

Table of Contents
 Commission Conference Agenda
 February 4, 2025

1**PAA	Docket No. 20240150-TX – Petition for designation as an eligible telecommunications carrier in the State of Florida, by Integrated Path Communications, LLC.....	1
2**PAA	Docket No. 20240162-TP – Petition for designation as an eligible telecommunications carrier, by TAG Mobility, LLC d/b/a TAG Mobile.	2
3**	Docket No. 20240172-EI – Petition for recovery of costs associated with named tropical systems during the 2023 and 2024 hurricane seasons and replenishment of storm reserve, by Tampa Electric Company.	3
4**	Docket No. 20240173-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Debby, Helene and Milton, by Duke Energy Florida, LLC.	4
5**PAA	Docket No. 20240148-EG – Petition for approval of proposed demand-side management plan, by Peoples Gas System, Inc.....	5
6**PAA	Docket No. 20240111-WU – Application for grandfather certificate to operate water utility in Citrus County, by Citrus Waterworks, Inc.	6
7**	Docket No. 20240140-WS – Application for amendment of Certificate Nos. 589-W and 507-S in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.	7
8**PAA	Docket No. 20240107-GU – Petition for approval of modifications to cast iron/bare steel pipe replacement rider, by Peoples Gas System, Inc.	8
9**PAA	Docket No. 20240141-GU – Petition for approval of transportation service agreement between Peninsula Pipeline Company, Inc. and Florida City Gas.....	9
10	Docket No. 20240108-SU – Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.	10

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: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Deas, Fogleman)^{CH}
Office of the General Counsel (Augsburger, Imig)^{AEH}

RE: Docket No. 20240150-TX – Petition for designation as an eligible telecommunications carrier in the State of Florida, by Integrated Path Communications, LLC.

AGENDA: 02/04/25 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 30, 2024, Integrated Path Communications, LLC (IPC or Company) filed a petition with the Florida Public Service Commission (FPSC or Commission) seeking designation as an eligible telecommunications carrier (ETC) for the sole purpose of providing Lifeline service to qualifying consumers in its service territory. IPC is a Competitive Local Exchange Carrier (CLEC) licensed by the Commission to provide telecommunication service in Florida since 2012. The company provides local, long distance and broadband services to consumers using its own facilities, along with resale agreements with Frontier Communications of the South (FL), LLC (Frontier) and CenturyLink Communications, LLC (CenturyLink). IPC is currently designated as an ETC providing Lifeline service in New York, Texas and Wisconsin.

Docket No. 20240150-TX

Date: January 24, 2025

IPC is a common carrier pursuant to 47 U.S.C. § 153(11). IPC is a New York Limited Liability Company (LLC) authorized to do business as a foreign LLC in the state of Florida. IPC is a company wholly owned by Brian Shepard.

IPC asserts that it meets all applicable federal requirement for designation as a Lifeline only ETC in Florida pursuant to 47 U.S.C. § 214(e) and 47 C.F.R. § 54.201. IPC acknowledges and asserts that, if approved, it will comply with Sections 364.10 and 364.105, Florida Statutes (F.S.) and Rule 25-4.0665, Florida Administrative Code (F.A.C.), which govern Lifeline service and provide for a transitional discount for customers who no longer qualify for Lifeline.

The Commission is vested with jurisdiction in this matter pursuant to Section 214(e)(2) of the Telecommunications Act of 1996 (the Act) and Section 364.10, Florida Statutes.

Discussion of Issues

Issue 1: Should IPC be granted an ETC designation to provide lifeline service in the service areas listed in Attachment A?

Recommendation: Yes. IPC should be granted an ETC designation to provide Lifeline service in the service areas listed in Attachment A. Staff also recommends that if there is a future change of Company ownership, the new owners should be required to file a petition with the Commission to demonstrate that it is in the public interest to maintain the Company's ETC designation. (Deas, Fogleman, Augspurgen, Imig)

Staff Analysis: ETC designation is necessary for telecommunications companies to participate in the federal lifeline program.¹ Section 364.10, F.S. allows the Commission to approve wireline telecommunication company Lifeline ETC petitions. Federal rules outline the requirements for ETC designation.² To obtain ETC designation to provide Lifeline services, federal rules require that carriers:

- 1) Be a common carrier;
- 2) Offer the services that are supported by the federal universal support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services;
- 3) Advertise the availability of its Lifeline service through a media of general distribution;
- 4) Provide voice grade access to the public switch network or its functional equivalent;
- 5) Offer minutes of use for local service at no additional charge to end users;
- 6) Provide access to the emergency services available by local government or other public safety organizations; and
- 7) Provide Broadband Internet Access Service;³
- 8) Demonstrate financial and technical capability to provide Lifeline service. and
- 9) Not charge Lifeline customers a monthly number-portability charge.

¹ 47 C.F.R. § 254(e)

² 47 U.S.C. § 214(e)(1), 47 C.F.R. § 54.101, 47 C.F.R. § 54.201, and 47 C.F.R. § 54.401; While 47 C.F.R. § 54.101(a) also includes requirements addressing toll limitation services to qualifying low-income consumers, the Federal Communications Commission (FCC) in its 2012 Lifeline and Link Up Reform Order (FCC 12-11) stated that: "ETCs are not required to offer toll limitation service to low-income consumers if the Lifeline offering provides a set amount of minutes that do not distinguish between toll and non-toll calls."

³ Broadband Internet Access Service (BIAS) is defined as a mass-market retail service that provides the capability to transmit and receive data, but excluding dial-up service.

In addition, Florida law requires the following for ETC designation:

- 1) Must offer discounted transitional basic telecommunications service;⁴ and
- 2) Must participate in the Lifeline Promotion Process.⁵

IPC plans to offer all of the supported services listed under Section 254(c) of the Act through a combination of its own facilities and resale agreements with other providers. Specifically, IPC will deliver these services through its Cisco brand switching network that is located and monitored at its data operations center in Miami Florida.⁶

Financial, Managerial, and Technical Capabilities

IPC has been a local telecommunications provider in Florida for 18 years without any reported interruptions in service. The Company has operated as an ETC in three states without any ETC revocation proceedings. IPC has maintained compliance with regulatory requirements and not been subject to any FCC or Universal Service Administrative Company enforcement actions related to the Lifeline program. Finally, IPC has never filed for any form of bankruptcy relief. For these reasons, IPC has demonstrated financial, managerial, and technical qualifications necessary for ETC designation.

Public Interest

State commissions are required to find that ETC designation is in the public interest.⁷ While wireline customers represent a smaller segment of the lifeline market in Florida, ensuring competitive options for this group is essential to providing customer choice. Moreover, some customers with specific needs continue to rely on traditional landline services for essential communication needs. Following a thorough evaluation, staff determined that IPC's offerings are not only competitive but also comparable to existing services. Therefore, staff believes that granting IPC ETC designation will serve the public interest.

Conclusion

Staff has reviewed IPC's petition for ETC designation in Florida. IPC meets all the requirements for designation as an ETC. Additionally, the Company has demonstrated sufficient financial, managerial, and technical capabilities. Therefore, staff recommends IPC should be granted an ETC designation in the service territory identified in Attachment A of this recommendation. Staff further recommends that if there is a future change of Company ownership, the new owners

⁴ Section 364.105, F.S states that each ETC shall offer a residential basic local telecommunications service at 70 percent of the residential local telecommunications service rate for any Lifeline subscriber who no longer qualifies for Lifeline for a period of 1 year after the date the subscriber ceases to qualify for Lifeline .

⁵ Rule 25-4.0665(3), F.A.C. The Lifeline Promotion Process is an electronic system developed in collaboration with the Florida Department of Children and Families, ETCs and the FPSC. This system helps assist ETCs and the FPSC in providing information on how to apply for Lifeline assistance to eligible customers.

⁶ IPC is not required to obtain an approved FCC compliance plan in accordance with the 2012 Lifeline Reform Order because it meets the facilities requirement.

⁷ 47 U.S.C. § 214(e)(2).

should be required to file a petition with the Commission to demonstrate that it is in the public interest to maintain the Company's 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 Proposed Agency Action Order, this docket should be closed upon the issuance of a consummating order. (Augspurger, Imig)

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.

Integrated Path Communications
 Requested ETC Designation Service Areas

Interconnected Rate Centre	State	LATA	IPC Switch
Keys	FL	46017	MIASFLTDS1
Delray Beach	FL	46018	MIASFLTDS1
Jupiter	FL	46018	MIASFLTDS1
West Palm Beach	FL	46018	MIASFLTDS1
Boca Raton	FL	46018	MIASFLTDS1
Boynton Beach	FL	46018	MIASFLTDS1
Pahokee	FL	46018	MIASFLTDS1
Belle Glade	FL	46018	MIASFLTDS1
Fort Lauderdale	FL	46017	MIASFLTDS1
Deerfield Beach	FL	46017	MIASFLTDS1
Pompano Beach	FL	46017	MIASFLTDS1
Coral Springs	FL	46017	MIASFLTDS1
Hollywood	FL	46017	MIASFLTDS1
Jensen Beach	FL	46018	MIASFLTDS1
Hobe Sound	FL	46018	MIASFLTDS1
Sebastian	FL	46018	MIASFLTDS1
Fort Pierce	FL	46018	MIASFLTDS1
Vero Beach	FL	46018	MIASFLTDS1
Port St Lucie	FL	46018	MIASFLTDS1
Stuart	FL	46018	MIASFLTDS1
Indiantown	FL	46018	MIASFLTDS1
North Dade	FL	46017	MIASFLTDS1
Perrine	FL	46017	MIASFLTDS1
Miami	FL	46017	MIASFLTDS1
Homestead	FL	46017	MIASFLTDS1
Tampa Central	FL	952	CNSDFLXAMD9
Tampa North	FL	952	CNSDFLXAMD9
Zephyrhills	FL	952	CNSDFLXAMD9
Plant City	FL	952	CNSDFLXAMD9
Hudson	FL	952	CNSDFLXAMD9
Tarpon Springs	FL	952	CNSDFLXAMD9
New Port Richey	FL	952	CNSDFLXAMD9
St Petersburg	FL	952	CNSDFLXAMD9
Clearwater	FL	952	CNSDFLXAMD9
Tampa West	FL	952	CNSDFLXAMD9
Tampa East	FL	952	CNSDFLXAMD9
Tampa South	FL	952	CNSDFLXAMD9
Tallahassee	FL	953	CNSDFLXAMD9
Perry	FL	953	CNSDFLXAMD9
Greenville	FL	953	CNSDFLXAMD9
Madison	FL	953	CNSDFLXAMD9
Crawfordville	FL	953	CNSDFLXAMD9
Monticello	FL	953	CNSDFLXAMD9

Docket No. 20240150-TX
Date: January 24, 2025

Attachment A

Cherry Lake	FL	953	CNSDFLXAMD9
Keaton Beach	FL	953	CNSDFLXAMD9
Sopchoppy	FL	953	CNSDFLXAMD9
Panacea	FL	953	CNSDFLXAMD9
Saint Marks	FL	953	CNSDFLXAMD9
Lee	FL	953	CNSDFLXAMD9

Item 2

FILED 1/24/2025
DOCUMENT NO. 00430-2025
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: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Mallow, Day, Deas, ^{CH}
Fogleman)
Office of the General Counsel (Imig, Augspurger) ^{AEH}

RE: Docket No. 20240162-TP – Petition for designation as an eligible telecommunications carrier, by TAG Mobility, LLC d/b/a TAG Mobile.

AGENDA: 02/04/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On December 12, 2024, TAG Mobility, LLC d/b/a TAG Mobile (TAG Mobility or Company) filed a petition with the Florida Public Service Commission (Commission) seeking designation as an eligible telecommunications carrier (ETC) for the sole purpose of providing Lifeline service to qualifying consumers throughout Florida. TAG Mobility is a Mobile Virtual Network Operator (MVNO) and offers prepaid wireless telecommunications services to consumers as a wireless reseller. Specifically, TAG Mobility uses the network infrastructure and wireless transmission facilities of AT&T to operate as a MVNO. TAG Mobility is currently designated as an ETC providing Lifeline service in 19 other states.

As a MVNO, TAG Mobility is regulated as a common carrier pursuant to 47 U.S.C. § 153(11).¹ TAG Mobility is a Limited Liability Company that was organized in the State of Texas in January of 2024, in connection with the bankruptcy reorganization of its predecessor entity, TAG Mobile, LLC. As part of that reorganization, TAG Mobile, LLC's assets were divided between two newly created entities, both of which were acquired indirectly by Mr. Henry Hung Do.

TAG Mobility asserts that it meets all applicable federal requirements for designation as a Lifeline only ETC in Florida pursuant to 47 U.S.C. 214(e) and 47 C.F.R. 54.201. TAG Mobility acknowledges and asserts that, if approved, it will comply with Section 364.10 and 364.105, Florida Statutes (F.S.) and Rule 25-4.0665, Florida Administrative Code (F.A.C.), which govern Lifeline service and provide for a transitional discount for customers who no longer qualify for Lifeline.

The Commission is vested with jurisdiction in this matter pursuant to Section 214(e)(2) of the Telecommunications Act of 1996 (the Act) and Section 364.10, Florida Statutes.

¹ 47 U.S.C. § 153(11) (defining a common carrier as “any person engaged as a common carrier for hire, in interstate or foreign communications by wire or radio”); 47 U.S.C. §332(c)(1)(A) (treating commercial mobile service providers as common carriers).

Discussion of Issues

Issue 1: Should TAG Mobility be granted ETC designation to provide Lifeline service throughout the State of Florida?

Recommendation: Yes. TAG Mobility should be granted ETC designation to provide Lifeline service throughout the State of Florida. Staff also recommends that if there is a future change of Company ownership, the new owners should be required to file a petition with the Commission to demonstrate that it is in the public interest to maintain the Company's ETC designation. (Mallow, Day, Deas, Fogleman)

Staff Analysis: ETC designation is necessary for telecommunications companies to participate in the federal Lifeline program.² Section 364.10, F.S., allows the Commission to approve wireless Lifeline ETC petitions by requesting carriers. Specifically, Section 364.10(1)(a) and (3)(a) F.S., provide that the Commission has the authority to designate a commercial mobile radio service provider as an ETC for the limited purpose of providing Lifeline service.

Federal rules outline the requirements for ETC designation.³ To obtain ETC designation to provide Lifeline services, federal rules require that carriers:

- 1) Be a common carrier;
- 2) Offer the services that are supported by the federal universal support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services;
- 3) Advertise the availability of its Lifeline service through a media of general distribution;
- 4) Provide voice grade access to the public switch network or its functional equivalent;
- 5) Offer minutes of use for local service at no additional charge to end users;
- 6) Provide access to the emergency services available by local government or other public safety organizations;
- 7) Provide Broadband Internet Access Service;⁴
- 8) Demonstrate financial and technical capability to of provide Lifeline service; and

² 47 C.F.R. § 54.201(a).

³ 47 C.F.R. § 214(e)(1), 47 U.S.C. 54.101, 47 U.S.C. 54.201, and 47 U.S.C. 54.401; While Section 54.101(a) also includes requirements addressing toll limitation services to qualifying low-income consumers, the FCC in its 2012 Lifeline and Link Up Reform Order (FCC 12-11) stated that: "ETCs are not required to offer toll limitation service to low-income consumers if the Lifeline offering provides a set amount of minutes that do not distinguish between toll and non-toll calls."

⁴ Broadband Internet Access Service (BIAS) is defined as a mass-market retail service that provides the capability to transmit and receive data, but excluding dial-up service.

- 9) Not charge Lifeline customers a monthly number-portability charge.

In addition, Florida law requires ETCs to:

- 1) Offer a discounted transitional basic telecommunications service;⁵ and
- 2) Participate in the Lifeline Promotion Process.⁶

Forbearance of Facilities Requirements

TAG Mobility plans to offer all of the supported services enumerated under Section 254(c) of the Act through its wireless resale agreements with AT&T. Therefore, it sought forbearance of the facilities requirement from the FCC. On September 21, 2022, the FCC approved TAG Mobility's amended compliance plan as a condition of obtaining forbearance from the facilities requirement for the provision of Lifeline service. As part of its compliance plan TAG Mobility committed to the following:⁷

- 1) Provide the supported services throughout the carriers designated areas;
- 2) Remain functional in emergency situations;
- 3) Comply with the Cellular Telecommunications and Internet Association's Consumer Code for Wireless Service;
- 4) Demonstrate that it is financially and technically capable of providing the Lifeline service in compliance with federal rules; and
- 5) Describe the terms and conditions of the broadband Internet access service plans offered to Lifeline subscribers.

Because TAG Mobility will offer the supported services and is compliant with the FCC requirements pursuant to 47 U.S.C. 214(e) and 47 C.F.R. 54.201, as well as the Florida specific requirements, TAG Mobility is eligible for designation as a Lifeline only ETC in Florida.

Financial, Managerial, and Technical Capabilities

As noted in its petition, TAG Mobility has offered service since 2024 and has not filed for any form of bankruptcy relief. The company has operated as an ETC in 19 states and has not been subject to any ETC revocation proceedings in any state. The company has many years of technical and managerial experience, and it does not rely exclusively on Lifeline reimbursements

⁵ Section 364.105, F.S states that each ETC shall offer a residential basic local telecommunications service at 70 percent of the residential local telecommunications service rate for any Lifeline subscriber who no longer qualifies for Lifeline for a period of 1 year after the date the subscriber ceases to qualify for Lifeline .

⁶ Rule 25-4.0665(3), Florida Administrative Code (F.A.C.); The Lifeline Promotion Process is an electronic system developed in collaboration with the Florida Department of Children and Families, ETCs and the FPSC. This system helps assist ETCs and the FPSC in providing information on how to apply for Lifeline assistance to eligible customers.

⁷ 47 C.F.R. § 54.202(a)

for its operating revenues. As TAG Mobility will be providing resold wireless service, it will also rely upon the managerial and technical expertise of its underlying carriers.

Public Interest

State commissions are required to find that ETC designation is in the public interest.⁸ TAG Mobility asserts granting its ETC designation will bring Lifeline eligible consumers more choice in providers without creating additional burden on the federal high-cost programs. The Commission's most recent Lifeline report notes that three wireless companies represent 98 percent of the Lifeline market in Florida.⁹ However, the FPSC's estimated Lifeline participation rate for last year was 12.8 percent.¹⁰ While the Commission has designated additional Lifeline ETCs, the increase in carriers servicing this market may increase participation through additional marketing and would serve the public interest.

Conclusion

Staff has reviewed TAG Mobility's petition for ETC designation in Florida. TAG Mobility meets all the requirements for designation as an ETC. Additionally, the company has demonstrated sufficient financial, managerial and technical capabilities. Therefore, staff recommends TAG Mobility should be granted ETC designation throughout the State of Florida as identified in Attachment A of this recommendation. Staff further recommends that if there is a future change of Company ownership, the new owners should be required to file a petition with the Commission to demonstrate that it is in the public interest to maintain the Company's ETC designation.

⁸ 47 U.S.C. 214(e)(2)

⁹ 2024 Florida Lifeline Assistance Report, December 2024, Appendix C, p 24.

¹⁰ Ibid, p 18.

