

Table of Contents  
Commission Conference Agenda  
September 4, 2025

1**	<b>Consent Agenda</b> .....	1
2	<b>Docket No. 20250035-GU</b> – Petition for approval of 2025 depreciation study and for approval to amortize reserve imbalance, by Florida City Gas. ....	2
3	<b>Docket No. 20240068-WS</b> – Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Sunshine Water Services Company. ....	3
4**	<b>Docket No. 20250085-TP</b> – 2026 State certification under 47 C.F.R. §54.313 and §54.314, annual reporting requirements for high-cost recipients and certification of support for eligible telecommunications carriers. ....	4
5**PAA	<b>Docket No. 20240149-EI</b> – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Debby, Helene, and Milton, by Florida Power & Light Company. ....	5
6**PAA	<b>Docket No. 20230019-EI</b> – Petition for recovery of costs associated with named tropical systems during the 2018-2022 hurricane seasons and replenishment of storm reserve, by Tampa Electric Company. ....	6
7**PAA	<b>Docket No. 20240168-WU</b> – Application for staff-assisted rate case in Highlands County, by Country Walk Utilities, Inc. ....	7
8**PAA	<b>Docket No. 20250093-EI</b> – Petition for approval of a negotiated as-available energy agreement between Duke Energy Florida, LLC and Placid Solar II, LLC. ....	12
9**PAA	<b>Docket No. 20250023-WS</b> – Application for staff-assisted rate case in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility. ....	13
10**PAA	<b>Docket No. 20250089-EU</b> – Joint petition for approval of amended and restated territorial agreement in Polk County, by Tampa Electric Company and City of Lakeland. ....	14
11**PAA	<b>Docket No. 20250013-WS</b> – Application for staff-assisted rate case in Highlands County, by LP Waterworks, Inc. ....	15
12	<b>Docket No. 20250052-WS</b> – Application for increase in water and wastewater rates in Brevard, Citrus, Duval, Highlands, Marion, and Volusia Counties by CSWR-Florida Utility Operating Company. ....	19

# 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:** August 22, 2025

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

**FROM:** Office of Industry Development and Market Analysis (Deas, Mallow)<sup>CH</sup>  
Office of the General Counsel (Imig, Marquez, Augspurger, Farooqi)<sup>AEH</sup>

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

**AGENDA:** 9/4/2025 - Consent Agenda - Proposed Agency Action - Interested Persons May Participate

**SPECIAL INSTRUCTIONS:** None

---

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

<u>DOCKET NO.</u>	<u>COMPANY NAME</u>	<u>CERT. NO.</u>
20250076-TX	Alternative Choice Wireless, LLC	9008
20250096-TX	Zayo Network Services, LLC	9006

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

# Item 2



REVISED 8/22/2025

FILED 8/22/2025

DOCUMENT NO. 08136-2025

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:** August 22, 2025

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

**FROM:** Office of the General Counsel (Rubottom, Sparks, Imig) *AEH*  
Division of Economics (Kunkler, Galloway, Richards, Wu) *EJD*  
Division of Accounting and Finance (Higgins) *MC*

**RE:** Docket No. 20250035-GU – Petition for approval of 2025 depreciation study and for approval to amortize reserve imbalance, by Florida City Gas.

**AGENDA:** 09/04/2025 – Regular Agenda – Decision on Motion for Reconsideration of Non-Final Order – Decision on Motion to Dismiss – Oral Argument Requested – Participation is at the Discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

## Case Background

On February 24, 2025, Florida City Gas (FCG or Company) filed a Petition for Approval of Depreciation Study and for Approval to Amortize Reserve Imbalance under Rule 25-7.045, Florida Administrative Code (F.A.C.). The petition includes a depreciation study (2025 Depreciation Study) and proposes depreciation parameters that result in a total calculated reserve surplus of \$27.3 million. FCG seeks approval of its 2025 Depreciation Study; an effective date for new depreciation rates of January 1, 2025; and approval to amortize the calculated \$27.3 million reserve surplus over a two-year period.

The Commission last approved depreciation rates for FCG in 2023, in connection with the Company's 2022 request for base rate increase, by Order No. PSC-2023-0177-FOF-GU (2023

Final Order).<sup>1</sup> That order approved depreciation parameters that resulted in a total reserve surplus of \$52,126,500, of which \$25 million could be amortized over a four-year period using a Reserve Surplus Amortization Mechanism (RSAM) requested by FCG. The Office of Public Counsel (OPC) appealed the 2023 Final Order, as well as the Commission's subsequent Clarifying Order. The matter is currently pending before the Florida Supreme Court, awaiting the Court's decision.

On February 26, 2025, OPC filed a Notice of Intervention<sup>2</sup> pursuant to Section 350.0611, Florida Statutes (F.S.). The following day, OPC filed a Motion to Hold Proceedings in Abeyance (Abeyance Motion),<sup>3</sup> which was denied by the Prehearing Officer by Order No. PSC-2025-0102-PCO-GU, issued on April 1, 2025 (Denial Order). OPC subsequently filed a Motion for Reconsideration<sup>4</sup> of the Denial Order on April 11, 2025, and an accompanying Request for Oral Argument,<sup>5</sup> to which FCG filed a Response in Opposition to Citizens' Motion for Reconsideration and Response to Request for Oral Argument (Reconsideration Response)<sup>6</sup> on April 17, 2025.

Separately, on June 20, 2025, OPC filed a Motion to Dismiss,<sup>7</sup> in which it argued the Commission lacks jurisdiction to consider FCG's Petition, and an accompanying Request for Oral Argument<sup>8</sup> on its Motion to Dismiss. On June 30, 2025, FCG filed a Response in Opposition to OPC's Motion to Dismiss and Response to Request for Oral Argument (Dismissal Response).<sup>9</sup>

This recommendation addresses both of OPC's pending motions, the Motion to Dismiss and its Motion for Reconsideration, as well as its corresponding Requests for Oral Argument (collectively OPC's Motions). The Commission has jurisdiction pursuant to Chapter 366, F.S., including Section 366.05 and 366.05, F.S., as well as Rules 25-22.0022, 25-22.0376, and 28-106.204, F.A.C.

### **Review of OPC's Motions**

As a threshold matter, staff notes that both of OPC's Motions, as well as its prior Abeyance Motion, raise questions related to the Commission's jurisdiction to consider FCG's petition in this docket or requests that the Commission should not consider FCG's petition until the Florida Supreme Court renders a decision on OPC's appeal of the Commission's Rate Case Order. While staff acknowledges that OPC has a right to raise lack of jurisdiction at any time in a case,<sup>10</sup> it notes that each of these motions has been filed under different legal standards. For the sake of

---

<sup>1</sup> Order No. PSC-2023-0177-FOF-GU, issued June 9, 2023, in Docket No. 20220069-GU, *In re: Petition for rate increase by Florida City Gas*.

<sup>2</sup> Document No. 01130-2025.

<sup>3</sup> Document No. 01166-2025.

<sup>4</sup> Document No. 02777-2025.

<sup>5</sup> Document No. 02778-2025.

<sup>6</sup> Document No. 02899-2025.

<sup>7</sup> Document No. 05037-2025.

<sup>8</sup> Document No. 05038-2025.

<sup>9</sup> Document No. 05322-2025.

<sup>10</sup> See Rule 28-106.204(2), F.A.C.

clarifying the scope of this recommendation and the standard by which the Commission should consider and rule on each of OPC's Motions, staff offers a brief review of the prior motions.

OPC's first motion in this docket, the Abeyance Motion, was resolved by the Prehearing Officer's Denial Order, issued on April 1, 2025. That motion was filed pursuant to Rule 28-106.211, F.A.C., which provides that the prehearing officer "may issue any orders necessary to effectuate discovery, to prevent delay, and to promote the just, speedy, and inexpensive determination of all aspects of the case." As such, the Prehearing Officer's decision to deny the Abeyance Motion was an exercise of discretion that, as stated in the order, "pragmatically balance[d] regulatory efficiency, fairness to all the concerned parties, and the public interest in general."<sup>11</sup>

OPC's second motion, the Motion for Reconsideration of the Prehearing Officer's order denying its Abeyance Motion, is pending before the Commission. It was filed pursuant to Rule 25-22.0376, F.A.C., which allows a party to seek reconsideration of non-final orders. The standard by which the Commission considers a motion for reconsideration is whether the motion identifies a point of fact or law that the prehearing officer overlooked or failed to consider in rendering an order. *See Stewart Bonded Warehouse, Inc. v. Bevis*, 294 So. 2d 315 (Fla. 1974); *Diamond Cab Co. v. King*, 146 So. 2d 889 (Fla. 1962); *Pingree v. Quaintance*, 394 So. 2d 161 (Fla. 1st DCA 1981).

OPC's third motion, the Motion to Dismiss, is also pending before the Commission and raises as a legal question whether the Commission has jurisdiction to consider FCG's petition. Because the Commission is a creature of statute that can properly exercise only such power as it is given by the Legislature, if at any stage of a proceeding it determines that it lacks jurisdiction and thus the power to adjudicate a particular claim or to take a particular action, it must enter an appropriate order. *See, e.g., Polk Cty. v. Scjka*, 702 So. 2d 1243, 1245 (Fla. 1997). Thus, in considering OPC's Motion to Dismiss, the Commission must determine as a finding of law whether it has jurisdiction.

This recommendation will first address OPC's two requests for oral argument in Issue 1. Then, in Issue 2, it will address OPC's Motion to Dismiss for lack of jurisdiction. Because all three of OPC's motions have raised the issue of the Commission's jurisdiction, staff recommends that the Commission's decision on Issue 2 should squarely resolve the question of its jurisdiction to consider FCG's Petition, whether raised explicitly in OPC's Motion to Dismiss or implicitly in OPC's prior motions. To that end, this recommendation will cite to and discuss the jurisdictional arguments raised by OPC in each of its motions and in FCG's responses to those motions. Because a decision on OPC's Motion for Reconsideration depends upon the Commission having jurisdiction over this case, this recommendation will address that motion in Issue 3.

---

<sup>11</sup> Order No. PSC-2025-0102-PCO-GU, at p. 3.

## Discussion of Issues

**Issue 1:** Should the Commission grant OPC's Requests for Oral Argument on its motions?

**Recommendation:** No. Staff recommends that the Commission should deny OPC's requests because the pleadings are sufficient on their face for the Commission to consider and rule on each of the motions. However, if the Commission exercises its discretion to grant oral argument, staff recommends that 5 minutes per side is sufficient. (Rubottom, Sparks, Imig)

### **Staff Analysis:**

#### **Law**

Rule 25-22.0022(1), F.A.C., provides that a party may request oral argument before the Commission for any dispositive motion (such as a motion for reconsideration or a motion to dismiss) by filing a separate written pleading filed concurrently with the motion on which argument is requested. The rule requires that the request "shall state with particularity why oral argument would aid the Commissioners . . . in understanding and evaluating the issues to be decided." Granting or denying oral argument is within the sole discretion of the Commission.<sup>12</sup>

#### **OPC's Position**

In each request, OPC states that oral argument "could benefit the Commission's review and deliberation of the issues" involved in its motion and provide an opportunity to "answer any questions the Commissioners may have." With regard to its Motion for Reconsideration, OPC contends that oral argument could be beneficial because the issues "involve complex depreciation matters." OPC requests 10 minutes of time per party to present arguments on each of OPC's Motion.

#### **FCG's Position**

With respect to the Motion for Reconsideration, FCG states that OPC's motion does not involve "complex depreciation matters" that necessitate oral argument. To the contrary, the question appropriately before the Commission as a result of OPC's motion is whether the Prehearing Officer made a mistake of fact or law in determining that the depreciation issues pending before the Florida Supreme Court are sufficiently distinct from the depreciation study and petition that are the subject of this proceeding such that this docket should be allowed to proceed. FCG contends that Oral argument is unlikely to provide additional insight in that regard.

With respect to the Motion to Dismiss, FCG states that the issues raised by OPC in its motion have been thoroughly addressed in the motion and in FCG's response, and states its opinion that it is "unlikely that greater clarity will be gained as a result of oral argument."

#### **Staff Analysis**

Granting or denying oral argument is within the sole discretion of the Commission. Staff recommends that OPC has not stated with particularity why oral argument would aid the Commission in determining the issues raised in the Motions, as required by Rule 25-22.0022(1), F.A.C. Additionally, staff believes the pleadings are sufficient on their face for the Commission

---

<sup>12</sup> Rule 25-22.0022(3), F.A.C.

Date: August 22, 2025

to thoroughly consider and rule on the Motions. Further, with respect to the Motion to Dismiss, staff believes OPC raises a pure question of law to which oral argument is not likely to provide additional insight beyond what was developed and presented for the Commission's consideration in the written pleadings.

For the reasons stated above, staff recommends the Commission deny OPC's Requests for Oral Argument. However, if the Commission exercises its discretion to grant OPC's Requests, staff recommends that 5 minutes per side is sufficient to assist the Commission in its deliberation.

Date: August 22, 2025

**Issue 2:** Should the Commission grant OPC's Motion to Dismiss due to a lack of subject matter jurisdiction?

**Recommendation:** No. The Commission should deny OPC's Motion because FCG's petition for approval of a new depreciation study and depreciation parameters is within the Commission's jurisdiction. The Commission has subject matter jurisdiction over FCG's depreciation rates, the present case is separate and distinct from the case pending on appeal before the Supreme Court, and a Commission decision in this case would not affect the appeal currently pending before the Supreme Court. (Rubottom, Sparks, Imig)

**Staff Analysis:** Staff believes that the Commission has jurisdiction to hear and decide FCG's petition for the following reasons:

- "Subject-matter jurisdiction" concerns the power of the trial court to deal with a class of cases to which a particular case belongs.<sup>13</sup> The Commission has subject matter jurisdiction over FCG's rates and service pursuant to Section 366.04(1), F.S. Because FCG's Petition pertains to FCG's depreciation rates, the Commission has subject matter jurisdiction to hear and decide this case.
- "Case jurisdiction" concerns the power of the Commission over a particular case that is within its subject matter jurisdiction.<sup>14</sup> When a Commission order is appealed, exclusive jurisdiction lies with the appellate court,<sup>15</sup> and the Commission loses case jurisdiction over the particular case and any matter that would affect the issues on appeal. The Commission has case jurisdiction because FCG's Petition in the present docket is distinct from the case decided by the 2023 Rate Case Order that is currently pending before the Florida Supreme Court, and because FCG's Petition does not raise issues that affect the appeal.<sup>16</sup>
- Even if FCG's Petition is in some way connected with the prior case and could affect the issues on appeal, Florida law favors administrative hearings to develop and flesh out the differences between successive administrative proceedings.<sup>17</sup> Thus, it would be premature to dismiss the case for lack of jurisdiction.

For these reasons, as discussed in more detail below, staff recommends the Commission deny OPC's Motion to Dismiss and find that it has jurisdiction over FCG's Petition in this case.

---

<sup>13</sup> *Viverette v. State, Dep't of Transp.*, 227 So. 3d 1274, 1278 (Fla. 1st DCA 2017).

<sup>14</sup> *Allen v. Helms*, 293 So. 3d 572, 577-578 (Fla. 1st DCA 2020).

<sup>15</sup> Art. V., § 3(b)(2), Fla. Const.

<sup>16</sup> *Dep't of Revenue ex rel. Simmons v. Wardlaw*, 25 So. 3d 80, 82 (Fla. 4th DCA 2009); *Schultz v. Schickendanz*, 884 So. 2d 422, 424 (Fla. 4th DCA 2004); *Thursby v. Stewart*, 138 So. 742, 751 (Fla. 1931).

<sup>17</sup> *Delray Medical Center, Inc. v. State, Agency for Health Care Admin.*, 5 So. 3d 26, 30 (Fla. 4th DCA 2009).

Date: August 22, 2025

### Legal Standard of Review & Jurisdiction

In recent years, Florida courts have distinguished between “subject matter jurisdiction,” which concerns the power of the trial court to deal with a class of cases to which a particular case belongs, and “procedural” or “case” jurisdiction, which concerns the power of the court over a particular case that is within its subject matter jurisdiction. *Allen v. Helms*, 293 So. 3d 572, 577-578 (Fla. 1st DCA 2020). If at any stage of a proceeding an agency determines that it lacks jurisdiction and thus the power to adjudicate a particular claim, it must enter an appropriate order. *Polk Cty. v. Scjka*, 702 So. 2d 1243, 1245 (Fla. 1997).

Subject matter jurisdiction relates to the power of a court or agency to deal with the class of cases to which a particular case belongs, and does not depend upon whether a plaintiff ultimately has a good cause of action in the particular case. *Viverette v. State, Dep’t of Transp.*, 227 So. 3d 1274, 1278 (Fla. 1st DCA 2017). Subject matter jurisdiction is conferred upon a court by constitution or statute, and thus cannot be waived or created by agreement of the parties. *See, e.g., Snider v. Snider*, 686 So. 2d 802, 804 (Fla. 4th DCA 1997); *See also, City of Cape Coral v. GAC Utilities, Inc. of Fla.*, 281 So. 2d 493, 495-96 (Fla. 1973) (stating that as a “creature[] of statute . . . the Commission’s powers, duties and authority are those and only those that are conferred expressly or impliedly by statute”). Thus, to determine whether an agency has subject matter jurisdiction over a class of cases, one must look to Florida’s constitution and statutes.

Subject matter jurisdiction is “generally tested by the good-faith allegations in the complaint and is not dependent upon the ultimate disposition of the lawsuit.” *Faulk v. State, Dep’t of Revenue*, 157 So. 3d 534, 536 (Fla. 1st DCA 2015) (quoting *Seven Hills, Inc. v. Bentley*, 848 So. 2d 345, 350 (Fla. 1st DCA 2003)). However, when considering a motion to dismiss for lack of subject matter jurisdiction, the Commission may look beyond the four walls of the petition. *See Morgan v. Dep’t of Env’tl. Protection*, 98 So. 3d 651, 653 (Fla. 3d DCA 2012) (“A trial court may look to facts gathered outside the pleadings, including affidavits, to determine subject matter jurisdiction.”); *Mancher v. Seminole Tribe of Florida, Inc.*, 708 So. 2d 327, 328 (Fla. 4th DCA 1998) (“A motion to dismiss based on lack of subject matter jurisdiction may properly go beyond the four corners of the complaint when it raises solely a question of law.”). Additionally, the test for whether a pleading sufficiently involves the jurisdiction of a court is not as stringent as the test to determine whether the claimant has failed to state a cause of action. *See Fla. Power & Light Co. v. Canal Auth. of Fla.*, 423 So. 2d 421, 425 (Fla. 5th DCA 1982).

With respect to “case jurisdiction,” lack of case jurisdiction is an issue where a lower court has subject matter jurisdiction over the class of cases but is divested of jurisdiction over a particular case due to, for instance, procedural posture. *See Stokes v. Jones*, 319 So. 3d 166, 169 (Fla. 1st DCA). Courts have sometimes referred to this as “continuing jurisdiction” or “procedural jurisdiction” because it turns on the procedural posture of a case or whether certain issues remain to be resolved after a final judgment.<sup>18</sup> In the context of gas utility regulation, the Florida Supreme Court has exclusive jurisdiction to “review action of statewide agencies relating to rates or service of utilities providing electric, gas, or telephone service.”<sup>19</sup> However, the Commission does not lose jurisdiction over the utility involved in the case on appeal, nor over the entire class of subject matter involved in the appeal; the appellate court’s jurisdiction only covers the subject

<sup>18</sup> See Judge Scott Stephens, *Florida’s Third Species of Jurisdiction*, 82 Fla. Bar J. 10, 16 (Mar. 2008).

<sup>19</sup> Art. V., § 3(b)(2), Fla. Const.

Date: August 22, 2025

matter of the particular case on appeal. *See, e.g., Thursby v. Stewart*, 138 So. 742, 751 (Fla. 1931) (stating that “when an appeal is perfected . . . [t]he authority of the lower court is terminated, and it cannot proceed in the cause, *at least as to the subject-matter of the appeal*, until the appeal is heard and determined”) (emphasis added); *Schultz v. Schickendanz*, 884 So. 2d 422, 424 (Fla. 4th DCA 2004) (holding that a court “is divested of jurisdiction upon notice of appeal *except with regard to those matters which do not interfere with the power and authority of the appellate court.*” (emphasis added) (quoting *Palma Sola Harbour Condo., Inc. v. Huber*, 374 So. 2d 1135, 1138 (Fla. 2d DCA 1979)).

Additionally, “the test to determine loss of jurisdiction is not whether the [Commission] is proceeding in matters *related to the final judgment*, but rather the proper test is whether the [Commission] is proceeding in a matter which *affects the subject matter on appeal.*” *Dep’t of Revenue ex rel. Simmons v. Wardlaw*, 25 So. 3d 80, 82 (Fla. 4th DCA 2009) (cleaned up) (emphasis added). *See also, Hollywood, Inc. v. Clark*, 15 So. 2d 175, 181 (Fla. 1943) (“The scope of the ‘subject matter of an appeal’ must be measured by what the appeal is from and what it brings before the appellate court for review.”); *Waltham A. Condo. Ass’n v. Vill. Mgmt., Inc.*, 330 So. 2d 227, 234 (Fla. 4th DCA 1976) (“[S]ubsequent proceedings in the lower court may not interfere with the power of the appellate court to make its jurisdiction effective with respect to the . . . order on appeal.”). Therefore, the Commission may lose case jurisdiction over certain issues in a case where those issues affect the subject matter of a pending appeal, but retain case jurisdiction as to issues that would not affect the appeal.

Although courts have articulated doctrines and tests to determine jurisdiction, Florida law also recognizes significant differences between courts and administrative agencies, and it cautions against applying analogous procedural and jurisdictional doctrines in a manner that precludes an agency from exercising its regulatory jurisdiction. As the Florida Supreme Court explained in *Pecples Gas System, Inc. v. Mason*, 187 So. 2d 335, 339 (Fla. 1966):

We understand well the differences between the functions and orders of courts and those of administrative agencies, particularly those regulatory agencies which exercise a continuing supervisory jurisdiction over the persons and activities regulated. . . . [W]hereas courts usually decide cases on relatively fixed principles of law for the principal purpose of settling the rights of the parties litigant, the actions of administrative agencies are usually concerned with deciding issues according to a public interest that often changes with shifting circumstances and passage of time. Such considerations should warn us against a too doctrinaire analogy between courts and administrative agencies and also against inadvertently precluding agency-initiated action concerning the subject matter dealt with in an earlier order.<sup>20</sup>

Likewise, Florida law generally “favors administrative hearings to develop and flesh out the differences between” cases before arriving at conclusions on an agency’s power to hear and decide the issues. *Delray Medical Center, Inc. v. State, Agency for Health Care Admin.*, 5 So. 3d

---

<sup>20</sup> *Pecples Gas System*, 187 So. 2d at 339. *See also, Cmty. Fin. Corp. v. Fla. Dep’t of Envtl. Regulation*, 416 So. 2d 813, 817 (Fla. 1st DCA 1982) (stating that the purpose of the APA is to favor resolution by agencies rather than courts those “disputes which are particularly within the administrative agency’s expertise”).



Date: August 22, 2025

26, 30 (Fla. 4th DCA 2009). Thus, staff's view is that Florida law favors allowing a proceeding to continue if a potential decision on a utility's petition could fall within the Commission's jurisdiction, and that dismissal for lack of jurisdiction prior to the point of a final agency action in such cases would be premature.

### **OPC's Arguments**

In its Motion to Dismiss, OPC argues that "[t]he Commission lacks the authority, at this time, to change FCG's RSAM-adjusted depreciation rates when the legality of the Commission's approval of those same depreciation rates and application of Rule 25-7.045, F.A.C.[,] is currently pending before the Florida Supreme Court." (OPC Motion to Dismiss 5) OPC alleges that "a Commission decision to change the depreciation rates in the instant docket *affects* the depreciation rates on appeal." *Id.* (emphasis in original) (citing to *Wardlaw*, 25 So. 3d at 82). Similarly, in its Motion for Reconsideration, OPC stated that "the Commission lacks jurisdiction to proceed with determining whether to change depreciation rates in this docket since doing so directly affects the very same depreciation rates currently being reviewed by the Florida Supreme Court." (OPC Motion for Reconsideration 6)

### **FCG's Response**

FCG argues that the Commission is vested with subject matter jurisdiction by Chapters 350 and 366, and that the depreciation study filed in this docket was "filed in accordance with Rule 25-7.045, F.A.C." (FCG Dismissal Response 2) FCG argues that *Wardlaw* is inapplicable because, unlike this case, the *Wardlaw* case arose when a party appealed an agency order then subsequently filed a motion to vacate the same order from which he appealed. FCG argues that this case is distinguishable because "[t]he depreciation study, parameters, and reserve surplus addressed in the [2023 Final Order] are not at issue in the current proceeding, nor is the 2025 Depreciation Study the subject of an ongoing appeal at the Florida Supreme Court." *Id.* at 3. FCG also states that the two cases OPC cites along with *Wardlaw*<sup>21</sup> involve cases in which "the appellate courts determined the trial court retained jurisdiction to address the separate requests for attorney's fees." *Id.*

FCG also argues that:

While it is true that FCG is seeking to change the actual rates that are a component of the issues appeal [*sic*], FCG's requests in this docket do not alter the prior Rate Case Order whatsoever, nor would a Commission decision addressing FCG's current requests impede the Court's ability to address the Commission's prior decision to accept the RSAM and RSAM-adjusted depreciation parameters. *Id.* at 4.

FCG also argues that OPC's argument "blurs the line between 'subject matter jurisdiction' and 'case jurisdiction.'" (FCG Dismissal Response 4-5) FCG states that subject matter jurisdiction "involves the power of a court to hear a class of cases," while case jurisdiction is "the power of a court or agency over a particular case that is within its subject matter jurisdiction." *Id.* Although FCG states that distinguishing between the two types of jurisdiction is "critical, because lack of

---

<sup>21</sup> *Casavan v. Land O'Lakes Realty, Inc.* *cf* *Leesburg*, 526 So. 2d 215 (Fla. 5th DCA 1988); *Bernstein v. Berrin*, 516 So. 2d 1042 (Fla. 2d DCA 1987).

Date: August 22, 2025

‘case’ jurisdiction does not render proceedings or decisions automatically void,” FCG argues that the Commission has both case jurisdiction and subject matter jurisdiction to address FCG’s Petition and 2025 Depreciation Study. *Id.* at 5-6 (emphasis removed).

### Staff Analysis and Recommendation

A closer look at OPC’s Motion to Dismiss shows that it is not actually arguing that the Commission does not have subject matter jurisdiction over this case. Because OPC’s arguments relate to the Commission’s power to proceed in a particular case based on procedural posture, staff agrees with FCG that OPC’s arguments are better understood as a challenge to the Commission’s “case jurisdiction,” according to the legal doctrine articulated by recent Florida court decisions.<sup>22</sup> However, construing OPC’s Motion to Dismiss liberally, and applying the relevant law, the threshold legal standards for both subject matter jurisdiction and case jurisdiction are satisfied in this case, and the Commission therefore has jurisdiction to consider and decide FCG’s Petition.

With respect to subject matter jurisdiction, the Legislature granted the Commission exclusive jurisdiction “to regulate and supervise each public utility with respect to its rates and service.”<sup>23</sup> Thus, there is no question that the Commission has subject matter jurisdiction over the class of cases regulating FCG’s depreciation rates. Because FCG’s Petition requests approval of its 2025 Depreciation Study, approval of new depreciation parameters resulting from that study, and approval of a two-year amortization of a resulting depreciation reserve surplus, staff’s view is that this docket falls into the class of cases addressing FCG’s depreciation rates. Therefore, staff believes the Commission has subject matter jurisdiction over FCG’s Petition.

Next, staff believes the Commission has case jurisdiction over FCG’s Petition for two reasons: (1) the prior case decided by the 2023 Rate Case Order is distinct and independent of the present case; and (2) even assuming the two proceedings originate from the same “case,” the Commission retains jurisdiction to address FCG’s Petition because a final order would not alter the Court’s analysis of the issues raised in OPC’s appeal of the 2023 Rate Case Order nor impair the court’s ability to resolve the appeal. Each of these reasons is sufficient on its own to find that the Commission has case jurisdiction, and they are supported by staff’s view of the facts as discussed below.

First, staff views the prior case decided by the 2023 Rate Case Order as distinct and independent of the current case because each arises from a separate petition supported by an independent evidentiary record. While OPC does not explicitly allege in its Motions that FCG’s Petition in this docket is so interrelated with the prior proceeding as to essentially originate from the same “case,” it argues in its Motion for Reconsideration that the reserve surplus at issue in this case is the same as that recognized by the Commission in the 2023 Rate Case Order. (OPC Motion for Reconsideration 5). Additionally, OPC argues that “the depreciation parameters and rates on appeal and the proposed depreciation parameters and rates in FCG’s 2025 Depreciation Study are inextricably intertwined.” *Id.* at 7.

---

<sup>22</sup> *Allen v. Helms*, 293 So. 3d at 577-578; *Stokes v. Jones*, 319 So. 3d at 169.

<sup>23</sup> Section 366.04(1), F.S.

Date: August 22, 2025

Staff disagrees. In utility regulation, a depreciation study is meant to provide the regulator with a current-view update on the utility's recovery of its plant investment, and a request for updated depreciation rates and parameters is meant to align the cost recovery period for utility assets on a going-forward basis with the projected service lives of those assets. Thus, while it is clear from FCG's Petition that the Company is requesting that the Commission change depreciation rates previously established by the Rate Case Order, that is the extent of the relationship between the cases. The Commission would not be considering modifying its previous order nor any aspect thereof. Rather, the Commission would consider FCG's current circumstances and updated projections to decide the questions at issue on the basis of a distinct, independent petition and evidentiary record.

Here, FCG's Petition requests approval of its 2025 Depreciation Study, approval of updated depreciation parameters resulting from that study, and approval of a two-year amortization of a resulting depreciation reserve surplus. As previously observed by the Prehearing Officer in this docket, FCG represents that this petition is supported by an independent record, including a different expert witness and a new depreciation study.<sup>24</sup> Further, staff is actively engaging with the Company in the discovery process to investigate FCG's requests based upon the evidence provided in this docket. Thus, FCG's Petition initiated a new case, and the Commission therefore has case jurisdiction because the Florida Supreme Court's jurisdiction extends only to the prior case on appeal.

Second, even if the two dockets originate from the same "case" for purposes of case jurisdiction, the Commission retains case jurisdiction over FCG's Petition in this docket because it does not affect the issues raised by OPC on appeal. As discussed above, an appeal from one of the Commission's orders only divests it of jurisdiction over matters that affect the issues on appeal.<sup>25</sup>

In its appeal of the Commission's 2023 Rate Case Order, OPC raised three main arguments related to FCG's depreciation rates. First, OPC argued that the Commission's approval of FCG's alternative, RSAM-Adjusted Depreciation Parameters to create a reserve surplus was inconsistent with Rule 25-7.045, F.A.C.<sup>26</sup> Second, OPC argued that the Commission's approval of the RSAM and RSAM-Adjusted Depreciation Parameters deviated without explanation from a policy that "reserve imbalances represent intergenerational inequity and . . . that such imbalances therefore should be corrected."<sup>27</sup> And third, OPC argued that the Commission's approval of the RSAM and RSAM-Adjusted Depreciation Parameters was not supported by competent, substantial evidence.<sup>28</sup>

Staff agrees with OPC that the test of determining loss of jurisdiction is "whether the [Commission] is proceeding in a matter which affects the subject matter on appeal."<sup>29</sup> A decision

---

<sup>24</sup> Order No. PSC-2025-0102-PCO-GU, at p. 3.

<sup>25</sup> *Wardlaw*, 25 So. 3d at 82; *Schultz*, 884 So. 2d at 424; *Thursby*, 138 So. at 751.

<sup>26</sup> See Citizens' Initial Brief at 26, *Citizens cf State v. Fla. Pub. Serv. Comm'n*, No. SC2023-0988 (Fla. filed Jan. 31, 2024).

<sup>27</sup> *Id.* at 33.

<sup>28</sup> *Id.* at 40.

<sup>29</sup> *Wardlaw*, 25 So. 3d at 82. In some of the pleadings in this docket, OPC seems to reverse this test, arguing instead based on the potential for the *Supreme Court's* decision to impact the Commission's ability to resolve FCG's Petition in *this* docket.

Date: August 22, 2025

by the Commission in this docket would not affect or interfere with the Florida Supreme Court's ability to resolve the case on appeal because none of the three aforementioned issues could be considered or altered by a decision in this docket. FCG's Petition here does not include a new RSAM, RSAM-adjusted depreciation parameters, nor a request to modify the terms of the 4-year RSAM approved in the 2023 Rate Case Order. Staff agrees with FCG that "FCG's requests in this docket do not alter the prior Rate Case Order whatsoever, nor would a Commission decision addressing FCG's current requests impede the Court's ability to address the Commission's prior decision to accept the RSAM and RSAM-adjusted depreciation parameters." (FCG Dismissal Response 4)

While staff agrees that each docket addresses a depreciation reserve imbalance issue, in each case this was a fallout issue resulting from the depreciation rates and parameters established or requested, respectively, based on distinct and independent record evidence in each docket. In other words, the Commission in this docket will determine appropriate depreciation parameters and rates for FCG's assets on a going-forward basis, and, if a reserve imbalance exists as a result of that decision, the Commission will prescribe a going-forward treatment to address that imbalance. Thus, staff's view is that the Commission's decisions in this docket will not have a retroactive effect that would interfere with the case on appeal.

Therefore, because staff's view is that matters involved in this docket do not affect the issues raised in OPC's appeal of the 2023 Rate Case Order, staff believes the Commission has case jurisdiction to hear and decide FCG's Petition in this case.

### **Conclusion**

For the reasons stated above, staff recommends the Commission find it has jurisdiction to hear and decide FCG's Petition in this case. The Commission has subject matter jurisdiction because Section 366.04(1), F.S., grants the Commission jurisdiction to regulate the rates and service of public utilities, including depreciation rates. The Commission has case jurisdiction because the present case is distinct and independent from the one decided by the 2023 Rate Case Order currently pending on appeal, and because the matters at issue in this docket do not affect the issues raised in the appeal.

Even assuming for the sake of argument that the Commission *could* make a decision in this case that affects the subject matter of the appeal, staff believes it is premature to dismiss the case before completing discovery and litigating the case to help the Commission "develop and flesh out the differences between" the two cases and the potential effect a decision in this docket might have. *See Delray Medical*, 5 So. 3d at 30. Therefore, staff recommends the Commission deny OPC's Motion to Dismiss.

**Issue 3:** Should the Commission grant OPC's Motion for Reconsideration?

**Recommendation:** No. Staff recommends that the Commission deny OPC's Motion for Reconsideration under the Commission's traditional standard of review for such motions because OPC has failed to articulate a reason to depart from that standard and because the Motion fails to raise a point of fact or law that the Prehearing Officer overlooked or failed to consider in rendering the Denial Order. (Rubottom, Sparks, Imig)

**Staff Analysis:**

**Law: Standard of Review**

The standard of review for reconsideration of a Commission order is whether the motion identifies a point of fact or law that the Commission overlooked or failed to consider in rendering the order under review. *See Stewart Bonded Warehouse, Inc. v. Bevis*, 294 So. 2d 315 (Fla. 1974); *Diamond Cab Co. v. King*, 146 So. 2d 889 (Fla. 1962); and *Pingree v. Quaintance*, 394 So. 2d 162 (Fla. 1st DCA 1981). It is not appropriate to reargue matters that have already been considered. *Sherwood v. State*, 111 So. 2d 96 (Fla. 3d DCA 1959) (citing *State ex rel. Jaytex Realty Co. v. Green*, 105 So. 2d 817 (Fla. 1st DCA 1958)). Furthermore, a motion for reconsideration should not be granted "based upon an arbitrary feeling that a mistake may have been made, but should be based upon specific factual matters set forth in the record and susceptible to review." *Stewart Bonded Warehouse, Inc.*, 294 So. 2d at 317.

**OPC's Arguments**

As an initial matter, OPC asserts that "the Commission practice of applying the same review standard when the full Commission reviews the decision of a single Commissioner is neither in the public interest nor just." (OPC Motion for Reconsideration 2) OPC argues the ordinary standard for reconsideration should not apply here because "the majority of the Commission has not reviewed, considered, or ruled upon the specific matters in OPC's [Abeyance Motion]," and because the matters OPC raises "have not been previously considered by a majority of the Commission nor have they been the subject of any hearing or public deliberation." *Id.* OPC therefore asks that the Commission apply a *de novo* standard of review to its motion.

In regard to the merits of its Motion, OPC makes three arguments. First, OPC argues that, in its original Motion for Abeyance, it stated "[i]t would be premature of the Commission to initiate proceedings regarding amortization of the remaining \$27.3 million reserve surplus when the legality of the creation of the surplus is pending before the Florida Supreme Court." *Id.* at 4-5. OPC asserts this is the same as stating the Commission lacks jurisdiction to hear this case at this time. To support this position, OPC argues that "[t]he Commission cannot entertain the transmutation or relabeling of the reserve surplus and associated parameters on appeal without encroaching on the Florida Supreme Court's jurisdiction" and that "[p]roceeding with this docket directly affects the subject matter of the appeal in violation of Florida Law." *Id.* at 5. OPC argues the Prehearing Officer overlooked or failed to consider this point of law.

Second, OPC argues the Commission should reconsider its Order because the Prehearing Officer overlooked or failed to consider that the issue of whether FCG conducted its in-house 2025

Date: August 22, 2025

Depreciation Study “in accord with previous practices” is a legal issue to be litigated in this docket and therefore must not be prejudged. (OPC Motion for Reconsideration 5-6)

Third, OPC argues that the Prehearing Officer failed to consider the fact that the depreciation parameters on appeal and those from the 2025 Depreciation study are from the same source, namely, FCG. *Id.* at 7. OPC states that, as FCG is the source of both the 2022 and the 2025 Depreciation Study, “the [Prehearing] Order’s conclusion that the in-house 2025 Depreciation Study ‘is a new study conducted by a different expert’ is not accurate.” *Id.* OPC additionally argues that this fact further demonstrates how the depreciation parameters on appeal and the proposed depreciation parameters are inextricably intertwined. OPC argues that, “[s]ince the Commission overlooked or failed to consider this point of fact, the Commission should reconsider its Order and hold these proceedings in abeyance.” *Id.*

### **FCG’s Response**

In regard to the standard of review, FCG argues that, as the Commission has recognized time and again, the appropriate standard of review in a motion for reconsideration is whether the motion identifies a point of fact or law that was overlooked or that the Prehearing Officer failed to consider in rendering his or her decision. (FCG Reconsideration Response 1) FCG argues that OPC’s motion fails to elaborate on why departing from the norm in this case is necessary or why the application of the traditional standard is not in the public interest, and that some rationale is required to make such a departure. FCG states that the Commission has previously rejected OPC arguments and should reject them again here. Applying the traditional standard, FCG argues that OPC’s Motion must be denied because it fails to identify any mistake of fact or law in the Prehearing Officer’s decision, or anything that was overlooked in rendering that decision. *Id.* at 2. Instead, OPC simply disagrees with the Prehearing Officer’s conclusion, which is not sufficient to merit reconsideration. *Id.*

FCG states OPC’s first argument regarding jurisdiction is wrong for several reasons, but mainly contends the matter pending before the Commission is FCG’s 2025 Depreciation Study, while the subject matter of the appeal pending before the Florida Supreme Court in Docket SC2023-0988 is FCG’s 2022 Depreciation Study.

FCG argues OPC’s second argument, which claims that the Prehearing Officer prejudged whether FCG’s 2025 Study was conducted “in accord with previous practices” is demonstrably incorrect by the language in the Denial Order itself. FCG contends that, as stated in the Denial Order, the Prehearing Officer simply determined that the subject of the appeal and the 2025 Depreciation Study which is the subject of this docket were “sufficiently distinct to allow this docket to proceed.” (FCG Reconsideration Response 4-5) In that context, the Prehearing Officer also recognized that the 2023 Final Order, as well as the 2023 Clarifying Order, regarding FCG’s 2022 rate Request and 2022 Depreciation Study, have not been stayed. FCG argues OPC has identified no mistake of fact or law in the Prehearing Officer’s Decision on this point.

Finally, in regard to OPC’s final argument, FCG states that it is a re-argument that should not serve as the basis for reconsideration. *Id.* at 5. The Prehearing Officer both understood and acknowledged that the depreciation study that is the subject of the appeal currently being considered in SC2023-0988 was submitted by the same Company that has submitted the 2025

Date: August 22, 2025

Depreciation Study in this proceeding. That both were submitted by the same Company does not, however, demonstrate that the parameters and rates are “inextricably intertwined” nor does it demonstrate that the Prehearing Officer’s determination that to allow this case to proceed was erroneous. FCG states that OPC has failed to identify a mistake of fact or law in the Denial Order on this point and argues that its motion must therefore be denied.

### Staff Analysis and Recommendation

In regard to the appropriate standard of review, staff agrees with FCG that the Commission’s traditional standard regarding motions for reconsideration should apply here, and OPC failed to provide sufficient rationale to differ from long-standing Commission precedent for review of a Prehearing Officer’s decision on a motion for abeyance. OPC contends a mistake of fact or law standard does not fit this scenario because the matters for which OPC seeks review have either not been previously considered by the majority of the Commission, or have not been the subject of a hearing. Pursuant to Rule 28-106.211, F.A.C., the Prehearing Officer may issue any orders necessary to effectuate discovery, to prevent delay, and to promote the just, speedy, and inexpensive determination of all aspects of the case. Accordingly, the Prehearing Officer has wide discretion in balancing the interests of parties in the furtherance of the orderly administration of justice.<sup>30</sup> The Commission has repeatedly held that the traditional standard, whether a point of fact or law was overlooked or unconsidered, applies to reconsideration by the Commission of a Prehearing Officer’s order.<sup>31</sup> OPC has failed to provide a compelling reason to differ from prior practices, and staff does not recommend doing so in this case.

In staff’s view, by requesting *de novo* review rather than the Commission’s traditional standard of review, OPC is essentially requesting something approximating *en banc* review by the full Commission. Contrary to OPC’s assertions, the fact that a majority of Commissioners has not considered the specific matters raised in a prehearing motion is not grounds to grant a motion for reconsideration. As the Commission has previously stated, “[t]he unequivocal rejection by the Prehearing Officer of [a party’s] arguments . . . does not allow [the party] to restate the entirety of its arguments under the guise of a motion for reconsideration or clarification by this whole Commission.”<sup>32</sup>

---

<sup>30</sup> Order No. 25245, issued October 23, 1991, in Docket No. 19880069-TL, *In re: Petitions of Southern Bell Telephone and Telegraph Company for Rate Stabilization and Implementation Orders and Other Relief* (balancing competing interests of new counsel desiring more time to prepare and party seeking to proceed with discovery by delaying deposition).

<sup>31</sup> See Order No. PSC-2016-0231-FOF-EI, issued June 10, 2016, in Docket No. 20160021-EI, *In re: Petition for rate increase by Florida Power & Light Company*; Order No. PSC-2002-1442-FOF-EI, issued October 21, 2002, in Docket Nos. 20020262-EI, *In re: Petition to Determine Need for an Electrical Power Plant in Martin County by Florida Power & Light Company* and 20020263-EI, *In re: Petition to Determine Need for an Electrical Power Plant in Manatee County by Florida Power & Light Company*; Order No. PSC-2001-2021-FOF-TL, issued October 9, 2001, in Docket No. 19960786A-TL, *In re: Consideration of BellSouth Telecommunications, Inc.’s entry into interLATA services pursuant to Section 271 of the Federal Telecommunications Act of 1996*; Order No. PSC-1997-0098-FOF-EU, issued January 27, 1997, in Docket No. 19930885-EU, *In re: Petition to Resolve territorial dispute with Gulf Coast Electric Cooperative, Inc. by Gulf Power Company*; Order No. PSC-1996-0133-FOF-EI, issued January 29, 1996, in Docket No. 19950110-EI, *In re: Standard offer contract for the purchase of firm capacity and energy from a qualifying facility between Panda-Kathleen, L.P., and Florida Power Corporation*.

