operating Ratio Methodology established in Rule 25-30.4575(2), F.A.C. Therefore, staff recommends the application of the Operating Ratio Methodology at a margin of 12 percent of the adjusted O&M expense of \$58,380 for determining revenue requirement.

**Issue 10:** What is the appropriate revenue requirement for Sunny Shores?

**Recommendation:** The appropriate revenue requirement for Sunny Shores is \$109,216, resulting in an annual increase of \$15,711 (16.80 percent). (Richards, D. Brown, Casper)

**Staff Analysis:** Sunny Shores should be allowed an annual increase of \$15,711 (16.80 percent). This should allow the Utility the opportunity to recover its expenses and a 12 percent operating margin on its adjusted O&M expenses. The calculations are shown in Table 10-1.

**Table 10-1**  
**Water Revenue Requirement**

Adjusted O&M Expense	\$58,380
Operating Margin (%)	<u>x 12.00%</u>
Operating Margin (\$)	<u>\$7,006</u>
Water O&M Expense	\$92,363
Depreciation Expense	\$3,366
Taxes Other Than Income	<u>\$6,482</u>
Revenue Requirement	<u>\$109,216</u>
Less Test Year Revenues	<u>\$93,505</u>
Annual Increase	<u>\$15,711</u>
Percent Increase	16.80%

Source: Staff calculations.

**Issue 11:** What is the appropriate rate structure and rates for Sunny Shores' water system?

**Recommendation:** The recommended rate structure and quarterly water rates are shown on Schedule No. 4. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of this notice. (Bruce)

**Staff Analysis:** Sunny Shores is a reseller located in Manatee County and purchases bulk water from the County. The Utility provides water service to 262 residential customers and two general service customers. Seasonality is typically determined based on the percentage of bills at zero gallons shown on the billing analysis, which is 13 percent in this case. However, the Utility bills on a quarterly basis, so an average was used to determine the approximate monthly usage. Averaging the quarterly bill on a monthly basis may allocate usage to a month in the quarter where there could have been no usage. For this reason, staff believes it is appropriate to evaluate the seasonality based on the percentage of bills at the 1,000 gallon level, which is approximately 34 percent. This is an indication that the customer base is seasonal. The average residential water demand is 2,664 gallons per month. The average water demand excluding zero gallon bills is 3,055 gallons per month. The Utility's current rate structure consists of a quarterly base facility charge (BFC), which includes a 10,800 gallon allotment, and a uniform gallonage charge for usage over 10,800 gallons.

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

Due to the customers' low average monthly consumption coupled with a seasonal customer base, staff recommends that 75 percent of the revenue requirement be recovered through the BFC in an effort to maintain revenue stability. In addition, the Utility's current rate structure with the 10,800 gallon allotment is considered a non-conservation oriented rate structure. Therefore, in order to promote the goal of eliminating water rate structures that discourage conservation, the allotment of 10,800 gallons should be eliminated in this case. Further, monthly billing is the preferred method for the purposes of conservation, which allows the customers to monitor their usage in an effort to minimize the impact on their bill. However, the Utility requested that the quarterly billing remain unchanged. Staff believes the Utility's request is appropriate because the cost of implementing monthly billing outweighs any benefits and there are no issues with excessive usage in this case. Although the quarterly billing is non-conservation oriented, removing the allotment is a step in the right direction in terms of conservation. Staff recommends a rate structure with a quarterly BFC for all meter sizes and uniform gallonage charge for all gallons.

Date: July 22, 2021

Based on staff's recommended revenue increase of 17.0 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 1,225,000 gallons resulting in anticipated average residential demand of 2,273 gallons per month. Staff recommends a 14.7 percent reduction in test year residential gallons for rate setting purposes and corresponding reductions of \$4,834 for purchased water and \$228 for RAFs to reflect the anticipated repression. This results in a post-repression revenue requirement of \$102,954.

Staff's recommended rate structure and quarterly water rates are shown on Schedule No. 4. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given within 10 days of the date of this notice.

**Issue 12:** Should the requested initial customer deposits for Sunny Shores be approved?

**Recommendation:** The appropriate initial customer deposits should be \$194 for the single family residential 5/8 inch x 3/4 inch meter size for water. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. (Bruce)

**Staff Analysis:** Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.<sup>24</sup> The Utility currently does not have customer deposits for its residential and general service customers.

Commission practice has been to set initial customer deposits equal to two billing periods based on the average consumption for a 12-month period for each class of customers.<sup>25</sup> The Utility's average monthly residential usage is 2,664 gallons per customer. The Utility's average monthly residential water usage after repression is 2,273 gallons per customer. Sunny Shores bills on a quarterly basis; however, an average residential monthly bill based on staff's recommended rates is approximately \$32.33 for water, which results in \$96.99 quarterly.

Based on the above, the appropriate initial customer deposit for the residential 5/8 inch x 3/4 inch meter size is \$194 for water. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated quarterly bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

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<sup>24</sup>Order No. PSC-2018-0446-FOF-SU, issued September 4, 2018, in Docket No. 20170141-SU, *In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.*

<sup>25</sup>Order Nos. PSC-2017-0428-PAA-WS, issued November 7, 2017, in Docket No. 20160195-WS, *In re: Application for staff-assisted rate case in Lake County by Lakeside Waterworks, Inc.* and PSC-2017-0113-PAA-WS, issued March 28, 2017, in Docket No. 20130105-WS, *In re: Application for certificates to provide water and wastewater service in Hendry and Collier Counties, by Consolidated Services of Hendry & Collier, LLC.*

**Issue 13:** Should the Commission approve the Utility's request to remove the tariff charge for maintenance of the customers' backflow prevention devices?

**Recommendation:** Yes. The Utility's request to remove the tariff charge for maintenance of customers' backflow prevention devices should be approved. The Utility should require customers to provide documentation of the annual inspection by a date specified by the Utility. (Bruce)

**Staff Analysis:** The Utility currently has a backflow maintenance charge of \$5.46, which was approved in 2010 when the Utility was under previous ownership.<sup>26</sup> The backflow maintenance charge was billed quarterly and allowed the Utility to pay a contracted state certified plumber the costs of annual inspections of backflow prevention devices. Annual inspections are mandated by the DEP. In its application, the Utility is requesting to remove the backflow maintenance charge from its tariff or reclassify the charge. The backflow prevention devices are the property of customers and the Utility believes the customers should be responsible for having their backflow prevention devices inspected independently. In prior decisions, the Commission has recognized that ensuring backflow prevention devices are functioning properly is the customer's responsibility.<sup>27</sup> Once customers have their backflow prevention device inspected, staff recommends that the Utility require the customers to provide documentation of the inspection by a date certain. A backflow prevention device that is not working properly is hazardous to the entire water system. Failing to comply with the annual inspection of the backflow prevention device to determine it is functioning properly is a deficiency. If a customer fails to provide proof the backflow prevention device has been inspected by the date certain, the Utility can discontinue service pursuant to Rule 25-30.320(2)(b), F.A.C., for failure to correct deficiencies.

Based on the above, staff recommends that the Utility's request to remove the tariff charge for maintenance of customers' backflow prevention devices be approved. The Utility should require customers to provide documentation of the annual inspection by a date specified by the Utility.

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<sup>26</sup>Order No. PSC-2010-0553-TRF-WU, issued September 3, 2010, in Docket No. 20100038-WU, *In re: Application to implement a backflow maintenance program by Sunny Shores Water Co.*

<sup>27</sup>See Order No. PSC-2020-0118-PAA-WS, issued April 20, 2020, in Docket No. 20190071-WS, *In re: Application for staff-assisted rate case in Polk County by Deer Creek RV Golf & Country Club, Inc.*; Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*

**Issue 14:** Should the Commission approve the Utility's request to implement a meter tampering charge and, if so, what is the appropriate charge?

**Recommendation:** Yes. The Utility's request to implement a \$178 meter tampering charge should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bruce)

**Staff Analysis:** In its application, the Utility requested a meter tampering charge. In response to staff's first data request, the Utility requested approximately \$154 for a meter tampering charge. However, in staff's second data request, the Utility revised its request to include the cost of a meter lock, which increased the Utility's request to \$178.79 for meter tampering charge. Nonetheless, the Utility rounded its request down to \$178. The Utility's request to establish a meter tampering charge was accompanied by a cost justification as required by Section 367.091, F.S. The Utility indicated that there has been no evidence of meter tampering.

Rule 25-30.320(2)(i), F.A.C., provides that a customer's service may be discontinued without notice in the event of tampering with the meter or other facilities furnished or owned by the Utility. In addition, Rule 25-30.320(2)(j), F.A.C., provides that a customer's service may be discontinued in the event of unauthorized or fraudulent use of service. The rule allows the Utility to require the customer to reimburse the utility for all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service.

Pursuant to Rule 25-30.345, F.A.C., a Utility may charge a reasonable fee to defray the cost of restoring service that was discontinued for proper cause as specified in Rule 25-30.320, F.A.C. As shown in the Utility's cost justification, if there is evidence of meter tampering, the Utility's estimate to perform the labor consists of 4.00 hours, which includes 3.5 hours of driving time, 15 minutes to perform the meter repair, and 15 minutes to charge the customer's account. The cost justification also reflects transportation cost at \$.56 per mile, which is consistent with the IRS standard mileage rate. In this case, the Utility's office is not in proximity of the Sunny Shores' service area; therefore, the majority of the labor consists of driving time to and from the service area. Staff believes the Utility's request of \$178 appears to be cost based. The Utility's cost justification is summarized on the following page in Table 14-1.



**Table 14-1  
 Cost Basis for Meter Tampering Charge**

<b>Item</b>	<b>Description</b>	<b>Quantity</b>	<b>Rate</b>	<b>Cost</b>
Equipment	Meter Lock	1	\$14.76	\$14.76
Mileage	Round trip from Utility to service area	140 miles	\$0.56	\$78.40
Technical Labor	Driving time (round trip) and meter repair	3.75 hours	\$21.50	\$80.63
Administrative Labor	Phone call to customer and charge customer account	0.25 hours	\$20.00	<u>\$5.00</u>
<b>Total Charge</b>				<u>\$178.79</u>

Source: Response to staff inquiry.

Based on the above, the Utility’s request to implement a \$178 meter tampering charge should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charge. The approved charge should be effective for services rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice. The Utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

Date: July 22, 2021

**Issue 15:** What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.081(8), F.S.?

**Recommendation:** The rates should be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates should become effective immediately following the expiration of the rate case expense recovery period, pursuant to Section 367.081(8), F.S. Sunny Shores should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the Utility files this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. (Bruce, D. Brown) (Procedural Agency Action)

**Staff Analysis:** Section 367.081(8), F.S., requires that the rates be reduced immediately following the expiration of the recovery period by the amount of the rate case expense previously included in rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs, which results in a reduction of \$487.

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

**Issue 16:** Should the recommended rates be approved for Sunny Shores on a temporary basis, subject to refund the interest, in the event of a protest filed by a party other than the Utility?

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

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

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

Sunny Shores should be authorized to initiate the temporary rates upon staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security should be in the form of either a bond or letter of credit in the amount of \$10,871. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

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

1. The Commission approves the rate increase; or,
2. If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

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

1. The letter of credit is irrevocable for the period it is in effect.

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

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

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

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

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

**Issue 17:** Should Sunny Shores be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) associated with the Commission approved adjustments?

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

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

**Issue 18:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the Proposed Agency Action 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. (Weisenfeld)

**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 Proposed Agency Action 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.

<b>SUNNY SHORES UTILITIES, LLC</b>		<b>SCHEDULE NO. 1-A</b>		
<b>TEST YEAR ENDED 06/30/2020</b>		<b>DOCKET NO. 20200230-WU</b>		
<b>SCHEDULE OF WATER RATE BASE</b>				
<b>DESCRIPTION</b>	<b>BALANCE PER UTILITY</b>	<b>STAFF ADJUST.</b>	<b>BALANCE PER STAFF</b>	
1. UTILITY PLANT IN SERVICE	\$26,774	\$12,511	\$39,285	
2. LAND & LAND RIGHTS	0	0	0	
3. ACCUMULATED DEPRECIATION	(8,220)	4,257	(3,963)	
4. CIAC	0	0	0	
5. ACCUMULATED AMORTIZATION OF CIAC	0	0	0	
6. ACQUISITION ADJUSTMENT (NET)	0	0	0	
7. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>11,491</u>	<u>11,491</u>	
8. WATER RATE BASE	<u>\$18,554</u>	<u>\$28,259</u>	<u>\$46,813</u>	

<b>SUNNY SHORES UTILITIES, LLC</b>		<b>SCHEDULE NO. 1-B</b>
<b>TEST YEAR ENDED 06/30/2020</b>		<b>DOCKET NO. 20200230-WU</b>
<b>ADJUSTMENTS TO RATE BASE</b>		
		<b><u>WATER</u></b>
	<b><u>UTILITY PLANT IN SERVICE</u></b>	
1.	To reflect allocated percentage of vehicles.	\$7,032
2.	To reflect allocated percentage of Haui trailer.	1,806
3.	To reflect an averaging adjustment.	(903)
4.	To reflect pro forma meter replacement equipment and labor.	5,571
5.	To reflect pro forma meter replacement transportation.	2,766
6.	To reflect 75% retirement on pro forma meter replacement.	(6,253)
7.	To reflect allocated portion of pro forma purchase of vehicle.	<u>2,491</u>
	Total	<u>\$12,511</u>
	<b><u>ACCUMULATED DEPRECIATION</u></b>	
1.	To reflect an auditing adjustment.	\$173
2.	To reflect allocated percentage of vehicles.	(3,045)
3.	To reflect an averaging adjustment.	1,414
4.	To reflect pro forma adjustment.	<u>5,715</u>
	Total	<u>\$4,257</u>
	<b><u>WORKING CAPITAL ALLOWANCE</u></b>	
	To reflect 1/8 of test year O&M expense.	<u>\$11,491</u>



<b>SUNNY SHORES UTILITIES, LLC</b>					<b>SCHEDULE NO. 2</b>	
<b>TEST YEAR ENDED 06/30/2020</b>					<b>DOCKET NO. 20200230-WU</b>	
<b>SCHEDULE OF CAPITAL STRUCTURE</b>						
<b>CAPITAL COMPONENT</b>	<b>PER UTILITY</b>	<b>PRO RATA ADJUST-MENTS</b>	<b>BALANCE PER STAFF</b>	<b>PERCENT OF TOTAL</b>	<b>COST</b>	<b>WEIGHTED COST</b>
1. LONG-TERM DEBT	\$42,034	\$4,779	\$46,813	100.00%	7.90%	7.90%
2. SHORT-TERM DEBT	0	0	0	0.00%	0.00%	0.00%
3. COMMON EQUITY	0	0	0	0.00%	10.55%	0.00%
4. CUSTOMER DEPOSITS	0	0	0	0.00%	2.00%	0.00%
5. DEFERRED INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
TOTAL CAPITAL	<u>\$42,034</u>	<u>\$4,779</u>	<u>\$46,813</u>	<u>100.00%</u>		<u>7.90%</u>
<b><u>RANGE OF REASONABLENESS</u></b>					<b><u>LOW</u></b>	<b><u>HIGH</u></b>
RETURN ON EQUITY					9.55%	11.55%
OVERALL RATE OF RETURN					7.90%	7.90%

SUNNY SHORES UTILITIES, LLC TEST YEAR ENDED 06/30/2021 SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-A DOCKET NO. 20200230-WU		
	TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	ADJUST FOR INCREASE	REVENUE REQUIREMENT
1. <b>TOTAL OPERATING REVENUES</b>	<u>\$93,205</u>	<u>\$300</u>	<u>\$93,505</u>	<u>\$15,711</u> 16.80%	<u>\$109,216</u>
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$97,270	(\$4,907)	\$92,363	\$0	\$92,363
3. DEPRECIATION (NET)	0	3,366	3,366	0	3,366
4. AMORTIZATION (NET)	0	0	0	0	0
5. TAXES OTHER THAN INCOME	5,761	14	5,775	707	6,482
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$103,031</u>	<u>(\$1,528)</u>	<u>\$101,503</u>	<u>\$707</u>	<u>\$102,210</u>
7. <b>OPERATING INCOME / (LOSS)</b>	(\$9,826)		(\$7,998)		\$7,006
8. <b>WATER RATE BASE</b>	\$18,554		\$28,259		\$46,813
9. <b>OPERATING MARGIN</b>					12.00%

<b>SUNNY SHORES UTILITIES, LLC</b>	<b>SCHEDULE NO. 3-B</b>
<b>TEST YEAR ENDED 06/30/2020</b>	<b>DOCKET NO. 20200230-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>	<b>PAGE 1 OF 2</b>
	<b>WATER</b>
<b>OPERATING REVENUES</b>	
1. To reflect the appropriate test year Service Revenues.	\$2,934
2. To reflect the appropriate test year Miscellaneous Revenues.	<u>(2,634)</u>
Total	<u>\$300</u>
<b>OPERATION AND MAINTENANCE EXPENSE</b>	
1. Salaries and Wages – Employees (601) To reflect allocated pro forma increase.	<u>\$5,924</u>
2. Purchased Water (610) To reflect an adjustment to remove a late fee.	<u>(\$58)</u>
3. Contractual Services – Professional (631) To reflect an adjustment to remove out of test year expenses.	<u>(\$618)</u>
4. Contractual Services – Other (636) To reflect allocated pro forma increase for HVAC system.	<u>\$106</u>
5. Rental Expense (640)	
a. To reflect reassignment of insurance to account 655.	(\$128)
b. To reflect reassignment of HVAC to account 636.	<u>(533)</u>
Subtotal	<u>(\$661)</u>
6. Insurance Expense (655)	
a. To reflect reassignment of insurance from account 640.	\$128
b. To reflect allocated pro forma increase.	<u>570</u>
Subtotal	<u>\$698</u>
7. Rate Case Expense (665)	
a. To reflect annual amortization of costs incurred in Transfer Docket.	\$594
b. To reflect 1/4 rate case expense.	<u>435</u>
Subtotal	<u>\$1,029</u>
8. Bad Debt Expense (670) To reflect 1.5 percent of test year revenues.	<u>\$1,396</u>
9. Miscellaneous Expense (675)	
a. To reflect an auditing adjustment.	(\$392)
b. To reflect removal of error amount.	<u>(12,331)</u>
Subtotal	<u>(\$12,723)</u>
<b>TOTAL O&amp;M ADJUSTMENTS</b>	<u>(\$4,907)</u>

