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Commission Conference Agenda
January 11, 2022

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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: December 29, 2021

TO: Office of Commission Clerk (Teitzman)

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

RE: Docket No. 20210187-GU - Application for authorization to issue common stock, preferred stock and secured and/or unsecured debt, and to enter into agreements for interest rate swap products, equity products and other financial derivatives in 2022, by Chesapeake Utilities Corporation.

AGENDA: 01/11/2022 - Consent Agenda - Final Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following application for authority to issue and sell securities on the consent agenda for approval.

Docket No. 20210187-GU - Application for authorization to issue common stock, preferred stock and secured and/or unsecured debt, and to enter into agreements for interest rate swap products and other financial derivatives in 2022, by Chesapeake Utilities Corporation.

Chesapeake Utilities Corporation (Chesapeake or Utility) seeks authority to issue during calendar year 2022: up to 8.75 million shares of Chesapeake common stock; up to 2.00 million shares of Chesapeake preferred stock; up to \$650 million in secured and/or unsecured debt; to enter into agreements for up to \$400 million in interest rate swap products, equity products and other financial derivatives; and to issue short-term obligations in an amount not to exceed \$500 million.

Chesapeake allocates funds to the Chesapeake Utilities Corporation – Florida Division, Florida Public Utilities Company (FPUC), FPUC – Indiantown Division, and FPUC – Fort Meade Division on an as-needed basis. Chesapeake acknowledges that in no event will such allocations to the Florida Divisions exceed 75 percent of the proposed equity securities (common stock, and preferred stock), long-term debt, short-term debt, interest rate swap products, equity products, and financial derivatives issued by Chesapeake.

Pursuant to Section 366.04, Florida Statutes (F.S.), the Commission shall have jurisdiction to regulate and supervise each public utility in the issuance and sale of its securities, except a security which is a note or draft maturing not more than one year after the date of such issuance

Docket No. 20210187-GU

Date: December 29, 2021

and sale, and aggregating not more than 5 percent of the par value of the other securities of the public utility then outstanding.

The amount requested by Chesapeake exceeds its expected capital expenditures of \$219 million for Chesapeake Utilities Corporation (\$116 million for the Florida Divisions). The additional amount requested exceeding the projected capital expenditures allows for financial flexibility for the purposes enumerated in the Utility's petition, as well as, unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are appropriate. Staff recommends the Utility's petition to issue securities be approved.

For monitoring purposes, this docket should remain open until May 5, 2023, to allow the Utility time to file the required Consummation Report.

Item 2

State of Florida



Public Service Commission

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

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

DATE: December 29, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Wendel, Fogleman,^{CH}
Yglesias de Ayala)
Office of the General Counsel (Weisenfeld)^{TLT}

RE: Docket No. 20210171-TX – Petition for partial relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Bright House Networks Information Services (Florida), LLC.

AGENDA: 12/29/21 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 29, 2021, Bright House Networks Information Services (Florida), LLC (Bright House) filed a petition with the Florida Public Service Commission (Commission) for partial relinquishment of its ETC status for select census blocks in the state of Florida. Bright House was designated as an ETC by the Commission on July 9, 2021, to meet the Federal Communications Commission's (FCC) requirement for High-Cost funding resulting from winning bids in the Rural Digital Opportunity Fund (RDOF) auction.¹ An ETC designation is a condition for telecommunications carriers to receive funding support from the Universal Service

¹ Order No. PSC-2021-0250-CO-TX issued July 9, 2021, in Docket No. 20210013-TX, *In re: Application for designation as an eligible telecommunications carrier to receive rural digital opportunity fund auction (Auction 904) support for voice and broadband services and request for expedited consideration, by Bright House Networks Information Services (Florida), LLC.*

Fund (USF) for the Lifeline and High-Cost programs. The Lifeline program enables low-income households to obtain and maintain basic telephone and broadband service by offering qualifying households a discount on monthly bills. The High-Cost program helps carriers provide voice and broadband service in remote and underserved communities.

To comply with federal requirements for RDOF High-Cost funding, Bright House is required to meet initial broadband deployment requirements by 2024, with increasing deployment and service requirements for each subsequent year.² Alongside broadband deployment, Bright House is required to offer Lifeline service in its awarded census blocks upon reaching its first deployment requirements. Because Bright House has not reached its first buildout requirement deadline, Bright House does not have an obligation to provide Lifeline service at this time, and currently serves no Lifeline customers.

After winning RDOF bidders were announced, the FCC conducted a review of the awarded census blocks and found areas that were deemed unnecessary for broadband infrastructure deployment or were already being served by another carrier. The FCC requested the winning bidders to default these areas to facilitate the efficient use of USF funding, and Bright House accordingly defaulted the census blocks for which it is requesting relinquishment.³

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

² USAC, Rural Digital Opportunity Fund, <https://www.usac.org/high-cost/funds/rural-digital-opportunity-fund/>, accessed on December 11, 2021.

³ FCC, WC Docket No.'s 19-126 and 10-90, [https://ecfsapi.fcc.gov/file/10908766706030/Charter%20RDOF%20Waiver%20\(09-07-2021\).pdf](https://ecfsapi.fcc.gov/file/10908766706030/Charter%20RDOF%20Waiver%20(09-07-2021).pdf), accessed on December 13, 2021.

Discussion of Issues

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

Recommendation: es. The Commission should approve Bright House's request for partial relinquishment of its ETC designation. (Wendel, Fogleman, Yglesias de Ayala, Weisenfeld)

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

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

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

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

Bright House identified in its petition all the census blocks for which it is requesting relinquishment of its ETC designation. Staff identified ETCs who may serve the census blocks identified by Bright House and sent a data request to these carriers to verify ETC designation and confirm Lifeline service provision. Staff compared the responses to ensure that customers in the relinquished areas would have Lifeline service available, even though Bright House has not begun providing Lifeline service. Staff has confirmed the availability of Lifeline service in these census blocks, and therefore, staff recommends that the Commission approve Bright House's petition for partial relinquishment of its ETC designation.

Issue 2: Should this docket be closed?

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

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

Attachment A

State	County	Census Block	Confirmed ETCs Serving Census Block
FL	Alachua	120010009011000	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010015171007	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010015171009	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010015171014	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010017023028	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010022201011	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010022201024	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010022201027	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010022201048	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010022201052	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Alachua	120010022201054	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile
FL	Lake	120690303081030	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Lake	120690303081032	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Lake	120690310001048	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Manatee	120810020142019	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, Frontier Florida
FL	Manatee	120810020142020	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, Frontier Florida
FL	Marion	120830010062001	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062021	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062056	Assurance Wireless, SafeLink Wireless, Access Wireless, T-Mobile, CenturyLink

State	County	Census Block	Confirmed ETCs Serving Census Block
FL	Marion	120830010062057	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062112	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062114	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062120	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062129	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062135	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010062155	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010082006	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Marion	120830010082033	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, CenturyLink
FL	Polk	121050124051064	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, Frontier Florida
FL	Polk	121050124051068	Assurance Wireless, Safelink Wireless, Access Wireless, T-Mobile, Frontier Florida

Item 3

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: December 29, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Lewis) *TB*
Office of the General Counsel (Sandy, J. Crawford) *JSC*

RE: Docket No. 20210125-WS – Application for amendment of Certificate Nos. 677-W and 577-S to delete territory in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.

AGENDA: 01/11/22 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: Staff

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Gibson Place Utility Company, LLC (GPU or Utility) is a water and wastewater Utility in Lake and Sumter Counties. The Utility is in the Southwest Florida Management District (SWFWMD) and is not in a water use caution area. The Utility was granted its original certificates on November 24, 2020, and the Commission also approved the Utility's request for partial waiver of Rule 25-30.033, Florida Administrative Code (F.A.C.), for rates to be set at a later date.¹

On July 27, 2021, pursuant to Section 367.045, Florida Statutes (F.S.), the Utility applied for an amendment to delete part of its service territory from Certificate Nos. 677-W and 577-S. The proposed territory to be deleted consists of two separate areas within the Utility's certificated

¹Order No. PSC-2020-0473-PAA-WS, issued November 24, 2020, in Docket No. 20200185-WS, *In re: Application for certificates to provide water and wastewater service in Lake and Sumter Counties, by Gibson Place Utility Company, LLC.*

service territory that are currently undeveloped. Of the two areas, one will consist of high density commercial customers, while the other will have some commercial customers along with mostly multi-family residential units. The Utility is requesting these two areas be deleted because they will be developed after the remaining territory, which will consist of single family age-restricted housing units. Based on the Utility's November 10, 2021 Status Report,² GPU anticipates it will begin to serve customers within the remaining territory the first quarter of 2023 and plans to file the financial information to establish rates and charges as part of Docket No. 20200185-WS.³ The Commission has jurisdiction pursuant to Section 367.045, F.S.

²Pursuant to Order No. PSC-2020-0473-PAA-WS, GPU is required to send a status report to the Commission every six months detailing the status of its permitting with the Florida Department of Environmental Protection and SWFWMD as well as the anticipated commencement date of its operations.

³Document No. 12619-2021, filed November 10, 2021, in Docket No. 20200185-WS

Discussion of Issues

Issue 1: Should the Commission approve GPU's application for amendment of Certificate Nos. 677-W and 577-S to delete territory from its certificated service area in Lake and Sumter Counties?

Recommendation: Yes. The Commission should approve the application filed by GPU to delete portions of its service territory, as reflected in Attachment A, from its certificated service area. The resultant order should serve as GPU's amended certificate and should be retained by the Utility. (Lewis)

Staff Analysis: On July 27, 2021, GPU applied for an amendment to delete portions of its certificated service territory. GPU has not completed the construction of its water and wastewater plants, nor its water distribution or wastewater collection systems in either the area to be deleted or the remaining original service territory. GPU is requesting to delete this territory because it will be developed at a different pace than the rest of the certificated service area.

The Utility's application is compliant with the filing requirements set forth in Rule 25-30.036, F.A.C. Revised tariff sheets were not provided with the Utility's application, as the Utility has been granted a temporary waiver of this Rule requirement pursuant to Order No. PSC-2020-0473-PAA-WS. In addition, the Utility provided 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.

Staff recommends that it is in the public interest to approve the application filed by GPU to amend its water and wastewater certificates to delete the territory as shown in Attachment A. The resultant Commission order should serve as GPU's amended certificate and should be retained by the Utility.

Issue 2: Should this docket be closed?

Recommendation: Yes. If staff's recommendation in Issue 1 is approved, no further action is required, and the docket should be closed. (Sandy)

Staff Analysis: If Issue 1 is approved, no further action is required, and the docket should be closed.