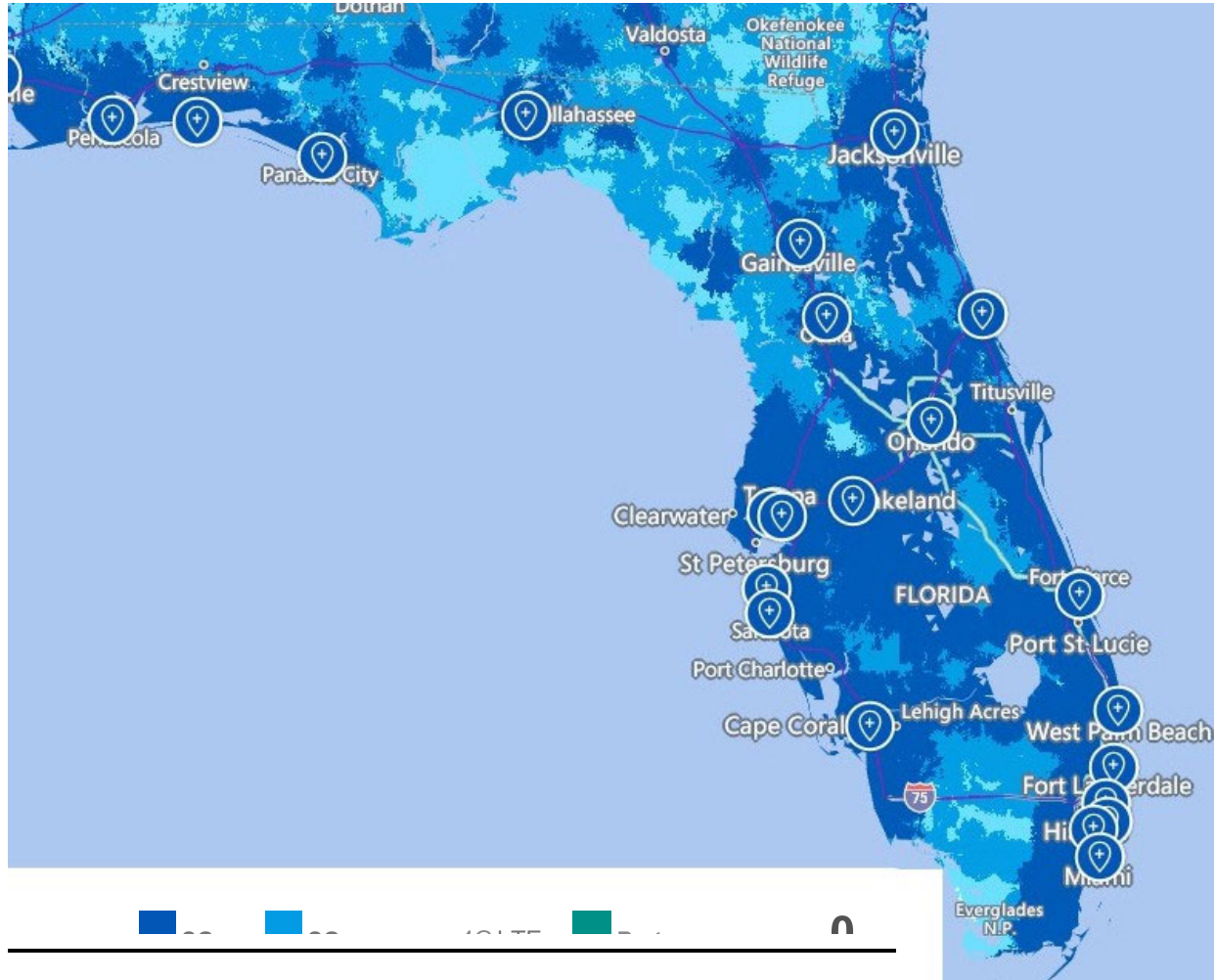
Issue 2: Should this docket be closed?

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 Proposed Agency Action Order, this docket should be closed upon the issuance of a consummating order. (Imig)

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.

DESIGNATED SERVICE AREA

TAG Mobile is proposing to offer Lifeline supported service throughout the State of Florida, as illustrated in the following coverage map for TAG Mobile's underlying carrier, AT&T:



Item 3

State of Florida



Public Service Commission

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

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

DATE: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Vogel, Norris, D. Buys, Quigley, Gatlin) *ALM*
Division of Economics (Hampson, McClelland) *EJD*
Division of Engineering (Ellis, Ramos) *LVK*
Office of the General Counsel (Thompson) *JSC*

RE: Docket No. 20240172-EI – Petition for recovery of costs associated with named tropical systems during the 2023 and 2024 hurricane seasons and replenishment of storm reserve, by Tampa Electric Company.

AGENDA: 02/04/25 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On December 27, 2024, Tampa Electric Company (TECO or Company) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover \$463.6 million for the incremental restoration costs related to Hurricanes Idalia, Debby, Helene, and Milton (collectively, the Storms), as well as the replenishment of its storm reserve. Included in the \$463.6 million is accrued interest and projected interest in the amount of \$14.4 million. Pursuant to the 2021 Stipulation and Settlement Agreement (2021 Settlement) approved by the Commission by Order No. PSC-2021-0423-S-EI, the recovery of storm costs from customers will begin, on an interim basis, 60 days after the filing of a cost recovery petition

Docket No. 20240172-EI

Date: January 24, 2025

and tariff with the Commission.¹ In TECO's 2024 rate case, the Commission voted on December 3, 2024 to continue the existing storm cost recovery mechanism established in the 2021 Settlement. TECO requested a 12-month recovery period, applied to all customer bills starting with the first billing cycle of March 2025.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes.

¹Order No. PSC-2021-0423-S-EI, issued November 10, 2021, in Docket No. 20210034-EI, *In re: Petition for rate increase by Tampa Electric Company*.

Discussion of Issues

Issue 1: Should the Commission authorize TECO to implement an interim storm restoration recovery charge?

Recommendation: Yes. The Commission should authorize TECO to implement an interim storm restoration recovery charge, subject to refund. Once the total actual storm costs are known, TECO should be required to file documentation of the total actual storm costs for Commission review and true-up of any excess or shortfall. (Gatlin)

Staff Analysis: As stated in the Case Background, TECO filed a petition to seek recovery of \$463.6 million in incremental storm restoration costs and interest related to Hurricanes Idalia, Debby, Helene, and Milton, as well as the replenishment of its storm reserve. In its petition, TECO requested to replenish the storm reserve to \$55.8 million.

The petition was filed pursuant to the provisions of the 2021 Settlement. Pursuant to paragraph 8(a) of the 2021 Settlement, TECO is authorized to begin recovery of storm costs, on an interim basis, 60 days following the filing of a petition for recovery.

In its petition, TECO asserted that it incurred approximate recoverable costs in the amounts of \$34.3 million for Hurricane Idalia; \$4.0 million for Hurricane Debby; \$52.0 million for Hurricane Helene; \$358.9 million for Hurricane Milton. The remaining \$14.4 million is for the interest accrued and projected interest on the unrecovered balance related to the Storms. The Company further asserted that all amounts were calculated in accordance with the Incremental Cost and Capitalization Approach methodology prescribed in Rule 25-6.0143, Florida Administrative Code.

The approval of an interim storm restoration recovery charge is preliminary in nature and is subject to refund pending further review once the total actual storm restoration costs are known. After the actual costs are reviewed for prudence and reasonableness, and are compared to the actual amount recovered through the interim storm restoration recovery charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over or under recovery, and associated interest, will be considered by the Commission at a later date.

Based on a review of the information provided by TECO in its petition, staff recommends that the Commission authorize the Company to implement an interim storm restoration recovery charge subject to refund. Once the total actual storm costs are known, TECO should be required to file documentation of the storm costs for Commission review and true-up of any excess or shortfall.

Issue 2: What is the appropriate security to guarantee the amount collected subject to refund through the interim storm restoration recovery charge?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking. (Quigley, D. Buys)

Staff Analysis: Staff recommends that all funds collected subject to refund be secured by a corporate undertaking. The criteria for a corporate undertaking include sufficient liquidity, equity ownership, profitability, and interest coverage to guarantee any potential refund. TECO requested a 12-month collection period beginning with the first billing cycle in March 2025 through February 2026 for Interim Storm Recovery Charges of \$464 million related to the Storms. Staff reviewed DEF's three most recent annual reports filed with the Commission (2021, 2022, and 2023) to determine if the Company can support a corporate undertaking to guarantee the funds collected for incremental storm restoration costs related to the subject weather events. TECO's financial information indicates the Company's financial position to support a corporate undertaking of \$464 million is marginal, but satisfactory. TECO's average net income over the last three years is \$431 million, which is less than the requested interim amount. The Company's net income in 2023 was \$466 million which is slightly more than the requested storm cost recovery interim amount. TECO's profitability, equity ownership, current ratio, and interest coverage for 2023 is sufficient to support a potential refund up to \$233 million. Staff's corporate undertaking guidelines indicate that the maximum that should be allowed for a corporate undertaking is one-half of TECO's 2023 net income, or \$233 million. However, it is improbable TECO will be required to refund the entire requested amount of approximately \$464 million. Historically, TECO has supported its requested interim storm cost recovery amounts through a hearing process and the Commission has approved those cost amounts with only minor adjustments. Further, the storm cost recovery mechanism is a surcharge for the sole purpose of recovering the costs incurred for storm restoration and any potential refund would be applied to the funds already collected and effectuated by reduced charges on future customer bills.

Accordingly, staff believes TECO has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of \$464 million is acceptable. This brief financial analysis is only appropriate for deciding if TECO can support a corporate undertaking in the amount requested and should not be considered a finding regarding staff's position on other issues in this proceeding.

Issue 3: Should the Commission approve TECO's proposed interim storm restoration recovery charge tariff as shown in Attachment A to the recommendation?

Recommendation: Yes, the Commission should approve TECO's proposal to revise the interim storm restoration recovery tariff and associated surcharges, as shown in Attachment A to this recommendation. The tariff should become effective the first billing cycle of March 2025. The interim storm restoration surcharges should be subject to final true-up once the total actual storm costs are known. (McClelland)

Staff Analysis: TECO calculated the interim storm surcharge for the 12-month period of March 1, 2025, through February 28, 2026, subject to true-up once the final total recoverable storm amount is known and determined. In paragraph 12 of the petition, TECO states that the proposed surcharges are developed using the cost-of-service methodology approved in TECO's 2024 rate case at the December 3, 2024 Commission Conference.² Staff has reviewed the allocation to rate classes and believes that the allocations provided in Exhibit 5, page 2 to the petition are consistent with those approved in TECO's most recent rate case. Furthermore, staff has reviewed the derivation of the surcharges provided in Exhibit 5 to the petition. Staff agrees that the surcharges have been calculated correctly, using projected kilowatt hour (kWh) sales for March 2025 through February 2026.

The proposed interim storm restoration surcharges are shown on Third Revised Tariff Sheet No. 6.024, provided in Exhibit 6 to the petition. For residential customers, the proposed surcharge would be 3.004 cents per kWh, which equates to a total surcharge of \$30.04 for a 1,000 kWh monthly bill. The storm cost recovery surcharge would be included in the non-fuel energy charge on customer bills.

In response to staff's first data request, TECO stated that it had considered alternative recovery periods and its corresponding expected bill impacts. The Company decided that the 12-month recovery period reasonably balanced the length of the recovery period, customer bill impacts, and timeliness of recovery. A longer period would incur greater total cost due to additional interest charges. If a 22-month billing period were adopted, the recovery period would extend through December 2026 and would result in a bill impact of \$16.33 per 1,000 kWh on a monthly residential bill.

Paragraph 12(b) of the 2021 Settlement states that TECO may petition to the Commission for recovery of storm costs at a rate beyond \$4.00 on a 1,000 kWh residential bill if TECO incurs in excess of \$100 million of storm recovery costs, and it does not specify a recovery period.

Staff recommends that the Commission approve TECO's proposed interim storm restoration recovery tariff and associated surcharges, as shown in Attachment A to this recommendation. The tariff should become effective the first billing cycle of March 2025. The interim storm restoration surcharges should be subject to final true-up once the total actual storm costs are known.

²Docket No. 20240026-EI

Issue 4: Should this docket be closed?

Recommendation: No. This docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted. (Thompson)

Staff Analysis: No, this docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted.



~~SECOND-THIRD~~ REVISED SHEET NO. 6.024
CANCELS ~~FIRST-SECOND~~ REVISED SHEET NO. 6.024

STORM SURCHARGE

Storm-Surcharge: The following charges shall be applied to each kilowatt-hour billed on monthly bills from March 2025 through February 2026. The following factors by rate schedule were calculated using the approved formula and allocation method approved by the Florida Public Service Commission

<u>Rate Schedules</u>	<u>Energy Rate ¢/kWh</u>
<u>RS (all tiers), RSVP-1 (all pricing periods)</u>	<u>3.004</u>
<u>GS, GST (all pricing periods), CS</u>	<u>3.191</u>
<u>GSD, GSDO, SBD, GSDT and SBDT (all pricing periods)</u>	<u>1.557</u>
<u>GSLDPR, GSLDTPR, SBLDPR and SBLDTPR (all pricing periods)</u>	<u>0.681</u>
<u>GSLDSU, GSLDTSU, SBLDSU and SBLDTSU (all pricing periods)</u>	<u>0.111</u>
<u>LS-1, LS-2</u>	<u>1.825</u>

RESERVED FOR FUTURE USE

ISSUED BY: A. D. Collins, President

DATE EFFECTIVE: January 1, 2025

Item 4

REVISED 02/03/25

FILED 2/3/2025

DOCUMENT NO. 00650-2025

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: ~~January 24~~ February 3, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Vogel, D. Buys, Mason, Norris) *ALM*
Division of Economics (Hampson, Hudson, McClelland) *EID*
Division of Engineering (P. Buys, Ramos, Smith II) *LVK*
Office of the General Counsel (Dose) *JSC*

RE: Docket No. 20240173-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Debby, Helene and Milton, by Duke Energy Florida, LLC.

AGENDA: 02/04/25 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On December 27, 2024, Duke Energy Florida, LLC (DEF or Company) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover \$1.09 billion for the incremental restoration costs related to Hurricanes Debby, Helene, and Milton (collectively, the Storms), as well as the replenishment of its retail storm reserve. Included in the \$1.09 billion is interest charged on unrecovered costs for Hurricanes Debby, Helene, and Milton. Pursuant to the 2024 Settlement Agreement (2024 Settlement) approved by the Commission in Order No. PSC-2024-0472-AS-EI, the recovery of storm costs from customers will begin, on an interim basis, 60 days after the filing of a cost recovery petition and

tariff with the Commission.¹ DEF requested a 12-month recovery period, applied to all bills from March 2025 through February 2026.

On January 31, 2025, DEF submitted updated rate calculations for all rate classes (Appendix A) and revised tariffs (Appendix B), as well as an updated response to staff's first data request. The updated calculations reflect revised cost allocation factors, resulting in minor changes to the storm cost recovery factors for all customers. Specifically, in the petition, DEF had included a distribution allocation factor for customers taking service at transmission level, overstating the allocation of distribution storm costs to transmission-level customers. The revised rate calculation is consistent with the calculation of previous storm cost recovery charges approved in Order No. PSC-2024-0377-FOF-EI.² The updated rate calculations do not change the total \$1.09 billion incremental storm costs proposed for recovery. The updated tariff is included as Attachment A to this recommendation.

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes.

¹Order No. PSC-2024-0472-AS-EI, issued November 12, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, LLC*.

²Order No. PSC-2024-0377-FOF-EI, issued August 27, 2024, in Docket No. 20230020-EI, *In re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Elsa, Eta, Isaias, Ian, Nicole, and Tropical Storm Fred, by Duke Energy Florida, LLC*.

Discussion of Issues

Issue 1: Should the Commission authorize DEF to implement an interim storm restoration recovery charge?

Recommendation: Yes. The Commission should authorize DEF to implement an interim storm restoration recovery charge, subject to refund. Once the total actual storm costs are known, DEF should be required to file documentation of the total actual storm costs for Commission review and true-up of any excess or shortfall. (Mason)

Staff Analysis: As stated in the Case Background, DEF filed a petition for a limited proceeding seeking authority to implement an interim storm restoration charge to recover an estimated total of \$1.09 billion for incremental storm restoration costs for the Storms and to replenish its storm reserve. In its petition, DEF requested to replenish the storm reserve to \$131.9 million.

The petition was filed pursuant to the provisions of the 2024 Settlement approved by the Commission in Order No. PSC-2024-0472-AS-EI. Pursuant to the 2024 Settlement, DEF can begin recovery of storm costs 60 days following the filing of a petition for recovery.

In its petition, DEF asserted that it incurred approximate recoverable costs in the amounts of \$61.0 million for Hurricane Debby, \$372.5 million for Hurricane Helene, and \$769.7 million for Hurricane Milton. The Company further asserted that all amounts were calculated in accordance with the Incremental Cost and Capitalization Approach methodology prescribed in Rule 25-6.0143, Florida Administrative Code.

The approval of an interim storm restoration recovery charge is preliminary in nature and is subject to refund pending further review once the total actual storm restoration costs are known. After the actual costs are reviewed for prudence and reasonableness, and are compared to the actual amount recovered through the interim storm restoration recovery charge, a determination will be made whether any over/under recovery has occurred. The disposition of any over or under recovery, and associated interest, will be considered by the Commission at a later date.

Based on a review of the information provided by DEF in its petition, staff recommends that the Commission authorize the Company to implement an interim storm restoration recovery charge subject to refund. Once the total actual storm costs are known, DEF should be required to file documentation of the storm costs for Commission review and true-up of any excess or shortfall.

Issue 2: What is the appropriate security to guarantee the amount collected subject to refund through the interim storm restoration recovery charge?

Recommendation: The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking. (Ferrer, D. Buys)

Staff Analysis: Staff recommends that all funds collected subject to refund be secured by a corporate undertaking. The criteria for a corporate undertaking include sufficient liquidity, equity ownership, profitability, and interest coverage to guarantee any potential refund. DEF requested a 12-month collection period beginning with the first billing cycle in March 2025 through February 2026 for Interim Storm Recovery Charges of \$1.09 billion related to Hurricanes Debby, Helene, and Milton. Staff reviewed DEF's three most recent annual reports filed with the Commission (2021, 2022, and 2023) to determine if the Company can support a corporate undertaking to guarantee the funds collected for incremental storm restoration costs related to the subject weather events. DEF's financial information indicates the Company's financial position to support a corporate undertaking of \$1.09 billion is marginal, but satisfactory. DEF's average net income over the last three years is \$889 million, which is less than the requested interim amount. The Company's net income in 2023 was \$1.019 billion, slightly less than the requested storm cost recovery interim amount. DEF's profitability, equity ownership, current ratio, and interest coverage for 2022, and 2023 are sufficient to support a potential refund up to \$510 million. Staff's corporate undertaking guidelines indicate that the maximum that should be allowed for a corporate undertaking is one-half DEF's 2023 net income, or \$510 million. However, DEF participates in Duke Energy Corporation's (DEF's parent company) money pool and has access to additional funds if needed. In addition, it is improbable DEF will be required to refund the entire requested amount of \$1.09 billion. Historically, DEF has supported its requested interim storm cost recovery amounts through a hearing process and the Commission has approved those cost amounts with only minor adjustments. Further, the storm cost recovery mechanism is a surcharge for the sole purpose of recovering the costs incurred for storm restoration and any potential refund would be applied to the funds already collected and effectuated by reduced charges on future customer bills.

Accordingly, staff believes DEF has adequate resources to support a corporate undertaking in the amount requested. Based on this analysis, staff recommends that a corporate undertaking of \$1.09 billion is acceptable. This brief financial analysis is only appropriate for deciding if DEF can support a corporate undertaking in the amount requested and should not be considered a finding regarding staff's position on other issues in this proceeding.

Issue 3: Should the Commission approve DEF’s proposed interim storm restoration recovery charge tariff as shown in Attachment A to the recommendation?

Recommendation: Yes, the Commission should approve DEF’s proposal to revise the interim storm restoration recovery tariff and associated surcharges, as shown in Attachment A to this recommendation. The tariff should become effective the first billing cycle of March 2025. The interim storm restoration surcharges should be subject to final true-up once the total actual storm costs are known. (McClelland)

Staff Analysis: DEF calculated the interim storm surcharge for the 12-month period of March 1, 2025, through February 28, 2026, subject to true-up once the final total recoverable storm amount is known and determined. In paragraph 21 of the petition, DEF states that the proposed surcharges are allocated to the rate classes consistent with the rate design approved in the 2021 and 2024 Settlements. Staff has reviewed the allocation to rate classes provided in Appendix A to the petition and the derivation of the surcharges provided in Appendix B to the petition. Staff believes that the surcharges have been calculated correctly, using projected kilowatt hour (kWh) sales for March 2025 through February 2026.

The proposed interim storm restoration surcharges are shown on One Hundred and Eighth Revised Tariff Sheet No. 6.105, provided in Appendix B to the petition.³ For residential customers, the proposed surcharge would be ~~3.1183.240~~ cents per kWh, which equates to a total surcharge of ~~\$31.1832.40~~ for a 1,000 kWh monthly bill. The storm cost recovery surcharge would be included in the non-fuel energy charge on customer bills.