<b>SUNNY SHORES UTILITIES, LLC</b>		<b>SCHEDULE NO. 3-B</b>
<b>TEST YEAR ENDED 06/30/2020</b>		<b>DOCKET NO. 20200230-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>		<b>PAGE 2 OF 2</b>
		<b>WATER</b>
<b>DEPRECIATION EXPENSE</b>		
1.	To reflect an auditing adjustment.	\$1,418
2.	To reflect allocated percentage of vehicles.	1,410
3.	To reflect pro forma additions.	<u>538</u>
	Total	<u>\$3,366</u>
<b>TAXES OTHER THAN INCOME</b>		
1.	To reflect an auditing adjustment.	\$94
2.	To reflect appropriate test year RAFs.	<u>(80)</u>
	Total	<u>\$14</u>
<b>TOTAL OPERATING EXPENSE</b>		<u>(\$1,528)</u>

<b>SUNNY SHORES UTILITIES, LLC</b>		<b>SCHEDULE NO. 3-C</b>		
<b>TEST YEAR ENDED 06/30/2020</b>		<b>DOCKET NO. 20200230-WU</b>		
<b>ANALYSIS OF WATER O&amp;M EXPENSE</b>				
<b>ACCT. #</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>STAFF ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
601	Salaries and Wages – Employees	\$19,937	\$5,924	\$25,861
603	Salaries and Wages – Officers	6,252	0	6,252
604	Employee Pensions and Benefits	485	0	485
610	Purchased Water	34,041	(58)	33,983
620	Materials and Supplies	978	0	978
631	Contractual Services – Professional	868	(618)	250
635	Contractual Services – Testing	6,564	0	6,564
636	Contractual Services – Other	1,385	106	1,491
640	Rents	3,482	(661)	2,821
650	Transportation Expense	3,304	0	3,304
655	Insurance Expense	2,482	698	3,180
665	Rate Case Expense	0	1,029	1,029
670	Bad Debt Expense	7	1,396	1,403
675	Miscellaneous Expenses	<u>17,485</u>	<u>(12,723)</u>	<u>4,762</u>
	Total O&M Expense	<u>\$97,270</u>	<u>(\$4,907)</u>	<u>\$92,363</u>
	Working Capital is 1/8 of O&M Less RCE			\$11,491

<b>SUNNY SHORES UTILITIES, LLC</b>		<b>SCHEDULE NO. 4</b>	
<b>TEST YEAR ENDED 6/30/2021</b>		<b>DOCKET NO. 20200230-WU</b>	
<b>QUARTERLY WATER RATES</b>			
	<b>UTILITY CURRENT RATES</b>	<b>STAFF REC. RATES</b>	<b>4 YEAR RATE REDUCTION</b>
<b><u>Residential and General Service</u></b>			
Base Facility Charge by Meter Size			
Includes 10,800 gallons	\$74.97	N/A	N/A
Charge per 1,000 gallons over 10,800	\$5.14	N/A	N/A
5/8" x 3/4"		\$73.26	\$0.31
3/4"		\$109.89	\$0.46
1"		\$183.15	\$0.77
1-1/2"		\$366.30	\$1.54
2"		\$586.08	\$2.46
3"		\$1,172.16	\$4.92
4"		\$1,831.50	\$7.69
6"		\$3,663.00	\$15.38
Charge per 1,000 gallons		\$3.48	\$0.01
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$74.97	\$83.70	
6,000 Gallons	\$74.97	\$94.14	
10,000 Gallons	\$74.97	\$108.06	

# 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-**

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**DATE:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Mathis, Buys, Cicchetti) *ALM*  
Office of the General Counsel (Osborn) *JSB*

**RE:** Docket No. 20210116-WS – Petition for establishment of an approved AFUDC rate, by Utilities, Inc. of Florida.

**AGENDA:** 08/03/21 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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## Case Background

Utilities, Inc. of Florida's (UIF or Company) current allowance for funds used during construction (AFUDC) rate of 9.03 percent was approved by Order No. PSC-2004-0262-PAA-WS, issued March 8, 2004.<sup>1</sup> Pursuant to Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, the Commission ordered UIF to file a request to revise its AFUDC rate pursuant to Rule 25-30.116, Florida Administrative Code (F.A.C.), within 30 days after the issuance of the Final Order in Docket No. 20200139-WS.<sup>2</sup> On June 22, 2021, UIF filed its petition for approval to

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<sup>1</sup>Order No. PSC-2004-0262-PAA-GU, issued March 8, 2004, in Docket No. 20031006-WS, *In re: Petition by Utilities, Inc. for approval of allowance for funds used during construction (AFUDC) for its Florida Subsidiaries including Water Service Corp.*

<sup>2</sup>Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*



20210116-WS M 7/22/21

Docket No. ~~20210046-EI~~

Date: July 22, 2021

change its AFUDC rate from 9.03 percent to 6.43 percent, effective January 1, 2021. As required by Rule 25-30.116(5), F.A.C., UIF 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..

## Discussion of Issues

**Issue 1:** Should the Commission approve UIF's request to decrease its AFUDC Rate from 9.03 percent to 6.43 percent?

**Recommendation:** Yes. The appropriate AFUDC rate for UIF is 6.43 percent based on a 12-month average capital structure for the period ended December 31, 2020. (Mathis)

**Staff Analysis:** UIF requested a decrease in its AFUDC rate from 9.03 percent to 6.43 percent. Rule 25-30.116(3), F.A.C., Allowance for Funds Used During Construction, provides the following guidance:

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

(a) The most recent 12-month average embedded cost of capital, except as noted below, 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 12-month average cost of short-term debt and customer deposits, and a zero cost rate for deferred taxes and all investment tax credits. The cost of long-term debt and preferred stock will be based on end of period cost. The annual percentage rate must be calculated to two decimal places.

In support of its requested AFUDC rate of 6.43 percent, UIF 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 25-30.116(3), F.A.C.

As reported on Schedule B, UIF properly included in its calculations the allowed mid-point return on equity of 9.75 percent that was approved by Order No. PSC-2021-0206-FOF-WS.<sup>3</sup> UIF's current cost of capital supports the requested AFUDC rate of 6.43 percent.

Based on its review, staff believes that the requested decrease in the AFUDC rate from 9.03 percent to 6.43 percent is appropriate, consistent with Rule 25-30.116, F.A.C., and recommends it be approved.

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Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida*<sup>3</sup>

**Issue 2:** What is the appropriate monthly compounding rate to achieve the requested 6.43 percent annual AFUDC rate?

**Recommendation:** The appropriate compounding rate to achieve an annual AFUDC rate of 6.43 percent is 0.520662 percent. (Mathis)

**Staff Analysis:** UIF requested a monthly compounding rate of 0.535000 percent to achieve an annual AFUDC rate of 6.43 percent. In support of the requested monthly compounding rate of 0.535000 percent, the Company provided its calculations in Schedule C attached to its request. Rule 25-30.116(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 calculation and determined that it does not comply with the requirements of Rule 25-30.116(4), F.A.C. Staff calculated the monthly compounding AFUDC rate in accordance with Rule 25-30.116(4), F.A.C., and derived a result of 0.520662 percent. Therefore, staff determined that the appropriate monthly compounding AFUDC rate is 0.520662 percent and recommends it be approved.

**Issue 3:** Should the Commission approve UIF'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:** UIF's proposed AFUDC rate was calculated using a 12-month average capital structure for the period ended December 31, 2020. Rule 25-30.116(6), F.A.C., provides that:

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

The Company's requested effective date of January 1, 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. (Osborn)

**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 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-**

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**DATE:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Watts, Ramos) *TB*  
Division of Economics (Kunkler) *JGH*  
Office of the General Counsel (Trierweiler) *JSC*

**RE:** Docket No. 20200210-SU – Notice of abandonment of wastewater system in Polk County, by Crooked Lake Park Sewerage Company, effective March 25, 2021.

**AGENDA:** 08/03/21 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Graham

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

Crooked Lake Park Sewerage Company (Crooked Lake or Utility) is a Class C wastewater utility providing service in Polk County. The Utility was issued grandfather Certificate No. 517-S on September 21, 1998,<sup>1</sup> and currently serves approximately 324 wastewater customers. Crooked Lake's 2019 Annual Report indicates that the Utility had gross operating revenues of \$227,281 and a net operating loss of \$149,659.

On July 2, 2020, Crooked Lake filed an application for an amendment to delete territory.<sup>2</sup> In its application for amendment, the Utility stated that the reason it wished to delete territory was to

<sup>1</sup>Order No. PSC-98-1247-FOF-SU, issued September 21, 1998, in Docket No. 961478-SU, *In re: Application for grandfather certificate to operate a wastewater utility in Polk County by Crooked Lake Park Sewerage Company.*

<sup>2</sup>Docket No. 20200177-SU, *In re: Application for amendment of Cert 517-S to delete territory in Polk County, by Crooked Lake Park Sewerage Company.*

delete the College Park Mobile Home Park (CPMHP), a bulk customer, from its territory to reduce flow to its wastewater treatment plant (WWTP). Crooked Lake's WWTP had been having compliance issues with the Department of Environmental Protection (DEP), and it believed eliminating the CPMHP as a customer would allow it to correct its compliance issues with the DEP.

On July 10, 2020, the Office of Public Counsel (OPC) filed a notice of intervention in the docket. On July 14, 2020, OPC issued its first set of interrogatories and first request for production of documents to Crooked Lake.

On September 3, 2020, staff notified the Utility that its application was deficient, with corrections to be submitted to the Commission no later than October 5, 2020. On September 4, 2020, Crooked Lake's attorney notified the Commission that Crooked Lake wished to withdraw its application for amendment and advised that the Utility intended to file for an abandonment of the Utility.

On September 4, 2020, Crooked Lake filed its notice of abandonment with the Commission and with the Polk County manager, with an effective date of November 8, 2020. On October 27, 2020, the Utility filed a notice of its intent to delay the abandonment proceedings for 90 days pending its attempts to sell the Utility. At a January 21, 2021 status hearing before the Circuit Court for the Tenth Judicial Circuit, the Utility advised that the sale would not proceed, and asked that the court restart the abandonment proceedings. By order dated March 25, 2021, the court appointed Polk County as receiver for the abandoned Utility.

The purpose of this recommendation is to acknowledge the abandonment of the utility system by Crooked Lake and the appointment of Polk County (County) as the receiver, and to cancel Certificate No. 517-S. The Commission has jurisdiction pursuant to Sections 367.022 and 367.165, Florida Statutes (F.S.).



## Discussion of Issues

**Issue 1:** Should the Commission acknowledge the abandonment of the utility system by Crooked Lake Park Sewerage Company and the appointment of Polk County as receiver, and cancel Certificate No. 517-S?

**Recommendation:** Yes. The Commission should acknowledge the abandonment of Crooked Lake pursuant to Section 367.165, F.S., and appointment of Polk County as the receiver for the Utility. Certificate No. 517-S should be cancelled effective March 25, 2021. (M. Watts, Kunkler)

**Staff Analysis:** When a utility is abandoned, Section 367.165(2), F.S., requires the county to petition the circuit court for the appointment of a receiver. Such receiver can be the county or any other person or entity approved by the court, such as a homeowners association. The responsibility of the receiver is to operate the utility efficiently and effectively from the date of abandonment until disposition of the property. As discussed in the case background, Crooked Lake attempted to sell the Utility rather than abandon it. However, its efforts were unsuccessful, so it proceeded with the abandonment proceedings. By Order dated March 25, 2021, the Circuit Court acknowledged Polk County's petition to appoint a receiver, and appointed the County as receiver of the Utility in Case No. 2020CA-003194-0000-00.<sup>3</sup> Pursuant to Rule 25-30.090(3), Florida Administrative Code (F.A.C.), within 10 days of the appointment of the receiver by the Circuit Court, the receiver shall request from the Commission a copy of the Utility's tariff and most recent annual report. A copy of the Utility's tariff and most recent annual report has been sent to the County.

Rule 25-30.110(3), F.A.C., requires that a water or wastewater utility which is subject to this Commission's jurisdiction as of December 31 of that year file an annual report. Crooked Lake is current on its annual reports through 2019; however, the Utility has not filed its annual report for 2020. Staff calculates the assessed penalty to be \$282 as of July 2, 2021. The penalty will continue to accrue at \$3 per day until the annual report is filed.

Crooked Lake has paid its Regulatory Assessment Fees (RAFs) through 2018. However, the Utility has not paid its RAFs owed for 2019, 2020, and 2021 (through March 25, 2021, the date when a receiver was appointed). It should be noted that the proposed cancellation of the Utility's certificate, if approved, would not relieve the Utility's obligation regarding outstanding RAFs. Based on the Utility's 2019 operating revenues in the amount of \$227,281, as reported in Crooked Lake's 2019 Annual Report, the Utility owes 2019 RAFs in the amount of \$10,227.65, plus a late penalty in the amount \$2,556.91 (5 percent x 5 months x \$10,227.65), and accrued interest in the amount of \$1,636.42 as of July 22, 2021, resulting in a total amount due of \$14,420.98.

Since the Utility's 2020 Annual Report has not been filed with the Commission to date, staff has calculated an estimated 2020 RAF amount based on the Utility's most recent annual report. Staff estimates that Crooked Lake owes \$10,227.65 in RAFs for 2020, based on the revenues of \$227,281 reported in the Utility's 2019 Annual Report. Further, Crooked Lake is also

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<sup>3</sup>Order Appointing Receiver, Case No. 2020CA-003194-0000-00, In re: Polk County, Florida a political subdivision of the State of Florida vs. Crooked Lake Park Sewerage Company (Fla 10<sup>th</sup> Cir. Ct. March 25, 2021).

Date: July 22, 2021

responsible for the RAFs for the January 1, 2021 through March 25, 2021 period, which will be due next year, by March 31, 2022. Staff will continue to work with the Utility to obtain the outstanding annual report and RAFs, and will bring the matter to the Commission in a separate docket in the future if necessary.

Based on all the above, staff recommends that the Commission acknowledges the abandonment of Crooked Lake pursuant to Section 367.165, F.S., and appointment of Polk County as the receiver for the Utility. Certificate No. 517-S should be cancelled effective March 25, 2021.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary. (Trierweiler)

**Staff Analysis:** If the Commission approves staff's recommendation in Issue 1, this docket should be closed because no further action is necessary.

# 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-**

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**DATE:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Maloy, Ramos) *TB*  
Office of the General Counsel (Osborn, Crawford) *JSC*

**RE:** Docket No. 20210038-WS – Joint notice of abandonment of water and wastewater systems in Charlotte and DeSoto Counties by Sun River Utilities, Inc. and North Charlotte Waterworks, Inc., effective February 21, 2021.

**AGENDA:** 08/03/21 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Passidomo

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

Sun River Utilities, Inc. (Sun River or Utility) is a Class C water and wastewater utility located in Charlotte and Desoto Counties in the Southern Water Use Caution Area of the Southwest Florida Water Management District. The Utility serves approximately 60 residential water and wastewater customers. The Utility's 2020 Annual Report indicates that the Utility had total operating revenues of \$53,700 and a net operating loss of \$12,966.

The Utility has been operating in Charlotte County since 1982 and was granted its water and wastewater certificates (611-W and 527-S) by the Commission in 1999, as Hunter Creek

Utilities, LLC (Hunter Creek).<sup>1</sup> The Utility was subsequently transferred from Hunter Creek to MSM Utilities, LLC in 2004 and then transferred to Sun River in 2007.<sup>2</sup>

On September 25, 2007, Charlotte County adopted a resolution rescinding the Commission's jurisdiction, which the Commission acknowledged in Order No. PSC-07-0984-FOF-WS. However, in 2008, Sun River filed an application for original certificates to provide service in Charlotte and DeSoto Counties, pursuant to 367.171(7), Florida Statutes (F.S.), since the Utility's services now transverse county boundaries.<sup>3</sup> Subsequently, the Commission granted Certificate Nos. 646-W and 554-S to Sun River in 2009.<sup>4</sup> On December 10, 2015, Sun River filed a 60 day notice of its intent to abandon the Utility due to financial hardships associated with Utility operations. On February 5, 2016, Sun River rescinded its notice of abandonment, because the Utility was sold to North Charlotte Waterworks, Inc. (North Charlotte) on February 5, 2016. Subsequently, North Charlotte filed an application for transfer of the Utility's systems and certificates.<sup>5</sup> However, unlike previous owners, North Charlotte could not obtain adequate ownership or right to continued use of the land upon which the treatment facilities are located, as required by Section 367.1213, F.S. Therefore, on December 23, 2020, North Charlotte and Sun River filed a joint notice of intent to abandon the water and wastewater systems effective April 30, 2021.<sup>6</sup>

Charlotte County filed a Petition for Appointment of Receiver with the Circuit Court of the Twentieth Judicial Circuit in and for Charlotte County (Circuit Court). The Circuit Court issued an Order in Case No. 21-0148CA, on April 30, 2021, in which it declared the Utility abandoned and appointed Michael Smallridge as receiver of the water and wastewater system.

The purpose of this recommendation is to acknowledge the joint notice of abandonment by Sun River Utilities, Inc. and North Charlotte Waterworks, Inc. and acknowledge the appointment of the Utility's receiver. The Commission has jurisdiction pursuant to Section 367.165, F.S.

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<sup>1</sup>Order No. PSC-99-0756-FOF-WS, issued April 19, 1999, in Docket No. 19980731-WS, *In re: Application for certificate to provide water and wastewater service in Charlotte County by Hunter Creek Utilities, LLC.*

<sup>2</sup>Order Nos. PSC-05-0147-PAA-WS, issued February 7, 2005, in Docket No. 20031042-WS, *In re: Application for transfer of Certificate Nos. 611-W and 527-S in Charlotte County from Hunter Creek Utilities, LLC to MSM Utilities, LLC, in Charlotte County* and PSC-07-0163-FOF-WS, issued February 23, 2007, in Docket No. 20060820-WS, *In re: Application for transfer of majority organizational control and Certificate Nos. 611-W and 527-S of MSM Utilities, LLC in Charlotte County to Sun River Utilities, Inc.*

<sup>3</sup>Docket No. 20080272-WS

<sup>4</sup>Order No. PSC-09-0609-FOF-WS, issued September 8, 2009, in Docket No. 20080272-WS, *In re: Application for certificates to provide water and wastewater service in Charlotte and DeSoto Counties by Sun River Utilities, Inc.*

<sup>5</sup>Document No. 01342-2016, filed on March 14, 2016.