GIBSON PLACE UTILITY COMPANY, LLC
SUMTER AND LAKE COUNTIES
WATER AND WASTEWATER SERVICE AREA
DESCRIPTION OF AREA TO BE DELETED

PARCEL 1 (LANDS TO BE DELETED FROM EXISTING SERVICE AREA)

THAT PORTION OF SECTIONS 15, 16, 17, 20, 21 AND 22, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, DESCRIBED AS FOLLOWS:

COMMENCE AT THE NORTHEAST CORNER OF THE NORTHEAST 1/4 OF AFORESAID SECTION 17; THENCE ALONG THE NORTH LINE THEREOF RUN N89°41'47"W, 1,333.69 FEET TO THE NORTHWEST CORNER OF THE EAST 1/4 OF SAID SECTION 17; THENCE ALONG THE WEST LINE THEREOF RUN S00°05'18"E, 50.00 FEET TO A POINT ON THE SOUTH RIGHT OF WAY LINE OF COUNTY ROAD NO. 470 PER FLORIDA DEPARTMENT OF TRANSPORTATION RIGHT OF WAY MAP, SECTION 18580-2601; SAID POINT ALSO BEING THE POINT OF BEGINNING; THE FOLLOWING SEVEN (7) COURSES BEING ALONG SAID SOUTH RIGHT OF WAY LINE: RUN S89°41'47"E, 1,299.79 FEET; THENCE S00°18'13"W, 10.00 FEET; THENCE S89°41'47"E, 33.60 FEET; THENCE S89°47'31"E, 166.50 FEET; THENCE N00°12'29"E, 10.00 FEET; THENCE S89°47'31"E, 2,529.50 FEET; THENCE S89°52'59"E, 375.37 FEET; THENCE DEPARTING SAID SOUTH RIGHT OF WAY LINE RUN S00°00'00"E, 462.00 FEET; THENCE S89°52'33"E, 2,419.01 FEET; THENCE S00°00'00"E, 155.00 FEET; THENCE S89°43'47"E, 1,012.01 FEET; THENCE S00°00'00"E, 208.39 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 120.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC DISTANCE OF 188.50 FEET TO THE POINT OF TANGENCY; THENCE N90°00'00"E, 26.91 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC DISTANCE OF 47.12 FEET TO THE POINT OF TANGENCY; THENCE S00°00'00"E, 47.20 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 257.06 FEET AND A CHORD BEARING AND DISTANCE OF S06°41'16"E, 56.07 FEET TO WHICH A RADIAL LINE BEARS S89°34'23"W; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 12°31'19", AN ARC DISTANCE OF 56.18 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 226.00 FEET AND A CHORD BEARING AND DISTANCE OF S51°13'29"E, 293.96 FEET TO WHICH A RADIAL LINE BEARS S79°20'38"W; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 81°08'13", AN ARC DISTANCE OF 320.04 FEET; THENCE ALONG A NON-TANGENT LINER RUN S05°18'27"E, 20.45 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 2,148.00 FEET AND A CHORD BEARING AND DISTANCE OF S71°13'53"W, 978.64 FEET TO WHICH A RADIAL LINE BEARS N05°36'03"W; THENCE WESTERLY

ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 26°20'08", AN ARC DISTANCE OF 987.31 FEET TO THE POINT OF TANGENCY; THENCE S58°03'49"W, 181.42 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 2,018.00 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 21°46'48", AN ARC DISTANCE OF 767.11 FEET TO A POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 87.00 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 49°55'05", AN ARC DISTANCE OF 75.80 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 138.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 20°09'36", AN ARC DISTANCE OF 48.56 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 87.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 49°36'57", AN ARC DISTANCE OF 75.34 FEET; THENCE ALONG A RADIAL LINE RUN S69°13'03"W, 15.00 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 330.00 FEET AND A CHORD BEARING AND DISTANCE OF N21°58'39"W, 13.76 FEET TO WHICH A RADIAL LINE BEARS N69°13'03"E; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 02°23'23", AN ARC DISTANCE OF 13.76 FEET; THENCE ALONG A NON-TANGENT LINE RUN S68°34'03"W, 75.04 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 75.00 FEET AND A CHORD BEARING AND DISTANCE OF S32°40'15"W, 124.87 FEET TO WHICH A RADIAL LINE BEARS N66°18'57"E; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 112°42'37", AN ARC DISTANCE OF 147.54 FEET; THENCE ALONG A NON-TANGENT LINE RUN S01°36'46"E, 130.53 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 90.41 FEET AND A CHORD BEARING AND DISTANCE OF S34°50'13"E, 111.37 FEET TO WHICH A RADIAL LINE BEARS N17°08'32"E; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 76°02'30", AN ARC DISTANCE OF 119.99 FEET; THENCE ALONG A NON-TANGENT LINE RUN S00°00'00"E, 253.60 FEET; THENCE S10°30'22"W, 52.36 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 2,199.00 FEET AND A CHORD BEARING AND DISTANCE OF S04°26'00"E, 250.89 FEET TO WHICH A RADIAL LINE BEARS S88°50'13"W; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°32'26", AN ARC DISTANCE OF 251.02 FEET; THENCE ALONG A NON-TANGENT LINE RUN S52°12'57"E, 14.30 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 2,189.00 FEET AND A CHORD BEARING AND DISTANCE OF S13°47'24"E, 443.92 FEET TO WHICH A RADIAL LINE BEARS S82°01'47"W; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°38'22", AN ARC DISTANCE OF 444.68 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 315.35 FEET AND A CHORD BEARING AND DISTANCE OF S30°38'13"W, 142.88 FEET TO WHICH A

RADIAL LINE BEARS N46°16'10"W; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 26°11'14", AN ARC DISTANCE OF 144.13 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 199.85 FEET AND A CHORD BEARING AND DISTANCE OF S84°04'45"W, 85.35 FEET TO WHICH A RADIAL LINE BEARS S18°15'03"E; THENCE WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°39'36", AN ARC DISTANCE OF 86.01 FEET; THENCE ALONG A NON-TANGENT LINE RUN N86°00'00"W, 42.50 FEET; THENCE S04°00'00"W, 146.00 FEET; THENCE S74°35'56"E, 53.59 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 232.00 FEET AND A CHORD BEARING AND DISTANCE OF S88°40'03"E, 86.65 FEET TO WHICH A RADIAL LINE BEARS S12°05'45"W; THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 21°31'36", AN ARC DISTANCE OF 87.16 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 129.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 41°30'21", AN ARC DISTANCE OF 93.45 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 202.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 11°03'01", AN ARC DISTANCE OF 38.96 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 208.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 57°36'46", AN ARC DISTANCE OF 209.15 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 129.22 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 11°00'42", AN ARC DISTANCE OF 24.83 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 117.21 FEET AND A CHORD BEARING AND DISTANCE OF S21°41'08"E, 8.72 FEET TO WHICH A RADIAL LINE BEARS N66°10'56"E; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 04°15'51", AN ARC DISTANCE OF 8.72 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 31.00 FEET AND A CHORD BEARING AND DISTANCE OF S04°04'14"W, 25.71 FEET TO WHICH A RADIAL LINE BEARS N69°34'22"E; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 48°59'46", AN ARC DISTANCE OF 26.51 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 34.17 FEET AND A CHORD BEARING AND DISTANCE OF S19°24'24"E, 51.08 FEET TO WHICH A RADIAL LINE BEARS N61°02'16"W; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 96°44'17", AN ARC DISTANCE OF 57.69 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 31.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 49°11'47", AN ARC DISTANCE OF 26.62 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 520.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°45'13", AN ARC

DISTANCE OF 88.52 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 496.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 01°47'40", AN ARC DISTANCE OF 15.53 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 2,405.00 FEET AND A CHORD BEARING AND DISTANCE OF S13°00'07"E, 252.07 FEET TO WHICH A RADIAL LINE BEARS N73°59'39"E; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°00'28", AN ARC DISTANCE OF 252.18 FEET; THENCE ALONG A NON-TANGENT LINE RUN S02°09'22"W, 49.85 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 2,395.00 FEET AND A CHORD BEARING AND DISTANCE OF S04°37'50"E, 350.92 FEET TO WHICH A RADIAL LINE BEARS N81°10'05"E; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°24'09", AN ARC DISTANCE OF 351.23 FEET; THENCE ALONG A NON-TANGENT LINE RUN S00°25'46"E, 18.64 FEET; THENCE S45°25'46"E, 14.14 FEET; THENCE S00°25'46"E, 106.32 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 1,466.00 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 20°45'03", AN ARC DISTANCE OF 530.94 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1,465.03 FEET AND A CHORD BEARING AND DISTANCE OF S25°14'50"E, 207.88 FEET TO WHICH A RADIAL LINE BEARS S68°49'16"W; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°08'12", AN ARC DISTANCE OF 208.05 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 153.50 FEET AND A CHORD BEARING AND DISTANCE OF S11°56'20"W, 202.39 FEET TO WHICH A RADIAL LINE BEARS N60°41'46"E; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 82°29'10", AN ARC DISTANCE OF 220.99 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 2,270.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 10°35'18", AN ARC DISTANCE OF 419.50 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 739.68 FEET AND A CHORD BEARING AND DISTANCE OF S30°40'48"W, 312.69 FEET TO WHICH A RADIAL LINE BEARS N47°07'03"W; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°24'19", AN ARC DISTANCE OF 315.07 FEET; THENCE ALONG A NON-TANGENT LINE RUN S01°38'04"E, 108.91 FEET; THENCE S72°01'05"E, 104.73 FEET; THENCE N28°04'56"E, 101.44 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 585.00 FEET AND A CHORD BEARING AND DISTANCE OF N30°34'50"E, 247.09 FEET TO WHICH A RADIAL LINE BEARS N71°36'41"W; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°23'02", AN ARC DISTANCE OF 248.96 FEET TO A POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 2,135.00 FEET; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 11°30'16", AN ARC DISTANCE OF 428.69 FEET; THENCE ALONG A RADIAL

LINE RUN S35°43'23"E, 5.00 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 2,130.00 FEET AND A CHORD BEARING AND DISTANCE OF N54°29'05"E, 15.45 FEET TO WHICH A RADIAL LINE BEARS N35°43'23"W; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 00°24'56", AN ARC DISTANCE OF 15.45 FEET TO A POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 82.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°53'21", AN ARC DISTANCE OF 68.54 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 143.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 16°33'43", AN ARC DISTANCE OF 41.34 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 82.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°30'10", AN ARC DISTANCE OF 67.98 FEET TO THE POINT OF TANGENCY; THENCE S46°28'40"E, 6.34 FEET; THENCE S43°57'33"E, 84.49 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1,280.30 FEET AND A CHORD BEARING AND DISTANCE OF S63°49'48"E, 710.72 FEET TO WHICH A RADIAL LINE BEARS S42°17'04"W; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 32°13'45", AN ARC DISTANCE OF 720.17 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1,421.74 FEET AND A CHORD BEARING AND DISTANCE OF S65°19'11"E, 604.30 FEET TO WHICH A RADIAL LINE BEARS N12°24'37"E; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°32'26", AN ARC DISTANCE OF 608.95 FEET; THENCE ALONG A NON-TANGENT LINE RUN S42°40'07"W, 92.73 FEET; THENCE S35°32'25"W, 310.04 FEET; THENCE S33°42'14"W, 426.20 FEET; THENCE S28°42'01"W, 511.74 FEET; THENCE S25°47'37"W, 537.40 FEET TO THE SOUTH LINE OF THE NORTHWEST 1/4 OF AFORESAID SECTION 22; THENCE ALONG SAID SOUTH LINE RUN N89°46'44"W, 763.10 FEET TO THE EAST 1/4 CORNER OF AFORESAID SECTION 21; THENCE ALONG THE SOUTH LINE OF THE NORTH 1/2 OF SAID SECTION 21 RUN N89°37'47"W, 5,349.89 FEET TO THE SOUTHEAST CORNER OF THE EAST 1/2 OF THE NORTHEAST 1/4 OF AFORESAID SECTION 20; THENCE ALONG THE SOUTH LINE THEREOF RUN N89°39'20"W, 1,337.88 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE ALONG THE WEST LINE THEREOF RUN N00°24'58"E, 2,657.03 FEET TO THE SOUTHWEST CORNER OF THE SOUTHWEST 1/4 OF THE SOUTHEAST 1/4 OF AFORESAID SECTION 17; THENCE ALONG THE SOUTH LINE THEREOF RUN N89°35'34"W, 1,334.84 FEET TO THE SOUTHWEST CORNER THEREOF; THENCE ALONG THE WEST LINE THEREOF RUN N00°04'35"W, 1,330.43 FEET TO THE NORTHWEST CORNER THEREOF; THENCE ALONG THE NORTH LINE THEREOF RUN S89°37'37"E, 1,334.55 FEET TO THE NORTHEAST CORNER THEREOF AND THE AFORESAID WEST LINE OF THE EAST 1/4 OF SAID SECTION 17; THENCE ALONG SAID WEST LINE RUN N00°05'18"W, 3,944.46 FEET TO THE POINT OF BEGINNING.