In response to staff’s first data request, DEF stated that its decision to use a 12-month recovery period (March 2025 – February 2026) is based upon DEF’s 2021 Settlement approved in Order No. PSC-2021-0202-AS-EI. Interim recovery of storm costs is governed by Paragraph 30c of the 2021 Settlement, which provides that “recovery from customers for storm damage costs will begin, subject to Commission approval on an interim basis, sixty (60) days following the filing of a cost recovery petition with the Commission, and subject to true-up pursuant to further proceedings before the Commission, and will be based on a 12-month recovery period.” Similar language is included in the 2024 Settlement approved in Order No. PSC-2024-047-AS-EI. Staff concurs with DEF’s interpretation of the settlement with respect to its petition. DEF further states that even if the 12-month recovery period was not required by the 2021 and 2024 settlements, extending recovery beyond 12 months has several negative impacts and risks. In the revised response to staff’s first data request, DEF stated if a 22-month billing period were adopted, the recovery period would extend through December 2026 and would result in a bill impact of \$17.~~7306~~ per 1,000 kWh on a monthly residential bill.

Staff recommends that the Commission approve DEF’s proposed interim storm restoration recovery tariff and associated surcharges, as shown in Attachment A to this recommendation. The tariff should become effective the first billing cycle of March 2025. The interim storm restoration surcharges should be subject to final true-up once the total actual storm costs are known.

³ Staff notes that the attached tariff sheet No. 6.105 also includes revisions to the Asset Securitization Charge (ASC), effective March 1, 2025. Approval of the revised ACS charges is not at issue in this docket.

Issue 4: Should this docket be closed?

Recommendation: No. This docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted. (Dose)

Staff Analysis: No, this docket should remain open pending final reconciliation of actual recoverable storm costs with the amount collected pursuant to the interim storm restoration recovery charge and the calculation of a refund or additional charge if warranted.



NO. 6.105

SECTION NO. VI
 ONE HUNDRED AND SEVENTH EIGHTH REVISED SHEET NO. 6.105
 CANCELS ONE HUNDRED AND SIXTH SEVENTH REVISED SHEET

Page 1 of 3

RATE SCHEDULE BA-1
 BILLING ADJUSTMENTS

Applicable:

To the Rate Per Month provision in each of the Company's filed rate schedules which reference the billing adjustments set forth below.

COST RECOVERY FACTORS									
Rate Schedule/Metering Level	ECCR ⁽²⁾		CCR ⁽³⁾		ECRC ⁽⁴⁾	ASC ⁽⁵⁾	SPPCRC ⁽⁶⁾		SCRS ⁽⁷⁾
	¢/ kWh	\$/ kW	¢/ kWh	\$/ kW	¢/ kWh	¢/ kWh	¢/ kWh	\$/ kW	¢/ kWh
RS-1, RST-1, RSL-1, RSL-2 (Sec.) < 1000 > 1000	0.326	-	0.410	-	0.030	0.227214	0.801	-	0.0003.2 40
GS-1, GST-1									
Secondary	0.286	-	0.357	-	0.028	0.497187	0.694	-	0.0002.8 28
Primary	0.283	-	0.353	-	0.028	0.495186	0.687	-	0.0002.8 00
Transmission	0.280	-	0.350	-	0.027	0.493184	0.680	-	0.0002.7 71
GS-2 (Sec.)	0.222	-	0.252	-	0.026	0.455134	0.355	-	0.0001.3 91
GSD-1, GSDT-1, SS-1*									
Secondary	-	0.89	-	1.07	0.027	0.477162	-	1.92	0.0002.0 81
Primary	-	0.88	-	1.06	0.027	0.475161	-	1.90	0.0002.0 60
Transmission	-	0.87	-	1.05	0.026	0.473159	-	0.33	0.0002.0 39
CS-2, CST-2, CS-3, CST-3, SS-3*									
Secondary	-	0.63	-	0.72	0.025	0.444118	-	1.15	0.0001.7 27
Primary	-	0.62	-	0.71	0.025	0.440117	-	1.14	0.0001.7 10
Transmission	-	0.62	-	0.71	0.025	0.438116	-	1.13	0.0001.6 92
IS-2, IST-2, SS-2*									
Secondary	-	0.77	-	0.88	0.025	0.454131	-	1.54	0.0001.0 04
Primary	-	0.76	-	0.87	0.025	0.452130	-	1.26	0.0000.9 94
Transmission	-	0.75	-	0.86	0.025	0.454129	-	0.25	0.0000.9 84
LS-1 (Sec.)	0.110	-	0.107	-	0.021	0.064051	0.586	-	0.0002.7 80
*SS-1, SS-2, SS-3									
Monthly									
Secondary	-	0.087	-	0.103	-	-	-	0.170	-
Primary	-	0.086	-	0.102	-	-	-	0.168	-
Transmission	-	0.085	-	0.101	-	-	-	0.167	-
Daily									
Secondary	-	0.041	-	0.049	-	-	-	0.081	-
Primary	-	0.041	-	0.049	-	-	-	0.080	-
Transmission	-	0.040	-	0.048	-	-	-	0.079	-
GSLM-1, GSLM-2	See appropriate General Service rate schedule								

Fuel Cost Recovery ⁽¹⁾				
Rate Schedule/Metering Level	Levelized	On-Peak	Off-Peak	Discount
	¢/ kWh	¢/ kWh	¢/ kWh	¢/ kWh
RS-1 Only < 1,000	3.630	N/A	N/A	N/A

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

EFFECTIVE: ~~January 4, 2025~~ March 1, 2025



NO. 6.105

SECTION NO. VI
 ONE HUNDRED AND ~~SEVENTH~~ EIGHTH REVISED SHEET NO. 6.105
 CANCELS ONE HUNDRED AND ~~SIXTH~~ SEVENTH REVISED SHEET

RS-1 Only	> 1,000	4.700	N/A	N/A	N/A	Page 2 of 3
LS-1 Only	Secondary	3.829	N/A	N/A	N/A	
All Other Rate Schedules	Secondary	3.925	4.463	3.905	3.568	
All Other Rate Schedules	Primary	3.886	4.418	3.867	3.532	
All Other Rate Schedules	Transmission	3.847	4.374	3.828	3.497	

(Continued on Page No. 2)

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

EFFECTIVE: ~~January 1, 2025~~ March 1, 2025



SECTION NO. VI
THIRTY-SEVENTH EIGHTH REVISED SHEET NO. 6.106
CANCELS THIRTY-SIXTH SEVENTH REVISED SHEET NO. 6.106

Page 2 of 3

RATE SCHEDULE BA-1
BILLING ADJUSTMENTS
(Continued from Page 1)

- (1) **Fuel Cost Recovery Factor:**
The Fuel Cost Recovery Factors applicable to the Fuel Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. These factors are designed to recover the costs of fuel and purchased power (other than capacity payments) incurred by the Company to provide electric service to its customers and are adjusted to reflect changes in these costs from one period to the next. Revisions to the Fuel Cost Recovery Factors within the described period may be determined in the event of a significant change in costs.
- (2) **Energy Conservation Cost Recovery Factor:**
The Energy Conservation Cost Recovery (ECCR) Factor applicable to the Energy Charge under the Company's various rate schedules is normally determined annually by the Florida Public Service Commission for twelve-month periods beginning with the billing month of January. This factor is designed to recover the costs incurred by the Company under its approved Energy Conservation Programs and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the ECCR charge will be included in the monthly max demand only.
- (3) **Capacity Cost Recovery Factor:**
The Capacity Cost Recovery (CCR) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover the cost of capacity payments made by the Company for off-system capacity and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the CCR charge will be included in the monthly max demand only.
- (4) **Environmental Cost Recovery Clause Factor:**
The Environmental Cost Recovery Clause (ECRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover environmental compliance costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next.
- (5) **Asset Securitization Charge Factor:**
The Asset Securitization Charge (ASC) Factors applicable to the Energy Charge under the Company's various rate schedules represent a Nuclear Asset-Recovery Charge approved in a financing order issued to the Company by the Florida Public Service Commission and are adjusted at least semi-annually to ensure timely payment of principal, interest and financing costs of nuclear asset-recovery bonds from the effective date of the ASC until the nuclear asset-recovery bonds have been paid in full or legally discharged and the financing costs have been fully recovered. As approved by the Commission, a Special Purpose Entity (SPE) has been created and is the owner of all rights to the Nuclear Asset-Recovery Charge. The Company shall act as the SPE's collection agent or servicer for the Nuclear Asset-Recovery Charge. The Nuclear Asset-Recovery Charge shall be paid by all existing or future customers receiving transmission or distribution service from the Company or its successors or assignees under Commission-approved rate schedules or under special contracts, even if the customer elects to purchase electricity from alternative electric suppliers following a fundamental change in regulation of public utilities in this state.
- (6) **Storm Protection Plan Cost Recovery Clause Factor:**
The Storm Protection Plan Cost Recovery Clause (SPPCRC) Factors applicable to the Energy Charge under the Company's various rate schedules are normally determined annually by the Florida Public Service Commission for the billing months of January through December. This factor is designed to recover storm protection plan costs incurred by the Company and is adjusted to reflect changes in these costs from one period to the next. For time of use demand rates the SPPCRC charge will be included in the monthly max demand only.
- (7) **Storm Cost Recovery Surcharge Factor:**
In accordance with a Florida Public Service Commission ruling, the Storm Cost Recovery Surcharge (SCRS) factor is applicable to the Energy Charge under the Company's various rate schedules for the billing months of ~~January-March 2024-2025~~ through ~~December-February 2024-2026~~. This surcharge is designed to recover storm restoration costs, replenishment of the storm reserve, and interest related to Hurricanes ~~Idalia and uncollected storm restoration costs related to Hurricanes Elsa, Eta, Ian, Isaias, Nicole, and Tropical Storm Fred/Deby, Helene, and Milton.~~
- Gross Receipts Tax Factor:**
In accordance with Section 203.01(1)(a)1 of the Florida Statutes, a factor of 2.5663% is applicable to electric sales charges for collection of the state Gross Receipts Tax.
- Regulatory Assessment Fee Factor:**
In accordance with Section 350.113 of the Florida Statutes and Rule 25-6.0131, F.A.C., a factor of 0.0871% is applicable to gross operating sales charges for collection of the Regulatory Assessment Fee.

(Continued on Page No. 3)

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

EFFECTIVE: ~~April 1, 2024~~ March 1, 2025

Item 5

State of Florida



Public Service Commission

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

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

DATE: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Ellis, King) *TB*
Office of the General Counsel (Imig, Marquez) *ACF*

RE: Docket No. 20240148-EG – Petition for approval of proposed demand-side management plan, by Peoples Gas System, Inc.

AGENDA: 02/04/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Sections 366.80 through 366.83, and 403.519, Florida Statutes (F.S.), known collectively as the Florida Energy Efficiency and Conservation Act (FEECA), require the Florida Public Service Commission (Commission) to adopt conservation goals to increase the efficiency of energy consumption. Additionally, FEECA emphasizes reducing the growth rates of weather-sensitive peak demand, reducing and controlling the growth rates of electricity consumption, reducing the consumption of expensive resources such as petroleum fuels, and encouraging demand-side renewable energy resources. The Commission most recently established conservation goals for Peoples Gas System (PGS or Utility) by Order No. PSC-2024-0280-PAA-EG, issued July 30, 2024 (2024 Goalsetting Order).¹

¹ Order No. PSC-2024-0280-PAA-EG, issued July 30, 2024, in Docket No. 20240018-EG, *In re: Commission review of numeric conservation goals (Peoples Gas System, Inc.)*.

Docket No. 20240148-EG

Date: January 24, 2025

Pursuant to Section 366.82(7), F.S., after goals are established, the Commission shall require each utility subject to FEECA to develop a demand-side management (DSM) plan to meet the conservation goals. On October 28, 2024, PGS filed a petition requesting approval of its DSM Plan and provided a cost-effectiveness analysis of the proposed programs pursuant to Rule 25-17.009, Florida Administrative Code (F.A.C.). The cost-effectiveness analysis includes the Gas Rate Impact Measure (G-RIM) Test and the Participants Test.

The Commission has jurisdiction over this matter pursuant to Sections 366.80 through 366.83 and 403.519, F.S.

Discussion of Issues

Issue 1: Should the Commission approve Peoples Gas System's proposed DSM Plan and program standards?

Recommendation: Yes. The DSM Plan proposed by PGS is projected to exceed the annual numeric conservation goals approved by the Commission in the 2024 Goalsetting Order. PGS's proposed DSM Plan is primarily a continuation, with some minor modifications, of its DSM portfolio used to establish the goals approved by the Commission in the 2024 Goalsetting Order. The programs within PGS's proposed DSM Plan are projected to be cost-effective based upon both the G-RIM and Participants Tests.

Therefore, staff recommends that the Commission should allow PGS to file for cost recovery of the programs included in its proposed DSM Plan in the Natural Gas Conservation Cost Recovery (NGCCR) proceeding. However, PGS must demonstrate that the expenditures to implement its DSM programs are reasonable and prudent in order to recover those expenditures in the NGCCR.

PGS also submitted its administrative program standards with its proposed DSM Plan. Staff has reviewed PGS's administrative program standards and recommends that the Commission find they are consistent with the Utility's proposed DSM Plan submitted for approval. Staff requests that PGS be required to notify the Commission prior to any changes being made to the program standards as filed. (Wooten)

Staff Analysis: The criteria used to review the appropriateness of the conservation programs are as follows: (1) whether the program advances the policy objectives of FEECA and its implementing rules; (2) whether the program is directly monitorable and yields measurable results; and (3) whether the program is cost-effective.² Staff has reviewed PGS's proposed DSM Plan, including its energy savings, cost-effectiveness, and rate impact. PGS's proposed DSM Plan exceeds the goals set in the 2024 Goalsetting Order, and should be approved.

Description of DSM Plan

PGS's proposed DSM Plan consists of 11 programs in total, 4 residential and 7 commercial/industrial. The programs within the proposed DSM Plan are similar to PGS's existing programs, with modifications to 9 of the 11 programs. These program modifications are consistent with the potential programs identified in the DSM Goals docket, excluding a change in incentives for residential style clothes dryers. Table 1-1 provides a complete list of the programs and the program status. A description of each program can be found in Attachment A.

² PSC Order No. 22176, issued November 14, 1989, in Docket No. 19890737-PU, *In re: Implementation of Section 366.80-.85, F.S., Conservation Activities of Electric and Natural Gas Utilities.*

**Table 1-1
 PGS DSM Plan Program Listing**

Program Name	Program Status	
	Modified	No Changes
Residential Programs		
Residential Online Energy Audit	X	
Residential New Construction	X	
Residential Retrofit	X	
Residential Retention	X	
Commercial/Industrial Programs		
Commercial Walk-Through Energy Audit		X
Commercial New Construction	X	
Commercial Retrofit	X	
Commercial Retrofit Combined Heat and Power (CHP)	X	
Commercial Retrofit Electric Replacement		X
Commercial Retention	X	
Conservation Research and Development (R&D)	X	

Source: Document No. 09697-2024

The primary modifications to the Residential Programs were to program rebates and program measures. Notably, the rebate for a clothes dryer in the Residential New Construction program was changed from \$200 to \$300. The rebate for the dryer stub was changed from \$200 to \$100. Similarly, the Residential Retrofit had the dryer rebate increased from \$200 to \$300 to match the increase in the Residential New Construction program.

The primary modifications to the Commercial/Industrial Programs were also to program rebates and program measures. Notably, the Commercial New Construction program increased the Energy Star certification qualifications of tank water heaters. Similarly, the Commercial Retention program was changed by restructuring the rebates for fryers to be based on cooking efficiency rather than equipment cost, which the Utility believes will incentivize the installation of higher efficiency models. This restructuring is accompanied with a limitation on the number of fryers eligible for replacement with the rebate, in order to prevent excessive installation of applicable units.

The other modifications made to the programs are as follows: (1) Gas Space Conditioning was added as a measure to the respective residential and commercial new construction programs; (2) the natural gas space heater measure was eliminated from the Residential program due to low historical participation totals; (3) the Commercial New Construction program included a \$400 rebate for commercial customers who installed residential-style clothes dryers that matched the Residential New Construction rebate amount; (4) the Commercial Retrofit program included a \$300 rebate for commercial customers who installed residential-style clothes dryers that matched the Residential Retrofit rebate amount; (5) due to historical nonexistent customer participation in the Commercial Retrofit CHP program, the rebate amount was increased in an effort to incentivize more customer participation; (6) the Commercial Retention program reduced and removed various equipment cost bands due to lack of utilization; (7) renaming the Residential Customer Assisted Energy Audit program to the Residential Online Energy Audit program; and

(8) the Commercial Retention program included a \$150 rebate for commercial customers who installed residential-style clothes dryers that matched the Residential Retention rebate amount.

PGS also submitted its administrative program standards along with its proposed DSM Plan, which can be found in Attachment B. Staff has reviewed the administrative program standards and they appear consistent with the Utility's proposed DSM Plan.

Program Participation

PGS projects program participation using historical program participation trends. PGS's DSM Goal projections were calculated in January 2024, based upon these historical trends. When PGS calculated its proposed DSM plan projections in October 2024, additional actual participation data was available that indicated an increase in participation for certain programs, leading to an increase in the DSM Goal projected program participation amounts. Specifically, PGS saw increases in the following programs: Residential New Construction, Residential Retrofit, Residential Retention, Commercial New Construction, Commercial Retrofit, and Commercial Retention. These projections also show that the Commercial Retrofit CHP and Commercial Retrofit Electric Replacement programs are projected to have zero participation. PGS forecasted zero participation for these DSM programs based upon the programs' historical participation rates.

Comparison of DSM Plan to Goals

As in the 2024 Goalsetting Order, PGS estimated program savings through a combination of state and national industry sources, current building code and appliance standards, and a review of historical DSM program activity. Based on staff's review, PGS's proposed DSM Plan will exceed the Commission's established annual goals.

This increase from the Commission's established goals is based upon the aforementioned increased projected participation rates and an increase in the therm savings associated with the water tank heater under PGS's Commercial programs. The water tank heater therm savings were increased from 317.91 in the DSM Goals proceeding to 426.13 in the Utility's proposed DSM Plan. This increase is based upon changes to the Utility's program standards that increased the minimum thermal efficiency from 90 to 94 percent, thus leading to an increase in therm savings. PGS will be responsible for monitoring actual participation rates and seeking Commission action, if necessary, to modify, add, or remove programs. If PGS is unable to meet the Commission's goals, the Utility may be subject to appropriate action by the Commission, up to and including financial penalties.

Section 366.82(10), F.S., requires the Commission to provide an annual report to the Governor and Legislature on the progress of each utility toward meeting the established goals. PGS will continue to submit to the Commission an annual report no later than March 1 of each year, summarizing the achievements of its DSM Plan. Staff will continue to monitor and report the actual amount of DSM savings each year, on an annual and cumulative basis, as part of the FEECA Report.

Cost-Effectiveness Review

As required by Rule 25-17.009, F.A.C., PGS provided a cost-effectiveness analysis of the proposed programs using the G-RIM and the Participants Tests. These tests consist of the

program benefits divided by the program costs, so that programs are determined to be cost-effective if the result of the test is a ratio greater than 1.00. The data PGS used to develop the costs associated with the cost-effectiveness tests was obtained from PGS’s current costs in facilitating existing programs, and from costs currently incurred by the Utility and customers for energy efficient natural gas equipment and infrastructure. All programs maintained the cost-effectiveness in the Utility’s proposed DSM plan that were established in the DSM Goals proceeding.

Rate Impact

Staff reviewed the projected program costs for PGS’s proposed DSM Plan. Table 1-2 shows the total projected program costs for each program in PGS’s proposed DSM Plan. PGS projects that the total cost for its proposed DSM Plan will be approximately \$194 million over the period 2025 through 2034.

**Table 1-2
 Total Program Costs of PGS’s DSM Plan**

Program Name	Program Costs
Residential Programs	
Residential Online Energy Audit	\$1,432,985
Residential New Construction	\$117,854,725
Residential Retrofit	\$3,887,788
Residential Retention	\$36,871,433
Commercial/Industrial Programs	
Commercial Walk-Through Energy Audit	\$1,247,373
Commercial New Construction	\$13,029,171
Commercial Retrofit	\$6,467,210
Commercial Retrofit CHP	\$0
Commercial Retrofit Electric Replacement	\$0
Commercial Retention	\$13,216,963
Conservation R&D	\$0

Source: Document No. 09697-2024

As shown in Table 1-2, the Commercial Retrofit CHP and Commercial Retrofit Electric Replacement programs have a projected zero program cost due to the zero projected program participations previously mentioned. The Conservation R&D program has a projected zero program cost as PGS has not commenced any projects since 2021 and currently has no planned projects under the Conservation R&D program. Staff notes that the proposed DSM plan includes language that total program cost for the Conservation R&D program shall not exceed \$500,000 for the five-year period. Staff recommends that PGS be required to update the Commission on program costs and all other relevant program information should either program participation be achieved or if R&D projects be undertaken.