<sup>6</sup>Document No. 13752-2020, filed on December 24, 2020.

## Discussion of Issues

**Issue 1:** Should the Commission acknowledge the joint notice of abandonment by North Charlotte Waterworks, Inc., and Sun River Utilities, Inc., and the appointment of Michael Smallridge as receiver?

**Recommendation:** Yes. The Commission should acknowledge the joint notice of abandonment by North Charlotte and Sun River, pursuant to Section 367.165, F.S., and appointment of Michael Smallridge as receiver. (Maloy)

**Staff Analysis:** Section 367.165(1), F.S., requires that a utility's owner or operator provide 60 days' notice to the county or counties in which the utility is located and to the Commission prior to abandonment of the utility. Failure to provide such notice constitutes a misdemeanor of the first degree, according to the Statute. By letter dated December 23, 2020, and filed with the Commission on December 24, 2020, North Charlotte provided Charlotte County and this Commission 60 days' notice of the intent to abandon the Utility's water and wastewater facilities as of April 30, 2021.

Charlotte County filed a Petition for Appointment of Receiver with the Circuit Court in February 2021, in conformance with Section 367.165(2), F.S. The statute allows such receiver to be the governing body of a political subdivision, such as a county or any other person deemed appropriate. The receiver is responsible for operating the utility from the date of abandonment until the receiver disposes of the property of the utility in a manner designed to continue the efficient and effective operation of utility service. By Order dated April 30, 2021, the Circuit Court acknowledged the County's petition and appointed Michael Smallridge as receiver of the Utility effective April 30, 2021. Michael Smallridge accepted that responsibility and began operating the water and wastewater systems on that date.

The Circuit Court's Order gave Michael Smallridge responsibility and authority to operate, maintain, and improve the system; apply for permits and interact with state agencies involving system operation; collect charges for service; pay expenses; discontinue operation or dispose of land, facilities, and assets to satisfy all outstanding obligations of the Utility, subject to court approval; and, do all things reasonably required to operate and maintain the system as a viable system. In addition, the Order requires an annual report to be filed, with the Circuit Court, regarding the financial and operating status of the system.

In accordance with Rule 25-30.090(3), Florida Administrative Code (F.A.C.), within 10 days of the appointment of a receiver by the Circuit Court, the receiver shall request from the Commission a copy of the utility's tariff and most recent annual report. A copy of the Utility's tariff and 2019 Annual Report have been sent to Michael Smallridge. Further, the Utility has filed its 2020 Annual Report and is up to date on its regulatory assessment fees.

In consideration of the foregoing, staff recommends that the Commission acknowledge North Charlotte's and Sun River's joint notice of abandonment, pursuant to Section 367.165, F.S., and acknowledge the appointment of Michael Smallridge as the Utility's receiver as of April 30, 2021. Any further disposition regarding the Utility will be addressed in a separate docket.

**Issue 2:** Should this docket be closed?

**Recommendation:** Yes. If the Commission approves staff's recommendation in Issue 1, this docket should be closed, as no further action is necessary. (Osborn, Crawford)

**Staff Analysis:** If the Commission approves staff's recommendation in Issue 1, there are no outstanding issues to be addressed, and the docket can be closed.



# 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-**

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**DATE:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Watts) *TB*  
Division of Economics (Bruce, Hudson) *JGH*  
Office of the General Counsel (Trierweiler) *JSC*

**RE:** Docket No. 20210059-WS – Application for amendment of Certificate Nos. 669-W and 571-S to add territory in Sumter and Lake Counties, by South Sumter Utility Company, LLC.

**AGENDA:** 08/03/21 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** La Rosa

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

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### Case Background

On March 24, 2021, South Sumter Utility Company, LLC (SSU or Utility) filed an application with the Florida Public Service Commission (Commission) to amend Certificate Nos. 669-W and 571-S to add territory in Sumter and Lake Counties. SSU was initially granted certificates in 2017.<sup>1</sup> The Commission subsequently granted amendments to add territory<sup>2</sup> in 2019, to transfer

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<sup>1</sup>Order No. PSC-17-0059-PAA-WS, issued February 24, 2017, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*

<sup>2</sup>Order No. PSC-2019-0154-FOF-WS, issued April 24, 2019, in Docket No. 20180131-WS, *In re: Application for amendment of water and wastewater Certificate Nos. 669-W and 571-S, to extend service area to include certain additional land in Lake and Sumter Counties, by South Sumter Utility Company, LLC.*

assets from an exempt entity and add the affected territory in 2020,<sup>3</sup> and to delete territory in 2020.<sup>4</sup>

The proposed service area consists of 8 parcels of undeveloped land adjacent to the Utility's existing service territory. These parcels are primarily former right-of-way areas that became available due to changes made to the right-of-way for certain roads in or adjacent to SSU's certificated service territory by the Florida Department of Transportation.

This recommendation addresses the Utility's request to extend its water and wastewater service territory. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes (F.S.).

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<sup>3</sup>Order No. PSC-2020-0264-PAA-WS, issued July 27, 2020, in Docket No. 20190185-WS, *In re: Application for authority to transfer assets of exempt entity in Sumter County by the City of Wildwood to South Sumter Utility Company, LLC*.

<sup>4</sup>Order No. PSC-2020-0218-FOF-WS, issued June 29, 2020, in Docket No. 20200012-WS, *In re: Application for amendment of Certificates 669-W and 571-S to delete territory in Sumter County, by South Sumter Utility Company, LLC*.

## Discussion of Issues

**Issue 1:** Should the Commission approve South Sumter Utility Company, LLC's application for amendment of Certificate Nos. 669-W and 571-S to extend its water and wastewater territory in Sumter and Lake Counties?

**Recommendation:** Yes. The Commission should amend Certificate Nos. 669-W and 571-S to include the territory as described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as SSU's amended certificate and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding. (M. Watts, Bruce)

**Staff Analysis:** The Utility's application to amend its authorized service territory is in compliance with the governing statute, Section 367.045, F.S., and Rule 25-30.036, Florida Administrative Code (F.A.C.). The application contains proof of compliance with the noticing provisions set forth in Rule 25-30.030, F.A.C. No objections to the application have been received and the time for filing such has expired.

SSU provided adequate service territory maps and territory descriptions to the Commission. According to SSU's May 19, 2021 response to staff's May 12, 2021 deficiency letter (deficiency letter), the proposed service areas are in two different jurisdictions with respect to local comprehensive plans, and each parcel is consistent with the respective local comprehensive plan applicable to it.

The Utility was granted initial rates and charges on May 30, 2018.<sup>5</sup> At that time, the Commission found the financial viability of SSU to be adequate. In its application, the Utility indicated that the small number of equivalent residential connections (ERCs) anticipated in the proposed service territory (approximately 657 for water and 657 for wastewater) is negligible relative to the total ERCs anticipated at buildout (8,393 for water and 8,007 for wastewater.) SSU anticipates financing the construction of collection and distribution facilities to serve the proposed territory through main extension charges. Additionally, the Utility provided a letter from its affiliate, The Villages Land Company, LLC (The Villages), indicating that The Villages has the ability to provide financial support to SSU, if necessary. Based upon review of the information provided in this docket, staff believes the Utility has provided the proper documentation of its financial ability to serve the proposed territory.

The Utility stated in its application that the proposed service territory will be served by its existing 4.99 million gallon per day (MGD) water treatment plant (WTP) and its bulk wastewater agreement with the City of Leesburg which reserves 3 MGD of wastewater treatment capacity. SSU stated that both the capacity of its existing WTP and the capacity of its bulk wastewater agreement with the City of Leesburg are sufficient to serve both its existing and proposed service territory.

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<sup>5</sup>Order No. PSC-2018-0271-PAA-WS, issued May 30, 2018, in Docket No. 20160220-WS, *In re: Application for original water and wastewater certificates in Sumter County, by South Sumter Utility Company, LLC.*

There are currently no outstanding Consent Orders or Notices of Violation from the Florida Department of Environmental Protection. The Utility has filed its 2020 Annual Report and has paid its 2020 Regulatory Assessment Fees. Based on the foregoing analysis, staff recommends that SSU has the financial and technical ability to serve the amended territory.

**Conclusion**

Based on the information above, staff recommends that the Commission should amend Certificate Nos. 669-W and 571-S to include the territory as described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as SSU's amended certificate and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding.

**Issue 2:** Should this docket be closed?

**Recommendation:** If the Commission approves staff's recommendation, no further action will be necessary, and this docket should be closed upon issuance of the order. (Trierweiler)

**Staff Analysis:** If the Commission approves staff's recommendation, no further action will be necessary, and this docket should be closed upon issuance of the order.

South Sumter Utility Company, LLC  
Sumter and Lake Counties

Description of Water and Wastewater Territory

TERRITORY TO BE ADDED:

PARCEL 1

THAT PORTION OF SECTION 16, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 16; THENCE ALONG THE WEST LINE THEREOF, N00°18'48"E, A DISTANCE OF 257.28 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF STATE ROAD NO. 44; THENCE DEPARTING SAID WEST LINE AND ALONG SAID RIGHT-OF-WAY, S69°24'48"E, 1,006.75 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID RIGHT-OF-WAY, S17°39'39"W, 106.18 FEET TO A POINT ON THE ARC OF A CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 140.00 FEET AND A CHORD BEARING AND DISTANCE OF S04°38'58"E, 103.87 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 43°33'01", A DISTANCE OF 106.41 FEET; THENCE S69°24'48"E, 116.86 FEET; THENCE N05°30'26"W, 1.10 FEET TO A POINT ON THE ARC OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 154.00 FEET AND A CHORD BEARING AND DISTANCE OF S48°30'33"E, 25.49 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 09°29'37", A DISTANCE OF 25.52 FEET; THENCE S53°15'22"E, 85.06 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 50.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC THEREOF THROUGH A CENTRAL ANGLE OF 126°42'45", A DISTANCE OF 110.58 FEET; THENCE N00°01'58"E, 158.76 FEET TO A POINT ON THE ARC OF A CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 10.00 FEET AND A CHORD BEARING AND DISTANCE OF N55°18'35"E, 16.44 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 110°33'24", A DISTANCE OF 19.30 FEET; THENCE S69°24'43"E, 51.90 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHWESTERLY AND HAVING A RADIUS OF 4.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC THEREOF THROUGH A CENTRAL ANGLE OF 90°00'00", A DISTANCE OF 6.28 FEET; THENCE N20°35'12"E, 0.03 FEET TO THE SAID RIGHT-OF-WAY OF STATE ROAD 44; THENCE N69°24'28"W ALONG SAID RIGHT-OF-WAY 341.84 FEET TO THE POINT OF BEGINNING.

AND

PARCEL 2

THOSE LANDS LYING IN SECTIONS 16 AND 21, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, AND BEING DESCRIBED AS FOLLOWS: COMMENCE AT THE NORTHWEST CORNER OF THE SOUTHWEST 1/4 OF SAID SECTION 16, THENCE S00°12'05"W, ALONG THE WEST LINE THEREOF A DISTANCE

OF 1,352.31 FEET TO THE POINT OF BEGINNING. THENCE DEPARTING SAID WEST LINE, N89°38'01"E, 158.08 FEET; THENCE S09°29'23"E, 17.20 FEET; THENCE N81°26'05"E, 59.00 FEET; THENCE N21°59'07"W, 9.21 FEET; THENCE N89°38'01"E, 173.03 FEET; THENCE N00°03'40"W, 50.00 FEET; THENCE S89°38'01"W, 100.00 FEET; THENCE N00°03'40"W, 700.00 FEET; THENCE N89°38'01"E, 250.00 FEET; THENCE N00°03'40"W, 402.13 FEET; THENCE N89°58'47"E, A DISTANCE OF 106.77 FEET; THENCE S00°28'59"W, A DISTANCE OF 290.15 FEET; THENCE N89°39'23"E, A DISTANCE OF 25.00 FEET; THENCE S00°30'05"W, A DISTANCE OF 144.10 FEET; THENCE S08°47'05"W, A DISTANCE OF 50.64 FEET TO A POINT ON A 29.98 FOOT RADIUS CURVE, CONCAVE TO THE SOUTHWEST, BEING SUBTENDED BY A CHORD BEARING OF S29°04'37"E AND A CHORD LENGTH OF 52.48 FEET; THENCE SOUTHEASTERLY AND SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 122°09'08", AN ARC DISTANCE OF 63.91 FEET TO A POINT OF REVERSE CURVATURE OF A 330.13 FOOT RADIUS CURVE, CONCAVE TO THE EAST, BEING SUBTENDED BY A CHORD BEARING OF S16°13'38"W AND A CHORD LENGTH OF 179.46 FEET; THENCE SOUTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 31°32'37", AN ARC DISTANCE OF 181.75 FEET TO A POINT OF TANGENCY; THENCE S00°27'20"W, A DISTANCE OF 435.82 FEET; THENCE N89°53'04"E, A DISTANCE OF 698.93 FEET TO A POINT ON THE WEST LINE OF THE EAST 1/2 OF THE WEST 1/2 OF SAID SECTION 16; THENCE N00°14'48"E, ALONG SAID WEST LINE, A DISTANCE OF 2,412.34 FEET TO A POINT ON THE SOUTHERLY RIGHT-OF-WAY LINE OF STATE ROAD NO. 44; THENCE DEPARTING SAID WEST LINE, AND ALONG SAID SOUTHERLY RIGHT-OF-WAY LINE THE FOLLOWING THREE (3) COURSES AND DISTANCES: 1) THENCE S68°02'26"E, A DISTANCE OF 292.33 FEET; 2) THENCE S66°10'12"E, A DISTANCE OF 300.48 FEET; 3) THENCE S64°58'54"E, A DISTANCE OF 127.48 FEET; THENCE DEPARTING SAID SOUTHERLY RIGHT-OF-WAY LINE, S00°20'09"W, A DISTANCE OF 822.16 FEET; THENCE S68°50'15"E, A DISTANCE OF 138.17 FEET; THENCE N60°05'13"E, A DISTANCE OF 151.34 FEET; THENCE S55°14'50"E, A DISTANCE OF 36.94 FEET; THENCE S04°16'56"E, A DISTANCE OF 116.15 FEET; THENCE S89°43'23"E, A DISTANCE OF 365.31 FEET TO A POINT ON THE EAST LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 16; THENCE S00°12'54"W, ALONG SAID EAST LINE, A DISTANCE OF 1,662.52 FEET, MORE OR LESS, TO A POINT ON THE WATER'S EDGE OF LAKE OKAHUMPKA AND A POINT HEREBY DESIGNATED AS POINT "A"; RETURN TO THE POINT OF BEGINNING AND RUN S00°12'05"W ALONG THE WEST LINE OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 16, A DISTANCE OF 375.69 FEET TO THE SOUTH LINE OF THE NORTH 400 FEET OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 16; THENCE DEPARTING SAID WEST LINE AND ALONG SAID SOUTH LINE, N89°38'01"E 1,339.03 FEET TO THE EAST LINE OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 16; THENCE DEPARTING SAID SOUTH LINE AND ALONG SAID EAST LINE, S00°41'57"W 924.12 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 16; THENCE S00°09'33"E 668.64 FEET TO THE SOUTHWEST CORNER OF THE NORTH 1/2 OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 OF SAID SECTION 21; THENCE S89°54'46"E ALONG THE SOUTH LINE THEREOF 370.00 FEET, MORE OR LESS, TO THE WATER'S



EDGE OF LAKE OKAHUMPKA; THENCE NORTHEASTERLY ALONG SAID WATER'S EDGE 1,958 FEET, MORE OR LESS TO THE AFORESAID POINT "A".  
AND

PARCEL 3

THAT PORTION OF SECTION 20, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF THE NORTHEAST 1/4 OF SAID SECTION 20; THENCE WEST ALONG THE NORTH LINE THEREOF, A DISTANCE OF 1,310.54 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID NORTH LINE, RUN SOUTH FOR 724.63 FEET; THENCE EAST 165.00 FEET; THENCE SOUTH, 607.42 FEET; THENCE WEST 371 FEET, MORE OR LESS, TO THE NORTHEASTERLY RIGHT-OF-WAY FOR FLORIDA'S TURNPIKE; THENCE NORTHWESTERLY ALONG SAID RIGHT-OF-WAY A DISTANCE OF 1,512 FEET, MORE OR LESS, TO THE WEST LINE OF THE NORTHEAST 1/4 OF SAID SECTION 20; THENCE NORTH ALONG SAID WEST LINE, 294 FEET, MORE OR LESS, TO THE NORTHWEST CORNER OF SAID NORTHEAST 1/4; THENCE EAST ALONG THE NORTH LINE THEREOF, A DISTANCE OF 1,309.45 FEET TO THE POINT OF BEGINNING. LESS RIGHT-OF-WAY FOR COUNTY ROAD 181.

AND

PARCEL 4

THAT PORTION OF THE FORMER RIGHT-OF-WAY FOR STATE ROAD 44 DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF THE NORTHEAST 1/4 OF SECTION 23, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA AND RUN N00°20'45"E 714.02 FEET TO THE NEW RIGHT-OF-WAY OF STATE ROAD 44 AND THE POINT OF BEGINNING; THENCE N81°01'49"W 125.21 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY, RUN S08°58'11"W 443.80 FEET; THENCE S81°01'49"E 192.52 FEET TO THE EAST LINE OF SAID NORTHEAST 1/4; THENCE N00°20'45"E ALONG SAID EAST LINE 448.88 FEET TO THE POINT OF BEGINNING.