<sup>32</sup> Order No. PSC-08-0549-PCO-TP, issued Aug. 19, 2008, in Docket No. 20070691-TP, *Complaint and request for emergency relief against Verizon Florida, LLC for anticompetitive behavior in violation of Sections 364.01(4), 364.3381, and 364.10, F.S., and for failure to facilitate transfer of customers’ numbers to Bright House Networks*

Date: August 22, 2025

Not only would granting OPC's request be a departure from the Commission's established practice, it would also be contrary to well-established principles of Florida law governing motions for reconsideration and rehearing.<sup>33</sup> For example, the Florida Supreme Court has held that the purpose of a motion for rehearing is "merely to bring to the attention of the trial court or, . . . the administrative agency, some point which it overlooked or failed to consider when it rendered its order in the first instance." *Diamond Cab*, 146 So. 2d at 891.<sup>34</sup> Florida courts have also explained that the alleged overlooked fact or law must be such that if it was considered, the court would have reached a different decision. *Sherwood*, 111 So. 2d at 98 (citing *State ex rel. Jaytex Realty Co.*, 105 So. 2d at 818-19). Furthermore, it is not necessary for a Prehearing Officer to respond to every argument and fact raised by each party. *State ex rel. Jaytex Realty Co.*, 105 So. 2d at 819). Additionally, the Florida Supreme Court has upheld the Commission's denial of a motion for reconsideration under its traditional standard of review.<sup>35</sup>

Staff does not believe it would be appropriate for the Commission to, contrary to guidance from Florida Supreme Court, grant OPC's motion to reconsider the same arguments already presented to the Prehearing Officer based upon an "arbitrary feeling that a mistake may have been made," nor merely because OPC disagrees with the judgment of the Prehearing Officer. *Stewart Bonded Warehouse, Inc.*, 294 So. 2d at 317. In staff's view, it is not the role of the full Commission sitting in a prehearing posture to second-guess every decision made by individual Commissioners, acting within their capacity as Prehearing Officers, with which any party disagrees. Rather, staff believes that by limiting review in such cases to ensuring that a Prehearing Officer properly considers all the facts and law relevant to a motion or issue that arises, Florida law strikes a fair balance between justice and efficiency. Florida law provides an aggrieved party ample remedies for review of agency decisions, whether non-final or final, and staff sees no need to add another administrative hurdle that delays a final order resolving a party's petition for regulatory relief. Thus, staff believes the Commission's traditional standard of review is sufficient in this instance.

---

*Information Services (Florida), LLC, and its affiliate, Bright House Networks, LLC., and Docket No. 20080036-TP, Complaint and request for emergency relief against Verizon Florida, L.L.C. for anticompetitive behavior in violation of Sections 364.01(4), 364.3381, and 364.10, F.S., and for failure to facilitate transfer of customers' numbers to Comcast Phone of Florida, L.L.C. d/b/a Comcast Digital Phone.*

<sup>33</sup> A motion for rehearing is the civil or criminal law analogue to a motion for reconsideration in the administrative law context. See, e.g., *State v. Clark*, 373 So. 3d 1128, 1131-32 (Fla. 2023) (discussing principles derived from cases addressing motions for rehearing and applying them to motions for reconsideration before the Commission).

<sup>34</sup> See also *State ex rel. Jaytex Realty Co. v. Green*, 105 So. 2d 817, 818-19 (Fla. 1st DCA 1958) ("The sole and only purpose of a petition for rehearing is to call to the attention of the court some fact, precedent or rule of law which the court has overlooked in rendering its decision. . . . It is only in those instances in which [a careful] analysis leads to an honest conviction that the court did in fact fail to consider (as distinguished from agreeing with) a question of law or fact which, had it been considered, would require a different decision, that a petition for rehearing should be filed."). The Florida Supreme Court recently clarified that a motion for reconsideration is also appropriate "when a final order addresses substantive issues or reaches legal conclusions that have not been previously raised or challenged." *State v. Clark*, 373 So. 3d at 1131. However, as the order challenged by OPC the present docket is a non-final order, and because OPC's rights to argue and make objections and its ability to preserve arguments for appeal are not at issue, this additional purpose and standard for a motion for reconsideration is inapplicable.

<sup>35</sup> See *McDonald v. Fla. Pub. Serv. Comm'n*, 147 So. 3d 524 (Fla. 2014) (holding that the Commission "properly denied [a] motion for reconsideration when [the movant] did not provide any facts or law overlooked by the Commission").



Date: August 22, 2025

Turning to the merits of the Motion for Reconsideration, staff recommends that OPC has not clearly identified any specific mistakes of fact or law the Prehearing Officer made or overlooked in issuing the Denial Order. Without a specific point of fact or law overlooked or unconsidered, a motion for reconsideration must be denied, even if the reviewing body may have reached a different decision.<sup>36</sup>

As to OPC's first argument, OPC essentially acknowledges it is simply restating an argument that was considered and rejected by the Prehearing Officer and therefore should be rejected here.<sup>37</sup>

As to OPC's second argument, staff submits that a plain reading of the Order does not reflect any prejudgment in regard to the study or the veracity of any of the claims made by FCG, nor of any of the claims made by OPC. Instead, the Denial Order merely concludes that the two matters are sufficiently distinct to proceed "[b]ased on the representations of FCG," and that moving forward "pragmatically balances regulatory efficiency, fairness to all the concerned parties, and the public interest in general." Accordingly, OPC has identified no mistake of fact or overlooked point of law in the decision on this point, and therefore, no relief should be granted on these grounds.

As to OPC's third argument, staff submits that the Prehearing Officer correctly denied the abeyance motion because, as discussed above under Issue 2, there has been no demonstration that the cases are "inextricably intertwined" such that a decision in this case would affect the matter on appeal. The Denial Order acknowledges that FCG filed both the depreciation study that is the subject in this docket and the depreciation study that is the subject of the appeal currently being considered in SC2023-0988. That alone sufficiently demonstrates that the Prehearing Officer did not overlook or fail to consider this fact. Furthermore, the fact that both were submitted by the same Company does not demonstrate that the parameters and rates are "inextricably intertwined." Nor does it render "the Order's conclusion that the in-house 2025 Depreciation Study 'is a new study conducted by a different expert'" inaccurate, as the Denial Order explicitly states this conclusion is based on FCG's representations. OPC has failed to identify a mistake of fact or law in the Prehearing Officer's Denial Order and therefore, the Motion for Reconsideration should not be granted on these grounds.

## Conclusion

Staff recommends denying OPC's Motion for Reconsideration under the Commission's traditional standard of review for such motions because OPC has failed to articulate a reason to depart from that standard and because the Motion fails to raise a point of fact or law that the Prehearing Officer overlooked or failed to consider in rendering the Denial Order.

---

<sup>36</sup> *Stewart Bonded Warehouse, Inc. v. Bevis*, 294 So. 2d 315, 317 (Fla. 1974); Order No. PSC-2016-0231-FOF-EI, issued June 10, 2016, in Docket No. 20160021-EI, *In re: Petition for rate increase by Florida Power & Light Company* (page 5).

<sup>37</sup> To the extent OPC claims the Commission lacks jurisdiction, these arguments were discussed above in Issue 2.

**Issue 4:** Should this docket be closed?

**Recommendation:** No. This docket should remain open pending the Commission's final resolution of FCG's Petition. (Rubottom, Sparks, Imig)

**Staff Analysis:** This docket should remain open pending the Commission's final resolution of FCG's Petition for Approval of Depreciation Study and for Approval to Amortize Reserve Imbalance.

# Item 3

FILED 8/22/2025  
DOCUMENT NO. 08122-2025  
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:** August 22, 2025

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

**FROM:** Office of the General Counsel (Sandy, Farooqi) *JSC*  
Division of Accounting and Finance (Cicchetti, Norris) *MC*  
Office of Auditing and Performance Analysis (Mouring) *CM*  
Division of Economics (Bruce, Hudson) *ED*  
Division of Engineering (King) *TB*

**RE:** Docket No. 20240068-WS – Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Sunshine Water Services Company.

**AGENDA:** 09/04/25 – Regular Agenda – Motion for Reconsideration – Oral Argument is requested; participation is at the discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

### Case Background

Sunshine Water Services Company (Sunshine or Utility) is a Class A utility providing water and wastewater services to approximately 35,171 water and 29,547 wastewater customers in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties.

On June 28, 2024, Sunshine filed its application for an increase to its water and wastewater rates based on the historical 13-month average period ended December 31, 2023, and included adjustments for pro forma projects. On April 23, 2024, the Office of Public Counsel (OPC) filed

a petition to intervene.<sup>1</sup> However, OPC subsequently filed a notice withdrawing this petition on May 7, 2024.<sup>2</sup> On September 19, 2024, OPC filed its second petition to intervene, which was acknowledged by an Order on September 25, 2024.<sup>3</sup>

A formal evidentiary hearing was held February 11-12, 2025. The parties filed briefs on March 14, 2025. Commission staff filed a post-hearing recommendation in this matter on April 24, 2025. On May 6, 2025, the Commission voted on the Utility's requested rates, granting and denying the utility's request in part. The Commission issued Order No. PSC-2025-0196-FOF-WS (Final Order), memorializing its vote.<sup>4</sup>

On June 23, 2025, OPC timely filed a Motion for Reconsideration (Motion) pursuant to Rule 25-22.060, Florida Administrative Code (F.A.C.), and a Request for Oral Argument on its Motion for Reconsideration, pursuant to Rule 25-22.0022 F.A.C.

On June 30, 2025, Sunshine timely filed its Response in opposition to OPC's Motion for Reconsideration (Response) and OPC's Request for Oral Argument.

This recommendation addresses OPC's Request for Oral Argument and Motion for Reconsideration, and Sunshine's responses thereto. The Commission has jurisdiction over this matter pursuant to Chapter 367, F.S., including Sections 367.081 and 367.121, F.S.

---

<sup>1</sup>Document No. 02277-2024.

<sup>2</sup>Document No. 02835-2024.

<sup>3</sup>Document No. 09087-2024 and Order No. PSC-2024-0435-PCO-WS, issued September 25, 2024, in Docket No. 20240068-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties*, by Sunshine Water Services Company..

<sup>4</sup>Order No. PSC-2025-0196-FOF-WS, issued June 6, 2025, in Docket No. 20240068-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties*, by Sunshine Water Services Company.

Date: August 22, 2025

## **Discussion of Issues**

**Issue 1:** Should OPC's Request for Oral Argument on its Motion for Reconsideration of Order No. PSC-2025-0196-FOF-WS be granted?

**Recommendation:** No. Staff believes that the pleadings are sufficient on their face for the Commission to evaluate and rule on the Motion. However, if the Commission wants to exercise its discretion to hear oral argument, staff recommends that 5 minutes per party is sufficient. (Sandy, Farooqi)

### **Staff Analysis:**

#### Law

Rule 25-22.0022(1), F.A.C., allows a party to request oral argument before the Commission for any dispositive motion (such as motions for reconsideration) by filing a separate written pleading filed concurrently with the motion on which argument is requested, and stating with particularity why oral argument would aid the Commission. Granting or denying oral argument is within the sole discretion of the Commission under Rule 25-22.0022(3), F.A.C.

#### OPC's Position

In its Request for Oral Argument, OPC requests an opportunity to provide additional details and context concerning the arguments made within the Motion. OPC requests the opportunity to provide 10 minutes of oral argument on the Motion to further elaborate on its arguments and to aid the Commissioners in understanding and evaluating the issues OPC raises as well as answer any questions.

#### Sunshine's Position

In its response, Sunshine states that the issues raised in OPC's Motion were already extensively presented to the Commission and that nothing would be gained from further oral argument. If Commissioners have any questions, then they have the right to address them to the appropriate party without the necessity of an oral presentation by the parties.

#### Conclusion

Granting or denying oral argument is within the sole discretion of the Commission. Staff believes that the pleadings are sufficient on their face for the Commission to evaluate and decide OPC's Motion. However, if the Commission wants to exercise its discretion to hear oral argument, staff recommends 5 minutes per party is sufficient.

Date: August 22, 2025

**Issue 2:** Should OPC's Motion for Reconsideration of Order No. PSC-2025-0196-FOF-WS be granted?

**Recommendation:** Staff recommends that OPC's Motion should be granted in part and denied in part. Staff recommends that two of OPC's proposed adjustments to the revenue requirement should be granted. This will result in a downward calculation of revenue requirement by \$778 and \$880 for the Utility's water and wastewater systems respectively. Staff recommends that OPC has otherwise failed to show where the Commission overlooked or failed to consider a fact or law in rendering its decision. Therefore, in all other respects, OPC's Motion should be denied. (Sandy, Farooqi, Cicchetti, Norris)

### **Staff Analysis:**

#### Legal Standard

##### Reconsideration

The appropriate standard of review for reconsideration of a Commission order is whether the Motion identifies a point of fact or law that the Commission overlooked or failed to consider in rendering the order under review. *See Stewart Bonded Warehouse, Inc. v. Bevis*, 294 So. 2d 315 (Fla. 1974); *Diamond Cab Co. v. King*, 146 So. 2d 889 (Fla. 1962); and *Pingree v. Quaintance*, 394 So. 2d 162 (Fla. 1st DCA 1981). It is not appropriate to reargue matters that have already been considered. *Sherwood v. State*, 111 So. 2d 96 (Fla. 3d DCA 1959) (citing *State ex. rel. Jaytex Realty Co. v. Green*, 105 So. 2d 817 (Fla. 1st DCA 1958)). Furthermore, a motion for reconsideration should not be granted "based upon an arbitrary feeling that a mistake may have been made, but should be based upon specific factual matters set forth in the record and susceptible to review." *Stewart Bonded Warehouse, Inc.*, 294 So. 2d at 317.

##### Due Process

It is well established in Florida law that "[t]he fundamental requirements of due process are satisfied by reasonable notice and a reasonable opportunity to be heard." *Citizens of State v. Fla. Pub. Serv. Comm'n*, 146 So. 3d 1143, 1154 (Fla. 2014) (quoting *Fla. Pub. Serv. Comm'n v. Triple "A" Enter., Inc.*, 387 So. 2d 940, 943 (Fla. 1980)). In administrative hearings where substantial interests of a party are determined by an agency and where there are disputed issues of material fact, an agency must provide parties "an opportunity to respond, to present evidence and argument on all issues involved, to conduct cross-examination and submit rebuttal evidence, to submit proposed findings of facts and orders, to file exceptions to the presiding officer's recommended order, and to be represented by counsel or other qualified representative." Sections 120.569 and 120.57(1)(b), F.S.

#### Introduction

OPC's Motion asserts three fundamental issues. First, OPC contends that the Commission did not put the parties on notice that adjustments to the utility's financial records and capital structure would be made after the record was closed, which is a violation of OPC's due process. Second, OPC argues that the Commission erred in how it made the adjustments to the utility's

Date: August 22, 2025

financial records and capital structure. And, unrelated to the first two issues, OPC contends that the Commission made a minor error in calculating rate base. What follows is an analysis of the issues presented in OPC's Motion and staff's recommended resolution of those issues.

### OPC's Motion

According to OPC, the Commission overlooked OPC's statutory and due process rights when it addressed substantive issues or reached legal conclusions that were not previously raised or challenged in the rate case. OPC contends that it was not allowed to object to these deficiencies in staff's recommendation at the post-hearing Agenda Conference because participation was limited to Commissioners and staff. OPC also contends that its due process rights were violated where Commission staff omitted OPC's arguments from the staff recommendation and Final Order.

In particular, OPC argues that no party to the rate case was on notice that the Commission was going to annualize Sunshine's plant-in-service to "comport" with Sunshine's annualization of accumulated depreciation. OPC further argues that it had no notice that the Commission was going to make pro rata adjustments to all sources of capital when calculating Sunshine's weighted average cost of capital. According to OPC, adjustments to annualize Sunshine's plant-in-service and accumulated depreciation was a violation of Rules 25-30.433(5) and 25-30.436, F.A.C. Moreover, OPC argues that the Commission acted inconsistently with prior agency practice by prorating all sources of capital to calculate the weighted average cost of capital, in violation of Section 120.68(7)(e)3., F.S.<sup>5</sup>

Finally, OPC offers what it refers to as errors in calculations of the revenue requirement in the Final Order. If accepted, OPC's adjustments would require a downward calculation of revenue requirement by \$778 and \$880 for the Utility's water and wastewater systems, respectively.

### Sunshine's Response

In its Response, Sunshine does not address all of OPC's arguments. However, Sunshine states that in summarizing the Company's MFRs, OPC conflates an annualization of depreciation expense (an expense item in the revenue requirement) with the annualization of accumulated depreciation (a rate base item). Sunshine made an annualization adjustment in its MFRs to depreciation expense, to match the expense adjustments with annualized accumulated depreciation. While the accumulated depreciation adjustment did affect rate base, the depreciation expense adjustment does not, and thus would not be subject to Rule 25-30.433(5), F.A.C. Sunshine states that OPC's Motion is also inconsistent in its framing of the accumulated depreciation annualization adjustment. Sunshine contends that OPC itself identified the lack of a Plant In-Service adjustment as creating a mismatch with depreciation accounting in the test year.

---

<sup>5</sup> Section 120.68(7)(e)3., F.S., provides that judicial review may be appropriate where the agency's exercise of discretion has been inconsistent with officially stated agency policy or a prior agency practice, if deviation therefrom is not explained by the agency.



Date: August 22, 2025

Sunshine challenges OPC's statement that staff's recommendation "deviated from standard practice by recommending approval of Sunshine's adjustment annualizing depreciation expense and associated accumulated depreciation." According to Sunshine, it is clear that the Commission's pro forma adjustment to accumulated depreciation is consistent with its long-standing interpretation and application of Rule 25-30.433(5), F.A.C.

### Analysis

#### A. Due Process

OPC contends it was not put on notice that the Commission may calculate accumulated depreciation or capital structure as set out in the Final Order, nor was it offered an opportunity to provide sufficient arguments on these issues, because the Commission made adjustments at a post-hearing Agenda Conference once the record was closed.

The Commission has broad discretion to make pro forma adjustments under Section 367.081(2)(a), F.S. It is within the Commission's discretion to make pro forma adjustments and modifications to fix rates it judges to be "just, reasonable, compensatory, and not unfairly discriminatory." Section 367.081(2)(a)1., F.S. OPC's due process argument amounts to a contention that prior to a Commission decision on adjustments, the parties should be specifically notified of every potential adjustment. This is inconsistent with the requirements of law as well as with the realities and complexities of utility ratemaking. In administrative hearings, the Commission is required to provide notice of "all issues involved." Section 120.57(1)(b), F.S. However, the Commission is not required to provide advance notice to the parties of adjustments to depreciation expense and accumulated depreciation expense. The Commission has a broad range of discretion to make adjustments that are reasonable and supported by the record. *See Citizens of State v. Pub. Serv. Comm'n*, 425 So. 2d 534, 540 (Fla. 1982) ("This Court has consistently recognized the broad legislative grant of authority which these statutes confer and the considerable license the Commission enjoys as a result of this delegation."); *Floridians Against Increased Rates, Inc. v. Clark*, 371 So. 3d 905, 910 (Fla. 2023) (The Court has repeatedly recognized the "broad legislative grant of authority" afforded to the Commission and the "considerable license" it enjoys in fixing fair, just, and reasonable rates.).

Staff believes that the record supports the adjustments as well as the numerous opportunities OPC had to meaningfully participate in this rate case. In September 2024, OPC intervened for the second time in this rate case after withdrawing its first intervention in May of 2024. Between September 2024 and February 11-12, 2025, when the evidentiary hearing was conducted, OPC issued interrogatories, requests for production, and conducted multiple depositions of Sunshine witnesses and staff witness Curt Mouring.<sup>6</sup> OPC also retained its own expert witness, Ralph Smith, who provided testimony specifically referencing a mismatch between Sunshine's test-

---

<sup>6</sup> OPC was a party to at least 120 Interrogatories, 72 Requests for Production, and 11 Depositions in the instant case. In its motion, OPC acknowledges the Commission's past practice of annualizing accumulated depreciation even if it does not support the same methodology in this rate case. Presumably, past rate cases such as these informed OPC's discovery in the instant case.

year plant-in-service and depreciation expense calculations.<sup>7</sup> Witness Smith also offered his own proposed capital structure and cost rate calculations to correspond with his testimony, which indicated an adjustment to these expenses would be reasonable.<sup>8</sup> Following the Prehearing Conference, the Prehearing Order included issues on plant-in-service, depreciation expense, accumulated depreciation, and capital structure, among other matters, so all parties were on notice as to the major issues in dispute at the hearing.<sup>9</sup>

During the evidentiary hearing in February 2025, OPC cross-examined Sunshine witnesses about plant-in-service, depreciation, and the mismatch between test year plant-in-service and depreciation calculations. (TR 64; 66-67; 78; 513; 515) Following the evidentiary hearing, OPC filed a 52-page post-hearing brief on March 14, 2025. For the issue concerning whether adjustments to accumulated depreciation should be made, OPC devoted several pages of argument contending that “Sunshine’s MFRs were submitted in violation of [R]ule 25-30.433(5), F.A.C.,...by improperly annualizing depreciation expense and associated accumulated depreciation.” (OPC BR 28) Much of this argument is repeated in OPC’s Motion. (OPC BR 28-31; OPC Motion 13-14) In its post-hearing brief, OPC also took the position that the appropriate weighted average cost of capital is reflected in the calculations sponsored in Witness Smith’s testimony and exhibit RCS-2. OPC’s expert witness testimony, exhibits, and post-hearing brief were all considered by the Commissioners prior to their vote in this matter.

Staff recommends that OPC’s Motion should be denied as it relates to advanced notice of Commission calculations/adjustments to depreciation expenses and due process. OPC had an opportunity to argue its positions and offer evidence and testimony regarding accumulated depreciation and weighted average cost of capital calculations. Because OPC had the opportunity to participate and offer argument, testimony, and evidence in the hearing, the Commission did not overlook any due process rights.

OPC’s second due process argument is that the Commission violated OPC’s rights by adopting Commission staff’s recommendation. OPC argued that the staff recommendation was devoid of OPC’s arguments, noting that “for years, [s]taff’s recommendations have included detailed summations of the parties’ actual arguments.” It is correct that staff has in the past included a separate section in post-hearing recommendations summarizing the parties’ arguments from their briefs. However, staff has discontinued doing so because it was unnecessarily repetitious, since the parties’ arguments are appropriately discussed in the body of staff’s recommendation, just as was done in the post-hearing recommendation for this docket. Contrary to OPC’s argument, the

---

<sup>7</sup>When asked about depreciation expense annualized for pro forma adjustments to utility plant, Smith testified, “...that is only for pro forma additions of utility plant that occur after the end of the test year. For the test year itself, the rate base amount for utility plant and accumulated depreciation are based on a 13-month average, not on year-end amounts. Consequently, annualizing depreciation expense on test year utility plant creates a *mismatch*. For consistency with the test year rate base amounts of utility plant and accumulated depreciation, depreciation on test year plant should be at the 13-month average test year amounts, not on year-end annualized amounts.” (Emphasis added) (TR 416)

<sup>8</sup>See EXH 41 MPN C6-2135, also referenced as Exhibit RCS-2 (Revenue Requirement and Adjustment Schedules for 2023 Test Year).

<sup>9</sup>Prehearing Order No. PSC-2025-0042-PHO-WS, issued February 6, 2025, in Docket No. 20240068-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Sunshine Water Services Company*.

Date: August 22, 2025

Final Order *does* provide a “written assessment of the parties’ main disagreements reflected in the record.” Motion at 13. OPC’s argument would require staff to include repetitive arguments leading to a more muddled or potentially confusing recommendation.

Further, OPC contends that by omitting detailed summations of the parties’ arguments, the Commission violated Section 120.68(7)(e)3., F.S., which provides that remand is appropriate when an agency’s exercise of discretion was inconsistent with officially stated agency policy or a prior agency practice, if deviation therefrom is not explained by the agency. Staff does not believe that its decision to omit presenting the same arguments twice in one document, whether in the post-hearing recommendation or the Commission’s Final Order, rises to the level of a violation of “stated agency policy or practice” per the statute. Staff recommends that OPC’s Motion should be denied as to this argument, as it fails to demonstrate a point of fact or law that the Commission overlooked or failed to consider in rendering its order.

## B. Capital Structure

In its Motion, OPC argues that the Commission acted inconsistently with its officially stated agency policy or prior agency practice by prorating all sources of capital to calculate the weighted average cost of capital. Specifically, OPC contends that non-investor sources of capital, such as customer deposits, should have been excluded from the calculation because the adjustments had a significant upward impact on Sunshine’s revenue requirement despite no party having an opportunity to present evidence on or dispute them. OPC argues that this is a violation of Section 120.68, F.S., and this decision was contrary to the Commission’s decision in Sunshine’s two prior rates cases, as well as a 2024 PAA decision regarding Pluris Wedgefield.<sup>10</sup>

The establishment of a utility’s capital structure provides a means to identify the various sources of capital employed by a utility, together with the amounts and cost rates properly associated with each source of capital. In developing the capital structure, all capital costs are prorated according to their relative proportion to total capital. This percentage proportion is multiplied by the appropriate cost of each source of capital. These weighted components are then added to provide a composite or overall cost of capital. The weighted cost of capital multiplied by the net utility rate base produces an appropriate return on rate base, including a return on equity capital, for a proportion of the utility rate base equal to the proportion of equity in the capital structure. This process also produces returns sufficient to recover the annual cost of other types of capital.<sup>11</sup>

---

<sup>10</sup> Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, as amended by Order No. PSC-2017-0361A-FOF-WS issued October 4, 2017, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. cf Florida*; Order No. PSC-2021-0206-FOF-WS, filed on June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. cf Florida*; Order No. PSC-2024-0118-PAA-WS, issued April 23, 2024, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC.*, at p. 48.

<sup>11</sup> See Order No. 10306, filed on September 23, 1981, in Docket No. 810002-EU, *In re: Petition cf Florida Power & Light Company for Authority to Increase Its Rates and Charge* at p. 30.

Date: August 22, 2025

Reconciliation of rate base and capital structure exists because, while sources of particular funds are readily traceable, uses of particular funds are not. As a utility uses capital to fund its operations, the sources of capital are comingled. Thereafter, it becomes irrelevant whether a dollar spent on operations is an “equity dollar,” “debt dollar,” or a “customer deposit dollar.”

Therefore, as adjustments are made to remove items from the rate base, corresponding adjustments must be made to the capital structure to keep the rate base and capital structure in balance. If a pro rata adjustment (an adjustment to each capital structure component in proportion to its relative weight) is made to the capital structure, there is no change in the required overall rate of return. However, if an adjustment is made to a specific capital structure component, the relative percentages change and the required overall rate of return changes.

OPC is correct that the Commission did not make pro rata adjustments across all sources of capital in the Utility’s last two rate cases or *Pluris*.<sup>12</sup> However, it appears that those departures were a matter of oversight, rather than an intentional change in policy. In contrast, prorating adjustments across all sources of capital has been the Commission’s practice for decades.<sup>13</sup> Nonetheless, adjustments of this type, regardless of which direction they are made, are within the Commission’s discretion. Nothing in statute precludes the Commission from using its discretion to make reasonable pro rata adjustments to capital structure components that are supported by the record. For these reasons, staff believes that the Commission did not depart from prior practice by prorating all sources of capital to calculate the weighted average cost of capital in this rate case.

### C. Annualizing Plant-In-Service and Accumulated Depreciation

OPC’s disagreement with the Commission’s accumulated depreciation calculations ultimately amounts to a difference of interpretation as to what constitutes a “13-month average” under Rule 25-30.433(5), F.A.C.<sup>14</sup> The term “13-month average” is not specifically defined in the rule; however, the rule provides that “the averaging method used by the Commission to calculate rate base and cost of capital shall be a 13-month average for Class A utilities.” Rule 25-30.433(5), F.A.C. The Commission has interpreted a 13-month average to be the amounts on a Utility

---

<sup>12</sup> See Order No. PSC-2024-01 18-PAA-WS, p. 48, issued April 23, 2024, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgfield, LLC*.

<sup>13</sup> See Order No. 11437, filed on December 22, 1982, in Docket No. 820097-EU, *In re: Petition of Florida Power and Light Company to Increase Its Rates and Charges*; See Order No. 25347, filed on November 14, 1991, in Docket No. 910093-WS, *In re: Request for Rate Increase in Sumter County by Continental Utility, Inc.* (“Based on our decisions herein, and using the utility’s adjusted capital structure with each item reconciled on a pro rata basis, we find the appropriate overall cost of capital to be 11.90 percent with a range of 11.65 percent to 12.15 percent.”); Order No. PSC-07-0425-PAA-WU, filed on May 15, 2007, in Docket No. 060599-WU, *Application for Staff-Assisted Rate Case in Pasco County by Pasco Utilities, Inc.*; Order No. PSC-11-0514-PAA-WS, filed November 3, 2011, in Docket No. 100426-WS, *In re: Application for increase in water and wastewater rates in Lake County by Lake Utility Services, Inc.*; Order No. PSC-2020-0168-PAA-WS, filed on May 22, 2020, in Docket No. 20190166-WS, *In re: Application for increase in water rates in Highlands County by HC Waterworks, Inc.*

<sup>14</sup> OPC also references a violation of Rules 25-30.433(5) and 25-30.436(5)(f), F.A.C., in its Motion. However, Rule 25-30.436(5)(f), F.A.C., simply reaffirms that, “the provisions of Rule 25-30.433, F.A.C., must be followed in preparing the utility’s application.”

Date: August 22, 2025

balance sheet for the 13 months of the test year, divided by 13.<sup>15</sup> Additionally, the Commission has routinely allowed known and measurable adjustments to elements of rate base and cost of capital when necessary to accurately capture test year operations by a utility.<sup>16</sup> This is especially true when known and measurable adjustments may be used in furtherance of the “matching principle,” a bedrock of regulated utility accounting meant to ensure consistency between costs and revenues. For example, if a plant is proposed to be removed from rate base, it may be prudent to make matching adjustments to the associated depreciation expense and/or accumulated depreciation reserve or even deferred taxes.

OPC interprets the Commission’s adjustments to annualize accumulated depreciation in the Utility’s test year as creating a year-end annualization, instead of using a 13-month average to address what it calls a mismatch. (OPC BR 28)

The Commission considered OPC’s arguments concerning annualization adjustments to the Utility’s test year accumulated depreciated before the vote in this matter. The Commission’s treatment of those arguments is fully explained in the Final Order:

OPC argued that Sunshine incorrectly calculated rate base, as witness Swain stated that various factors are annualized rather than using a 13-month average. OPC specifically cited that Sunshine violated Rule 25-30.433(5), F.A.C., which requires the rate case filing to utilize the 13-month average for calculating rate base. Per witness Swain, Sunshine is not incorrectly calculating these values, as the Utility filed its rate case using all required 13-month averages, and made pro forma adjustments. She maintained that pro forma adjustments look to the future and apply the future as an adjustment to the test year, which is not a mismatch nor is it out of compliance with Rule 25-30.433(5), F.A.C....

... We agree with witness Swain in regard to the appropriateness of annualization as a pro forma adjustment. However, we also agree with OPC witness Smith’s argument that it was a mismatch to include the annualization on an asset recorded on a 13-month average basis. Thus, it is also reasonable to include the annualization of the test year additions as a corresponding adjustment to eliminate the mismatch.

(Final Order at p. 45)

Sunshine’s response to OPC’s Motion echoes arguments the utility made during the rate case, that “[c]ontrary to OPC’s assertion in the Motion, the annualization adjustment to Test Year Plant In-Service was not ‘unilaterally recommended’ or done ‘out of the blue.’ In fact, it was OPC itself that, at various points in the record of the instant case, identified the lack of a Plant In-Service adjustment as creating a mismatch.” Response at 3.

---

<sup>15</sup> See *Form PSC 1028 (12-26) Class A Water and Wastewater MFRs.xlsx*, Schedules A1-A19, noticed in Rule 25-30.437, F.A.C.

<sup>16</sup> *Id.*

Date: August 22, 2025

It appears as though this argument raised in OPC's Motion is the same that was raised during the rate proceeding and in its post-hearing brief. That argument was addressed, and dispensed with, in the Final Order. As previously stated, reconsideration is not an appropriate vehicle to reargue matters that have already been considered. Ultimately, staff believes that the Commission's interpretation of the term "13-month average," in Rule 25-30.433(5), F.A.C., is reasonable, and adequately explained in the Final Order. Test year accounting is used to analyze a regulated utility's financial information for the purpose of establishing appropriate rates in the future. The Commission's use of a 13 month average, adjusted with annualization calculations to correct a mismatch between plant-in-service and depreciation, served that purpose. The Commission's resolution of the "mismatch" identified by OPC is consistent with its broad discretion, is supported by the record evidence, and is consistent with Rule 25-30.433, F.A.C. Therefore, staff recommends that the Commission deny OPC's Motion for Reconsideration with respect to the Commission's annualization of plant in service depreciation.

#### D. Revenue Requirement Calculations

In its Motion, OPC offered alleged errors in the calculation of the revenue requirement in the Final Order. If accepted, OPC's adjustments would require a downward calculation of revenue requirement by \$778 and \$880 for the Utility's water and wastewater systems, respectively. The Utility offered no response to OPC's argument in its motion response.

Having reviewed OPC's calculations, OPC is correct with respect to the errors in calculation. It appears that the staff recommendation, and thus the Final Order, miscalculated property tax assessments incurred by the Utility. The corrected numbers are shown on Schedules 3-A through 3-C, attached to this recommendation. The corrected calculation proposed by OPC would have a negligible effect on customer rates. Because it does appear there was a minor error in the revenue requirement calculation, staff recommends reconsideration as to this issue and that the revenue requirement should be recalculated consistent with Schedules 3-A through 3-C. This will result in a downward calculation of revenue requirement by \$778 and \$880 for the Utility's water and wastewater systems, respectively.

#### E. Conclusion

Staff recommends that OPC's Motion should be granted in part and denied in part. As discussed in Section D above, staff recommends that reconsideration should be granted to correct the calculation of Sunshine's revenue requirement. Staff recommends that OPC has otherwise failed to demonstrate that the Commission overlooked or failed to consider a point of fact or law in rendering its decision. Therefore, in all other respects, OPC's Motion should be denied.

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

**Recommendation:** No. Final Order PSC-2025-0196-FOF-WS has been appealed to the Florida First District Court of Appeal. This docket should remain open for the processing of the appeal. (Sandy, Farooqi)

**Staff Analysis:** Final Order PSC-2025-0196-FOF-WS has been appealed to the Florida First District Court of Appeal. This docket should remain open for the processing of the appeal.

Sunshine Water Services Company Statement of Water Operations Test Year Ended 12/31/2023						Schedule No. 3-A Docket No. 20240068-WS	
Description	Test Year Per Utility	Utility Test Year Adj	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$22,532,175</u>	<u>\$5,563,719</u>	<u>\$28,095,894</u>	<u>(\$5,177,609)</u>	<u>\$22,918,285</u>	<u>\$4,531,826</u> <u>\$4,532,641</u> 19.8%	<u>\$27,450,111</u> <u>\$27,450,926</u>
2 <b>Operating Expenses</b>							
Operation & Maintenance	\$12,536,020	\$743,783	\$13,279,803	(754,824)	12,524,979		12,524,979
3      Depreciation	2,572,862	1,908,761	\$4,481,623	(161,558)	4,320,065		4,320,065
4      Amortization	0	46,750	\$46,750	0	46,750		46,750
5      Taxes Other Than Income	1,934,995	573,609	\$2,508,604	(227,353) (226,575)	2,281,251 2,282,029	203,932 203,969	2,485,184 2,485,998
6      Income Taxes	<u>1,112,778</u>	<u>441,521</u>	<u>\$1,554,299</u>	(1,193,894) (1,194,091)	<u>360,405</u> <u>360,208</u>	<u>1,096,905</u> <u>1,097,102</u>	<u>1,457,310</u>
7 <b>Total Operating Expense</b>	<u>18,156,655</u>	<u>3,714,424</u>	<u>21,871,079</u>	(2,337,628) (2,337,047)	<u>19,533,451</u> <u>19,534,032</u>	<u>1,300,837</u> <u>1,301,071</u>	<u>20,834,288</u> <u>20,835,102</u>
8 <b>Operating Income</b>	<u>\$4,375,520</u>	<u>\$1,849,295</u>	<u>\$6,224,815</u>	(2,839,981) (2,840,562)	<u>\$3,384,834</u> <u>\$3,384,253</u>	<u>\$3,230,989</u> <u>3,231,570</u>	<u>\$6,615,824</u>
9 <b>Rate Base</b>	<u>\$61,906,290</u>	<u>\$21,338,377</u>	<u>\$83,244,667</u>		<u>\$85,959,204</u>		<u>\$85,959,204</u>
10 <b>Rate of Return</b>	<u>7.07%</u>		<u>7.48%</u>		<u>3.94%</u>		<u>7.70%</u>



Sunshine Water Services Company Statement of Wastewater Operations Test Year Ended 12/31/2023						Schedule No. 3-B Docket No. 20240068-WS	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$28,276,590</u>	<u>\$6,043,860</u>	<u>\$34,320,450</u>	(\$4,703,419)	<u>\$29,617,031</u>	<u>\$4,703,419</u> 15.9%	<u>\$34,320,450</u>
<b>Operating Expenses</b>							
2     Operation & Maintenance	\$14,655,194	\$970,541	\$15,625,735	(\$853,779)	\$14,771,956		\$14,771,956
3     Depreciation (Net)	5,374,706	874,090	6,248,796	(12,020)	6,236,776		6,236,776
4     Amortization	0	223,805	223,805	0	223,805		223,805
5     Taxes Other Than Income	2,218,669	511,247	2,729,916	(194,109) (193,229)	2,535,807 2,536,687	211,654	2,747,461
6     Income Taxes	<u>1,034,613</u>	<u>861,953</u>	<u>1,896,566</u>	(1,177,584) (1,177,807)	<u>718,982</u> <u>718,759</u>	1,138,438	<u>1,857,420</u>
7 <b>Total Operating Expense</b>	<u>23,283,182</u>	<u>3,441,636</u>	<u>26,724,818</u>	(2,237,491) (2,236,834)	<u>24,487,327</u> <u>24,487,984</u>	<u>1,350,092</u>	<u>25,837,418</u>
8 <b>Operating Income</b>	<u>\$4,993,408</u>	<u>\$2,602,224</u>	<u>\$7,595,632</u>	(\$2,465,928) (\$2,466,585)	<u>\$5,129,704</u> <u>\$5,129,047</u>	<u>\$3,353,327</u>	<u>\$8,483,032</u>
9 <b>Rate Base</b>	<u>\$93,386,364</u>	<u>\$8,186,677</u>	<u>\$101,573,041</u>		<u>\$111,439,518</u>		<u>\$111,439,518</u>
10 <b>Rate of Return</b>	<u>5.35%</u>		<u>7.48%</u>		<u>4.60%</u>		<u>7.61%</u>

Sunshine Water Services Company		Schedule 3-C	
Adjustment to Operating Income		Docket No. 20240068-WS	
Test Year Ended 12/31/2023			
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 To remove requested final revenue increase.	(\$5,175,376)	(\$4,701,373)	
2 To reflect the appropriate amount of annualized revenues.	(2,233)	(2,046)	
Total	(\$5,177,609)	(\$4,703,419)	
<u>Operation and Maintenance Expense</u>			
1 To reflect Audit Finding No. 9 modified via Rebuttal. (I-28)	\$43,442	\$42,383	
2 To remove expense associated with DEP penalty. (I-28)	(165,188)	(153,584)	
3 To remove charitable contributions. (I-28)	(10,490)	(9,754)	
4 To remove expenses associated Wekiva WWTP litigation. (I-28)	0	(347,991)	
5 To reflect disallowances in management fees. (I-27)	(33,768)	(31,393)	
6 To remove payment processing expense. (I-26)	(200,501)	(186,418)	
7 To remove Chamber of Commerce dues. (I-28)	(7,612)	(7,077)	
8 To remove sewer maintenance expense. (I-28)	0	(29,879)	
9 To reflect Pro Forma Capitalized Labor. (I-26)	14,014	(17,106)	
10 To reflect O&M associated with Pro Forma meter replacements. (I-26)	(280,662)	0	
11 To reflect updated rate case expense. (I-25)	(13,622)	(12,667)	
13 To remove expiring RCE amortization. (I-28)	(96,267)	(89,504)	
14 To reflect the appropriate repression adjustment.	7,467	0	
15 To remove half of D&O Liability Insurance expense. (I-28)	(11,637)	(10,790)	
Total	(\$754,824)	(\$853,779)	
<u>Depreciation Expense - Net</u>			
1 To reflect net salvage value. (I-30)	(\$35,830)	(\$37,410)	
2 To reflect recommended pro forma plant. (I-4)	(116,370)	42,319	
3 To reflect Audit Finding No. 4. (I-31)	(251)	(234)	
4 To reflect Audit Finding No. 6. (I-30)	0	(7,048)	
5 To reflect updated pro forma retirements - depreciation expense. (I-5)	(14,496)	(10,613)	
6 To reflect updated pro forma retirements - CIAC amortization. (I-5)	5,390	966	
Total	(\$161,558)	(\$12,020)	
<u>Taxes Other Than Income (I-29)</u>			
1 RAFs on revenue adjustments above.	(\$232,992)	(\$211,654)	
2 To reflect Pro Forma Capitalized Labor.	1,072	(1,309)	
3 To remove property tax expense on non-U&U adjustment above.	0	(1,273)	
4 To reflect Pro Forma Plant Additions.	17,789	20,127	
5 To remove payroll tax corresponding to meter replacements.	(13,221)	0	
Total	(\$227,353)	(\$194,109)	
	(\$226,575)	(\$193,229)	

# Item 4

State of Florida



## Public Service Commission

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

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

---

**DATE:** August 22, 2025

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

**FROM:** Office of Industry Development and Market Analysis (Nave, Long, Wooten) <sup>CH</sup>  
Office of the General Counsel (Farooqi, Imig) <sup>AEH</sup>

**RE:** Docket No. 20250085-TP – 2026 State certification under 47 C.F.R. §54.313 and §54.314, annual reporting requirements for high-cost recipients and certification of support for eligible telecommunications carriers.

**AGENDA:** 09/04/25 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Passidomo Smith

**CRITICAL DATES:** 10/01/25 (Filing deadline with the Federal Communications Commission and the Universal Service Administrative Company)

**SPECIAL INSTRUCTIONS:** None

---

### Case Background

One of the primary principles of universal service support as described in the Telecommunications Act of 1996 (Telecom Act) is for consumers in all regions to have reasonably comparable access to telecommunications and information services at reasonably comparable rates.<sup>1</sup> The federal universal service high-cost program is designed to help ensure that consumers in rural, insular, and high-cost areas have access to modern communications networks capable of providing voice and broadband service, both fixed and mobile, at rates that are reasonably comparable to those in urban areas.<sup>2</sup> The program supports the goal of universal

---

<sup>1</sup> 47 U.S.C. §254(b)(3) (2025)

<sup>2</sup> FCC, "Universal Service for High Cost Areas - Connect America Fund," updated July 14, 2025, <https://www.fcc.gov/general/universal-service-high-cost-areas-connect-america-fund>, accessed July 23, 2025.

service by allowing eligible telecommunications carriers (ETCs) to recover some of the costs of service provision in high-cost areas from the federal Universal Service Fund. Carriers can be designated as ETCs in Florida by the Florida Public Service Commission (Commission) or the Federal Communications Commission (FCC).

In order for requesting carriers to receive federal universal service high-cost support, state commissions must annually certify to the Universal Service Administrative Company (USAC) and to the FCC that each carrier complies with the requirements of Section 254(e) of the Telecom Act by using high-cost support “only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.”<sup>3</sup> Certification will be filed online by the Commission through USAC’s online portal. Immediately following online certification, the USAC website will automatically generate a letter that may be submitted electronically to the FCC to satisfy the submission requirements of 47 C.F.R. §54.314(c). In order for a carrier to be eligible for high-cost universal service support for all of calendar year 2026, the Commission must submit the certification by October 1, 2025.<sup>4</sup>

The Commission has jurisdiction pursuant to 47 C.F.R. §54.313 and §54.314, as well as Chapter 364, F.S.

---

<sup>3</sup> 47 C.F.R §54.314(a) (2025)

<sup>4</sup> 47 C.F.R §54.314(d) (2025)

## Discussion of Issues

**Issue 1:** Should the Commission certify to USAC and the FCC that Bright House Networks Information Services (Florida), LLC; CenturyLink of Florida, Inc.; Consolidated Communications of Florida Company, LLC; Frontier Florida LLC; ITS Telecommunications Systems, LLC d/b/a Blue Stream Fiber; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; Windstream Communications, LLC; and Windstream Florida, LLC are eligible to receive federal high-cost support?