AND

PARCEL 2 (LANDS TO BE DELETED FROM EXISTING SERVICE AREA)

A PARCEL OF LAND LYING WITHIN SECTIONS 1 AND 12, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LYING NORTH OF THE RIGHT OF WAY FOR COUNTY ROAD C470; LYING SOUTH OF THE WESTERLY RIGHT OF WAY OF FLORIDA'S TURNPIKE; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF AFORESAID SECTION 12; THENCE ALONG THE EAST LINE THEREOF RUN N00°08'05"E, 2,080.80 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID EAST LINE RUN N89°36'19"W, 1,443.73 FEET; THENCE N00°09'06"E, 3,453.59 FEET; THENCE S47°36'14"E, 391.59 FEET; THENCE N42°23'46"E, 672.81 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 5,579.58 FEET AND A CHORD BEARING AND DISTANCE OF S43°55'07"E, 194.08 FEET TO WHICH A RADIAL LINE BEARS N45°05'06"E; SAID POINT ALSO BEING ON THE WESTERLY RIGHT OF WAY LINE OF FLORIDA'S TURNPIKE; THE FOLLOWING TWO (2) COURSES BEING ALONG SAID WESTERLY RIGHT OF WAY LINE: RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 01°59'35", AN ARC DISTANCE OF 194.09 FEET TO THE POINT OF TANGENCY; THENCE S42°55'19"E, 828.24 FEET TO THE EAST LINE OF THE NORTHEAST 1/4 OF AFORESAID SECTION 12; THENCE ALONG SAID EAST LINE RUN S00°08'05"W, 2,376.97 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 12; THENCE ALONG THE AFORESAID EAST LINE THEREOF CONTINUE S00°08'05"W, 573.10 FEET TO THE POINT OF BEGINNING.

AND

PARCEL 3 (LANDS TO BE DELETED FROM EXISTING SERVICE AREA)

A PARCEL OF LAND LYING WITHIN SECTION 7, TOWNSHIP 20 SOUTH, RANGE 24 EAST, LAKE COUNTY, FLORIDA; LYING NORTH OF THE RIGHT OF WAY FOR COUNTY ROAD C470; LYING SOUTH OF THE WESTERLY RIGHT OF WAY OF FLORIDA'S TURNPIKE; BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCE AT THE SOUTHWEST CORNER OF THE SOUTHWEST 1/4 OF AFORESAID SECTION 7; THENCE ALONG THE WEST LINE THEREOF RUN N00°08'05"E, 2,080.80 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE ALONG SAID EAST LINE N00°08'05"E, 573.10 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SAID SECTION 7; THENCE ALONG THE WEST LINE THEREOF CONTINUE N00°08'05"E, 2,376.97 FEET TO THE WESTERLY RIGHT OF WAY LINE OF FLORIDA'S TURNPIKE; THENCE ALONG SAID WESTERLY RIGHT OF WAY LINE RUN S42°55'11"E, 4,618.14 FEET; THENCE DEPARTING SAID WESTERLY RIGHT OF WAY LINE RUN S47°04'49"W, 100.00 FEET; THENCE S40°51'05"E, 738.95 FEET; THENCE S00°06'41"W, 850.09 FEET; THENCE N89°53'39"W, 850.00 FEET; THENCE S00°06'21"W, 130.00 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF COUNTY ROAD C470; THE FOLLOWING TWO (2) COURSES BEING ALONG SAID NORTHERLY

RIGHT OF WAY LINE: RUN N89°53'39"W, 65.18 FEET; THENCE N89°52'37"W, 1,177.13 FEET; THENCE DEPARTING SAID NORTHERLY RIGHT OF WAY LINE RUN N00°08'05"E, 696.38 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 610.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 21°20'29", AN ARC DISTANCE OF 227.21 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 130.41 FEET AND A CHORD BEARING AND DISTANCE OF N32°38'21"W, 242.58 FEET TO WHICH A RADIAL LINE BEARS S54°11'17"E; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 136°54'09", AN ARC DISTANCE OF 311.59 FEET; THENCE ALONG A NON-TANGENT LINE RUN N42°51'55"W, 987.23 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 585.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°00'00", AN ARC DISTANCE OF 479.88 FEET; THENCE ALONG A NON-TANGENT LINE RUN N89°36'19"W, 198.21 FEET TO THE POINT OF BEGINNING.

GIBSON PLACE UTILITY COMPANY, LLC
SUMTER AND LAKE COUNTIES
WATER AND WASTEWATER SERVICE AREA
DESCRIPTION AFTER DELETION

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

AND:

THAT PORTION OF SECTION 2, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LYING SOUTHWESTERLY OF FLORIDA'S TURNPIKE.

AND:

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

LESS THE FOLLOWING DESCRIBED LAND:

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

AND:

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

LESS THOSE PORTIONS OF SAID SECTION 10 DESCRIBED AS FOLLOWS: THE NORTH 405.00 FEET OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4 AND LESS

THE SOUTH 270.00 FEET OF THE NORTH 675.00 FEET OF THE WEST 885.00 FEET OF THE NORTHWEST 1/4 OF THE SOUTHEAST 1/4; ALSO LESS THE SOUTH 1/4 OF THE SOUTHWEST 1/4 OF THE NORTHEAST 1/4.

AND

TOGETHER WITH ALL OF SECTION 11, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LESS RIGHT OF WAY FOR COUNTY ROAD C470.

AND

TOGETHER WITH THOSE PORTIONS OF SECTIONS 1 AND 12, TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA; LYING SOUTH OF THE WESTERLY RIGHT OF WAY FOR FLORIDA'S TURNPIKE; LESS THE RIGHT OF WAY FOR COUNTY ROAD C470;

AND LESS:

COMMENCE AT THE SOUTHEAST CORNER OF THE SOUTHEAST 1/4 OF AFORESAID SECTION 12; THENCE ALONG THE EAST LINE THEREOF RUN N00°08'05"E, 2,080.80 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID EAST LINE RUN N89°36'19"W, 1,443.73 FEET; THENCE N00°09'06"E, 3,453.59 FEET; THENCE S47°36'14"E, 391.59 FEET; THENCE N42°23'46"E, 672.81 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 5,579.58 FEET AND A CHORD BEARING AND DISTANCE OF S43°55'07"E, 194.08 FEET TO WHICH A RADIAL LINE BEARS N45°05'06"E; SAID POINT ALSO BEING ON THE WESTERLY RIGHT OF WAY LINE OF FLORIDA'S TURNPIKE; THE FOLLOWING TWO (2) COURSES BEING ALONG SAID WESTERLY RIGHT OF WAY LINE: RUN SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 01°59'35", AN ARC DISTANCE OF 194.09 FEET TO THE POINT OF TANGENCY; THENCE S42°55'19"E, 828.24 FEET TO THE EAST LINE OF THE NORTHEAST 1/4 OF AFORESAID SECTION 12; THENCE ALONG SAID EAST LINE RUN S00°08'05"W, 2,376.97 FEET TO THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF SAID SECTION 12; THENCE ALONG THE AFORESAID EAST LINE THEREOF CONTINUE S00°08'05"W, 573.10 FEET TO THE POINT OF BEGINNING.

AND

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

LESS:

COUNTY ROAD C470 RIGHT-OF-WAY.

AND

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

AND

TOGETHER WITH THE SOUTH 1/2 OF SECTION 13 AND SECTIONS 14, 15, 16, 21 AND 22, ALL IN TOWNSHIP 20 SOUTH, RANGE 23 EAST, SUMTER COUNTY, FLORIDA, LESS THE RIGHT OF WAY FOR COUNTY ROAD C470.

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

COMMENCE AT THE NORTHEAST CORNER OF THE SOUTHEAST 1/4 OF AFORESAID SECTION 13; THENCE ALONG THE EAST LINE THEREOF RUN S00°16'48"W, 1,590.67 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHERLY, HAVING A RADIUS OF 9,651.36 FEET AND A CHORD BEARING AND DISTANCE OF N69°01'48"W, 2,583.11 FEET TO WHICH A RADIAL LINE BEARS N28°39'38"W; SAID POINT ALSO BEING THE POINT OF BEGINNING OF SAID LINE; THENCE DEPARTING SAID EAST LINE RUN WESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 15°22'51", AN ARC DISTANCE OF 2,590.88 FEET; THENCE ALONG A NON-TANGENT LINE RUN N75°13'45"W, 290.32 FEET; THENCE N80°51'33"W, 267.86 FEET; THENCE N84°40'29"W, 360.25 FEET; THENCE S87°30'39"W, 559.85 FEET; THENCE S82°33'15"W, 283.05 FEET; THENCE S77°23'44"W, 474.36 FEET; THENCE S70°43'26"W, 653.72 FEET; THENCE S73°41'20"W, 779.80 FEET; THENCE S78°15'44"W, 478.13 FEET THENCE S82°14'08"W, 539.95 FEET; THENCE N90°00'00"W, 282.70 FEET; THENCE N82°30'35"W, 297.27 FEET; THENCE N76°33'15"W, 914.81 FEET THENCE N71°26'18"W, 488.25 FEET; THENCE N68°12'01"W, 427.81 FEET; THENCE N59°33'31"W, 456.73 FEET; THENCE N59°06'26"W, 491.06 FEET THENCE N66°59'34"W, 547.87 FEET; THENCE N77°00'45"W, 508.58 FEET; THENCE N88°50'57"W, 1,436.86 FEET THENCE S00°50'57"E, 1,181.41 FEET; THENCE S18°02'39"W, 1,061.02 FEET; THENCE S44°47'44"W, 662.62 FEET; THENCE S49°51'54"W, 730.64 FEET; THENCE S41°57'54"W, 586.89 FEET; THENCE S42°40'07"W, 161.39 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 1,421.74 FEET AND A CHORD BEARING AND DISTANCE OF N65°19'11"W, 604.30 FEET TO WHICH A RADIAL LINE BEARS N36°57'02"E; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°32'26", AN ARC DISTANCE OF 608.95 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1,280.30 FEET AND A CHORD BEARING AND DISTANCE OF N63°49'48"W, 710.72 FEET TO WHICH A RADIAL LINE BEARS S10°03'20"W; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 32°13'45", AN ARC

DISTANCE OF 720.17 FEET; THENCE ALONG A NON-TANGENT LINE RUN N43°57'33"W, 84.49 FEET; THENCE N46°28'40"W, 6.34 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 82.00 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°30'10", AN ARC DISTANCE OF 67.98 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 143.00 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 16°33'43", AN ARC DISTANCE OF 41.34 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 82.00 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°53'21", AN ARC DISTANCE OF 68.54 FEET TO A POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 2,130.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 00°24'56", AN ARC DISTANCE OF 15.45 FEET; THENCE ALONG A RADIAL LINE RUN N35°43'23"W, 5.00 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 2,135.00 FEET AND A CHORD BEARING AND DISTANCE OF S48°31'29"W, 427.97 FEET TO WHICH A RADIAL LINE BEARS N35°43'23"W; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°30'16", AN ARC DISTANCE OF 428.69 FEET TO A POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 585.00 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 24°23'02", AN ARC DISTANCE OF 248.96 FEET; THENCE ALONG A NON-TANGENT LINE RUN S28°04'56"W, 101.44 FEET; THENCE N72°01'05"W, 104.73 FEET; THENCE N01°38'04"W, 108.91 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 739.68 FEET AND A CHORD BEARING AND DISTANCE OF N30°40'48"E, 312.69 FEET TO WHICH A RADIAL LINE BEARS N71°31'21"W; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°24'19", AN ARC DISTANCE OF 315.07 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 2,270.00 FEET AND A CHORD BEARING AND DISTANCE OF N47°53'16"E, 418.91 FEET TO WHICH A RADIAL LINE BEARS N47°24'23"W; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 10°35'18", AN ARC DISTANCE OF 419.50 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 153.50 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 82°29'10", AN ARC DISTANCE OF 220.99 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 1,465.03 FEET AND A CHORD BEARING AND DISTANCE OF N25°14'50"W, 207.88 FEET TO WHICH A RADIAL LINE BEARS S60°41'04"W; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 08°08'12", AN ARC DISTANCE OF 208.05 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 1,466.00 FEET AND A CHORD BEARING AND DISTANCE OF N10°48'17"W, 528.05 FEET TO WHICH A RADIAL LINE BEARS S68°49'11"W; THENCE

NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 20°45'03", AN ARC DISTANCE OF 530.94 FEET TO THE POINT OF TANGENCY; THENCE N00°25'46"W, 106.32 FEET; THENCE N45°25'46"W, 14.14 FEET; THENCE N00°25'46"W, 18.64 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 2,395.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 08°24'09", AN ARC DISTANCE OF 351.23 FEET; THENCE ALONG A NON-TANGENT LINE RUN N02°09'22"E, 49.85 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 2,405.00 FEET AND A CHORD BEARING AND DISTANCE OF N13°00'07"W, 252.07 FEET TO WHICH A RADIAL LINE BEARS N80°00'07"E; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°00'28", AN ARC DISTANCE OF 252.18 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 496.00 FEET AND A CHORD BEARING AND DISTANCE OF N27°26'09"W, 15.53 FEET TO WHICH A RADIAL LINE BEARS N63°27'41"E; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 01°47'40", AN ARC DISTANCE OF 15.53 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 520.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 09°45'13", AN ARC DISTANCE OF 88.52 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 31.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 49°11'47", AN ARC DISTANCE OF 26.62 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE EASTERLY AND HAVING A RADIUS OF 34.17 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 96°44'17", AN ARC DISTANCE OF 57.69 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 31.00 FEET AND A CHORD BEARING AND DISTANCE OF N04°04'14"E, 25.71 FEET TO WHICH A RADIAL LINE BEARS S61°25'53"E; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 48°59'46", AN ARC DISTANCE OF 26.51 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 117.21 FEET AND A CHORD BEARING AND DISTANCE OF N21°41'08"W, 8.72 FEET TO WHICH A RADIAL LINE BEARS N70°26'47"E; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 04°15'51", AN ARC DISTANCE OF 8.72 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 129.22 FEET AND A CHORD BEARING AND DISTANCE OF N16°52'05"W, 24.80 FEET TO WHICH A RADIAL LINE BEARS S67°37'34"W; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°00'42", AN ARC DISTANCE OF 24.83 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 208.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 57°36'46", AN ARC DISTANCE OF 209.15 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 202.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL

ANGLE OF 11°03'01", AN ARC DISTANCE OF 38.96 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 129.00 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 41°30'21", AN ARC DISTANCE OF 93.45 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 232.00 FEET; THENCE WESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 21°31'36", AN ARC DISTANCE OF 87.16 FEET; THENCE ALONG A NON-TANGENT LINE RUN N74°35'56"W, 53.59 FEET; THENCE N04°00'00"E, 146.00 FEET; THENCE S86°00'00"E, 42.50 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHERLY, HAVING A RADIUS OF 199.85 FEET AND A CHORD BEARING AND DISTANCE OF N84°04'45"E, 85.35 FEET TO WHICH A RADIAL LINE BEARS S06°24'33"W; THENCE EASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 24°39'36", AN ARC DISTANCE OF 86.01 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHEASTERLY, HAVING A RADIUS OF 315.35 FEET AND A CHORD BEARING AND DISTANCE OF N30°38'13"E, 142.88 FEET TO WHICH A RADIAL LINE BEARS N72°27'24"W; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 26°11'14", AN ARC DISTANCE OF 144.13 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 2,189.00 FEET AND A CHORD BEARING AND DISTANCE OF N13°47'24"W, 443.92 FEET TO WHICH A RADIAL LINE BEARS S70°23'25"W; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 11°38'22", AN ARC DISTANCE OF 444.68 FEET; THENCE ALONG A NON-TANGENT LINE RUN N52°12'57"W, 14.30 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 2,199.00 FEET AND A CHORD BEARING AND DISTANCE OF N04°26'00"W, 250.89 FEET TO WHICH A RADIAL LINE BEARS S82°17'48"W; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 06°32'26", AN ARC DISTANCE OF 251.02 FEET; THENCE ALONG A NON-TANGENT LINE RUN N10°30'22"E, 52.36 FEET; THENCE N00°00'00"W, 253.60 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 90.41 FEET AND A CHORD BEARING AND DISTANCE OF N34°50'13"W, 111.37 FEET TO WHICH A RADIAL LINE BEARS S86°48'58"E; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 76°02'30", AN ARC DISTANCE OF 119.99 FEET; THENCE ALONG A NON-TANGENT LINE RUN N01°36'46"W, 130.53 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHWESTERLY, HAVING A RADIUS OF 75.00 FEET AND A CHORD BEARING AND DISTANCE OF N32°40'15"E, 124.87 FEET TO WHICH A RADIAL LINE BEARS S00°58'26"E; THENCE NORTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 112°42'37", AN ARC DISTANCE OF 147.54 FEET; THENCE ALONG A NON-TANGENT LINE RUN N68°34'03"E, 75.04 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE WESTERLY, HAVING A RADIUS OF 330.00 FEET AND A CHORD BEARING AND DISTANCE OF S21°58'39"E, 13.76 FEET TO WHICH A RADIAL LINE BEARS N66°49'40"E; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 02°23'23", AN ARC DISTANCE OF 13.76 FEET; THENCE ALONG A RADIAL LINE RUN N69°13'03"E, 15.00 FEET TO A POINT ON THE

ARC OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 87.00 FEET AND A CHORD BEARING AND DISTANCE OF S45°35'26"E, 73.01 FEET TO WHICH A RADIAL LINE BEARS S69°13'03"W; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 49°36'57", AN ARC DISTANCE OF 75.34 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 138.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 20°09'36", AN ARC DISTANCE OF 48.56 FEET TO THE POINT OF REVERSE CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 87.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 49°55'05", AN ARC DISTANCE OF 75.80 FEET TO A POINT OF COMPOUND CURVATURE OF A CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 2,018.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 21°46'48", AN ARC DISTANCE OF 767.11 FEET TO THE POINT OF TANGENCY; THENCE N58°03'49"E, 181.42 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHERLY AND HAVING A RADIUS OF 2,148.00 FEET; THENCE EASTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 26°20'08", AN ARC DISTANCE OF 987.31 FEET; THENCE ALONG A NON-TANGENT LINE RUN N05°18'27"W, 20.45 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE NORTHEASTERLY, HAVING A RADIUS OF 226.00 FEET AND A CHORD BEARING AND DISTANCE OF N51°13'29"W, 293.96 FEET TO WHICH A RADIAL LINE BEARS S01°47'36"E; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 81°08'13", AN ARC DISTANCE OF 320.04 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE EASTERLY, HAVING A RADIUS OF 257.06 FEET AND A CHORD BEARING AND DISTANCE OF N06°41'16"W, 56.07 FEET TO WHICH A RADIAL LINE BEARS S77°03'04"W; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 12°31'19", AN ARC DISTANCE OF 56.18 FEET; THENCE ALONG A NON-TANGENT LINE RUN N00°00'00"E, 47.20 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 30.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC DISTANCE OF 47.12 FEET TO THE POINT OF TANGENCY; THENCE N90°00'00"W, 26.91 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE NORTHEASTERLY AND HAVING A RADIUS OF 120.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 90°00'00", AN ARC DISTANCE OF 188.50 FEET TO THE POINT OF TANGENCY; THENCE N00°00'00"E, 208.39 FEET; THENCE N89°43'47"W, 1,012.01 FEET; THENCE N00°00'00"E, 155.00 FEET; THENCE N89°52'33"W, 2,419.01 FEET; THENCE N00°00'00"E, 462.00 FEET TO THE SOUTH RIGHT OF WAY LINE OF COUNTY ROAD C470 FOR THE POINT OF TERMINUS OF SAID LINE.

AND

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

AND LESS AND EXCEPT ANY PORTIONS THEREOF LYING EASTERLY, NORTHEASTERLY AND NORTHERLY OF THE FOLLOWING DESCRIBED LINE:

COMMENCE AT THE SOUTHWEST CORNER OF THE SOUTHWEST 1/4 OF AFORESAID SECTION 7; THENCE ALONG THE EAST LINE THEREOF RUN N00°08'05"E, 50.01 FEET TO THE NORTHERLY RIGHT OF WAY LINE OF COUNTY ROAD C470; THE FOLLOWING TWO (2) COURSES BEING ALONG SAID NORTHERLY RIGHT OF WAY LINE: RUN S89°50'34"E, 1,347.80 FEET; THENCE S89°52'37"E, 124.68 FEET TO THE POINT OF BEGINNING; THENCE DEPARTING SAID NORTHERLY RIGHT OF WAY LINE RUN N00°08'05"E, 696.38 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE WESTERLY AND HAVING A RADIUS OF 610.00 FEET; THENCE NORTHERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 21°20'29", AN ARC DISTANCE OF 227.21 FEET TO A POINT ON THE ARC OF A NON-TANGENT CURVE CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 130.41 FEET AND A CHORD BEARING AND DISTANCE OF N32°38'21"W, 242.58 FEET TO WHICH A RADIAL LINE BEARS S54°11'17"E; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE, THROUGH A CENTRAL ANGLE OF 136°54'09", AN ARC DISTANCE OF 311.59 FEET; THENCE ALONG A NON-TANGENT LINE RUN N42°51'55"W, 987.23 FEET TO THE POINT OF CURVATURE OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 585.00 FEET; THENCE NORTHWESTERLY ALONG THE ARC OF SAID CURVE THROUGH A CENTRAL ANGLE OF 47°00'00", AN ARC DISTANCE OF 479.88 FEET; THENCE ALONG A NON-TANGENT LINE RUN N89°36'19"W, 198.21 FEET TO THE AFORESAID EAST LINE; THENCE ALONG SAID EAST LINE RUN N00°08'05"E, 573.10 FEET TO THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SAID SECTION 7; THENCE ALONG THE WEST LINE THEREOF CONTINUE N00°08'05"E, 2,376.97 FEET TO THE WESTERLY RIGHT OF WAY LINE OF FLORIDA'S TURNPIKE FOR THE POINT OF TERMINUS OF SAID LINE.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
Gibson Place Utility, LLC
Pursuant to
Certificate Number 677-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 the Commission in the territory described. This authorization will remain in force and effect until superseded, suspended, cancelled, or revoked by Order of the Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-2020-0473-PAA-WS	11/24/2020	20200185-WS	Original Certificate
*	*	20210125-WS	Amendment

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

**Authorizes
Gibson Place Utility, LLC
Pursuant to
Certificate Number 577-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 the Commission in the territory described. This authorization will remain in force and effect until superseded, suspended, cancelled, or revoked by Order of the Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-2020-0473-PAA-WS	11/24/2020	20200185-WS	Original Certificate
*	*	20210125-WS	Amendment

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

Item 4

State of Florida



Public Service Commission

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

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

DATE: December 29, 2021

TO: Office of Commission Clerk (Teitzman)

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

RE: Docket No. 20210180-EI – Petition for authority to reinstate the non-firm energy program and tariff, Florida Public Utilities Company.

AGENDA: 01/11/22 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 1/12/22 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

On November 12, 2021, Florida Public Utilities Company (FPUC) filed a petition for approval to reinstate the Non-Firm Energy program and tariff. The Non-Firm Energy program and tariff was initially approved by the Commission as an experimental 15-month pilot program limited to a maximum of three participants.¹ Under the pilot program, FPUC purchased non-firm energy from Florida Power & Light Company (FPL), pursuant to its wholesale purchased power contract with FPL, and resold the non-firm energy to qualifying industrial customers who own self-generation. The pilot program expired December 31, 2020. After evaluating the pilot program's results, FPUC proposes to reinstate the Non-Firm Energy program permanently and to expand the program to all eligible General Service – Large Demand 1 (GSLD1) and Standby customers. The Commission has jurisdiction over this matter pursuant to Sections 366.03, 366.04, 366.05, and 366.06, Florida Statutes (F.S.).