If approved, the cost to implement PGS’s proposed DSM Plan would flow through to the ratepayers through the NGCCR proceeding. In the NGCCR proceeding, PGS would file annually for recovery of incentives, and equipment and administrative costs. The NGCCR amounts

represent a monthly bill impact to customers as part of the non-fuel cost of energy charges on their bills. Much like investments in generation, transmission, and distribution, investments in energy efficiency have an immediate rate impact, but may produce savings over time.

Table 1-3 is an estimate of the monthly bill impact on a typical residential and commercial customer for PGS’s proposed DSM Plan. The estimated NGCCR factors are based upon the participation rates and administrative costs used in the cost-effectiveness analysis discussed above and are not final.

**Table 1-3
 PGS’s Estimated Monthly Bill Impact of Proposed DSM Plan**

Year	Residential Customer 13 Therms/mo	Commercial Customer 415 Therms/mo
	Monthly Bill Impact (\$)	
2025	1.19	12.49
2026	1.02	12.18
2027	0.99	11.86
2028	0.97	11.56
2029	0.95	11.28
2030	0.93	11.03
2031	0.91	10.79
2032	0.89	10.61
2033	0.88	10.40
2034	0.86	10.20

Source: Document No. 09697-2024

Conclusion

The DSM Plan proposed by PGS is projected to exceed the annual numeric conservation goals approved by the Commission in the 2024 Goalsetting Order. PGS’s proposed DSM Plan is primarily a continuation, with some minor modifications, of its DSM portfolio used to establish the goals approved by the Commission in 2024 Goalsetting Order. The programs within PGS’s proposed DSM Plan are projected to be cost-effective based upon both the G-RIM and Participants Tests.

Therefore, staff recommends that the Commission should allow PGS to file for cost recovery of the programs included in its proposed DSM Plan in the NGCCR proceeding. However, PGS must demonstrate that the expenditures to implement its DSM programs are reasonable and prudent in order to recover those expenditures in the NGCCR proceeding.

PGS also submitted its administrative program standards with its proposed DSM Plan. Staff has reviewed PGS’s administrative program standards and recommends that the Commission find they are consistent with the Utility’s proposed DSM Plan submitted for approval. Staff requests that PGS be required to notify the Commission prior to any changes being made to the program standards as filed.

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. (Imig)

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

Peoples Gas System

Residential Programs

Residential Online Energy Audit

The Residential Customer-Assisted Energy Audit Program allows for residential customers to engage in an online energy audit.

Residential New Construction

The Residential New Construction Program offers rebates to builders and developers who construct new single family and multi-family homes with the installation of energy efficient natural gas appliances.

Natural Gas Appliance/System	Incentive/Appliance Installation
Dryer Stub	\$100
Dryer	\$300
Range/Cooktop	\$300
Tank Water Heater	\$550
ENERGY STAR Tank Water Heater	\$650
Tankless Water Heater	\$700
Central Heating	\$725
Gas Space Conditioner	\$500/ton

Residential Retrofit

The Residential Retrofit Program offers rebates to existing and new natural gas customers who replace electric equipment with new, energy efficient natural gas equipment.

Natural Gas Appliance/System	Incentive/Appliance Installation
Dryer	\$300
Range/Cooktop	\$300
Tank Water Heater	\$550
ENERGY STAR Tank Water Heater	\$650
Tankless Water Heater	\$700
Central Heating	\$725
Gas Space Conditioner	\$500/ton

Residential Retention

The Residential Retention Program offers rebates to existing natural gas customers who replace less efficient natural gas equipment with new, energy efficient natural gas equipment.

Natural Gas Appliance/System	Incentive/Appliance Installation
Range/Cooktop	\$100
Dryer	\$150
Tank Water Heater	\$350
ENERGY STAR Tank Water Heater	\$400
Central Heating	\$500
Tankless Water Heater	\$550
Gas Space Conditioner	\$150/ton

Commercial Programs

Commercial Walk-Through Energy Audit

In the Commercial Walk-Through Energy Audit Program, an audit is conducted by a trained commercial energy analyst who will provide tailored recommendations to encourage the customer to implement cost-effective measures.

Commercial New Construction

The Commercial New Construction Program offers rebates to builders and developers who construct commercial and industrial facilities with the installation of energy efficient natural gas appliances.

Natural Gas Appliance/System	Incentive/Appliance Installation
Range/Cooktop	\$2,000
Dryer	\$2,500
Residential Dryer	\$400
ENERGY STAR Tank Water Heater	\$2,500
Fryer	\$3,500
Tankless Water Heater	\$3,500
Gas Space Conditioner	\$500/ton

Commercial Retrofit

The Commercial Retrofit Program offers rebates to existing and new natural gas customers who replace electric equipment with new, energy efficient natural gas equipment.

Natural Gas Appliance/System	Incentive/Appliance Installation
Range/Cooktop	\$2,000
Dryer	\$2,500
Residential Dryer	\$300
Tank Water Heater	\$2,500
Fryer	\$3,500
Tankless Water Heater	\$3,500
Gas Space Conditioner	\$500/ton

Commercial Retrofit Combined Heat and Power

The Commercial Retrofit Combined Heat and Power Program offers customer rebates for installing new, energy-efficient natural gas combined heat and power equipment to utilize waste heat to displace portions of natural gas usage for on-site heating, cooling, and water heating.

- Maximum Incentive: \$450/kW of actual electric demand reduced of installed combined heat and power equipment

Commercial Retrofit Electric Replacement

The Commercial Retrofit Electric Replacement Program offers rebates to existing and new natural gas customers who install new, energy efficient natural gas equipment.

- Maximum Incentive: \$100/kW reduction for qualifying natural gas equipment

Commercial Retention

The Commercial Retention Program offers rebates to existing natural gas customers who replace less efficient natural gas equipment with new, energy efficient natural gas equipment.

Natural Gas Appliance/System	Incentive/Appliance Installation
Range/Cooktop	\$1,500
Tank Water Heater	\$1,500
Dryer	\$2,000
Residential Dryer	\$150
Tankless Water Heater	\$2,000
Fryer	\$3,000
Gas Space Conditioner	\$150/ton

Research and Development

Conservation Research and Development (R&D)

The Conservation R&D Program allows PGS to explore DSM measures that have insufficient data on cost-effectiveness, and the impact on PGS and its ratepayers. Though no projects are currently planned, the total program cost shall not exceed \$500,000 for the five-year period.

CORRECTED EXHIBIT A



Peoples Gas System, Inc.

DSM Program Standards

2025-2034

October 28, 2024

Corrected: January 17, 2025

56

PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025

Requirements for All Programs

1. The following equipment does not qualify for rebates under any of Peoples' DSM programs:
 - Equipment installed more than one year prior to date of rebate application.
 - Used, refurbished, or leased equipment.
 - Equipment purchased from thrift stores, including Habitat for Humanity, Goodwill, Salvation Army, eBay, Facebook Marketplace, etc.
 - Firepits, fireplaces, fire logs, or any outdoor cooking equipment.
 - Pool heaters or spas.
 - Point-of-service tankless water heaters.
 - Portable and outdoor space heating equipment.
 - Conversions from other fuel types (propane, oil, etc.)
2. The rebate paid cannot exceed the total cost of equipment, installation, and any associated piping and/or venting costs.
3. In cases where a contractor is involved, the customer must sign the invoice or other document indicating that the rebate is payable to the contractor. Any discounts or credits given to the customer by the contractor should be applied before the rebate amount is calculated.
4. Peoples reserves the right to ask for additional information during an office verification before rebate payment is made, including performing a field or virtual verification of the installation.
5. Peoples will report the expenses and participation of its DSM programs through the company's annual DSM filings to the Commission.
6. Peoples shall not make payment until:
 - Appliances are installed and in operational condition.
 - A complete and correct participant application has been submitted to the company.
7. Commercial rebates are subject to a maximum annual rebate cap of \$15,000 per premise, excluding Gas Space Conditioning and Combined Heat and Power rebates. Other limitations are specified under each program.
8. Specific equipment requirements:
 - All tankless water heaters must provide a minimum of five gallons per minute.
 - All furnaces must be a thermostatically controlled vented system with a blower.
 - Gas Space Conditioning: Must have a Coefficient of Performance of 1.0 or greater. Multiple rebates are available up to a total of 100 tons per customer annually. The customer must take service under Peoples' GHP Rate Schedule in order to receive a rebate.
 - Participation in Peoples' commercial DSM programs requires commercial-grade equipment unless otherwise specified.

1

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Residential Online Energy Audit

1. Participation is available to any existing or prospective residential customer of Peoples.
2. This audit will be advertised to residential customers and highlight the benefits of participating.
3. There is no payment processing with this program.
4. There are no technical specifications on equipment eligibility with this program.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Residential New Construction Program

1. Participation is available to any homebuilder installing new natural gas equipment in a new single or multi-family residence located within Peoples' service area.
2. Rebates:
 - Natural gas dryer
 - \$100 per qualifying natural gas dryer stub.
 - \$300 per qualifying natural gas dryer.
 - \$400 total is available for installation of both the stub and appliance.
 - \$300 per qualifying natural gas range or cooktop.
 - Up to two rebates for any combination of the following:
 - \$550 per qualifying natural gas tank water heating system.
 - \$650 per qualifying natural gas Energy Star tank water heater.
 - \$700 per qualifying natural gas tankless water heater.
 - \$725 per qualifying natural gas central heating system.
 - \$500 per ton of qualifying natural gas space conditioning equipment.
3. The homebuilder or developer will receive the rebate from Peoples based upon the actual energy efficiency measures installed. The homebuilder must have a Developer Agreement or partial assignment on file with Peoples to prove their claim to the rebate. In the event of a custom-built home with no developer involvement, the homebuilder or customer must provide proof of purchase and installation of the natural gas equipment.
4. Peoples shall make no payment until:
 - Appliances must be installed and operational, apart from the dryer, which may be left stubbed.
 - The premise must have an active gas account.
 - Builders installing a gas dryer appliance must provide the model and serial number.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Residential Retrofit

1. Participation is available to any residential Peoples customer replacing existing electric equipment with new natural gas equipment.
2. Rebates:
 - \$300 per qualifying natural gas dryer.
 - \$300 per qualifying natural gas range/cooktop.
 - \$550 per qualifying natural gas tank water heater.
 - \$650 per qualifying natural gas Energy Star tank water heater.
 - \$700 per qualifying natural gas tankless water heater.
 - \$725 per qualifying natural gas central heating system.
 - \$500 per ton of qualifying natural gas space conditioning equipment.

One rebate payment is authorized every 5 years. If two appliances are installed, two rebates are available for each appliance.
3. Peoples will issue the rebate to the customer. If a contractor is involved, the contractor will deduct the rebate paid by Peoples from the customer's total cost of equipment and installation on the submitted invoice. Customers who install a new natural gas clothes dryer in a new construction home are eligible to receive a rebate, even if the homebuilder has previously received a rebate for the dryer stub.
4. Application must include:
 - Equipment purchase date
 - Equipment model number
 - Equipment serial number
 - Energy Star product label (required for Energy Star water heater only)
 - Equipment receipts that show paid in full
 - Contractor Invoices (if used) showing paid in full or proof of installation if the appliance is self-installed. The invoices must be signed by the customer.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Residential Retention

1. Participation is available to any residential customer of Peoples replacing existing natural gas equipment with new natural gas equipment.
2. Rebates:
 - \$100 per qualifying natural gas range/cooktop.
 - \$150 per qualifying natural gas dryer.
 - \$350 per qualifying natural gas tank water heater.
 - \$400 per qualifying natural gas Energy Star tank water heater.
 - \$500 per qualifying natural gas central heating system.
 - \$550 per qualifying natural gas tankless water heater.
 - \$150 per qualifying natural gas space conditioning equipment.

One rebate payment is authorized every five years. If two appliances are installed, two rebates are available for each.
3. Peoples will issue the rebate to the customer. If a contractor is involved, the contractor will deduct the rebate from the customer's total cost of equipment and installation on the submitted invoice.
4. Application must include:
 - Equipment purchase date
 - Equipment model number
 - Equipment serial number
 - Energy Star product label (required for Energy Star water heater only)
 - Equipment receipts that show paid in full
 - Contractor Invoices (if used) showing paid in full or proof of installation if the appliance is self-installed. The invoices must be signed by the customer.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Commercial Walkthrough Energy Audit

1. Participation is available to any existing commercial customer of Peoples, except Wholesale and Interruptible customers, who are excluded from NGCCR clause recovery.
2. This audit will be offered to Peoples customers in response to a request for the service.
3. When applicable, customers are qualified to participate in other Peoples conservation programs.
4. There is no payment processing with this program.
5. There are no technical specifications on equipment eligibility with this program.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Commercial New Construction Program

1. Participation is available to any new commercial customer of Peoples installing new natural gas equipment, including gas piping, as part of building their facility from the ground up or completely remodeling their facility. Wholesale and Interruptible customers, who are excluded from NGCCR clause recovery, are not eligible.
2. Rebates:
 - \$2,000 per qualifying natural gas cooking equipment.
 - \$2,500 per qualifying natural gas dryer.
 - \$400 per qualifying natural gas residential (non-commercial grade) clothes dryer.
 - \$3,500 per qualifying natural gas fryer.
 - \$2,500 per qualifying natural gas tank water heater.
 - \$3,500 per qualifying natural gas tankless water heater.
 - \$500 per qualifying ton of natural gas space conditioning system.
3. Equipment eligibility requirements:
 - The following must be Energy Star certified:
 - Cooking equipment- Convection/Combi Ovens, Steam Cookers, and Griddles
 - Residential (non-commercial grade) Clothes Dryers
 - Fryers
 - Tank Water Heaters
4. The contractor will deduct the rebate from the customer's total cost of equipment and installation. If the customer is handling the installation without involvement from a builder or developer, Peoples will issue the rebate directly to the customer.
5. Application must include:
 - Equipment purchase date
 - Equipment model number
 - Equipment serial number
 - Picture of equipment serial number
 - Picture of equipment after installation
 - Equipment receipts that show paid in full
 - Contractor invoices (if used) must show "paid in full". If the appliance is self-installed, proof of installation is required. Contractor invoices must be signed by the customer.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Commercial Retrofit

1. Participation is available to any new or existing commercial customer of Peoples replacing existing electric equipment with new natural gas equipment, except Wholesale and Interruptible customers, who are excluded from NGCCR clause recovery.
2. Rebates:
 - \$2,000 per qualifying natural gas cooking equipment.
 - \$2,500 per qualifying natural gas dryer.
 - \$300 per qualifying natural gas residential (non-commercial grade) clothes dryer.
 - \$3,500 per qualifying natural gas fryer.
 - \$2,500 for a new natural gas tank water heater.
 - \$3,500 per qualifying natural gas tankless water heater.
 - \$500 per ton of qualifying natural gas space conditioning equipment.
3. Equipment eligibility requirements:
 - The following must be Energy Star certified:
 - Cooking equipment- Convection/Combi Ovens, Steam Cookers, and Griddles.
 - Residential (non-commercial grade) clothes dryers
 - Fryers
 - Tank Water Heaters
4. The contractor will deduct the rebate from the customer's total cost of equipment and installation. In the event of a customer installation with no contractor involvement, Peoples will issue the rebate directly to the customer.
5. Application must include:
 - Equipment purchase date
 - Equipment model number
 - Equipment serial number
 - Picture of equipment serial number
 - Picture of equipment after installation
 - Picture of electric equipment previously installed
 - Equipment receipts that show paid in full
 - Contractor invoices (if used) must show "paid in full". If the appliance is self-installed r proof of installation is required. Contractor invoices must be signed by the customer.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Commercial Retrofit Combined Heat and Power Program

1. Participation is available to any existing commercial customer of Peoples, except Wholesale and Interruptible customers, who are excluded from NGCCR clause recovery.
2. Rebates:
 - \$450 per kW of actual demand reduced of installed combined heat and power equipment.
 - The rebate will be paid upon demonstrated satisfactory operation of waste heat recovery.
 - Peoples will rebate the first 1 MW of equipment installed.

One rebate allowance is authorized per customer every five years per premise.
3. Combined heat and power equipment must be fueled from natural gas and utilize waste heat to displace portions of natural gas usage for on-site heating, cooling, or water heating.
4. The contractor will subtract the rebate paid by Peoples from the customer's total cost of equipment and installation. In the event of a customer installation with no contractor involvement, Peoples will issue the rebate directly to the customer.
5. Application must include:
 - Equipment purchase date
 - Equipment ratings
 - Equipment model number
 - Equipment serial number
 - 12 months of historic electric and natural gas bills
 - Equipment receipts that show paid in full
 - Contractor invoices (if used) must show "paid in full". If the appliance is self-installed r proof of installation is required. Contractor invoices must be signed by the customer.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Commercial Retrofit Electric Replacement Program

1. Participation is available to any new or existing commercial Peoples customer who is replacing existing electric equipment with new natural gas equipment, except Wholesale and Interruptible customers, who are excluded from NGCCR clause recovery.
2. Rebates: \$100 per kW reduction for qualifying natural gas equipment.
3. Equipment installed under this program must exceed the efficiency levels set by the Florida Building Code or Federal Appliance Efficiency Standard for its equipment type, if established.
4. The contractor will deduct the rebate paid by Peoples from the customer's total cost of equipment and installation. In case of a customer installation with no contractor involvement, Peoples will issue the rebate directly to the customer.
5. Application must include:
 - Equipment purchase date
 - Equipment model number
 - Equipment serial number
 - Picture of equipment serial number
 - Picture of equipment after installation
 - Picture of electric equipment previously installed
 - Equipment receipts that show paid in full
 - Contractor invoices (if used) must show "paid in full". If the appliance is self-installed proof of installation is required. Contractor invoices must be signed by the customer.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Commercial Retention

1. Participation is available to any existing commercial customer of Peoples replacing existing natural gas equipment with new natural gas equipment, except Wholesale and Interruptible customers, who are excluded from NGCCR clause recovery.
2. Rebates:
 - Up to \$2,000 rebate per qualifying natural gas dryer.
 - \$150 per qualifying natural gas residential (non-commercial grade) clothes dryer.
 - Up to \$1,500 rebate per qualifying natural gas tank water heater.
 - Up to the following rebate amounts per qualifying natural gas cooking equipment:

<u>Equipment Cost</u>	<u>Eligible Rebate</u>
Up to \$3,000	\$1,000
\$3,001 and up	\$1,500
 - Up to the following rebate amounts per qualifying natural gas tankless water heater:

<u>Equipment Cost</u>	<u>Eligible Rebate</u>
Up to \$3,000	\$1,000
Over \$3,000	\$2,000
 - Up to the following rebate amount will be paid based on the cooking efficiency of the qualifying natural gas fryer installed:

<u>Cooking Efficiency</u>	<u>Eligible Rebate</u>
50-55%	\$1,000
56-60%	\$2,000
Over 60%	\$3,000

 - Two fryer rebates are available per customer each calendar year.
 - \$150 per ton of qualifying natural gas space conditioning equipment.
3. Equipment eligibility requirements:
 - The following equipment must be Energy Star-certified:
 - Cooking equipment: Convection/Combi Ovens, Steam Cookers, and Griddles
 - Residential (non-commercial grade) Clothes Dryers
 - Fryers
 - Tank Water Heaters
4. The contractor will deduct the rebate from the customer's total cost of equipment and installation. In the event of a customer installation with no contractor involvement, Peoples will issue the rebate directly to the customer.
5. Application must include:
 - Equipment purchase date
 - Equipment model number
 - Equipment serial number
 - Picture of equipment serial number
 - Picture of equipment after installation
 - Equipment receipts that show paid in full

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

- Contractor invoices (if used) must show "paid in full". If the appliance is self-installed proof of installation is required. Contractor invoices must be signed by the customer.