**Recommendation:** Yes. The Commission should certify to USAC and the FCC that Bright House Networks Information Services (Florida), LLC; CenturyLink of Florida, Inc.; Consolidated Communications of Florida Company, LLC; Frontier Florida LLC; ITS Telecommunications Systems, LLC d/b/a Blue Stream Fiber; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; Windstream Communications, LLC; and Windstream Florida, LLC are eligible to receive federal high-cost support. (Nave, Wooten, Long)

**Staff Analysis:** All Florida ETCs that are seeking high-cost support have filed affidavits with the Commission attesting that the high-cost funds received for the preceding calendar year were used, and funds for the upcoming calendar year will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Additionally, each company has filed FCC Form 481 with USAC. Form 481 includes information such as emergency operation capability, FCC pricing standards comparability for voice and broadband service, holding company and affiliate brand details, and tribal lands service and outreach. Based on previous years' data and projected changes in support, staff estimates that approximately \$16.5 million in high-cost support may be received by these Florida ETCs in 2026.<sup>5</sup>

Staff reviewed the affidavits and submissions made by each carrier to the Commission and to USAC. Each of the Florida ETCs receiving high-cost support has attested that all federal high-cost support provided to them within Florida was used in the preceding calendar year and will be used in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

Having reviewed the carriers' filings, staff recommends that the Commission certify to USAC and the FCC that Bright House Networks Information Services (Florida), LLC; CenturyLink of Florida, Inc.; Consolidated Communications of Florida Company, LLC; Frontier Florida LLC; ITS Telecommunications Systems, LLC d/b/a Blue Stream Fiber; Northeast Florida Telephone Company d/b/a NEFCOM; Quincy Telephone Company d/b/a TDS Telecom; Smart City Telecommunications LLC d/b/a Smart City Telecom; Windstream Communications, LLC; and Windstream Florida, LLC are eligible to receive federal high-cost support, that they have used the federal high-cost support received in the preceding calendar year, and that they will use the federal high-cost support they receive in the coming calendar year only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

---

<sup>5</sup> This estimate was obtained using data from the USAC high-cost funding data disbursement search tool.

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

**Recommendation:** Yes. This docket should be closed upon issuance of a Final Order.  
(Farooqi, Imig)

**Staff Analysis:** This docket should be closed upon issuance of a Final Order.

# Item 5



State of Florida



# Public Service Commission

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

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

**DATE:** August 22, 2025

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

**FROM:** Division of Accounting and Finance (Vogel, Gatlin, Hinson) *MC*  
Division of Economics (Hampson) *ED*  
Division of Engineering (P. Buys, Ramos, Smith II) *TB*  
Office of the General Counsel (Brownless, Crawford) *JSC*

**RE:** Docket No. 20240149-EI – Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Debby, Helene, and Milton, by Florida Power & Light Company.

**AGENDA:** 09/04/25 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Fay

**CRITICAL DATES:** 10/29/25 (date by which Petition must be ruled on pursuant to Section 120.542, F.S.)

**SPECIAL INSTRUCTIONS:** None

## Case Background

On October 29, 2024, Florida Power & Light Company (FPL or Company) filed a petition for a limited proceeding seeking authority to implement an interim storm restoration recovery charge to recover \$1.2 billion for the incremental restoration costs related to Hurricanes Debby, Helene, and Milton, as well as the replenishment of its retail storm reserve. The Commission granted FPL's petition by Order No. PSC-2024-0503-PCO-EI, issued December 17, 2024, and approved an interim storm restoration recovery charge subject to final true-up once the total actual storm

costs were known. Intervention by the Office of Public Counsel (OPC) was acknowledged by Order No. PSC-2024-0490-PCO-EI, issued December 6, 2024.

On July 31, 2025, FPL filed a Petition for temporary variance from waiver of Rule 25-6.0143(1)(g), Florida Administrative Code (F.A.C.)(Petition). Rule 25-6.0143, F.A.C., addresses electric utilities' use of accumulated provision accounts 228.1, 228.2, and 228.4.<sup>1</sup> Paragraph 1(g) of Rule 25-6.0143 requires that under the Incremental Cost and Capitalization Approach methodology for determining the allowable costs to be charged to cover storm-related damages, certain storm costs may be charged to Account 228.1 only after review and approval by the Commission. Before the Commission makes this determination, the utility may defer the costs if they were incurred prior to June 1 of the year following the storm event.

Rule 25-6.0143(1)(g), F.A.C. further requires that:

By September 30 a utility must file a petition for the disposition of any costs deferred prior to June 1 of the year following the storm event giving rise to the deferred costs.

Hurricanes Debby, Helene, and Milton impacted FPL's service area during the 2024 storm season. Because FPL's storm restoration costs related to those storms were incurred prior to June 1, 2025, FPL is required by Rule 25-6.0143(1)(g), F.A.C., to file its petition and documentation concerning the disposition of deferred storm costs related to Hurricanes Debby, Helene, and Milton no later than September 30, 2025.

FPL is asking for a temporary variance or waiver of the September 30 filing requirement. FPL is asking that it be allowed until December 31, 2025, to file its petition and supporting documentation.

Notice of FPL's Petition was published in the August 5, 2025, edition of the *Florida Administrative Register*, as required by Section 120.542(6), Florida Statutes (F.S.). No one commented on the Petition within the 14-day comment period provided by Rule 28-104.003, F.A.C. Under Section 120.542(8), F.S., the Commission must approve or deny the Petition by October 29, 2025, or the Petition would be deemed approved.

The purpose of this recommendation is to address only the request for waiver and variance. The Commission has jurisdiction under Sections 120.542, 350.115, 366.04, 366.05, and 366.06, F.S.

---

<sup>1</sup> Investor-owned electric utilities are required to maintain their accounts and records in conformity with the Uniform System of Accounts for Public Utilities and Licensees. Rule 25-6.014(1), F.A.C.

Date: August 22, 2025

### **Discussion of Issues**

**Issue 1:** Should the Commission grant Florida Power & Light Company's Petition for a temporary waiver or variance of Rule 25-6.0143(1)(g), F.A.C.

**Recommendation:** Yes. The Commission should grant FPL's Petition for a temporary variance or waiver of Rule 25-6.0143(1)(g), F.A.C., to allow FPL to file its petition and documentation supporting the review and true-up of the total actual incremental storm restoration costs related to Hurricanes Debby, Helene, and Milton no later than December 31, 2025. (Brownless)

**Staff Analysis:** FPL is requesting that the Commission grant it a temporary variance from or waiver of Rule 25-6.0143(1)(g), F.A.C. Pursuant to this rule provision, FPL is required to file its petition for disposition of certain deferred costs by September 30, 2025.

#### **Legal Standard for Rule Variances or Waivers**

Pursuant to Section 120.542(2), F.S., the Commission is required to grant waivers and variances from its rules "when the person subject to the rule demonstrates that the purpose of the underlying statute will be or has been achieved by other means by the person and when application of a rule would create a substantial hardship or would violate principles of fairness." A "substantial hardship" is defined by statute as a "demonstrated economic, technological, legal, or other type of hardship."

Rule 25-6.0143, F.A.C., implements Section 350.115, F.S., which allows the Commission to prescribe by rule uniform systems and classifications of accounts for each type of regulated company and approve or establish adequate, fair, and reasonable depreciation rates and charges. The rule also implements Section 366.04(2)(a), F.S., which gives the Commission power over electric utilities to prescribe uniform systems and classifications of accounts.

#### **FPL's Petition**

FPL stated that application of Rule 25-6.0143(1)(g), F.A.C., to require the preparation and filing of the petition and documentation supporting the review and true-up of the total actual incremental storm restoration costs related to Hurricanes Debby, Helene, and Milton no later than September 30, 2025, will create a substantial hardship. In its October 29, 2024 petition, FPL estimated that the total storm-related restoration costs for Hurricanes Debby, Helene, and Milton to total \$1.2 billion. Given the volume of invoices to be reviewed and the fact that three separate storms significantly impacted FPL's system late in the 2024 hurricane season, additional time has been required to process, review, and finalize storm restoration invoices for payment. FPL does not estimate that its review process can be completed until late August or early September 2025.

FPL has also been engaged with the other investor-owned electric utilities (IOUs) with open storm dockets, the Office of Public Counsel, and Commission staff, to hire an outside auditor to review Hurricane Milton costs and develop a scope of audit applicable to all the IOUs. FPL is in the process of hiring an outside auditor but does not anticipate that the auditor's review of Hurricane Milton costs will be complete until early December 2025. FPL argues that completing the outside audit before filing the petition for cost recovery will reduce the scope and volume of

Date: August 22, 2025

the discovery needed. Further, if forced to file prior to September 30, there is a risk that the outside audit results will conflict with the September 30 filing causing unnecessary confusion and the need for additional discovery.

Finally, FPL has requested that its petition for variance be considered at the Commission's September 4<sup>th</sup> Agenda Conference so that it can become effective, if granted, on or before the September 30 filing deadline. FPL has stated that no anticipated party to the proceeding, and no customer will be adversely affected or prejudiced by granting its request. FPL has contacted OPC, the only current party to this docket, and is authorized to represent that OPC has no objection.

### ***Purpose of Underlying Statutes***

Sections 350.115 and 366.04(2)(a), F.S., give the Commission power to prescribe by rule uniform systems and classifications of accounts and to approve or establish adequate, fair, and reasonable rates and charges for electric utilities. The purpose of the September 30 filing date is to facilitate a timely review of storm restoration costs and afford the Commission adequate oversight on the use of Commission-approved storm reserves (Account 228.1). Often the initial filings made pursuant to Rule 25-6.0143, F.A.C., reflect estimated costs used to implement an interim cost recovery mechanism. As such, staff believes that the purpose of Sections 350.115 and 366.04(2), F.S., will be unaffected by granting the requested temporary variance or waiver.

For these reasons, the purpose of the statutes will still be achieved as required by Section 120.542, F.S., if FPL's Petition for temporary variance or waiver is granted. Further, no anticipated party to any proceedings and no customers will be prejudiced or adversely affected by granting FPL's Petition for temporary variance or waiver.

### ***Substantial Hardship***

The facts presented by FPL to demonstrate a substantial hardship focus on the volume of work FPL needs to complete before filing its petition and supporting documentation for final storm restoration cost disposition. The cost estimates for restoration related to Hurricane Milton are \$924.0 million. These costs are in addition to \$134.8 million for Hurricane Debby and \$177.0 million for Hurricane Helene. FPL needs to complete significant internal work on these hurricane costs before it can then turn to the task of an independent audit for Hurricane Helene. The audit, in turn, must be completed before FPL can then file for final disposition.

The Commission considered and granted a similar request for waiver or variance from FPL in 2021.<sup>2</sup> In that docket, the enhanced workload arose from a rate case hearing that was proceeding on a contemporaneous track as storm recovery. As noted in the order granting FPL's petition in that docket, the Commission has in the past granted petitions for variance or waiver on the basis that application of a rule's filing deadline created substantial hardship because of utility staffing limitations caused by the specific circumstances alleged in those petitions.<sup>3</sup> This was also the

---

<sup>2</sup> Order No. PSC-2021-0361-PAA-EI, issued September 16, 2021, in Docket No. 20210128-EI, *In re Petition for temporary variance from or waiver of Rule 25-6.0143(1)(g), F.A.C., to file for prudence review of Florida Power & Light Company storm costs related to Hurricane Isaias and Tropical Storm Eta, and for prudence review and recovery of Gulf Power Company storm costs related to Hurricane Sally and Hurricane Zeta*.

<sup>3</sup> Order No. PSC-2019-0067-GU, issued February 22, 2019, in Docket No. 20180230-GU, *In re: Petition for temporary waiver of Rule 25-7.045, F.A.C., by Florida Public Utilities Company*; Order No. PSC-12-0354-PAA-

Date: August 22, 2025

case in 2023, when FPL was granted a filing variance for costs associated with Hurricanes Ian and Nicole.<sup>4</sup> Under the specific facts presented here, staff believes that FPL has demonstrated substantial hardship under Section 120.542, F.S.

### **Conclusion**

For the reasons stated above, the Commission should grant FPL's Petition for a temporary variance or waiver of Rule 25-6.0143(1)(g), F.A.C., to allow FPL to file its petition for certain deferred costs no later than December 31, 2025.

---

GU, issued July 9, 2012, in Docket No. 20120081-GU, *In re: Petition for waiver of requirement of Rule 25-7.045(8)(a), F.A.C., to file depreciation study within five years from date of filing previous study, and for authorization to file next depreciation study by August 17, 2012, by Florida Division of Chesapeake Utilities Corporation*; Order No. PSC-2002-0242-PAA-EI, issued February 25, 2002, in Docket No. 20011611-EI, *In Re: Petition for Waiver of Depreciation Study Filing Requirement in Rule 25-6.0436(8)(a), F.A.C., by Florida Power Corporation*; Order No. PSC-01-2376-PAA-EI, issued December 10, 2001, in Docket No. 20011088-EI, *In re: Florida Power & Light Company*

<sup>4</sup> Order No. PSC-2023-0298-PAA-EI, issued October 2, 2023, in Docket No. 20230017-EI, *in re: Petition for limited proceeding for recovery of incremental storm restoration costs related to Hurricanes Ian and Nicole, by Florida Power & Light Company*.

Date: August 22, 2025

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

**Recommendation:** No. Disposition of this petition for a waiver or variance serves only to extend the deadline for FPL to submit its petition and documentation supporting the review and true-up of the total actual incremental storm restoration costs related to Hurricanes Debby, Helene, and Nicole. This docket should remain open until that review is complete and the Commission has approved the final true-up. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued and this docket should remain open.

**Staff Analysis:** No. Disposition of this petition for a waiver or variance serves only to extend the deadline for FPL to submit its petition and documentation supporting the review and true-up of the total actual incremental storm restoration costs related to Hurricanes Debby, Helene, and Milton. This docket should remain open until that review is complete and the Commission has approved the final true-up. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued and this docket should remain open.

# 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:** August 22, 2025

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

**FROM:** Division of Accounting and Finance (Mason, Vogel) *MC*  
Office of the General Counsel (M. Thompson, Sandy) *JSC*

**RE:** Docket No. 20230019-EI – Petition for recovery of costs associated with named tropical systems during the 2018-2022 hurricane seasons and replenishment of storm reserve, by Tampa Electric Company.

**AGENDA:** 09/04/25 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Graham

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

## Case Background

On January 23, 2023, pursuant to Rules 28-106.201 and 25-6.0143, Florida Administrative Code (F.A.C.), Tampa Electric Company (TECO or Utility) filed its Petition for Recovery of Costs Associated with Named Tropical Systems during the 2018-2022 Hurricane Seasons and Replenishment of Storm Reserve with actual incremental storm costs for the 2018 through 2021 storm seasons and estimated incremental storm costs for the 2022 storm season. The Commission approved TECO's interim storm restoration charge on March 27, 2023, subject to final true up.

On August 16, 2023, TECO filed a Supplemental Petition to update the total storm restoration costs to include updated accrued costs and to propose a modified recovery period. On September 29, 2023, TECO filed an updated petition for recovery of costs associated with the named



tropical storms, updating the estimated costs for the 2022 storms to actual costs, providing the required documentation of actual recoverable storm costs, and to propose a final true-up mechanism for the Interim Storm Restoration Charge.

On June 13, 2024, the Commission approved TECO's petition for recovery of costs associated with the named tropical systems, and left the docket open to allow TECO to file supplemental testimony addressing its final recoverable storm costs. On March 19, 2025, TECO witness Richard J. Latta filed direct supplemental testimony detailing the total storm charges collected during the recovery period, as well as the true-up process.

This recommendation addresses the final amount of total storm charges collected by TECO, and the appropriate disposition of any over- or under-recovery. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, 366.06, and 366.076, Florida Statutes (F.S.).

### **Discussion of Issues**

**Issue 1:** What is the total amount TECO recovered through the storm restoration surcharge during the March 2023 to December 2024 period?

**Recommendation:** The total amount TECO recovered through the storm restoration surcharge during the March 2023 to December 2024 period was \$135,978,101.74. (Mason)

**Staff Analysis:** TECO witness Latta testified to the storm restoration surcharge recovery amount of \$135,978,101.74, in his March 19, 2025 supplemental direct testimony. This amount is supported in his sponsored Exhibit No. RJL-2.

Based on the filing, staff agrees that the total amount TECO recovered through the storm restoration surcharge during the March 2023 to December 2024 period was \$135,978,101.74.

Date: August 22, 2025

**Issue 2:** Did TECO over- or under-recover when collecting its storm restoration surcharge, and if so, by how much and what is the appropriate disposition of the over- or under-recovery?

**Recommendation:** TECO over-recovered its storm restoration surcharge by \$1,145,253.91. (Mason)

**Staff Analysis:** Witness Latta stated in his testimony that the actual amount recovered by TECO through the storm restoration surcharge was \$135,978,101.74. In Order No. PSC-2024-0190-FOF-EI, the Commission approved a final storm restoration amount of \$134,832,847.83. This resulted in an over-recovery of \$1,145,253.91.

Pursuant to Order No. PSC-2024-0190-FOF-EI, any over-recovery will be refunded through a clause billed on an energy basis, such as the fuel clause or the environmental clause. Witness Latta proposed to refund the storm restoration surcharge over-recovery amount to customers through the Environmental Cost Recovery Clause.

Consistent with Order No. PSC-2024-0190-FOF-EI, staff recommends the storm restoration surcharge over-recovery amount of \$1,145,253.91 be refunded back to customers through the Environmental Cost Recovery Clause.

**Issue 3:** 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. (Thompson)

**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 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:** August 22, 2025

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

**FROM:** Division of Accounting and Finance (Folkman, Cohn, Higgins, G. Kelley) *MC*  
Division of Economics (Bruce, Chambliss, Hudson) *ED*  
Division of Engineering (P. Buys, Ramos, Smith II) *TB*  
Office of the General Counsel (Marquez, Farooqi) *AEH*

**RE:** Docket No. 20240168-WU – Application for staff-assisted rate case in Highlands County, by Country Walk Utilities, Inc.

**AGENDA:** 09/04/25 – Regular Agenda – Proposed Agency Action – Except for Issue Nos. 13, 14, and 15 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Clark

**CRITICAL DATES:** 12/26/25 (15-Month Effective Date (SARC))

**SPECIAL INSTRUCTIONS:** None

## Table of Contents

<b><i>Issue</i></b>	<b><i>Description</i></b>	<b><i>Page</i></b>
	Case Background.....	3
1	Quality of Service.....	4
2	Infrastructure and Operating Conditions .....	6
3	Used and Useful .....	7
4	Average Test Year Rate Base .....	9
5	Rate of Return.....	11
6	Test Year Revenues .....	12
7	Operating Expenses .....	13
8	Operating Ratio Methodology .....	16
9	Appropriate Revenues Requirement.....	17
10	Appropriate Rate Structure .....	18
11	Customer Deposits.....	20
12	Miscellaneous Service Charges .....	21
13	Four-Year Rate Reduction.....	22
14	Temporary Rates .....	23
15	Adjustment to Books .....	25
16	Docket Closed .....	26
	Schedule No. 1-A .....	27
	Schedule No. 1-B.....	28
	Schedule No. 2.....	29
	Schedule No. 3-A .....	30
	Schedule No. 3-B.....	31
	Schedule No. 3-C.....	32
	Schedule No. 4.....	33

## Case Background

Country Walk Utilities, Inc. (Country Walk or Utility) is a Class C utility providing water service to approximately 70 residential customers and one general service customer in Highlands County. The Utility's service territory is located in the Southwest Florida Water Management District. The Utility's last staff-assisted rate case (SARC) was in 2018.<sup>1</sup> Subsequently, the Utility was approved for a limited alternative rate increase (LARI) in 2022.<sup>2</sup>

The Utility was granted water Certificate No. 579-W in 2014, in Docket No. 20130294-WU.<sup>3</sup>

On December 19, 2024, the Utility filed an application for a SARC.<sup>4</sup> Staff selected the test year ended October 31, 2024. According to the Utility's 2024 Annual Report, total gross revenues were \$55,712 and its operating expenses were \$55,896.

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

---

<sup>1</sup>Order No. PSC-2018-0553-PAA-WU, issued November 19, 2018, in Docket No. 20180021-WU, *In re: Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.*

<sup>2</sup>Order No. PSC-2022-0141-PAA-WU, issued April 12, 2022, in Docket No. 20210182-WU, *In re: Application for a limited alternative rate increase proceeding in Highlands County by Country Walk Utilities, Inc.*

<sup>3</sup>Order No. PSC-2014-0495-PAA-WU, issued September 17, 2014, in Docket No. 20130294-WU, *In re: Application for transfer of water systems and Certificate No. 549-W in Highlands County from Holmes Utilities, Inc. to Country Walk Utilities, Inc.*

<sup>4</sup>Document No. 10302-2024, filed December 19, 2024.



## Discussion of Issues

**Issue 1:** Is the quality of service provided by Country Walk Utilities, Inc. satisfactory?

**Recommendation:** Yes. Country Walk has been responsive to customer complaints and the quality of the product is in compliance with the Department of Environmental Protection (DEP) standards; therefore, staff recommends that the quality of service be considered satisfactory. (P. Buys)

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

### Quality of the Utility's Product

In evaluation of Country Walk's product quality, staff reviewed the Utility's compliance with the DEP's primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Staff reviewed the DEP's Safe Drinking Water Program chemical analysis of samples taken at the point of entry on March 28, 2024, and November 19, 2024, and all of the contaminants were in compliance with DEP standards.<sup>5</sup> In addition, staff reviewed the most current Disinfection Byproducts chemical analysis taken on August 19, 2024, and the results were in compliance with DEP standards.<sup>6</sup>

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

Staff reviewed the Commission's Consumer Activity Tracking System records, and discovered that no complaints were recorded during the test year and four years prior for Country Walk. Staff requested all complaints received by Country Walk during the test year and four years prior, and the Utility provided 31 complaints it received during this timeframe. Table 1-1 shows the number of complaints, by subject and year, received by the Utility during the specified timeframe.

---

<sup>5</sup>Document No. 00411-2025, filed January 23, 2025.

<sup>6</sup>Document No. 01129-2025, filed February 26, 2025.

**Table 1-1**  
**Number of Utility Complaints by Subject**

<b>Subject of Complaint</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>Total</b>
Water Service Interruption	4	0	3	7	2	16
Pressure Issue	3	1	2	3	1	10
Water Quality	2	0	0	2	1	5
<b>Total</b>	9	1	5	12	4	31

Source: Utility responses to staff data requests.

The water service interruption complaints were due to an electrical relay at the high service pump going bad and the compressor at the hydropneumatic storage tank not running in 2022 and 2023,<sup>7</sup> and a main break in 2020. Country Walk made repairs and restored the service. The pressure issue complaints were due to various reasons including clogged service lines, a transfer pump had tripped, and home filters being clogged. The Utility unclogged the lines and reset the systems.<sup>8</sup> The water quality complaints were about the water smell and color. In response, Country Walk flushed the water at the homes, valves, and the main lines to resolve the issues. Staff also requested all complaints received by the DEP during the test year and four years prior. The DEP responded that it did not receive any complaints during this timeframe.<sup>9</sup>

A customer meeting was held on June 24, 2025. No customers spoke at the meeting. In addition, there were no customer comments filed in the docket file.

## **Conclusion**

Country Walk has been responsive to customer complaints and the quality of the product is in compliance with the DEP standards; therefore, staff recommends that the quality of service be considered satisfactory.

---

<sup>7</sup>Document No. 03013-2025, filed April 21, 2025.

<sup>8</sup>Document No. 00411-2025, filed January 23, 2025.

<sup>9</sup>Document No. 02512-2025, filed April 1, 2025.

Date: August 22, 2025

**Issue 2:** Is the infrastructure and operating conditions of Country Walk Utilities, Inc. in compliance with DEP regulations?

**Recommendation:** Yes. The Country Walk water system is currently in compliance with the DEP. (P. Buys)

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

### **Water System Operating Conditions**

Country Walk's water system has a permitted capacity of 100,600 gallons per day. The system has one well with a pumping capacity of 80 gallons per minute (gpm), one hydropneumatic storage tank with a capacity of 5,000 gallons, and one ground storage tank with a capacity of 5,000 gallons. Groundwater from the well is treated through hypochlorination. Staff reviewed Country Walk's most recent Sanitary Survey Report (Report) conducted by the DEP to determine the Utility's overall water facility compliance. A review of the Report dated December 12, 2024, indicated that Country Walk's water treatment facility was out of compliance. The DEP found that the chlorine residual was over the maximum amount, there was no valve exercising plan available on site, the bacteriological sampling plan had the wrong number of service connections, the disinfection byproducts sampling plan needed updating with the correct sample requirements, and the ammonia container was not secured. Country Walk corrected all deficiencies, and the DEP found the Utility to be in compliance on February 25, 2025.<sup>10</sup>

### **Conclusion**

The Country Walk water system is currently in compliance with the DEP.

---

<sup>10</sup>Document No. 01129-2025, filed February 26, 2025.

Date: August 22, 2025

**Issue 3:** What are the used and useful percentages (U&U) of Country Walk Utilities, Inc. water treatment plant (WTP) and water distribution system?

**Recommendation:** Country Walk's WTP, storage, and water distribution system should be considered 100 percent U&U. No adjustment is recommended for excessive unaccounted for water (EUW). (P. Buys)

**Staff Analysis:** As stated in Issue 2, Country Walk's water system has one well with a pumping capacity of 80 gpm, one hydropneumatic storage tank with a capacity of 5,000 gallons, and one ground storage tank with a capacity of 5,000 gallons. Country Walk's water distribution system is composed of 3,815 feet of 2-inch polyvinyl chloride (PVC) pipe and 1,802 feet of 4-inch PVC pipe. There are no fire hydrants throughout the water distribution system.

### Used and Useful Percentages

Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. In its last SARC, Country Walk's WTP, storage, and water distribution system were found to be 100 percent U&U.<sup>11</sup> The Utility has not increased the capacity of its WTP since rates were last established. The Utility's water distribution system continues to only provide service to existing customers, the service area remains built out, and there continues to be no potential for expansion of the service area. Therefore, consistent with the Commission's previous decision, staff recommends that the Utility's WTP, storage, and water distribution system be considered 100 percent U&U.

### Excessive Unaccounted for Water

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

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage.

Based on monthly operating reports, Country Walk produced 2,257,700 gallons of water from November 1, 2023, through October 31, 2024. No water was purchased during the test year. From the audit completed by staff, the Utility sold 1,977,000 gallons of water to customers. The Utility estimated 351,200 gallons of water usage for line flushing and main breaks. The calculation  $([2,257,700 + 0 - 1,977,000 - 351,200] / [2,257,700 + 0])$  results in no unaccounted for water. Therefore, there is no EUW based on this analysis. Staff recommends that no adjustments be made to purchased power and chemicals.

---

<sup>11</sup>Order No. PSC-2018-0553-PAA-WU, issued November 9, 2018, in Docket No. 201800021-WU, *In re: Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.*

**Conclusion**

Country Walk's WTP, storage, and water distribution system should be considered 100 percent U&U. No adjustment is recommended for EUW.

Date: August 22, 2025

**Issue 4:** What is the appropriate average test year rate base for Country Walk Utilities, Inc.?

**Recommendation:** The appropriate average test year rate base for Country Walk Utilities, Inc. is \$138,362. (Folkman, Cohn)

**Staff Analysis:** The appropriate components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions in aid of construction (CIAC), accumulated amortization of CIAC, an acquisition adjustment, accumulated amortization of an acquisition adjustment, and working capital. Staff selected the test year ended October 31, 2024 for the instant rate case. Commission audit staff determined that the Utility's books and records are in compliance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). A summary of each component and the recommended adjustments are discussed below.

#### **Utility Plant in Service**

The Utility recorded UPIS of \$257,741. Staff reduced this amount by \$8,019 to reflect an averaging adjustment, and therefore recommends a UPIS of \$249,723.

#### **Land and Land Rights**

The Utility recorded a test year land and land rights balance of \$1,495. Staff did not make any adjustments to this account, and therefore recommends a land and land rights balance of \$1,495.

#### **Accumulated Depreciation**

The Utility recorded accumulated depreciation of \$120,685. The Utility based depreciation on the date its plant items were placed into service. Audit staff calculated depreciation expense on a half-year basis for the first year of service, which increased accumulated depreciation by \$366. Additionally, staff reduced this amount by \$4,672 to reflect an averaging adjustment. Staff's adjustments to accumulated depreciation result in a decrease of \$4,306. Therefore, staff recommends an average accumulated depreciation balance of \$116,380.

#### **Contributions In Aid of Construction**

The Utility recorded CIAC of \$24,200. Staff made no adjustments, and therefore recommends an average CIAC balance of \$24,200.

#### **Accumulated Amortization of CIAC**

The Utility recorded accumulated amortization of CIAC of \$24,200. The Utility used a composite rate for all CIAC-related accounts. However, per Rule 25-30.140(9)(b), F.A.C., the specific depreciation rates of the related plant accounts should be used, and reserving the use of a composite rate when the specific associated plant accounts are unknown. As such, audit staff reduced this amount by \$1,641. Staff then increased this amount by \$821 to reflect an averaging adjustment. Therefore, staff recommends an average accumulated amortization of CIAC balance of \$23,380.

Date: August 22, 2025

### **Acquisition Adjustment**

Country Walk recorded a negative acquisition adjustment of \$20,064, which is consistent with the amount approved by the Commission in the Utility's transfer docket.<sup>12</sup> Therefore, no adjustment is necessary.

### **Accumulated Amortization of Acquisition Adjustment**

The Utility recorded an accumulated amortization of acquisition adjustment of \$20,064. Staff recalculated this amount based on the method set forth in Order No. PSC-14-0495-PAA-WU and beginning with the date of the issuance of the order approving the transfer.<sup>13</sup> Staff's calculation results in a decrease of \$618. Therefore, staff recommends an accumulated amortization of acquisition adjustment balance of \$19,446.

### **Working Capital Allowance**

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C. and Commission practice, staff used the one-eighth of O&M expense (less rate case expense) formula for calculating the working capital allowance.<sup>14</sup> As such, staff removed the annual rate case amortization expense of \$671. This resulted in an adjusted O&M expense balance of \$39,699. Applying this formula, staff recommends a working capital allowance of \$4,962.

### **Rate Base Summary**

Based on the foregoing, staff recommends that the appropriate average test year rate base is \$138,362. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

---

<sup>12</sup>Order No. PSC-2014-0495-PAA-WU, issued September 17, 2014, in Docket No. 20130294-WU, *In re: Application for transfer of water systems and Certificate No. 579-W in Highlands County from Holmes Utilities, Inc. to Country Walk Utilities, Inc.*

<sup>13</sup>*Ibid*, pp. 5–6.

<sup>14</sup>See Order No. PSC-2025-0284-PAA-SU, issued July 22, 2025, in Docket No. 20240105-SU, *In re: Application for staff-assisted rate case in Polk County, by West Lakeland Wastewater, LLC*; Order No. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*.

**Issue 5:** What is the appropriate return on equity and overall rate of return for Country Walk Utilities, Inc.?

**Recommendation:** The appropriate return on equity (ROE) is 8.51 percent with a range of 7.51 percent to 9.51 percent. The appropriate overall rate of return is 8.43 percent. (Folkman, Cohn)

**Staff Analysis:** The Utility's capital structure consists of common equity and customer deposits. The Utility's capital structure has been reconciled with staff's recommended rate base. The appropriate ROE is 8.51 percent based on the Commission-approved leverage formula currently in effect.<sup>15</sup>

Staff recommends an ROE of 8.51 percent with a range of 7.51 percent to 9.51 percent, and an overall rate of return of 8.43 percent. The ROE and overall rate of return are shown on Schedule No. 2.

---

<sup>15</sup>Order No. PSC-2025-0213-PAA-WS, issued on June 18, 2025, in Docket No. 20250006-WS; *In re: Water and wastewater industry annual reestablishment cf authorized range cf return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*



Date: August 22, 2025

**Issue 6:** What are the appropriate test year operating revenues for the water system of Country Walk Utilities, Inc.?

**Recommendation:** The appropriate test year operating revenues for Country Walk's water system are \$63,962. (Chambliss)

**Staff Analysis:** Country Walk recorded test year revenues of \$60,989 for water. The water revenues included \$60,013 of service revenues and \$977 of miscellaneous revenues. To determine the appropriate service revenues, staff applied the number of billing determinants to the Utility's existing rates. As a result, staff determined that service revenues for water should be \$62,985, which is an increase of \$2,972. Staff has no adjustment to miscellaneous revenues. Based on the above, staff recommends the appropriate test year operating revenues for Country Walk's water system is \$63,962.

Date: August 22, 2025

**Issue 7:** What is the appropriate amount of operating expenses for Country Walk Utilities, Inc.?

**Recommendation:** The appropriate amount of operating expense for Country Walk is \$55,599. (Folkman, Cohn, P. Buys)

**Staff Analysis:** The Utility recorded operating expense of \$53,987. The test year operating expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the Utility's operating expense as described below.

### **Pro Forma O&M**

Country Walk is requesting recovery of costs to submit a Lead and Copper Rule Revision (LCRR) inventory to the DEP. On January 15, 2021, the United States Environmental Protection Agency (EPA) issued the LCRR that amended the Lead and Copper Rule (40 C.F.R. Sections 141.80–141.93). This amendment requires all water systems to create an inventory of all its service lines. The LCRR also required the inventory to be sent to the DEP no later than October 16, 2024. Country Walk contracted with U.S. Water Service Corporation (U.S. Water) to perform this inventory. This project was outside of the normal operations the Utility already contracted for with U.S. Water. The project was completed and the LCRR inventory analysis was submitted on October 15, 2024. The invoice for this project is \$4,257. Country Walk stated this amount was not included in the O&M expenses filed in this SARC.<sup>16</sup> Because this project was required by the EPA, staff believes Country Walk should be allowed to recover the project's cost. To that end, Country Walk submitted a paid invoice and the costs appear to be reasonable. Staff's proposal for the associated amortization expense is discussed below in contractual services – other.

## **Operation and Maintenance Expenses**

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

The Utility recorded salaries and wages – officers and directors expense of \$2,750. Staff increased this account by \$250 to reflect an auditing adjustment which was to record an expense that was not entered into the general ledger. Therefore, staff recommends a salaries and wages – officers and directors expense of \$3,000.

### **Purchased Power (615)**

The Utility recorded purchased power expense of \$1,187. Staff made no adjustments to this amount and therefore recommends a purchased power expense of \$1,187.

### **Chemicals (618)**

The Utility recorded chemicals expense of \$2,329. Staff made no adjustments to this amount and therefore recommends a chemicals expense of \$2,329.

---

<sup>16</sup>Document No. 00411-2025, filed January 23, 2025, in Docket No. 20240168-WU, *In re: Application for staff-assisted rate case in Highlands County by Country Walk Utilities, Inc.*

Date: August 22, 2025

### **Contractual Services – Accounting (632)**

The Utility recorded contractual services accounting expense of \$525. Staff made no adjustments to this amount and therefore recommends a contractual services - accounting expense of \$525.

### **Contractual Services – Legal (633)**

The Utility recorded contractual services legal expense of \$300. Staff made no adjustments to this amount and therefore recommends a contractual services - legal expense of \$300.

### **Contractual Services – Testing (635)**

The Utility recorded contractual services testing expense of \$905. Staff made no adjustments to this amount and therefore recommends a contractual services - testing expense of \$905.

### **Contractual Services – Other (636)**

The Utility recorded contractual services other expense of \$28,097. Further, during the pendency of the case, the Utility requested pro forma contractual service O&M of \$4,257 for the LCRR inventory as discussed above. Pursuant to Rule 25-30.433(9), F.A.C., Staff amortized this amount over five years bringing the test year expense to \$851. Therefore, staff recommends a contractual service – other expense of \$28,948.

### **Insurance Expense – General Liability (657)**

The Utility recorded insurance expense general liability of \$1,630. Staff increased this figure by \$145 to reflect an auditing adjustment based on the current insurance policy received. Therefore, staff recommends a general liability insurance expense of \$1,775.

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

The Utility recorded an annual rate case expense of \$208. However, the amount that was authorized in Order No. PSC-2022-0141-PAA-WU was \$362.<sup>17</sup> Thus, audit staff made a test year adjustment increase of \$154.

The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, interim rates, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$237. The Utility stated that it does not plan on attending the Commission Conference; therefore, staff did not include a travel and lodging expense. Additionally, the Utility paid a filing fee of \$1,000.

Staff recommends a total rate case expense, consisting of noticing costs and filing fee of \$1,237, which amortized over four years is \$309. Therefore, staff recommends an increase of \$463 and a total annual rate case expense of \$671.

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

Country Walk recorded a bad debt expense of \$226 for the test year. Staff notes that it is Commission practice to calculate bad debt expense using a three-year average when the information is available.<sup>18</sup> In its three most recent Annual Reports (2022, 2023, and 2024), the

---

<sup>17</sup>Order No. PSC-2022-0141-PAA-WU, issued April 12, 2022, in Docket No. 20210182-WU, *In re: Application for limited alternative rate increase in Highlands County by County Walk Utilities, Inc.*

<sup>18</sup>See e.g., Order No. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*; Order No. PSC-2025-0284-PAA-

Date: August 22, 2025

Utility recorded bad debt expenses of \$1,031, \$97, and \$311, respectively. Staff calculated the average bad debt expense for these previous three years to be \$480, which represents an increase of \$254. Therefore, staff recommends bad debt expense of \$480.

#### **Miscellaneous Expenses (675)**

The Utility recorded miscellaneous expense of \$250. Staff made no adjustments to this amount and therefore recommends a miscellaneous expense of \$250.

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

The Utility recorded test year O&M expense of \$38,407. Based on the above adjustments, staff recommends O&M expense be increased by \$1,963. This results in a total O&M expense of \$40,370. Staff's recommended adjustments to O&M are shown on Schedule No. 3-C.

#### **Depreciation Expense**

The Utility recorded depreciation expense of \$11,421. Staff increased this amount by \$395 to reflect an auditing adjustment. Therefore, staff recommends depreciation expense of \$11,816.

#### **Amortization of CIAC**

The Utility recorded no amortization of CIAC. Staff increased this figure by \$288 to reflect an auditing adjustment, and therefore recommends an amortization of CIAC of \$288.

#### **Amortization of Acquisition Expense**

The Utility recorded no amortization of acquisition expense. Audit staff made an amortization of acquisition expense adjustment of \$904 based on the method set forth in Order No. PSC-14-0495-PAA-WU. Therefore, staff recommends an amortization of acquisition expense of \$904.

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

The Utility recorded TOTI of \$4,159. Staff increased TOTI by \$164 to reflect auditing adjustment to property taxes. Additionally, staff increased TOTI by \$134 to reflect the appropriate regulatory assessment fees (RAFs) based on the appropriate test year revenues.

As discussed in Issue 9, staff recommends revenues be increased by \$3,303 in order to reflect the change in revenue required to cover expenses and allow the Utility an opportunity to earn an 8.43 percent return on rate base. As a result, TOTI should be increased by \$149 to reflect a RAF rate of 4.5 percent of the change in revenues. Staff's adjustments to TOTI resulted in an increase of \$447. Therefore, staff recommends TOTI of \$4,605.

#### **Total Operating Expenses Summary**

The Utility recorded operating expenses of \$53,987. The application of staff's recommended adjustments to the Utility's recommended operating expense results in a total operating expense of \$55,599, an increase of \$1,613. Operating expenses are shown on Schedule No. 3-A, and the related adjustments are shown on Schedule No. 3-B.

**Issue 8:** Does Country Walk Utilities, Inc. meet the criteria for application of the operating ratio methodology?

**Recommendation:** No, Country Walk does not meet the requirement for application of the operating ratio methodology for calculating the revenue requirement. (Folkman, Cohn)

**Staff Analysis:** Rule 25-30.4575(2), F.A.C., indicates that rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the operating ratio methodology to establish the Utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory commission expense, and the use of the operating ratio methodology does not change the Utility's eligibility for a SARC.

With respect to Country Walk, staff has recommended a rate base of \$138,362. After removal of rate case expense, staff has calculated an adjusted O&M expense of \$39,699. Based on staff's recommended amounts, the Utility's rate base is 348.53 percent of its adjusted O&M expense. Therefore, the Utility does not qualify for application of the operating ratio methodology.

**Issue 9:** What is the appropriate revenue requirement for Country Walk Utilities, Inc.?

**Recommendation:** The appropriate revenue requirement is \$67,265, resulting in an annual increase of \$3,303. (Folkman, Cohn)

**Staff Analysis:** Country Walk should be granted an annual increase of \$3,303 (5.16 percent). This should allow the Utility the opportunity to recover expenses and earn 8.43 percent return on its rate base. The calculations for revenue requirement are shown on Table 9-1 below.

**Table 9-1**  
**Revenue Requirement**

Water Rate Base	\$138,362
Rate of Return	× 8.43%
Return on Rate Base	<u>\$11,666</u>
Water O&M Expense	\$40,370
Depreciation Expense	11,816
Amortization Expense	(1,192)
Taxes Other Than Income	<u>4,605</u>
Revenue Requirement	<u>\$67,265</u>
Less Test Year Revenues	\$63,962
Annual Increase	\$3,303
Percent Increase	5.16%

Source: Staff calculations.

**Issue 10:** What are the appropriate rate structure and rates for Country Walk Utilities, Inc.?

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

**Staff Analysis:** The Utility provides water service to 70 residential customers and one general service customer. A review of the billing data indicates approximately 13 percent of the residential customer bills during the test year had zero gallons. However, the billing data at the 1,000 gallon level indicates 38 percent of the residential customer bills, which is an indication of a seasonal customer base. The average residential water demand was 2,340 gallons per month during the test period. The average water demand, excluding zero gallons bills, was 2,689 gallons per month. The Utility's current rate structure consists of a monthly base facility charge (BFC) and a two-tier inclining block rate structure. The rate blocks are: (1) 0–3,000 gallons and (2) all usage in excess of a 3,000 gallons per month discretionary threshold. The general service rate structure consists of a BFC and uniform gallonage charge.

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

Country Walk in its application requested, due to the highly seasonality of its customer base, a rate design where 60 percent of the revenue requirement is recovered through the BFC. The Utility stated that in its last SARC, the Commission approved a rate design where 45 percent of the revenue requirement is recovered through the BFC which makes it difficult to cover O&M costs through the period where there is low occupancy.

Staff agrees that due to the Utility's seasonal customer base coupled with low average consumption, that it is reasonable to allow 60 percent of the revenue requirement be recovered through the BFC in an effort to maintain sufficient revenue stability. The average number of people per household is two; therefore, based on the number of people per household, 50 gallons per day, per person, and the number of days per month, the discretionary threshold should remain at 3,000 gallons per month.<sup>19</sup> Therefore, staff recommends that the Utility's current rate structure remain unchanged. According to the review of the billing analysis, the discretionary usage represents approximately 14 percent of the bills, which accounts for approximately 23 percent of the water demand. This is an indication that there is a modest amount of discretionary usage

---

<sup>19</sup>Average person per household was obtained from [www.census.gov/quickfacts/highlandscounty, Florida](http://www.census.gov/quickfacts/highlandscounty, Florida).

Date: August 22, 2025

above 3,000. However, due to the low revenue requirement increase, there is not enough revenues to send any additional pricing signals.

For this case, staff recommends a continuation of the Utility's current rate structure, which includes separate gallonage charges for non-discretionary and discretionary usage for water customers. The rate blocks are: (1) 0-3,000 gallons and (2) all usage in excess of 3,000 gallons per month. General service customers should continue to be billed a BFC and a gallonage charge. The recommended rate structure and monthly water rates are shown on Schedule No. 4.

The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice.



**Issue 11:** What are the appropriate initial customer deposits for Country Walk Utilities, Inc.?

**Recommendation:** The appropriate initial customer deposit should be \$153 for the 5/8 inch x 3/4 inch meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

**Staff Analysis:** Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.<sup>20</sup> Currently, the Utility has an initial customer deposit of \$120 for the 5/8 inch x 3/4 inch meter size. However, this amount does not cover two months' average bills based on staff's recommended rates. Based on the Utility's average monthly residential consumption, the appropriate initial customer deposit should be \$153 to reflect an average residential customer bill for two months. The monthly average residential bill is \$76.39.