¹ Order No. PSC-2019-0432-TRF-EI, issued October 22, 2019, in Docket No. 20190132-EI, *In re: Petition for authority for approval of non-firm energy pilot program and tariff by Florida Public Utilities Company.*

Discussion of Issues

Issue 1: Should the Commission suspend FPUC's proposed Non-Firm Energy program and tariff?

Recommendation: Yes. Staff recommends that FPUC's proposed Non-Firm Energy program and tariff be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal. (Hampson)

Staff Analysis: Staff recommends that FPUC's proposed Non-Firm Energy program and tariff be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the tariff proposal.

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

Issue 2: Should this docket be closed?

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

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

Item 5

FILED 12/29/2021
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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: December 29, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Bethea, Hudson) *JGH*
Division of Accounting and Finance (D. Brown, Casper, Richards) *ALM*
Division of Engineering (Lewis, Ramos) *TB*
Office of the General Counsel (Jones, Trierweiler) *TLT*

RE: Docket No. 20210055-WU – Application for staff-assisted rate case in Lake County by Brendenwood Waterworks, Inc.

AGENDA: 01/11/22 – Regular Agenda – Proposed Agency Action – Except for Issues 12, 13, and 14 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: 08/15/22 (15-Month Effective Date (SARC))

SPECIAL INSTRUCTIONS: None

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Case Background

Brendenwood Waterworks, Inc. (Brendenwood or utility) is a Class C utility which is currently providing water service to 59 customers. Brendenwood is located in the St. Johns River Water Management District (SJRWMD). According to the utility's 2020 Annual Report, Brendenwood's operating revenues were \$28,510 and operating expenses were \$27,370.

Certificate No. 339-W was originally granted in 1981.¹ In 1990, the Commission approved a transfer of majority organizational control² and an amendment to include additional territory.³ In 2003, the Commission approved a name change from Brendenwood Water System to Brendenwood Water Systems, Inc.⁴ In 2004, the Commission approved a transfer of majority organizational control.⁵ In 2005, the Commission approved an amendment to include additional territory.⁶ In 2011, the Commission approved an application to transfer the utility from Brendenwood Water Systems, Inc. to Brendenwood Utilities, LLC.⁷ In 2015, the Commission approved an application to transfer the utility from Brendenwood Utilities, LLC. to Brendenwood Waterworks, Inc. In 2017, the utility's rates were reduced as a result of an overearnings investigation.⁸ Subsequent to the reduction in rates, Brendenwood's rates have been increased by two price index rate adjustments in 2018 and 2019. On March 16, 2021, Brendenwood filed an application for a staff-assisted rate case (SARC) and paid the appropriate filing fee on April 26, 2021.⁹ The test year is established as the year ended December 31, 2020.

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

¹ Order No. 10184, issued August 5, 1981, in Docket No. 810079-W, *In re: Application of Brendenwood Water System for a certificate to operate a water utility in Lake County, Florida, pursuant to Section 367.041, Florida Statutes.*

² Order No. 22425, issued January 17, 1990, in Docket No. 891121-WU, *In re: Application for transfer of ownership of Brendenwood Water System in Lake County from Robert S. Hanks, Jerry L. Rogers and Daniel H. Judy to Paul E. Day.*

³ Order No. 22398, issued January 10, 1990, in Docket No. 891122-WU, *In re: Application of Brendenwood Water System for amendment of Certificate No. 339-W in Lake County.*

⁴ Order No. PSC-03-0118-FOF-WU, issued January 21, 2003, in Docket No. 020996-WU, *In re: Application for name change on Certificate No. 339-W in Lake County from Brendenwood Water System to Brendenwood Water Systems, Inc.*

⁵ Order No. PSC-04-1054-PAA-WU, issued October 27, 2004, in Docket No. 040276-WU, *In re: Application for transfer of majority organizational control of Brendenwood Water System, Inc., holder of Certificate No. 339-W in Lake County, from Paul E. Day to Deborah J. Miller.*

⁶ Order No. PSC-05-0678-FOF-WU, issued June 20, 2005, in Docket No. 050255-WU, *In re: Application for "quick take" amendment of Certificate No. 339-W in Lake County by Brendenwood Water System, Inc.*

⁷ Order No. PSC-11-0552-FOF-WU, issued December 7, 2011, in Docket No. 110255-WU, *In re: Application for approval of transfer of Brendenwood Water System, Inc., and application for certificate to operate water utility in Lake County, by Brendenwood Utilities, LLC.*

⁸ Order No. PSC-2017-0481-PAA-WU, issued December 21, 2017, in Docket No. 20170247-WU, *In re: Joint motion requesting Commission approval of settlement agreement by the Office of Public Counsel, Black Bear Waterworks, Inc., Brendenwood Waterworks, Inc., Brevard Waterworks, Inc., Country Walk Utilities, Inc., Harbor Waterworks, Inc., Lake Idlewild Utility Company, Raintree Waterworks, Inc., and Sunny Hills Utility Company.*

⁹ Order No. PSC-14-0691-PAA-WU, issued December 15, 2014, in Docket No. 140120-WU, *In re: Application for approval of transfer of Certificate No. 339-W from Brendenwood Utilities, LLC. to Brendenwood Waterworks, Inc. in Lake County.*

Discussion of Issues

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

Recommendation: Yes. The utility is passing all DEP primary and secondary standards and has been responsive to its customer complaints. Therefore, the quality of service provided by Brendenwood should be considered satisfactory. (Lewis)

Staff Analysis: Pursuant to Section 367.081(2)(a), F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), the Commission, in every rate case, shall make a determination of the quality of service provided by the utility by evaluating the quality of the utility's product (water) and the utility's attempt to address customer satisfaction (water and wastewater). The Rule states that the most recent chemical analyses, outstanding citations, violations, and consent orders on file with the state's Department of Environmental Protection (DEP) and the county health departments, along with any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints shall also be considered. The operating condition of the water system is addressed in Issue 2.

Quality of Product

In evaluating Brendenwood's product quality, staff reviewed the utility's compliance with the DEP primary and secondary drinking water standards. Primary standards protect public health, while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. The most recent chemical analyses were performed on February 24, 2021, and the results were in compliance with the DEP's standards. These chemical analyses are performed every three years; therefore, the next scheduled analysis should be completed in 2024.

The Utility's Attempt to Address Customer Satisfaction

Staff reviewed the complaints filed in the Commission's Consumer Activity Tracking System for the test year and four years prior. The Commission received one complaint in August 2016, regarding a higher than expected bill. The utility responded to the customer, conducted a meter test, which indicated the meter was working properly, and offered to adjust the customer's bill, which the customer accepted. As a result, this complaint was closed. The DEP received one customer inquiry during the same five-year period in February 2020, regarding the utility's compliance with drinking water standards. The customer was provided instructions on how to search the DEP's website in order to review the utility's compliance history and the inquiry was subsequently closed.

The utility reported receiving fifty-one complaints directly from its customers during the five-year period. The complaints concerned issues with: meter readings (7), condition of the meter (3), low water pressure or no water (19), water main breaks (2), leaks at the meter or on the customer's side (15), and water quality (5). The complaints were investigated and closed by the utility.

Staff conducted a virtual customer meeting on October 20, 2021. No customers attended the customer meeting. Representatives from the utility and OPC were in attendance. No customer comments have been filed in the docket file.

Conclusion

The utility is passing all DEP primary and secondary standards and has been responsive to its customer complaints. Therefore, the quality of service provided by Brendenwood should be considered satisfactory.

Issue 2: Are the infrastructure and operating condition of Brendenwood's water system in compliance with DEP regulations?

Recommendation: Yes. Brendenwood's water system is currently in compliance with DEP regulations. (Lewis)

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

Brendenwood's water system has a permitted design capacity of 108,000 gallons per day (gpd). The utility's water system is supplied by one well with a rated pumping capacity of 150 gallons per minute (gpm). The treated water is pumped into a 3,000 gallon hydropneumatic storage tank before entering the distribution system. Staff reviewed the Sanitary Survey conducted by the DEP on January 30, 2019. The water treatment plant (WTP) was in compliance with no deficiencies indicated. A review of DEP's records did not show any warning letters or consent orders issued to the utility.

Conclusion

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

Issue 3: What are the used and useful (U&U) percentages for Brendenwood's WTP and water distribution system?

Recommendation: Brendenwood's WTP and water distribution system should be considered 100 percent U&U. Additionally, there appears to be no excessive unaccounted for water (EUW); therefore, staff recommends that no adjustment be made to operating expenses for chemicals and purchased power. (Lewis)

Staff Analysis: Brendenwood's WTP consists of one well at a rated pumping capacity of 150 gpm. The utility's water system does not have a storage tank, but has one hydropneumatic tank totaling 3,000 gallons in capacity. The distribution system is composed of approximately 3,550 feet of 2 inch and 3,350 feet of 4 inch polyvinyl chloride pipes.

Water Treatment Plant Used & Useful

Rule 25-30.4325(4), F.A.C., states that a water treatment system is considered 100 percent used and useful if the service territory the system is designed to serve is built out and there is no apparent potential for expansion of the service territory or the system is served by a single well. The utility has shown no growth in customers and appears to be built out. Brendenwood is also served by a single well. Further, in the utility's previous rate case, the Commission deemed the water treatment plant 100 percent U&U.

Water Distribution System Used and Useful

The water distribution system is evaluated based on ERCs consisting of growth, customer demand, and system capacity. During the test year, 59 customers were being served. The utility provided system maps that indicated there are only 59 lots in the development/service territory. Therefore, the service territory should be considered built out. The Commission previously deemed the U&U of the distribution system as 100 percent. Considering all of the water mains are required to adequately serve the existing customers, and consistent with prior Commission practice, staff recommends the distribution system be considered 100 percent U&U.

Excessive Unaccounted for Water

Rule 25-30.4325, F.A.C., additionally 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. A review of the utility's Monthly Operating Reports, 2020 Annual Report, and audited billing data indicate that Brendenwood treated 7,596,497 gallons and sold 6,895,000 gallons with 353,000 gallons used for flushing during the test year. The resulting calculation $([7,596,497 - 6,895,000 - 353,000] / 7,596,497)$ for unaccounted for water is approximately 4.6 percent; therefore, there is no EUW. Staff recommends that no adjustments should be made to purchased power and chemicals.

Conclusion

Brendenwood's WTP and water distribution system should both be considered 100 percent U&U. Additionally, there appears to be no EUW; therefore, staff recommends that no adjustment be made to operating expenses for chemicals and purchased power.

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

Recommendation: The appropriate average test year rate base for Brendenwood is \$38,447. (D. Brown, Richards)

Staff Analysis: The appropriate components of the utility's rate base include utility plant in service (UPIS), land, accumulated depreciation, contributions-in-aid-of-construction (CIAC), accumulated amortization of CIAC, and working capital. The utility's rate base was established as part of its transfer proceeding, in Docket No. 20140120-WU.¹⁰ Staff selected the test year ended December 31, 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 staff's recommended adjustments are discussed below.

Utility Plant in Service (UPIS)

The utility recorded \$48,200 for UPIS. Staff decreased UPIS by \$28 to reflect an averaging adjustment. Therefore, staff recommends a UPIS balance of \$48,172 (\$48,200 - \$28).

Land & Land Rights

The utility recorded a test year land value of \$1,100. The Commission approved a land balance of \$1,100 in the utility's 2014 transfer docket.¹¹ There have been no additions to land since the transfer; therefore, no adjustments are necessary. Staff recommends a land and land rights balance of \$1,100.

Used & Useful

As discussed in Issue 3, Brendenwood's WTP and distribution system are considered 100 percent U&U. Therefore, no U&U adjustments are necessary.

Accumulated Depreciation

Brendenwood recorded an accumulated depreciation balance of \$14,563. As a result of the staff audit, staff increased accumulated depreciation by \$1,414 to reflect the recalculation of accumulated depreciation using audited UPIS plant balances. Staff decreased accumulated depreciation by \$1,335 to reflect an adjustment to remove over depreciation of Account 320 – Water Treatment Equipment. Additionally, staff decreased accumulated depreciation by \$365 to reflect an averaging adjustment. Staff's adjustments to this account result in a net decrease of \$286 (\$1,414 - \$1,335 - \$365). Therefore, staff recommends an accumulated depreciation balance of \$14,277 (\$14,563 - \$286).