AND

PARCEL 5

THAT PORTION OF THE FORMER RIGHT-OF-WAY FOR STATE ROAD 44 DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SECTION 24, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA AND RUN N00°20'45"E 714.02 FEET TO THE NEW RIGHT-OF-WAY OF STATE ROAD 44; THENCE S81°01'49"E 174.79 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY, RUN S08°58'11"W 443.80 FEET; THENCE N81°01'49"W 107.48 FEET TO THE WEST LINE OF

THE SAID NORTHWEST 1/4; THENCE N00°20'45"E ALONG SAID WEST LINE 448.88 FEET TO THE POINT OF BEGINNING.

AND

PARCEL 6

THAT PORTION OF THE FORMER RIGHT-OF-WAY FOR STATE ROAD 44 DESCRIBED AS FOLLOWS:

BEGIN AT THE SOUTHEAST CORNER OF THE SOUTHWEST 1/4 OF THE NORTHWEST 1/4 OF SECTION 24, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA AND RUN S89°32'23"W ALONG THE SOUTH LINE THEREOF A DISTANCE OF 332.27 FEET; THENCE DEPARTING SAID SOUTH LINE, RUN N15°33'34"W, A DISTANCE OF 76.17 FEET; THENCE RUN N33°40'40"W, A DISTANCE OF 89.06 FEET; THENCE RUN N56°01'00"W, A DISTANCE OF 109.03 FEET; THENCE RUN N81°01'49"W, A DISTANCE OF 111.45 FEET; THENCE RUN N08°58'11"E, A DISTANCE OF 220.30 FEET; THENCE RUN S81°01'49"E, A DISTANCE OF 195.00 FEET; THENCE RUN N78°16'29"E, A DISTANCE OF 90.30 FEET; THENCE RUN N43°41'47"E, A DISTANCE OF 58.88 FEET; THENCE RUN N16°11'00"E, A DISTANCE OF 61.72 FEET TO THE NEW RIGHT-OF-WAY OF STATE ROAD 44; THENCE S81°01'49"E ALONG SAID RIGHT-OF-WAY 210.17 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 68,622.94 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 00°01'14", AN ARC DISTANCE OF 24.52 FEET TO THE EAST LINE OF THE SAID SOUTHWEST 1/4 OF THE NORTHWEST 1/4; THENCE S00°17'27"W ALONG SAID LINE 493.95 FEET TO THE POINT OF BEGINNING.

AND

PARCEL 7

THAT PORTION OF SECTION 1, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY FLORIDA, DESCRIBED AS FOLLOWS: COMMENCE AT THE NORTHEAST CORNER OF SAID SECTION 1; THENCE RUN S00°40'20"W, ALONG THE EAST BOUNDARY OF SAID SECTION 1, A DISTANCE OF 1,740.01 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE S00°40'20"W, ALONG SAID EAST BOUNDARY OF SECTION 1, A DISTANCE OF 500.01 FEET; THENCE DEPARTING SAID EAST BOUNDARY RUN N89°36'07"W, 1,205.06 FEET; THENCE N00°27'55"E, 500.00 FEET; THENCE S89°36'07"E, 1,206.87 FEET TO THE POINT OF BEGINNING.

AND

PARCEL 8

A PARCEL OF LAND LYING THE SOUTH HALF OF SECTION 8, TOWNSHIP 20 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF SAID SECTION 8; THENCE RUN NORTH 89°24'15" WEST, ALONG THE SOUTH LINE OF SECTION 8, A DISTANCE OF 2,649.34 FEET TO THE SOUTHWEST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 8; THENCE DEPARTING SAID SOUTH LINE, RUN NORTH 00°31'36" EAST, ALONG THE EAST LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 8, A DISTANCE OF 50.00 FEET FOR A POINT OF BEGINNING; SAID POINT LYING ON THE NORTH EXISTING RIGHT-OF-WAY OF C-470; THENCE RUN NORTH 89°23'48" WEST, ALONG SAID NORTH RIGHT-OF-WAY LINE, A DISTANCE OF 2,315.45 FEET; THENCE RUN NORTH 84°15'10" WEST, ALONG SAID NORTH EXISTING RIGHT-OF-WAY LINE, A DISTANCE OF 213.38 FEET; THENCE DEPARTING SAID NORTH EXISTING RIGHT-OF-WAY LINE, RUN NORTH 42°26'19" WEST, A DISTANCE OF 152.54 FEET; THENCE RUN SOUTH 89°23'48" EAST, A DISTANCE OF 232.60 FEET; THENCE RUN NORTH 00°32'45" EAST, A DISTANCE OF 36.20 FEET; THENCE RUN SOUTH 90°00'00" EAST, A DISTANCE OF 2,533.64 FEET TO THE POINT OF CURVATURE OF A CURVE, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 105.00 FEET AND A CENTRAL ANGLE OF 90°35'45"; THENCE RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, A DISTANCE OF 166.03 FEET TO THE POINT OF TANGENCY; THENCE RUN SOUTH 00°35'45" WEST, A DISTANCE OF 88.48 FEET TO THE AFOREMENTIONED NORTH EXISTING RIGHT-OF-WAY LINE; THENCE RUN NORTH 89°24'15" WEST, ALONG SAID NORTH EXISTING RIGHT-OF-WAY LINE, A DISTANCE OF 240.10 FEET TO THE POINT OF BEGINNING.

COMPOSITE WATER AND WASTEWATER TERRITORY

THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF SECTION 16, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY; LESS THE NORTH 400.00 FEET THEREOF.

AND TOGETHER WITH:

THAT PORTION OF SECTIONS 16 AND 21, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

BEGIN AT THE SOUTHWEST CORNER OF THE NORTHWEST ¼ OF THE NORTHWEST ¼ OF SAID SECTION 16; THENCE ALONG THE WEST LINE THEREOF, N00°18'48"E, A DISTANCE OF 257.28 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF STATE ROAD NO. 44; THENCE DEPARTING SAID WEST LINE AND ALONG SAID RIGHT-OF-WAY, S69°24'48"E, 433.00 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY, S50°23'55"W, 154.72 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 217.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC THEREOF THROUGH A CENTRAL ANGLE OF 18°41'07", A DISTANCE OF 70.77 FEET TO A POINT THAT IS 200.00 FEET SOUTHWEST, BY PERPENDICULAR MEASUREMENT, OF THE SOUTHWESTERLY RIGHT-OF-WAY FOR STATE ROAD NO. 44; THENCE PARALLEL WITH SAID RIGHT-OF-WAY, S69°24'48"E, 600.91 FEET; THENCE DEPARTING SAID PARALLEL LINE, N20°35'12"E, 200.00 FEET TO SAID SOUTHWESTERLY RIGHT-OF-WAY OF STATE ROAD NO. 44; THE FOLLOWING FIVE (5) COURSES BEING ALONG SAID RIGHT-OF-WAY: RUN S69°24'48"E, 482.86 FEET TO THE EAST LINE OF THE SOUTHWEST ¼ OF THE NORTHWEST ¼ OF SAID SECTION 16; THENCE ALONG SAID EAST LINE RUN S00°14'48"W, 19.19 FEET; THENCE DEPARTING SAID EAST LINE RUN S68°02'26"E, 292.33 FEET; THENCE S66°10'12"E, 300.48 FEET; THENCE S64°58'54"E, 127.48 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY LINE RUN S00°20'09"W, 822.16 FEET; THENCE S68°50'15"E, 138.17 FEET; THENCE N60°05'13"E, 151.34 FEET; THENCE S55°14'50"E, 36.94 FEET; THENCE S04°16'56"E, 116.15 FEET; THENCE S89°43'23"E, 365.31 FEET TO A POINT ON THE EAST LINE OF THE SOUTHWEST ¼ OF SAID SECTION 16; THENCE ALONG SAID EAST LINE RUN S00°12'54"W, 1,662.52 FEET, MORE OR LESS, TO THE WATER'S EDGE OF LAKE OKAHUMPKA AND A POINT HEREBY DESIGNATED AS POINT "A"; RETURN TO THE POINT OF BEGINNING AND ALONG AFORESAID WEST LINE OF THE NORTHWEST ¼ OF THE NORTHWEST ¼ OF SECTION 16 AND THENCE RUN S00°18'48"W, 621.56 FEET; THENCE DEPARTING SAID WEST LINE RUN N61°45'05"E, 113.06 FEET; THENCE N10°43'23"W, 99.76 FEET; THENCE N61°48'31"E, 70.72 FEET; THENCE N28°09'14"W, 74.89 FEET; THENCE N61°45'05"E, 101.78 FEET; THENCE N54°54'56"E, 66.00 FEET TO A POINT ON THE ARC OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 217.00 FEET AND A CHORD BEARING AND DISTANCE OF S37°20'34"E, 17.10 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 04°31'01", A DISTANCE OF 17.11 FEET; THENCE S39°36'05"E, 372.27 FEET; THENCE N54°12'20"E, 269.75 FEET; THENCE S74°38'09"E, 282.28 FEET; THENCE S03°21'45"E, 62.56 FEET; THENCE S04°24'08"W, 40.99 FEET; THENCE S18°09'21"W, 46.07 FEET; THENCE S32°58'24"W, 59.52 FEET; THENCE S33°16'06"W, 42.34 FEET;

THENCE S20°25'53"W, 46.67 FEET; THENCE S06°43'11"W, 52.69 FEET; THENCE S00°39'39"E, 55.25 FEET; THENCE N89°56'16"E, 257.43 FEET; THENCE N89°55'47"E, 49.96 FEET; THENCE N00°14'35"E, 9.72 FEET; THENCE N89°56'16"E, 120.39 FEET TO THE WEST LINE OF THE EAST ½ OF THE WEST ½ OF SAID SECTION 16; THENCE ALONG SAID WEST LINE RUN S00°14'48"W, 1,795.35 FEET; THENCE DEPARTING SAID WEST LINE RUN S89°53'04"W, 698.93 FEET; THENCE N00°27'20"E, 435.82 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 330.13 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 31°32'37", A DISTANCE OF 181.75 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 29.98 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 122°09'08", A DISTANCE OF 63.91 FEET; THENCE N08°47'05"E, 50.64 FEET; THENCE N00°30'05"E, 144.10 FEET; THENCE S89°39'23"W, 25.00 FEET; THENCE N00°28'59"E, 290.15 FEET; THENCE S89°58'47"W, 106.77 FEET; THENCE N00°03'40"W, 140.09 FEET TO A POINT ON THE ARC OF A CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 310.00 FEET AND A CHORD BEARING AND DISTANCE OF N36°50'14"W, 576.22 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 136°40'38", A DISTANCE OF 739.49 FEET; THENCE N58°29'59"W, 219.59 FEET TO AFORESAID WEST LINE OF THE NORTHWEST ¼ OF THE NORTHWEST ¼ OF SECTION 16; THENCE RUN S00°18'48"W, 519.27 FEET TO THE NORTHWEST CORNER OF THE SOUTHWEST ¼ OF SAID SECTION 16; THENCE ALONG THE WEST LINE THEREOF RUN S00°12'05"W, 1,728.00 FEET TO THE SOUTH LINE OF THE NORTH 400 FEET OF THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF SAID SECTION 16; THENCE DEPARTING SAID WEST LINE AND ALONG SAID SOUTH LINE RUN N89°38'01"E, 1,339.03 FEET TO THE EAST LINE OF THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF SAID SECTION 16; THENCE DEPARTING SAID SOUTH LINE AND ALONG SAID EAST LINE RUN S00°41'57"W, 924.12 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF SAID SECTION 16; THENCE S00°09'33"E 668.64 FEET TO THE SOUTHWEST CORNER OF THE NORTH ½ OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF AFORESAID SECTION 21; THENCE ALONG THE SOUTH LINE THEREOF RUN S89°54'46"E 370.00 FEET, MORE OR LESS, TO THE WATER'S EDGE OF LAKE OKAHUMPKA; THENCE NORTHEASTERLY ALONG SAID WATER'S EDGE 1,958 FEET, MORE OR LESS TO THE AFORESAID POINT "A".

LESS:

THAT LAND LYING IN SECTION 16, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF THE NORTH 400 FEET OF THE SOUTHWEST ¼ OF THE SOUTHWEST ¼ OF SAID SECTION 16; THENCE ALONG THE WEST LINE THEREOF RUN N00°12'05"E, 375.69 FEET; THENCE N89°38'01"E, A DISTANCE OF 158.08 FEET TO THE POINT OF BEGINNING; THENCE N09°29'23"W, A DISTANCE OF 27.69 FEET; THENCE N77°35'26"E, A DISTANCE OF 48.35 FEET;

THENCE S21°59'07"E, A DISTANCE OF 49.47 FEET; THENCE S81°26'05"W, A DISTANCE OF 59.00 FEET; THENCE N09°29'23"W, A DISTANCE OF 17.20 FEET TO THE POINT OF BEGINNING.

AND LESS:

THAT LAND LYING IN SECTION 16, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

FROM THE SOUTHWEST CORNER OF THE NORTHWEST ¼ OF SAID SECTION 16, N00°18'48"E, ALONG THE WEST LINE THEREOF A DISTANCE OF 519.27 FEET; THENCE DEPARTING SAID WEST LINE, S58°29'59"E, 219.59 FEET TO A POINT ON THE ARC OF A CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 310.00 FEET AND A CHORD BEARING AND DISTANCE OF S02°36'15"E, 347.64 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 68°12'39", A DISTANCE OF 369.06 FEET; THENCE S53°17'27"W, 8.51 FEET TO THE POINT OF BEGINNING; THENCE S35°18'00"E, 5.78 FEET; THENCE S55°05'17"W, 18.33 FEET; THENCE N34°23'34"W, 13.88 FEET; THENCE N53°11'59"E, 18.12 FEET; THENCE S35°18'00"E, 8.70 FEET TO THE POINT OF BEGINNING.

AND:

THE SOUTHEAST ¼ OF SECTION 17, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

AND:

THAT PORTION OF THE SOUTH ½ OF THE SOUTHWEST ¼ OF SECTION 17, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTH AND WEST OF FLORIDA'S TURNPIKE.

AND:

THE NORTH 811.80 FEET OF THE EAST 1,716.00 FEET OF THE SOUTHWEST ¼ OF SECTION 17, TOWNSHIP 19 SOUTH RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

AND:

THAT PORTION OF THE EAST 858.00 FEET OF THE SOUTHWEST ¼ OF SECTION 17, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING NORTH AND EAST OF FLORIDA'S TURNPIKE; LESS THE NORTH 811.80 FEET THEREOF.

AND LESS:

RIGHT-OF-WAY FOR COUNTY ROAD 181.

AND TOGETHER WITH:

THAT PORTION OF THE NORTHEAST  $\frac{1}{4}$  OF SECTION 17, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

BEGIN AT THE SOUTHEAST CORNER OF SAID NORTHEAST  $\frac{1}{4}$ ; THENCE ALONG THE SOUTH LINE THEREOF, N89°50'57"W, 1,980.76 FEET TO THE WEST LINE OF THE EAST  $\frac{1}{2}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  OF SAID SECTION 17; THENCE DEPARTING SAID SOUTH LINE AND ALONG SAID EAST LINE, N00°17'31"E, 704.32 FEET; THENCE DEPARTING SAID WEST LINE, S89°52'27"E, 627.34 FEET; THENCE N00°17'57"E, 630.00 FEET TO THE NORTH LINE OF THE SOUTH  $\frac{1}{2}$  OF SAID NORTHEAST  $\frac{1}{4}$ ; THENCE ALONG SAID NORTH LINE, S89°52'27"E, 33.00 FEET TO THE SOUTHWEST CORNER OF THE NORTHEAST  $\frac{1}{4}$  OF SAID NORTHEAST  $\frac{1}{4}$ ; THENCE DEPARTING SAID NORTH LINE, N00°17'57"E, ALONG THE WEST LINE OF THE NORTHEAST  $\frac{1}{4}$  OF SAID NORTHEAST  $\frac{1}{4}$  A DISTANCE OF 750.62 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF STATE ROAD NO. 44; THENCE DEPARTING SAID WEST LINE AND ALONG SAID SOUTHWESTERLY RIGHT-OF-WAY, S69°24'48"E, 960.52 FEET TO A POINT THAT IS 420.00 FEET WEST OF THE EAST LINE OF SAID NORTHEAST  $\frac{1}{4}$ ; THENCE DEPARTING SAID SOUTHWESTERLY RIGHT-OF-WAY AND PARALLEL WITH SAID EAST LINE, S00°18'48"W, 812.35 FEET; THENCE DEPARTING SAID PARALLEL LINE, S89°50'57"E, 420.00 FEET TO THE EAST LINE OF SAID NORTHEAST  $\frac{1}{4}$ ; THENCE ALONG SAID EAST LINE, S00°18'48"W, 937.50 FEET TO THE POINT OF BEGINNING.

LESS:

RIGHT-OF-WAY FOR COUNTY ROAD 156.

AND LESS:

RIGHT-OF-WAY FOR COUNTY ROAD 179.

AND:

THAT PORTION OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 18, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTH AND WEST OF FLORIDA'S TURNPIKE AND LYING EAST OF THE RIGHT-OF-WAY FOR U.S. HIGHWAY 301.

AND:

THAT PORTION OF THE NORTH  $\frac{3}{4}$  OF THE EAST  $\frac{1}{2}$  OF SECTION 19, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING EAST OF THE RIGHT-OF-WAY FOR U.S. HIGHWAY 301; LESS ANY PORTION THEREOF, DESCRIBED AS FOLLOWS: BEGIN AT THE NORTHWEST CORNER OF THE SOUTHEAST  $\frac{1}{4}$ ; THENCE

S89°25'01"E, ALONG THE NORTH LINE THEREOF A DISTANCE OF 474.00 FEET; THENCE DEPARTING SAID NORTH LINE, S25°22'49"W, 728.89 FEET; THENCE S06°34'19"W, 665.47 FEET; THENCE N89°32'09"W, 90.00 FEET TO THE WEST LINE OF SAID SOUTHEAST ¼ CORNER; THENCE ALONG SAID WEST LINE, N00°11'57"E, 1,323.73 FEET TO THE POINT OF BEGINNING.

AND:

THE NORTHEAST ¼ OF SECTION 20, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY FLORIDA, LYING NORTHEASTERLY OF FLORIDA'S TURNPIKE, LESS THE RIGHT-OF-WAY FOR COUNTY ROAD 181.