Staff recommends that the appropriate initial customer deposit should be \$153 for the 5/8 inch x 3/4 inch meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

---

<sup>20</sup>Order No. PSC-15-0142-PAA-SU, issued March 26, 2015, in Docket No. 130178-SU, *In re: Application for staff assisted rate case in Polk County by Crooked Lake Park Sewerage Company*.

Date: August 22, 2025

**Issue 12:** What are the appropriate miscellaneous service charges for Country Walk Utilities, Inc.?

**Recommendation:** Staff recommends that the initial connection and normal reconnection charges be removed, and the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C. The approved charge should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given by affidavit no less than 10 days after the date of notice. (Chambliss)

**Staff Analysis:** Currently, Country Walk has an initial connection charge and a normal reconnection charge. The Utility did not request to revise its existing miscellaneous service charges. However, Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Rule 25-30.460, F.A.C., does not allow for initial connection and normal reconnection charges. The Utility's initial connection and normal reconnection charges are thus obsolete and inconsistent with the Rule. The definitions for initial connection charges and normal reconnection charges were subsumed into the definition of the "premises visit charge". Therefore, the premises visit charge should be \$60.62 for normal business hours and \$68.68 for after-hours calls.

Based on the above, staff recommends that the initial connection and normal reconnection charges be removed, and the Utility's definition for the premises visit charge be updated to comply with Rule 25-30.460(2)(a), F.A.C. The Utility should be required to file a proposed customer notice to reflect the Commission approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given by affidavit no less than 10 days after the date of notice.

Date: August 22, 2025

**Issue 13:** What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense?

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

**Staff Analysis:** Section 367.081(8), F.S., requires that the rates be reduced immediately following the expiration of the 4-year period by the amount of the rate case expense previously included in rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. This results in a reduction of \$324.

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

**Issue 14:** Should the recommended rates be approved for Country Walk Utilities, Inc. on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

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

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

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

The Utility should be authorized to collect the temporary rates upon staff's approval of an appropriate security for the potential refund and the proposed customer notice. Security should be in the form of a bond or letter of credit in the amount of \$2,265. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

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

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

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

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

Date: August 22, 2025

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

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

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

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

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

Date: August 22, 2025

**Issue 15:** Should Country Walk Utilities, Inc. be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA primary accounts?

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

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

Date: August 22, 2025

**Issue 16:** Should this docket be closed?

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

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

COUNTRY WALK UTILITIES, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF WATER RATE BASE		SCHEDULE NO. 1-A DOCKET NO. 20240168-WU		
DESCRIPTION		BALANCE PER UTILITY	STAFF ADJ.	BALANCE PER STAFF
1.	UTILITY PLANT IN SERVICE	\$257,741	(\$8,019)	\$249,723
2.	LAND & LAND RIGHTS	1,495	0	1,495
3.	ACCUMULATED DEPRECIATION	(120,685)	4,306	(116,380)
4.	CIAC	(24,200)	0	(24,200)
5.	ACCUM. AMORT. CIAC	24,200	(821)	23,380
6.	ACQUISITION ADJUSTMENT	(20,064)	0	(20,064)
7.	ACCUM. AMORT. ACQ. ADJ.	20,064	(618)	19,446
8.	WORKING CAPITAL ALLOWANCE	<u>\$4,869</u>	<u>\$93</u>	<u>\$4,962</u>
	WATER RATE BASE	<u>\$143,420</u>	<u>(\$5,058)</u>	<u>\$138,362</u>



<b>COUNTRY WALK UTILITIES, INC.</b>		<b>SCHEDULE NO. 1-B</b>
<b>TEST YEAR ENDED 10/31/2024</b>		<b>DOCKET NO. 20240168-WU</b>
<b>ADJUSTMENTS TO RATE BASE</b>		
		<b>WATER</b>
<b>UTILITY PLANT IN SERVICE</b>		
1.	To reflect averaging adjustments.	<u>(\$8,019)</u>
<b>ACCUM. DEPRECIATION</b>		
1.	To reflect auditing adjustments.	(\$366)
2.	To reflect averaging adjustments.	<u>4,672</u>
	Total	<u>\$4,306</u>
<b>ACCUM. AMORT. CIAC</b>		
1.	To reflect auditing adjustments.	(\$1,641)
2.	To reflect averaging adjustments.	<u>821</u>
	Total	<u>(\$821)</u>
<b>ACCUM. AMORT. ACQ. ADJ.</b>		
1.	To reflect an auditing adjustment.	(\$618)
<b>WORKING CAPITAL ALLOWANCE</b>		
	To reflect 1/8 of test year O&M expenses (less RCE).	<u>\$93</u>

COUNTRY WALK UTILITIES, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF CAPITAL STRUCTURE					SCHEDULE NO. 2 DOCKET NO. 20240168-WU		
	CAPITAL COMPONENT	PER UTILITY	PRO RATA ADJ.	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1.	COMMON EQUITY	\$194,713	(57,953)	136,760	98.84%	8.51%	8.41%
2.	CUSTOMER DEPOSITS	<u>2,280</u>	<u>(679)</u>	<u>1,601</u>	<u>1.16%</u>	2.00%	<u>0.02%</u>
	TOTAL CAPITAL	<u>\$196,993</u>	<u>(\$58,631)</u>	<u>\$138,362</u>	<u>100.00%</u>		<u>8.43%</u>
			<b><u>RANGE OF REASONABLENESS</u></b>			<b><u>LOW</u></b>	<b><u>HIGH</u></b>
			RETURN ON EQUITY			7.51%	9.51%
			OVERALL RATE OF RETURN			7.44%	9.42%

COUNTRY WALK UTILITIES, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-A DOCKET NO. 20240168-WU		
	TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT
1. TOTAL OPERATING REVENUES	\$60,990	\$2,972	\$63,962	\$3,303 5.16%	\$67,265
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$38,407	\$1,963	\$40,370		\$40,370
3. DEPRECIATION (NET)	11,421	395	11,816		11,816
4. AMORTIZATION (NET)	0	(1,192)	(1,192)		(1,192)
5. TAXES OTHER THAN INCOME	<u>4,159</u>	<u>298</u>	<u>4,456</u>	<u>149</u>	<u>4,605</u>
TOTAL OPERATING EXPENSES	<u>\$53,987</u>	<u>\$1,464</u>	<u>\$55,450</u>	<u>\$149</u>	<u>\$55,599</u>
6. OPERATING INCOME/(LOSS)	\$7,003		\$8,512		\$11,666
7. WATER RATE BASE	\$143,420		(5,058)		\$138,362
8. RATE OF RETURN					8.43%

COUNTRY WALK UTILITIES, INC. TEST YEAR ENDED 10/31/2024 ADJUSTMENTS TO OPERATING INCOME		SCHEDULE NO. 3-B DOCKET NO. 20240168-WU
		<b>WATER</b>
<b>OPERATING REVENUES</b>		
1. To reflect an averaging adjustment.		\$2,972
<b>OPERATION &amp; MAINTENANCE EXPENSE</b>		
1. Salaries and Wages – Officer and Directors (603) To reflect an auditing adjustment.		\$250
2. Contractual Services – Other (636) To reflect LCRR pro forma project amortized over five years.		\$851
3. Insurance Expense – General Liability (657) To reflect an auditing adjustment.		\$145
4. Rate Case Expense (665) To reflect an auditing adjustment. To reflect one-quarter of rate case expense.		\$154 <u>309</u>
<u>Subtotal</u>		<u>\$463</u>
5. Bad Debt Expense (670) To reflect three-year average of Bad Debt expense.		\$254
<b>TOTAL OPERATION &amp; MAINTENANCE ADJUSTMENTS</b>		<u>\$1,963</u>
<b>DEPRECIATION EXPENSE</b> To reflect an auditing adjustment.		\$395
<b>AMORTIZATION EXPENSE (NET)</b> To reflect amortization of CIAC. To reflect amortization of the acquisition adjustment.		(\$288) <u>(904)</u>
<u>Subtotal</u>		<u>(\$1,192)</u>
<b>TAXES OTHER THAN INCOME</b> To reflect an auditing adjustment to property tax. To reflect appropriate test year RAFs. To reflect appropriate revenue requirement increase RAFs.		\$164 134 <u>149</u>
<u>Subtotal</u>		<u>\$447</u>
<b>TOTAL OPERATING EXPENSE ADJUSTMENTS</b>		<u>\$1,613</u>

COUNTRY WALK UTILITIES, INC. TEST YEAR ENDED 10/31/2024 ANALYSIS OF WATER O&M EXPENSES		SCHEDULE NO. 3-C DOCKET NO. 20240168-WU		
ACCT.#	DESCRIPTION	TOTAL PER UTILITY	STAFF ADJUST- MENT	TOTAL PER STAFF
603	Salaries and Wages – Officers and Directors	\$2,750	\$250	\$3,000
615	Purchased Power	1,187	0	1,187
618	Chemicals	2,329	0	2,329
632	Contractual Services – Accounting	525	0	525
633	Contractual Services – Legal	300	0	300
635	Contractual Services – Testing	905	0	905
636	Contractual Services – Other	28,097	851	28,948
657	Insurance Expense – General Liability	1,630	145	1,775
665	Regulatory Commission Expense	208	463	671
670	Bad Debt Expense	226	254	480
675	Miscellaneous Expenses	<u>\$250</u>	<u>\$0</u>	<u>\$250</u>
	Total O&M Expense	<u>\$38,407</u>	<u>\$1,963</u>	<u>\$40,370</u>
	Working Capital is 1/8 of O&M less RCE			\$4,962

COUNTRY WALK UTILITIES, INC. TEST YEAR ENDED OCTOBER 31, 2024 MONTHLY WATER RATES		SCHEDULE NO. 4 DOCKET NO. 20240168-WS	
	UTILITY CURRENT RATES	STAFF RECOMMENDED RATES	4-YEAR RATE REDUCTION
<b><u>Residential and General Service</u></b>			
Base Facility Charge by Meter Size			
5/8"X 3/4"	\$33.05	\$46.74	\$0.22
3/4"	\$49.58	\$70.11	\$0.33
1"	\$82.63	\$116.85	\$0.55
1-1/2"	\$165.25	\$233.70	\$1.10
2"	\$264.40	\$373.92	\$1.76
3"	\$528.80	\$747.84	\$3.51
4"	\$826.25	\$1,168.50	\$5.49
6"	\$1,652.50	\$2,337.00	\$10.98
Charge per 1,000 gallons - Residential			
0 - 3,000 gallons	\$14.81	\$12.67	\$0.06
Over 3,000 gallons	\$26.92	\$15.84	\$0.07
Charge per 1,000 gallons - General Service			
	\$17.22	\$13.41	\$0.06
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
2,000 Gallons	\$62.67	\$72.08	
4,000 Gallons	\$104.40	\$100.59	
6,000 Gallons	\$158.24	\$132.27	

# 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:** August 22, 2025

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

**FROM:** Division of Engineering (Wooten, Ellis) *TB*  
Office of the General Counsel (Marquez, Farooqi) *ACH*

**RE:** Docket No. 20250093-EI – Petition for approval of a negotiated as-available energy agreement between Duke Energy Florida, LLC and Placid Solar II, LLC.

**AGENDA:** 09/04/25 – 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 14, 2025, Duke Energy Florida, LLC (DEF or Company) filed a petition for Commission approval of a negotiated as-available energy agreement (Contract) between DEF and Placid Solar II, LLC (Placid). While Placid has not obtained qualifying facility (QF) status from the Federal Energy Regulatory Commission (FERC), as a 74.9 MW solar generating facility it qualifies as a “renewable generating facility,” as that term is defined in Rule 25-17.210(1), Florida Administrative Code (F.A.C.). Pursuant to Rule 25-17.220, F.A.C., renewable generating facilities shall be treated as QFs by the Florida Public Service Commission (Commission) and shall be subject to Rules 25-17.082 through 25-17.091, F.A.C.

Placid obtained Market-Based Rate (MBR) Authorization and tariff approval from FERC in January 2025, which allowed Placid to legally engage in the sale of renewable wholesale electricity to DEF under a FERC-jurisdictional interconnection agreement. DEF and Placid



entered into a Large Generator Interconnection Agreement (LGIA) to satisfy the requirement for a FERC-jurisdictional interconnection agreement. On July 8, 2025, DEF and Placid finalized the Contract, which is addressed by this recommendation. The comparison document showing the changes from DEF's approved as-available tariff contract and the negotiated as-available energy agreement is included as Attachment A.

The Commission has jurisdiction in this matter pursuant to Sections 366.04, 366.051, and 366.91, Florida Statutes (F.S.).

Date: August 22, 2025

## Discussion of Issues

**Issue 1:** Should the Commission approve DEF's proposed negotiated as-available energy agreement with Placid?

**Recommendation:** Yes. The Commission should approve DEF's negotiated as-available energy agreement because the terms of the Contract would not result in higher cost electric service or negatively affect the reliability of electric service to the general body of ratepayers and is consistent with the requirements of Rules 25-17.082 through 25-17.091, F.A.C. Therefore, DEF should be allowed to seek cost recovery through the Fuel and Purchased Power Cost Recovery Clause for payments made pursuant to the Contract, consistent with Commission rules. (Wooten)

**Staff Analysis:** DEF seeks approval of a negotiated contract, which would allow Placid to sell as-available energy to DEF. The Contract is substantively similar to DEF's currently approved as-available energy tariff with modifications made to account for Placid's status as a renewable generating facility and the terms of the LGIA. Under the Contract, Placid has elected to sell all as-available energy to DEF exclusively. Because Placid will exclusively provide as-available energy to DEF, Placid will not seek transmission services under Rule 25-17.0889(1), F.A.C., to deliver electricity to any other party during the term of the agreement. In addition, Placid has agreed to pay for all interconnection costs. The Contract also dictates that Placid must maintain its FERC MBR tariff approval status in addition to its QF status throughout the term of the agreement. Furthermore, the Contract indicates that Placid intends to begin energy deliveries by December 31, 2026. However, the term of the Contract may not commence until the Commission has issued a final, non-appealable order approving the Contract. This means the term will begin either upon the issuance date of a Consummating Order (if no protest is filed) or, in the event of a protest, after the time to appeal a Final Order has expired.

Rule 25-17.087, F.A.C., details the necessary requirements for electric utilities to interconnect with QFs, which for the Contract are defined by the terms and conditions outlined in the LGIA. Subsections (5)–(9) of the Rule define safety, operational, and cost requirements for these interconnection agreements. According to the Company, the terms of the LGIA contain operational and safety requirements that would conform with all but the cost responsibility requirements outlined in Rule 25-17.087(9), F.A.C. Specifically, the LGIA required that DEF's network upgrade costs would be initially paid for by Placid and then reimbursed by DEF. The Contract provides that Placid has agreed to pay DEF all costs associated with interconnecting, including network upgrade costs. Thus Placid will return any reimbursed network upgrade costs to DEF, which is consistent with the requirement of Rule 25-17.087(9), F.A.C., that a QF bear all such costs. Furthermore, Placid attests that it is subject to, and agrees to comply with, the Commission's relevant QF rules. Upon review, staff believes that the terms of the Contract and the applicable terms of the LGIA are not inconsistent with the requirements outlined in Rule 25-17.087, F.A.C.

Pursuant to Rule 25-17.0825(6), F.A.C., as-available energy payments made to QFs pursuant to negotiated contracts shall be recoverable through the Fuel and Purchased Power Cost Recovery Clause if the payments are not projected to result in higher cost electric service to the general body of ratepayers or negatively affect the reliability of electric service to ratepayers. In regards

Date: August 22, 2025

to the cost of electric service, the Contract sets energy payments at the Company's standard as-available energy payment rates, which the Commission has defined as the avoided cost of non-firm energy. Therefore, staff believes the energy payments under the Contract would not result in higher cost electric service to the general body of ratepayers. Regarding the reliability of electric service, the safety and operational requirements outlined by the LGIA comply with the standards set forth in Rule 25-17.087, F.A.C., and provide both economic and equipment protections for DEF. As these safety and operational requirements are referenced by the Contract, staff believes that the energy payments under the Contract would not negatively affect DEF's ability to provide reliable electric service to the general body of ratepayers. Based on the information in the docket, staff believes that the terms of the Contract satisfy the requirements of Rules 25-17.082 through 25-17.091, F.A.C., and DEF should be allowed to seek cost recovery for payments made pursuant to the Contract, consistent with Commission rules, in accordance with Rule 25-17.0825(6), F.A.C.

### **Conclusion**

The Commission should approve DEF's negotiated as-available energy agreement because the terms of the Contract would not result in higher cost electric service or negatively affect the reliability of electric service to the general body of ratepayers, and is consistent with the requirements of Rules 25-17.082 through 25-17.091, F.A.C. Therefore, DEF should be allowed to seek cost recovery through the Fuel and Purchased Power Cost Recovery Clause for payments made pursuant to the Contract, consistent with Commission rules.

**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, then this docket should be closed upon the issuance of a consummating order. (Marquez, Farooqi)

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



SECTION No. IX  
FOURTH REVISED SHEET No. 9.100  
CANCELS THIRD REVISED SHEET No. 9.100

**~~NEGOTIATED~~ AGREEMENT FOR ~~THE~~ PURCHASE OF AS-AVAILABLE ENERGY  
AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION ~~FROM~~WITH A  
QUALIFYING FACILITY, ~~PURSUANT TO COMMISSION RULE 25.17.220, F.A.C.~~**

**TABLE OF CONTENTS**

	<u>Begins on</u> <u>Sheet No.</u>
<u>Agreement for the Purchase of As-Available or Parallel Operation</u> <u>with a Qualifying Facility</u>	<u>9.101</u>
<u>Appendix A - Rates</u>	<u>9.300</u>

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FI  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FIFTH REVISED SHEET No. 9.101  
CANCELS FOURTH REVISED SHEET No. 9.101

AGREEMENT FOR THE PURCHASE OF  
AS-AVAILABLE ENERGY AND/OR PARALLEL OPERATION FROM  
A QUALIFYING FACILITY

between

~~PLACID SOLAR II, LLC~~

\_\_\_\_\_

\_\_\_\_\_

and

DUKE ENERGY FLORIDA, LLC

~~100~~  
ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
FOURTH REVISED SHEET No. 9.102  
CANCELS THIRD REVISED SHEET No. 9.102

## Table of Contents

### TABLE OF CONTENTS

Sheet

#### INTRODUCTION AND PARTIES

~~AGREEMENT~~ PRECITALS ..... ~~3~~ 9.104

ARTICLE I: .....  
DEFINITIONS ..... ~~5~~ 9.105

ARTICLE II: .....  
FACILITY ..... ~~7~~ 9.107

ARTICLE III: .....  
TERM ..... ~~7~~ 9.107

ARTICLE IV: .....  
PURCHASE OF AS-AVAILABLE ENERGY ..... ~~8~~ 9.108

ARTICLE V: .....  
INTERCONNECTION ..... ~~9~~ 9.108

ARTICLE VI  
~~ARTICLE VI:~~ ..... ENERGY PAYMENTS ~~9~~ 9.109

ARTICLE VII: .....  
CHARGES TO THE QF ..... ~~9~~ 9.109

ARTICLE VIII: .....  
METERING ..... ~~9~~ 9.109

ARTICLE IX  
~~ARTICLE IX:~~ ..... PAYMENT PROCEDURE ~~10~~ 9.110

ARTICLE X: .....  
INSURANCE ..... ~~11~~ 9.111

ARTICLE XI  
~~ARTICLE XI:~~ REGULATORY CHANGES ..... ~~12~~ 9.112

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FI  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.103  
CANCELS THIRD REVISED SHEET No. 9.103

ii

Sheet

ARTICLE XII:		
FACILITY RESPONSIBILITY AND ACCESS .....	<del>12</del>	<u>9.112</u>
ARTICLE XIII: <del>INDEMNIFICATION</del> .....	<del>13</del>	
<u>INDEMNIFICATION</u> .....		<u>9.113</u>
ARTICLE XIV:		
EXCLUSION OF INCIDENTAL, CONSEQUENTIAL, AND INDIRECT DAMAGES .....	<del>14</del>	<u>9.114</u>
ARTICLE XV: .....	<del>COMMUNICATIONS</del>	<del>14</del>
<u>COMMUNICATIONS</u> .....		<u>9.114</u>
ARTICLE XVI:		
SECTION HEADINGS FOR CONVENIENCE .....	<del>15</del>	<u>9.115</u>
<u>ARTICLE XVII</u>		
<del>ARTICLE XVII: GOVERNING LAW</del> .....	<del>15</del>	<u>9.115</u>
<del>APPENDIX A</del> .....		<del>17</del>
<del>APPENDIX B</del> .....		<del>24</del>
<del>APPENDIX C</del> .....		<del>28</del>
<u>EXECUTION</u> .....		<u>9.116</u>

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014





SECTION No. IX  
SIXTH REVISED SHEET No. 9.104  
CANCELS FIFTH REVISED SHEET No. 9.104

### AGREEMENT

This Agreement ("Agreement") is made and entered by and between

~~Placid Solar II, LLC, a Limited Liability Company, a~~  
~~\_\_\_\_\_~~, having its principal place of business at ~~3500 South~~  
~~Dupont Highway, Dover, DE 19901~~ (hereinafter referred to as the "QF"), and Florida Power  
Corporation d.b.a. Duke Energy Florida, LLC, a private utility corporation organized under the laws  
of the State of Florida, having its principal place of business at St. Petersburg, Florida (hereinafter  
referred to as the "Company"). The QF and the Company may be hereinafter referred to  
individually as a "Party" and collectively as the "Parties."

WITNESSETH:

WHEREAS, the QF desires Parallel Operation with the Company and the Company  
desires to purchase any as available energy to be generated by the Facility and made available for  
sale to the Company, consistent with FPSC Rules ~~25-17.220~~, 25-17.080, 25-17.082, 25-17.0825,  
25-17.084, 26-17.086, 25-17.087, 25-17.0883, and 25-17.0889, as such rules may be amended  
from time to time; and

~~WHEREAS, pursuant to Rule 25-17.220, the QF has provided an attestation~~  
~~to the Company, (attached hereto in Appendix B) that it is a Renewable Generating~~  
~~Facility, as that term is defined in Chapter 25-17, and is therefore afforded all the rights,~~  
~~privileges, and responsibilities provided in Rules 25-17.082 through 25-17.091;~~

~~WHEREAS, on November 22, 2024, the QF made an application for~~  
~~Market-Based Rate Authorization ("MBR") with the Federal Energy Regulatory~~  
~~Commission ("FERC") under Docket No. ER25-538-000, and FERC approved the FERC~~  
~~Electric Tariff No.1, (attached hereto in Appendix C) on January 22, 2025 so the QF can~~  
~~legally engage in the sale of renewable electricity contemplated by this agreement with the~~  
~~Company;~~

~~WHEREAS, the QF has agreed to comply with all interconnection~~

100

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SIXTH REVISED SHEET No. 9.104  
CANCELS FIFTH REVISED SHEET No. 9.104

~~requirements set forth in Rule 25-17.087; and~~

WHEREAS, the QF has acquired or will acquire ~~an~~ interconnection and transmission service agreements with the utility in whose service territory the Facility is to be located, pursuant to which the QF assumes contractual responsibility to make any and all transmission-related arrangements (including ancillary services) between the QF and the Transmission Provider for delivery of the Facility's energy to the Company. The Parties recognize that the Transmission Provider may be the Company and, in such event, that the transmission service will be provided under a separate agreement ~~and as set forth in Rule 25-17.0889;~~

NOW, THEREFORE, for mutual consideration, the Parties covenant and agree as follows:

~~101~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



*[Link-to-previous setting changed from on in original to off in modified].*

- 12 -



*[Link-to-previous setting changed from on in original to off in modified.]*

SECTION No. IX  
FIFTH REVISED SHEET No. 9.105  
CANCELS FOURTH REVISED SHEET No. 9.105

this Agreement.

*[Link-to-previous setting changed from on in original to off in modified.]*  
ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy – FI  
EFFECTIVE: October 2, 2014



*[Link-to-previous setting changed from on in original to off in modified.]*

SECTION No. IX  
SIXTH REVISED SHEET No. 9.106  
CANCELS FIFTH REVISED SHEET No. 9.106

~~1.6~~ 1.6 **Facility** means all equipment, as described in this Agreement, used to produce electric energy and, for a cogeneration facility, used to produce useful thermal energy through the sequential use of energy.

1.7 **FERC** means the Federal Energy Regulatory Commission and any successor.

1.8 **FPSC** means the Florida Public Service Commission and any successor.

1.9 **Force Majeure Event** means an event or occurrence that is not reasonably foreseeable by a Party, is beyond its reasonable control, and is not caused by its negligence or lack of due diligence, including, but not limited to, natural disasters, fire, lightning, wind, perils of the sea, flood, explosions, acts of God or the public enemy, strikes, lockouts, vandalism, blockages, insurrections, riots, war, sabotage, action of a court or public authority, or accidents to or failure of equipment or machinery, including, if applicable, equipment of the Transmission Provider.

1.10 **KW** means one (1) kilowatt of electric capacity.

1.11 **KWH** means one (1) kilowatt-hour of electric energy.

1.12 **Parallel Operation** means the QF will engage in interconnected operation of the QF's generating facility with the Company.

1.13 **Point of Delivery** means the point(s) where electric energy delivered to the Company pursuant to this Agreement enters the Company's system.

1.14 **Point of Metering** means the point(s) where electric energy made available for delivery to the Company, subject to adjustment for losses, is measured.

1.15 **Point of Interconnection** means the interconnection point(s) between the Facility and the interconnected utility.

~~1.16~~ 1.16 **Qualifying [Small Power Production or Cogeneration] Facility ("QF")** ~~for the purposes of this agreement means a Renewable Generating Facility~~ means a facility that meets the requirements defined in FPSC Rule 25.17.210(1), and where the Renewable Generating Facility and the

*[Link-to-previous setting changed from on in original to off in modified.]*

100

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



*[Link-to-previous setting changed from on in original to off in modified.].*

SECTION No. IX  
SIXTH REVISED SHEET No. 9.106  
CANCELS FIFTH REVISED SHEET No. 9.106

~~Company are proceeding pursuant to the rights, privileges, and responsibilities~~  
~~identified in FPSC Rule 25-17.220~~25-17.080.

*[Link-to-previous setting changed from on in original to off in modified.].*

~~101~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SIXTH REVISED SHEET No. 9.107  
CANCELS FIFTH REVISED SHEET No. 9.107

ARTICLE II: FACILITY

~~2.1~~ 2.1 The Facility shall be located in ~~Highlands County, Florida, Sections 4 and~~  
~~5 of~~ of Section \_\_\_\_\_

Township ~~37 South~~ \_\_\_\_\_, Range ~~29 East~~ \_\_\_\_\_

\_\_\_\_\_. The Facility shall meet all other specifications identified in the Appendices hereto in all material respects and no change in the designated location of the Facility shall be made by the QF. The Facility shall be designed and constructed by the QF or its agents at the QF's sole expense.

2.2 Throughout the Term of this Agreement, the Facility shall be a Qualifying [Cogeneration or Small Power Production] Facility. In the event the Facility does not maintain its status as a Qualifying Facility, ~~or if the Facility does not maintain its MBR tariff approval from FERC,~~ this Agreement shall be immediately deemed null and void as of said date and of no further effect.

2.3 Unless the QF is already interconnected to a transmission or distribution system, no later than sixty (60) days after the Execution Date, the QF shall apply to its Transmission Provider for interconnection and transmission service including a system impact study, if required. The QF shall continue the interconnection process in a timely manner so as to maintain its position in the interconnection queue.

~~2.4~~ 2.4 The QF intends to begin deliveries to the Company by ~~December 31, 2026~~ \_\_\_\_\_.

ARTICLE III: TERM

The Term of this Agreement shall begin ~~once the FPSC has issued a final, non-appealable order approving the Agreement~~ on the Execution Date and shall

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SIXTH REVISED SHEET No. 9.107  
CANCELS FIFTH REVISED SHEET No. 9.107

continue until terminated by the Company for good cause or by the QF. Upon termination or expiration of this Agreement, the Parties shall be relieved of their obligations under this Agreement except for the obligation to pay each other all monies under this Agreement, which obligation shall survive termination or expiration.

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025





SECTION No. IX  
SEVENTH REVISED SHEET No. 9.108  
CANCELS SIXTH REVISED SHEET No. 9.108

ARTICLE IV: PURCHASE OF AS-AVAILABLE ENERGY

- 4.1 The QF shall sell and arrange for delivery of the As-Available Energy to the Company and the Company agrees to purchase, accept and pay for the As-Available Energy made available to the Company and which the Company is able to receive at the Point of Delivery in accordance with the terms and conditions of this Agreement, or a separately negotiated contract.
- 4.2 The QF shall not commence initial deliveries of energy to the Point of Delivery without the prior written consent of the Company, which consent shall not unreasonably be withheld.
- 4.3 The RE/QF shall retain any and all rights to own and to sell any and all Environmental Attributes associated with the electric generation of the Facility.
- 4.4 During minimum load conditions on the Company's system the QF shall comply with the Company's Minimum Load Emergency Curtailment Procedures as approved by the FPSC and as updated from time to time.
- 4.5 In the event that the Company has not received any deliveries of energy from the QF by the date in Section 2.4 or for a period of two years or more then the Company will contact the QF in writing using the information in Section 15 requesting the QFs future plans. The Company shall have the right to terminate this Agreement unless the QF replies in writing within a reasonable timeframe that it would like this Agreement to continue.
- 4.6 Deliveries of As-Available Energy to the Company shall be made in accordance to the following one-time-only option.  

(~~X~~) All deliveries of As-Available Energy from this Facility will be made to the Company.

( ) As-Available Energy deliveries from this Facility will be made to the Company and to other parties.

~~100~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SEVENTH REVISED SHEET No. 9.109  
CANCELS SIXTH REVISED SHEET No. 9.109

ARTICLE V: INTERCONNECTION

~~5.1~~ 5.1 The Distributed Resource or QF's interconnection scheduling and cost responsibilities and parallel operating procedures shall be those specified in a separate interconnection agreement, ~~specifically the FERC Large Generator Interconnection Agreement (LGIA), executed between Company and QF on November 25, 2024], as set forth in Rule 25-17.087.~~

~~5.2~~ 5.2 The location and voltage of the Point of Interconnection and the Point of Metering will be specified by the ~~LGIA~~ interconnection and transmission service agreements.

~~5.3 As required by Rule 25-17.087(9), QF shall pay Company all costs associated with interconnecting the QF Facility.~~

ARTICLE VI: ENERGY PAYMENTS

~~6.1~~ 6.1 For that electric energy received by the Company at the Point of Delivery each month, the Company will pay the QF an amount as computed in Appendix A.

~~6.2~~ 6.2 Energy payments pursuant to sections 9.1.1 and 9.1.2 hereof shall be subject to the delivery voltage adjustment value applicable to the Facility and approved from time to time by the FPSC pursuant to Appendix A.

6.3 Upon agreement by the Company and the QF and subject to approval by the FPSC, an alternative rate for the purchase of As-Available Energy may be negotiated in a separate agreement.

ARTICLE VII: CHARGES TO THE QF

The Company shall bill and the QF shall pay all charges applicable under Appendix A.

ARTICLE VIII: METERING

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SEVENTH REVISED SHEET No. 9.109  
CANCELS SIXTH REVISED SHEET No. 9.109

- 8.1 All electric energy shall be capable of being measured as described in Appendix A, Determination of Payment, at the Point of Metering. All electric energy delivered to the Company shall be adjusted for losses from the Point of Metering to the Point of Delivery. Any additional required metering equipment to measure electric energy and the telemetering equipment necessary to transmit such measurements to a location

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SEVENTH REVISED SHEET No. 9.110  
CANCELS SIXTH REVISED SHEET No. 9.110

~~8.1~~ specified by the Company shall be installed, calibrated and maintained by the Company and all related costs shall be charged to the QF, pursuant to Appendix A, as part of the Company's Interconnection Facilities.

- 8.2 All meter testing and related billing corrections, for electricity sold and purchased by the Company, shall conform to the metering and billing guidelines contained in FPSC Rules 25-6.052 through 25-6.060 and FPSC Rule 25-6.103, as they may be amended from time to time, notwithstanding that such guidelines apply to the utility as the seller of electricity.

#### ARTICLE IX: PAYMENT PROCEDURE

- 9.1 Bills shall be issued and payments shall be made monthly to the QF and by the QF in accordance with the following procedures:

~~9.1.1~~ 9.1.1 The electric energy payment calculated for a given month shall be tendered, with cost tabulations showing the basis for payment, by the Company to the QF as a single payment. Such payments to the QF shall be due and payable twenty (20) business days following the end of the billing period.

~~9.1.2~~ 9.1.2 When any amount is owing from the QF, the Company shall issue a monthly bill to the QF with cost tabulations showing the basis for the charges. All amounts owing to the Company from the QF shall be due and payable twenty (20) business days after the date of the Company's billing statement. Amounts owing to the Company for retail electric service shall be payable in accordance with the provisions of the applicable rate schedule.

~~9.1.3~~ 9.1.3 At the option of the QF, the Company will provide a net payment or net bill, whichever is applicable, that consolidates amounts owing to the QF with amounts owing to the Company.

~~100~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
EFFECTIVE: April 1, 2025



~~9.1.4~~2.1.4 Except for charges for retail electric service, any amount due and payable from either Party to the other pursuant to this Agreement that is not received by the due date shall accrue interest from the due date at the rate equal to the thirty (30) day highest grade commercial paper as published in the Wall Street Journal on the first business day of each month. Such interest shall be compounded monthly.

9.1.5 ~~9.1.5~~ The QF may elect net sale or simultaneous purchase and sale in accordance with the provisions of FPSC Rule 25-17.082, such election not to be changed more often than every twelve (12) months.

9.1.6 Payments to be made under this Agreement shall, for a period of not longer than two (2) years, remain subject to adjustment based on billing adjustments due to error or omission by either Party.

## ARTICLE X: INSURANCE

The provisions of this Article do not apply to a QF whose Facility is not directly interconnected with the Company's system.

10.1 The QF shall deliver to the Company, at least fifteen (15) days prior to the commencement of any work on the Company's Interconnection Facilities, a certificate of insurance certifying the QF's coverage under a liability insurance policy issued by a reputable insurance company authorized to do business in the State of Florida naming the QF as a named insured and the Company as an additional named insured, which policy shall contain a broad form contractual endorsement specifically covering liabilities arising out of the interconnection with the Facility, or caused by the operation of the Facility or by the QF's failure to maintain the Facility in satisfactory and safe operating condition.

100

**ISSUED BY:** Geoff Foster, Vice President, Rates & Regulatory Strategy – FL  
**EFFECTIVE:** April 1, 2025



SECTION No. IX  
FIFTH REVISED SHEET No. 9.112  
CANCELS FOURTH REVISED SHEET No. 9.112

10.2 The insurance policy providing such coverage shall provide public liability insurance, including property damage, in an amount not less than

\$1,000,000 for each occurrence. The required insurance policy shall be endorsed with a provision requiring the insurance company to notify the Company at least thirty (30) days prior to the effective date of any cancellation or material change in the policy.

10.3 The QF shall pay all premiums and other charges due on said insurance policy and shall keep said policy in force during the entire period of interconnection with the Company.

#### ARTICLE XI: REGULATORY CHANGES

The Parties agree that the Company's payment obligations under this Agreement are expressly conditioned upon the mutual commitments set forth in this Agreement. Payments for as-available energy made to ~~QF~~QF's pursuant to this Agreement shall be recovered by the Company through the Commission's periodic review of fuel and purchased power.

#### ARTICLE XII: FACILITY RESPONSIBILITY AND ACCESS

~~12.1~~12.1 Representatives of the Company shall at all reasonable times have access to the Facility and to property owned or controlled by the QF and having relationship to the interconnection for the purpose of inspecting, testing, and obtaining other technical information deemed necessary by the Company in connection with this Agreement. Any inspections or testing by the Company shall not relieve the QF of its obligation to maintain the Facility.

~~100~~  
ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



~~12.2~~ 12.2 In no event shall any Company statement, representation, or lack thereof, either express or implied, relieve the QF of its exclusive responsibility for the Facility and its exclusive obligations, if applicable, with the Transmission Provider. Any Company inspection of property or equipment owned or controlled by the QF or the Transmission Provider, or any Company review of or consent to the QF's or the Transmission Provider's plans, shall not be construed as endorsing the design, fitness or operation of the Facility or the Transmission Provider's equipment nor as a warranty or guarantee.

~~12.3~~ 12.3 The Company shall reactivate the Company's Interconnection Facilities at its own expense if the same are rendered inoperable due to actions of the Company or its agents, or a Force Majeure Event.

The QF agrees to indemnify and save harmless the Company and its employees, officers, and directors against any and all liability, loss, damage, costs or expense which the Company, its employees, officers and directors may hereafter incur, suffer or be required to pay by reason of negligence on the part of the QF in performing its obligations pursuant to this Agreement or the QF's failure to abide by the provisions of this Agreement. The Company agrees to indemnify and save harmless the QF and its employees, officers, and directors against any and all liability, loss, damage, cost or expense which the QF, its employees, officers, and directors may hereafter incur, suffer, or be required to pay by reason of negligence on the part of the Company in performing its obligations pursuant to this Agreement or the Company's failure to abide by the provisions of this Agreement. The QF agrees to include the Company as an additional insured in any liability insurance policy or policies the QF obtains to protect the QF's

100

**ISSUED BY:** Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
**EFFECTIVE:** April 1, 2025



*[Link-to-previous setting changed from on in original to off in modified.].*

SECTION No. IX

FIFTH REVISED SHEET No. 9.113

CANCELS FOURTH REVISED SHEET No. 9.113

interests with respect to the QF's indemnity and hold harmless assurance to the Company contained in this Article.

*[Link-to-previous setting changed from on in original to off in modified.].*

~~101~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL

EFFECTIVE: April 1, 2025





SECTION No. IX  
FOURTH REVISED SHEET No. 9.114  
CANCELS THIRD REVISED SHEET No. 9.114

**ARTICLE XIV: EXCLUSION OF INCIDENTAL,**

**CONSEQUENTIAL, AND INDIRECT DAMAGES**

Neither Party shall be liable to the other for incidental, consequential or indirect damages, including, but not limited to, the cost of replacement power, whether arising in contract, tort, or otherwise.

**ARTICLE XV: COMMUNICATIONS**

15.1 Any non-emergency or operational notice, request, consent, payment or other communication made pursuant to this Agreement to be given by one Party to the other Party shall be in writing, either personally delivered or mailed to the representative of said other Party designated in this section, and shall be deemed to be given when received. Notices and other communications by the Company to the QF shall be addressed to:

~~Placid Solar II, LLC~~  
~~3500 South Dupont Highway~~  
~~Dover, DE 19901~~

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notices to the Company shall be addressed to:

Manager-Cogeneration Contracts & Administration  
Duke Energy Florida  
P.O. Box 14042  
St. Petersburg, FL 33733

15.2 Communications made for emergency or operational reasons may be made to the following persons and shall thereafter be confirmed promptly in writing.

To The Company: System Dispatcher on Duty  
Title: System Dispatcher  
Telephone: (727) 866-5888  
Telecopier: (727) 384-7865

To The QF: Name: Enrique Guillen \_\_\_\_\_

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.114  
CANCELS THIRD REVISED SHEET No. 9.114

Title: ~~Site Manager~~ \_\_\_\_\_  
Telephone: ( ~~561~~ ) ~~445-6606~~ \_\_\_\_\_  
Telecopier: ( ) \_\_\_\_\_

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



*(Del) (Del) (Del) setting changed from on in original to off in modified.].*

SECTION No. IX  
FIFTH REVISED SHEET No. 9.115  
CANCELS FOURTH REVISED SHEET No. 9.115

15.3 Either Party may change its representatives' names in this section by prior written notice to the other Party.

15.4 The Parties' representatives designated above shall have full authority to act for their respective principals in all technical matters relating to the performance of this Agreement. However, they shall not have the authority to amend, modify, or waive any provision of this Agreement.

**ARTICLE XVI: SECTION HEADINGS FOR CONVENIENCE**

Article or section headings appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of text.

**ARTICLE XVII: GOVERNING LAW**

The interpretation and performance of this Agreement and each of its provisions shall be governed by the laws of the State of Florida.

*[Link-to-previous setting changed from on in original to off in modified.].*

~~100~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
ORIGINAL SHEET No. 9.116

IN WITNESS WHEREOF, the QF has caused this Agreement to be executed by its duly authorized representatives on the day and year below.

**The Qualifying Facility:**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_

\_\_\_\_\_

IN WITNESS WHEREOF, the Company has acknowledged receipt of this executed Agreement.

**The Company:**

**By:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.200  
CANCELS THIRD REVISED SHEET No. 9.200

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FI  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.201  
CANCELS THIRD REVISED SHEET No. 9.201

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.202  
CANCELS THIRD REVISED SHEET No. 9.202

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FIFTH REVISED SHEET No. 9.203  
CANCELS FOURTH REVISED SHEET No. 9.203

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014





SECTION No. IX  
FOURTH REVISED SHEET No. 9.204  
CANCELS THIRD REVISED SHEET No. 9.204

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.250  
CANCELS THIRD REVISED SHEET No. 9.250

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.251  
CANCELS THIRD REVISED SHEET No. 9.251

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.252  
CANCELS THIRD REVISED SHEET No. 9.252

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.253  
CANCELS THIRD REVISED SHEET No. 9.253

—

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.254  
CANCELS THIRD REVISED SHEET No. 9.254

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.255  
CANCELS THIRD REVISED SHEET No. 9.255

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



SECTION No. IX  
FOURTH REVISED SHEET No. 9.256  
CANCELS THIRD REVISED SHEET No. 9.256

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014





SECTION No. IX  
FOURTH REVISED SHEET No. 9.257  
CANCELS THIRD REVISED SHEET No. 9.257

THIS PAGE INTENTIONALLY LEFT BLANK

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FL  
EFFECTIVE: October 2, 2014



[SECTION No. IX](#)  
[FOURTH REVISED SHEET No. 9.300](#)  
[CANCELS THIRD REVISED SHEET No. 9.300](#)

**APPENDIX A  
RATES**

**TABLE OF CONTENTS**

	<u><a href="#">Begins on Sheet No.</a></u>
SCHEDULE 1 Payments for As-Available Energy	<u><a href="#">9.310</a></u>
SCHEDULE 2 Methodology for Calculating Avoided Energy Costs	<u><a href="#">9.320</a></u>
SCHEDULE 3 Charges to Qualifying Facility	<u><a href="#">9.330</a></u>

*[Link-to-previous setting changed from off in original to on in modified.]*  
[ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FI](#)  
[EFFECTIVE: October 2, 2014](#)



SECTION No. IX  
FIFTH REVISED SHEET No. 9.310  
CANCELS FOURTH REVISED SHEET No. 9.310

Page 1 of 1

**APPENDIX A  
RATES**

**SCHEDULE 1**

**PAYMENTS FOR AS-AVAILABLE ENERGY**

**Payments:**

As-Available Energy is purchased at a unit cost, in cents per kilowatt-hour, based on the Company's actual hourly avoided energy costs which are calculated by the Company in accordance with the methodology described in Schedule 2 of this Appendix. Customer charges directly attributable to the purchase of As-Available Energy from the Qualifying Facility are deducted from the Qualifying Facility's total monthly energy payment. Avoided energy costs include incremental fuel and identifiable variable operation and maintenance expenses, and identifiable variable utility power purchases. An adjustment for line losses reflecting delivery voltage shall also be included. When interchange transactions take place, the incremental costs are calculated after the purchase or before the sale of the interchange energy. All sales shall be adjusted for losses from the point of metering to the Point of Interconnection.

**Estimated As-Available Energy Cost:**

Upon request by a qualifying facility or any interested person, each utility shall provide within 30 days its most current projections of its generation mix, fuel price by type of fuel, and at least a five year projection of fuel forecasts to estimate future as-available energy prices as well as any other information reasonably required by the qualifying facility to project future avoided cost prices including, but not limited to, a 24 hour advance forecast of hour-by-hour avoided energy costs. The Company may charge an appropriate fee, not to exceed the actual cost of production and copying, for providing such information.

~~310~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
FOURTH REVISED SHEET No. 9.320  
CANCELS THIRD REVISED SHEET No. 9.320

Page 1 of 2

**APPENDIX A  
RATES**

**SCHEDULE 2**

**METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS**

**Introduction:**

A unit commitment computer program is utilized to determine the hourly avoided energy cost as the basis for purchase of ~~as-~~  
~~available~~ as-available energy from qualifying facilities. All economic, unit constraint, and system requirements data necessary for program execution is based on real time data accumulated during the hour that energy was received.