**PEOPLES GAS SYSTEM, INC.
TEN-YEAR DSM PLAN
2025-2034
CORRECTED EXHIBIT A
FILED: OCTOBER 28, 2024
CORRECTED: JANUARY 17, 2025**

Program: Conservation Research and Development (R&D)

1. Measures for R&D can be residential or commercial in nature and may be either new in the marketplace or existing measures which meet the criteria below:
 - The proposed measure has the potential to affect Peoples or its ratepayers.
 - Sufficient data is not currently available to evaluate the impact of the proposed measure.
 - Data on the proposed measure is available but is not relevant to the Florida climate zones.
2. Equipment eligibility requirements:
 - Most technology measures are eligible for consideration including energy-efficient construction, heat recovery, space conditioning equipment, cooking, water heating, etc.
3. Funds designated under this program may be used to design, implement, plan, fund or co-fund Conservation R&D projects run by Peoples or other organizations.

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: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Buys, Ramos, Smith II) *TB*
Division of Accounting and Finance (Bardin) *ALM*
Division of Economics (Bethea, Bruce) *JD*
Office of the General Counsel (Imig, Fareoqi) *ACH*

RE: Docket No. 20240111-WU – Application for grandfather certificate to operate water utility in Citrus County, by Citrus Waterworks, Inc.

AGENDA: 02/04/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On May 28, 2024, the Board of County Commissioners of Citrus County (County) passed and adopted Resolution No. 2024-040 (Resolution), transferring regulation of the privately-owned, for profit water and wastewater utilities in Citrus County to the Florida Public Service Commission (Commission). Effective upon the adoption of the Resolution, all non-exempt water and wastewater systems in Citrus County became subject to the provisions of Chapter 367, Florida Statutes (F.S.). By Commission Order No. PSC-2024-0267-FOF-WS, the Commission acknowledged the Resolution.¹

¹ Order No. PSC-2024-0267-FOF-WS, issued July 25, 2024, in Docket No: 20240095-WS, *In re: Resolution of the Board of County Commissioners of Citrus County declaring Citrus County subject of the provisions of Sections 367, F.S.*

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility. On August 2, 2024, Citrus Waterworks, Inc. (Citrus or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Citrus' application was found to be deficient, and staff sent a deficiency letter to the Utility on August 28, 2024. The Utility cured the deficiencies on September 30, 2024.

Citrus provides water service to approximately 157 residential customers, in single family and mobile homes, located in two communities, Blackwater Heights and Ellsworth Point. Citrus also services one general service customer. Wastewater service is provided by septic tank. The Utility's service area is located in the Southwest Florida Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

Discussion of Issues

Issue 1: Should Citrus Waterworks, Inc.'s application for a grandfather water certificate in Citrus County be acknowledged?

Recommendation: Yes. Citrus' application should be acknowledged and the Utility should be issued Certificate No. 684-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Citrus' certificate and should be retained by the Utility. (P. Buys, Bardin)

Staff Analysis: The Utility's application for a certificate under grandfather rights to provide water service in Citrus County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. The application contains a warranty deed as proof of ownership of the land on which the Utility's facilities are located, an accurate territory description, and adequate service territory and system maps. The territory description is provided in Attachment A.

As stated in the case background, Citrus serves approximately 157 residential customers and one general service customer. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

Based on the above, staff recommends that Citrus be granted Certificate No. 684-W to serve the territory described in Attachment A. The resultant order should serve as Citrus' certificate and should be retained by the Utility.

Issue 2: What rates and charges should be approved for Citrus Waterworks, Inc.?

Recommendation: The Utility's monthly rates and charges that were in effect when Citrus County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates and charges should be effective for service rendered 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 charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding. (Bethea)

Staff Analysis: According to the Utility's application, Citrus County Water and Wastewater Authority approved the rates by Amended Final Order No. 24-02 on January 29, 2024. The county-approved final order and existing tariff sheets were provided in support of the Utility's authorized rates. The rates include a base facility charge and per 1,000 gallonage charge. The Utility's charges have been in effect since the Utility was acquired by the existing owner. Citrus Waterworks charges include miscellaneous service charges and service availability charges, which include a service availability policy. In addition, the Utility has customer deposits. The current rates and charges are consistent with Commission rules.

Staff recommends that the Utility's rates and charges that were in effect when Citrus County transferred jurisdiction to the Commission, shown on Schedule No. 1, should be approved. The rates and charges should be effective for service rendered 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 charge the approved rates and charges until authorized to change them by this Commission in a subsequent proceeding.

Issue 3: Should this docket be closed?

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

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

DESCRIPTION OF TERRITORY SERVED

Citrus Waterworks, North Service Territory

Commence at the Southwest corner of Section 06, Township 17 North, Range 18 East, Citrus County, Florida, thence run South 89° 19' 22.8" West 140.36 feet to the Point of Beginning; then continue South 81° 08' 26.09" West 189.92 feet, thence South 88° 26' 20.64" West 241.963 feet, thence North 45° 13' 22.40" West 95.085 feet, thence South 88° 55' 20.44" West 723.842 feet, thence run South 00° 18' 05.53" East 561.552 feet, thence run North 89° 37' 49.55" East 1211.924 feet, thence run North 00° 37' 43.04" East 536.241 feet, to the Point of Beginning.

Citrus Waterworks, South Service Territory

Commence at the Southwest corner of Section 06, Township 17 North, Range 18 East, Citrus County, Florida, thence run South 01° 02' 38.27" West 1241.582 feet to the Point of Beginning; then run South 88° 21' 51.33" West 2452.461 feet, thence South 53° 51' 48.07" West 305.526 feet, thence South 01° 18' 01.87" East 1152.143 feet, thence North 88° 44' 58.21" East 2675.942 feet, thence run North 00° 08' 18.35" West 1343.630 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

**authorizes
Citrus Waterworks, Inc.
pursuant to
Certificate Number 684-W**

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

Order Number	Date Issued	Docket Number	Filing Type
*	*	20240111-WU	Grandfather Certificate

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

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

Residential and General Service

Base Facility Charge by Meter Size

5/8" X 3/4"	\$16.80
3/4"	\$25.12
1"	\$41.94
2"	\$83.83
3"	\$134.14

Charge per 1,000 Gallons – Residential and General Service	\$3.11
--	--------

Initial Customer Deposits

Residential - 5/8" X 3/4"	\$45.00
General Service - All Meters	2 times the average estimated bill

Miscellaneous Service Charges

	<u>Business Hours</u>	<u>After Hours</u>
Violation Reconnection Charge	\$21.00	\$42.00
Premises Visit Charge	\$21.00	\$42.00
Late Payment Charge		\$5.00
Non-Sufficient Funds (NSF) Charge	Pursuant to Section 68.065, F.S.	
Meter Tampering Charge		\$50.00

Service Availability Charges

Customer Connection Charge

On Side of the Road	\$750.00
Opposite Side of the Road	\$1,115.00

Meter Installation Charge

5/8" X 3/4"	\$115.00
3/4"	\$195.00
1"	\$530.00
2"	\$700.00
3"	\$1,030.00
4"	\$2,035.00
6"	\$3,560.00

Item 7

State of Florida



Public Service Commission

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

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

DATE: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Davis, Ellis, Ramos) *TB*
Office of the General Counsel (Stiller) *JSC*

RE: Docket No. 20240140-WS – Application for amendment of Certificate Nos. 589-W and 507-S in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.

AGENDA: 02/04/25 – Regular Agenda – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

NC Real Estate Projects, LLC d/b/a Grenelefe Utility (Grenelefe or Utility) is a Class B water and wastewater utility operating in Polk County. Grenelefe provides service to approximately 1,359 water and wastewater customers. It is anticipated that the proposed certificate amendment will result in the addition of approximately 2,064 water and wastewater customers, which includes those outside the utility service territory who are currently being served (984 ERCs), those anticipated to be served in the future (1080 ERCs), and a small number of commercial customers. The Utility is in the St. Johns River Water Management District (SJRWMD). On September 16, 2024, an affidavit was signed by the Utility that tariffs and annual reports are on

file with the Commission. In its 2023 Annual Report, Grenelefe reported a net operating loss of \$184,215 for water, and \$233,950 for wastewater. The Utility's last rate case was in 2011.¹

In 1997, the Commission issued original water and wastewater Certificate Nos. 589-W and 507-S to Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities.² In 2005, the Commission granted a transfer of the Utility to Grenelefe Resort Utility, Inc. from the previous owner.³

On August 9, 2022, Grenelefe Resort Utility, Inc. and NC Real Estate Projects, LLC filed a joint application with the Commission for transfer of Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC and Grenelefe Resort Utilities Development, LLC. This initial joint application would have NC Real Estate Projects, LLC acquire all assets from the Seller and serve as the Buyer of the utility. NC Real Estate Projects would then lease all utility assets and real estate to Grenelefe Resort Utilities Development, LLC for 7 months. After this 7 month period, NC Real Estate Projects, LLC would transfer both the utility assets and land to Grenelefe Resort Utilities Development, LLC, who would then serve as the utility owner and operator going forward.

On October 10, 2023, Grenelefe Resort Utility, Inc. and NC Real Estate Projects, LLC d/b/a Grenelefe Utility filed an amended joint application. This amended joint application superseded the initial joint application, and proposed to transfer the certificates from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility, with no intervening lease period. The sale of the Utility closed on May 31, 2022. The Commission approved transfer of the certificates on February 21, 2024.⁴

On September 17, 2024, Grenelefe filed an application with the Commission for an amendment of Certificate Nos. 589-W and 507-S, water and wastewater service territories in Polk County. During staff's review of the application, staff discovered three deficiencies. Corrections to the deficiencies were filed on November 13, 14, and 26, 2024, and January 15, 2025. After reviewing this information, staff determined that the corrections and application were acceptable. The official filing date for this application was January 15, 2025.⁵

This recommendation addresses a potential show cause proceeding and the Utility's request for an amendment to the certificates of authorization for its water and wastewater service territories in Polk County. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes (F.S.).

¹ Order No. PSC-12-0433-PAA-WS, issued October 21, 2012, in Docket No. 110141-WS, *In re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

² Order No. PSC-97-1546-FOF-WS, issued December 9, 1997, in Docket No. 961006-WS, *In re: Application for certificates under grandfather rights to provide water and wastewater service by Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County.*

³ Order No. PSC-05-0142-PAA-WS, issued February 7, 2005, in Docket No. 030123-WS, *In re: Application for transfer of majority organizational control of Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County and for name change on Certificate Nos. 589-W and 507-S to Grenelefe Resort Utility, Inc.*

⁴ Order No. PSC-2022-0128-PCO-WS, issued February 21, 2024, in Docket No. 20220142-WS, *In re: Application for transfer of water and wastewater facilities and Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility, in Polk County.*

⁵ Document No. TBD in Docket No. 20240140-WS.

Discussion of Issues

Issue 1: Should the Commission institute a show cause proceeding against Grenelefe for an apparent violation of Section 367.045, F.S.?

Recommendation: No. A show cause proceeding should not be initiated. (Stiller)

Staff Analysis: As stated in the case background, Grenelefe acquired a utility that was providing service to 984 water and wastewater connections on 581.17 acres outside of its certificated territory. Grenelefe filed the instant application, in part, to amend its certificates and correct this mistake.

Section 367.045(2), F.S., states that a utility may not extend its service outside the area described in its certificate of authorization until the Commission approves an amended certificate of authorization to include the new area. Section 367.161(1), F.S., authorizes the Commission to assess a penalty of not more than \$5,000 for each offense if a utility is found to have willfully violated any provision of Chapter 367, F.S.

Grenelefe's predecessor utility extended service outside of the area described in its certificates of authorization without Commission approval. This extension appears to be in violation of Section 367.045(2), F.S., and appears to have been "willful" as that term is used in Section 367.161, F.S. Because Grenelefe must fulfill the commitments, obligations, and representations of its predecessor utility,⁶ Grenelefe may bear responsibility for any penalty imposed by the Commission following a show cause proceeding regarding the prior extension of services.

Staff recommends that the Commission not initiate a show cause proceeding under the present circumstances. The extension of service outside the certificated service area was undertaken by Grenelefe's predecessor utility. Grenelefe filed the instant application to amend the certificates to include the area promptly after the Commission approved its application for transfer of the certificates. The amendment area is adjacent to the currently certificated area and is within the same overall Grenelefe Resort development that is served by the Utility's system. Grenelefe has filed annual reports and paid regulatory assessment fees based on the total number of customers it serves, including those inadvertently outside of its certificated area. Staff is not aware of any complaints regarding service in this area.

Conclusion

Staff does not believe that the extra-territorial extension of services described above warrants the initiation of a show cause proceeding by the Commission. Grenelefe has undertaken appropriate actions in a timely manner to amend the certificates to address the territorial issue created by its predecessor.⁷ Therefore, staff recommends that the Commission not order Grenelefe to show cause why it should not be fined for the failure to obtain amended certificates of authorization prior to service being provided outside of the certificated territory.

⁶ Section 367.071(1), F.S.

⁷ See Order No. PSC-05-0678-FOF-WU, issued June 20, 2005, in Docket No. 050255-WU, *In re: Application for a "Quick Take" Amendment of Certificate No. 339-W in Lake County by Brendenwood Water System, Inc.* ("[W]e find that this apparent violation does not rise to the level of a show cause action because the utility has filed the application at issue in order to come into compliance with the statutory requirement.").

Issue 2: Should the Commission approve Grenelefe’s application for amendment of Certificate Nos. 589-W and 507-S to extend its territory from its certificated water and wastewater service territory in Marion County?

Recommendation: Yes. The Commission should amend Certificate Nos. 589-W and 507-S to include the territory as described in Attachment A, effective the date of the Commission’s vote. The resultant order should serve as Grenelefe’s amended certificates and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding. (Davis)

Staff Analysis: The Utility’s application to amend its authorized service territory is in compliance with the governing statute, Section 367.045, F.S., and Rule 25-30.036, Florida Administrative Code (F.A.C.). The appropriate filing fee as required by Section 367.145, F.S., was received by the Commission on September 19, 2024. Grenelefe provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030(5)(b), F.A.C. This notice provided 30 days for customers to file an objection to the transfer. No objections to the application have been received and the time for filing such has expired.

Grenelefe provided adequate service territory maps and territory descriptions to Commission staff. A description of the territory requested to be extended by the Utility, as well as the resulting service territory description, is appended to this recommendation as Attachment A. The Utility submitted an affidavit with its September 17, 2024, application consistent with Rule 25-30.036(2)(q), F.A.C., stating that it has tariffs and annual reports on file with the Commission.

Grenelefe’s existing water system includes two 1,500 gpm potable water wells and several additional irrigation wells. The water is chlorinated for disinfection, and polyphosphate is added for lead and copper corrosion control. The wells appear adequate to provide service to Grenelefe’s existing customers both inside and outside of the currently approved FPSC service territory as well as to the proposed Groves at Lake Marion extension area. Grenelefe provided a copy of the Utility’s current consumptive use permit from the SJRWMD.

The wastewater treatment plant is an extended aeration activated sludge plant with a design capacity of 340,000 gallons per day with effluent disposal through percolation ponds. The current average annual daily flow through these treatment facilities is 138,578 gallons per day average annual daily flow. As such, the Utility has adequate capacity to meet the needs of both its current customers and the expanded service territory.

Water distribution and wastewater collection facilities were designed and constructed in order to meet the needs of the current customers inside and outside the certificated service territory. The Groves at Lake Marion portion of this extension application will be designed and constructed to provide service to all facilities in the area.

Staff reviewed the most recent Department of Environmental Protection Agency (DEP) Sanitary Survey Report. The May 10, 2023 report identified several deficiencies, but all were corrected in 30 days.

Also, staff reviewed the most recent DEP compliance evaluation inspections for the wastewater treatment plant. The December 6, 2022 compliance evaluation inspection also identified several issues, but all deficiencies were corrected and the facility was determined to be in compliance by DEP on March 15, 2023.

Conclusion

The Commission should amend Certificate Nos. 589-W and 507-S to include the territory as described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Grenelefe's amended certificate and should be retained by the Utility. The Utility should charge future customers in the territory added herein the rates and charges contained in its current tariffs until a change is authorized by the Commission in a subsequent proceeding.

Issue 3: Should this docket be closed?

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

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

**NC REAL ESTATE PROJECTS, LLC d/b/a GRENELEFE UTILITY
WATER AND WASTEWATER SERVICE AREA**

LEGAL DESCRIPTION OF TERRITORY TO BE SERVED

A parcel of land being a portion of Sections 5, 6, 7, 8, 17 and 18, Township 28 South, Range 28 East, Polk County, Florida, being more particularly described as follows:

Begin at the East $\frac{1}{4}$ corner of Section 6, Township 28 South, Range 28 East, Polk County, Florida; thence N00°12'32"W, along the West line of Section 5, Township 28 South, Range 28 East, Polk County, Florida, a distance of 659.16 feet; thence departing said West line, run N89°36'57"E, a distance of 1,714.43 feet to a point on the Westerly Meandering line of Lake Marion; thence the following twelve (12) courses and distances along said Westerly line: thence S26°12'13"W, a distance of 738.08 feet; thence N89°39'08"E, a distance of 68.89 feet; thence S31°14'22"W, a distance of 363.56 feet; thence S06°10'27"W, a distance of 362.41 feet; thence S23°46'45"E, a distance of 277.86 feet; thence S07°13'21"E, a distance of 406.55 feet; thence S17°20'02"E, a distance of 229.68 feet; thence S17°34'19"E, a distance of 229.98 feet; thence S08°55'18"E, a distance of 222.01 feet; thence S07°38'32"E, a distance of 221.30 feet; thence S07°09'37"W, a distance of 221.19 feet; thence S08°57'04"W, a distance of 220.17 feet; thence S89°38'35"W, along said South line, a distance of 560.36 feet to the West Right of Way line of West Lake Marion Road; thence the following two (2) courses and distances along said West Right of Way line: thence S00°00'54"E, a distance of 25.00 feet; thence S00°04'56"W, a distance of 2,611.15 feet; thence departing said West Right of Way line, run N89°58'12"E, a distance of 74.98 feet to a point on the East Right of Way line of West Lake Marion Road; thence N89°51'42"E, a distance of 279.33 feet; thence S00°03'25"W, a distance of 2,148.34 feet; thence N89°52'19"W, a distance of 273.92 feet to the East Right of Way line of West Lake Marion Road; thence S89°19'40"W, a distance of 80.66 feet to a point on the West Right of Way line of West Lake Marion Road, said point also being a Point on a Non-Tangent Curve, Concave to the Northeast, having a Radius of 612.96 feet and a Central Angle of 58°10'16"; thence run Southeasterly along said West Right of Way line, a distance of 622.32 feet (Chord Bearing = S36°27'13"E, Chord = 595.94 feet) to a Point on a Non-Tangent Curve, Concave to the North, having a Radius of 613.27 feet and a Central Angle of 09°24'43"; thence run Easterly along said West Right of Way line, a distance of 100.74 feet (Chord Bearing = S70°13'35"E, Chord = 100.63 feet) to a Point of Non Tangency, said point also being a point on the East line of the West $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of Section 17, Township 28 South, Range 28 East, Polk County, Florida; thence departing said West Right of Way line, run S01°53'45"E, along said East line, a distance of 2,576.23 feet to a point on the South line of the West $\frac{1}{2}$ of the Northwest $\frac{1}{4}$ of said Section 17; thence departing said East line, run N89°11'18"W, along said South line, a distance of 1,329.53 feet to a point on the East line of Section 18, Township 28 South, Range 28 East, Polk County, Florida; thence S89°05'29"W, along the South Line of the Northeast $\frac{1}{4}$ of said Section 18, a distance of 2,721.89 feet to a point on the West line of the Northeast $\frac{1}{4}$ of said Section 18; thence departing said South line, run N00°23'07"W, along said West line, a distance of 2,596.57 feet to a point on the South line of Section 7, Township 28 South, Range 28 East, Polk County, Florida; thence N00°35'24"W, along the West line of the Southeast $\frac{1}{4}$ of said Section 7, a distance of 2,648.33 feet to a point on the South line of the Northwest $\frac{1}{4}$ of said

Section 7; thence departing said West line, run S89°42'07"W, along said South line, a distance of 2,644.17 feet to a point on the West line of said Section 7; thence departing said South line, run N00°20'31"W, along said West line, a distance of 2,634.95 feet to the Southwest corner of Section 6, Township 28 South, Range 28 East, Polk County, Florida; thence N00°21'33"W, along the West line of said Section 6, a distance of 2,635.87 feet to a point on the North line of the South ½ of said Section 6; thence the following two (2) courses and distances along said North line: thence N89°38'32"E, a distance of 2,635.65 feet; thence N89°39'09"E, a distance of 2,638.50 feet to the Point of Beginning.