AND LESS:

COMMENCE AT THE NORTHEAST CORNER OF THE NORTHEAST ¼ OF SAID SECTION 20; THENCE WEST ALONG THE NORTH LINE THEREOF, A DISTANCE OF 1,310.54 FEET; THENCE DEPARTING SAID NORTH LINE, RUN SOUTH FOR 724.63 FEET; THENCE EAST, 165.00 FEET; THENCE SOUTH, 303.71 FEET TO THE POINT OF BEGINNING; THENCE EAST 169.94 FEET; THENCE SOUTH 303.71 FEET; THENCE WEST 169.94 FEET; THENCE NORTH, 303.71 FEET TO THE POINT OF BEGINNING.

AND:

THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF SECTION 20, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LESS THE RIGHT-OF-WAY FOR FLORIDA'S TURNPIKE AND LESS RIGHT-OF-WAY FOR COUNTY ROAD 181.

AND LESS:

ANY PORTION OF THOSE LANDS LYING IN SECTION 20, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS: BEGIN AT THE NORTHWEST CORNER OF THE NORTHEAST ¼ OF THE NORTHWEST ¼ OF SAID SECTION 20; THENCE S89°54'08"E, ALONG THE NORTH LINE THEREOF, 338.16 FEET TO THE SOUTHWESTERLY RIGHT-OF-WAY OF FLORIDA'S TURNPIKE; THENCE DEPARTING SAID NORTH LINE AND ALONG SAID RIGHT-OF-WAY, S56°58'48"E, 258.62 FEET; THENCE DEPARTING SAID RIGHT-OF-WAY, S33°01'12"W, 200.00 FEET; THENCE N56°58'48"W, 532.03 FEET TO THE WEST LINE OF THE NORTHEAST ¼ OF THE NORTHWEST ¼; THENCE ALONG SAID WEST LINE, N00°13'51"E, 19.28 FEET TO THE POINT OF BEGINNING.

AND TOGETHER WITH:

THE WEST ½ OF THE NORTHWEST ¼ OF SECTION 20, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

AND:



THAT PORTION OF SECTION 20, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTHWEST OF FLORIDA'S TURNPIKE, DESCRIBED AS FOLLOWS:

FROM THE SOUTHEAST CORNER OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 20 RUN ALONG THE EAST LINE THEREOF, N00°13'44"W, 46.67 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE ALONG SAID EAST LINE, N00°13'44"W, 1,878.15 FEET, MORE OF LESS, TO THE SOUTHWESTERLY RIGHT-OF-WAY OF FLORIDA'S TURNPIKE; THENCE N43°22'33"W, ALONG SAID RIGHT-OF-WAY 3,007.70 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 5,579.58 FEET; THENCE NORTHWESTERLY ALONG THE ARC THEREOF THROUGH A CENTRAL ANGLE OF 07°55'57", A DISTANCE OF 772.48 FEET TO A POINT ON THE WEST LINE OF THE NORTHEAST  $\frac{1}{4}$  OF SAID SECTION 20; THENCE DEPARTING SAID SOUTHWESTERLY RIGHT-OF-WAY AND ALONG SAID WEST LINE, S00°14'50"E, 659.43 FEET TO THE NORTHEAST CORNER OF THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SAID SECTION 20; THENCE DEPARTING SAID WEST LINE AND ALONG THE NORTH LINE OF SOUTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$ , RUN S89°42'48"W, 1,322.27 FEET TO THE NORTHWEST CORNER THEREOF; THENCE DEPARTING SAID NORTH LINE AND ALONG THE WEST LINE OF SAID SOUTHEAST  $\frac{1}{4}$  OF SAID NORTHWEST  $\frac{1}{4}$ , S00°09'48"E, 654.10 FEET; THENCE DEPARTING SAID WEST LINE, EAST, 353.45 FEET; THENCE SOUTH, 178.54 FEET; THENCE EAST, 580.00 FEET; THENCE NORTH, 178.54 FEET; THENCE EAST, 515.00 FEET; THENCE SOUTH, 666.78 FEET; THENCE WEST, 155.00 FEET; THENCE SOUTH, 612.46 FEET; THENCE EAST, 310.00 FEET; THENCE NORTH, 612.46 FEET; THENCE EAST, 690.00 FEET; THENCE SOUTH, 662.46 FEET; THENCE EAST, 346.52 FEET; THENCE S00°14'17"E, 662.45 FEET; THENCE WEST, 643.40 FEET; THENCE S00°00'35"E, 1,310.50 FEET; THENCE EAST, 1,310.07 FEET; THENCE NORTH, 34.86 FEET; THENCE EAST, 699.16 FEET TO THE POINT OF BEGINNING.

AND:

THAT PORTION OF THE NORTH  $\frac{3}{4}$  OF THE WEST  $\frac{1}{2}$  OF SECTION 21, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING WESTERLY OF LAKE OKAHUMPKA AND LYING NORTHEASTERLY OF FLORIDA'S TURNPIKE.

LESS:

ANY PORTION LYING WITHIN THE NORTH  $\frac{1}{2}$  OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SAID SECTION 21.

AND TOGETHER WITH:

THOSE PORTIONS OF THE SOUTH  $\frac{1}{2}$  OF THE SOUTH  $\frac{1}{2}$  OF SECTION 21, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA AND THE NORTHWEST  $\frac{1}{4}$

OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 21 LYING SOUTH OF LAKE OKAHUMPKA; LESS RIGHT-OF-WAY FOR FLORIDA'S TURNPIKE.

AND:

THOSE PORTIONS OF SECTION 27, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

THE SOUTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE SOUTH  $\frac{1}{2}$  OF SAID SECTION 27; LESS RIGHT-OF-WAY FOR FLORIDA'S TURNPIKE AND LESS RIGHT-OF-WAY FOR COUNTY ROAD NO. C-468; AND LESS: FROM THE NORTHEAST CORNER OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 27, RUN  $S00^{\circ}27'14''W$ , 1,063.37 FEET TO A POINT 900.00 FEET NORTH OF THE RIGHT-OF-WAY FOR COUNTY ROAD C-468 AND THE POINT OF BEGINNING; THENCE  $S00^{\circ}27'14''W$ , 900.00 FEET TO SAID RIGHT-OF-WAY; THENCE  $S63^{\circ}16'44''W$  ALONG SAID RIGHT-OF-WAY 168.53 FEET; THENCE  $N00^{\circ}27'14''E$ , 900.00 FEET; THENCE  $N63^{\circ}16'44''E$  168.53 FEET TO THE POINT OF BEGINNING.

AND:

ALL OF SECTION 28, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LESS RIGHT-OF-WAY FOR FLORIDA'S TURNPIKE AND LESS RIGHT-OF-WAY FOR COUNTY ROAD NO. C-468.

AND:

THAT PORTION OF THE EAST  $\frac{1}{2}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 29, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA LYING NORTH OF COUNTY ROAD NO. C-468.

AND:

THAT PORTION OF SECTION 29, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

FROM THE NORTHEAST CORNER OF THE NORTHEAST  $\frac{1}{4}$  OF SAID SECTION 29, RUN  $S00^{\circ}01'14''E$ , ALONG THE EAST LINE THEREOF A DISTANCE OF 448.33 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE ALONG SAID EAST LINE,  $S00^{\circ}01'14''E$ , 2,210.14 FEET TO THE SOUTHEAST CORNER OF SAID NORTHEAST  $\frac{1}{4}$ ; THENCE DEPARTING SAID EAST LINE AND ALONG THE SOUTH LINE OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID NORTHEAST  $\frac{1}{4}$ ,  $S89^{\circ}55'49''W$ , 1,317.71 FEET TO THE NORTHEAST CORNER OF THE WEST  $\frac{1}{2}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 29; THENCE DEPARTING SAID SOUTH LINE AND ALONG THE EAST LINE OF SAID WEST  $\frac{1}{2}$ ,  $S00^{\circ}08'41''W$ , 1,158.85 FEET; THENCE DEPARTING SAID EAST LINE, WEST, 639.67 FEET; THENCE NORTH, 3,500.73 FEET; THENCE EAST, 1,260.07 FEET; THENCE SOUTH, 130.14 FEET; THENCE EAST, 699.51 FEET TO THE POINT OF BEGINNING.

AND:

THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 30, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA;

AND:

THAT PORTION OF THE SOUTH  $\frac{1}{2}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF SAID SECTION 30, LYING EASTERLY OF THE RIGHT-OF-WAY FOR U.S. HIGHWAY 301; ALL THE ABOVE, LESS RIGHT-OF-WAY FOR COUNTY ROAD C-468;

AND:

THE EAST  $\frac{1}{2}$  OF THE EAST  $\frac{1}{2}$  AND THE NORTH  $\frac{3}{4}$  OF THE WEST  $\frac{1}{2}$  OF THE EAST  $\frac{1}{2}$ , LESS THE NORTH 278.68 FEET OF THE WEST 163.00 FEET OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  AND THE EAST  $\frac{1}{2}$  OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE SOUTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE SOUTHEAST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE NORTH  $\frac{3}{4}$  OF THE EAST  $\frac{1}{2}$  OF THE SOUTHWEST  $\frac{1}{4}$ ; ALL IN SECTION 31, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LESS ANY RIGHT-OF-WAY FOR COUNTY ROAD C-468;

AND:

THE NORTH  $\frac{3}{4}$  OF THE WEST  $\frac{1}{2}$ , LESS THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE NORTH  $\frac{3}{4}$  OF THE WEST  $\frac{1}{2}$  OF THE EAST  $\frac{1}{2}$ ; LESS THE NORTH 466.67 FEET OF THE WEST 466.67 FEET THEREOF; AND LESS: BEGIN AT THE NORTHWEST CORNER OF THE NORTHWEST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$ , RUN SOUTH 466.67 FEET TO THE POINT OF BEGINNING, THENCE RUN SOUTH 210 FEET, THENCE EAST 210 FEET, THENCE NORTH 210 FEET, THENCE WEST 210 FEET TO THE POINT OF BEGINNING; ALL IN SECTION 32, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; ALSO, LESS RIGHT-OF-WAY FOR COUNTY ROAD C-468;

TOGETHER WITH:

THE SOUTH 325 YARDS OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  AND THE SOUTHEAST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  AND THE NORTH  $\frac{1}{2}$  OF THE NORTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$ ; ALL IN SECTION 32, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LESS ANY RIGHT-OF-WAY FOR COUNTY ROAD 505;

TOGETHER WITH:

THE SOUTHWEST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$ ; AND THE SOUTH  $\frac{1}{2}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE NORTH  $\frac{1}{2}$  OF THE SOUTHWEST  $\frac{1}{4}$

AND THE SOUTHEAST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  AND THE NORTH 330.00 FEET OF THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$ ; ALL IN SECTION 33, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LESS RIGHT-OF-WAY FOR COUNTY ROAD 505;

AND:

THOSE PORTIONS OF SECTION 33, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS;

THE NORTH  $\frac{3}{4}$  OF THE EAST  $\frac{1}{2}$  OF SAID SECTION; LESS RIGHT-OF-WAY FOR COUNTY ROAD 501 AND LESS RIGHT-OF-WAY FOR COUNTY ROAD C-468;

AND:

THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SECTION 33, TOWNSHIP 19 SOUTH, RANGE 23 EAST, AND THE NORTH 30.00 FEET OF THE SOUTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 33; LESS THAT PORTION OF THE EAST 35.75 FEET OF THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$ , LYING SOUTH OF THE NORTH 208.71 FEET THEREOF, ALSO LESS RIGHT-OF-WAY FOR COUNTY ROAD 501;

AND:

ALL OF SECTION 34, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LESS RIGHT-OF-WAY FOR FLORIDA'S TURNPIKE; ALSO LESS RIGHTS-OF-WAY FOR COUNTY ROAD C-468 AND COUNTY ROAD 501.

AND:

THAT PORTION OF THE SOUTH  $\frac{3}{4}$  OF SECTION 23, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTH OF THE RIGHT-OF-WAY FOR STATE ROAD NO. 44 AND WEST OF COUNTY ROAD NO. C-468, LESS AND EXCEPT THE WEST  $\frac{1}{4}$  OF THE WEST  $\frac{1}{2}$  OF SAID SECTION, AND LESS AND EXCEPT THE SOUTH 139 FEET OF THE WEST 1,000 FEET OF THE EAST  $\frac{3}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SAID SECTION, AND LESS AND EXCEPT THE WEST 1,000 FEET OF THE EAST  $\frac{3}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF SAID SECTION, LESS ANY PORTION THEREOF LYING SOUTH OF THE FOLLOWING DESCRIBED LINE: COMMENCE AT THE SOUTHWEST CORNER OF SAID SECTION 23 AND RUN S89°32'28"E, 1,666.68 FEET; THENCE N00°11'52"E, 12.60 FEET TO THE POINT OF BEGINNING; THENCE RUN S89°58'28"E, 914.12 FEET TO THE WEST RIGHT-OF-WAY OF COUNTY ROAD NO. C-468 AND THE POINT OF TERMINUS OF SAID LINE.

AND:

THAT PORTION OF SECTION 23, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTH OF STATE ROAD NO. 44 RIGHT-OF-WAY, AS AMENDED, AND EAST OF COUNTY ROAD NO. 468 RIGHT-OF-WAY.

AND:

THE SOUTHWEST  $\frac{1}{4}$  AND THAT PORTION OF THE SOUTHWEST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SECTION 24, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTH OF STATE ROAD NO. 44 RIGHT-OF-WAY, AS AMENDED.

AND:

ALL OF SECTION 25, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LESS THE NORTH  $\frac{1}{2}$  OF THE NORTHEAST  $\frac{1}{4}$  AND LESS THE SOUTHEAST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION.

AND:

THAT PORTION OF SECTION 26, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING EASTERLY AND SOUTHERLY OF COUNTY ROAD C-468, LESS THE EAST 436.00 FEET OF THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF SAID SECTION, LYING SOUTH OF COUNTY ROAD NO. C-468.

AND:

ALL OF SECTION 36, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, AND THAT PORTION OF SECTION 35, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING NORTH OF FLORIDA'S TURNPIKE.

AND:

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

LESS:

THAT LAND LYING IN SECTION 1, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF SECTION 1, TOWNSHIP 20 SOUTH, RANGE 23 EAST IN SUMTER COUNTY, FLORIDA; THENCE RUN S00°40'20"W, ALONG THE EAST BOUNDARY OF SAID SECTION 1, A DISTANCE OF 2,240.02 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE S00°40'20"W, ALONG SAID EAST BOUNDARY OF SECTION 1, A DISTANCE OF 557.85 FEET TO THE EAST  $\frac{1}{4}$  CORNER OF SAID SECTION 1; THENCE S00°44'45"W, ALONG SAID EAST BOUNDARY OF

SECTION 1, A DISTANCE OF 2,487.49 FEET TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF FLORIDA'S TURNPIKE; THENCE RUN ALONG SAID NORTHERLY RIGHT-OF-WAY LINE THE FOLLOWING THREE (3) COURSES: (1) N42°21'30"W, A DISTANCE OF 505.19 FEET TO A CURVE THAT IS CONCAVE TO THE SOUTHWEST; (2) THENCE NORTHWESTERLY ALONG SAID CURVE AN ARC DISTANCE OF 1,498.35 FEET (SAID CURVE HAVING A RADIUS OF 5,879.58 FEET, A CENTRAL ANGLE OF 14°36'04" AND A CHORD BEARING AND DISTANCE OF N49°46'20"W, 1,494.30 FEET); (3) THENCE N57°03'06"W, A DISTANCE OF 287.77 FEET; THENCE N02°21'09"W, A DISTANCE OF 337.71 FEET; THENCE N00°39'29"E, A DISTANCE OF 1,724.92 FEET; THENCE S89°36'07"E, A DISTANCE OF 527.02 FEET; THENCE S00°27'55"W, 500.00 FEET; THENCE S89°36'07"E, 1,205.06 FEET RETURNING TO THE POINT OF BEGINNING.