**Determination of Energy Block Size:**

The energy received from all as-available QFs is determined by the Company's Meter Department for metered energy and the Company's Energy Control Department for telemetered energy. The Energy Control Department combines these inputs to determine the total energy received by the Company from QFs for the period. The energy block size will be the equivalent of this total divided by the number of hours in the period, rounded to the nearest five MW. The energy price payable to the QFs will be based on this energy block size. A time aligned matrix of energy received from each QF excluding non-time-of-day QFs (less than 100 KW) is produced from this data (Energy Received Matrix).

**Unit Commitment Program Execution:**

The Unit Commitment Program is executed with the following hourly input data for the desired period:

- ~~1-~~ 1. Unit constraint data to simulate actual unit operating conditions and availability.
- ~~2-~~ 2. Resource economic data consistent with the data used in the actual dispatch of energy resources. This includes a replacement cost of fuel based on an average forecast price from the Company's suppliers for oil, the price for interruptible gas, and the spot market price of coal.
- ~~3-~~ 3. System load and operating/spinning reserve requirements actually experienced.
- ~~4-~~ 4. Interchange purchases in the magnitude and at the average variable cost actually incurred. The cost of emergency purchases shall be assumed equal to that of the average unit cost of emergency purchases made during the prior twelve months' period for which emergency purchase information is available.

The unit commitment program is executed a second time for the same period with an increase in the hourly system load equal to the energy block size. All other data remain the same.

**Determination of Energy Price:**

A comparison of the unit commitment program executions described above produces the energy prices. The hourly cost of the second execution minus the corresponding hourly cost of the first execution equals the hourly energy cost avoided by the Company as a result of the energy supplied by the QFs. These hourly avoided energy costs will be arranged into a time aligned matrix of energy prices (Energy Price Matrix).

ISSUED BY: Javier Portuondo, Director, Rates & Regulatory Strategy - FI  
EFFECTIVE: October 2, 2014



**APPENDIX A  
RATES**

**SCHEDULE 2  
METHODOLOGY FOR CALCULATING AVOIDED ENERGY COSTS**

[Page 2 of 2](#)

**Determination of Identifiable Variable Operation & Maintenance Cost:**

The Company's Fossil Plant Performance Department examines for a five year historic period all the Company's production operation and maintenance expenses excluding fuel costs and identifies the variable component. A ratio of variable costs to total O&M costs excluding fuel is derived for various fossil generating types. The appropriate ratio is applied to each fossil generating type's unit cost (on a KWH basis) for the most current twelve months' period to establish the current variable O&M unit cost for each generating type. These unit costs are then weighted according to the current twelve months' generation output of each generating type to determine the average current variable O&M unit cost.

**Determination of Line Loss (Delivery Voltage) Adjustment:**

The Company's average system line losses are analyzed annually for the prior calendar year, and delivery efficiencies are developed for the transmission, distribution primary, and distribution secondary voltage levels. This analysis is provided in the Company's fuel cost recovery filing with the FPSC and/or the Company's filing of its Open Access Transmission Tariff with FERC. An adjustment factor, calculated as the reciprocal of the appropriate delivery efficiency factor, is applicable to the above determined avoided costs to reflect the delivery voltage level at which QF energy is received by the Company.

**Determination of Payment:**

The actual payment to each QF for the period is determined by one of the following methods:

**~~1-~~ 1. For QFs (less than 100 KW) Time-of-Day Metered**

Average On-Peak and Off-Peak energy prices derived from the "Energy Price Matrix" are applied to the QF's corresponding On-Peak and Off-Peak energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

**~~2-~~ 2. For QFs (less than 100 KW) Non-Time-of-Day Metered**

The average Off-Peak energy price derived from the "Energy Price Matrix" is applied to the QF's energy contained in the "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.

**~~3-~~ 3. For QFs (100 KW or Greater) Hourly Metered**

The "Energy Price Matrix" is applied to corresponding elements of the QF's "Energy Received Matrix." Added to this amount is an amount representing avoided variable O&M cost which is calculated by applying the Company's variable O&M cost per KWH to the total energy received by the Company from the QF. The total amount derived is then adjusted by the delivery voltage adjustment.



SECTION No. IX  
SIXTH REVISED SHEET No. 9.330  
CANCELS FIFTH REVISED SHEET No. 9.330

Page 1 of 1

**APPENDIX A  
RATES**

**SCHEDULE 3  
CHARGES TO QUALIFYING FACILITY**

**Customer Charges:**

The Qualifying Facility shall be responsible for all FPSC approved charges for any retail service that may be provided by the Company. The Qualifying Facility shall be billed at the customer charge rate stated in DEF's applicable standby tariff monthly for the costs of meter reading, billing, and other appropriate administrative costs.

**Operation, Maintenance, and Repair Charges:**

The Qualifying Facility shall pay for operation, maintenance and repair charges in accordance with its interconnection and transmission service agreements.

**Taxes and Assessments:**

The Qualifying Facility shall be billed or credited monthly an amount equal to the taxes, assessments, or other impositions, if any, for which the Company is liable as a result of its installation of facilities in connection with this Agreement, its purchase of As-Available Energy produced by the Qualifying Facility, or any other activity undertaken pursuant to this Agreement. Such amount billed shall not include any amounts (i) for which the Company would have been liable had it generated or purchased from other sources an equivalent amount of electric energy; or (ii) which are recovered by the Company.

~~330~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SIXTH REVISED SHEET No. 9.330  
CANCELS FIFTH REVISED SHEET No. 9.330

**APPENDIX B**  
**QF's**  
**ATTESTA**  
**TION**

~~331~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SIXTH REVISED SHEET No. 9.330  
CANCELS FIFTH REVISED SHEET No. 9.330

~~332~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025





SECTION No. IX  
SIXTH REVISED SHEET No. 9.330  
CANCELS FIFTH REVISED SHEET No. 9.330

~~333~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SIXTH REVISED SHEET No. 9.330  
CANCELS FIFTH REVISED SHEET No. 9.330

~~334~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025



SECTION No. IX  
SIXTH REVISED SHEET No. 9.330  
CANCELS FIFTH REVISED SHEET No. 9.330

**~~APPENDIX C~~**  
**~~OF'S MBR ELECTRIC TARIFF NO. 1~~**

~~335~~

ISSUED BY: Geoff Foster, Vice President, Rates & Regulatory Strategy - FL  
EFFECTIVE: April 1, 2025

Summary report: Litera Compare for Word 11.2.0.54 Document comparison done on 8/19/2025 1:00:17 PM	
Style name: Default Style	
Intelligent Table Comparison: Active	
Original filename: 6.13.25 Negotiated DEF-Placid Solar II PPA - Highlands North-vr (003).docx	
Modified filename: As Available Tariff 2025 .docx	
<b>Changes:</b>	
Add	280
Delete	176
Move From	0
Move To	0
Table Insert	0
Table Delete	0
Table moves to	0
Table moves from	0
Embedded Graphics (Visio, ChemDraw, Images etc.)	105
Embedded Excel	0
Format changes	0
<b>Total Changes:</b>	<b>561</b>

# 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:** August 22, 2025

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

**FROM:** Division of Engineering (Ramirez-Abundez, King, Ramos, Smith II) *TB*  
Division of Economics (Bruce, Sibley, Hudson) *CD*  
Office of the General Counsel (Imig, Augspurger) *AH*

**RE:** Docket No. 20250023-WS – Application for staff-assisted rate case in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.

**AGENDA:** 09/04/25 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Graham

**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 1,200 water and wastewater customers. The utility's service territory is located within the Southwest Florida Water Management District (SWFWMD). Grenelefe reported, in its 2024 Annual Report, net operating losses of \$197,676 for water, and \$397,410 for wastewater.

Certificate Nos. 589-W (water) and 507-S (wastewater) were transferred to the utility in Docket No. 20220142-WS.<sup>1</sup> Subsequently, on September 17, 2024, Grenelefe filed an application with the

---

<sup>1</sup>Order No. PSC-2024-0228-PAA-WS, issued July 8, 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.*

Commission for an amendment of its water and wastewater service territories. The Commission approved Grenelefe's certificate amendments on February 4, 2025, which included the addition of a new development of approximately 1,080 customers. Grenelefe's rates were last established during a staff-assisted rate case (SARC) in 2011.<sup>2</sup>

On January 10, 2025, Grenelefe filed an application for a SARC, with the official filing date of this SARC established as February 4, 2025. The 12-month period ended October 31, 2024, was selected as the test year. In its application, the utility requested interim service availability charges. However, Grenelefe did not provide any proposed charges with its filing and withdrew its initial request for interim service availability charges.<sup>3</sup> Service availability charges are one-time cash contributions new customers or developers make to a utility prior to connection with the utility's water or wastewater facilities. The charges are recorded as a contribution-in-aid-of-construction (CIAC) and are treated as an offset to rate base, which allows the utility to recover a portion of its investments, thereby reducing rates over time.

On March 10, 2025, the utility filed proposed service availability charges from estimates of its pro forma plant additions it had received in December of 2024.<sup>4</sup> Subsequently, on April 25, 2025, Grenelefe updated its requested charges to reflect actual bid proposals for the pro forma plant additions.<sup>5</sup> Grenelefe expressed that time is of the essence with getting the service availability charges approved. The utility indicated that it is unable to obtain financing for the pro forma plant additions without service availability charges in place.

During the process of reviewing the service availability charges, staff and the utility engaged in discussions about the methodology in which service availability charges are calculated pursuant to Rule 25-30.580, Florida Administrative Code (F.A.C.). Staff explained to the utility that in making the determination of the appropriate service availability charges, it is Commission practice, pursuant to Rule 25-30.580, F.A.C., to use the total capacity in equivalent residential connections (ERCs) for the treatment plant, transmission and distribution lines, and collection lines. The utility disputes staff's methodology and interpretation of Rule 25-30.580, F.A.C., and asserts the charges should be based on the remaining (future) ERCs in determining the appropriate charge.<sup>6</sup> While Grenelefe expressed that staff's position would place the burden on both existing and new customers through higher rates, staff believes that the costs cannot be recovered by the homebuilders pursuant to the Rule and Commission practice.

This recommendation addresses the utility's request for interim service availability charges. The Commission has jurisdiction in this case pursuant to Sections 367.011, 367.101, 367.091, and 367.121, Florida Statutes (F.S.)

---

<sup>2</sup>Order No. PSC-2012-0433-PAA-WU, issued August 21, 2012, in Docket No. 20110141-WS, *In re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

<sup>3</sup>Document No. 00967-2025.

<sup>4</sup>Document No. 01438-2025.

<sup>5</sup>Document No. 03150-2025.

<sup>6</sup>See Letter from Grenelefe dated July 25, 2025, Document No. 08018-2025.

## Discussion of Issues

**Issue 1:** Should Grenelefe's requested interim service availability charges be approved?

**Recommendation:** The interim service availability charges requested by Grenelefe should not be approved. Staff recommends interim service availability charges should be set as a plant capacity charge of \$320 for water and \$4,942 for wastewater. The utility should file a revised tariff sheet to reflect the Commission-approved charges. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheet. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by property owners who requested service beginning 12 months prior to the establishment of this docket. The utility shall provide proof of noticing within 10 days of rendering the approved notice. The approved plant capacity charges should not be implemented until the required security has been established and shall be held subject to refund, pending the Commission's decision regarding the appropriate pro forma plant additions. (Hudson)

**Staff Analysis:** Grenelefe seeks interim service availability charges pending the completion of its SARC. Historically, the utility's water service availability charges consisted of a meter installation charge of \$65 and a service line extension and tap-in charge at actual cost. As part of a certificate transfer docket, Grenelefe was approved for an increase in its meter installation charge to \$600.<sup>7</sup> There have been no approved service availability charges for the wastewater system.

In the pending SARC, the utility provided cost estimates for several pro forma plant additions for both the water and wastewater systems. The requested pro forma additions are being reviewed for inclusion in the final recommendation in the SARC. Therefore, the service availability charges are subject to change. For the water system, the utility proposed to replace meters, fire hydrants, valves, and the hydropneumatic tank; refurbish potable wells; and convert irrigation non-potable wells to potable wells. For the wastewater system, Grenelefe proposed modifications to the treatment plant and refurbish lift stations. Based on the requested pro forma plant additions, the utility proposed a service availability charge of \$2,402 for water and \$7,434 for wastewater. For both water and wastewater, Grenelefe's proposed charges contemplate the ERCs for recently approved housing developments in its territory, whereas staff, as required by Rule 25-30.580, F.A.C., relied on the design capacity of the facilities.

Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the Rule, the maximum amount of CIAC, net of amortization, should not exceed 75 percent of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity. The minimum amount of CIAC should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution system and sewage collection systems. Pursuant to the Rule, staff calculated the minimum contribution to be 50.35 percent for water and 4.82 percent for wastewater.

---

<sup>7</sup>Order No. PSC-2024-0228-PAA-WS, issued July 8, 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.*



Date: August 22, 2025

The utility did not categorize its service availability charge request (i.e., main extension or plant capacity charge). A main extension charge is for the purpose of covering all or part of the utility's capital costs in extending its off-site water or wastewater facilities to provide service to a specified property, whereas a plant capacity charge is for the purpose of covering all or a part of a utility's capital costs in construction or expansion of treatment facilities. In a transfer of majority organizational control docket in 2003, the utility did not have adequate books and records to provide the CIAC balances. As result, in that docket, the Commission imputed, per Rule 25-30.570, F.A.C., the cost of Grenelefe's water transmission and distribution lines and wastewater collection lines to reflect the appropriate CIAC.<sup>8</sup> As a result, the utility is unable to receive a main extension charge. Further, Grenelefe did not propose any pro forma plant additions for lines in this SARC. Therefore, staff has conducted an evaluation of Grenelefe's request to determine whether a plant capacity charge is appropriate.

Based on staff's audit of Grenelefe's rate base, and before any additions for pro forma plant, the contribution level is 72 percent for water and 78 percent for wastewater. To evaluate the request for service availability charges, staff is using the preliminary rate base calculated for the staff report dated August 22, 2025, which includes the requested pro forma plant additions. With the pro forma additions, staff calculated the contribution levels to be 4.83 percent for water and 1.62 percent for wastewater.

### **Plant Capacity Charge - Water**

The water treatment facilities have a capacity of 4,320,000 gallons per day (gpd), which equates to a design capacity of 12,342 equivalent residential connections (ERCs) based on an ERC of 350 gpd. Grenelefe indicated that it anticipates growth of 200 ERCs per year, which would reflect the utility reaching design capacity in approximately 55 years. Due to the length of time before the water system reaches design capacity, staff believes it is unrealistic to set the charges at complete design capacity. In a similar situation, the Commission determined that a shortened period of 10 years was appropriate for calculating service availability charges.<sup>9</sup> A 10-year shortened period would result in Grenelefe foreseeably connecting an additional 2,000 ERCs. As a result, staff recommends that the total ERCs for calculating the appropriate plant capacity charge be set at 3,408 (1,408 + 2,000).

In order to determine the plant capacity charge, staff calculated the average cost per ERC for the water treatment plant per Commission precedent.<sup>10</sup> Staff believes that using the average costs per ERC will result in reasonable service availability charges. Staff used the total treatment plant cost of \$1,089,900. Staff then divided this amount by 3,408 (which represents total capacity, as discussed above, in ERCs of the treatment plant). This calculation results in an average plant capacity cost per ERC of approximately \$320 (\$1,089,900/3,408). The corresponding plant

---

<sup>8</sup>Order No. PSC-2005-0142-PAA-WS, issued February 7, 2005, in Docket No. 20030123-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.*

<sup>9</sup>Order No. PSC-1993-1732-FOF-WS, issued December 1, 1993, in Docket No. 19930171, *In re: Application for approval of service availability Charges in Martin County by Indiantown Company, Inc.*

<sup>10</sup>Orders Nos. PSC-2012-0435-PAA-WU, issued August 22, 2012, in Docket No. 1999143-WU, *In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.* and Order No. PSC-2000-1528-PAA-WU, issued August 23, 2000, in Docket No. 19991437-WU, *In re: Application for increase in water rates in Orange County by Wedgefield Utilities, Inc.*

Date: August 22, 2025

capacity charge for “all others-per gallon/day” would be \$.91 ( $\$320/350$  gpd). Staff recommends a plant capacity charge of \$320. The plant capacity charge of \$320, along with its prior approved meter installation charge of \$600, will allow Grenelefe to be at approximately 25 percent contribution level in 10 years. Staff recognizes that the contribution level is below the minimum, which is the cost of lines. However, as previously noted, the cost of the lines was imputed.

### **Plant Capacity Charge - Wastewater**

The wastewater treatment facilities have a capacity of 680,000 gpd, which equates to a design capacity of 2,428 ERCs based on an ERC of 280 gpd. Based on the utility’s growth projections of 200 ERCs per year, the wastewater system will reach design capacity in approximately 10 years. In order to determine the plant capacity charge, staff used the total wastewater treatment plant cost of \$16,300,000. Staff then divided this amount by 2,428, which represents the total capacity in ERCs of the treatment plant. This calculation results in an average plant capacity cost per ERC of approximately \$6,713 ( $\$16,300,000/2,428$ ). However, this charge would result in the wastewater system being over-contributed at build out. Therefore, staff recommends a plant capacity charge of \$4,942, which would allow Grenelefe to be at a 75 percent contribution level at design capacity. The corresponding plant capacity charge for “all others-per gallon/day” would be \$17.65 ( $\$4,942/280$  gpd).

Based on the above, the interim service availability charges requested by Grenelefe should not be approved. Staff recommends interim service availability charges should be set as a plant capacity charge of \$320 for water and \$4,942 for wastewater. The utility should file a revised tariff sheet to reflect the Commission-approved charges. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheet. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by property owners who requested service beginning 12 months prior to the establishment of this docket. The utility shall provide proof of noticing within 10 days of rendering the approved notice. The approved plant capacity charges should not be implemented until the required security has been established and shall be held subject to refund, pending the Commission’s decision regarding the appropriate pro forma plant additions.

**Issue 2:** What is the appropriate security to guarantee the interim increase?

**Recommendation:** The utility should file an escrow agreement to guarantee potential refunds of water and wastewater plant capacity charges collected under interim conditions. Pursuant to Rule 25-30.360(7), F.A.C., the utility shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. (Hudson)

**Staff Analysis:** Pursuant to Section 367.082, F.S., the excess of interim rates over previously authorized rate shall be collected under guarantee subject to refund with interest. In past Commission practice for service availability charges, the utility has been required to escrow all service availability charges collected during the interim period. Grenelefe did not have plant capacity charges prior to this request, therefore, staff believes it is appropriate to require that the total amount of the plant capacity charges collected during the interim period be placed in escrow.

The utility should be authorized to collect the interim service availability charges after staff approves: the security for potential refund, the copy of the proposed customer notice, and the revised tariff sheets. The utility should establish an escrow agreement with an independent financial institution. The following conditions should be part of the agreement:

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

Date: August 22, 2025

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

After the plant capacity charges are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

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

**Recommendation:** This docket should remain open pending final resolution of SARC. (Imig, Augspurger)

**Staff Analysis:** This docket should remain open pending final resolution of SARC.

# 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:** August 22, 2025

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

**FROM:** Division of Economics (Pope) *EJD*  
Office of the General Counsel (Bloom) *JSC*

**RE:** Docket No. 20250089-EU – Joint petition for approval of amended and restated territorial agreement in Polk County, by Tampa Electric Company and City of Lakeland.

**AGENDA:** 9/4/25 – 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 June 30, 2025, Lakeland Electric (Lakeland) and Tampa Electric Company (TECO) (collectively, the joint petitioners or utilities) filed a joint petition seeking Commission approval of an Amended and Restated Territorial Agreement (Amended Agreement) in Polk County. The Amended Agreement was filed pursuant to Section 4.1 of the joint petitioners' existing territorial agreement, executed in 1991 (Original Agreement)<sup>1</sup> and previously amended twice.<sup>2</sup> Most

---

<sup>1</sup> Order No. PSC-92-0570-FOF-EU, issued June 25, 1992, in Docket No. 920251-EU, *In re: Joint Petition of Tampa Electric Company and the City of Lakeland for Approval of Territorial Agreement*.

<sup>2</sup> Order No. PSC-99-0024-FOF-EU, issued January 4, 1999, in Docket No. 981263-EU, *In re: Joint Petition of Tampa Electric Company and the City of Lakeland for Approval of Amendment to Territorial Agreement*; Order No. PSC-14-0268-PAA-EU, issued May 28, 2014, in Docket No. 140054-EU, *In re: Joint Petition of Tampa Electric Company and City of Lakeland For Approval of Second Amendment to Territorial Agreement*.

recently, the joint petitioners obtained Commission approval to provide temporary retail electric service in designated areas outside their existing territorial boundaries.<sup>3</sup>

The temporary service petition (Docket No. 20240171-EU) was filed on December 23, 2024, and sought authority for TECO to provide temporary retail electric service to 34 lots within Phase 2 of the Cadence Crossing development (located in Lakeland's territory), and Lakeland to similarly serve 39 lots in the Schaller Preserve subdivision (located in TECO's territory). In Order No. PSC-2025-0089-PAA-EU, these temporary assignments were granted to accommodate developer timelines and avoid delays associated with constructing new infrastructure.

With the instant filing, the joint petitioners seek to convert the temporary service arrangements that were previously approved by the Commission by Order No. PSC-2025-0089-PAA-EU into permanent territory exchanges. During the review process, staff issued a data request to the joint petitioners and responses were received on July 18, 2025.

The Amended Agreement and its Composite Exhibit A, featuring the legal descriptions for the territorial boundary between TECO and Lakeland, including a noted exception and maps pertaining specifically to the Schaller Preserve and Cadence Crossing subdivisions, is attached to this recommendation (Attachment A). On August 5, 2025 the Joint Petitioners filed a supplement to the maps previously filed in Composite Exhibit A correcting a color-coding error that appeared in the original maps on pages 8–13 (Attachment B).

The Commission has jurisdiction over this matter pursuant to Section 366.04, Florida Statutes (F.S.).

---

<sup>3</sup> Order No. PSC-2025-0089-PAA-EU, issued March 24, 2025, in Docket No. 20240171-EU, *In re: Joint Petition for Approval of Temporary Services by Tampa Electric Company and the City of Lakeland*.



Date: August 22, 2025

## Discussion of Issues

**Issue 1:** Should the Commission approve the Amended Agreement between TECO and Lakeland in Polk County, dated June 30, 2025?

**Recommendation:** Yes, the Commission should approve the proposed Amended Agreement between TECO and Lakeland in Polk County, as reflected in Attachments A and B. The agreement satisfies the standards for approval set forth in Rule 25-6.0440(2), Florida Administrative Code, and would allow the joint petitioners to gain further operational efficiencies, support near-term development activity, and improve service delivery in their respective retail service areas. (Pope)

**Staff Analysis:** Pursuant to Section 366.04(2)(d), F.S., and Rule 25-6.0440(2), Florida Administrative Code (F.A.C.), the Commission has jurisdiction to approve territorial agreements between and among rural electric cooperatives, municipal electric utilities, and other electric utilities. Unless the Commission determines that such an agreement is detrimental to the public interest, it should be approved.<sup>4</sup>

Rule 25-6.0440(2), F.A.C., outlines the standards the Commission may consider in evaluating territorial agreements, including:

- (a) The reasonableness of the purchase price of any facilities being transferred;
- (b) The reasonable likelihood that the agreement, in and of itself, will not cause a decrease in the reliability of electrical service to the existing or future ratepayers of any utility party to the agreement;
- (c) The reasonable likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities; and
- (d) Any other factor the Commission finds relevant in reaching a determination that the territorial agreement is in the public interest.

## Proposed 2025 Amended Agreement

TECO and Lakeland executed the proposed Amended Agreement on June 30, 2025, to modify their existing 1991 agreement and formalize permanent service assignments for two subdivisions located in Polk County. Through the Amended Agreement, the joint petitioners seek to:

- (1) Replace the temporary service arrangements previously authorized in Order No. PSC-2025-0089-PAA-EU with permanent boundary adjustments;
- (2) Avoid the uneconomic duplication of facilities by assigning service responsibility to the utility with nearby infrastructure already in place; and

---

<sup>4</sup> *Utilities Commission of the City of New Smyrna Beach v. Florida Public Service Commission*, 469 So. 2d 731 (Fla.1985).

Date: August 22, 2025

- (3) Clarify territorial boundaries in the affected area to support long-term service planning and operational efficiency.

These combined objectives are expected to improve customer service, support ongoing development activity, and reduce the need for redundant infrastructure.

The Amended Agreement includes all terms and conditions, along with written boundary descriptions, parcel-specific maps reflecting the proposed territorial changes, and documentation of the lots affected by the proposed reassignment. Under the proposed Amended Agreement, the joint petitioners request that the same parcels for which the utilities sought and received the authority to offer temporary retail electric service be reassigned permanently. The utilities assert that in the prior docket as well as in the instant one, the utility seeking reassignment has distribution facilities in closer proximity and maintains sufficient capacity to serve the respective developments, which minimizes costs and avoids uneconomic duplication of facilities.<sup>5</sup>

Pursuant to Section 5.1 of the Amended Agreement, if approved, the agreement would remain in effect for 15 years from the date the Commission issues its final order and the order is no longer subject to judicial review. Thereafter, the agreement would automatically renew for successive one year periods, unless terminated by either party with at least 12 months' written notice in accordance with Section 7.3.

### **Proposed Boundary Changes**

The Amended Agreement formalizes the reassignment of parcels within two developments, Cadence Crossing Phase 2 and Schaller Preserve, that were the subject of temporary service arrangements previously approved by the Commission by Order No. PSC-2025-0089-PAA-EU. No customer transfers are proposed under the agreement.<sup>6</sup> The proposed service reassignments under the Amended Agreement result from negotiations between TECO and Lakeland and are intended to avoid duplication of electric infrastructure and unnecessary costs.

Cadence Crossing Phase 2 includes 34 lots located within Lakeland's territory, which were temporarily assigned to TECO in late 2024 to allow for timely construction and service activation. TECO has since completed approximately 40 percent of the required infrastructure and anticipates full energization by the end of 2025. Schaller Preserve includes 39 lots located within TECO's territory, which were temporarily assigned to Lakeland. As of July 2025, no construction has commenced at Schaller Preserve, and service is not expected before February 2027.<sup>7</sup>

In their petition, the joint petitioners stated that the maps in Composite Exhibit A reflect only those changes necessary to address the Schaller Preserve and Cadence Crossing subdivisions, and clarified that the maps control in the event of any conflict with the legal descriptions. No other parcel-level or boundary-wide adjustments were proposed in this filing.

---

<sup>5</sup> Document No. 06532-2025, Joint Petitioners' response to Staff's First Data Request, No. 2.a.

<sup>6</sup> Document No. 05324-2025, Joint Petition, paragraph 17.d–g.

<sup>7</sup> Document No. 06532-2025, joint petitioners' response to Staff's First Data Request, Nos 6.c, 6.d., and 6.e.

Date: August 22, 2025

The joint petitioners assert that each utility is better positioned to serve the respective developments due to the proximity of existing facilities and the absence of system capacity constraints.<sup>8</sup> The Amended Agreement does not involve any transfer of existing customer accounts, as the affected parcels are either currently unserved or were temporarily authorized for service by the utility now seeking permanent designation. As such, the proposed Amended Agreement avoids disruption to existing customers and minimizes administrative complexity.

In response to staff's July 2025 data request, the petitioners confirmed that no additional parcel-level modifications are included in this agreement. The petitioners also indicated that no new cost estimates, system studies, or engineering analyses were performed in support of the petition, citing the minimal load impact and previously approved service arrangement as sufficient justification.<sup>9</sup>

### **Staff Review**

As noted previously, Rule 25-6.0440(2), F.A.C. provides guidance for the Commission regarding standards for approving territorial agreements for electric utilities. Rule 25-6.0440(2)(a), F.A.C., addresses the reasonableness of the purchase price for facilities that may be subject to transfer between utilities. For the instant matter, the joint petitioners state the rule is inapplicable in this instance, since there are no facilities that TECO and Lakeland are transferring to one another. Staff agrees.

Rule 25-6.0440(2)(b), F.A.C., sets forth that the Commission should consider the reasonable likelihood that the proposed territorial agreement, in and of itself, will not cause a decrease in the reliability of electrical service to the existing or future ratepayers of either utility. According to the joint petitioners, each utility's system planning team reviewed the proposed service area changes and determined that the agreement will not negatively impact the reliability of service to current or future customers. The utilities explained that their respective system planning teams reviewed the proposed service areas subject to transfer, and determined the expected load would be minimal and would not impact reliability for either utility.<sup>10</sup> Staff believes the utilities' assertions are reasonable.

Rule 25-6.0440(2)(c), F.A.C., requires the Commission to consider the reasonable likelihood that the agreement will eliminate existing or potential uneconomic duplication of facilities. The joint petitioners state that each utility is better positioned to serve the assigned parcels based on the proximity of existing facilities and the absence of capacity constraints; the parcels are either unserved or were temporarily authorized for service by the utility now seeking permanent designation. In staff's review of utility facilities provided by the joint petitioners in Docket No. 20240171-EU, the proposed permanent boundary assignments align service with the nearest adequately sized facilities and avoid duplicative extensions. No new engineering or cost analyses were prepared for this filing. Based on the foregoing, staff finds a reasonable likelihood that the agreement eliminates existing or potential uneconomic duplication under Rule 25-6.0440(2)(c), F.A.C.

---

<sup>8</sup> *Ibid*, No. 2.a.

<sup>9</sup> *Ibid*, No. 1.a.

<sup>10</sup> *Ibid*.

Date: August 22, 2025

The final rule providing guidance for approving territorial agreements is Rule 25-6.0440(2)(d), F.A.C., which allows the Commission to consider other relevant factors on a case-by-case basis. Staff notes there are no specific factors that are evident under this consideration. Because no active customers are being transferred, the original petition did not include comparative billing information which would have been required pursuant to Rule 25-6.0440(1)(d), F.A.C.. Therefore, staff did not consider or perform any rate impact analysis. The petitioners state that they do not anticipate any future customer objections related to the reassignment of service rights.

**Conclusion**

Based on the above analysis, staff believes the Commission should approve the proposed Amended Agreement between TECO and Lakeland, as reflected in Attachments A and B. The agreement satisfies the Standards for Approval set forth in Rule 25-6.0440(2), F.A.C., and would allow the joint petitioners to gain further operational efficiencies, support near-term development activity, and improve service delivery in their respective retail service areas.

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

**Recommendation:** 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. (Bloom)

**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.

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 1 OF 8**

**AMENDED AND RESTATED TERRITORIAL AGREEMENT**

This Amended and Restated Territorial Agreement (this "**Agreement**"), dated as of June 16, 2025, is by and between the CITY OF LAKELAND, FLORIDA, a Florida municipality organized and existing under the laws of the State of Florida, on behalf of its municipal utility, Lakeland Electric ("Lakeland") and TAMPA ELECTRIC COMPANY, a Florida corporation that owns and operates a retail electric utility in Florida, including in Polk County, Florida ("Tampa Electric," and, collectively with Lakeland, the "**Parties**" or individually a "**Party**"), and shall become effective upon the approval of the Florida Public Service Commission ("**Commission**").

WHEREAS, Lakeland and Tampa Electric are parties to an Agreement dated May 20, 1991, (the "**Underlying Agreement**") which was approved by PSC Order No. PSC-92-0570-FOF-EU, issued June 25, 1992, and effective July 17, 1992.

WHEREAS, Lakeland and Tampa Electric are also parties to a first Amendment to Territorial Agreement, dated August 17, 1998, (the "**First Amendment**") which amended the Underlying Agreement and was approved by PSC Order No. PSC-99-0024-FOF-EU, issued January 4, 1999, and effective January 26, 1999.

WHEREAS, Lakeland and Tampa Electric are also parties to the Second Amendment to Territorial Agreement, dated February 3, 2014, (the "**Second Amendment**") which amended the Underlying Agreement, as previously amended, and was approved by PSC Order No. PSC-14-0268-PAA-EU, issued May 28, 2014, and effective June 24, 2014, by Consummating Order No. PSC-14-0324-CO-EU issued June 24, 2014. The Underlying Agreement, as amended by the First Amendment and the Second Amendment is hereinafter referred to as the "**Replaced Agreement**."

WHEREAS, the Parties desire to amend and restate the Replaced Agreement to provide for the adjustment to and continuing territorial boundaries of their respective retail electric utility service areas in Polk County, Florida; to provide for the terms and conditions of their territorial boundary relationship pursuant to the terms and conditions of this Agreement; and to provide for the furtherance of the Commission's jurisdiction over territorial matters between retail electric utilities in Florida pursuant to chapter 366, Florida Statutes.

Therefore, Lakeland and Tampa Electric agree as follows:

**Article 1.**

**RECITALS; DEFINED TERMS**

**1.1 Recitals Incorporated.** The foregoing recitals are true and correct and are hereby incorporated into this Agreement as a material part of the same.

**1.2 Definitions.** The following terms used in this Agreement, and not defined elsewhere, have the following meanings:

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 2 OF 8**

**"Territorial Boundary Line"** means each of the boundary lines depicted on the maps attached to this Agreement as Composite Exhibit A which delineate and differentiate the Parties' respective Territorial Areas in Polk County, Florida.

**"Lakeland Territorial Area"** means the geographic area(s) in Polk County allocated to Lakeland as its retail electric service territory and labeled as "Lakeland Territorial Area" or "Lakeland" on the maps contained in Composite Exhibit A.

**"Tampa Electric Territorial Area"** means the geographic area(s) in Polk County allocated to Tampa Electric as its retail electric service territory and labeled as "Tampa Electric Territorial Area" or "TECO" on the maps contained in Composite Exhibit A.

**"Transmission Line"** means each and all transmission lines of either Party having a voltage of 69 kV or greater.

**"Distribution Line"** means each and all distribution lines of either Party having a rate up to, but not including, 69 kV.

**"Point of Use"** means the location within the territorial area of a Party where a preponderance of the retail customer's end-use facilities consume electricity.

**"New Customer"** means every retail electric consumer applying for service to either Lakeland or Tampa Electric after the effective date of this Agreement.

**"Existing Customer"** means every retail electric consumer receiving service, or having within the previous six month period made application for service, on or before the effective date of this Agreement.

**"Change in Use"** means (1) a change in the use of real property from residential to business or business to residential, (2) a change in the use of property if such change would normally require reclassification of service under either Party's retail tariff; or (3) a change in the density or intensity of use of real property if such change requires the addition of meters, so that in the aggregate there are three additional meters, during the period of this Agreement.

**Article 2.  
RETAIL ELECTRIC SERVICE**

**2.1 Allocations.** Lakeland shall have the exclusive authority to furnish retail electric service in the Lakeland Territorial Area, and Tampa Electric shall have the exclusive authority to furnish retail electric service in the Tampa Electric Territorial Area, pursuant to the terms and conditions of this Agreement, as both the Lakeland Territorial Area and the Tampa Electric Territorial Area are shown on the maps contained in Composite Exhibit A. Detailed changes to the Territorial Boundary Lines, which have not been previously approved by the Commission pursuant

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 3 OF 8**

to the Replaced Agreement, including the First Amendment and Second Amendment, are also depicted in the maps contained in Composite Exhibit A.

**2.2 Service to New Customers.** (a) Lakeland and Tampa Electric agree that neither Party will attempt to serve or knowingly serve any New Customer located in the territorial area of the other Party. Further, in those instances where the Territorial Boundary Line traverses the property of an individual New Customer or prospective New Customer, each Party will prepare an estimate of the cost for that utility to extend its facilities to serve the New Customer. The Parties will then confer and determine which Party can most economically serve this New Customer, and that Party will provide service to the New Customer. In the event the Parties are unable to agree on which Party can most economically serve the New Customer, the Parties will determine the location of the New Customer's Point of Use, and the Party in whose service area the Point of Use is located will provide service to the New Customer.

(b) In the event that a prospective New Customer requests or applies for service from either Party to be provided to end use facilities located wholly in the territory reserved to the other Party, then the Party receiving such a request or application shall refer the prospective New Customer to the other Party, with citation to the Commission approved territorial agreement, and shall notify the other Party of the request or application.

**2.3 Correction of Inadvertent Service Errors.** If any situation is discovered during the term of this Agreement in which either Party is inadvertently providing retail electric service to a customer located within the territorial area of the other Party, service to such customer will be transferred to such other Party. Until the transfer of service can be completed, the Party providing inadvertent service to the customer will be deemed to be providing Interim Service in accordance with section 2.4(a). The receiving Party may elect to purchase the electric facilities of the inadvertently serving Party used solely to provide service to the customer subject to transfer in return for compensation determined in accordance with clause (2) of section 2.4(c). The Parties hereby agree that any such transfer shall be completed within 12 months of the discovery of the inadvertent error.

**2.4 Interim Service.** (a) Where a Party entitled to serve a New Customer pursuant to section 2.2 believes that the extension of its facilities to such New Customer would be more appropriate or compatible with its operational requirements and plans at a future time, the Party may, in its discretion, request the other Party to provide service to the New Customer on an interim basis (collectively, "Interim Service"). Such request shall be made in writing and the other Party shall promptly notify the requesting Party of its election, in its sole discretion, to either accept or decline the request. If such request is accepted the Party providing Interim Service shall be deemed to do so only on behalf of the requesting Party, who shall remain entitled to serve the New Customer to the same extent as if it had provided service in the first instance.

(b) The parties shall notify the Commission of any such agreement for Interim Service which is anticipated to last more than one year; provided, however, the Party providing



TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 4 OF 8

Interim Service hereunder shall not be required to pay the other Party for any loss of revenue associated with the provision of such Interim Service.

(c) At such time as the requesting Party elects to begin providing service directly to the New Customer, after reasonable notice to the other party: (1) the Party providing Interim Service shall cease providing Interim Service and, thereafter, service shall be furnished to the New Customer in accordance with sections 2.1 and 2.2; and (2) the requesting Party shall pay the Party providing Interim Service the depreciated costs (calculated on a straight line basis) for facilities installed by the Party providing interim service exclusively for such New Customer.

(d) Additionally, as used in this section 2.4(d), "Interim Service" also refers to a request by a Party to the other Party to extend and provide service to a customer, where that customer lies within the territorial area of the requesting Party, but the Parties agree that service is more economically provided by the other Party, it being the intent of the Parties that such Interim Service shall only be provided upon (1) mutual agreement of the Parties, and (2) the Parties' joint notification to the Commission of such Interim Service agreement, related facts, and the subsequent filing of an amendment to this Agreement, if necessary, to provide for appropriate, related Territorial Boundary Line changes. The Parties shall endeavor to make such filing with the Commission, as provided for in the previous sentence, within six months of their notice to the Commission pursuant to this section 2.4(d).

**2.5 Bulk Power for Resale.** Nothing in this Agreement shall be construed to prevent either Party from providing bulk power supply to other electric utilities for resale purposes wheresoever such other electric utilities may be located, including the location of Transmission Lines in the other Party's territorial area. Further, no other provision of this Agreement shall be construed as applying to bulk power supply for resale.

Article 3.  
OPERATIONS AND MAINTENANCE

**3.1 Facilities to Remain.** Except as otherwise expressly provided for in this Agreement, all generating plants, Transmission Lines, substations, Distribution Lines, and related facilities now or hereafter constructed, or used by either party in conjunction with their respective electric utility systems, and which are used directly or indirectly and are useful in serving customers and their respective territorial areas or in fulfilling the requirements of law shall be allowed to remain where situated and shall not be subject to removal or transfer under this Agreement; provided, however, that each Party shall operate and maintain such generating plants, transmission lines, substations, distribution lines, and related facilities in a manner so as to minimize any interference with the operations of the other Party.

**3.2 Joint Use.** The Parties hereby acknowledge that it may be necessary, under certain circumstances, and in order to carry out this Agreement, to make arrangements for the joint use of their respective service facilities. In such event, arrangement shall be made by separate instruments

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 5 OF 8**

incorporating standard engineering practices, providing proper clearance with respect thereto, and setting forth other terms and conditions as the Parties may mutually agree.

**3.3 Facilities to be Served.** Nothing in this Agreement shall be construed to prevent or in any way inhibit the right and authority of Lakeland or Tampa Electric to provide retail electric service to any of its own facilities when those facilities are located in the territorial area of the other Party; provided, however, each Party is hereby obligated to provide for service to its own facilities, located in the territorial area of the other Party, in a manner so as to minimize any interference with the operations of the other Party.

**3.4 New Facilities in Territorial Area of the Other Party.** Except pursuant to section 3.3, neither Party shall construct any Distribution Line in the territory of the other Party without the express written consent of the other Party

**Article 4.  
PREREQUISITE APPROVAL**

**4.1 Florida Public Service Commission.** The provisions of this Agreement are subject to the regulatory authority authority of the Florida Public Service Commission, and appropriate approval by that body of the provisions of this Agreement shall be a prerequisite to the validity and applicability hereof and neither Party shall be bound hereunder until that approval has been obtained. Any proposed modifications to this agreement shall be submitted to the Florida Public Service Commission for approval. Tampa Electric will file an annual report with the Florida Public Service Commission on or before March 31 of each year providing the status of the Agreement and any proposed modifications to the Agreement. The Parties will also file any other information and reports as requested by the Commission from time to time. In addition, the Parties agree to jointly petition for the Florida Public Service Commission to resolve any disputes concerning the provisions of this Agreement which the parties are unable to resolve.

**4.2 Liability in the Event of Disapproval.** In the event approval pursuant to section 4.1 is not obtained, neither Party will have any cause of action against the other arising under this document or on account of such non-attainment of approval.

**4.3 Supersedes Prior Agreements.** Upon approval by the Commission, this Agreement shall be deemed to specifically supersede the Replaced Agreement and all pother prior agreements between the Parties, if any, defining the boundaries of their respective territorial areas.

**Article 5.  
DURATION**

**5.1 Duration.** This agreement is the only agreement between Lakeland and Tampa Electric and supersedes all prior agreements between the Parties as to their electric service territories and shall continue and remain in effect for a period of 15 years from the date of the Florida Public Service Commission's Initial order approving this Agreement. Upon the expiration of

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 6 OF 8**

the initial 15 year term, this Agreement shall automatically renew for successive one-year renewals. Either Party may terminate this Agreement, provided that such termination becomes effective after the initial 15 year term, but providing notice of termination to the other Party no less than 12 months prior to the effective date of the termination. The notice shall be in accordance with section 7.3 and shall state the effective date of the termination.

**Article 6.  
CONSTRUCTION OF AGREEMENT**

**6.1 Intent and Interpretation.** It is hereby declared to be the purpose and intent of the Parties that this Agreement shall be interpreted and construed, among other things, to eliminate and avoid the needless and wasteful expenditures and potentially hazardous situations that would otherwise result. The purpose of this Agreement, among other things, is to further this state's policy of supervising the planning, development, and maintenance of a coordinated electric power grid throughout the State of Florida; to avoid uneconomic duplication of generation, transmission, and distribution facilities; and to encourage the installation and maintenance of facilities necessary to fulfill a utility's obligation to serve.

**Article 7.  
GENERAL PROVISIONS**

**7.1 Negotiations.** Whatever terms or conditions may have been discussed during the negotiations leading up to the execution of this Agreement, the only ones agreed upon are those set forth herein, and no alteration, modification, enlargement, or supplement to this Agreement shall be binding upon either of the Parties unless the same shall be in writing and hereto attached and signed by both of the Parties and approved by the Florida Public Service Commission in accordance with section 4.1.

**7.2 Successors and Assigns.** Nothing in this Agreement expressed or implied is intended, nor shall be construed, to confer upon or give to any person or corporation, other than the Parties, any right, remedy, or claim under or by reason of this Agreement, or any provision or conditions of this Agreement; and all of the provisions, representations, covenants, and conditions herein contained shall inure to the sole benefit of, and shall be binding only upon, the Parties and their respective representatives, successors, and assigns.

**7.3 Notices.** Notices given here under shall be deemed to have been given to TECO if mailed by certified mail, postage prepaid, to: Tampa Electric Company, PO Box 111 3600 Midtown Drive, Tampa, FL 33607 Attn: Jordan Williams and Alex Georgilakis; and to Lakeland if mailed by certified mail, postage prepaid, to: Lakeland Electric, 501 East Lemon Street, Lakeland, Florida 33801-5079, Attn: Scott Bishop, Assistant General Manager of Delivery, Lakeland Electric. Such addresses to which such notice shall be mailed may be at any time changed by designating such new address and giving notice thereof and writing in the manner as provided herein.