Containing 1,277.45 acres, more or less.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
NC Real Estate Projects, LLC d/b/a Grenelefe Utility
pursuant to
Certificate Number 589-W**

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

Order Number	Date Issued	Docket Number	Filing Type
PSC-97-1546-FOF-WS	12/09/1997	961006-WS	Grandfather Certificate
PSC-05-0142-PAA-WS Organizational Control	02/07/2005	030123-WS	Transfer of Majority
PSC-2024-0228-PAA-WS	07/08/2024	20220142-WS	Transfer of Certificate
*	*	20240140-WS	Amendment of Certificate

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

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
NC Real Estate Projects, LLC d/b/a Grenelefe Utility
pursuant to
Certificate Number 507-S**

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

Order Number	Date Issued	Docket Number	Filing Type
PSC-97-1546-FOF-WS	12/09/1997	961006-WS	Grandfather Certificate
PSC-05-0142-PAA-WS Organizational Control	02/07/2005	030123-WS	Transfer of Majority
PSC-2024-0228-PAA-WS	07/08/2024	20220142-WS	Transfer of Certificate
*	*	20240140-WS	Amendment of Certificate

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

Item 8

State of Florida



Public Service Commission

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

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

DATE: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward, Hampson) *JP*
Division of Engineering (Ellis, Sanchez, Thompson) *TB*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20240107-GU – Petition for approval of modifications to cast iron/bare steel pipe replacement rider, by Peoples Gas System, Inc.

AGENDA: 02/04/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On July 26, 2024, Peoples Gas System, Inc. (Peoples or utility) filed a petition for the approval to expand the definition of eligible projects under its cast iron/bare steel pipe replacement rider (CI/BS Rider or rider) and rename the rider the Safety of Facilities and Infrastructure Replacement Rider (SAFIR). Peoples asserts that through the proposed SAFIR rider, Peoples is seeking recovery of the revenue requirements of expedited programs to enhance the safety of Peoples' natural gas distribution system, through a 10-year surcharge on customers' bills. The SAFIR surcharge would be calculated annually. The total projected cost for the 10-year SAFIR rider, as shown in staff's fourth data request No. 1, is \$470.1 million (which includes the remaining CI/BS costs), and is based on current data.¹

¹ Response No. 1 in Staff's Fourth Data Request, Document No. 10116-2024.

The proposed SAFIR rider addresses activities summarized under four categories: (1) pipeline safety and compliance-driven pipeline work, (2) replacement of other problematic pipeline, (3) system enhancement projects to reduce the loss of natural gas service to critical customers, and (4) risk-based relocation of pipeline facilities in rear easements.

In 2012, the Commission approved the CI/BS Rider in Order No. PSC-12-0476-TRF-GU (2012 Order) to recover the cost of accelerating the replacement of cast iron and bare steel pipes through a surcharge on customers' bills.² In the 2012 Order, the Commission found that, "replacement of these types of pipelines is in the public interest to improve the safety of Florida's natural gas infrastructure, and reduce the possibility of loss of life and destruction of property should an incident occur."³ Peoples' current surcharges were approved in Order No. PSC-2024-0511-TRF-GU.⁴

In Order No. PSC-17-0066-AS-GU, the Commission approved a comprehensive settlement agreement between PGS and the Office of Public Counsel (OPC).⁵ The settlement agreement, in part, added problematic plastic pipe (PPP) installed in the utility's distribution system to eligible replacements under the rider beginning in 2017 and continuing through 2028.

In Order No. PSC-2023-0388-FOF-GU, the Commission granted in part and denied in part Peoples' petition for a base rate increase.⁶ Peoples asserted that all the capital costs proposed for recovery are incremental costs and were not included in the rate case test year.

During the review process of the utility's petition, staff issued four data requests, for which responses were received on September 20, October 7, and December 6. Staff also held an informal meeting with representatives for the utility on November 4, 2024.

Peoples submitted sample SAFIR tariff sheets as part of its petition. The sample tariffs do not require Commission action. If the petition (or any part of the petition) is approved, Peoples would recover the SAFIR costs incurred for 2025 in 2026. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, Florida Statutes (F.S.).

² Order No. PSC-12-0476-TRF-GU, issued September 18, 2012, in Docket No. 20110320-GU, *In re: Petition for approval of Cast Iron/Bare Steel Pipe Replacement Rider (Rider CI/BSR), by Peoples Gas System.*

³ Order No. PSC-2022-0405-TRF-GU, issued November 21, 2021, in Docket No. 20220152-GU, *In re: Petition for approval of 2021 true-up, projected 2022 true-up, and 2023 revenue requirements and surcharges associated with cast iron/bare steel replacement rider, by Peoples Gas System.*

⁴ Order No. PSC-2024-0511-TRF-GU, issued December 20, 2024, in Docket No. 20240133-GU, *In re: Petition for approval of 2023 true-up, projected 2024 true-up; and 2025 revenue requirements and surcharges associated with cast iron/bare steel pipe replacement rider, by Peoples Gas System, Inc.*

⁵ Order No. PSC-17-0066-AS-GU, issued February 28, 2017, in Docket No. 20160159-GU, *In re: Petition for approval of settlement agreement pertaining to Peoples Gas System's 2016 depreciation study, environmental reserve account, problematic plastic pipe replacement, and authorized ROE.*

⁶ Order No. PSC-2023-0388-FOF-GU, issued December 27, 2023, in Docket No. 20230023-GU, *In re: Petition for rate increase by Peoples Gas System, Inc.*

Discussion of Issues

Issue 1: Should the Commission approve Peoples' proposed modifications to the CI/BS Rider?

Recommendation: Yes, in part. The Commission should approve Peoples' expansion of the rider program to include: (1) maximum allowable operating pressure (MAOP) reconfirmation and material verification, (2) pipeline spans and shallow/exposed pipe, and (3) the relocation of facilities in rear easements. These components of the proposed rider expansion are reasonable additions that are required by recent changes to the United States Pipeline and Hazardous Materials Administration (PHMSA) regulations and/or are consistent with approved items in previous Commission Orders.

The Commission should deny the inclusion of (1) pipeline pressurization monitoring and management, (2) pipeline damages and leaks, (3) pipeline within casings, (4) undetectable facilities, and (5) system enhancement projects, as they are not required by PHMSA regulations and/or are part of the utility's normal operations and, therefore, more appropriately addressed through traditional ratemaking processes. (Sanchez, Ward)

Staff Analysis:

Overview of the Proposed SAFIR Rider

In its petition, Peoples is requesting to expand its rider to include several capital-intensive categories of activities to improve the safety of its gas infrastructure. These categories include: (1) pipeline safety and compliance-driven pipeline work, (2) replacement of other problematic pipeline, (3) system enhancement projects reducing the risk of loss of service to critical customers, and (4) risk-based relocation of pipeline facilities in rear easements. Each of these are discussed in detail below.

1. Pipeline Safety and Compliance-driven Pipeline Work

a. MAOP Reconfirmation and Material Verification

The utility requests to include eight projects under this modification: four relating to material reconfirmation and four relating to MAOP reconfirmation. These eight projects are estimated to have a total combined cost of approximately \$10.9 million over a 3-year period.⁷ The utility asserts that this modification is needed due to an amendment to PHMSA's Safety of Gas Transmission Pipeline Rule. This Rule amendment, which became effective in May 2023, requires operators to reconfirm the MAOP and verify the material specifications of all transmission pipeline segments. As part of the requirements of this PHMSA Rule, 50 percent of all reconfirmation activities must be completed by July 3, 2028, and 100 percent must be completed by July 2, 2035.

Based on staff's review, this item appears to be appropriate as a result of a change in PHMSA regulations. Also, this is consistent with a prior Commission decision approving activities needed

⁷ The estimated cost for the MAOP projects was updated in Peoples' response to Staff's Fourth Data Request No. 1. The amount in the petition was \$10,081,141 and the updated amount is \$10,904,000.

to comply with PHMSA regulations.⁸ As such, staff recommends approving this activity to be included in the rider.

b. Pipeline Pressurization Monitoring and Management

The utility requests to include the evaluation of its 1,700 district regulator stations to ensure that they contain up-to-date remote monitoring equipment and, if necessary, the upgrade of such equipment for each station. The utility estimates an approximate total cost of \$22.3 million over a 10-year period for this project. Staff notes that the total cost is not final, as it is based on current estimates of how many district regulator stations require some form of upgrade.

The utility asserts that this item is necessary due to a proposed rule amendment based on the Pipes Act of 2020, which requires operators to assess and upgrade their district regulator stations in order to minimize the risk of over pressurization. These evaluations will ensure that the station design and monitoring equipment are optimal, in order to prevent an incident similar to the 2018 Merrimack Valley Incident, which was the catalyst for the rule. However, staff notes that the rule revisions were initially proposed on September 7, 2023, and the period for comments closed on November 6, 2023. No final rule or timeline for rule approval is currently available. Furthermore, the utility already utilizes equipment meant to minimize the risk of over pressurization in its system.

Based on staff's review, the federal rule amendments requiring this activity are not in effect and the final rule may differ from earlier proposed versions. Therefore, staff believes that this item is premature and recommends that it is not appropriate to include this activity in the rider at this time.

c. Retirement of Inactive Service Lines

In response to staff's first data request, Peoples stated that it is removing the retirement of inactive service lines from its petition to align with the current CI/BS Rider (which excludes retirement capital expenditures from the eligible replacements recovered through the CI/BS Rider).⁹ The retirement amount included in the petition was \$143.2 million. Therefore, the retirement of inactive service lines and associated costs of \$143.2 million is not addressed in this recommendation.

d. Pipeline Damages and Leaks

The utility requests to include pipeline repairs due to damage caused by third-parties and other damages, such as leaks not associated with third-parties, in the rider. Peoples estimates a total cost of \$192 million over a 10-year period to repair damage caused to their pipelines. Peoples states that damages caused by third-parties has increased in recent years as a result of increased construction activities due to Florida's population growth. Peoples further states that these accidental damages to underground pipelines, whether by third party excavations or common leaks, can cause a risk to the safety of the public and the environment, while also requiring replacement of entire sections of pipeline.

⁸ Order No. PSC-12-0490-TRF-GU, issued September 24, 2012, in Docket No. 20120036-GU, *In re: Joint petition for approval of Gas Reliability Infrastructure Program (GRIP) by Florida Public Utilities Company and the Florida Division of Chesapeake Utilities Corporation.*

⁹ Response No. 4a. in Staff's First Data Request, Document No. 09105-2024.

Based on staff's review, staff believes that this activity is part of the utility's normal operations and, therefore, more appropriately addressed through traditional ratemaking processes such as through a petition for a limited proceeding or base rate proceeding. As such, staff recommends this item be removed from the rider expansion.

2. Replacement of Other Problematic Pipelines

a. Pipeline Spans and Shallow/Exposed Pipe

The utility is requesting the inclusion of pipeline spans and shallow/exposed pipes in its rider. "Pipeline spans" or "spans" are segments of pipe that cross over geographical features such as rivers, creeks, drainage ditches, and roadways. Peoples estimates an approximate total cost of \$4.7 million over a 10-year period for capital work on pipeline spans and an additional approximate \$1 million over a 1-year period for at least one area of shallow pipelines needing replacement.

Because these spans are not underground, the pipelines are more susceptible to damage and corrosion. In a similar way, shallow and exposed pipes that are no longer safely buried due to erosion or other changes to the environment are also susceptible to damage and corrosion. Staff notes that the Commission has previously approved a similar activity in Order No. PSC-2023-0235-PAA-GU (GUARD Order).¹⁰ These improvements are also a planned addition to the utility's next Distribution Integrity Management Program (DIMP),¹¹ as per a recommendation from a third-party consultant, which will assist the utility in prioritizing projects based upon various risk factors.

Based on staff's review, staff believes that the replacement of these spans and shallow/exposed pipe sections through a surcharge is a reasonable approach to improve the safety of Florida's natural gas infrastructure and to the public. Therefore, consistent with the Commission's GUARD Order, staff recommends that this component of the rider expansion should be approved.

b. Pipeline within Casings

Peoples states that there are 21 sections of steel distribution main within steel casings that need to be improved or replaced. The utility states that this item is necessary, as the use of casings is both a benefit and a detriment. These pipeline casings are sleeves fitted around a carrier pipeline that serve to protect a section of pipeline from threats such as structural damage and accidental excavation damage. These protective casings, while capable of preventing certain types of damage to pipeline, may also cause other types of damage such as corrosion, electrical isolation of the casing, or unintended contact between the metal casing and the pipe causing leaks that are costly to maintain. For the replacement or improvement of these sections within casings, the utility estimates an approximate total cost of \$23.3 million over a 10-year period with an estimated two to three casing projects annually.

¹⁰ Order No. PSC-2023-0235-PAA-GU, issued August 15, 2023, in Docket No. 20230029, *In re: Petition for approval of gas utility access and replacement directive, by Florida Public Utilities Company*.

¹¹ Pursuant to Chapter 49, Section 192.1005 Code of Federal Regulations (2023), a gas distribution operator must develop and implement an integrity management program. The DIMP program is a comprehensive plan of pipeline risk assessments that determines the priority of qualifying facilities replacement by ranking risk.

Staff notes that in response to staff's data requests, the utility stated that its DIMP did not determine that these cases are in need of accelerated replacement and that replacements have been occurring as needed to address corrosion issues that could result in shorted casings. Furthermore, the utility states that the installation of casings is no longer a standard practice and expects the majority of the 21 identified sections to require replacement of the pipeline and elimination of the casing.

Based on staff's review, this activity is part of the utility's normal operations and, therefore, more appropriately addressed through traditional ratemaking processes such as through a petition for a limited proceeding or base rate proceeding. As such, staff does not believe that this modification to the rider is appropriate and recommends this item be removed from the rider expansion.

c. Undetectable Facilities

The utility requests for the remediation of approximately 244 miles of currently identified undetectable facilities, repairs to damaged tracer wires of these facilities, and the installation of new locating devices in the rider. Peoples estimates an approximate total cost of \$19.2 million over a 5-year period for this activity.

Typically, underground plastic pipelines are located by the use of a transmitter connected to a tracer wire installed with the pipeline. Damage to this tracer wire, through excavation or otherwise, causes the pipeline to become undetectable by locaters, and therefore increases the chance of damage to the pipeline. The utility asserts that this increased risk of damage to both the underground pipeline and excavators is why this modification is a necessary addition to the rider. However, this project is not required by PHMSA's federal regulations. The utility instead asserts the regulatory requirement is based on Section 556.105(7)(2) F.S., which requires gas utilities, if facilities cannot be located, to provide best available location data and for excavators to use reasonable care and detection equipment or other means to find facilities.¹² These undetectable facilities can still be located by the utility, but would require additional equipment and excavation through nondestructive means, such as vacuum excavation or by hand, to reconfirm a facilities location.

Based on staff's review, this activity is part of the utility's normal operations and therefore is not in need of accelerated recovery. As such, staff does not believe that this modification to the rider is appropriate and recommends this item be removed from the rider expansion. PGS may address the proposed project by availing itself of other traditional ratemaking processes such as through a petition for a limited proceeding or base rate proceeding.

3. System Enhancement Projects

Peoples is also requesting to include two system enhancement projects as part of its proposed modifications. These capital projects are to address the risk of loss of service to what the utility identifies as some of its critical customers. Peoples states that these projects would allow the utility to sectionalize the system in order to reduce the risk caused by third-party damage, and to more immediately stop the escape of gas into the atmosphere. The utility has also stated that the completion of these projects will allow them to repair damages to their respective pipelines

¹² Response No. 2 in Staff's Third Data Request, Document No. 09399-2024.

without interrupting gas service to the respective areas. The utility estimates a combined total of approximately \$28 million for both projects.

The first capital project consists of the construction of an additional 6-inch steel main feed in the Dade-Broward service area in order to remove a single failure point near the Miami River. The utility identified that this area of its system serves 5,300 total customers; this includes 21 customers classified as critical by the utility, and estimates the capital cost of this project to be approximately \$17 million over a 2-year period.

The second capital project consists of the construction of an additional 5-mile feed in the Southwest Florida service area, running south of the utility's Fort Myers gate station, in order to remove a single failure point. This area of its system services 27,000 customers, including 194 critical customers, and estimates the capital cost of this project to be approximately \$11 million over a 1-year period.

Staff notes that neither of the system enhancement projects discussed above are included in Peoples' DIMP, nor are they the result of PHMSA federal regulations. Staff also notes that the Commission has previously denied similar system reliability projects in the GUARD Order.

Based on staff's review, these activities are a part of the utility's normal operations and are more appropriately addressed through traditional ratemaking processes such as through a petition for a limited proceeding or base rate proceeding. As such, staff does not believe it is appropriate to include the System Enhancement Project under a long-term, safety-related program with accelerated recovery. Therefore, consistent with the Commission's prior Orders, staff recommends that this item be removed from the rider expansion.

4. Relocation of Facilities in Rear Easements

The utility estimates that approximately 3,000 miles of main and other pipeline assets it maintains are located in rear easements across the state. The utility estimates an approximate total cost of \$42.4 million over a 10-year period to relocate these facilities to front easements or other more accessible locations.

The utility states that the resulting difficulty accessing these facilities due to existing fencing, vegetation growth, or constructed buildings, causes delays in facility location, conduction of compliance activities, regular maintenance, and emergency response efforts, and therefore, is a safety risk for customers and utility team members. The areas of highest risk include an approximate 161 miles of main and 4,620 service connections that have been identified as historically difficult to access for maintenance, compliance, and repair activities. The Commission has previously approved a similar activity for FPUC in the GUARD Order and for Florida City Gas' Safety, Access, and Facility Enhancement (SAFE) program.¹³

Based on staff's review, staff believes that the relocation of mains and service connections would improve system safety and operations for both customers and Peoples employees. Therefore,

¹³ Order No. PSC-2015-0390-TRF-EI, issued September 15, 2015, in Docket No. 20150116-GU, *In re: Petition for approval of safety, access, and facility enhancement program and associated cost recovery method, by Florida City Gas.*

consistent with the Commission’s prior Order, staff recommends that this modification to the rider be approved for expedited recovery to address these safety concerns.

Remaining CI/BS Costs

In its petition, Peoples estimates costs of \$126.3 million for the 5-year period ending in 2029 for the replacement of the remaining CI/BS and PPP eligible under the rider. If approved by the Commission, Peoples would recover these costs under the SAFIR rider. Peoples would begin recovery of costs related to the expansion of eligible projects under the SAFIR rider in 2026, if approved.

Staff believes it is appropriate for any remaining CI/BS Rider amounts to be rolled into the SAFIR rider for cost recovery. Accordingly, there would be no CI/BS Rider surcharge on customers’ bills starting January 1, 2026; the proposed SAFIR surcharge would replace the CI/BS Rider surcharge. If the Commission denies the SAFIR rider in totality, Peoples should continue the CI/BS Rider.

Determination of SAFIR Revenue Requirement

Peoples is seeking cost recovery of an estimated \$342.8 million for the 10-year (2025-2034) SAFIR rider as summarized in the table below:

**Table 1-1
 Projected 2025-2034 Total SAFIR Capital Investment
 Utility Proposed and Staff-Recommended
 (in millions)**

SAFIR Project Type	Utility Proposed	Staff Recommended
Pipeline Safety & Compliance		
MAOP Reconfirmation	\$10.9	\$10.9
Pipeline Pressurization Monitoring	\$22.3	n/a
Pipeline Damages & Leaks	\$192.0	n/a
Replacement of Other Problematic Pipelines		
Pipeline Spans & Shallow/Exposed Pipe	\$5.7	\$5.7
Pipeline within Casings	\$23.3	n/a
Undetectable Facilities	\$19.2	n/a
System Enhancement Projects	\$28.0	n/a
Relocation of Facilities in Rear Easements	<u>\$42.4</u>	<u>\$42.4</u>
Total New Activities	\$343.8	\$59.0
Remaining CI/BS and PPP Costs	\$126.3	\$126.3
Total SAFIR Investment	\$470.1	\$185.3

Source: Response to Staff’s Fourth Data Request No. 1.