AND:

THOSE PORTIONS OF SECTIONS 6, 7, 8, 9, 16, AND 17, TOWNSHIP 20 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE SOUTHWEST CORNER OF THE NORTHWEST ¼ OF SAID SECTION 6, WHICH IS THE POINT OF BEGINNING; THENCE RUN N00°39'41"E, ALONG THE WEST LINE OF THE NORTHWEST ¼ OF SAID SECTION 6, A DISTANCE OF 2,360.48 FEET; THENCE DEPARTING SAID WEST LINE, RUN S30°29'04"E, A DISTANCE OF 19.79 FEET; THENCE RUN S20°37'14"E, A DISTANCE OF 84.19 FEET; THENCE RUN S76°53'11"E, A DISTANCE OF 47.78 FEET; THENCE RUN S36°10'15"E, A DISTANCE OF 68.70 FEET; THENCE RUN S53°58'30"E, A DISTANCE OF 83.28 FEET; THENCE RUN S44°52'44"E, A DISTANCE OF 70.96 FEET; THENCE RUN S03°00'03"W, A DISTANCE OF 85.15 FEET; THENCE RUN S64°52'10"E, A DISTANCE OF 45.25 FEET; THENCE RUN S88°04'24"E, A DISTANCE OF 34.38 FEET; THENCE RUN N09°21'14"E, A DISTANCE OF 78.78 FEET; THENCE RUN S88°37'45"E, A DISTANCE OF 36.40 FEET; THENCE RUN N61°16'45"E, A DISTANCE OF 78.67 FEET; THENCE RUN N79°11'16"E, A DISTANCE OF 87.21 FEET; THENCE RUN N82°04'48"E, A DISTANCE OF 69.61 FEET; THENCE RUN N60°17'41"E, A DISTANCE OF 102.77 FEET; THENCE RUN S46°03'35"E, A DISTANCE OF 89.04 FEET; THENCE RUN S25°57'33"E, A DISTANCE OF 431.46 FEET; THENCE RUN S46°18'25"E, A DISTANCE OF 100.01 FEET; THENCE RUN S80°46'10"E, A DISTANCE OF 82.69 FEET; THENCE RUN S82°49'12"E, A DISTANCE OF 85.20 FEET; THENCE RUN S39°42'02"E, A DISTANCE OF 45.75 FEET; THENCE RUN S14°23'50"W, A DISTANCE OF 70.58 FEET; THENCE RUN S29°58'34"E, A DISTANCE OF 76.07 FEET; THENCE RUN S23°08'46"E, A DISTANCE OF 39.04 FEET; THENCE RUN S11°00'19"W, A DISTANCE OF 95.71 FEET; THENCE RUN S09°22'14"W, A DISTANCE OF 123.51 FEET; THENCE RUN S09°41'56"E, A DISTANCE OF 80.26 FEET; THENCE RUN S43°34'44"E, A DISTANCE OF 98.73 FEET; THENCE RUN N76°35'25"E, A DISTANCE OF 50.82 FEET; THENCE RUN S62°33'16"E, A DISTANCE OF 86.58 FEET; THENCE RUN S64°36'42"E, A DISTANCE OF 71.30 FEET; THENCE RUN N76°42'30"E, A DISTANCE OF 44.48 FEET; THENCE RUN S32°12'12"E, A DISTANCE OF 957.86 FEET; THENCE RUN S07°10'01"W, A DISTANCE OF 91.08 FEET; THENCE RUN S61°21'16"E, A DISTANCE OF 47.28 FEET;

THENCE RUN S40°28'15"E, A DISTANCE OF 120.86 FEET; THENCE RUN S44°33'11"E, A DISTANCE OF 69.24 FEET; THENCE RUN S37°26'37"E, A DISTANCE OF 89.41 FEET; THENCE RUN S07°06'18"E, A DISTANCE OF 113.64 FEET; THENCE RUN S09°52'34"E, A DISTANCE OF 113.85 FEET; THENCE RUN S35°28'16"W, A DISTANCE OF 89.69 FEET; THENCE RUN S64°22'33"E, A DISTANCE OF 118.81 FEET; THENCE RUN S52°22'56"E, A DISTANCE OF 90.58 FEET; THENCE RUN N79°20'02"E, A DISTANCE OF 136.10 FEET; THENCE RUN N52°22'55"E, A DISTANCE OF 86.83 FEET; THENCE RUN N36°24'30"E, A DISTANCE OF 105.87 FEET; THENCE RUN N48°55'55"E, A DISTANCE OF 45.49 FEET; THENCE RUN S89°56'18"E, A DISTANCE OF 151.08 FEET; THENCE RUN N24°38'40"E, A DISTANCE OF 110.35 FEET; THENCE RUN N46°09'26"E, A DISTANCE OF 81.02 FEET; THENCE RUN S86°18'52"E, A DISTANCE OF 62.24 FEET; THENCE RUN S27°38'50"E, A DISTANCE OF 68.64 FEET; THENCE RUN S41°23'00"E, A DISTANCE OF 95.74 FEET; THENCE RUN S09°19'22"E, A DISTANCE OF 161.00 FEET; THENCE RUN S22°58'56"E, A DISTANCE OF 78.10 FEET; THENCE RUN S41°13'52"W, A DISTANCE OF 71.83 FEET; THENCE RUN S67°32'49"W, A DISTANCE OF 60.90 FEET; THENCE RUN S22°37'04"W, A DISTANCE OF 125.78 FEET; THENCE RUN S05°54'07"W, A DISTANCE OF 58.17 FEET; THENCE RUN S09°17'29"E, A DISTANCE OF 113.07 FEET; THENCE RUN S17°42'35"W, A DISTANCE OF 84.59 FEET; THENCE RUN S54°18'47"E, A DISTANCE OF 86.37 FEET; THENCE RUN S59°31'01"E, A DISTANCE OF 114.87 FEET; THENCE RUN S62°38'05"E, A DISTANCE OF 134.39 FEET; THENCE RUN S39°09'25"E, A DISTANCE OF 51.70 FEET; THENCE RUN S80°59'23"E, A DISTANCE OF 80.02 FEET; THENCE RUN N35°54'34"E, A DISTANCE OF 63.23 FEET; THENCE RUN S74°27'55"E, A DISTANCE OF 81.89 FEET; THENCE RUN S04°00'12"E, A DISTANCE OF 73.97 FEET; THENCE RUN S80°14'56"E, A DISTANCE OF 67.06 FEET; THENCE RUN S62°54'57"E, A DISTANCE OF 47.02 FEET; THENCE RUN S80°58'05"E, A DISTANCE OF 47.16 FEET; THENCE RUN N50°24'47"E, A DISTANCE OF 52.77 FEET; THENCE RUN N16°30'08"W, A DISTANCE OF 34.10 FEET; THENCE RUN N00°36'32"W, A DISTANCE OF 52.85 FEET; THENCE RUN S40°59'45"E, A DISTANCE OF 106.23 FEET; THENCE RUN S55°44'00"E, A DISTANCE OF 86.62 FEET; THENCE RUN S33°10'27"E, A DISTANCE OF 83.20 FEET; THENCE RUN S55°17'24"E, A DISTANCE OF 68.84 FEET; THENCE RUN S46°21'25"E, A DISTANCE OF 101.01 FEET; THENCE RUN N74°50'26"E, A DISTANCE OF 86.17 FEET; THENCE RUN S82°04'41"E, A DISTANCE OF 120.38 FEET; THENCE RUN N58°22'49"E, A DISTANCE OF 68.80 FEET; THENCE RUN S60°56'38"E, A DISTANCE OF 75.22 FEET; THENCE RUN S03°14'40"W, A DISTANCE OF 76.66 FEET; THENCE RUN S50°59'10"W, A DISTANCE OF 90.51 FEET; THENCE RUN S36°37'10"W, A DISTANCE OF 76.43 FEET; THENCE RUN S12°29'53"E, A DISTANCE OF 471.98 FEET; THENCE RUN S24°47'34"E, A DISTANCE OF 104.62 FEET; THENCE RUN S12°21'53"W, A DISTANCE OF 65.63 FEET; THENCE RUN S18°03'40"E, A DISTANCE OF 67.17 FEET; THENCE RUN S25°58'11"E, A DISTANCE OF 64.57 FEET; THENCE RUN S27°55'06"E, A DISTANCE OF 100.44 FEET; THENCE RUN S35°22'32"W, A DISTANCE OF 59.70 FEET; THENCE RUN S13°35'06"E, A DISTANCE OF 68.53 FEET; THENCE RUN S51°53'59"E, A DISTANCE OF 156.93 FEET; THENCE RUN S66°50'45"E, A DISTANCE OF 64.60 FEET; THENCE RUN S48°38'48"W, A DISTANCE OF 54.10 FEET; THENCE RUN S08°34'50"W, A DISTANCE OF 80.78 FEET; THENCE RUN S08°53'51"W, A DISTANCE OF 102.76 FEET; THENCE RUN S13°03'25"W, A DISTANCE OF 64.08 FEET; THENCE RUN S27°21'03"W, A DISTANCE OF 92.67 FEET; THENCE RUN S58°32'05"W, A DISTANCE OF 39.73 FEET; THENCE RUN S05°28'43"W, A DISTANCE OF 111.73 FEET;

THENCE RUN S12°31'44"W, A DISTANCE OF 83.93 FEET; THENCE RUN S55°17'54"W, A DISTANCE OF 62.16 FEET; THENCE RUN N84°37'02"W, A DISTANCE OF 51.91 FEET; THENCE RUN N88°34'03"W, A DISTANCE OF 32.60 FEET; THENCE RUN S42°06'52"W, A DISTANCE OF 58.01 FEET; THENCE RUN S12°33'12"W, A DISTANCE OF 37.53 FEET; THENCE RUN S20°36'57"W, A DISTANCE OF 33.88 FEET; THENCE RUN S20°04'52"E, A DISTANCE OF 53.52 FEET; THENCE RUN S24°42'25"E, A DISTANCE OF 74.30 FEET; THENCE RUN S30°43'24"E, A DISTANCE OF 665.00 FEET; THENCE RUN S76°34'14"E, A DISTANCE OF 477.21 FEET; THENCE RUN S71°58'41"E, A DISTANCE OF 165.94 FEET; THENCE RUN S54°48'46"E, A DISTANCE OF 79.68 FEET; THENCE RUN S62°41'15"E, A DISTANCE OF 108.65 FEET; THENCE RUN S62°55'30"E, A DISTANCE OF 667.14 FEET; THENCE RUN S60°27'48"E, A DISTANCE OF 87.14 FEET; THENCE RUN S64°03'50"E, A DISTANCE OF 106.68 FEET; THENCE RUN S43°54'25"E, A DISTANCE OF 79.20 FEET; THENCE RUN S72°01'07"E, A DISTANCE OF 124.60 FEET; THENCE RUN S60°09'14"E, A DISTANCE OF 62.29 FEET; THENCE RUN S31°27'02"E, A DISTANCE OF 86.64 FEET; THENCE RUN S63°57'31"E, A DISTANCE OF 63.36 FEET; THENCE RUN N89°40'02"E, A DISTANCE OF 61.47 FEET; THENCE RUN S25°03'35"E, A DISTANCE OF 41.98 FEET; THENCE RUN S58°26'41"E, A DISTANCE OF 77.10 FEET; THENCE RUN N64°51'43"E, A DISTANCE OF 59.71 FEET; THENCE RUN N22°27'00"E, A DISTANCE OF 133.33 FEET; THENCE RUN N52°49'57"E, A DISTANCE OF 66.67 FEET; THENCE RUN N35°29'20"E, A DISTANCE OF 82.69 FEET; THENCE RUN N27°10'34"E, A DISTANCE OF 56.95 FEET; THENCE RUN S79°02'53"E, A DISTANCE OF 94.44 FEET; THENCE RUN N62°59'52"E, A DISTANCE OF 87.39 FEET; THENCE RUN S55°10'19"E, A DISTANCE OF 51.33 FEET; THENCE RUN S56°42'06"E, A DISTANCE OF 76.72 FEET; THENCE RUN S69°38'47"E, A DISTANCE OF 98.62 FEET; THENCE RUN S33°07'22"E, A DISTANCE OF 66.32 FEET; THENCE RUN S12°34'18"E, A DISTANCE OF 67.51 FEET; THENCE RUN S73°43'09"E, A DISTANCE OF 32.57 FEET; THENCE RUN N88°46'08"E, A DISTANCE OF 89.59 FEET; THENCE RUN S72°00'24"E, A DISTANCE OF 88.54 FEET; THENCE RUN N82°00'35"E, A DISTANCE OF 82.23 FEET; THENCE RUN N28°08'41"E, A DISTANCE OF 77.60 FEET; THENCE RUN S79°52'28"E, A DISTANCE OF 72.13 FEET; THENCE RUN S84°08'18"E, A DISTANCE OF 76.52 FEET; THENCE RUN S50°04'27"E, A DISTANCE OF 116.72 FEET; THENCE RUN S18°05'38"E, A DISTANCE OF 86.72 FEET; THENCE RUN S11°26'26"W, A DISTANCE OF 91.89 FEET; THENCE RUN S29°04'26"E, A DISTANCE OF 89.79 FEET; THENCE RUN S09°58'55"E, A DISTANCE OF 91.28 FEET; THENCE RUN S40°14'22"E, A DISTANCE OF 56.45 FEET; THENCE RUN S43°10'08"E, A DISTANCE OF 86.77 FEET; THENCE RUN S30°23'40"E, A DISTANCE OF 63.23 FEET; THENCE RUN S36°06'06"W, A DISTANCE OF 69.17 FEET; THENCE RUN S49°24'38"E, A DISTANCE OF 39.36 FEET; THENCE RUN N51°47'53"E, A DISTANCE OF 66.55 FEET; THENCE RUN S18°39'03"E, A DISTANCE OF 66.42 FEET; THENCE RUN S13°29'51"E, A DISTANCE OF 121.98 FEET; THENCE RUN S37°08'09"E, A DISTANCE OF 78.28 FEET; THENCE RUN S18°59'20"E, A DISTANCE OF 85.31 FEET; THENCE RUN S29°01'05"W, A DISTANCE OF 50.31 FEET; THENCE RUN S14°39'12"W, A DISTANCE OF 122.19 FEET; THENCE RUN S18°44'14"E, A DISTANCE OF 78.53 FEET; THENCE RUN S53°17'25"E, A DISTANCE OF 80.53 FEET; THENCE RUN S37°24'41"E, A DISTANCE OF 83.16 FEET; THENCE RUN S55°25'31"E, A DISTANCE OF 71.44 FEET; THENCE RUN N58°27'23"E, A DISTANCE OF 43.35 FEET; THENCE RUN S19°10'27"E, A DISTANCE OF 37.15 FEET; THENCE RUN S63°34'27"W, A DISTANCE OF 31.07 FEET; THENCE RUN S22°20'25"E, A DISTANCE OF 134.31 FEET;



THENCE RUN S08°26'23"W, A DISTANCE OF 67.96 FEET; THENCE RUN S22°50'36"E, A DISTANCE OF 95.16 FEET; THENCE RUN S68°08'39"E, A DISTANCE OF 101.39 FEET; THENCE RUN S84°06'33"E, A DISTANCE OF 143.78 FEET; THENCE RUN S53°36'32"E, A DISTANCE OF 79.23 FEET; THENCE RUN S62°30'27"E, A DISTANCE OF 79.89 FEET; THENCE RUN S80°26'17"E, A DISTANCE OF 103.16 FEET; THENCE RUN S50°11'10"E, A DISTANCE OF 58.15 FEET; THENCE RUN S66°52'59"E, A DISTANCE OF 72.77 FEET; THENCE RUN S63°53'24"E, A DISTANCE OF 143.33 FEET; THENCE RUN S83°14'16"E, A DISTANCE OF 82.39 FEET; THENCE RUN S46°01'21"E, A DISTANCE OF 132.57 FEET; THENCE RUN S30°59'41"E, A DISTANCE OF 81.79 FEET; THENCE RUN N86°11'27"E, A DISTANCE OF 73.17 FEET; THENCE RUN N62°36'40"E, A DISTANCE OF 109.25 FEET; THENCE RUN N76°42'21"E, A DISTANCE OF 117.81 FEET; 1) THENCE RUN S00°30'28"W, A DISTANCE OF 58.37 FEET; 2) THENCE RUN N59°53'32"E, A DISTANCE OF 54.81 FEET; 3) THENCE RUN S43°52'35"E, A DISTANCE OF 38.23 FEET; 4) THENCE RUN S75°34'26"E, A DISTANCE OF 45.20 FEET; 5) THENCE RUN S70°37'50"E, A DISTANCE OF 23.34 FEET; 6) THENCE RUN S65°59'05"E, A DISTANCE OF 142.77 FEET; 7) THENCE RUN S71°48'27"E, A DISTANCE OF 41.59 FEET; 8) THENCE RUN S73°29'01"E, A DISTANCE OF 85.77 FEET; 9) THENCE RUN N83°59'28"E, A DISTANCE OF 72.88 FEET; 10) THENCE RUN N82°39'04"E, A DISTANCE OF 75.52 FEET; 11) THENCE RUN N22°53'15"E, A DISTANCE OF 49.24 FEET; 12) THENCE RUN N42°47'28"E, A DISTANCE OF 36.32 FEET; 13) THENCE RUN N66°51'09"E, A DISTANCE OF 48.16 FEET; 14) THENCE RUN N82°25'46"E, A DISTANCE OF 75.22 FEET; 15) THENCE RUN N82°09'15"E, A DISTANCE OF 66.23 FEET; 16) THENCE RUN N72°05'31"E, A DISTANCE OF 32.56 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST ¼ OF SECTION 9; 1) THENCE RUN S00°30'28"W, ALONG SAID WEST LINE, A DISTANCE OF 107.66 FEET; 2) THENCE DEPARTING SAID WEST LINE, RUN S89°33'30"E, A DISTANCE OF 841.08 FEET; 3) THENCE RUN S02°20'16"E, A DISTANCE OF 303.39 FEET; 4) THENCE RUN S60°11'33"E, A DISTANCE OF 535.18 FEET; 5) THENCE RUN S00°10'55"W, A DISTANCE OF 387.25 FEET; 6) THENCE RUN S00°48'18"W, A DISTANCE OF 599.91 FEET; 7) THENCE RUN S88°56'30"E, A DISTANCE OF 2,556.25 FEET; 8) THENCE RUN S00°49'33"W, A DISTANCE OF 5.52 FEET; 9) THENCE RUN S43°39'58"W, A DISTANCE OF 170.17 FEET; 10) THENCE RUN S13°50'45"W, A DISTANCE OF 147.54 FEET; 11) THENCE RUN S26°56'42"E, A DISTANCE OF 135.90 FEET; 12) THENCE RUN S41°29'44"E, A DISTANCE OF 127.17 FEET; 13) THENCE RUN S00°49'33"W, A DISTANCE OF 891.81 FEET; 14) THENCE RUN N88°56'27"W, A DISTANCE OF 65.00 FEET; 15) THENCE RUN S00°49'33"W, A DISTANCE OF 644.96 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF COUNTY ROAD NO. 470, THENCE RUN ALONG SAID NORTH AND EAST RIGHT-OF-WAY LINE THE FOLLOWING FOUR (4) COURSES AND DISTANCES: 1) THENCE RUN N88°56'30"W, A DISTANCE OF 2,673.97 FEET TO A POINT OF CURVATURE OF A 1,095.82 FOOT RADIUS CURVE CONCAVE TO THE NORTHEAST; 2) THENCE RUN NORTHWESTERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 89°43'22" AN ARC DISTANCE OF 1,716.01 FEET TO A POINT OF TANGENCY; 3) THENCE RUN N00°46'52"E, A DISTANCE OF 378.96 FEET TO A POINT OF CURVATURE OF A 1,196.40 FOOT RADIUS CURVE CONCAVE TO THE WEST; 4) THENCE RUN NORTHERLY ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 30°56'25" AN ARC DISTANCE OF 646.07 FEET TO A POINT OF NON-TANGENCY;

THENCE DEPARTING SAID RIGHT-OF-WAY LINE, RUN S89°13'08"E, A DISTANCE OF 120.24 FEET TO A POINT ON THE EAST LINE OF THE NORTHEAST ¼ OF SAID SECTION 17; THENCE RUN N00°46'52"E, ALONG SAID EAST LINE, A DISTANCE OF 535.00 FEET TO THE SOUTHWEST CORNER OF SAID SECTION 9; THENCE RUN N00°30'28"E, ALONG THE WEST LINE OF THE SOUTHWEST ¼ OF SAID SECTION 9, A DISTANCE OF 100.00 FEET; THENCE RUN N89°24'17"W, A DISTANCE OF 807.90 FEET; THENCE RUN S00°30'28"W, A DISTANCE OF 99.99 FEET TO A POINT ON THE NORTH RIGHT-OF-WAY LINE OF SAID COUNTY ROAD NO. 470, SAID POINT BEING ON A 1,196.40 FOOT RADIUS NONTANGENT CURVE CONCAVE TO THE SOUTH WHOSE RADIUS POINT BEARS S17°12'59"W; THENCE RUN WESTERLY ALONG SAID NORTHERLY RIGHT-OF-WAY LINE THE FOLLOWING FOUR (4) COURSES AND DISTANCES: 1) THENCE RUN ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16°37'16" AN ARC DISTANCE OF 347.07 FEET TO A POINT OF TANGENCY; 2) THENCE RUN N89°24'17"W, A DISTANCE OF 1,499.54 FEET TO THE EAST LINE OF THE SOUTHWEST ¼ OF AFORESAID SECTION 8; THENCE DEPARTING SAID WEST LINE RUN N89°23'48"W, A DISTANCE OF 2,315.45 FEET; THENCE N84°15'10"W, A DISTANCE OF 213.38 FEET; THENCE DEPARTING SAID NORTH RIGHT-OF-WAY LINE, RUN N42°26'19"W, A DISTANCE OF 1,675.88 FEET; THENCE RUN S47°33'41"W, A DISTANCE OF 270.00 FEET TO A POINT ON THE NORTHEASTERLY RIGHT-OF-WAY LINE OF THE FLORIDA TURNPIKE (STATE ROAD NO. 91, A VARIABLE WIDTH RIGHT-OF-WAY), THENCE RUN N42°26'19"W, ALONG SAID NORTHEASTERLY RIGHT-OF-WAY LINE, A DISTANCE OF 5,966.03 FEET TO A POINT ON THE WEST LINE OF THE SOUTHWEST ¼ OF SAID SECTION 6; THENCE DEPARTING SAID NORTHEASTERLY RIGHT-OF-WAY LINE, RUN N00°45'14"E, ALONG SAID WEST LINE, A DISTANCE OF 2,487.91 FEET TO THE POINT OF BEGINNING.