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 7 OF 8**

7.4 Severability. The invalidity or unenforceability of a particular provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted, while using best efforts to give effect to the original intent and benefit of the negotiated bargain represented in this Agreement by the Parties.

*[Signature Page Follows]*

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
EXHIBIT 1  
PAGE 8 OF 8**

The Parties are signing this Agreement as of the date stated in the introductory paragraph.

CITY OF LAKELAND, FLORIDA, on behalf of its  
municipal utility, Lakeland Electric

By:

  
Name: H. William Mutz  
Title: Mayor

Attest:

By:   
Kelly S. Koos, City Clerk



Approved as to form and correctness:

By:   
Palmer C. Davis, City Attorney

TAMPA ELECTRIC COMPANY

By:

  
Chip Whitworth  
Vice President, Electric Delivery

[Signature sheet to Amended and Restated Territorial Agreement by and between CITY OF LAKELAND, FLORIDA, ON BEHALF OF ITS MUNICIPAL UTILITY LAKELAND ELECTRIC, and TAMPA ELECTRIC COMPANY, dated as of June 16, 2025.]

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A**

**COMPOSITE EXHIBIT A  
TO THE  
AMENDED AND RESTATED  
TERRITORIAL AGREEMENT  
BETWEEN  
TAMPA ELECTRIC COMPANY AND  
CITY OF LAKELAND**

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 1 OF 14**

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36  
37  
38  
39  
40  
41  
42  
43

COMPOSITE EXHIBIT A  
TERRITORIAL BOUNDARY  
BETWEEN  
TAMPA ELECTRIC COMPANY AND THE CITY OF LAKELAND, FLORIDA

DESCRIPTION;

Commence at the Southwest corner of Section 19, Township 29 South, Range 23 East, Polk County, Florida for A POINT OF BEGINNING; thence on the West boundary of said Range 23 East (the same being the County line between Hillsborough County to the West and Polk County to the East), proceed in a Northerly direction to the Northwest corner of Section 6, Township 27 South, Range 23 East the same being the Southwest corner of Section 31, Township 26 South, Range 23 East; thence departing aforementioned Hillsborough-Polk County line and on the West boundary of said Range 23 East, proceed in a Northerly direction to the Northwest corner of the South one-half of the North one-half of Section 30, Township 26 South, Range 23 East; thence on the North boundary of said South one-half of the North one-half of Sections 30 and 29, Township 26 South, Range 23 East, proceed in an Easterly direction to the West boundary of the East one-half of said Section 29; thence on said West boundary of the East one-half of Sections 29 and 20, Township 26 South, Range 23 East, proceed in a Northerly direction to the North boundary of the South one-half of said Section 20, thence on the North boundary of the South one-half of Sections 20 and 21, Township 26 South, Range 23 East, proceed in an Easterly direction to an intersection with the centerline of Sherouse Road; thence departing said North boundary and on centerline of said road, proceed in an Easterly direction to an intersection with the North boundary of the South one-half of aforesaid Section 21; thence departing centerline of said road and on said North boundary, proceed in an Easterly direction to a point which is located 769.80 feet West of the intersection of said North boundary with the Westerly right-of-way boundary of State Road No. 700 & 35 (U.S. 98); thence on a course 553.84 feet Westerly of and parallel to said Westerly right-of-way boundary as shown on D.O.T. right-of-way map for said State Road No. 700 & 35 (U.S. 98) (Section 1621), proceed in a southeasterly direction to the beginning of curve concave Southwesterly, having a radius of 5,095.74 feet and a central angle of 17°26'31"; thence proceed on the arc of said curve a distance of 1,551.23 feet to the curve's end, the same being at the point of intersection with the South boundary of Section 21; thence on the South boundaries of Sections 21 and 22, Township 26 South, Range 23 East, proceed in an Easterly direction to the East boundary of the West one-half of the West one-half of said Section 22; run thence North along said East boundary 2616.65 feet, run thence East and parallel to the North boundary of the South half of Section 22 to the East boundary of Section 22, run thence North along said East boundary to the North boundary thereof, thence North along the West boundaries of Sections 14, 11, and 2, Township 26 South, Range 23 East to the Northwest corner of said Section 2, Township 26 South Range 23 East; thence on the North boundary of Sections 2 and 1, Township 26 South, Range 23 East (the same being the County line between Pasco County to the North and Polk County to the South), proceed in an Easterly direction to the Northeast corner of said Section 1; thence departing said County line and on the East line of said Range 23 East,

Note: This description is modified in Schaller Preserve and Cadence Crossing Subdivisions as depicted on the maps included in this Composite Exhibit A. In the event of a conflict between the legal description and the maps, the maps control.

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 2 OF 14**

44 proceed in a Southerly direction to the Northeast corner of Section 25, Township 26 South, Range 23  
45 East, the same being the Northwest corner of Section 30, Township 26 South, Range 24 East; thence  
46 on the North boundary of Section 30, Township 26 South, Range 24 East, proceed to the Northeast  
47 corner of said section 30, also being the Southwest corner of Section 20, Township 26 South, Range 24  
48 East; thence Northerly along the West boundary line of said Section 20 proceed to the Northwest  
49 corner of the Southwest 1/4 of the Southwest 1/4 of said Section 20; thence proceed Easterly to the  
50 Northeast corner of the Southeast 1/4 of the Southwest 1/4 of said Section 20; thence proceed  
51 Southerly to the Southeast corner of the of the Southwest 1/4 of said Section 20; thence proceed in an  
52 Easterly direction along the North boundaries of Sections 29,28,27,26 25, Township 26 South, Range  
53 24 East to the Northeast corner of said Section 25, also being the Northwest corner of Section 30,  
54 Township 26 South, Range 25 East; thence Easterly along the North boundary of said Section 30  
55 proceed to the Northwest corner of the Northeast 1/4 of the Northeast 1/4 of Section 30, Township 26  
56 East, Range 25 East; thence Southerly to the Southwest corner of said Northeast 1/4 of the Northeast  
57 1/4 of Section 30; thence Easterly to the Southeast corner of said Northeast 1/4 of the Northeast 1/4 of  
58 Section 30 ; thence proceed Northerly along the East boundary of said Section 30 to the Northwest  
59 corner of Section 29, Township 26 South, Range 25 East; thence Easterly along North boundary of  
60 said Section 29 proceed to the Northwest corner of the Northeast 1/4 of said Section 29; thence  
61 proceed Southerly to the Southwest corner of the Northwest 1/4 of the Northeast 1/4 of said Section  
62 29; thence Easterly along the Southerly boundary lines of the Northwest 1/4 of the Northeast 1/4 and  
63 the Northeast 1/4 of the Northeast 1/4 of said Section 29 proceed to a point 900 feet Westerly of the  
64 centerline of State Road-33, also known as Commonwealth Ave North; thence along a line 900 feet  
65 Westerly of and parallel to the centerline State Road 33 proceed Northerly to the North boundary of  
66 Section 29; thence along the North line of Section 29 and 28, Township 26 South, Range 25 East  
67 proceed Easterly to the Northeast corner of said Section 28; thence on the East boundaries of Sections  
68 28 and 33, Township 26 South, Range 25 East proceed in a Southerly direction to a point 1,700.00 feet  
69 South of the Northeast corner of said Section 33; proceed thence in a Westerly direction a distance of  
70 2,000.00 feet; proceed thence in a Southerly direction to the South boundary of said Section 33; thence  
71 on said South boundary, proceed in a Westerly direction to the Northeasterly shore of Lake Agnes;  
72 thence along the Northeasterly shore of said Lake Agnes, proceed in a Northwesterly direction to the  
73 intersection with the east line of the Northwest one-quarter of the Southeast one-quarter of Section 32,  
74 Township 26 South, Range 25 East; thence North along the East line of said Northwest one-quarter of  
75 the Southeast one-quarter of Section 32, to the Northeast corner of the Northwest one-quarter of the  
76 Southeast one-quarter of Section 32; thence West along the North line of said Northwest one-quarter of  
77 the Southeast one-quarter, to the intersection with the centerline of State Road 665; thence South along  
78 said centerline to the Southerly limited access right-of-way boundary of State Road No. 400 (Interstate  
79 Hwy. No. 4); thence on said Southerly limited access right-of-way boundary as shown on D.O.T. right-  
80 of-way map for said State Road No. 400 (Section 16320-2401) the following three (3) calls: proceed in  
81 a Westerly direction a distance of 1,338 feet more or less to the beginning of a curve concave  
82 Southerly, having a radius of 11,309.16 feet and a central angle of 16°24'00"; thence on arc of said  
83 curve proceed in a Southwesterly direction a distance of 3,237.06 feet to the curve's end; thence in a  
84 Southwesterly direction a distance of 1687 feet; thence proceed Northerly perpendicular to said  
85 Southern right-of-way line a distance of 400.18 feet to a point on the Northern right-of-way line of I-4  
86 as shown on the right-of-way map for I-4 Section 16320-2436; thence Westerly along said right-of-  
87 way line a distance of 429.03 feet to the centerline of construction for State Road 670, also known as  
88 the Polk County Parkway, as shown on the right-of-way map for State Road 670, Section 97160-2312,  
89 thence along the said centerline of construction the following three calls: thence Northerly a distance  
90 of 714.07 feet to the beginning of curve concave to the South having a radius of 881.41 feet and a  
91 central angle of 160°16'07"; thence along the arc of said curve a distance of 2465.67 feet to a point of

Note: This description is modified in Schaller Preserve and Cadence Crossing Subdivisions as depicted on the maps included in this Composite Exhibit A. In the event of a conflict between the legal description and the maps, the maps control.



**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 3 OF 14**

92 tangency; thence southwesterly a distance of 1048.31 feet; thence departing said centerline of  
93 construction on a line perpendicular to the said centerline of construction proceed Westerly a distance  
94 of 324.21 feet to a point on the Westerly right-of-way line of State Road 670, said point being the  
95 beginning of a non-tangent curve concave Northwesterly and a central angle of 10°36'21" and a radius  
96 of 1343.79 feet; thence along the arc of said curve a distance of 248.74 feet to the Northern right-of-  
97 way line of I-4 as shown on the right-of-way map for I-4 Section 16320-2433; thence Westerly along  
98 said right-of-way line to the East boundary of Section 12, Township 27 South, Range 24 East; thence  
99 departing said Northerly limited access right-of-way line and on the East boundary of said Range 24  
100 East, proceed in a Southerly direction to the intersection of said East boundary with the centerline of  
101 the former Seaboard Coastline Railroad right of way; thence Northeasterly along said centerline to an  
102 intersection with the East boundary of the West 1/2 of the Northwest 1/4 of Section 30, Township 27  
103 South; Range 25 East; thence departing said centerline, proceed South along said East boundary to the  
104 South boundary of the Northwest 1/4 of said Section 30; thence West along the South boundary of the  
105 Northwest 1/4 of said Section 30 to the West boundary of said Section 30, also being the East  
106 boundary of Section 25, Township 27 South, Range 24 East; thence on the East boundary of said  
107 Range 24 East, proceed in a Southerly direction to the Southeast corner of Section 36, Township 27  
108 South, Range 24 East; thence on the South boundary of said Section 36, proceed in a Westerly  
109 direction to the Northeast corner of Section 1, Township 28 South, Range 24 East; thence on the East  
110 boundary of said Range 24, proceed in a Southerly direction to the centerline of CR-546, also known  
111 as Saddle Creek Road; thence run Easterly along said centerline to a point 150 feet Easterly of the  
112 Northerly projected centerline of Old Dixie Highway; thence Southerly parallel to and 150 feet  
113 Easterly of the projected centerline of Old Dixie Highway to the intersection with the North boundary  
114 of Kimberly Court subdivision as recorded in Plat Book 73, Page 40 of the public records of Polk  
115 County, Florida; thence Easterly along the North boundary of said subdivision to the Easterly  
116 boundary of said subdivision; thence Southerly along said Easterly boundary to the Southerly  
117 boundary of said subdivision; thence westerly along said Southerly boundary to a point 150 easterly of  
118 Old Dixie Highway; thence Southerly parallel to and 150 feet Easterly of the centerline of Old Dixie  
119 Highway to the centerline of the CSX railroad track as shown on valuation Map V 3 Fla 50, lying  
120 Southerly of US-92; thence Northeasterly along said railroad track centerline to the East line of Section  
121 17, Township 28 South, Range 25 East; thence South along the East line of Sections 17, 20, and 29 of  
122 Township 28 South, Range 25 East to the Southeast corner of the North one-half, of the North one-  
123 half, of the North one-half, of said Section 29, Township 28 South, Range 25 East; thence on the South  
124 boundaries of the North one-half, of the North one-half, of the North one-half, of both said Section 29  
125 and Section 30 Township 28 South, Range 25 East, proceed in a Westerly direction, to an intersection  
126 with the centerline of Saddle Creek; thence on the centerline of said creek, proceed in a Southeasterly  
127 direction to the Northerly shore of Lake Hancock; thence on said Northerly shore of said Lake  
128 Hancock; proceed in an Easterly direction to the East Boundary of Section 31, Township 28 South,  
129 Range 25 East; thence on a line being the Southerly extension the said East boundary of Section 31,  
130 proceed Southerly to the theoretical Northeast corner of Section 19, Township 29 South, Range 25  
131 East; thence Westerly on the theoretical North boundary (of said Section 19) 2,600.00 feet; thence  
132 Southwesterly to the point of intersection of the Southwesterly shoreline of aforesaid Lake Hancock  
133 with the Easterly extension of the South boundary of the North one-half of the North one-half of  
134 Section 24, Township 29 South, Range 24 East; thence proceed on said Easterly extension in a  
135 Westerly direction to the Southeast corner of the North one-half of the aforesaid North one-half of  
136 Section 24; thence on the South boundary thereof; proceed in a Westerly direction to the East boundary  
137 of the West one-half of the West one-half of said Section 24; thence on said East boundary, proceed in  
138 a Southerly direction to the South boundary of the North one-half of the North one-half of the South  
139 one-half of said Section 24; thence on said South boundary, proceed in a Westerly direction to the

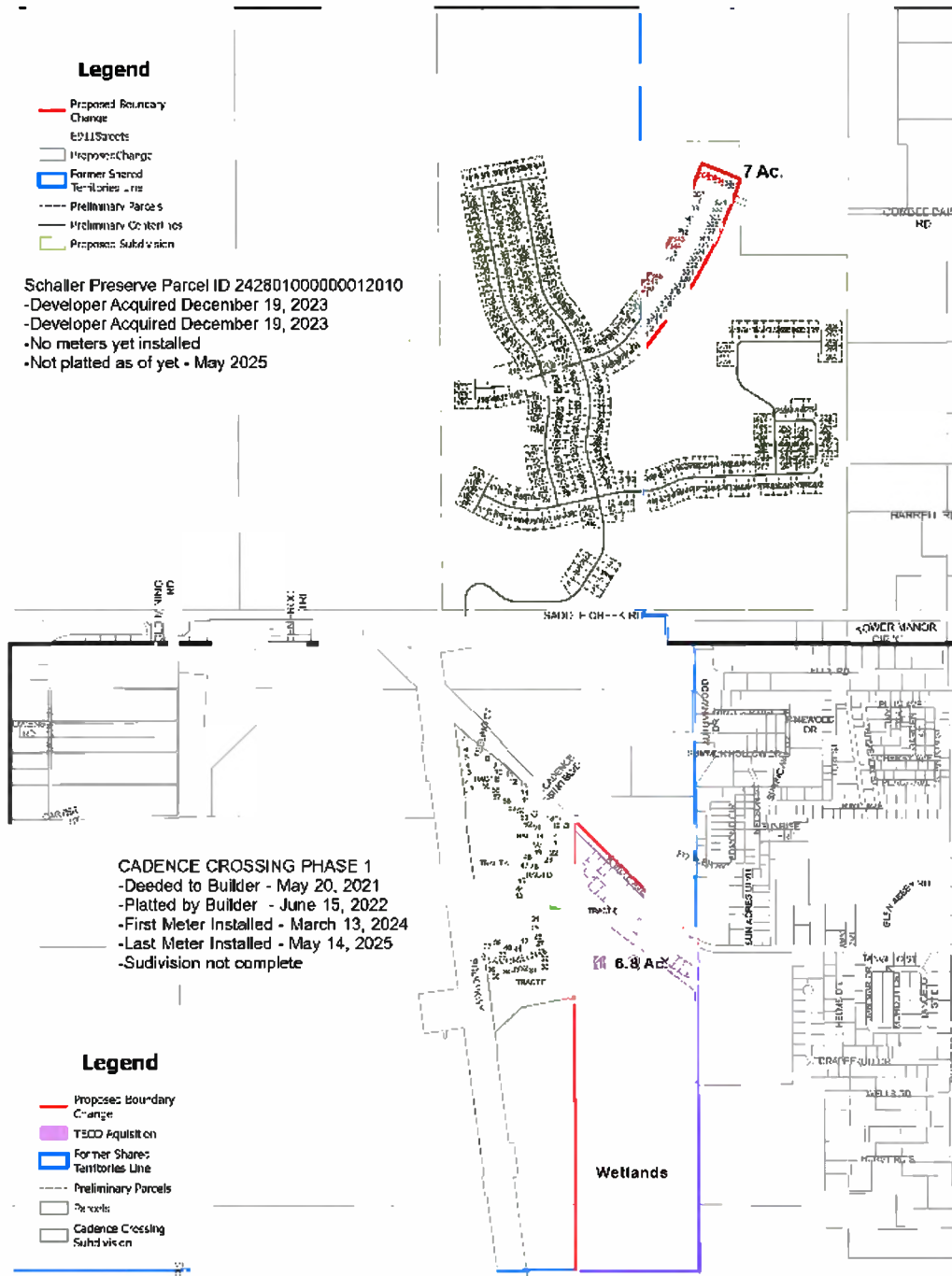
Note: This description is modified in Schaller Preserve and Cadence Crossing Subdivisions as depicted on the maps included in this Composite Exhibit A. In the event of a conflict between the legal description and the maps, the maps control.

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 4 OF 14**

140 West boundary of said Section 24, the same being the East boundary of Section 23, Township 29  
141 South, Range 24 East; thence on the East boundaries of Section 23 and 26, Township 29 South, Range  
142 24 East, proceed in a Southerly direction to the Southeast corner of the North one-half of the South  
143 one-half of the North one-half of said Section 26; thence on the South boundary of the North one-half  
144 of the South one-half of the North one-half of said Section 26, proceed in a Westerly direction to the  
145 East boundary of the West one-half of said Section 26; thence on said East boundary, proceed in a  
146 Southerly direction to the South boundary of the North one-half of said Section 26; thence on said  
147 South boundary, proceed in a Westerly direction to the West boundary of the East one-half of the East  
148 one-half of the West one-half of said Section 26; thence on said West boundary, proceed in a Southerly  
149 direction to the North boundary of the South one-half of the South one-half of said Section 26; thence  
150 on said North Boundary, proceed in an Easterly direction to the East boundary of the West one-half of  
151 said Section 26; thence on said East boundary, proceed in a Southerly direction to the Southeast corner  
152 of the West one-half of said Section 26; thence on the South boundaries of Sections 26, 27 and 28,  
153 Township 29 South, Range 24 East, proceed in a Westerly direction to the Southwest corner of said  
154 Section 28; thence on the West boundary of said Section 28, the same being the East boundary of  
155 Section 29, Township 29 South, Range 24 East, proceed in a Northerly direction to the Southeast  
156 corner of the North one-half of the North one-half of said Section 29; thence on the South boundary of  
157 the North one-half of the North one-half of Section 29 and 30, Township 29 South, Range 24 East and  
158 on the South boundary of the North one-half of the North one-half of Section 25 and 26, Township 29  
159 South, Range 23 East, proceed in a Westerly direction across said Sections 29, 30, 25 and 26 to an  
160 intersection with the centerline of State Road No. 37; thence on said centerline as shown on D.O.T.  
161 right-of-way map for said State Road No. 37 (Section 16250-2514), proceed in a Northerly direction to  
162 the North boundary of said Section 26, the same being the South boundary of Section 23, Township 29  
163 South, Range 23 East; thence on the South boundaries of Sections 23, 22, 21, 20 and 19, Township 29  
164 South, Range 23 East, proceed in a Westerly direction to the Southwest corner of said Section 19 and  
165 the POINT OF BEGINNING.  
166  
167  
168  
169  
170  
171  
172  
173

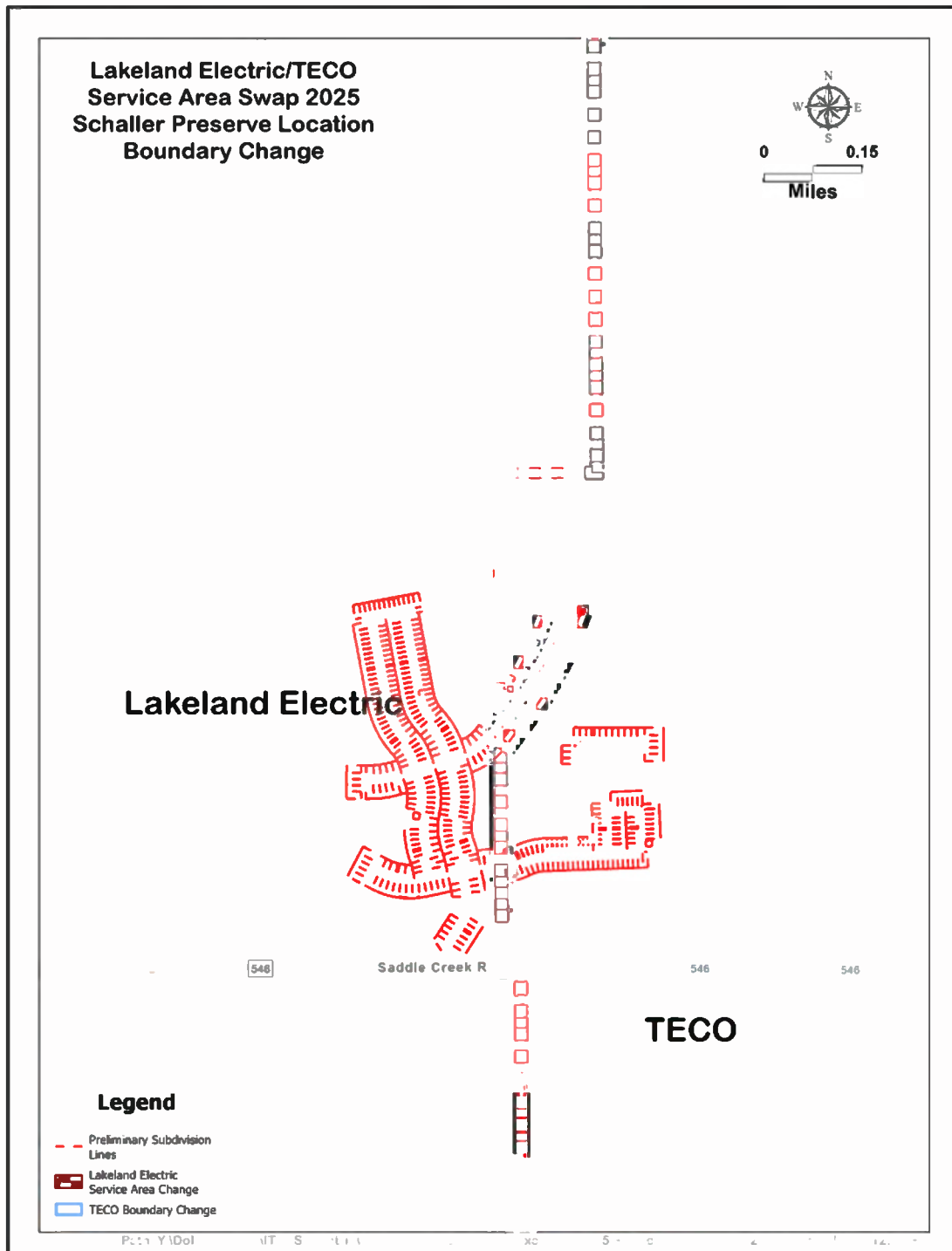
Note: This description is modified in Schaller Preserve and Cadence Crossing Subdivisions as depicted on the maps included in this Composite Exhibit A. In the event of a conflict between the legal description and the maps, the maps control.

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 5 OF 14**





**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 7 OF 14**



**Lakeland Electric/TECO Service Area Swap 2025 Schaller Preserve Location**

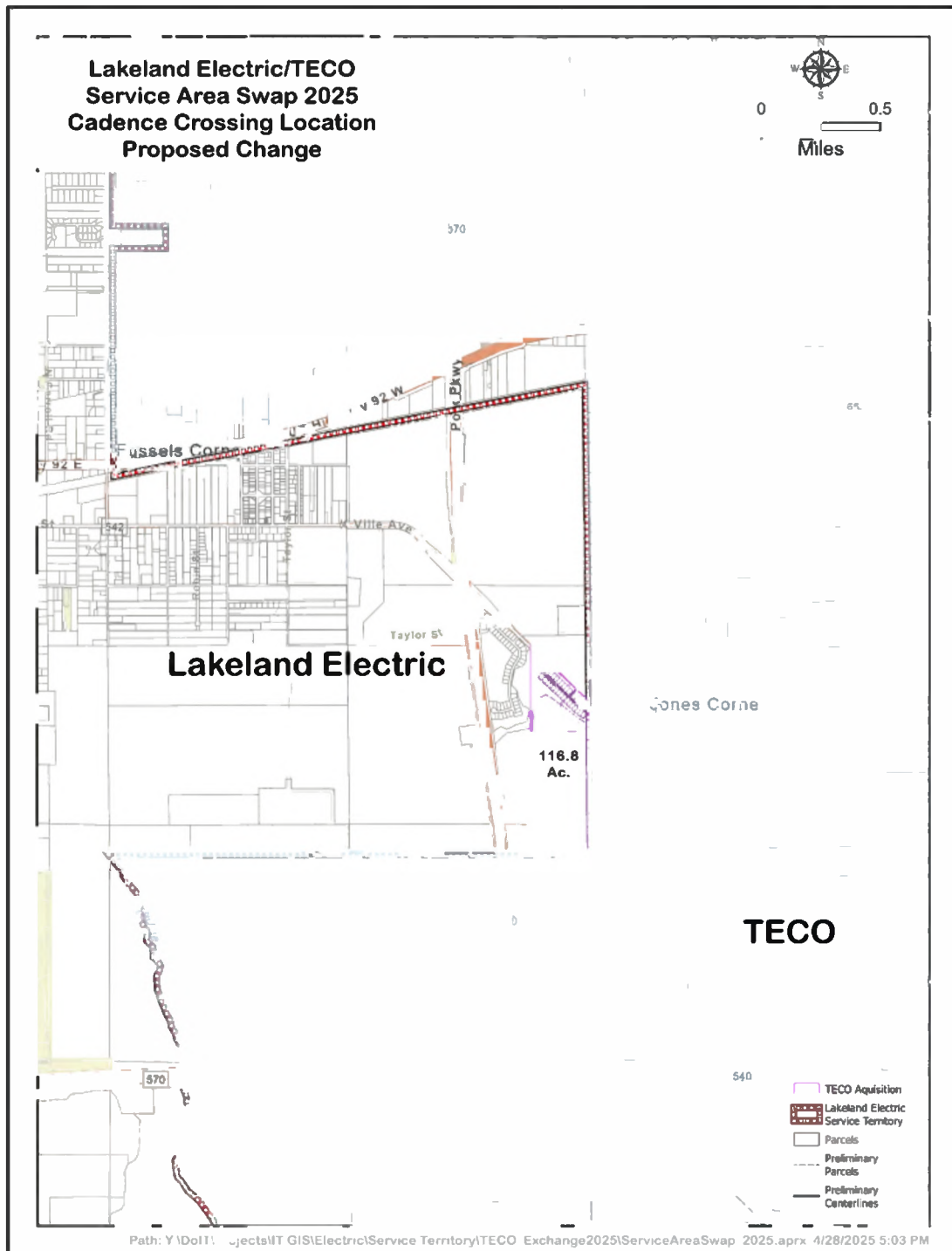
The map illustrates the proposed boundary change between Lakeland Electric and TECO. The Lakeland Electric service area is shaded light blue, and the proposed boundary change is indicated by a dashed line. The Schaller Preserve is located within the Lakeland Electric service area, near the intersection of State Road 33 N and N Combee Rd. The map also shows the Lakeland acquisition area, which is highlighted in pink. Key locations and landmarks include Lakeland, Orangedale, Fox Town, Sandpiper, Polk City, Lake Julian Estates, Auburndale, Inwood, Jan Phyl Village, and Highland City. The map includes a legend, a scale bar (0 to 1.5 miles), and a north arrow.

**Legend**

- Existing TECO Territory as Provided
- Proposed Boundary Change
- Lakeland Acquisition
- Lakeland Electric Service Area

**Map Labels:** Lakeland, Orangedale, Fox Town, Sandpiper, Polk City, Lake Julian Estates, Auburndale, Inwood, Jan Phyl Village, Highland City, Strickland, Winter Lake, Circle B Bar Reserve, Eaton Park, Crystal Lake, Crystal Lake South, Lake Bonny Park, Combee Settlement, Edgewater Beach, Historic Lake Morton, Lake Hollingsworth, Imperial, Saddle Creek Rd, N Combee Rd, State Road 33 N, N Road 33, Polk City, Lake Julian Estates, 559, 655, 542, 5, 0, 1.5 Miles.

**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 9 OF 14**



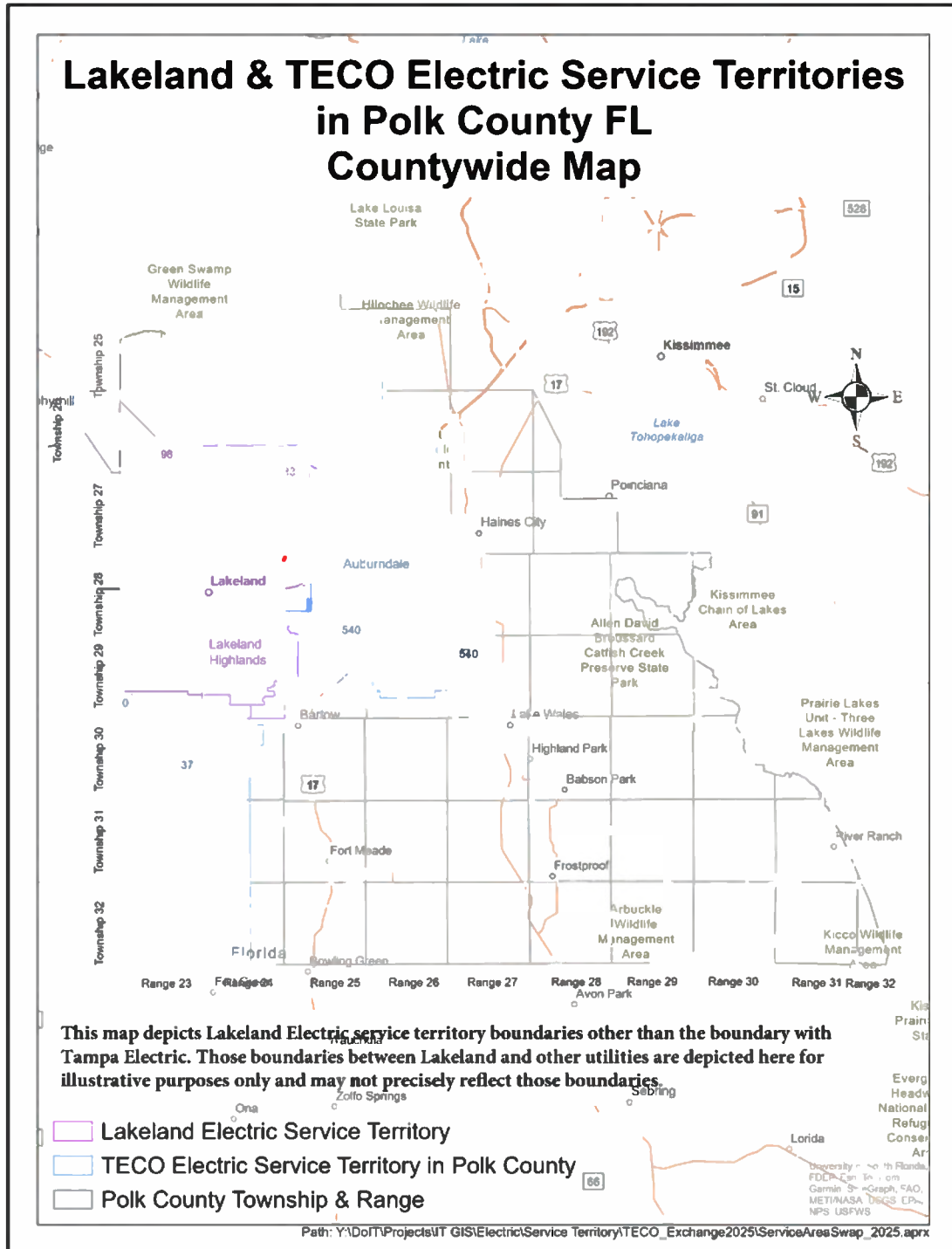




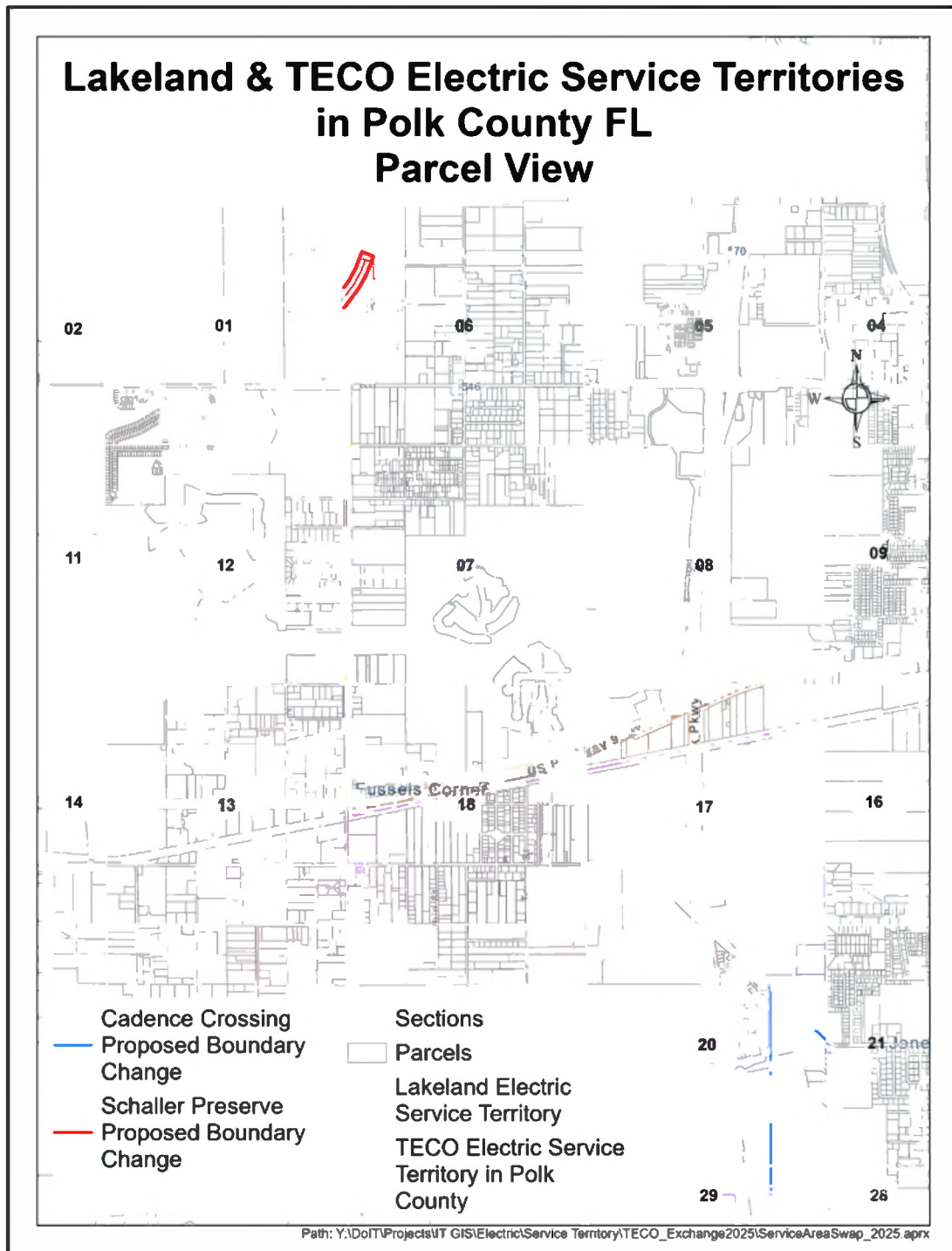
**Lakeland Electric/TECO  
Service Area Swap 2025  
Cadence Crossing Location**



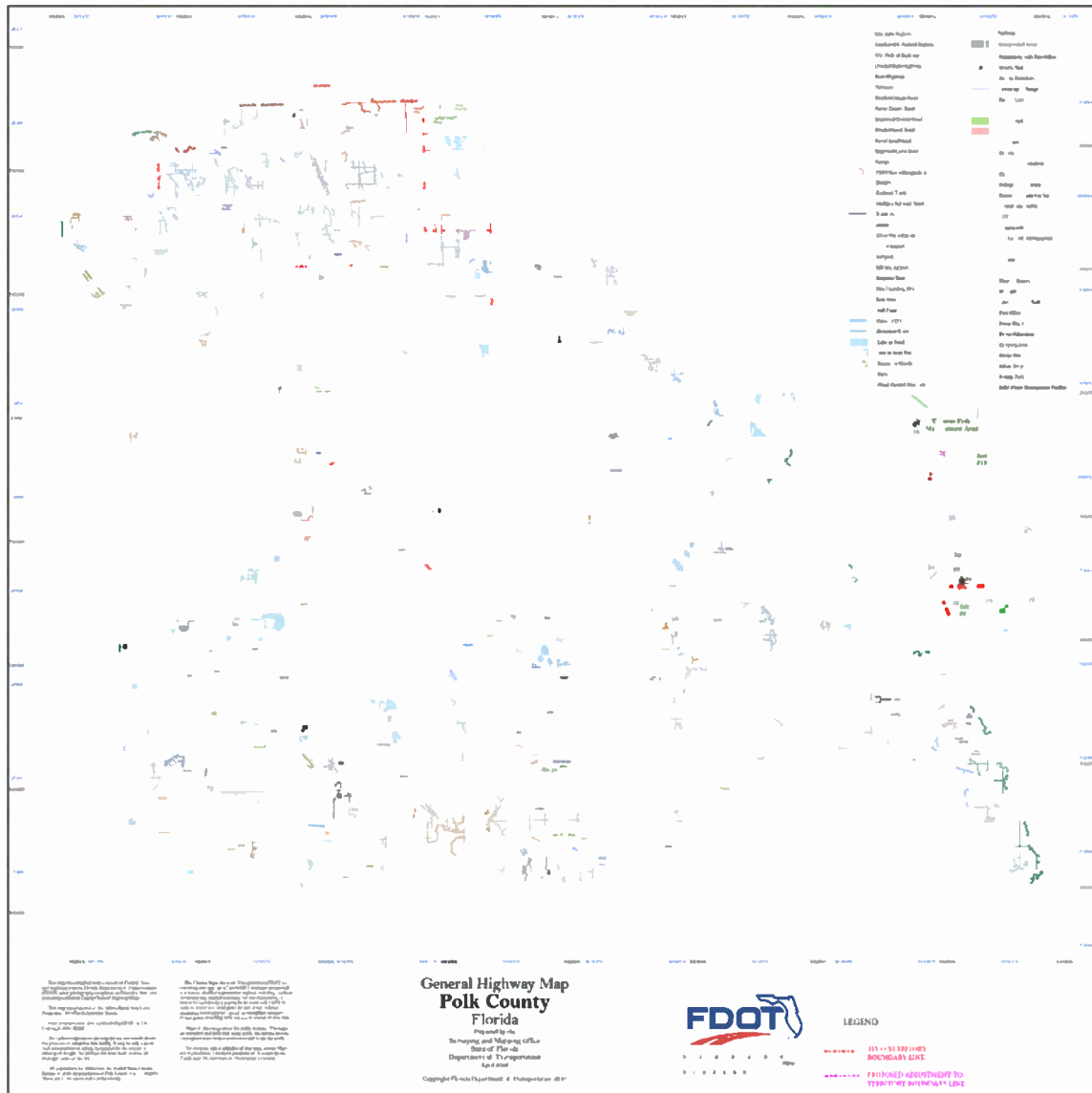
**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 12 OF 14**



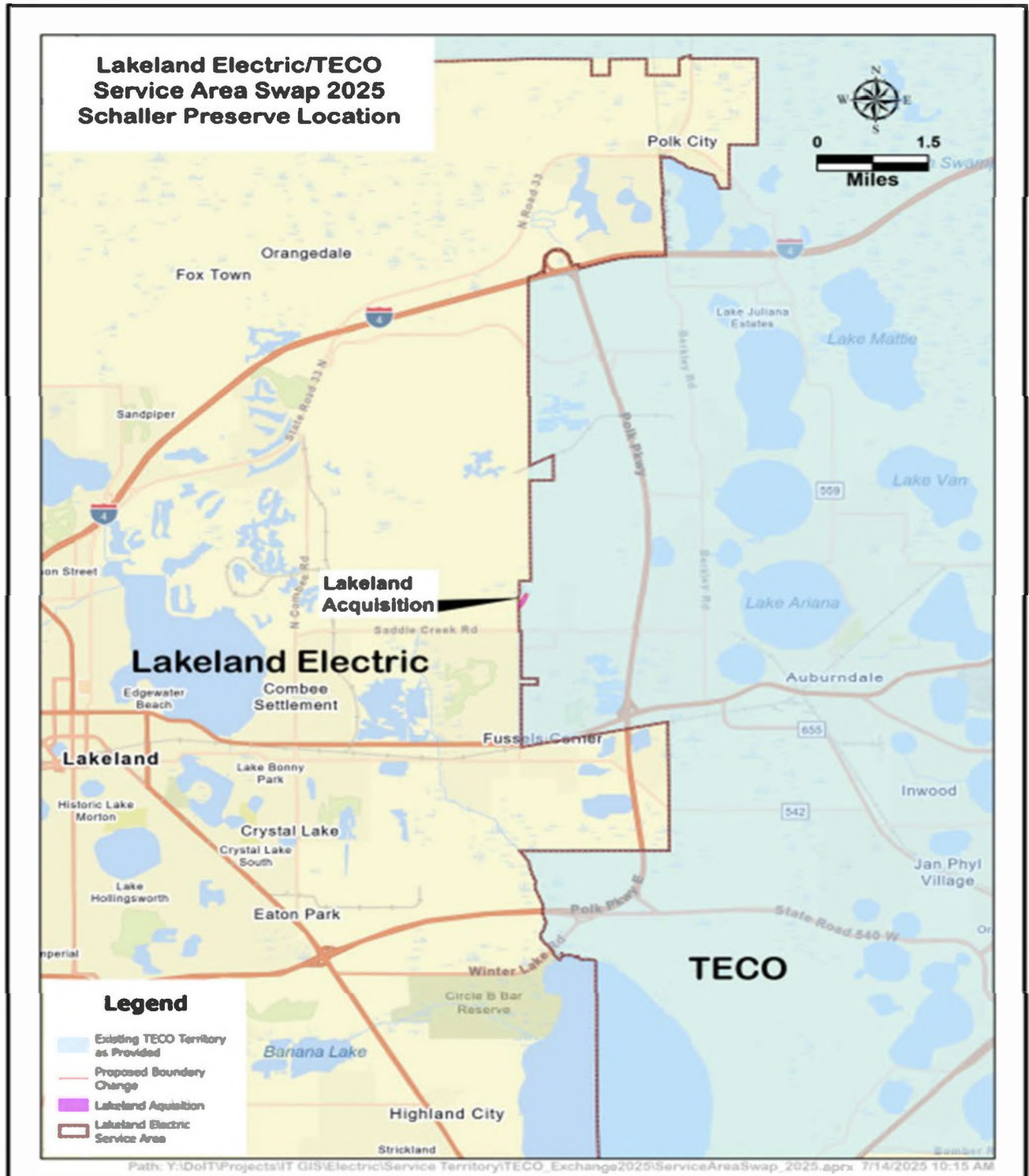
TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 13 OF 14