Contributions in Aid of Construction (CIAC)

The utility recorded a test year CIAC balance of \$1,577. The Commission approved a CIAC balance of \$1,577 in the utility's 2014 transfer docket.¹² There have been no additions to CIAC

¹⁰Order No. PSC-2014-0691-PAA-WU, issued December 15, 2014, in Docket No. 20140120-WU, *In re: Application for approval of transfer of Certificate No. 339-W from Brendenwood Utilities, LLC., to Brendenwood Waterworks, Inc. in Lake County.*

¹¹*Id.*

¹²*Id.*

since the transfer; therefore, no adjustments are necessary. Staff recommends a CIAC balance of \$1,577.

Accumulated Amortization of CIAC

Brendenwood recorded accumulated amortization of CIAC of \$1,577. The Commission approved an accumulated amortization of CIAC balance of \$1,577 in the utility's 2014 transfer docket.¹³ There have been no additions to accumulated amortization of CIAC since the transfer; therefore, no adjustments are necessary. Staff recommends an accumulated amortization CIAC balance of \$1,577.

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 one-eighth of the operation and maintenance 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, staff removed the rate case expense balance of \$288 for this calculation resulting in an adjusted O&M expense balance of \$27,614 (\$27,902 - \$288). Applying this formula, staff recommends a working capital allowance of \$3,452 ($\$27,614 \div 8$).

Rate Base Summary

Based on the foregoing, staff recommends that the appropriate average test year rate base is \$38,447. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

¹³Order No. PSC-2014-0691-PAA-WU.

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

Recommendation: The appropriate return on equity (ROE) is 7.85 percent with a range of 6.85 percent to 8.85 percent. The appropriate overall rate of return is 7.85 percent. (D. Brown, Richards)

Staff Analysis: Brendenwood's reported capital structure consists of \$30,645 in common equity. The utility has no customer deposits.

The utility's capital structure has been reconciled with staff's recommended rate base. The appropriate ROE is 7.85 percent based upon the Commission-approved leverage formula currently in effect.¹⁴ Staff recommends a ROE of 7.85 percent, with a range of 6.85 percent to 8.85 percent, and an overall rate of return of 7.85 percent. The ROE and overall rate of return are shown on Schedule No. 2.

¹⁴Order 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: What are the appropriate amount of test year revenues for Brendenwood's water system?

Recommendation: The appropriate test year revenues for Brendenwood's water system are \$29,939. (Bethea)

Staff Analysis: Brendenwood recorded test year revenues of \$28,510. The water revenues included \$27,951 of service revenues and \$559 of miscellaneous revenues. Staff annualized service revenues by applying the number of billing determinants to the rates in effect as of June 9, 2019. As a result, staff determined that service revenues should be \$29,380, which is an increase of \$1,429. Staff determined that miscellaneous revenues should be \$559. Based on the above, the appropriate test year revenues for Brendenwood water system, including miscellaneous revenues are \$29,939 ($\$29,380 + \559).

Issue 7: What is the appropriate test year operating expense for Brendenwood?

Recommendation: The appropriate amount of operating expense for Brendenwood is \$32,034. (D. Brown, Richards)

Staff Analysis: The utility recorded operating expense of \$31,679. The test year operation and maintenance (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 discussed below.

Operation and Maintenance Expenses

Salaries and Wages – Officers and Directors (603)

The utility recorded salaries and wages expense for officers and directors of \$2,650. According to the utility's 2020 Annual Report, Brendenwood's officers also include an accounting manager who does not receive a salary. In response to audit staff, the utility indicated that the president only receives compensation through distribution of retained earnings if there are any net operating profits from operations that are not used for continuing operations or capital improvements. Staff made no adjustments, and therefore recommends salaries and wages expense for officers and directors of \$2,650.

Purchased Power (615)

Brendenwood recorded purchased power expense of \$1,878. Supporting documentation confirming the purchased power expense was provided and reviewed by staff. Staff made no adjustments, and therefore recommends purchased power expense of \$1,878.

Chemicals (618)

The utility recorded chemicals expense of \$182. Supporting documentation confirming the chemicals expense was provided and reviewed by staff. Staff made no adjustments, and therefore recommends chemicals expense of \$182.

Contractual Services – Accounting (632)

Brendenwood recorded contractual services - accounting expense of \$400. Supporting documentation confirming the accounting expense was for preparing and filing the 2019 corporate tax return was provided. Staff made no adjustments, and therefore recommends contractual services - accounting expense of \$400.

Contractual Services – Legal (633)

The utility recorded contractual services - legal expense of \$300. Supporting documentation was provided by the utility indicating the legal fees are for filing with the Florida Secretary of State, and to prepare shareholder and director annual minutes. Staff made no adjustments, and therefore recommends contractual services - legal expense of \$300.

Contractual Services – Testing (635)

Brendenwood recorded contractual services – testing expense of \$31. This expense reflects the cost of boil water clearance testing on two occasions in January 2020. Staff made no adjustments, and therefore recommends contractual services - testing expense of \$31.

Contractual Services – Other (636)

The utility recorded contractual services – other expense of \$19,965. Brendenwood receives all of its operational and administrative services under a contract with an affiliated company, U.S. Water Services Corporation (USWSC or U.S. Water). Pursuant to the contract, USWSC performs various functions: administrative management, operations, maintenance, and billing/collection for the utility. USWSC’s president and majority shareholder has been in the water utility management and operations industry for over 30 years. Brendenwood specifically contracts with USWSC for the following services:

- Water Operations
- Meter Reading
- System Maintenance and Repairs
- Billing and Collections
- Customer Service
- Regulatory Affairs
- Testing
- Accounting
- Office Space and Equipment

The current USWSC contract, which took effect on April 1, 2017, established a cost of \$18,913 annually. With a current cost of \$19,965, this represents a 5.56 percent increase over three years ($(\$19,965 - \$18,913) \div \$18,913$). This is below the compound annual Commission approved index increase of 5.91 percent over the same period.¹⁵

Due to the low number of customers (59 ERCs) served by this utility, the cost of the USWSC contract for Brendenwood equates to \$350 per ERC ($\$19,965 \div 57$ ERCs). Despite the higher cost on a per ERC basis, staff believes Brendenwood’s contractual services agreement with USWSC is reasonable and beneficial to the utility and its customers. In previous dockets, U.S. Water has indicated, “if the actual costs were recovered through the actual number of ERCs, the amount per ERC would be higher.”¹⁶ Staff believes that USWSC and its employees bring considerable management and operational experience at a comparatively reasonable cost; the utility’s customers are experiencing operational benefits that might not be realized if Brendenwood operated on a stand-alone basis. If Brendenwood were required to establish a stand-alone utility with personnel for maintenance, customer service, accounting, regulatory compliance, etc., the cost would likely exceed that of the current USWSC contract. For example, it would be highly impractical to assume that all of these operational, administrative, and

¹⁵ 2018 through 2020

¹⁶Document No. 07319-2019, filed on August 9, 2019.

managerial services could be performed by a single individual for only \$19,965 a year. By virtue of the USWSC contract, the customers of Brendenwood benefit from the services of multiple qualified employees on a fractional basis, which is cost prohibitive on a stand-alone system.

In regard to the appropriateness of utility contracts with affiliated companies, staff cites *GTE v Deason*, 642 So. 2d 545 (Fla. 1994), in which the Florida Supreme Court found:

The mere fact that a utility is doing business with an affiliate does not mean that unfair or excess profits are being generated, without more. Charles F. Phillips, Jr., *The Regulation of Public Utilities* 254-255 (1988). We believe the standard must be whether the transactions exceed the going market rate or otherwise inherently unfair . . . [i]f the answer is “no”, then the PSC may not reject the utility’s position.

Staff notes that in prior cases involving seven of Brendenwood’s sister utilities over the past five years, the Commission approved similar USWSC agreements and associated costs.¹⁷ In those cases, the cost of the USWSC contract on a per ERC basis ranged from \$152 to \$427.

In the instant case, staff believes that the contract reflects the market conditions of the utility’s service area. Absent the USWSC contract, staff believes the costs to provide service would be higher. For the reasons discussed above, staff believes that the utility’s contract with USWSC is reasonable and the cost should be included for recovery of the utility’s proposed rates. Therefore, staff recommends test year contractual services – other expense of \$19,965.

Insurance Expense – General Liability (657)

The utility recorded insurance expense of \$1,184 for the test year. On October 20, 2021, the utility provided an updated invoice reflecting a premium of \$1,343 for the period October 2021 through October 2022.¹⁸ To reflect the increase in premium, staff increased this account by \$159 (\$1,343 - \$1,184). Staff believes including the adjustment is appropriate because the increased premium is known, measurable, and already in effect. As such, staff recommends insurance expense for the test year of \$1,343 (\$1,184 + \$159).

¹⁷Order No. PSC-2017-0334-PAA-WS, Issued August 23, 2017, in Docket No. 20160222-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.*; Order No. 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.*; Order No. PSC-2018-0552-PAA-WU, Issued November 19, 2018, in Docket No. 20180022-WU, *In re: Application for staff-assisted rate case in Lake County by Pine Harbour Waterworks, Inc.*; Order No. PSC-2018-0553-PAA-WU, Issued November 19, 2018, in Docket No. 20180021, WU, *In re: Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.*; Order No. PSC-2020-0086-PAA-WU, Issued March 24, 2020, in Docket No. 20190114-WU, *In re: Application for staff-assisted rate case in Alachua County, and request for interim rate increase by Gator Waterworks, Inc.*; Order No. PSC-2020-0088-PAA-SU, Issued March 25, 2020, in Docket No. 20190116-SU, *In re: Application for staff-assisted rate case in Brevard County, and request for interim rate increase by Merritt Island Utility Company*; Order No. PSC-2020-0087-PAA-WS, Issued March 25, 2020, in Docket No. 20190125-WS, *In re: Application for staff-assisted rate case in Sumter County by The Woods Utility Company*; Order No. PSC-2020-0168-PAA-WS, Issued May 22, 2020, in Docket No. 20190166-WS, *In re: Application for increase in water rates in Highlands County by HC Waterworks, Inc.*

¹⁸Document No. 12218-2021, filed on October 20, 2021.

Regulatory Commission Expense (665)

Per Brendenwood's filed application, the utility estimated regulatory expense to be \$280 for the test year. Regarding the instant case, the utility is required by Rule 25-22.0407, F.A.C., to provide notices of the customer meeting, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$171. Additionally, the utility paid a \$500 filing fee.¹⁹ Using the 2021 IRS mileage rate, at 428 miles round-trip, staff calculated travel to the Commission Conference to be \$240.²⁰ Staff did not include any travel to the customer meeting, since it was held remotely. Additionally, staff estimated \$240 for lodging expense for two utility representatives, using the average lodging rate for Tallahassee. Staff recommends noticing costs, filing fee, and travel expenses of \$1,151 ($\$171 + \$500 + \$240 + \240), which amortized over four years is \$288 ($\$1,151 \div 4$ years) per year. This represents an \$8 increase to the utility's recorded expense of \$280. Therefore, staff recommends regulatory commission expense of \$288 ($\$280 + \8).

Bad Debt Expense (670)

Brendenwood recorded bad debt expense of \$89 for the test year. Staff notes that it is Commission practice to calculate bad debt expense using a three-year average when the information is available. Based on the utility's Annual Reports, Brendenwood recorded bad debt expense of \$2,027, \$280, and \$89, for the years 2018, 2019, and 2020, respectively. Staff believes that the 2018 amount of \$2,027 is an anomaly, and therefore requested the utility provide updated bad debt expense for 2021. In response, the utility reported bad debt expense of \$99 through August 2021.²¹ Staff annualized this amount, resulting in 2021 annualized bad debt expense of \$149. Staff used a three-year average of \$280, \$89, and \$149 to calculate bad debt expense of \$173 ($(\$280 + \$89 + \$149) \div 3$). This represents an increase of \$84 to the utility's recorded expense of \$89. Therefore, staff recommends bad debt expense of \$173 ($\$89 + \84).