AND:

A PORTION OF SECTION 9, TOWNSHIP 20 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF SAID SECTION 9; THENCE RUN S89°11'07"E, ALONG THE SOUTH LINE OF THE SOUTHWEST ¼ OF SAID SECTION 9, A DISTANCE OF 2,650.14 FEET TO THE SOUTHEAST CORNER OF THE SOUTHWEST ¼ OF SAID SECTION 9; THENCE DEPARTING SAID SOUTH LINE, RUN N00°45'24"E, ALONG THE EAST LINE OF THE SOUTHWEST ¼ OF SAID SECTION 9, A DISTANCE OF 1,340.43 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID EAST LINE, RUN THE FOLLOWING FIVE (5) COURSES AND DISTANCES: 1) THENCE RUN N90°00'00"W, A DISTANCE OF 1,427.39 FEET; 2) THENCE RUN N20°12'05"E, A DISTANCE OF 896.56 FEET; 3) THENCE RUN S89°45'55"E, A DISTANCE OF 1,510.88 FEET; 4) THENCE RUN S00°00'00"E, A DISTANCE OF 538.26 FEET; 5) THENCE RUN N90°00'00"E, A DISTANCE OF 1,602.12 FEET; THENCE THE FOLLOWING TWO (2) COURSES AND DISTANCES: 1) THENCE RUN S00°36'49"W, A DISTANCE OF 831.10 FEET; 2) THENCE RUN N88°50'30"W, A DISTANCE OF 192.44 FEET; THENCE THE FOLLOWING FOUR (4) COURSES AND DISTANCES: 1) THENCE RUN N74°45'27"W, A DISTANCE OF 957.72 FEET; 2) THENCE RUN N90°00'00"W, A DISTANCE OF 631.59

FEET; 3) THENCE RUN N01°16'27"E, A DISTANCE OF 278.48 FEET; 4) THENCE RUN N90°00'00"W, A DISTANCE OF 244.47 FEET TO THE POINT OF BEGINNING.

AND:

THE SOUTH 360.00 FEET OF THE WEST 330.00 FEET OF THE NORTHWEST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE SOUTH  $\frac{1}{2}$  OF THE WEST  $\frac{3}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE SOUTHEAST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  AND THE WEST  $\frac{1}{2}$  OF THE EAST  $\frac{1}{2}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  AND THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$ , ALL LYING WITHIN SECTION 36, TOWNSHIP 19 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA.

AND:

THAT PORTION OF THE WEST  $\frac{3}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF SECTION 36, TOWNSHIP 19 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA, LYING EAST OF THE EASTERLY RIGHT-OF-WAY OF U.S. HIGHWAY 301 AND LYING EAST OF THE EASTERLY RIGHT-OF-WAY FOR THE CSX TRANSPORTATION, INC. RAILROAD.

AND:

THE SOUTHWEST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SECTION 36, TOWNSHIP 19 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA; LESS THE WEST 462.00 FEET OF THE NORTHWEST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SAID SECTION 36; LESS RIGHT-OF-WAY FOR US HIGHWAY 301.

AND TOGETHER WITH:

THE WEST  $\frac{1}{2}$  OF THE SOUTHWEST  $\frac{1}{4}$  AND THE SOUTHWEST  $\frac{1}{4}$  OF THE SOUTHEAST  $\frac{1}{4}$  OF THE SOUTHWEST  $\frac{1}{4}$  OF SECTION 31, TOWNSHIP 19 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA.

AND:

THE NORTH  $\frac{1}{2}$  OF THE NORTHWEST  $\frac{1}{4}$  OF THE NORTHWEST  $\frac{1}{4}$  OF SECTION 1, TOWNSHIP 20 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA, LYING WEST OF THE WESTERLY RIGHT-OF-WAY FOR THE CSX TRANSPORTATION, INC. RAILROAD AND LYING EAST OF THE EASTERLY RIGHT-OF-WAY FOR U.S. HIGHWAY 301.

AND:

THAT LAND LYING IN SECTIONS 1 AND 12, TOWNSHIP 20 SOUTH, RANGE 22 EAST AND SECTION 6, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

BEGIN AT THE NORTHWEST CORNER OF THE NORTHWEST ¼ OF SAID SECTION 6, THENCE S89°46'01"E, ALONG THE NORTH LINE OF SAID NORTHWEST ¼ A DISTANCE OF 1,332.29 FEET TO THE NORTHEAST CORNER OF THE NORTHWEST ¼ OF THE NORTHWEST ¼ OF SAID SECTION 6; THENCE DEPARTING SAID NORTH LINE, S00°25'14"W, ALONG THE EAST LINE OF SAID NORTHWEST ¼ OF THE NORTHWEST ¼ A DISTANCE OF 517.80 FEET TO THE POINT OF INTERSECTION WITH THE THREAD OF SHADY BROOK; THENCE DEPARTING SAID EAST LINE AND SOUTHWESTERLY ALONG THE THREAD OF SHADY BROOK THE FOLLOWING COURSES: S30°39'11"W, 206.13 FEET; THENCE S36°48'33"W, 143.00 FEET; THENCE S34°04'51"W, 43.09 FEET; THENCE S63°06'48"W, 108.78 FEET; THENCE S72°59'03"W, 51.27 FEET; THENCE S80°53'56"W, 47.52 FEET; THENCE S86°58'55"W, 99.28 FEET; THENCE S63°14'45"W, 238.03 FEET; THENCE S64°37'12"W, 183.19 FEET; THENCE S54°17'50"W, 178.15 FEET; THENCE S36°57'57"W, 104.22 FEET; THENCE S64°03'19"W, 91.46 FEET; THENCE S79°02'43"W, 121.33 FEET; THENCE S49°27'14"W, 52.20 FEET; THENCE S34°24'56"W, 9.47 FEET TO A POINT ON THE EAST LINE OF THE NORTHEAST ¼ OF SAID SECTION 1; THENCE CONTINUE, S34°24'56"W, 30.44 FEET; THENCE S59°44'16"W, 154.04 FEET; THENCE S30°49'44"W, 144.25 FEET; THENCE N87°27'56"W, 58.62 FEET; THENCE S85°40'21"W, 48.94 FEET; THENCE S18°42'44"E, 63.68 FEET; THENCE S14°30'36"W, 130.54 FEET; THENCE S01°07'45"W, 141.92 FEET; THENCE S24°03'28"W, 76.51 FEET; THENCE S10°05'36"E, 115.89 FEET; THENCE S16°05'47"W, 63.83 FEET; THENCE S32°41'14"E, 75.25 FEET; THENCE S04°35'00"W, 116.68 FEET; THENCE S26°25'53"W, 52.90 FEET; THENCE S00°21'54"E, 51.65 FEET; THENCE S19°42'07"W, 154.14 FEET; THENCE S43°35'24"W, 41.44 FEET; THENCE S21°30'06"W, 74.55 FEET; THENCE S48°42'48"W, 65.81 FEET; THENCE S02°37'42"W, 40.74 FEET; THENCE S62°22'04"E, 32.55 FEET; THENCE S09°07'03"E, 60.17 FEET; THENCE S16°24'40"W, 113.37 FEET; THENCE S05°46'29"W, 251.39 FEET; THENCE S04°15'32"W, 130.09 FEET; THENCE S25°36'48"W, 117.38 FEET; THENCE S06°12'21"W, 138.59 FEET; THENCE S36°14'33"W, 232.60 FEET; THENCE S46°14'48"W, 169.06 FEET; THENCE S04°49'15"W, 88.45 FEET; THENCE S03°42'48"E, 192.67 FEET; THENCE S19°04'40"W, 31.06 FEET; THENCE S34°27'35"W, 36.09 FEET; THENCE S58°44'08"W, 44.18 FEET; THENCE S59°26'37"W, 58.33 FEET; THENCE S38°32'20"W, 55.47 FEET; THENCE S16°35'41"W, 84.01 FEET; THENCE S21°33'55"W, 97.20 FEET; THENCE S23°54'32"E, 28.66 FEET; THENCE S41°29'27"E, 26.10 FEET; THENCE S30°59'47"E, 39.28 FEET; THENCE S14°55'52"E, 38.10 FEET; THENCE S11°49'58"W, 88.82 FEET; THENCE S19°00'08"W, 46.72 FEET; THENCE S28°49'18"W, 23.67 FEET; THENCE S40°08'04"W, 39.25 FEET; THENCE S38°36'42"W, 41.08 FEET; THENCE S21°12'41"W, 38.95 FEET; THENCE S16°26'36"W, 24.74 FEET; THENCE S09°11'47"W, 28.03 FEET; THENCE S08°34'46"W, 23.19 FEET; THENCE S05°21'12"E, 29.61 FEET; THENCE S28°10'45"E, 36.92 FEET; THENCE S75°29'10"E, 20.45 FEET; THENCE N67°11'38"E, 22.32 FEET; THENCE N88°20'00"E, 26.86 FEET; THENCE S74°55'26"E, 27.38 FEET; THENCE S43°39'31"E, 44.11 FEET; THENCE S41°08'31"E, 42.24 FEET; THENCE S22°17'43"E, 51.17 FEET; THENCE S19°34'30"E, 61.33 FEET; THENCE S32°49'22"W, 61.93 FEET; THENCE S37°12'00"E, 66.43 FEET TO A POINT ON THE NORTH LINE OF THE NORTHEAST ¼ OF SAID SECTION 12; THENCE CONTINUE, S37°12'00"E, 39.30 FEET; THENCE S36°28'50"E, 150.92 FEET; THENCE S28°41'04"E, 139.61 FEET; THENCE S31°11'07"E, 125.28 FEET; THENCE

S15°02'29"E, 46.48 FEET; THENCE S25°54'31"W, 70.38 FEET; THENCE S76°11'03"W, 66.74 FEET; THENCE S37°11'56"W, 61.96 FEET; THENCE S08°45'08"W, 44.31 FEET; THENCE S29°20'21"W, 56.13 FEET; THENCE S65°06'50"W, 84.81 FEET; THENCE S35°05'50"W, 33.63 FEET; THENCE S04°01'16"E, 81.82 FEET; THENCE S08°08'17"E, 31.27 FEET; THENCE S82°32'13"W, 52.89 FEET; THENCE S76°06'15"W, 53.55 FEET; THENCE S51°31'21"W, 72.74 FEET; THENCE N76°04'09"W, 74.49 FEET; THENCE S70°24'30"W, 94.69 FEET; THENCE N75°53'26"W, 83.36 FEET; THENCE N78°44'02"W, 101.62 FEET; THENCE S57°51'16"W, 70.43 FEET; THENCE S82°18'42"W, 123.84 FEET; THENCE N76°08'09"W, 91.02 FEET; THENCE N69°31'29"W, 170.51 FEET; THENCE N70°22'02"W, 75.02 FEET; THENCE S72°31'51"W, 44.94 FEET TO A POINT ON THE EASTERLY RIGHT-OF-WAY FOR THE CSX TRANSPORTATION, INC. RAILROAD; THENCE DEPARTING THE THREAD OF SHADY BROOK, N21°14'42"W, ALONG SAID EASTERLY RAILROAD RIGHT-OF-WAY A DISTANCE OF 6,598.34 FEET TO A POINT ON THE NORTH LINE OF THE NORTHWEST ¼ OF SAID SECTION 1; THENCE DEPARTING SAID EASTERLY RAILROAD RIGHT-OF-WAY AND ALONG SAID NORTH LINE, S89°52'06"E, 1,731.21 FEET TO THE NORTHWEST CORNER OF THE NORTHEAST ¼ OF SAID SECTION 1; THENCE ALONG THE NORTH LINE OF THE NORTHEAST ¼ OF SAID SECTION 1, S89°45'59"E, 2,648.68 FEET TO THE POINT OF BEGINNING.

LESS:

ANY PORTION LYING THEREOF WITHIN THE NORTH ½ OF THE NORTHEAST ¼ OF THE NORTHEAST ¼ OF SECTION 1, TOWNSHIP 20 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA.

AND:

THAT PORTION OF THE NORTH ¾ OF SECTION 34, TOWNSHIP 19 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA; LYING EAST OF THE RIGHT-OF-WAY FOR I-75; LESS THE NORTH 1,543.15 FEET THEREOF.

AND:

THAT PORTION OF THE SOUTH ¾ OF SECTION 35, TOWNSHIP 19 SOUTH, RANGE 22 EAST, LYING WESTERLY OF THE RAILROAD RIGHT-OF-WAY AND EAST OF THE RIGHT-OF-WAY FOR I-75; LESS THE NORTH 1,543.15 FEET OF THE WEST ½ OF SAID SECTION 35.

AND LESS:

THE FOLLOWING PORTIONS THEREOF LYING WITHIN THE FLORIDA DEPARTMENT OF TRANSPORTATION RETENTION AREA ABUTTING I-75:

COMMENCE AT THE SOUTHEAST CORNER OF THE NORTHEAST ¼ OF SAID SECTION 34, TOWNSHIP 19 SOUTH, RANGE 22 EAST; THENCE RUN N89°55'49"W,

ALONG THE SOUTH LINE OF SAID NORTHEAST ¼ OF SECTION 34, A DISTANCE OF 18.99 FEET TO THE EASTERLY RIGHT-OF-WAY OF INTERSTATE 75; THENCE DEPARTING SAID SOUTH LINE, RUN N02°55'02"W, ALONG SAID EASTERLY RIGHT-OF-WAY, A DISTANCE OF 364.40 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY, RUN N87°04'58"E, A DISTANCE OF 156.99 FEET; THENCE RUN N02°55'02"W, A DISTANCE OF 136.45 FEET; THENCE RUN N40°45'13"E, A DISTANCE OF 35.67 FEET; THENCE RUN N82°57'32"E, A DISTANCE OF 146.29 FEET; THENCE RUN N06°58'02"W, A DISTANCE OF 144.00 FEET; THENCE RUN S82°57'32"W, A DISTANCE OF 318.19 FEET TO THE AFORESAID EASTERLY RIGHT-OF-WAY OF INTERSTATE 75; THENCE S02°55'02"E, ALONG SAID EASTERLY RIGHT-OF-WAY, A DISTANCE OF 293.53 FEET TO THE POINT OF BEGINNING.

AND LESS:

THE FOLLOWING PORTIONS THEREOF LYING WITHIN THE FLORIDA DEPARTMENT OF TRANSPORTATION RETENTION AREA ABUTTING I-75:

COMMENCE AT THE SOUTHWEST CORNER OF SAID SECTION 35, TOWNSHIP 19 SOUTH, RANGE 22 EAST; THENCE RUN S89°53'30"E, ALONG THE SOUTH LINE OF THE SOUTHWEST ¼ OF SAID SECTION 35, A DISTANCE OF 135.93 FEET TO THE EASTERLY RIGHT-OF-WAY OF INTERSTATE 75; THENCE RUN N02°54'42"W, ALONG SAID EASTERLY RIGHT-OF-WAY, A DISTANCE OF 366.88 FEET; THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY, RUN N87°05'18"E, A DISTANCE OF 239.75 FEET; THENCE RUN N33°58'33"E, A DISTANCE OF 71.55 FEET; THENCE RUN N16°53'49"W, A DISTANCE OF 41.01 FEET; THENCE RUN N57°25'06"W, A DISTANCE OF 96.33 FEET; THENCE RUN N16°39'27"W, A DISTANCE OF 71.29 FEET; THENCE RUN N55°26'15"W, A DISTANCE OF 32.23 FEET; THENCE RUN N71°52'05"W, A DISTANCE OF 81.29 FEET; THENCE RUN S87°05'18"W, A DISTANCE OF 75.97 FEET TO THE AFORESAID EASTERLY RIGHT-OF-WAY OF INTERSTATE 75; THENCE RUN S02°54'42"E, ALONG SAID EASTERLY RIGHT-OF-WAY, A DISTANCE OF 271.00 FEET TO THE POINT OF BEGINNING.