**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
PAGE 14 OF 14**

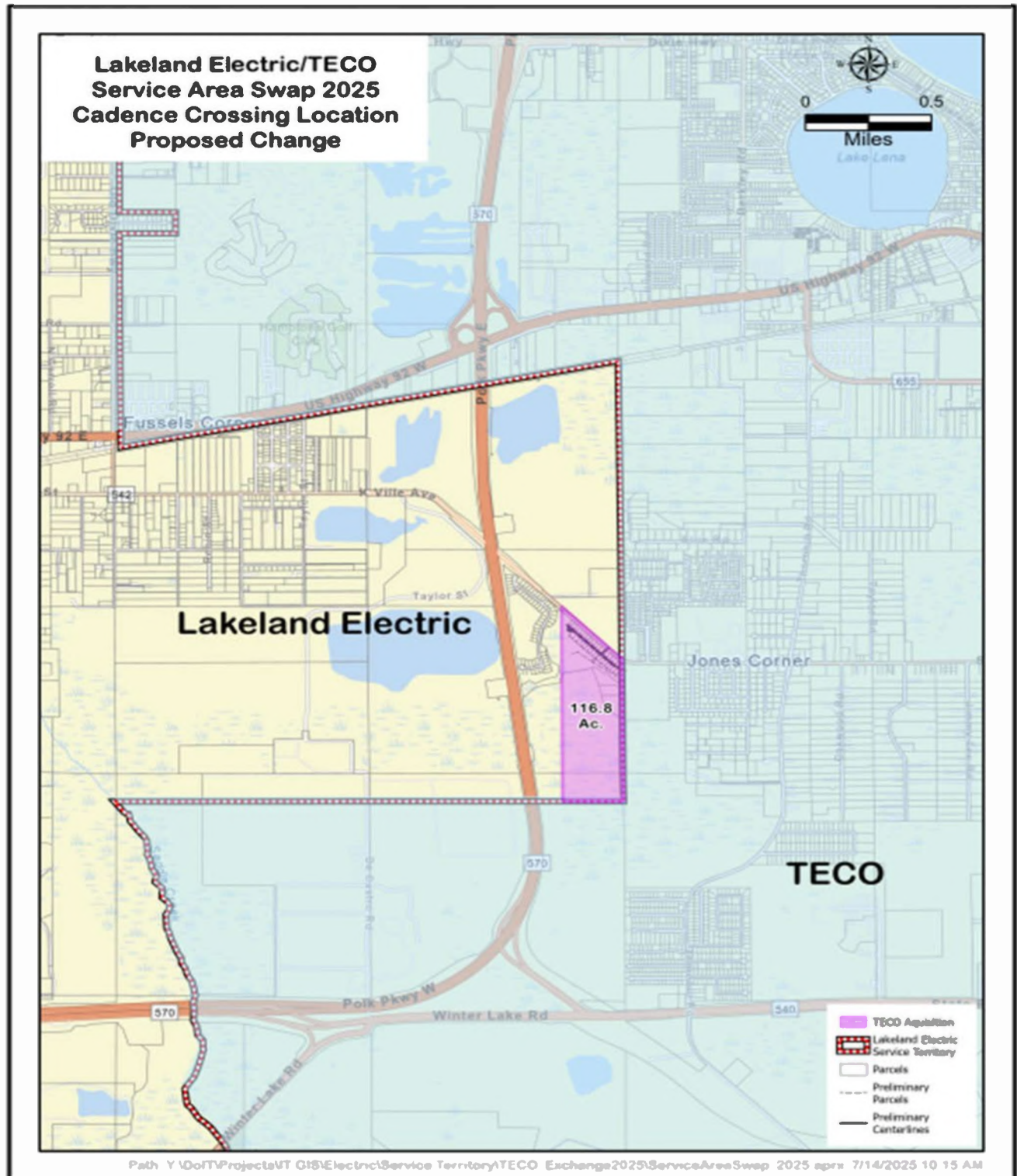


**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
SUPPLEMENTAL PAGE 8 OF 14**

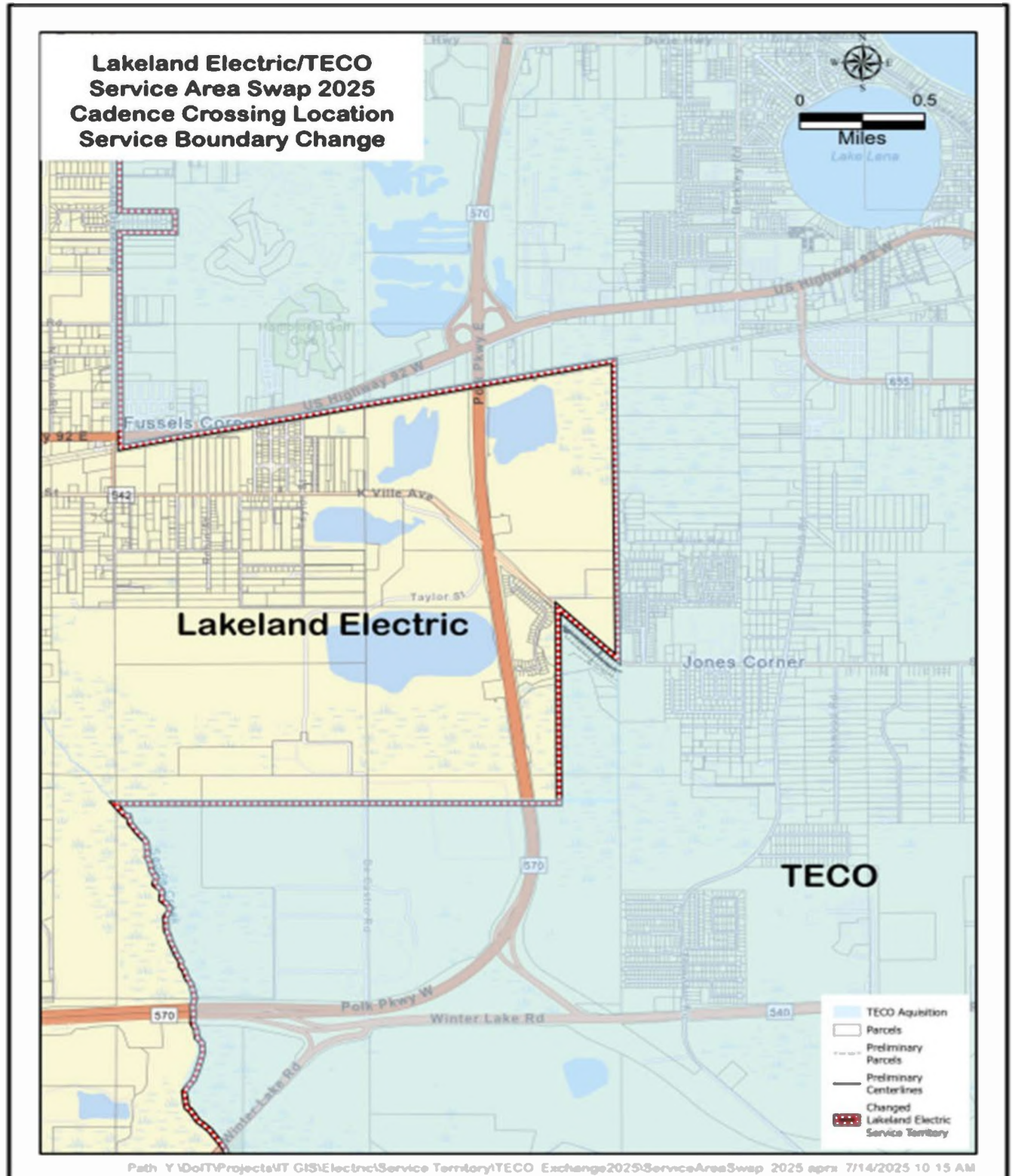




**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
SUPPLEMENTAL PAGE 9 OF 14**

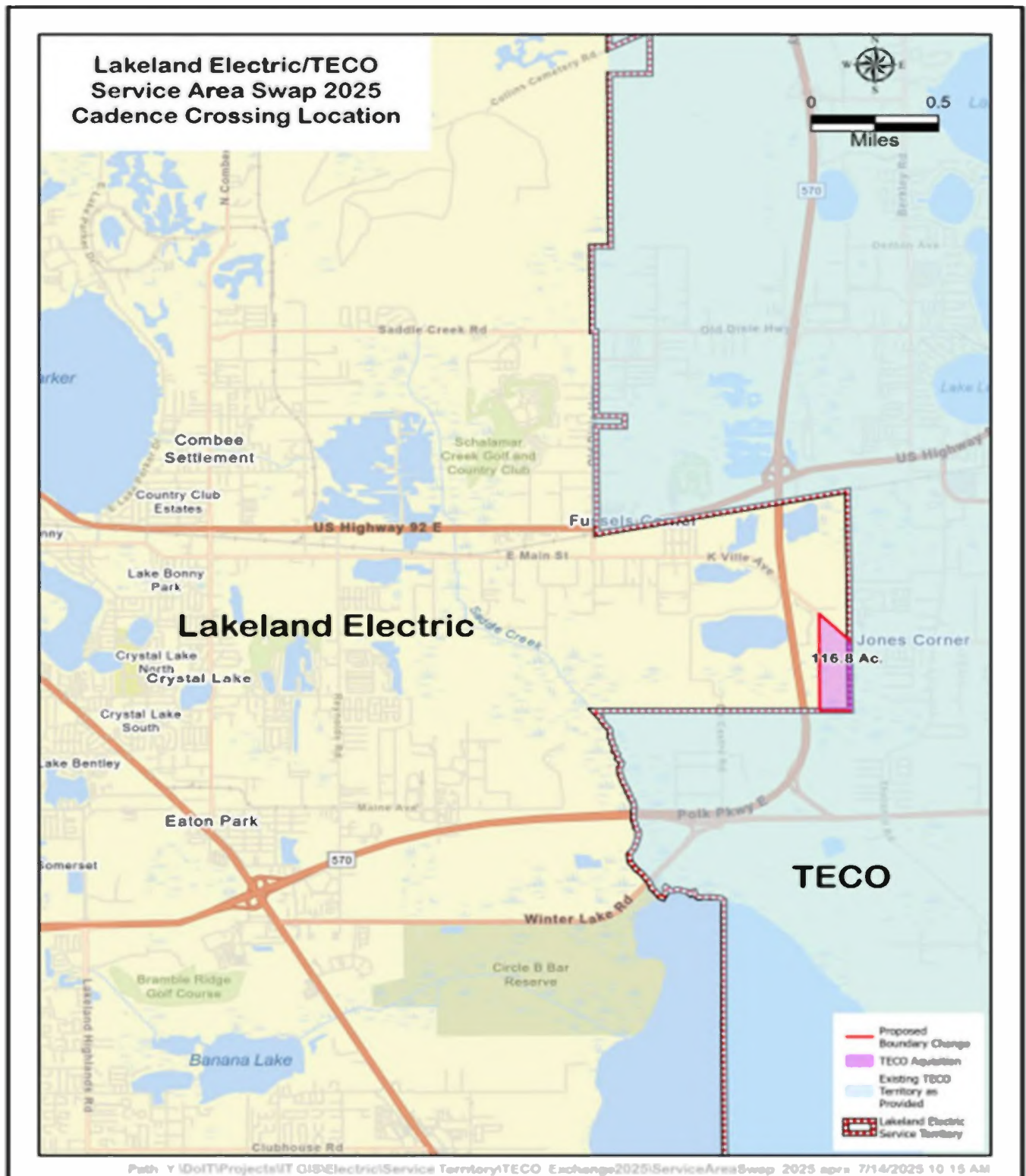


**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL  
AGREEMENT COMPOSITE EXHIBIT A  
SUPPLEMENTAL PAGE 10 OF 14**



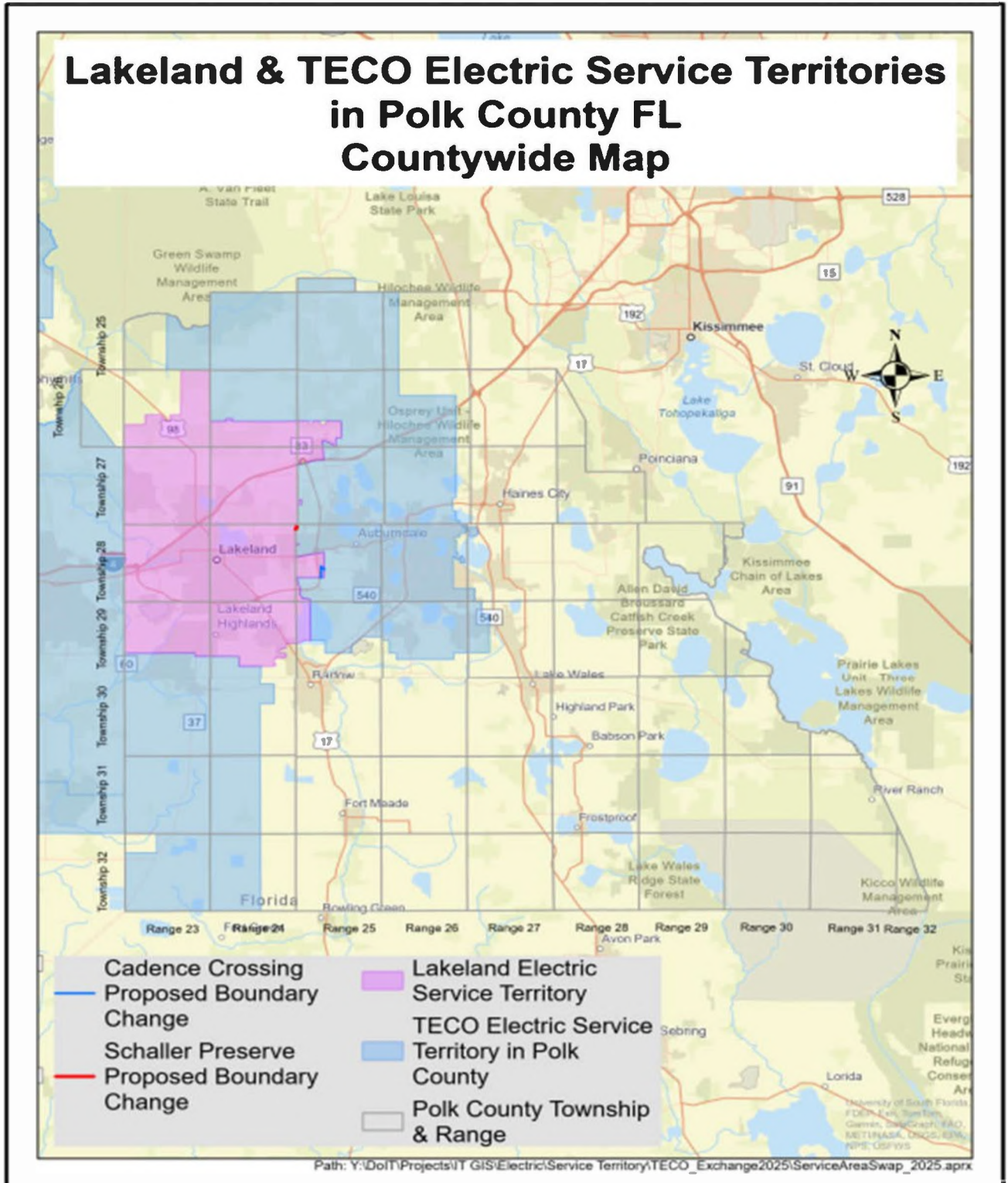


**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
SUPPLEMENTAL PAGE 11 OF 14**

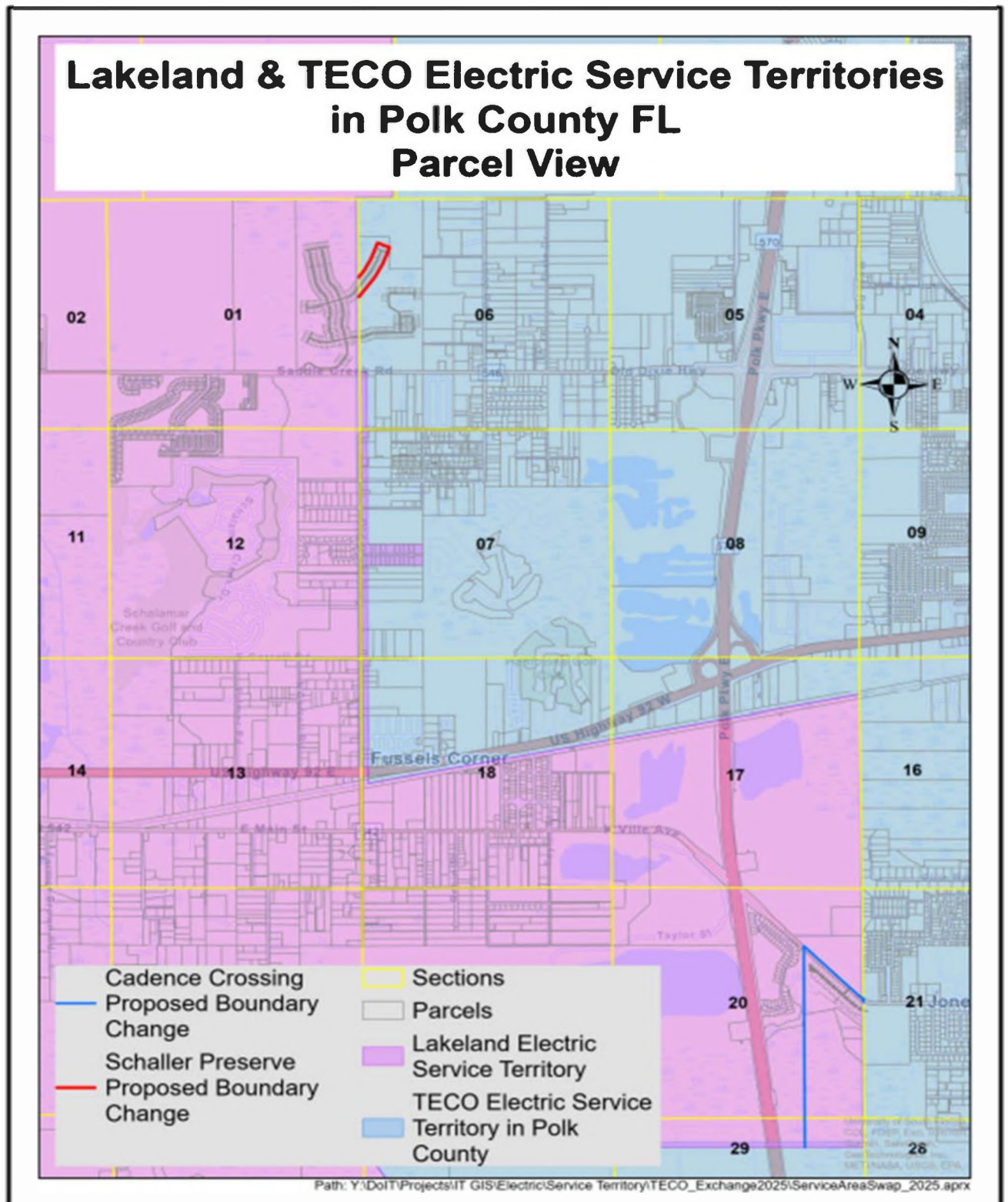




**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL AGREEMENT  
COMPOSITE EXHIBIT A  
SUPPLEMENTAL PAGE 12 OF 14**



**TAMPA ELECTRIC COMPANY  
LAKELAND TERRITORIAL  
AGREEMENT COMPOSITE EXHIBIT  
A SUPPLEMENTAL PAGE 13 OF 14**



# Item 11

State of Florida



## Public Service Commission

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

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

---

**DATE:** August 22, 2025

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

**FROM:** Division of Economics (Bethea, Bruce) *JB*  
Division of Accounting and Finance (Folkman, Kelley) *MC*  
Division of Engineering (L. Smith II) *TB*  
Office of the General Counsel (Imig, Augspurger) *ACH*

**RE:** Docket No. 20250013-WS – Application for staff-assisted rate case in Highlands County, by LP Waterworks, Inc.

**AGENDA:** 09/04/25 – Regular Agenda – Proposed Agency Action – Except for Issue Nos. 12, 13, and 14 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Graham

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

---

## Table of Contents

<b><i>Issue</i></b>	<b><i>Description</i></b>	<b><i>Page</i></b>
	Case Background.....	3
1	Quality of Service (L. Smith) .....	4
2	Operating Conditions (L. Smith) .....	6
3	U&U Percentages (L. Smith) .....	8
4	Average Test Year Rate Bases (Folkman) .....	10
5	Rate of Return (Folkman).....	12
6	Test Year Operating Revenues (Bethea) .....	13
7	Operating Expenses (Folkman) .....	14
8	Operating Ratio (Folkman).....	18
9	Appropriate Revenue Requirement (Folkman) .....	19
10	Appropriate Rate Structures (Bethea) .....	20
11	Initial Customer Deposits (Bethea) .....	22
12	Appropriate Rate Reduction (Folkman, Bethea) .....	23
13	Temporary Rates (Folkman).....	24
14	Adjustment to Books (Folkman) .....	26
15	Close Docket (Imig) .....	27
	Schedule No. 1-A Water Rate Base.....	28
	Schedule No. 1-B Wastewater Rate Base .....	29
	Schedule No. 1-C Adjustments to Rate Base.....	30
	Schedule No. 2 Capital Structure.....	31
	Schedule No. 3-A Water Operating Income .....	32
	Schedule No. 3-B Wastewater Operating Income .....	33
	Schedule No. 3-C Adjustments to Operating Income.....	34
	Schedule No. 3-D Analysis of Water O&M Expense.....	35
	Schedule No. 3-E Analysis Wastewater O&M Expense .....	36
	Schedule No. 4-A Monthly Water Rates .....	38
	Schedule No. 4-B Monthly Wastewater Rates .....	38



## Case Background

LP Waterworks, Inc. (LP or utility) is a Class C water and wastewater utility located in Highlands County. The utility is currently providing water service to approximately 418 residential, 22 general service, and 2 private fire protection customers. For its wastewater service, the utility provides service to approximately 360 residential customers and 17 general service customers. The utility is located in the water use caution area of the Southwest Florida Water Management District (SWFWMD). According to LP's 2024 Annual Report, total gross water revenue was \$172,922, total gross wastewater revenue was \$128,512, total water operating expense was \$169,841, and total wastewater operating expense was \$136,679.

On March 13, 2014, the Commission approved the transfer of L.P. Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S to LP Waterworks, Inc.<sup>1</sup> The Commission last established LP's water rates in a staff assisted rate case in 2023,<sup>2</sup> and its wastewater rates in 2017.<sup>3</sup> Subsequently, the utility was approved for a 2023 price index increase.

On January 7, 2025, the utility filed an application for a staff-assisted rate case (SARC) requesting an increase of its water and wastewater rates. The utility requested the test year ended October 31, 2024. The official filing date was established as March 6, 2025. LP's request for a SARC is due to capital improvements and additional pro forma expense to the water and wastewater systems.

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

---

<sup>1</sup>Order No. PSC-2014-0130-PAA-WS, issued March 17, 2014, in Docket No. 20130055-WS, *In re: Application for approval of transfer of LP Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.*

<sup>2</sup>Order No. PSC-2023-0101-PAA-WS, issued February 28, 2023, in Docket No. 20220099-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.*

<sup>3</sup> Order No. PSC-2017-0334-PAA-WS, issued August 23, 2017, in Docket No. 20160222-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.*

## Discussion of Issues

**Issue 1:** Is the quality of service provided by LP Waterworks, Inc. satisfactory?

**Recommendation:** Yes. LP has been responsive to customer complaints and is currently in compliance with the Department of Environmental Protection (DEP); therefore, staff recommends that the quality of service should be considered satisfactory. (L. Smith)

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

### Quality of Utility's Product

In evaluating LP's product quality, staff reviewed the utility's compliance with the DEP's primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Staff reviewed the DEP's Safe Drinking Water Program chemical analysis of samples dated April 15, 2024, and June 26, 2024. The disinfection by-products were tested in the distribution system on August 19, 2024. All of the contaminants were below the maximum contaminant level set by the DEP.

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

Staff reviewed complaints filed during the test year and four years prior in the Commission's Consumer Activity Tracking System (CATS); received by the utility; and filed with the DEP. There were 10 complaints recorded in CATS, 2 complaints recorded by the DEP, and 46 complaints recorded by the utility. A review of the customer complaints indicates the utility resolved all complaints filed with the Commission, the DEP, and the utility. Table 1-1 summarizes the number of complaints by source and subject for the test year and four years prior.

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

<b>Subject of Complaint</b>	<b>CATS Records</b>	<b>DEP Records</b>	<b>Utility Records</b>	<b>Total</b>
Water Quality	2	-	3	5
Water Leak	-	-	11	11
Repair	1	-	3	4
Customer Service	1	-	-	1
Did Not Get Boil Water Notice	-	2	-	-
Disconnected	-	-	1	1
Service Interruption	-	-	15	15
Water Pressure	-	-	9	9
Sewer Backup	-	-	1	1
Billing	6	-	-	6
Delay in Connection	-	-	3	3
Total*	10	2	46	56

\*A single customer complaint may be counted multiple times if it fits into multiple categories.

A customer meeting was held on July 9, 2025. No customers spoke at the meeting, and no customer comments were filed in the docket file. Staff performed a supplemental review, through August 14, 2025, of complaints filed in CATS following the customer meeting and found one additional complaint for improper billing.

### **Conclusion**

LP has been responsive to customer complaints and is currently in compliance with the DEP standards; therefore, staff recommends that the quality of service should be considered satisfactory.



Date: August 22, 2025

**Issue 2:** Are the infrastructure and operating conditions of LP Waterworks, Inc.'s water and wastewater systems in compliance with the DEP regulations?

**Recommendation:** Yes. The LP water and wastewater systems are currently in compliance with the DEP. (L. Smith)

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

### **Water and Wastewater System Operating Conditions**

LP's water treatment system has a permitted capacity of 95,900 gallons per day (gpd). The system consists of two wells rated at 850 gallons per minute (gpm) and 350 gpm and two ground storage tanks totaling 25,000 gallons in capacity. Groundwater from the wells is treated with chlorine gas. There are seven fire hydrants present throughout the service area. The distribution system is comprised of varying sizes of polyvinyl chloride (PVC) pipes ranging from 1 inch to 8 inches. Staff reviewed the utility's last DEP Sanitary Survey, dated January 27, 2023. The DEP noted five deficiencies, which the utility corrected. The deficiencies included two minor plant repair items, an overdue inspection and cleaning for the hydropneumatic tanks, an overdue water quality test for total xylenes, and no standby plan on site for the generator. LP provided photos of the repair items, performed the overdue inspections, cleanings and water quality tests, and supplied the required generator standby plan. The DEP issued a return to compliance letter on April 26, 2024.

LP only provides wastewater service to a portion of its service territory, primarily the Camp Florida Resort. Furthermore, the wastewater system serves seasonal customers which have peak flows from January through March. The wastewater treatment system consists of a 50,000 gallons per day (gpd) extended aeration system, a lift station, 8,549 feet of PVC collecting mains, and a 918-foot force main. Staff reviewed the utility's last DEP Compliance Evaluation Inspection report, dated October 29, 2024. The DEP noted eight deficiencies, which the utility corrected. Five of the deficiencies noted excessive solids and scum in various parts of the wastewater treatment plant (WWTP). The utility addressed these by having the sludge built up in the system hauled away and the timing of processes adjusted to prevent the buildup. The cost for the sludge hauling required to correct this deficiency is included in LP's pro forma request and is addressed in Issue 7. One of the deficiencies concerned an overdue Elapsed Time Meter calibration at the lift station pumps, which LP completed and submitted to the DEP. One deficiency noted transcription errors on some of the Discharge Monitoring Reports (DMRs). The utility corrected and resubmitted the DMRs. The final deficiency concerned an effluent exceedance reported on one of the DMRs. After conferring with the plant operator and hearing the explanation, the DEP inspector concluded there was no exceedance. The DEP issued a return to compliance letter on December 10, 2024.

**Conclusion**

LP's water and wastewater systems are currently in compliance with the DEP.

**Issue 3:** What are the used and useful percentages (U&U) of LP Waterworks, Inc.'s water treatment plant (WTP), water storage, WWTP, and distribution and collection systems?

**Recommendation:** The utility's WTP, WWTP, water storage, water distribution system, and wastewater collection system should all be considered 100 percent U&U. Staff recommends that no adjustment is necessary for excessive infiltration and inflow (I&I); however, a 7.7 percent adjustment to purchased power and chemical expenses should be made for excessive unaccounted for water (EUW). (L. Smith)

**Staff Analysis:** As stated in Issue 2, LP's water treatment system has two wells rated at 850 gpm and 350 gpm. The utility's water system has two ground storage tanks totaling 25,000 gallons in capacity. There are seven fire hydrants present throughout the service area. The distribution system is comprised of varying sizes of PVC pipes. The LP WWTP is permitted by the DEP as a 50,000 gallon per day annual average daily flow extended aeration facility. According to the utility, the LP wastewater collection system is comprised of varying sizes of PVC collecting mains and a 918-foot force main. There are 47 manholes and 1 lift station present throughout the service area.

#### **Water Treatment Plant, Distribution System, and Storage U&U**

Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. LP's U&U percentages were last determined in Docket No. 20160222-WS, and the Commission found the water treatment facilities, distribution system, and storage were 100 percent U&U. The utility has not increased the capacity of its facilities and the service area is built out. Staff evaluated the circumstances under which the system was considered 100 percent U&U and it appears that there has been no change to the system. Therefore, consistent with Commission practice, staff recommends that the WTP, distribution system, and storage be considered 100 percent U&U.

#### **Wastewater Treatment Plant and Collection System U&U**

As stated in Issue 2, the utility only provides wastewater service to a portion of its service territory and serves seasonal customers whose peak flows occur from January through March. Rule 25-30.432, F.A.C., addresses the method by which the U&U of a wastewater system is determined. LP's U&U percentages were last determined in Docket No. 20160222-WS and the Commission found the wastewater treatment facilities and collection system were 100 percent U&U. The utility has not increased the capacity of its facilities and the service area is built out. Staff evaluated the circumstances under which the system was considered 100 percent U&U and it appears that there has been no change to the system. Therefore, consistent with Commission practice, staff recommends that the WWTP and collection system be considered 100 percent U&U.

#### **Excessive Unaccounted for Water**

Rule 25-30.4325(1)(e), F.A.C., defines EUW as unaccounted for water in excess of 10 percent of the amount produced. Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the utility. In determining whether adjustments to plant and operating expenses are necessary in accordance with Rule 25-30.4325(10), F.A.C., staff considers several factors. These include the causes of EUW, any corrective action taken, or the economic feasibility of a proposed solution. EUW is calculated by subtracting both the gallons

Date: August 22, 2025

sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped for the test year.

The Monthly Operating Reports that the utility files with the DEP indicate that the utility treated 10,694,237 gallons during the test year. In response to a staff data request, the utility indicated that it purchased no water and used 601,400 gallons for other uses during the test year. According to the staff audit report, the utility sold 8,197,000 gallons of water for the test year. Therefore, the total amount of unaccounted for water is 1,895,837 gallons or 17.7 percent.  $([10,694,237 - 601,400 - 8,197,000] / [10,694,237 + 0])$ . Ten percent of the gallons produced is allowed per the rule; therefore the EUW is 7.7 percent. Accordingly, staff recommends an adjustment of 7.7 percent be made to reduce operating expenses.

### **Infiltration and Inflow**

Rule 25-30.432, F.A.C., provides that in determining the amount of U&U plant, the Commission will consider I&I. Infiltration typically results from groundwater entering a wastewater collection system through broken or defective pipes and joints, whereas inflow results from water entering a wastewater collection system through manholes or lift stations. The allowance for infiltration is 500 gpd per inch diameter pipe per mile, with an additional 10 percent of water sold allowed for inflow. In addition, adjustments to operating expenses, such as chemical and electrical costs, are considered necessary if such costs are excessive. Excessive I&I is a calculation that is based on a comparison of the allowable wastewater treated to the actual amount of wastewater treated. Allowable treated wastewater was calculated as 4,633,300 gallons and the actual amount of wastewater treated was 3,808,000 gallons. The actual amount does not exceed the allowable amount; therefore, there is no excessive I&I and no adjustment to operating expenses is necessary.

### **Conclusion**

The utility's WTP, WWTP, water storage, water distribution system, and wastewater collection system should all be considered 100 percent U&U. Staff recommends that no adjustment is necessary for excessive I&I; however, a 7.7 percent adjustment to purchased power and chemical expenses should be made for EUW.

**Issue 4:** What are the appropriate average test year water rate base and wastewater rate base amounts for LP Waterworks, Inc.?

**Recommendation:** The appropriate average test year rate bases for LP are \$195,680 for water and \$136,706 for wastewater. (Folkman)

**Staff Analysis:** The appropriate components of the utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions-in-aid of construction (CIAC), accumulated amortization of CIAC, and working capital. Staff selected the test year ended October 31, 2024, for the instant rate case. Commission audit staff determined that the utility's books and records are in compliance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). A summary of each component and the recommended adjustments are discussed below.

### **Utility Plant in Service**

The utility recorded UPIS of \$685,567 for the water system and \$513,667 for wastewater system. Staff decreased this amount by \$4,713 for water UPIS and \$35,835 for wastewater UPIS to reflect averaging adjustments and therefore recommends an average UPIS of \$680,854 for water and \$477,832 for wastewater.

### **Used and Useful**

As discussed in Issue 2, the utility's system is considered 100 percent U&U. Therefore, no U&U adjustment is necessary.

### **Land and Land Rights**

The utility recorded a test year land and land rights balance of \$27,412 for the water system and \$36,000 for the wastewater system. Staff did not make any adjustments to this account and therefore recommends a land and land rights balance of \$27,412 for water and \$36,000 for wastewater.

### **Accumulated Depreciation**

The utility recorded accumulated depreciation of \$497,127 for the water system and \$385,888 for the wastewater system. Audit staff increased accumulated depreciation by \$4,900 for water and decreased accumulated depreciation by \$5,419 for wastewater to reflect the use of the correct depreciation rates per Rule 25-30.140, F.A.C. Additionally, staff decreased accumulated depreciation by \$7,721 for water and \$4,674 for wastewater to reflect averaging adjustments. Therefore, staff recommends an average accumulated depreciation balance of \$494,306 for water and \$375,795 for wastewater.

### **Contributions In Aid of Construction**

The utility recorded CIAC of \$271,795 for water and \$92,400 for wastewater. Staff made no adjustments to CIAC and therefore recommends average CIAC balances of \$271,795 for water and \$92,400 for wastewater.

### **Accumulated Amortization of CIAC**

The utility recorded accumulated amortization of CIAC of \$236,585 for water and \$77,650 for wastewater. Audit staff increased accumulated amortization by \$1,910 for water and decreased

Date: August 22, 2025

accumulated amortization by \$816 for wastewater to reflect the effect of the change in accumulated depreciation. Staff made averaging adjustments to reduce accumulated amortization of CIAC by \$4,602 for water and \$706 for wastewater. Therefore, staff recommends average accumulated amortization of CIAC balances of \$233,893 for water and \$76,128 for wastewater.

### **Working Capital Allowance**

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., staff used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance. As such, staff removed the rate case expense of \$1,147 for water and \$420 for wastewater.<sup>4</sup> This resulted in an adjusted O&M expense balance of \$156,977 for water and \$119,536 for wastewater. Applying this formula, staff recommends a working capital allowance of \$19,662 for water and \$14,942 for wastewater.

### **Rate Base Summary**

Based on the foregoing, staff recommends that the appropriate average test year rate bases are \$195,680 for water and \$136,706 for wastewater. Rate base is shown on Schedule No. 1-A for water and Schedule No. 1-B for wastewater. The related adjustments are shown on Schedule No. 1-C.

---

<sup>4</sup>Order Nos. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*; and PSC-2025-0284-PAA-SU, issued July 22, 2025, in Docket No. 20240105-SU, *In re: Application for staff-assisted rate case in Polk County, by West Lakeland Wastewater, LLC*.

**Issue 5:** What is the appropriate return on equity and overall rate of return for LP Waterworks, Inc.?

**Recommendation:** The appropriate return on equity (ROE) is 8.51 percent, with a range of 7.51 percent to 9.51 percent. The appropriate overall rate of return is 8.30 percent. (Folkman)

**Staff Analysis:** The utility's capital structure consists of common equity and customer deposits. The utility's capital structure has been reconciled to staff's recommended rate base. The ROE is 8.51 percent based on the Commission-approved leverage formula currently in effect.<sup>5</sup>

Staff recommends an ROE of 8.51 percent, with a range of 7.51 percent to 9.51 percent, and an overall rate of return of 8.30 percent. The ROE and overall rate of return are shown on Schedule No. 2.

---

<sup>5</sup>Order No. PSC-2025-0213-PAA-WS, issued on June 18, 2025, in Docket No. 20250006-WS; *In re: Water and wastewater industry annual reestablishment cf authorized range cf return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(j), F.S.*

Date: August 22, 2025

**Issue 6:** What are the appropriate amount of test year operating revenues for LP Waterworks, Inc.'s water and wastewater systems?

**Recommendation:** The appropriate test year operating revenues are \$190,201 for LP's water system and \$143,112 for the wastewater system. (Bethea)

**Staff Analysis:** The utility recorded total test year operating revenues of \$172,065 for water and \$124,079 for wastewater. The water revenues included \$167,675 of service revenues and \$4,390 of miscellaneous revenues. The wastewater revenues included \$124,080 of service revenues and no miscellaneous revenues.

Subsequent to the test year, LP was approved for a price index rate adjustment, which was effective September 1, 2024. Based on staff's review of the utility's billing determinants and the service rates, staff annualized service revenues by applying the number of billing determinants to the rates in effect as of September 1, 2024. As a result, staff determined test year service revenues should be \$190,201 for water and \$143,112 for wastewater. This results in an increase to service revenue of \$18,136 ( $\$190,201 - \$172,065$ ) for water and \$19,033 ( $\$143,112 - \$124,079$ ) for wastewater.

Staff also annualized miscellaneous revenues by applying the number of occurrences to the rates in effect as of September 1, 2024, resulting in miscellaneous revenues of \$5,496. The utility recorded all miscellaneous revenues to the water system. When both water and wastewater services are provided, only a single miscellaneous service charge is appropriate. Since water customers represent approximately 64 percent of the customer base, staff determined miscellaneous revenues should be allocated as \$3,517 for water and \$1,979 for the wastewater system.

Based on the above, the appropriate test year operating revenues for LP's water system are \$190,201 ( $\$186,684 + \$3,517$ ) and \$143,113 ( $\$141,133 + \$1,979$ ) for the wastewater system.



Date: August 22, 2025

**Issue 7:** What are the appropriate operating expense for LP Waterworks, Inc.?

**Recommendation:** The appropriate amount of operating expenses are \$182,112 for water and \$134,811 for wastewater. (Folkman)

**Staff Analysis:** The utility recorded operating expense of \$177,247 for water and \$135,326 for wastewater. The test year O&M expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the utility's operating expenses as described below.

## **Operation and Maintenance Expenses**

### ***Salaries and Wages – Officers and Directors (603/703)***

The utility recorded Salaries and Wages - Officers and Directors expense of \$6,300 for water and \$6,300 for wastewater. Staff made no adjustments to these amounts and therefore recommends Salaries and Wages – Officers and Directors expenses of \$6,300 for water and \$6,300 for wastewater.

### ***Sludge Removal (711)***

The utility recorded \$2,420 for sludge removal. Staff made no adjustments to this amount and therefore recommends a sludge removal expense of \$2,420.

### ***Purchased Power (615/715)***

The utility recorded purchased power expense of \$3,520 for water and \$7,654 for wastewater. Staff decreased water to reflect an EUW adjustment of \$271. Therefore, staff recommends purchased power expenses of \$3,249 for water and \$7,654 for wastewater.

### ***Chemicals Expense (618/718)***

The utility recorded chemicals expense of \$505 for water and \$3,034 for wastewater. Staff decreased water by \$39 to reflect an EUW adjustment. Therefore, staff recommends chemicals expenses of \$466 for water and \$3,034 for wastewater.

### ***Contractual Services – Accounting (632/732)***

The utility recorded Contractual Services - Accounting expense of \$262 for water and \$263 for wastewater. Staff made no adjustments to these amounts and therefore recommends Contractual Services - Accounting expenses of \$262 for water and \$263 for wastewater.

### ***Contractual Services – Legal (633/733)***

The utility recorded Contractual Services - Legal expense of \$150 for water and \$150 for wastewater. Staff made no adjustments to these amounts and therefore recommends Contractual Services - Legal expenses of \$150 for water and \$150 for wastewater.

### ***Contractual Services – Testing (635/735)***

The utility recorded Contractual Services - Testing expense of \$524 for water and \$0 for wastewater. Staff made no adjustments to these amounts and therefore recommends Contractual Services – Testing expenses of \$524 for water and \$0 for wastewater.

Date: August 22, 2025

***Contractual Services – Other (636/736)***

The utility recorded Contractual Services - Other expense of \$126,147 for water and \$97,938 for wastewater. LP is requesting cost recovery for submitting a National Primary Drinking Water Regulations: Lead and Copper Rule Revision (LCRR) inventory to the state DEP. On January 15, 2021, the United States Environmental Protection Agency (EPA) issued the LCRR that amended the Lead and Copper Rule (40 C.F.R. §§ 141.80 - .93). This amendment requires all water systems to create an inventory of all service lines. The LCRR also required the inventory to be sent to the state DEP no later than October 16, 2024. The utility contracted with U.S. Water Services Corporation (U.S. Water) to perform this inventory. This project was outside of the normal operations contracted with U.S. Water. The project was completed and the LCRR inventory was submitted on October 15, 2024. The invoice for this project is \$12,751.51. LP stated this amount was not included in the O&M expenses filed in this SARC. Since this project was required by the EPA, the utility has submitted a paid invoice, and the costs appear reasonable, staff believes LP should be allowed to recover the project's costs. Staff increased this amount by \$2,550 (\$12,751.51/5) for the water system to reflect a pro forma expense amortized over five years associated with a required Lead Service Line Inventory, and therefore recommends a Contractual Services - Other expense of \$128,697 for water and \$97,938 for wastewater.

***Insurance Expense (655/755)***

The utility recorded insurance expense of \$1,057 for water and \$1,057 for wastewater. Staff made no adjustments to these amounts and therefore recommends insurance expenses of \$1,057 for water and \$1,057 for wastewater.

***Rate Case Expense (665/765)***

The utility recorded an instant rate case expense of \$336 for water and \$336 for wastewater. Audit staff made an adjustment of \$362 to reflect the utility's prior regulatory commission expense of \$698 for the water system as prescribed by Order No. PSC-2023-0101-PAA-WS.

The utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, interim rates, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$1,496. The utility stated that its representatives will not be traveling to the Commission Conference; therefore, staff did not include travel and lodging expense. Additionally, the utility paid a filing fee of \$2,000.

Staff recommends a total current rate case expense, consisting of noticing costs and a filing fee of \$1,797 for water and \$1,680 for wastewater. When amortized over four years, this amounts to \$449 per year for water and \$420 per year for wastewater. Therefore, staff recommends an increase of \$811 for water and \$84 for wastewater, resulting in a total regulatory commission expense of \$1,147 for water and \$420 for wastewater.

***Bad Debt Expense (670/770)***

The utility recorded bad debt expense of \$161 for water and \$121 for wastewater. Staff notes that it is Commission practice to calculate bad debt expense using a three-year average when the

Date: August 22, 2025

information is available.<sup>6</sup> In its three most-recent Annual Reports (2022, 2023, and 2024), the utility recorded bad debt expenses of \$2,856, (\$1,959), and \$848 for water and \$123, \$121, and \$0 for wastewater. Staff calculated the average bad debt expense for these previous three years to be \$582 for water and \$81 for wastewater, which represents an increase of \$421 for water and a decrease of \$40 for wastewater. Therefore, staff recommends bad debt expenses of \$582 for water and \$81 for wastewater.

### **Miscellaneous Expense (675/775)**

The utility recorded miscellaneous expense of \$15,690 for water and \$639 for wastewater. Staff made no adjustments to these amounts and therefore recommends miscellaneous expenses of \$15,690 for water and \$639 for wastewater.