In its petition, the utility states that the annual investment will be much lower in the latter half of the program upon completion of the cast iron/bare steel and problematic plastic pipe

replacement. Staff notes that the numbers shown above are estimates and actual costs will be evaluated and reviewed in the annual filings. Staff believes that if the Commission approves the proposed SAFIR projects in this Issue, the utility should include any projects that started in 2025 for cost justification in its September 2025 petition for the SAFIR surcharge to be effective January 2026.

Peoples asserts that the proposed methodology to calculate the SAFIR rider surcharges is the same as that utilized for the approved CI/BS Rider. Specifically, the utility is proposing to continue the procedures and structure laid out in the 2012 Order, while expanding the definition of eligible replacements under the Rider. Staff believes that the proposed expenses are consistent with the approved CI/BS revenue requirements and are reasonable with the exception of the projects discussed above for which staff did not recommend approval. However, the revenue requirements for the approved projects should be reviewed in the annual petitions. Peoples should also quantify any operations and maintenance and depreciation cost savings resulting from the new replacement pipes and use the savings to offset the SAFIR rider revenue requirement. Any savings should be shown as a separate line item in the filings. If no savings can be identified, Peoples should provide an explanation in its annual SAFIR petitions.

The annual filings should provide the Commission with oversight to ensure that projected expenses are reasonable and only actual costs are recovered. The SAFIR rider and associated surcharges should terminate when all replacements have been made and the revenue requirement has been rolled into rate base. If Peoples wishes to continue the SAFIR rider beyond the 10 years requested in this petition, Peoples should file a petition with the Commission seeking approval to continue or modify the SAFIR rider.

As with the current CI/BS Rider, Peoples should be required to file its annual SAFIR petitions to revise the surcharge on, or before, September 1 of each year and implement the revised surcharge effective January 1 through December 31 of the following year. The first petition should be filed on September 1, 2025, for SAFIR factors to be effective January 1 through December 31, 2026. The annual SAFIR petitions should include all calculations to show a final true-up, actual-estimated true-up, projected year investments and associated revenue requirements, and the calculations of the SAFIR factors by rate class. The annual petitions should also include a report including the location, date, description, and associated costs of all replacement projects completed and all projects scheduled for the following year.

SAFIR Rate Impacts

In response to staff's second data request, Peoples provided SAFIR rate impacts based on the requested \$470.1 million increase associated with the new activities for 2025 through 2034, assuming there is no rate case in the next 10 years in which the SAFIR rider revenue requirement would be rolled into rate base and the SAFIR surcharge would be reset.¹⁴ A residential customer on the RS-2 rate schedule, using 20 therms a month, would have in 2025 an expected monthly bill impact of \$0.16 or \$1.90 annually. In 2034, the projected impact on a residential customer on the RS-2 rate schedule, using 20 therms a month, would be \$2.11 or \$25.26 annually. Staff notes that Peoples' calculation was based on the assumption that a SAFIR surcharge would be effective in 2025. The bill impacts were calculated using the estimated costs for all of the

¹⁴ Response No. 6 in Staff's Second Data Request, Document No. 09106-2024.

Date: January 24, 2025

proposed projects under the SAFIR rider. If the Commission were to deny any of the requested projects as recommended by staff, the bill impacts would be less.

Conclusion

The Commission should approve Peoples' expansion of the rider program to include: (1) maximum allowable operating pressure (MAOP) reconfirmation and material verification, (2) pipeline spans and shallow/exposed pipe, and (3) the relocation of facilities in rear easements. These components of the proposed rider expansion are reasonable additions that are required by recent changes to the United States Pipeline and Hazardous Materials Administration (PHMSA) regulations and/or are consistent with approved items in previous Commission Orders.

The Commission should deny the inclusion of (1) pipeline pressurization monitoring and management, (2) pipeline damages and leaks, (3) pipeline within casings, (4) undetectable facilities, and (5) system enhancement projects, as they are not required by PHMSA regulations and/or are part of the utility's normal operations and, therefore, more appropriately addressed through traditional ratemaking processes.

Issue 2: Should this docket be closed?

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

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

Item 9

State of Florida



Public Service Commission

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

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

DATE: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Hampson) *EJD*
Office of the General Counsel (Sandy) *JSC*

RE: Docket No. 20240141-GU – Petition for approval of transportation service agreement between Peninsula Pipeline Company, Inc. and Florida City Gas.

AGENDA: 02/04/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Passidomo

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On September 20, 2024, Peninsula Pipeline Company, Inc. (Peninsula) filed a petition seeking approval of a firm transportation service agreement between Peninsula and Pivotal Utility Holdings, Inc. d/b/a Florida City Gas (FCG). Concurrent with the approval of the transportation service agreement, FCG would sell three pipeline assets and associated facilities to Peninsula. Peninsula states that once completed, the project will provide better options for transporting gas supplies to the subject area of FCG’s distribution system and more alternatives for delivering gas point to point on FCG’s system. The project would take place in Miami-Dade County, in the area referred to as the “Miami Loop.”

Peninsula, a wholly owned subsidiary of Chesapeake Utilities Corporation (CUC), operates as an intrastate natural gas transmission company as defined by Section 368.103(4), Florida Statutes

(F.S.).¹ FCG, which recently became a subsidiary of CUC, is a local distribution company subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, F.S. FCG provides natural gas service to residential, commercial, and industrial customers in Brevard, Indian River, and Miami-Dade Counties, and receives deliveries of natural gas to serve these customers over the interstate transmission pipelines owned by Florida Gas Transmission Company, LLC.

By Order No. PSC-07-1012-TRF-GP, Peninsula received approval of an intrastate gas pipeline tariff that allows it to construct and operate intrastate pipeline facilities and to actively pursue agreements with natural gas customers.² Peninsula provides gas transportation service only; it does not engage in the sale of natural gas to customers. Pursuant to the Order, Peninsula is allowed to enter into certain gas transmission agreements without prior Commission approval.³ However, Peninsula is requesting Commission approval of the proposed firm transportation agreement as it does not fit any of the criteria enumerated in the tariff for which Commission approval would not be required.⁴ The Parties are subsidiaries of CUC, and agreements between affiliated companies must be approved by the Commission pursuant to Section 368.105, F.S.

In July 2024, the Commission approved a firm transportation service agreement between Peninsula and FCG, located in the Miami Loop area.⁵ As described on pages 7 and 8 of Order No. PSC-2024-0271-PAA-GU, the firm transportation service agreement enabled a producer of Renewable Natural Gas to connect with FCG's local distribution system. This previously approved transportation service agreement is referred to as the Miami-Dade Project, which will connect with the Miami Loop North and South segments. Furthermore, the Miami-Dade Project is depicted in Attachment B to the petition as the pink line.⁶

Staff held an informal conference phone call with Peninsula and FCG on January 21, 2025. Attachment A to the recommendation is the proposed firm transportation agreement. Attachment B to the recommendation is the Miami Loop Project map. The Commission has jurisdiction over this matter pursuant to Sections 366.05(1), 366.06, and 368.105, F.S.

¹ Order No. PSC-06-0023-DS-GP, issued January 9, 2006, in Docket No. 050584-GP, *In re: Petition for declaratory statement by Peninsula Pipeline Company, Inc. concerning recognition as a natural gas transmission company under Section 368.101, F.S., et seq.*

² Order No. PSC-07-1012-TRF-GP, issued December 21, 2007, in Docket No. 070570-GP, *In re: Petition for approval of natural gas transmission pipeline tariff by Peninsula Pipeline Company, Inc.*

³ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Sheet No. 11, Section 3.

⁴ Peninsula Pipeline Company, Inc., Intrastate Pipeline Tariff, Original Sheet No. 12, Section 4.

⁵ Order No. PSC-2024-0271-PAA-GU, issued July 26, 2024, in Docket No. 20240039-GU, *In re: Petition for approval of transportation service agreements between Peninsula Pipeline Company, Inc. and Pivotal Utility Holdings, Inc. d/b/a Florida City Gas.*

⁶ A similar map, which depicts solely the Miami-Dade project, is provided on page 50 of Order No. PSC-2024-0271-PAA-GU.

Discussion of Issues

Issue 1: Should the Commission approve the proposed firm transportation service agreement between Peninsula and FCG, dated September 18, 2024?

Recommendation: Yes, the Commission should approve the proposed firm transportation agreement between Peninsula and FCG, dated September 18, 2024. The proposed agreement is reasonable and meets the requirements of Section 368.105, F.S. Furthermore, the proposed agreement benefits FGC's current and future customers by increasing system resiliency and reliability. (Hampson)

Staff Analysis: There are three pipeline segments which are contemplated in the petition: Miami Loop West, Miami Loop South, and Miami Loop North. Each pipeline segment and its associated facilities would be acquired by Peninsula from FCG. In paragraph 13 of the petition, Peninsula explains that completing the transfer and acquisitions of the pipeline segments will allow it to enhance these systems with new construction and expansion to provide service to FCG's system. Staff notes that these pipeline acquisitions are not subject to approval by the Commission; however, Peninsula must seek the Commission's approval for the resulting firm transportation service agreement which allows Peninsula to serve FCG through the pipelines.

Article 4.1 of the proposed agreement specifies a term of 20 years and shall be extended year-to-year, unless either party gives written termination not less than 90 days prior to the expiration of the current term. Peninsula states that each of the projects associated with the pipeline segments are estimated to be completed in the third quarter of 2025.

FCG would recover its payments to Peninsula from its sales customers through the Purchased Gas Adjustment Clause and from its transportation customers through the Transportation Balancing Charge tariffs. FCG states that the impact of the proposed agreement would be minimal on the PGA factor.

Miami Loop West

As described in paragraph 14 of the petition, the first pipeline segment and associated facilities to be acquired by Peninsula from FCG is known as Miami Loop West. Peninsula explains that FCG had purchased the pipeline segment recently and, as a result, the pipeline segment is not in service nor included in FCG's base rates. Due to the pipeline's inactivity, Peninsula expects to conduct testing on the facilities of the Miami Loop West segment. In addition, Peninsula plans additional construction of facilities to tie-in the pipeline segment to FCG's distribution system as well as interconnect the pipeline segment with the Miami Loop South segment. Furthermore, Peninsula plans to extend the Miami Loop West segment further west, enabling FCG to serve new commercial customers.

As described above, the Miami Loop West segment is not currently included for recovery in FCG's base rates. However, during discussions with staff, FCG explained that the net book value of the gate station and meter for the pipeline segment are currently in the utility's rate base. As a result, the majority of the net book value associated with the Miami Loop West segment and associated facilities would be included in the proposed, confidential monthly reservation charge. FCG explained to staff that the marginal change in the monthly reservation charge from

before and after FCG's next applicable rate case is a result of the gate station and meter currently in rate base.

Miami Loop South

The Miami Loop South segment would also be acquired by Peninsula from FCG, as discussed in the beginning of paragraph 17 of the petition. Peninsula intends to complete work to increase the operating system pressure, including updating a regulator station and construction of an additional 2.3 miles of pipeline. Peninsula states that increasing the operating system pressure will improve service to FCG and its customers served via the Miami Loop South segment as well as enhance the resiliency of FCG's system.

Peninsula explains that, unlike the previously discussed segment, Miami Loop South is currently included in FCG's rate base. As shown in Exhibit A to the proposed firm transportation agreement, Peninsula proposes two sets of monthly reservation charges to avoid the double recovery of assets. One set of monthly reservation charges would apply prior to the pipeline segments being removed from FCG's rate base. The second set of monthly reservation charges would apply after FCG's next rate case, once these assets are removed from FCG's rate base. Article 4.3 of the proposed firm transportation agreement states that if at any time during the term of the agreement the Commission approves revised customer rates for FCG that reflect the removal of the assets from FCG's rate base, then Peninsula would replace the monthly reservation charge in accordance with Exhibit A to the agreement. During a phone call with staff, Peninsula confirmed that Article 4.3 of the agreement would be based upon the issuance of a Consummating Order in FCG's next rate case.

Miami Loop North

As described in paragraph 20 of the petition, Peninsula would acquire the Miami Loop North pipeline segment from FCG. Peninsula further stated that in order to increase system reliability, a new interconnect would be built to connect the Miami Loop North to the previously approved Miami-Dade Project. Furthermore, Peninsula explained that connecting the Miami Loop South and Miami-Dade project will allow for the bi-directional flow of gas to both the Miami Loop North and South segments, creating increased system resiliency.

Similar to the Miami Loop South segment, the Miami Loop North segment is also currently included in FCG's base rates. As such, the monthly reservation charge in the first set does not include the cost to acquire the Miami Loop North segment from FCG. Once the assets are removed from FCG's rate base in its next rate case, the second monthly reservation charge would take effect.

Conclusion

Based on the petition and the discussions with staff, the Commission should approve the proposed firm transportation agreement between Peninsula and FCG, dated September 18, 2024. The proposed agreement is reasonable and meets the requirements of Section 368.105, F.S. Furthermore, the proposed agreement benefits FCG's current and future customers by increasing system resiliency and reliability.

Issue 2: Should this docket be closed?

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

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.

PENINSULA PIPELINE COMPANY, INC. FIRM
TRANSPORTATION SERVICE AGREEMENT

THIS AGREEMENT is entered into this 18th day of September, by and between Peninsula Pipeline Company, Inc., a corporation of the State of Delaware (herein called "Company" or "PPC"), and Pivotal Utility Holdings, Inc. d/b/a Florida City Gas, a New Jersey corporation (herein called "Shipper" or "FCG"). PPC and FCG are sometimes referred to herein individually as a "Party" and collectively as "Parties."

WITNESSETH

WHEREAS, Company intends to construct a pipeline project, called the Miami Loop ("Project" or "ML") in Miami-Dade County, Florida. The Project will enhance natural gas supply and capacity in and through Miami-Dade County by PPC acquiring certain assets from Shipper, extending pipelines with new construction, improving existing facilities and interconnecting pipelines; and

WHEREAS, Shipper desires to obtain Firm Transportation Service ("FTS") from Company; and

WHEREAS, Company desires to provide FTS to Shipper, in accordance with the terms hereof; and

WHEREAS, Parties are or have recently become corporate affiliates; and

NOW THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, the sufficiency of which is hereby acknowledged, Company and Shipper do covenant and agree as follows:

ARTICLE I DEFINITION

Unless otherwise defined in this Agreement, all definitions for terms used herein have the same meaning as provided in Company's Tariff (as hereinafter defined).

"In-Service Date," with respect to a Segment, means the date on which all of the following have occurred: (1) construction of one or more Point(s) of Delivery on the Segment has been completed, (2) such Point(s) of Delivery has been inspected and tested as required by applicable law, and (3) the Company has commenced commercial operations through the Point(s) of Delivery. Company will use commercially reasonable efforts to notify Shipper in writing in advance of the expected In-Service Date for each Segment. Company shall confirm the actual In-Service Date for each Segment to Shipper in writing no later than five (5) days after such date.

"Segment" means a portion of the Project constructed, inspected, and tested as applicable by law.

ARTICLE II
QUANTITY & UNAUTHORIZED USE

2.1 The Maximum Daily Transportation Quantity ("MDTQ") and the Maximum Hourly Transportation Percentage ("MHTP") shall be set forth on Exhibit A attached hereto. The applicable MDTQ shall be the largest daily quantity of Gas, expressed in Dekatherms, which Company is obligated to transport on a firm basis and make available for delivery for the account of Shipper under this Agreement on any one GasDay.

2.2 If, on any Day, the Shipper utilizes transportation quantities, as measured at the Point(s) of Delivery, in excess of the established MDTQ, as shown on Exhibit A, such unauthorized use of transportation quantities (per Dekatherm) shall be billed at a rate of 2.0 times the rate to be charged for each Dekatherm of the MDTQ as set forth on Exhibit A of this Agreement.

ARTICLE III
FIRM TRANSPORTATION SERVICE RESERVATION
CHARGE

3.1 The Monthly Reservation Charge for Firm Transportation Service provided under this Agreement shall be as set forth in Exhibit A of this Agreement and shall be charged to the Shipper beginning on the In-Service Date of the first Segment and shall thereafter be assessed in accordance with the terms and conditions set forth herein.

3.2 If, at any time after the Execution Date (as herein defined) and throughout the term of this Agreement, the Company is required by any Governmental Authority (as that term is defined in Section 9.10) asserting jurisdiction over this Agreement and the transportation of Gas hereunder, to incur additional capital expenditures with regard to the service provided by Company under this Agreement, other than any capital expenditures required to provide transportation services to any other customer on the pipeline system serving Shipper's facility, but including, without limitation, mandated relocations of Company's pipeline facilities serving Shipper's facility and costs to comply with or any changes in pipeline safety regulations, then Shipper's Monthly Reservation Charge shall be adjusted and Exhibit A updated accordingly, and the new Monthly Reservation Charge shall be implemented immediately upon the effective date of such action, subject to Commission approval of the amendment. If Shipper does not agree to the adjusted Monthly Reservation Charge, Company shall no longer be required to continue to provide the service contemplated in this Agreement.

3.3 If, during the term of this Agreement, any Governmental Authority should increase any present tax or levy any additional or eliminate any existing tax impacting amounts billed and paid for service provided by Company under this Agreement, such change shall take effect for purposes of billing and payment under this Agreement effective as of the effective date of such modification to tax or levy. Should an action of a Governmental Authority result in a situation where Company otherwise would be required to provide transportation service at

rates that are not just and reasonable, the Company shall have the right to terminate this Agreement pursuant to the conditions set forth in Section E of the Rules and Regulations of Company's Tariff.

ARTICLE IV
TERM AND TERMINATION

4.1 Subject to all other provisions, conditions, and limitations hereof, this Agreement shall be effective upon its date of execution by both Parties (the "Execution Date") and shall continue in full force for an initial period of twenty (20) years from the completion of the last Segment ("Initial Term"). After the Initial Term, the Agreement shall be extended on a year-to-year basis (each a "Renewed Term" and, all Renewed Terms together with the Initial Term, the "Current Term"), unless either Party gives written notice of termination to the other Party, not less than (90) days prior to the expiration of the Current Term. This Agreement may only be terminated earlier in accordance with the provisions of this Agreement and the Parties' respective rights under applicable law.

4.2 If, at any time after the Execution Date and throughout the term of this Agreement, the Company makes any operational modification to the points of delivery or delivery points through modifications by the Company or requests by the Shipper or other third-party shippers, then Company or Shipper may request the opportunity to negotiate a modification of the rates or terms of this Agreement, and the Parties shall negotiate in good faith a modification to the Agreement.

4.3 If, at any time after the Execution Date and throughout the term of this Agreement, the Florida Public Service Commission approves revised customer rates for Shipper that reflect the removal of the assets associated with Project from Shipper's rate base, then company shall replace the monthly reservation in accordance with the Exhibit A.

4.4 No less than 120 days before the expiration of the Current Term, either Party may request the opportunity to negotiate a modification of the rates or terms of this Agreement to be effective with the subsequent Renewed Term. Neither Party is obligated to, but may, agree to any mutually acceptable modification to the Agreement for the subsequent Renewed Term. In the event the Parties reach agreement for a modification to the Agreement for the subsequent Renewed Term, such agreed upon modification ("Agreement Modification") shall be set forth in writing and signed by both Parties prior to the expiration of the Current Term.

4.5 Any portion of this Agreement necessary to resolve monthly balancing and operational controls under this Agreement shall survive the expiration or termination of this Agreement until such time as such monthly balancing and operational controls have been resolved.

4.6 In the event Shipper fails to pay for the service provided under this Agreement or otherwise fails to meet Company's standards for creditworthiness set forth in Section C of the Rules and Regulations of the Company's Tariff or otherwise violates the Rules and Regulations of Company's Tariff, or defaults on this Agreement, Company

shall have the right to terminate this Agreement pursuant to the conditions set forth in Section D of the Rules and Regulations of Company's Tariff.

ARTICLE V COMPANY'S TARIFF PROVISIONS

5.1 Company's Tariff approved by the Commission, including any amendments thereto approved by the Commission during the term of this Agreement ("Company's Tariff"), is hereby incorporated into this Agreement and made a part hereof for all purposes, except to the extent otherwise expressly provided herein. In the event of any conflict between Company's Tariff and the specific provisions of this Agreement, the latter shall prevail, in the absence of a Commission Order to the contrary.

**ARTICLE VI
REGULATORY AUTHORIZATIONS AND APPROVALS**

6.1 Company's obligation to provide service is conditioned upon receipt and acceptance of any necessary regulatory authorization to provide Firm Transportation Service for Shipper in accordance with the Rules and Regulations of Company's Tariff.