Miscellaneous Expense (675)

The utility recorded miscellaneous expense of \$692. This expense is the 2020 Drinking Water Annual Operating License fee paid to the Florida Department of Environmental Protection. Staff made no adjustments, and therefore recommends miscellaneous expense of \$692.

Operation and Maintenance Expense Summary

The utility recorded O&M expenses of \$27,651 for the test year. Based on the above adjustments, staff recommends that the O&M expense balance be increased by \$251, resulting in a total O&M expense of \$27,902 ($\$27,651 + \251). Staff's recommended adjustments to O&M expense are shown on Schedule No. 3-C.

Depreciation Expense

The utility's records reflect test year depreciation expense of \$2,095. As a result of the staff audit, an adjustment was made to increase depreciation expense by \$133. This increase to depreciation expense impacted Acct. 320 – Water Treatment Equipment, which as discussed in Issue 4, was already over-depreciated. Staff calculated depreciation expense using the prescribed

¹⁹Document No. 03705-2021, filed on April 26, 2021.

²⁰<https://www.irs.gov/newsroom/irs-issues-standard-mileage-rates-for-2021>

²¹Document No. 12181-2021, filed on October 18, 2021.

rates set forth in Rule 25-30.140, F.A.C., and removed the auditor's adjustment. Therefore, staff recommends net depreciation expense of \$2,095.

Taxes Other Than Income (TOTI)

Brendenwood recorded TOTI of \$1,933 for the test year. As a result of the staff audit, an adjustment was made to decrease this amount by \$131 to reflect the audited amounts paid in 2020. Staff increased TOTI by \$64 to reflect the appropriate Regulatory Assessment Fees (RAFs) based on corrected utility test year revenues. Staff reviewed the 2021 Lake County Tax records and decreased TOTI by \$59 to reflect the utility's 2021 property taxes.²² Staff's adjustment reflects the four percent discount for early payment that is typically recognized by the Commission.

As discussed in Issue 6, water revenues have been increased by \$5,774 to reflect the change in revenue required to cover expenses and allow an opportunity to earn the recommended rate of return. As a result, TOTI should be increased by \$230 to reflect RAFs of 4.5 percent of the change in revenues. Therefore, staff is recommending TOTI of \$2,037 ($\$1,933 - \$131 + \$64 - \$59 + \230).

Income Tax

The utility is a Subchapter S Corporation and therefore did not record any income tax expense for the test year. As such, no adjustment to income tax expense is required.

Operating Expenses Summary

The application of staff's recommended adjustments to the utility's test year operating expenses result in a total operating expense of \$32,034. Operating expenses are shown on Schedule No. 3- and the related adjustments are shown on Schedule No. 3-B.

²²Document No. 12441-2021, filed October 28, 2021.

Issue 8: What is the appropriate revenue requirement for Brendenwood?

Recommendation: The appropriate revenue requirement is \$35,052 resulting in an annual increase of \$5,113 (17.08 percent). (Bethea, D. Brown)

Staff Analysis: Brendenwood should be allowed an annual increase of \$5,113 (17.08 percent). This should allow the utility the opportunity to recover its expenses and a 7.85 percent rate of return on its investment. The calculations are shown in Table 8-1:

**Table 8-1
Revenue Requirement**

Rate Base	\$38,447
Rate of Return (%)	<u>x 7.85%</u>
Return on Rate Base	\$3,018
O&M Expense	27,902
Depreciation Expense (Net)	2,095
Taxes Other Than Income	<u>2,037</u>
Revenue Requirement	<u>\$35,052</u>
Less Adjusted Test Year Revenues	<u>29,939</u>
Annual Increase	<u>\$5,113</u>
Percent Increase	<u>17.08%</u>

Issue 9: What are the appropriate rate structure and rates for Brendenwood's water system?

Recommendation: The recommended rate structure and monthly 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 sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bethea)

Staff Analysis: Brendenwood is located in Lake County within the SJRWMD. This area has been designated as a water use caution area. The utility provides water service to 58 residential customers and one general service customer. Approximately 7 percent of the residential customer bills during the test year had zero gallons, indicating a non-seasonal customer base. The average residential water demand is 10,001 gallons per month. The average water demand excluding zero gallon bills is 10,703 gallons per month. Currently, the utility's water rate structure consists of a monthly base facility charge (BFC) and a three-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: (1) 0-5,000 gallons; (2) 5,001-10,000 gallons; and (3) all usage in excess of 10,000 gallons per month. General service rate structure consists of a monthly BFC and a gallonage charge.

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.

In this case, staff recommends that 30 percent of the water revenues be generated from the BFC, which will provide sufficient revenues to design gallonage charges that send pricing signals to customers using above the non-discretionary level. The average people per household served by the water system is 2.5; therefore, based on the number of people per household, 50 gallons per day per person, and the number of days per month, the non-discretionary usage threshold should be 4,000 gallons per month.²³ Staff's review of the billing analysis indicates that the discretionary usage above 4,000 gallons represents 58 percent of the bills, which account for approximately 68 percent of the water demand. This is considered high discretionary usage for this customer base.

In addition to the BFC allocation, staff also recommends a BFC and a three-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: (1) 0-4,000 gallons; (2) 4,001-10,000 gallons; and (3) all usage in excess of 10,000 gallons per month. This rate structure sends the appropriate pricing signals because it targets customers with high consumption levels and

²³ Average person per household was obtained from www.census.gov/quickfacts/lakecountyflorida.

minimizes price increases for customers at non-discretionary levels. In addition, the third tier provides an additional pricing signal to customers using in excess of 10,000 gallons of water per month, which represents approximately 39 percent of the usage. General service customers should be billed a BFC and a gallonage charge.

Based on staff's recommended revenue increase of 17.4 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 445,000 gallons resulting in anticipated average residential demand of 9,352 gallons per month. Staff recommends a 6.5 percent reduction in test year residential gallons for ratesetting purposes. As a result, the corresponding reductions for purchased power expense is \$121, \$12 for chemicals expense, and \$6 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of \$34,354.

The recommended rate structures and monthly 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 sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

Issue 10: Should the requested initial customer deposits for Brendenwood be approved?

Recommendation: The appropriate initial customer deposit should be \$84 for the single family residential 5/8 inch x 3/4 inch meter size 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 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. (Bethea)

Staff Analysis: Rule 25-30.311, F.A.C., contains 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. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.²⁴ Currently, the utility does not have initial customer deposits. Based on the staff recommended water rates and the post repression average residential demand of 9,352, the appropriate initial customer deposit should be \$84 to reflect an average residential customer bill for two months. Under staff's recommended rates, the monthly average residential bill is \$42.

Staff recommends that the appropriate initial customer deposit should be \$84 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.

²⁴Order NO. PSC-2021-0320-PAA-WU, issued August 23, 2021, in Docket No. 20200230, *In re: Application for In re: Application for staff-assisted rate case in Manatee County by Sunny Shores Utilities, LLC.*, and 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.*

Issue 11: Should the miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. Staff recommends the miscellaneous service charges be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. Brendenwood should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice. (Bethea)

Staff Analysis: Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.²⁵ The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. It was envisioned that the utility tariffs would be reviewed by staff on a prospective basis to ensure conformance with the amended rule. Brendenwood miscellaneous service charges consist of initial connection and normal reconnection charges. These charges are more than the premises visit charge. Since the premises visit entails a broader range of tasks, staff believes the premises visit should reflect the amount of normal reconnection charges of \$15.56. Therefore, staff recommends that the initial connection and normal reconnection charges be removed, the premises visit be revised to \$15.56 and the definition for the premises visit charge be updated to comply with amended Rule 25-30.460, F.A.C. The existing and staff recommended miscellaneous service charges are reflected below.

Existing
Miscellaneous Service Charges

	<u>Normal Hours</u>
Initial Connection Charge	\$15.56
Normal Reconnection Charge	\$15.56
Violation Reconnection Charge	\$15.56
Premises Visit Charge (in lieu of disconnection)	\$10.38
Late Payment Charge	\$5.18
NSF Charges	Pursuant to Section 68.065, F.S.
Convenience Charge	\$2.70

²⁵Order No. PSC-2021-0201-FOF-WS, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges.*

Staff Recommended
Miscellaneous Service Charges

	<u>Normal Hours</u>
Premises Visit Charge	\$15.56
Violation Reconnection Charge	\$15.56
Late Payment Charge	\$5.18
NSF Charges	Pursuant to Section 68.065, F.S.
Convenience Charge	\$2.70

Conclusion

Staff recommends the miscellaneous service charges be revised to conform to the recent revision to Rule 25-30.460, F.A.C. The recommended miscellaneous service charges are shown on Schedule No. 1-B. Brendenwood should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The utility should provide proof of the date notice was given no less than 10 days after the date of the notice.

Issue 12: 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. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Brendenwood should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. (Bethea, Casper) (Procedural Agency Action)

Staff Analysis: Section 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. With respect to Brendenwood, the reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is \$301.

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. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Brendenwood should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

Issue 13: Should the recommended rates be approved for Brendenwood on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility. Brendenwood 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. (Casper) (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. Brendenwood 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.

Brendenwood 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 \$4,046. 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 14: Should Brendenwood 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. Brendenwood should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Brendenwood 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. (Casper) (Procedural Agency Action)

Staff Analysis: Brendenwood should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. Brendenwood 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 15: 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. This docket should remain open for staff's verification that the revised tariff sheets and customer notices have been filed by the utility and approved by staff. Also, the docket should remain open to allow the utility to provide the recommended reporting information. Upon staff's approval of the tariff sheets and customer notices, along with staff's completion of its review of the recommended reporting information, this docket should be closed administratively if no adjustments are necessary. (Jones)

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. This docket should remain open for staff's verification that the revised tariff sheets and customer notices have been filed by the utility and approved by staff. Also, the docket should remain open to allow the utility to provide the recommended reporting information. Upon staff's approval of the tariff sheets and customer notices, along with staff's completion of its review of the recommended reporting information, this docket should be closed administratively if no adjustments are necessary.