AND LESS:

THE FOLLOWING PORTIONS THEREOF LYING WITHIN THE FLORIDA DEPARTMENT OF TRANSPORTATION RETENTION AREA ABUTTING I-75:

COMMENCE AT THE SOUTHWEST CORNER OF SAID SECTION 35, TOWNSHIP 19 SOUTH, RANGE 22 EAST; THENCE RUN S89°53'30"E, ALONG THE SOUTH LINE OF THE SOUTHWEST ¼ OF SAID SECTION 35, A DISTANCE OF 135.93 FEET TO THE EASTERLY RIGHT-OF-WAY OF INTERSTATE 75; THENCE RUN N02°54'42"W, ALONG SAID EASTERLY RIGHT-OF-WAY, A DISTANCE OF 1,097.87 FEET; THENCE DEPARTING SAID EASTERLY RIGHT-OF-WAY, RUN N87°05'18"E, A DISTANCE OF 43.15 FEET; THENCE RUN S48°26'25"E, A DISTANCE OF 53.64 FEET; THENCE RUN S79°17'09"E, A DISTANCE OF 31.50 FEET; THENCE RUN N80°58'57"E, A DISTANCE OF 79.35 FEET; THENCE RUN S77°07'58"E, A DISTANCE OF 95.95 FEET; THENCE RUN

S50°59'36"E, A DISTANCE OF 35.25 FEET; THENCE RUN S24°50'48"E, A DISTANCE OF 62.16 FEET; THENCE RUN S23°18'50"E, A DISTANCE OF 177.33 FEET; THENCE RUN S75°01'46"E, A DISTANCE OF 56.05 FEET; THENCE RUN N54°25'59"E, A DISTANCE OF 119.80 FEET; THENCE RUN N39°27'28"W, A DISTANCE OF 455.30 FEET; THENCE RUN N77°08'05"W, A DISTANCE OF 53.26 FEET; THENCE RUN S82°09'08"W, A DISTANCE OF 83.10 FEET; THENCE RUN N48°26'15"W, A DISTANCE OF 87.83 FEET; THENCE RUN S87°05'18"W, A DISTANCE OF 80.91 FEET TO THE AFORESAID EASTERLY RIGHT-OF-WAY OF INTERSTATE 75; THENCE RUN S02°54'42"E, ALONG SAID EASTERLY RIGHT-OF-WAY, A DISTANCE OF 172.01 FEET TO THE POINT OF BEGINNING.

AND LESS:

BEGIN AT THE NORTHWEST CORNER OF THE SOUTHEAST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$  OF SECTION 35, TOWNSHIP 19 SOUTH, RANGE 22 EAST; RUN S08°00'W 223.00 FEET; THENCE S89°47'10"W 91.97 FEET; THENCE N04°08'45"E 221.35 FEET TO THE NORTH LINE OF SOUTHWEST  $\frac{1}{4}$  OF THE NORTHEAST  $\frac{1}{4}$ , THENCE N89°41'10"E 107.15 FEET TO THE POINT OF BEGINNING.

AND LESS:

THAT PORTION OF SAID SECTION 35 DESCRIBED AS FOLLOWS: BEGIN AT THE SOUTHWEST CORNER OF THE SOUTHEAST  $\frac{1}{4}$  OF SAID SECTION 35; THENCE RUN EAST ALONG THE SOUTH LINE THEREOF, A DISTANCE OF 181.33, MORE OR LESS, TO A POINT ON THE WESTERLY RAILROAD RIGHT-OF-WAY, HEREBY REFERRED TO AS POINT "A"; THENCE RETURN TO THE POINT OF BEGINNING AND RUN WEST ALONG THE SOUTH LINE OF THE SOUTHWEST  $\frac{1}{4}$  OF SAID SECTION 35, A DISTANCE OF 200.00 FEET; THENCE NORTH, PARALLEL WITH THE EAST LINE OF SAID SOUTHWEST  $\frac{1}{4}$  A DISTANCE OF 1,981.86 FEET; THENCE DEPARTING SAID PARALLEL LINE, RUN S67°33'00"E, 1,103.02 FEET TO A POINT ON THE WESTERLY RAILROAD RIGHT-OF-WAY; THENCE SOUTHWESTERLY ALONG SAID WESTERLY RIGHT-OF-WAY TO POINT "A".

AND LESS:

RIGHTS-OF-WAY FOR COUNTY ROAD 525 AND COUNTY ROAD 525E.

AND TOGETHER WITH:

THAT PORTION OF THE NORTH  $\frac{3}{4}$  OF SECTION 2, TOWNSHIP 20 SOUTH, RANGE 22 EAST, SUMTER COUNTY, FLORIDA, LYING WESTERLY OF THE RAILROAD RIGHT-OF-WAY AND LYING EAST OF INTERSTATE 75.

LESS:

THAT PORTION OF SAID SECTION 2 DESCRIBED AS FOLLOWS: BEGIN AT THE NORTHWEST CORNER OF THE NORTHEAST  $\frac{1}{4}$  OF SAID SECTION 2, THENCE S89°55'42"E, ALONG THE NORTH LINE THEREOF A DISTANCE OF 181.33 FEET TO THE WESTERLY RAILROAD RIGHT-OF-WAY; THENCE DEPARTING SAID NORTH LINE AND ALONG SAID WESTERLY RIGHT-OF-WAY, RUN S22°27'00"W, 1,096.47 FEET; THENCE DEPARTING SAID WESTERLY RIGHT-OF-WAY, RUN N02°06'44"E, 1,014.54 FEET TO A POINT ON THE NORTH LINE OF THE NORTHWEST  $\frac{1}{4}$  OF SAID SECTION 2; THENCE ALONG SAID NORTH LINE, S89°55'42"E, 200.00 FEET, MORE OR LESS, TO THE POINT OF BEGINNING.



**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes  
South Sumter Utility Company, LLC  
Pursuant to  
Certificate Number 669-W**

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

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-17-0059-PAA-WS	2/24/2017	20160220-WS	Original Certificate
PSC-2019-0154-FOF-WS	4/24/2019	20180131-WS	Amendment
PSC-2020-0218-FOF-WS	6/29/2020	20200012-WS	Amendment
*	*	20210059-WS	Amendment

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

**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes  
South Sumter Utility Company, LLC  
Pursuant to  
Certificate Number 571-S**

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

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-17-0059-PAA-WS	2/24/2017	20160220-WS	Original Certificate
PSC-2019-0154-FOF-WS	4/24/2019	20180131-WS	Amendment
PSC-2020-0218-FOF-WS	6/29/2020	20200012-WS	Amendment
*	*	20210059-WS	Amendment

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

# Item 8

State of Florida



## Public Service Commission

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

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

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**DATE:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (M. Watts) *TB*  
Division of Economics (Bethea, Hudson) *JH*  
Office of the General Counsel (Trierweiler) *JSC*

**RE:** Docket No. 20210109-WS – Application for amendment of Certificates 496-W and 465-S to extend territory in Lake County, by Utilities, Inc. of Florida.

**AGENDA:** 08/03/21 – Regular Agenda – Rule Waiver; Proposed Agency Action - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 08/30/21 (90-Day Rule Waiver Statutory Deadline)

**SPECIAL INSTRUCTIONS:** None

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### Case Background

On June 2, 2021, Utilities, Inc. of Florida (UIF or Utility) filed a Petition for Partial Variance or Waiver of Rule 25-30.030(5)(b), Florida Administrative Code (Petition). UIF is a Class A water and wastewater utility that is a wholly owned subsidiary of Utilities, Inc., and its rates and charges were last approved by the Florida Public Service Commission (Commission) in Docket No. 20200139-WS.<sup>1</sup> UIF is seeking a partial waiver of Rule 25-30.030(5)(b), Florida Administrative Code (F.A.C.), in connection with UIF's application for an amendment of UIF's Certificate Nos. 496-W and 465-S in Lake County, Florida (Application). UIF is seeking to add 92 recreational vehicle (RV) lots (approximately 73 water and wastewater Equivalent Residential

<sup>1</sup> Order No. 0546-2021-FOF-WS, issued June 6, 2021, in Docket 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

Connections (ERCs) to UIF's water and wastewater systems, which consist of approximately 35,894 water ERCs, and approximately 32,955 wastewater ERCs. The 92 RV lots will be added on to an existing park already served by UIF, Orlando RV Resort Thousand Trails. Due to the small number of increased ERCs sought by the Utility in its Application, UIF is seeking a waiver of the rule requirement to notify its more than 30,000 customers of the amendment to add 73 ERCs at the substantial cost of approximately \$16,000.

Pursuant to Section 120.542(6), Florida Statutes (F.S.), notice of this rule waiver Petition was published in the Florida Administrative Register on June 8, 2021. In accordance with Rule 28-104.003(1), F.A.C., interested persons were given 14 days after the publication of the notice to submit written comments. No written comments were received, and the time for such has expired.

This recommendation addresses the Utility's Rule Waiver Petition; issues relating to the Utility's Application will be addressed in a subsequent recommendation. The Commission has jurisdiction in this matter pursuant to Sections 367.071 and 120.542, F.S.

## Discussion of Issues

**Issue 1:** Should the Commission approve Utilities, Inc. of Florida's request for a partial waiver of Rule 25-30.030(5)(b), F.A.C.?

**Recommendation:** Yes, the Utility has demonstrated that the underlying purpose of the statute will be or has been achieved by other means, and that strict application of Rule 25-30.030(5)(b), F.A.C., would place a substantial hardship on the Utility. Therefore, staff recommends that the Commission approve UIF's request for a partial waiver or waiver of Rule 25-30.030(5)(b), F.A.C. Staff further recommends that the Utility should be required to post notice of its Application on its website to provide all UIF customers notice of the Utility's proposed actions. (Trierweiler)

**Staff Analysis:** On June 2, 2021, UIF filed a Petition for Partial Variance or Waiver of Rule 25-30.030(5)(b), F.A.C., which requires that notice of an amendment application be provided by regular mail or personal service to each customer and owner of property located within the existing service area, and the service area to be served, extended, deleted, or transferred. UIF seeks to waive the portion of Rule 25-30.030(5)(b), F.A.C., that requires notice to be provided to all customers and property owners within its already existing service area. The Commission granted substantially similar requests for waiver by UIF in Order Nos. PSC-2017-0387-PAA-SU and PSC-2020-0054-PAA-WS.<sup>2</sup>

In its Application, UIF acknowledged its responsibility under the rule to provide notice to governmental entities and other utilities (Rule 25-30.030(5)(a), F.A.C.), the property owner who UIF is requesting to add to its service area (Rule 25-30.030(5)(b), F.A.C.), and to publish the notice in a newspaper of general circulation in the proposed service area (Rule 25-30.030(5)(c), F.A.C.). Staff is working with UIF to make necessary corrections to its notice, maps of the proposed service territory, and the accompanying legal description. Further, UIF has asserted that it will post notice of its Application on its website for a period of not less than 30 days, and the notice shall provide a date certain by when substantially affected persons may timely file an objection to the Application.

Section 120.542(2), F.S., authorizes the Commission to grant variances or waivers from agency rules where the petitioner subject to the rule has demonstrated that the purpose of the underlying statute will be or has been achieved by other means, and that a strict application of the rule would cause the applicant substantial hardship or would violate the principles of fairness. "Substantial hardship" as defined in this section means demonstrated economic, technological, legal, or other hardship. A violation of the "principles of fairness" occurs when the literal application of a rule affects a particular person in a manner significantly different from the way it affects other similarly situated persons who are subject to the rule.

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<sup>2</sup> See Order Nos. PSC-2017-0387-PAA-SU, issued October 11, 2017, in Docket No. 20170174-SU, *In re: Application for transfer of assets of exempt utility, amendment of Certificate No. 465-S, and petition for partial variance or waiver of Rule 25-30.030(5)(b), F.A.C. by Utilities, Inc. of Florida*; Order No. PSC-2020-0054-PAA-WS, issued February 24, 2020, in Docket No. 20190199-WS, *In re: Application for quick-take amendment of Certificate Nos. 278-W and 225-S to add territory in Seminole County, by Utilities, Inc. of Florida*.

The underlying statutory provision pertaining to the above-mentioned rule is Section 367.045, F.S. This statute requires, in part, that notice of the Utility's Application be provided to its consumers who would be substantially affected by the requested amendment. This provision has the effect of alerting current customers of the Utility that additional customers may be added to the system, and of potential impacts that could affect their current rates or quality of service. It also prescribes how and in what manner utility customers may submit objections or request a formal evidentiary hearing on the merits of the Application.

UIF also asserts that strict application of Rule 25-30.030(5)(b), F.A.C., would place a substantial economic hardship on the Utility. UIF contends that the personnel, paper, printing, envelopes, and postage required to mail individual notices to its approximately 30,000 customers would cost over \$16,000. The customers to be added to UIF's customer base if its Application is approved would be a de minimis percentage of the Utility's customer base. UIF argues that the economic cost far outweighs any benefit that the Utility's existing customers would receive.

Based on the foregoing analysis and the information provided within UIF's Petition, staff believes that UIF has met the requirements of Section 120.542, F.S. UIF has demonstrated that strict application of Rule 25-30.030(5)(b), F.A.C., would place a substantial hardship on the Utility, through the cost it would incur to notice its existing customers of the de minimis addition of ERCs in its Application. UIF has further demonstrated that the purpose of the underlying statute will be or has been achieved by other means, because notice of UIF's Application will be provided to its existing customer base via its website, and notice will be provided to all other entities through the traditional means required by the rule. Therefore, staff recommends that UIF's Petition for a partial rule waiver of Rule 25-30.030(5)(b), F.A.C., should be granted.

Pursuant to other provisions of Rule 25-30.030, F.A.C., UIF is required to provide notice of its Application to governmental entities, other utilities, the property owner who UIF is requesting to add to its service area, and to publish the notice in a newspaper of general circulation in the proposed service area. In order to promote awareness of the Utility's Application to UIF's existing customers without requiring the expense of traditional noticing, staff recommends approval of the Utility's request for partial waiver of Rule 25-30.030(5)(b), F.A.C., with the following conditions: UIF should place a notice of its Application on its website, which should provide a date certain by when substantially affected persons may timely file an objection to the Application. This date should be 30 days from the date the notice is published on the website. This notice should remain on the Utility's website for a period of 30 days, and customers should have the right to file an objection with the Office of Commission Clerk until the date specified within the notice. Prior to posting, Commission staff should approve the location and wording of the notice to be published.

**Issue 2:** Should this docket be closed?

**Recommendation:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. This docket should remain open pending the Commission's final decision regarding the Utility's Application for an amendment of UIF's Certificates 496-W and 465-S in Lake County, Florida. (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, a consummating order should be issued. This docket should remain open pending the Commission's final decision regarding the Utility's Application for an amendment of UIF's Certificates 496-W and 465-S in Lake County, Florida.



# Item 9

FILED 7/22/2021  
DOCUMENT NO. 08229-2021  
FPSC - COMMISSION CLERK

State of Florida



## Public Service Commission

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

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

**DATE:** July 22, 2021

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Economics (Sibley, Bethea, Bruce, Hudson) *JGH*  
Office of the General Counsel (Osborn) *JGC* *at 7/22/21*

**RE:** Docket No. 20210119-SU – Application for establishment of wastewater allowance for funds prudently invested (AFPI) charges in Lake County, by Utilities, Inc. of Florida.

**AGENDA:** 08/03/21 – Regular Agenda – Tariff Suspension – Participation is at the Commission’s discretion

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** 08/23/21 (60-Day Suspension Date)

**SPECIAL INSTRUCTIONS:** None

### Case Background

Utilities, Inc. of Florida (UIF or utility) is a Class A utility providing water and wastewater services to 27 systems in the following counties: Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole. Within its 2020 annual report, the utility reported \$16,100,458 for wastewater operating revenues.

On June 24, 2021, the utility filed an application to revise its existing allowance for funds prudently invested (AFPI) charges for its system formerly known as Lake Utility Services, Inc. (LUSI), along with a tariff sheet reflecting the proposed changes. The utility is requesting to revise its existing AFPI charges for the LUSI wastewater system based on the Commission’s

Docket No. 20210119-SU

Date: July 22, 2021

decision in Order No. PSC-2021-0206-FOF-WS,<sup>1</sup> issued June 4, 2021, in which the wastewater system was deemed less than 100 percent used and useful.

Section 367.081(6), Florida Statutes (F.S.), provides that the Commission may, for good cause, withhold consent of implementation of the requested rates within 60 days after the date the rate request is filed. This recommendation addresses the suspension of UIF's proposed tariff sheet. The Commission has jurisdiction pursuant to Section 367.091(6), F.S.

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<sup>1</sup> Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

### Discussion of Issues

**Issue 1:** Should the Commission suspend UIF's proposed tariff of revised AFPI charges for the LUSI wastewater system?

**Recommendation:** Yes. UIF's proposed tariff to establish AFPI charges for its LUSI wastewater system should be suspended. (Sibley, Bethea, Bruce, Hudson)

**Staff Analysis:** Pursuant to Section 367.081(6), F.S., the Commission may withhold consent to the operation of any or all portions of new rates schedules by a vote to that effect within 60 days, giving a reason or statement of good cause for withholding its consent. Staff is recommending that the tariff be suspended to allow staff sufficient time to review the application and gather all pertinent information to present the Commission an informed recommendation on the proposed tariff. Staff sent a data request to UIF on July 22, 2021, requesting additional information in regards to the utility's requested AFPI charges and anticipates a response by August 20, 2021. Staff believes that this reason is a good cause consistent with the requirement of Section 367.081(6), F.S. Based on the above, UIF's proposed tariff to establish AFPI charges for the LUSI wastewater system should be suspended.

**Issue 2:** Should this docket be closed?

**Recommendation:** No. The docket should remain open pending the Commission's final action on UIF's requested approval to revise existing AFPI wastewater charges for the LUSI wastewater system. (Osborn)

**Staff Analysis:** No. The docket should remain open pending the Commission's final action on UIF's requested approval to revise existing AFPI wastewater charges for the LUSI wastewater system.