**ARTICLE VII
DELIVERY POINT(S) AND POINT(S) OF DELIVERY**

7.1 The Delivery Point(s) for all Gas delivered for the account of Shipper into Company's pipeline system under this Agreement, shall be as set forth on Exhibit A attached hereto.

7.2 The Point(s) of Delivery shall be as set forth on Exhibit A attached hereto.

7.3 Shipper shall cause Transporter to deliver to Company at the Delivery Point(s) on the Transporter's system, the quantities of Gas to be transported by Company hereunder. Company shall have no obligation for transportation of Shipper's Gas prior to receipt of such Gas from the Transporter at the Delivery Point(s), nor shall Company have any obligation to obtain capacity on Transporter for Shipper or on Shipper's behalf. The Company shall deliver such quantities of Gas received from the Transporter at the Delivery Point(s) for Shipper's account to Company's Point(s) of Delivery identified on Exhibit A.

ARTICLE VIII SCHEDULING AND BALANCING

8.1 Shipper shall be responsible for nominating quantities of Gas to be delivered by the Transporter to the Delivery Point(s) and delivered by Company to the Point(s) of Delivery. Shipper shall promptly provide notice to Company of all such nominations.

8.2 The Parties hereto agree that Shipper shall serve as the Delivery Point Operator (“DPO”) for the Delivery Point. Shipper shall be responsible for executing such documents as are required by the Transportation Service Provider's FERC Gas Tariff to assume the obligations of Delivery Point Operator for the Delivery Point.

8.3 Shipper shall administer the Delivery Point in accordance with the provisions of the Transportation Service Provider's FERC Tariff, and Shipper's Natural Gas Tariff approved by the Florida Public Service Commission, including any amendments thereto approved by the Commission during the term of this Agreement (“Shipper's Tariff”). Resolution of Monthly Receipt or Delivery Imbalances at the Delivery Point shall be in accordance with Shipper's Tariff. Each Month, Shipper, as DPO, shall provide to Company, third party shippers, and Shipper, as appropriate, statements of any Receipt or Delivery imbalance credits or charges and any Operational Order credits or charges for the preceding Month. Shipper shall provide timely notice to the Company of any Operational Orders issued by the Transportation Service Provider or Shipper that affect the Delivery Point in accordance with the Operator Order notice provisions of the Shipper's Tariff.

8.4 The Parties hereto recognize the desirability of maintaining a uniform rate of flow of Gas to Shipper's facilities over each Gas Day throughout each Gas Month. Therefore, Company agrees to receive from the Transporter for Shipper's account at the Delivery Point(s) and deliver to the Point(s) of Delivery up to the MDTQ as described in Exhibit A, subject to any restrictions imposed by the Transporter and to the provisions of this Agreement, and Shipper agrees to use reasonable efforts to regulate its deliveries from Company's pipeline system at a daily rate of flow not to exceed the applicable MDTQ for the Gas Month in question, subject to any additional restrictions imposed by the Transporter or by Company pursuant to Company's Tariff.

8.5 In the event of a conflict between the terms in this Article XIII and the DPO and balancing provisions in Shipper's Tariff, Shipper's Tariff, shall govern.

ARTICLE IX
MISCELLANEOUS PROVISIONS

9.1 Notices and Other Communications. Any notice, request, demand, statement, or payment provided for in this Agreement, unless otherwise specified, shall be sent to the Parties hereto at the following addresses:

Company:	Peninsula Pipeline Company, Inc. 500 Energy Lane, Suite 200 Dover, Delaware 19901 Attention: Contracts
Shipper:	Pivotal Utility Holdings, Inc. d/b/a Florida City Gas

208 Wildlight Avenue
Yulee, Florida 32097
Attention: Contracts

9.2 Headings. All article headings, section headings and subheadings in this Agreement are inserted only for the convenience of the Parties in identification of the provisions hereof and shall not affect any construction or interpretation of this Agreement.

9.3 Entire Agreement. This Agreement, including the Exhibit attached hereto, sets forth the full and complete understanding of the Parties as of the Execution Date, and it supersedes any and all prior negotiations, agreements and understandings with respect to the subject matter hereof. No Party shall be bound by any other obligations, conditions, or representations with respect to the subject matter of this Agreement.

9.4 Amendments. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by the Party against which enforcement of the termination, amendment, supplement, waiver or modification shall be sought. A change in (a) the place to which notices pursuant to this Agreement must be sent or (b) the individual designated as the Contact Person pursuant to Section 9.1 shall not be deemed nor require an amendment of this Agreement provided such change is communicated in accordance with Section 9.1 of this Agreement. Further, the Parties expressly acknowledge that the limitations on amendments to this Agreement set forth in this section shall not apply to or otherwise limit the effectiveness of amendments that are or may be necessary to comply with the requirements of, or are otherwise approved by, the Commission or its successor agency or authority.

9.5 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided, however, that if such severability materially changes the economic benefits of this Agreement to either Party, the Parties shall negotiate in good faith an equitable adjustment in the provisions of this Agreement.

9.6 Waiver. No waiver of any of the provisions of this Agreement shall be deemed to be, nor shall it constitute, a waiver of any other provision whether similar or not. No single waiver shall constitute a continuing waiver, unless otherwise specifically identified as such in writing. No waiver shall be binding unless executed in writing by the Party making the waiver.

9.7 Attorneys' Fees and Costs. In the event of any litigation between the Parties arising out of or relating to this Agreement, the prevailing Party shall be entitled to recover all costs incurred and reasonable attorneys' fees, including attorneys' fees in all investigations, trials, bankruptcies, and appeals.

9.8 Independent Parties. Company and Shipper shall perform hereunder as independent parties. Neither Company nor Shipper is in any way or for any purpose, by virtue

of this Agreement, a partner, joint venturer, agent, employer or employee of the other. . Nothing in this Agreement shall be for the benefit of any third person for any purpose, including, without limitation, the establishing of any type of duty, standard of care or liability with respect to any third person.

9.9 Assignment and Transfer. No assignment of this Agreement by either Party may be made without the prior written approval of the other Party (which approval shall not be unreasonably withheld) and unless the assigning or transferring Party's assignee or transferee shall expressly assume, in writing, the duties and obligations under this Agreement of the assigning or transferring Party. Upon such assignment or transfer, as well as assumption of the duties and obligations, the assigning or transferring Party shall furnish or cause to be furnished to the other Party a true and correct copy of such assignment or transfer and the assumption of duties and obligations.

9.10 Governmental Authorizations; Compliance with Law. This Agreement shall be subject to all valid applicable state, local and federal laws, orders, directives, rules and regulations of any governmental body, agency or official having jurisdiction over this Agreement and the transportation of Gas hereunder ("Governmental Authority"). Company and Shipper shall comply at all times with all applicable federal, state, municipal, and other laws, ordinances and regulations. Company and/or Shipper will furnish any information or execute any documents required by any duly constituted federal or state regulatory authority in connection with the performance of this Agreement. Each Party shall proceed with diligence to file any necessary applications with any Governmental Authorities for any authorizations necessary to carry out its obligations under this Agreement. In the event this Agreement or any provisions herein shall be found contrary to or in conflict with any applicable law, order, directive, rule or regulation, the latter shall be deemed to control, but nothing in this Agreement shall prevent either Party from contesting the validity of any such law, order, directive, rule, or regulation, nor shall anything in this Agreement be construed to require either Party to waive its respective rights to assert the lack of jurisdiction of any governmental agency other than the Commission, over this Agreement or any part thereof. In the event of such contestation, and unless otherwise prohibited from doing so under this Section 9.10, Company shall continue to transport and Shipper shall continue to take Gas pursuant to the terms of this Agreement. In the event any law, order, directive, rule, or regulation shall prevent either Party from performing hereunder, then neither Party shall have any obligation to the other during the period that performance under the Agreement is precluded. If, however, any Governmental Authority's modification to this Agreement or any other order issued, action taken, interpretation rendered, or rule implemented, will have a material adverse effect on the rights and obligations of the Parties, including, but not limited to, the relative economic position of, and risks to, the Parties as reflected in this Agreement, then, subject to the provisions of Sections 3.2 and 3.3 of this Agreement, the Parties shall use reasonable efforts to agree upon replacement terms that are consistent with the relevant order or directive, and that maintain the relative economic position of, and risks to, the Parties as reflected in this Agreement as of the Execution Date. As used herein, "Governmental Authority" shall mean any United States federal, state, local, municipal or other government; any governmental, regulatory or administrative agency, court, commission or other authority lawfully exercising or entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power; and any court or governmental tribunal.

(i) If any Governmental Authority asserting jurisdiction over the pipeline facility contemplated in this Agreement, issues an order, ruling, decision or regulation not covered by Section 3.2 or 3.3 of this Agreement (including denial of necessary permits or amendments to existing permits) related to the operation, maintenance, location, or safety and integrity compliance, including any new or revised enforceable regulatory classification of the pipeline facility, as applicable, which is not reasonably foreseeable as of the Execution Date and which results in a materially adverse effect on either Party's rights and benefits under this Agreement, each Party shall use commercially reasonable efforts and shall cooperate with the other Party to pursue all necessary permits, approvals and authorizations, if any, of such applicable Governmental Authority, and to amend the terms and conditions of this Agreement, in each case as may be reasonably required in order that provision of firm transportation service under this Agreement shall continue; provided that neither Party shall be required to take any action pursuant to this Section which is reasonably likely to have a materially adverse effect on such Party's rights and benefits under this Agreement.

(ii) If the Parties are unable or unwilling to reach agreement pursuant to this Section 9.10, Company shall have the right to terminate this Agreement, without any further obligations to Shipper, upon one hundred twenty (120) days' prior written notice to Shipper.


9.11 Applicable Law and Venue. This Agreement and any dispute arising hereunder shall be governed by and interpreted in accordance with the laws of the State of Florida, without regard for conflict of laws provisions. The venue for any action, at law or in equity, commenced by either Party against the other and arising out of or in connection with this Agreement shall be in a court of the State of Florida having jurisdiction.

9.12 Counterparts. This Agreement may be executed in counterparts, all of which taken together shall constitute one and the same instrument and each of which shall be deemed an original instrument as against any Party who has signed it.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives.

COMPANY
Peninsula Pipeline Company, Inc.

SHIPPER
Pivotal Utility Holdings, Inc. d/b/a Florida City Gas

By: 

By: 

Jeffery S. Sylvester
Title: Vice President and Chief Operating Officer

Kevin Webber
Title: Senior Vice President and Chief Development Officer

Date: 09/20/2024

Date: 09/19/2024

EXHIBIT A
FIRM TRANSPORTATION SERVICE AGREEMENT BETWEEN
PENINSULA PIPELINE COMPANY, INC.
AND
PIVOTAL UTILITY HOLDINGS, INC. d/b/a FLORIDA CITY GAS
DATED
SEPTEMBER 18, 2024

Description of Transporter Delivery Point(s)

Description
At or near SW 78 th Place and SW 21 st Terrace (West Miami)
At or near NW 93 rd Street and NW 89 th Avenue (Medley-ML North)
At or near 10200 NW 77 th Ave (Hialeah)
At or near NW 12 Street and Dolphin Express (Miami Airport)
New Interconnect(s) to be determined in Miami-Dade County

Description of Point(s) of Delivery

Description	Segment
At or near the corner of NW 58 th Street and NW 87 th Avenue	<u>ML North</u>
At or near the intersection of NW 74 th Street and NW 97 th Avenue	<u>ML North</u>
At or near NW South River Drive and NW 104 th Way	<u>ML North</u>
At or near NW 70 th Street	<u>ML North</u>
At or near W 12 th Street and SR825	<u>ML West</u>
At or near SW 8 th and Krome Avenue	<u>ML West</u>
At or near At or near Datran Drive and Old Highway 60	<u>ML South</u>
At or near Federal Highway and Old Dixie Highway	<u>ML South</u>
At or near SW 55 th St & SW 93 rd Ct	<u>ML South</u>
TBD New Point(s) of Delivery in Miami-Dade County	<u>TBD</u>

ML North MDTQ [REDACTED] Dt/Day
 ML West MDTQ [REDACTED] Dt/Day
 ML South MDTQ [REDACTED] Dt/Day

Total MDTQ (Dekatherms) [REDACTED] Dt/Day
 MHTP: [REDACTED]

Total Monthly Reservation Charge:

Monthly Reservation including new construction and acquisition of assets before being removed from the Shipper's rate base

Segment	Monthly Reservation Charge
ML North	████████
ML West	████████
ML South	████████
TOTAL	████████

Unauthorized Use Rate (In addition to Monthly Reservation Charge):

████████ Dekatherm

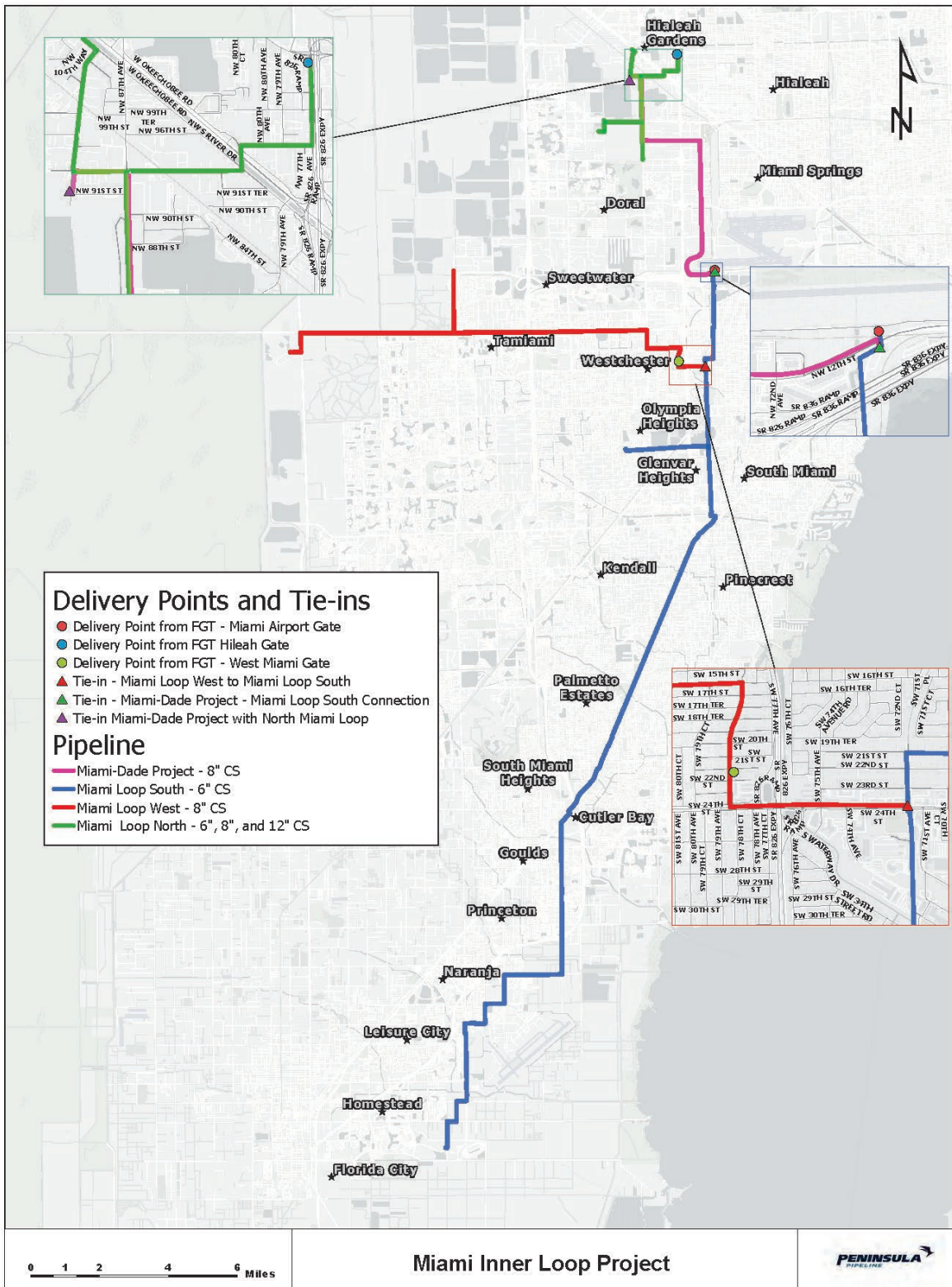
This charge is subject to adjustment pursuant to the terms of this Agreement.

Monthly Reservation including new construction and acquisition of assets after removal from the Shipper's rate base

Segment	Monthly Reservation Charge
ML North	████████
ML West	████████
ML South	████████
TOTAL	████████

This charge is subject to adjustment pursuant to the terms of this Agreement.

Unauthorized Use Rate (In addition to Monthly Reservation Charge): ██████████ Dekatherm



Item 10

State of Florida



Public Service Commission

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

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

DATE: January 24, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Sibley, Chambliss, Bruce) *CJP*
Division of Accounting and Finance (Bardin, York, Sowards) *ALM*
Division of Engineering (Wooten, Ellis)
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20240108-SU – Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.

AGENDA: 02/04/25 – Regular Agenda – Tariff Suspension – Participation is at the discretion of the Commission

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: 02/11/25 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

K W Resort Utilities Corp. (KWRU or utility) is a Class A wastewater utility providing service to approximately 1,844 customers in Monroe County. Water service is provided by the Florida Keys Aqueduct Authority. The utility's rates were last established in 2017 in Docket No. 20170141-SU.¹ According to the utility's 2023 annual report, the utility recorded total company operating revenues of \$3,880,373 and operating expenses of \$2,725,885 for wastewater.

¹ 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.*

On December 13, 2024, KWRU filed its application for approval of wastewater rate increases.² In its application, the utility requested that the Commission process the utility's rate case using the proposed agency action procedure as provided in Section 367.081(10), Florida Statutes (F.S.). On January 10, 2025, staff sent the utility a letter indicating deficiencies in the filing of its minimum filing requirements. The utility's response to the deficiencies was filed on January 15, 2025. Staff established the official filing date by letter on January 24, 2025.

KWRU's application for increased wastewater rates is based on the historical test year ending June 30, 2024. The utility is requesting a wastewater increase to recover all expenses it will incur in order to generate a fair rate of return on its investment and pro forma plant projects. The pro forma plant projects consist of replacing the South Wastewater Treatment Plant blowers and an electrical upgrade to the treatment plant. KWRU requested rates are designed to generate revenues of \$4,834,390 for wastewater operations. This represents a revenue increase of \$913,843, or 23.31 percent for wastewater.

On September 4, 2024, the Office of Public Counsel (OPC) filed a notice of intervention. OPC's intervention was acknowledged by Order No. PSC-2024-0407-PCO-SU, issued September 5, 2024.³ The 60-day statutory deadline for the Commission to suspend the utility's requested final rates is February 11, 2025. This recommendation addresses the suspension of the utility's requested rates. The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

² Document No. 08049-2024, filed on July 29, 2024.

³ Order No. PSC-2024-0407-PCO-SU, issued September 5, 2024, in Docket No. 20240108-SU, *In re: Application for increase in wastewater rates in Monroe County by K W Resort Utilities Corp.*

Discussion of Issues

Issue 1: Should the utility's proposed wastewater rates be suspended?

Recommendation: Yes. The utility's proposed wastewater rates should be suspended to allow staff and any intervenors sufficient time to adequately and thoroughly examine the appropriateness of the utility's request for final rate relief. (Sibley)

Staff Analysis: Section 367.081(6), F.S., provides that the rates proposed by a utility shall become effective within sixty days after filing unless the Commission votes to withhold consent of implementation of the requested rates. Further, the above referenced statute permits the proposed rates to go into effect, under bond, escrow, or corporate undertaking eight months after filing, unless final action has been taken by the Commission.

Staff has reviewed the filing and the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. Staff believes that it is reasonable and necessary to require further explanation regarding this data, and to require production of additional and/or corroborative data. This further examination will include a review by staff accountants and engineers. To date, staff has initiated an audit of KWRU's books and records to examine allocated investment and operating expenses. This audit is tentatively due on February 11, 2025. Therefore, staff recommends suspension of the utility's proposed rate increase to allow staff and any intervenors sufficient time to adequately and thoroughly examine the appropriateness of the utility's request for rate relief.

Issue 2: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's final action on the utility's requested rate increase. (Brownless)

Staff Analysis: This docket should remain open pending the Commission's final action on the utility's requested rate increase.