BRENDENWOOD WATERWORKS, INC.		SCHEDULE NO. 1-A		
TEST YEAR ENDED 12/31/2020		DOCKET NO. 20210055-WU		
SCHEDULE OF WATER RATE BASE				
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST.	BALANCE PER STAFF	
1. UTILITY PLANT IN SERVICE	\$48,200	(\$28)	\$48,172	
2. LAND & LAND RIGHTS	1,100	0	1,100	
3. ACCUMULATED DEPRECIATION	(14,563)	286	(14,277)	
4. CIAC	(1,577)	0	(1,577)	
5. ACCUMULATED AMORTIZATION OF CIAC	1,577	0	1,577	
6. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>3,452</u>	<u>3,452</u>	
7. WATER RATE BASE	<u>\$34,737</u>	<u>\$3,710</u>	<u>\$38,447</u>	

BRENDENWOOD WATERWORKS, INC.		SCHEDULE NO. 1-B
TEST YEAR ENDED 12/31/2019		DOCKET NO. 20210055-WU
ADJUSTMENTS TO RATE BASE		
		<u>WATER</u>
<u>UTILITY PLANT IN SERVICE</u>		
	To reflect an averaging adjustment.	<u>(\$28)</u>
<u>ACCUMULATED DEPRECIATION</u>		
1.	To reflect an auditing adjustment.	(\$1,414)
2.	To reflect a staff adjustment.	1,335
3.	To reflect an averaging adjustment.	<u>365</u>
	Total	<u>\$286</u>
<u>WORKING CAPITAL ALLOWANCE</u>		
	To reflect 1/8 of test year O&M expenses.	<u>\$3,452</u>

BRENDENWOOD WATERWORKS, INC.				SCHEDULE NO. 2			
TEST YEAR ENDED 12/31/2020				DOCKET NO. 20210055-WU			
SCHEDULE OF CAPITAL STRUCTURE							
CAPITAL COMPONENT	PER UTILITY	PRO RATA ADJUSTMENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST	
1. LONG-TERM DEBT	0	0	0	0.00%	0.00%	0.00%	
2. SHORT-TERM DEBT	0	0	0	0.00%	0.00%	0.00%	
3. COMMON EQUITY	\$30,645	\$7,802	\$38,447	100.00%	7.85%	7.85%	
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>	
6. TOTAL CAPITAL	<u>\$30,645</u>	<u>\$7,802</u>	<u>\$38,447</u>	<u>100.00%</u>		<u>7.85%</u>	
RANGE OF REASONABLENESS					LOW	HIGH	
RETURN ON EQUITY					6.85%	8.85%	
OVERALL RATE OF RETURN					6.85%	8.85%	

BRENDENWOOD WATERWORKS, INC.		SCHEDULE NO. 3-A			
TEST YEAR ENDED 12/31/2020		DOCKET NO. 20210055-WU			
SCHEDULE OF WATER OPERATING INCOME					
	PER UTILITY	STAFF ADJUST MENTS	STAFF ADJ. TEST YEAR	ADJUST FOR INCREASE	REV. REQ.
1. TOTAL OPERATING REVENUE	<u>\$28,510</u>	<u>\$1,429</u>	<u>\$29,939</u>	<u>\$5,113</u> 17.08%	<u>\$35,052</u>
OPERATING EXPENSES					
2. OPERATION & MAINTENANCE	\$27,651	\$251	\$27,902	\$0	\$27,902
3. DEPRECIATION (NET)	2,095	0	2,095	0	2,095
4. AMORTIZATION (NET)	0	0	0	0	0
5. TAXES OTHER THAN INCOME	1,933	(126)	1,807	230	2,037
6. INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL OPERATING EXPENSE	<u>\$31,679</u>	<u>\$125</u>	<u>\$31,804</u>	<u>\$230</u>	<u>\$32,034</u>
7. OPERATING INCOME / LOSS	<u>(\$3,169)</u>		<u>(\$1,865)</u>		<u>\$3,018</u>
8. WATER RATE BASE	<u>\$34,737</u>		<u>\$3,710</u>		<u>\$38,447</u>
9. RATE OF RETURN					7.85%

BRENDENWOOD WATERWORKS, INC.		SCHEDULE NO. 3-B
TEST YEAR ENDED 12/31/2020		DOCKET NO. 20210055-WU
ADJUSTMENTS TO OPERATING INCOME		<u>WATER</u>
OPERATING REVENUES		
	To reflect an auditing adjustment to Service Revenues.	<u>\$1,429</u>
OPERATION AND MAINTENANCE EXPENSE		
1.	Insurance Expense (657) To reflect October 2021 increase in policy premium.	<u>\$159</u>
2.	Rate Case Expense (665) To reflect four-year amortization of rate case expense.	<u>\$8</u>
3.	Bad Debt Expense (670) To reflect appropriate bad debt expense.	<u>\$84</u>
TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS		<u>\$251</u>
DEPRECIATION EXPENSE		
1.	To reflect an auditing adjustment.	\$133
2.	To reflect staff adjustment to remove over depreciation from Acct. 320.	<u>(133)</u>
	Total	<u>\$0</u>
TAXES OTHER THAN INCOME		
1.	To reflect an auditing adjustment to 2020 property taxes.	(\$131)
2.	To reflect appropriate test year RAFs.	64
3.	To reflect 2021 property taxes.	<u>(59)</u>
	Total	<u>\$126</u>
TOTAL OPERATING EXPENSE		<u>\$125</u>

BRENDENWOOD WATERWORKS, INC.		SCHEDULE NO. 3-C		
TEST YEAR ENDED 12/31/2020		DOCKET NO. 20210055-WU		
ANALYSIS OF WATER O&M EXPENSE				
ACCT. #	DESCRIPTION	TOTAL PER UTILITY	STAFF ADJUST- MENT	TOTAL PER STAFF
603	Salaries and Wages – Officers	\$2,650	\$0	\$2,650
615	Purchased Power	1,878	0	1,878
618	Chemicals	182	0	182
632	Contractual Services – Accounting	400	0	400
633	Contractual Services – Legal	300	0	300
635	Contractual Services – Testing	31	0	31
636	Contractual Services – Other	19,965	0	19,965
657	Insurance Expense	1,184	159	1,343
665	Regulatory Commission Expense	280	8	288
670	Bad Debt Expense	89	84	173
675	Miscellaneous Expenses	<u>692</u>	<u>0</u>	<u>692</u>
	Total O&M Expense	<u>\$27,651</u>	<u>\$251</u>	<u>\$27,902</u>
	Working Capital			\$3,452

BRENDENWOOD WATERWORKS INC.		SCHEDULE NO. 4	
TEST YEAR ENDED DECEMBER 31, 2020		DOCKET NO. 20210055-WU	
MONTHLY WATER RATES			
	UTILITY CURRENT RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$13.71	\$14.77	\$0.14
3/4"	\$20.57	\$22.16	\$0.21
1"	\$34.28	\$36.93	\$0.35
1-1/2"	\$68.55	\$73.85	\$0.70
2"	\$109.68	\$118.16	\$1.12
3"	\$219.36	\$236.32	\$2.25
4"	\$342.75	\$369.25	\$3.51
6"	\$685.50	\$738.50	\$7.02
Charge per 1,000 gallons - Residential			
0 - 5,000 gallons	\$1.87	N/A	N/A
5,001 - 10,000 gallons	\$2.08	N/A	N/A
Over 10,000 gallons	\$4.16	N/A	N/A
Charge per 1,000 gallons - Residential			
0 - 4,000 gallons	N/A	\$2.38	\$0.02
4,001 - 10,000 gallons	N/A	\$2.97	\$0.03
Over 10,000 gallons	N/A	\$5.35	\$0.05
Charge per 1,000 gallons - General Service	\$2.83	\$3.73	\$0.04
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
4,000 Gallons	\$21.19	\$24.29	
10,000 Gallons	\$33.46	\$42.11	
14,000 Gallons	\$50.10	\$63.51	

Item 6

State of Florida



Public Service Commission

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

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

DATE: December 29, 2021

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hudson) *JGH*
Office of the General Counsel (Osborn) *JSC*

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: 01/11/22 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 03/19/22 (8-Month Effective 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. In 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 AFPI charges. The utility is requesting to revise its existing AFPI charges for the LUSI wastewater system based on the Commission's decision in UIF's recent rate case proceeding in which the wastewater system was deemed less

than 100 percent used and useful.¹ The utility's proposed AFPI tariffs were suspended by Order No. PSC-2021-0319-PCO-SU, issued August 23, 2021, in the instant docket, pending further investigation.² Staff sent out its first data request on July 22, 2021, and the utility provided its response on August 10, 2021. On November 15, 2021, the utility filed revised schedules to correct an error in the calculation of cost of the qualifying assets.

This recommendation addresses UIF's request to establish revised AFPI charges for its LUSI wastewater system. The Commission has jurisdiction pursuant to Sections 367.081 and 367.091, Florida Statutes (F.S.).

¹ 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.*

²Order No. PSC-2019-0546-PCO-WS, issued December 23, 2019, in Docket No. 20190189-WS, *In re: Application for establishment of wastewater allowance for funds prudently invested (AFPI) charges in Lake County.*

Discussion of Issues

Issue 1: Should UIF's request to revise its existing AFPI charges for LUSI's wastewater system be approved, and, if so, what are the appropriate AFPI charges?

Recommendation: No, UIF's request to revise its existing AFPI charges for LUSI's wastewater system should be denied. The existing tariff should be revised to reflect that the utility has no remaining equivalent residential connections (ERCs) upon which to collect AFPI charges. The tariff should remain in effect only to allow the utility to true-up any prepaid AFPI charges to coincide with the connection to the system. (Hudson)

Staff Analysis: Pursuant to Rule 25-30.434, Florida Administrative Code (F.A.C.), an AFPI charge is a mechanism which allows a utility the opportunity to earn a fair rate of return on prudently constructed plant held for future use from the future customers to be served by that plant in the form of a charge paid by those customers. The AFPI charge is calculated for one ERC on a monthly basis up to the time the utility reaches the designed capacity of the plant for which the charge applies. The charges cease when the plant has reached its designed capacity. The utility's request for revised wastewater AFPI charges is a result of its wastewater system being deemed as less than 100 percent used and useful in its last rate proceeding.

The utility's existing AFPI charges were set in March of 2020 and were based on the test year ended December 31, 2015.³ At that time, the utility had 1,658 ERCs to reach design capacity with the utility having already collected AFPI charges for 1,542 ERCs through developer agreements. Therefore, as reflected in the order approving the current AFPI charges, the utility had 116 remaining ERCs (1,658 - 1,542) that were subject to the collection of AFPI charges.

Based on information provided in response to a staff data request, staff has determined that the utility has collected AFPI charges for the remaining 116 ERCs. While the utility has collected AFPI charges for all ERCs, some ERCs were prepaid and are not connected to the system yet. The appropriate AFPI charge is the charge in effect at the time of connection to the system.⁴ For those ERCs that were prepaid and remain unconnected to date, the utility can true-up the AFPI charge to coincide with the actual date of connection. As a result, staff believes it is appropriate to leave the current tariff in effect only for purposes of a true-up. Pursuant to the current tariff, the constant maximum charge of \$1,171.57 would apply until all 1,658 ERCs are connected.

In addition to the utility having collected APFI charges for all 1,658 ERCs included in the calculation, staff does not believe that the rule contemplates reestablishing AFPI for the same plant upon which AFPI has previously been set. Recalculating AFPI on the same plant is counterintuitive to the intent of AFPI. It resets the charges which are significantly lower at the beginning of the accrual period which results in the utility forgoing carrying cost that it was otherwise entitled to pursuant to the rule. Staff believes that only a plant expansion would warrant a recalculation of AFPI. UIF has not undertaken a plant expansion.

³ Order No. PSC-2020-0072-TRF-WS, issued March 11, 2020, *In re: Application for establishment of wastewater allowance for funds prudently (AFPI) charges in Lake County, by Utilities, Inc. of Florida.*

⁴ Pursuant to Rule 25-30.434, F.A.C., a five year period is reasonable for a utility to have an investment in future use plant. An AFPI charge escalates on a monthly basis up to the end of the five year accrual period; after the five-year period the charge remains constant until all ERCs have connected.

Staff recognizes that the utility is not at design capacity based on the determination in its last rate proceeding. However, if the utility is not at design capacity, it could be a result of the demographics of the customer base such as seasonality or low average consumption. UIF's ERC was defined as 280 gallons per day (gpd). Seasonality and/or low average consumption could result in an ERC being less gpd in actuality. This could result in the utility having remaining capacity even after all ERCs contemplated have connected to the system. Nonetheless, the calculation of UIF's existing AFPI charges were designed to collect the cost associated with plant held for future use from 1,658 ERCs. The utility has collected AFPI for all 1,658 ERCs except for any prepaid connections that are subject to a true-up as a result of the date of connection and thus, the cost associated with the plant held for future use will be recovered as prescribed by rule. There are no additional qualifying assets that correspond to any remaining capacity even if the utility has the potential to serve. Granting AFPI based on the non-used and useful in its last rate proceeding would result in double recovery.

Based on the above, UIF's request to revise its existing AFPI charges for LUSI's wastewater system should be denied. The existing tariff should be revised to reflect that the utility has no remaining ERCs upon which to collect AFPI charges at this time. The tariff should remain in effect only to allow the utility to true-up any prepaid AFPI charges to coincide with the connection to the system.

Issue 2: Should this docket be closed?

Recommendation: If Issue 1 is approved and a protest is filed within 21 days of the issuance of the order, the proposed tariff should be placed into effect, subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Osborn)

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