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

The utility recorded test year O&M expense of \$154,652 for water and \$119,912 for wastewater. Based on the above adjustments, staff recommends that O&M expenses be increased by \$3,472 and \$44 for water and wastewater, respectively. This results in a total O&M expense of \$158,124 for water and \$119,956 for wastewater. Staff's recommended adjustments to O&M are shown on Schedule No. 3-D and Schedule No. 3-E, respectively.

### **Depreciation Expense**

The utility recorded depreciation expense of \$18,414 for water and \$11,360 for wastewater. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., staff decreased these amounts by \$80 for water and \$2,048 for wastewater. Therefore, staff recommends depreciation expense of \$18,334 for water and \$9,312 for wastewater.

### **Amortization Expense of CIAC**

The utility recorded amortization expense of CIAC of \$7,342 for water and \$2,228 for wastewater. Staff decreased amortization expense by \$32 for water and \$336 for wastewater to reflect corrected depreciation rates set forth by the Commission. Therefore, staff recommends amortization expense of CIAC of \$7,310 for water and \$1,892 for wastewater.

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

The utility recorded TOTI of \$11,523 for water and \$6,282 for wastewater. Audit staff increased these amount by \$314 for water and \$25 for wastewater to reflect 2024 property tax assessments.

Based on revenues discussed in Issue 6, TOTI should be increased by \$816 for water and \$856 for wastewater to reflect a Regulatory Assessment Fee (RAF) rate of 4.5 percent applied to the change in revenues. As such, staff recommends the appropriate amount of test year RAFs are \$8,559 for water and \$6,440 for wastewater.

As discussed in Issue 9, staff recommends revenues be increased by \$22,220 for water and \$10,006 for wastewater in order to reflect the change in revenue required to cover expenses and

---

<sup>6</sup>Order Nos. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*; and PSC-2025-0284-PAA-SU, issued July 22, 2025, in Docket No. 20240105-SU, *In re: Application for staff-assisted rate case in Polk County, by West Lakeland Wastewater, LLC*.

Date: August 22, 2025

allow an opportunity to earn the recommended operating margin. As a result, TOTI should be increased by \$311 for water and \$272 for wastewater to reflect RAFs of 4.5 percent of the change in revenues. Therefore, staff recommends TOTI of \$12,964 for water and \$7,435 for wastewater.

**Operating Expense Summary**

The utility recorded operating expenses of \$177,247 for water and \$135,326 for wastewater. The application of staff's recommended adjustments to the utility's recommended operating expense results in a total operating expense of \$182,112 for water and \$134,811 for wastewater. Operating expenses are shown on Schedule No. 3-A for water and Schedule No. 3-B for wastewater, with the related adjustments shown on Schedule No. 3-C.

**Issue 8:** Does LP Waterworks, Inc. meet the criteria for application of the operating ratio methodology?

**Recommendation:** Yes, LP does meet the requirement for application of the operating ratio methodology for calculating the water and wastewater revenue requirements. (Folkman)

**Staff Analysis:** Rule 25-30.4575(2), F.A.C., provides that, in rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the operating ratio methodology to establish the utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory commission expense, and the use of the operating ratio methodology does not change the utility's qualification for a SARC.

With respect to LP, staff has recommended a rate base of \$195,680 for water and \$136,706 for wastewater. After removal of rate case expense, staff has calculated an adjusted O&M expense of \$156,977 for water and \$119,536 for wastewater. Based on staff's preliminary recommended amounts, the utility's water rate base is 124.66 percent of its adjusted O&M expense and wastewater rate base is 114.36 percent of its adjusted O&M expense. Based on this, the utility does qualify for application of the operating ratio methodology.

Date: August 22, 2025

**Issue 9:** What is the appropriate revenue requirement for LP Waterworks, Inc.?

**Recommendation:** The appropriate revenue requirement is \$197,112 for water and \$149,156 for wastewater, resulting in an annual increase of \$6,911 (3.63 percent) for water and \$6,044 (4.22 percent) for wastewater. (Folkman)

**Staff Analysis:** LP should be allowed an annual increase of \$6,911 (3.63 percent) for water and \$6,044 (4.22 percent) for wastewater. This should allow the utility the opportunity to recover expenses and earn an operating margin of \$15,000 for water and \$14,344 for wastewater. The calculations of revenue requirement are shown on Table 8-1 and Table 8-2.

**Table 8-1**  
**Water Revenue Requirement**

Adjusted O&M Expense	\$156,977
Operating Margin (%)	<u>12.00%</u>
Operating Margin (\$)	<u>\$15,000</u>
Water O&M Expense	158,124
Depreciation Expense	18,334
Amortization	(7,310)
Taxes Other Than Income	<u>12,964</u>
Revenue Requirement	<u>\$197,112</u>
Less Test Year Revenues	\$190,201
Annual Increase	\$6,911
Percent Increase	3.63%

Source: Staff calculations.

**Table 8-2**  
**Wastewater Revenue Requirement**

Adjusted O&M Expense	\$119,536
Operating Margin (%)	<u>12.00%</u>
Operating Margin (\$)	<u>\$14,344</u>
Wastewater O&M Expense	119,956
Depreciation Expense	9,312
Amortization	(1,892)
Taxes Other Than Income	<u>7,435</u>
Revenue Requirement	<u>\$149,156</u>
Less Test Year Revenues	\$143,112
Annual Increase	\$6,044
Percent Increase	4.22%

Source: Staff calculations.

**Issue 10:** What are the appropriate rate structures and rates for LP Waterworks, Inc.?

**Recommendation:** Staff recommends that the rate increase of 3.70 percent for water and 4.28 percent for wastewater be applied as an across-the-board increase to service rates. The recommended rate structure and monthly water rates are shown on Schedule Nos. 4-A and 4-B. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bethea)

**Staff Analysis:**

**Water Rates**

LP is located in Highlands County within the South Florida Water Management District. The utility provides water service to approximately 418 residential customers, 22 general service customers, and 2 private fire protection customers. Approximately 54 percent of the residential customer bills during the test year had zero gallons, indicating a highly seasonal customer base. The average residential water demand is 1,102 gallons per month. The average water demand, excluding zero gallon bills, is 2,394 gallons per month. Currently, the utility's water rate structure consists of a monthly base facility charge (BFC) and a two-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: (1) 0-3,000 gallons; and (2) all usage in excess of 3,000 gallons per month. The general service rate structure consists of a monthly BFC and a uniform gallonage charge.

LP in its application did not request a change in the percent BFC allocation. In its 2022 SARC, the Commission approved that 60 percent of the revenue requirement be recovered through the BFC because of the very seasonal customer base coupled with low average consumption. Due to the continued customers' low average monthly consumption and high seasonal customer base, staff recommends a continuation of the existing rate structure, BFC allocation, and the percentage increase be applied as an across-the-board increase to existing service rates. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues should be removed from the test year revenues.

<u><b>Water</b></u>	
Total Test Year Revenues	\$190,201
Less: Miscellaneous Revenues	\$3,517
Test Year Revenues from Service Rates	\$186,684
Revenues Increase	\$6,911
% Service Rate Increase (Line 4/ Line 3)	3.70%

### ***Wastewater Rates***

LP provides wastewater service to approximately 360 residential customers and 17 general service customers. Currently, the residential wastewater rate structure consists of a uniform BFC for all meter sizes and a gallonage charge with a 6,000 gallon cap per month. The general service rate structure consists of a BFC by meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge.

In addition, for the same reasons provided for the water system, staff recommends a continuation of existing rate structure and the percentage increase be applied as an across-the-board increase to existing service rates. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues should be removed from the test year revenues.

<b><u>Wastewater</u></b>	
Total Test Year Revenues	\$143,112
Less: Miscellaneous Revenues	\$1,979
Test Year Revenues from Service Rates	\$141,133
Revenues Increase	\$6,044
% Service Rate Increase (Line 4/ Line 3)	4.28%

Based on the above, staff recommends that the rate increase of 3.70 percent for water and 4.28 percent for wastewater be applied as an across-the-board increase to service rates. The recommended rate structure and monthly water rates are shown on Schedule Nos. 4-A and 4-B. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.



**Issue 11:** What is the appropriate initial customer deposits for LP Waterworks, Inc.?

**Recommendation:** The appropriate initial customer deposit should be \$54 for the 5/8 inch x 3/4 inch meter size for water and \$64 for the 5/8 inch x 3/4 inch meter size for wastewater. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

**Staff Analysis:** Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.<sup>7</sup> Currently, the utility's initial deposit for water customers is \$48 for the 5/8 inch x 3/4 inch meter size and two times the average estimated bill for the general service customers. For wastewater, the utility's initial deposit is \$50 for the 5/8 inch x 3/4 inch meter size and two times the average estimated bill for the general service customers. However, this amount does not cover two months' average bills based on staff's recommended rates. Based on the staff recommended rates the appropriate initial customer deposit should be \$54 for water and \$64 for wastewater to reflect an average residential customer bill for two months. The monthly average residential water bill is \$26.78 and the monthly average residential wastewater bill is \$31.65

Based on the above, the appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size are \$54 for water and \$64 for wastewater. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

---

<sup>7</sup>Order No. PSC-2015-0142-PAA-SU, issued March 26, 2015, in Docket No. 20130178-SU, *In re: Application for staff assisted rate case in Polk County by Crooked Lake Park Sewerage Company*.

Date: August 22, 2025

**Issue 12:** What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.081(8), F.S.?

**Recommendation:** The rates should be reduced as shown on Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. LP should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and or pass-through increase and the reduction in the rates due to the amortized rate case expense. (Folkman, Bethea)

**Staff Analysis:** Section 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is \$470 for water and \$440 for wastewater.

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

Date: August 22, 2025

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

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

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

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

LP should be authorized to initiate the temporary rates upon staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security should be in the form of either a bond or letter of credit in the amount of \$15,241 for water and \$6,863 for wastewater. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

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

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

Date: August 22, 2025

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

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

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

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

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

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

Date: August 22, 2025

**Issue 14:** Should LP Waterworks, Inc. be required to notify the Commission, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA?

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

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

**Issue 15:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. In addition, this docket should remain open until the report with the summary of the results of the customer meeting has been submitted by the utility. Once these actions are complete, this docket should be closed administratively. (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, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. In addition, this docket should remain open until the report with the summary of the results of the customer meeting has been submitted by the utility. Once these actions are complete, this docket should be closed administratively.

<b>LP WATERWORKS, INC.</b> <b>TEST YEAR ENDED 10/31/2024</b> <b>SCHEDULE OF WATER RATE BASE</b>		<b>SCHEDULE NO. 1-A</b> <b>DOCKET NO. 20250013-WS</b>		
<b>DESCRIPTION</b>		<b>BALANCE PER UTILITY</b>	<b>STAFF ADJ.</b>	<b>BALANCE PER STAFF</b>
1.	UTILITY PLANT IN SERVICE	\$685,567	(\$4,713)	\$680,854
2.	LAND & LAND RIGHTS	27,412	0	27,412
3.	ACCUMULATED DEPRECIATION	(497,127)	2,821	(494,306)
4.	CIAC	(271,795)	0	(271,795)
5.	ACCUM. AMORT. CIAC	236,585	(2,692)	233,893
6.	WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>19,622</u>	<u>19,622</u>
	WATER RATE BASE	<u>\$180,642</u>	<u>\$15,038</u>	<u>\$195,680</u>

<b>LP WATERWORKS, INC.</b> <b>TEST YEAR ENDED 10/31/2024</b> <b>SCHEDULE OF WASTEWATER RATE BASE</b>		<b>SCHEDULE NO. 1-B</b> <b>DOCKET NO. 20250013-WS</b>	
<b>DESCRIPTION</b>	<b>BALANCE PER UTILITY</b>	<b>STAFF ADJ.</b>	<b>BALANCE PER STAFF</b>
1. UTILITY PLANT IN SERVICE	\$513,667	(\$35,835)	\$477,832
2. LAND & LAND RIGHTS	36,000	0	36,000
3. ACCUMULATED DEPRECIATION	(385,888)	10,093	(375,795)
4. CIAC	(92,400)	0	(92,400)
5. ACCUM. AMORT. CIAC	77,650	(1,522)	76,128
6. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>14,942</u>	<u>14,942</u>
WATER RATE BASE	<u>\$149,029</u>	<u>(\$12,323)</u>	<u>\$136,706</u>



<b>LP WATERWORKS, INC.</b> <b>TEST YEAR ENDED 10/31/2024</b> <b>ADJUSTMENTS TO RATE BASE</b>		<b>SCHEDULE NO. 1-C</b> <b>DOCKET NO. 20250013-WS</b>	
		<b>WATER</b>	<b>WASTEWATER</b>
<b>UTILITY PLANT IN SERVICE</b>			
1. To reflect averaging adjustments.		<u>(\$4,713)</u>	<u>(\$35,835)</u>
<b>ACCUM. DEPRECIATION</b>			
2. To reflect audit adjustments.		(\$4,900)	\$5,419
3. To reflect averaging adjustments.		<u>7,721</u>	<u>4,674</u>
Total		<u>\$2,821</u>	<u>\$10,093</u>
<b>ACCUM. AMORT. CIAC</b>			
4. To reflect auditing adjustments.		\$1,910	(\$816)
5. To reflect averaging adjustments.		<u>(4,602)</u>	<u>(706)</u>
Total		<u>(\$2,692)</u>	<u>(\$1,522)</u>
<b>WORKING CAPITAL ALLOWANCE</b>			
6. To reflect 1/8 of test year O&M expenses (less RCE).		<u>\$19,622</u>	<u>\$14,942</u>

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF CAPITAL STRUCTURE				SCHEDULE NO. 2 DOCKET NO. 20250013-WS		
CAPITAL COMPONENT	PER UTILITY	PRO RATA ADJ.	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST
1. COMMON EQUITY	\$352,423	(\$30,433)	\$321,990	96.87%	8.51%	8.24%
2. CUSTOMER DEPOSITS	<u>11,378</u>	<u>(983)</u>	<u>10,395</u>	<u>3.13%</u>	2.00%	<u>0.06%</u>
TOTAL CAPITAL	<u>\$363,801</u>	<u>(\$31,415)</u>	<u>\$332,386</u>	<u>100.00%</u>		<u>8.30%</u>
<b><u>RANGE OF REASONABLENESS</u></b>					<b><u>LOW</u></b>	<b><u>HIGH</u></b>
RETURN ON EQUITY					7.51%	9.51%
OVERALL RATE OF RETURN					7.33%	9.27%

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-A DOCKET NO. 20250013-WS		
	TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT
1. TOTAL OPERATING REVENUES	\$172,065	\$18,136	\$190,201	\$6,911 3.63%	\$197,112
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$154,652	\$3,472	\$158,124		\$158,124
3. DEPRECIATION	18,414	(80)	18,334		18,334
4. AMORTIZATION	(7,342)	32	(7,310)		(7,310)
5. TAXES OTHER THAN INCOME	<u>11,523</u>	<u>1,130</u>	<u>12,653</u>	<u>311</u>	<u>12,964</u>
TOTAL OPERATING EXPENSES	<u>\$177,247</u>	<u>\$4,554</u>	<u>\$181,801</u>	<u>\$311</u>	<u>\$182,112</u>
7. OPERATING INCOME/(LOSS)	(\$5,182)		(\$6,220)		\$15,000
8. WATER RATE BASE	\$180,642		15,038		\$195,680
9. OPERATING MARGIN					12.00%

<b>LP WATERWORKS, INC.</b> <b>TEST YEAR ENDED 10/31/2024</b> <b>SCHEDULE OF WASTEWATER OPERATING INCOME</b>			<b>SCHEDULE NO. 3-B</b> <b>DOCKET NO. 20250013-WS</b>		
	TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT
1. <b>TOTAL OPERATING REVENUES</b>	\$124,080	\$19,032	\$143,112	\$6,044 4.22%	\$149,156
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$119,912	\$44	\$119,956		\$119,956
3. DEPRECIATION	11,360	(2,048)	9,312		9,312
4. AMORTIZATION	(2,228)	336	(1,892)		(1,892)
5. TAXES OTHER THAN INCOME	<u>6,282</u>	<u>881</u>	<u>7,163</u>	<u>272</u>	<u>7,435</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$135,326</u>	<u>(\$786)</u>	<u>\$134,539</u>	<u>\$272</u>	<u>\$134,811</u>
7. <b>OPERATING INCOME/(LOSS)</b>	(\$11,246)		\$8,573		\$14,344
8. <b>WATER RATE BASE</b>	\$149,029		(\$12,323)		\$136,706
9. <b>OPERATING MARGIN</b>					12.00%

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 ADJUSTMENTS TO OPERATING INCOME		SCHEDULE NO. 3-C DOCKET NO. 20250013-WS	
		<u>WATER</u>	<u>WASTEWATER</u>
<b>OPERATING REVENUES</b>			
1.	To reflect adjustments to Service Revenues.	\$16,240	\$17,165
2.	To reflect an auditing adjustment to Miscellaneous Revenues.	1,035	0
3.	To reflect the appropriate test year Service Revenues.	2,769	(112)
4.	To reflect appropriate test year Miscellaneous Revenues.	<u>(1,908)</u>	<u>1,979</u>
	Total	<u>\$18,136</u>	<u>\$19,032</u>
<b>OPERATION AND MAINTENANCE EXPENSE</b>			
1.	Purchased Power (615/715) To reflect EUW and I&I adjustment.	(\$271)	\$0
	Chemicals Expense (618/718)		
2.	To reflect EUW and I&I adjustment.	(\$39)	\$0
3.	Contractual Services – Other (636/736) To reflect pro forma expense amortized over 5 years.	\$2,550	\$0
4.	Rate Case Expense (665/765) To reflect an auditing adjustment.	\$362	(\$336)
	To reflect 1/4 rate case expense.	<u>449</u>	<u>420</u>
	Subtotal	<u>\$881</u>	<u>\$84</u>
6.	Bad Debt Expense (670/770) To reflect three year average Bad Debt expenses.	\$421	(\$40)
	<b>TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS</b>	<u>\$3,472</u>	<u>\$44</u>
	<b>DEPREICATION EXPENSE</b>		
	To reflect auditing adjustments.	(\$80)	(\$2,048)
	<b>AMORTIZATION EXPENSE (NET)</b>		
	To reflect auditing adjustments.	(\$32)	(\$336)
	<b>TAXES OTHER THAN INCOME</b>		
	To reflect auditing adjustments to property tax.	\$314	\$25
	To reflect appropriate test year RAFs.	816	856
	To reflect appropriate revenue requirement RAFs.	<u>311</u>	<u>272</u>
	Subtotal	<u>\$1,441</u>	<u>\$1,153</u>
	<b>TOTAL OPERATING EXPENSE</b>	<u>\$4,490</u>	<u>(\$1,458)</u>

<b>LP WATERWORKS, INC.</b> <b>TEST YEAR ENDED 10/31/2024</b> <b>ANALYSIS OF WATER O&amp;M EXPENSES</b>		<b>SCHEDULE NO. 3-D</b> <b>DOCKET NO. 20250013-WS</b>		
<b>ACCT.#</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>STAFF ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
603	Salaries and Wages – Officers and Directors	\$6,300	\$0	\$6,300
615	Purchased Power	3,520	(\$271)	3,249
618	Chemicals	505	(\$39)	466
632	Contractual Services – Accounting	262	0	262
633	Contractual Services – Legal	150	0	150
635	Contractual Services – Testing	524	0	524
636	Contractual Services – Other	126,147	2,550	128,697
657	Insurance Expense – General Liability	1,057	0	1,057
665	Rate Case Expense	336	811	1,147
670	Bad Debt Expense	161	421	582
675	Miscellaneous Expenses	<u>15,690</u>	<u>0</u>	<u>15,690</u>
	Total O&M Expense	<u>\$154,652</u>	<u>\$3,472</u>	<u>\$158,124</u>
	Working Capital is 1/8 of O&M less RCE			\$19,622

<b>LP WATERWORKS, INC.</b> <b>TEST YEAR ENDED 10/31/2024</b> <b>ANALYSIS OF WASTEWATER O&amp;M EXPENSES</b>		<b>SCHEDULE NO. 3-E</b> <b>DOCKET NO. 20250013-WS</b>		
<b>ACCT.#</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>STAFF ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
703	Salaries and Wages – Officers and Directors	\$6,300	\$0	\$6,300
711	Sludge Removal Expense	2,420	0	2,420
715	Purchased Power	7,654	0	7,654
718	Chemicals	3,034	0	3,034
732	Contractual Services – Accounting	263	0	263
733	Contractual Services – Legal	150	0	150
736	Contractual Services – Other	97,938	0	97,938
755	Insurance Expense	1,057	0	1,057
765	Rate Case Expense	336	84	420
770	Bad Debt Expense	121	(40)	81
775	Miscellaneous Expenses	<u>639</u>	<u>0</u>	<u>639</u>
	Total O&M Expense	<u>\$119,912</u>	<u>\$44</u>	<u>\$119,956</u>
	Working Capital is 1/8 of O&M less RCE			\$14,942

<b>LP WATERWORKS, INC.</b> <b>TEST YEAR ENDED OCTOBER 31, 2024</b> <b>MONTHLY WATER RATES</b>		<b>SCHEDULE NO. 4-A</b> <b>DOCKET NO. 20250013-WS</b>	
	<b>UTILITY</b> <b>CURRENT</b> <b>RATES</b>	<b>STAFF</b> <b>RECOMMENDED</b> <b>RATES</b>	<b>4 YEAR</b> <b>RATE</b> <b>REDUCTION</b>
<b><u>Residential and General Service</u></b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$15.65	\$16.23	\$0.04
3/4"	\$23.48	\$24.35	\$0.06
1"	\$39.13	\$40.58	\$0.10
1-1/2"	\$78.25	\$81.15	\$0.20
2"	\$125.20	\$129.84	\$0.32
3"	\$250.40	\$259.68	\$0.65
4"	\$391.25	\$405.75	\$1.01
6"	\$782.50	\$811.50	\$2.03
Charge per 1,000 gallons - Residential			
0 - 3,000 gallons	\$9.24	\$9.58	\$0.02
Over 3,000 gallons	\$13.86	\$14.37	\$0.04
Charge per 1,000 gallons - General Service			
	\$2.45	\$2.54	\$0.01
<b><u>Private Fire Protection</u></b>			
5/8"X3/4"	\$1.30	\$1.35	\$0.00
3/4"	\$1.96	\$2.03	\$0.01
1"	\$3.26	\$3.38	\$0.01
1-1/2"	\$6.52	\$6.76	\$0.02
2"	\$10.43	\$10.82	\$0.03
3"	\$20.87	\$21.64	\$0.05
4"	\$32.60	\$33.81	\$0.08
6"	\$65.21	\$67.63	\$0.17
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
1,000 Gallons	\$24.89	\$25.81	
3,000 Gallons	\$43.37	\$44.97	
5,000 Gallons	\$71.09	\$73.71	



LP WATERWORKS, INC. TEST YEAR ENDED OCTOBER 31, 2024 MONTHLY WASTEWATER RATES		SCHEDULE NO. 4-B DOCKET NO. 20250013-WS	
	UTILITY CURRENT RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<b><u>General Service</u></b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$19.34	\$20.17	\$0.06
3/4"	\$29.01	\$30.26	\$0.09
1"	\$48.35	\$50.43	\$0.16
1-1/2"	\$96.70	\$100.85	\$0.31
2"	\$154.72	\$161.36	\$0.50
3"	\$309.44	\$322.72	\$1.00
4"	\$483.50	\$504.25	\$1.56
6"	\$967.00	\$1,008.50	\$3.13
Charge per 1,000 gallons - General Service	\$12.00	\$12.51	\$0.04
<b><u>Residential Service</u></b>			
All Meter Sizes	\$19.34	\$20.17	\$0.06
Charge per 1,000 gallons - Residential Service	\$9.99	\$10.42	\$0.03
6,000 Gallonage Cap			
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
1,000 Gallons	\$29.33	\$30.59	
3,000 Gallons	\$49.31	\$51.43	
5,000 Gallons	\$69.29	\$72.27	

# Item 12

State of Florida



# Public Service Commission

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

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

**DATE:** August 22, 2025

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

**FROM:** Division of Economics (Bethea, Bruce, Chambliss, Hudson, Sibley) *CD*  
Division of Accounting and Finance (McClelland, Quigley, Sowards, Vogel) *MC*  
Division of Engineering (P. Buys, King, Olivieri, Ramos, Smith II) *TP*  
Office of the General Counsel (Dose, Augspurger, J. Crawford) *AC*

**RE:** Docket No. 20250052-WS – Application for increase in water and wastewater rates in Brevard, Citrus, Duval, Highlands, Marion, and Volusia Counties by CSWR-Florida Utility Operating Company.

**AGENDA:** 09/04/25 – Regular Agenda – Decision on Interim Rates – Participation is at the Discretion of the Commission

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Clark

**CRITICAL DATES:** (60-Day Interim Date Waived until 9/4/2025)

**SPECIAL INSTRUCTIONS:** None

## Case Background

CSWR-Florida Utility Operating Company (CSWR or utility) is a Class A utility providing water and wastewater service to 11 systems in the following counties: Brevard, Citrus, Duval, Highlands, Marion, and Volusia. As the result of recent acquisitions and a grandfather certificate, CSWR is now a Florida domestic limited liability company that owns and operates the water and wastewater systems that are the subject of this rate case application. CSWR is a wholly-owned subsidiary of CSWR-Florida Utility Holding Company, LLC.

In 2024, the utility recorded consolidated company operating revenues of \$3,853,102 for water and \$3,332,319 for wastewater. CSWR reported a net operating loss of \$1,436,909 for water and

\$136,494 for wastewater. The utility has approximately 144,303 water customers and 87,571 wastewater customers for its combined systems. The following table reflects the rate proceeding in which rates were last established for each of CSWR's systems.

**Last Rate Proceedings Establishing Rates for CSWR Systems**

Former Utility Name	Order	Issuance Date
BFF Corp.	PSC-2002-0487-PAA-SU	April 8, 2002
C.F.A.T. H2O, Inc.	PSC-2011-0366-PAA-WS	August 31, 2011
Neighborhood Utilities, Inc.	PSC-2016-0537-PAA-WU	November 23, 2016
North Peninsula Utilities, Corp.	PSC-2019-0461-PAA-SU	October 25, 2019
Rolling Oaks Utilities, Inc.	Citrus County Approved	February 1, 2022
Sebring Ridge Utilities, Inc.	PSC-1996-0869-FOF-WS	July 2, 1996
Sunshine Utilities, Inc.	PSC-2012-0357-PAA-WU	July 10, 2012
TKCB, Inc.	PSC-2021-0435-PAA-SU	November 22, 2021
Tradewinds Utilities, Inc.	PSC-2011-0385-PAA-WS	September 13, 2011
Tymber Creek Utilities, Inc.	PSC-2011-0345-PAA-WS; Amendatory Order PSC- 2011-0345A-PAA-WS	August 16, 2011

During the years of 2021-2024, CSWR applied to acquire ten of the systems in this rate proceeding, and all ten transfer dockets were approved by the Commission. On August 26, 2024, CSWR applied for a grandfather certificate for Rolling Oaks Utilities, Inc. as the eleventh system. On July 21, 2025, Commission approved the grandfather certificate.<sup>1</sup>

On May 30, 2025, CSWR filed an application for approval of interim and final water and wastewater rate increases. By letter dated June 27, 2025, staff advised the utility that its Minimum Filing Requirements (MFRs) had several deficiencies. Having reviewed the utility's deficiency response, staff sent a second letter to CSWR on August 15, 2025, advising that the utility's rate application remains deficient. To date, the official date of filing has not been established for noticing purposes.

The utility's application for increased final water and wastewater rates is based on the historical 12-month period ended January 31, 2025, with requested capital recovery for facility improvements since the time of acquisitions. Additionally, the utility requested a single, consolidated rate structure. In approving interim rates pursuant to Section 367.082, Florida Statutes (F.S.), it has been Commission practice to use the utility's current rate structure at the time of the interim rate request. For purposes of this recommendation, the analysis for each rate structure will be referred to by the former utility name prior to the acquisitions.

CSWR requested interim rates for all of its systems, designed to generate additional revenues of \$2,279,365 for water operations and \$225,973 for wastewater operations.

<sup>1</sup>Order No. PSC-2025-0280-PAA-WS, issued July 21, 2025, in Docket No. 20240130-WS, *In re: Application for grandfather certificate to operate water and wastewater utility in Citrus County, by CSWR-Florida Utility Operating Company, LLC.*

In setting final rates, the current rate structure of each system is also used for the collection of the final revenues. CSWR requested final rates designed to generate additional revenues of \$3,223,769 for water operations and \$954,881 for wastewater operations.

The intervention of the Office of Public Counsel (OPC) was acknowledged by Order No. PSC-2025-0113-PCO-WS, issued April 7, 2025, in this docket. On August 15, 2025, OPC filed a letter with the Commission offering its preliminary review of CSWR's interim request.

Several additional interim filings were submitted for review prior to staff's evaluation of interim rate request due to the insufficiency of the original interim filing. The original 60-day statutory deadline for the Commission to suspend the utility's requested final rates and address its interim rate request was August 5, 2025. However, by letter dated June 30, 2025, the utility agreed to extend the statutory time frame to September 4, 2025, by which date the Commission is required to address the suspension of CSWR's final rates and its interim rate request. By Order No. PSC-2025-0318-PCO-WS, issued August 21, 2025, the Commission suspended CSWR's final rates request. This recommendation addresses the utility's interim rate request for all but one of its systems, Aquarina. CSWR's original and interim filings contained one set of MFRs for Aquarina's water system; however, it was determined that Aquarina consists of two separate and distinct water systems (Potable and Non-Potable) with each requiring its own set of MFRs. CSWR waived the September deadline to allow themselves more time to gather the required information. A subsequent recommendation will be filed to address the requested interim rates for that system on September 26, 2025, for the October 7, 2025 Commission Conference. By letter dated July 25, 2025, the utility agreed to extend the statutory time frame to authorize Aquarina's interim rates through the October 7, 2025 Commission Conference.

The Commission has jurisdiction pursuant to Sections 367.081 and 367.082, F.S.

## Discussion of Issues

**Issue 1:** Should any interim revenue increase be approved?

**Recommendation:** Yes, the utility should be authorized to collect annual water and wastewater revenues as indicated below. Staff recommends denial of interim rates for Tymber Creek water and wastewater systems due to the lack of historical test year data.

Water System	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
CFAT	\$122,938	\$106,420	86.56%	\$229,358
Neighborhood	\$161,065	\$113,946	70.75%	\$275,011
Rolling Oaks	\$1,639,803	\$542,825	33.10%	\$2,182,628
Sunshine – Unified <sup>2</sup>	\$1,126,715	\$856,801	76.04%	\$1,983,516
Sunshine – Other <sup>3</sup>	\$89,277	\$103,916	116.40%	\$193,193

Wastewater System	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
BFF	\$100,259	\$28,361	28.29%	\$128,620
CFAT	\$136,724	\$43,700	31.96%	\$180,424
North Peninsula	\$283,728	\$92,164	32.48%	\$375,892
Rolling Oaks	\$1,630,126	\$139,283	8.54%	\$1,769,409
Sebring Ridge	\$68,620	\$176,267	256.87%	\$244,887
TKCB	\$126,857	\$67,837	53.48%	\$194,694

One system appears to be earning above its maximum return on equity (ROE). As such, revenues should be collected subject to refund, as shown in the table below, instead of decreasing rates at this time.

System	Revenue Held Subject to Refund	Percentage
Tradewinds (Water)	(\$162,602)	(32.08%)
Tradewinds (Wastewater)	(\$60,390)	(24.39%)

(McClelland, Sowards, P. Buys)

**Staff Analysis:** Pursuant to Section 367.082(1), F.S., the Commission may authorize the collection of interim rates during any proceeding for a change of rates upon petition from any party or its own motion, and, in order to establish a prima facie entitlement for interim relief, the utility shall demonstrate that it is earning outside the range of reasonableness on its rate of return. Pursuant to Section 367.082(2)(a), F.S., in a proceeding for an interim increase in rates, the

<sup>2</sup> \*Sunshine – Unified consists of the Unified systems and Sandy Acres system.

<sup>3</sup> \*Sunshine – Other consists of the Ponderosa Pines and Quail Run systems.

Commission shall authorize, within 60 days of the filing for such relief, the collection of rates sufficient to earn the minimum of the range of rate of return. CSWR filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater rate increases.

Pursuant to Section 367.082(5)(b)1., F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those used in the utility's most recent rate proceeding and annualizing any rate changes. Staff reviewed CSWR's interim request, as well as all orders that addressed the utility's most recent rate proceedings. This is Rolling Oaks' first rate proceeding since receiving a grandfather certificate from the Commission. Based on Commission practice, most recently approved in Order No. PSC-16-0364-PCO-WU, adjustments from a prior rate case are not necessary for Rolling Oaks, as it was under another jurisdiction.<sup>4</sup>

Staff has attached accounting schedules for each applicable system to illustrate staff's recommended rate base, capital structure, and test year operating income amounts. The rate base schedules are labeled as Schedule Nos. 1-A, 1-B, and 1-C. The capital structure schedule is labeled Schedule No. 2. The operating income schedules are labeled as Schedule Nos. 3-A, 3-B, and 3-C. Staff's recommended adjustments are discussed below.

### **Tymber Creek**

The interim filing for Tymber Creek included unique adjustments not present in the other systems. The ownership of this system was transferred to CSWR during the interim test year, with a closing date of the May 31, 2024.<sup>5</sup> The schedules for this system were filed with eight months of actual revenue and expense data from June 2024 through January 2025, which reflect the period of CSWR's ownership. CSWR made an adjustment to impute revenues and expenses for February 2024 through May 2024 of the interim test year using an average of the existing months of data. In response to staff's data request, the utility stated that it did not have any information prior to the closing of the transfer and was attempting to gather the information.<sup>6</sup> In a follow up conversation to gather any updates to the utility's response, CSWR affirmed that it is unable to retrieve the data for the missing months and would not update the interim test year through June 2025.

Staff believes these adjustments are improper for interim purposes. Rule 25-30.437(2)(d), Florida Administrative Code (F.A.C.), states that for the utility to "demonstrate that it is earning outside the range of reasonableness" on its rate of return "the utility must submit schedules of rate base, cost of capital and net operating income on an historical basis."<sup>7</sup> The adjustments to impute

---

<sup>4</sup>See Order Nos. PSC-16-0364-PCO-WU, issued August 29, 2016, in Docket No. 20160065-WU, *In re: Application for increase in water rates in Charlotte County by Bocilla Utilities, Inc.* (In declining to make interim adjustments, the Commission stated, "This is the Utility's first rate proceeding since receiving a grandfather certificate....Therefore, adjustments from a prior case are not necessary."); PSC-00-9110-PSO-WU, issued May 8, 2000, in Docket No. 19991437-WU, *In re: Application for increase in water rates in Orange County by Wedgfield Utilities, Inc.*; and PSC-95-1570-FOF-WS, issued December 20, 1995, in Docket No. 19950336-WS, *In re: Application for rate increase in Charlotte County by Rotonda West Utility Corporation.*

<sup>5</sup>Document No. 04529-2024, filed on June 3, 2024.

<sup>6</sup>Document No. 06899-2025, filed on July 25, 2025.

<sup>7</sup>The rule states the rate of return should be calculated in accordance with Section 367.082 (5) F.S. This statute states the calculation should be based on a 12-month period.

months of non-existent data are inconsistent with the historical nature of the interim process, and do not comport with prior Commission decisions regarding interim rates. Further, CSWR's application for transfer of Tymber Creek affirmed that, consistent with the requirements of Rule 25-30.037(2)(j)7., F.A.C., it had or would obtain the books and records of the former owner.<sup>8</sup> Staff recommends not authorizing interim rates for Tymber Creek due to the lack of historical test year data.

## Interim Rate Base

### ***Simple Average Adjustment***

Consistent with Rule 25-30.433(5), F.A.C. and each system's previous rate case, the utility's interim test year for its Class B and C utilities should reflect rate base calculated using the simple beginning and end-of-year average (simple average) method. CSWR's interim filing reflects a rate base calculated using a 13-month average. Staff adjusted the balances for each Class B and C system to reflect the simple average method, as shown on Schedule No. 1 for each system. Staff's recommended adjustments are reflected in the tables below:

**Table 1-1  
Adjustments to Reflect Simple Average – Water**

System	Plant	Land	Accumulated Depreciation	CIAC	Accumulated Amortization of CIAC
CFAT	(\$16,724)	\$0	(\$1,300)	\$0	\$0
Neighborhood	(\$24,793)	\$0	(\$1,292)	\$0	\$380
Sunshine – Unified	(\$287,195)	\$69,937	(\$7,359)	\$1,128	\$2,881
Sunshine – Other	(\$37,654)	\$0	(\$1,460)	(\$635)	\$6
Tradewinds	(\$17,947)	\$0	(\$1,458)	(\$4,807)	\$511

**Table 1-2  
Adjustments to Reflect Simple Average – Wastewater**

System	Plant	Accumulated Depreciation	CIAC	Accumulated Amortization of CIAC
BFF	\$2,619	(\$1,000)	\$0	\$49
CFAT	(\$37,970)	(\$1,805)	\$0	\$0
North Peninsula	(\$84,135)	(\$2,727)	(\$188)	\$2
Sebring Ridge	(\$121,174)	(\$2,847)	(\$392)	\$393
TKCB	(\$23,701)	(\$625)	\$0	\$0
Tradewinds	(\$6,971)	(\$434)	\$56	\$0

### ***Under and Over Amortization of Contributions In Aid of Construction***

In correcting the utility's averaging adjustments, the water and wastewater CIAC balances for CFAT appeared to be under and over amortized, respectively. The CIAC balance for the water system was not fully amortized, yet the Accumulated Amortization of CIAC balance did not

<sup>8</sup>Document No. 01883-2022, filed on March 15, 2022.



Date: August 22, 2025

change in the test year and no CIAC amortization expense was reflected in the filing. Alternately, the CIAC balance for the wastewater system was over amortized by \$2,512, with the filing reflecting \$2,068 of CIAC amortization expense. As such staff recommends increasing the Accumulated Amortization of CIAC for CFAT's water system by \$1,930 and decreasing the wastewater balance by \$2,512. Corresponding adjustments should be made to increase CIAC amortization expense by \$3,861 for water and decrease CIAC amortization expense by \$2,068 for wastewater.

Tradewinds' wastewater CIAC balance was also over amortized. Staff made an adjustment to decrease the wastewater accumulated amortization of CIAC and amortization expense by \$942 and \$1,522, respectively.

### ***Used & Useful (U&U)***

Staff reviewed the utility's interim U&U calculations on a per system basis, previous Commission decisions, and available usage and capacity data contained in CSWR's MFR schedules. Consistent with Commission practice, staff recommends no adjustments for all water treatment, storage, distribution, wastewater treatment and collection systems that have been determined to be 100 percent U&U by the prior rate case orders.<sup>9</sup> These systems are:

- CFAT – water distribution system
- Neighborhood
- North Peninsula
- Sunshine – Unified – water treatment plant
- Sunshine – Other – water treatment plant
- TKCB
- Tradewinds

There are four water systems, and one wastewater system that were not determined to be 100 percent U&U in their last rate case. For these systems, staff recommends adjustments for the water treatment plant (WTP), water storage, wastewater treatment plant (WWTP), distribution, and collection systems identified in Table 1-3, based on current system conditions and using the methodology approved in the system's prior rate case order. Additionally, U&U values have not been previously established by the Commission for the Rolling Oaks water system and the CFAT and Rolling Oaks wastewater systems as the transfers of these systems were approved by the Commission in 2022 and 2025<sup>10</sup>, respectively.<sup>11</sup> However, for interim purposes, as shown in

---

<sup>9</sup>See Order Nos. PSC-2011-0366-PAA-WU, issued August 31, 2011, in Docket No. 20100126-WU, *In re: Application for increase in water rates in Marion County by C.F.A.T. H2O, Inc.*, Order No. PSC-2016-0537-PAA-WU, issued November 23, 2016, in Docket No. 20150181-WU, *In re: Application for staff-assisted rate case in Duval County by Neighborhood Utilities, Inc.*, Order No. PSC-2012-0357-PAA-WU, issued July 10, 2012, in Docket No. 20100048-WU, *In re: Application for increase in water rates in Marion County by Sunshine Utilities of Central Florida, Inc.*, Order No. PSC-2019-0362-PAA-SU, issued August 26, 2019, in Docket No. 20180218-SU, *In re: Application for staff-assisted rate case in Brevard County by TKCB, Inc.*, Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011, in Docket No. 20100127-WS, *In re: Application for increase in water and wastewater rates in Marion County by Tradewinds Utilities, Inc.*

<sup>10</sup>Order No. PSC-2023-0266-PAA-WS, issued August 22, 2023, in Docket No. 20220062-WS, *In re: Application for transfer of water and wastewater facilities of C.F.A.T. H2O, Inc., water Certificate No. 552-W, and wastewater Certificate No. 481-S to CSWR-Florida Utility Operating Company, LLC, in Marion County.*

Date: August 22, 2025

Table 1-3, staff recommends that the Rolling Oaks water and wastewater systems be considered 100 percent and 55 percent U&U, respectively, and the CFAT WWTP be considered 39 percent U&U.<sup>12</sup>

**Table 1-3**  
**Interim U&U Adjustments**

System	Last Rate Case U&U	CSWR Requested U&U	Staff Recommended U&U
CFAT – WTP	65%	65%	65%
CFAT -Water Storage	86%	86%	86%
Sunshine - Unified - Distribution System	83%	83%	83%
Sunshine - Other - Distribution System	93%	93%	93%
Sebring Ridge – WWTP	81%	81%	81%
Sebring Ridge – Collection System	79%	79%	79%
BFF – Collection System	88%	100%	88%
Rolling Oaks - WTP	N/A	53%	100%
Rolling Oaks - WWTP	N/A	85%	55%
CFAT- WWTP	N/A	100%	39%

Based on the above calculations and staff's corrections to CSWR's simple average rate base balances, staff recommends the adjustments to reflect the correct non-used and useful components, as indicated in the tables below.

**Table 1-4**  
**Interim – Non-Used & Useful Adjustments – Water**

System	Rate Base	Depreciation Expense	Property Tax
CFAT	(\$128)	\$0	\$0
Rolling Oaks	\$211,649	\$19,973	\$598
Sunshine – Other	\$2,956	\$142	\$16
Sunshine – Unified	\$54,285	\$3,104	\$320

<sup>11</sup>U&U, EUW, and I&I were not previously evaluated for these two systems by the Commission and will be denoted by N/A.

<sup>12</sup>Order No. PSC-2025-0280-PAA-WS, issued July 21, 2025, in Docket No. 20240130-WS, *In re: Application for grandfather certificate to operate water and wastewater utility in Citrus County, by CSWR-Florida Utility Operating Company, LLC.*

**Table 1-5**  
**Interim – Non-Used & Useful Adjustments – Wastewater**

System	Rate Base	Depreciation Expense	Property Tax
BFF	\$4,842	\$23	\$8
CFAT	(\$13,617)	(\$1,399)	(\$64)
Rolling Oaks	\$433,342	\$6,435	\$354
Sebring Ridge	\$105,329	\$3,302	\$2

### ***Construction Work in Progress (CWIP)***

In its interim filing, the utility adjusted the rate base for Sunshine – Unified to include a pro forma adjustment of \$720,427 for CWIP. The utility also included \$372,650 of CWIP in the rate base for Sunshine – Other. The proposed pro forma adjustment data would project costs for facilities before they are placed in service, and it is not appropriate for interim purposes. Staff believes these adjustment should be removed from rate base for the calculation of interim rates.

### ***Acquisition Adjustment***

In its filing, the utility requested an acquisition adjustment for the following utilities: North Peninsula and Sunshine.<sup>13</sup> The utility reflected an acquisition adjustment of \$1,196,741 for North Peninsula, \$5,457,165 for Sunshine – Unified, and \$403,712 for Sunshine – Other in its interim request. The acquisition adjustments have been removed from rate base for the purpose of calculating interim rates, as they have not been approved by the Commission. It is expected that CSWR's acquisition adjustment petitions will be consolidated with the instant rate proceeding, and that the acquisition adjustment requests will be addressed together with CSWR's rate request in a future administrative hearing.

### ***Working Capital Allowance***

Although CSWR, post-consolidation, would be classified as a Class A utility, working capital should be calculated for each system using the same basis from its respective prior rate case. Pursuant to Rule 25-30.433(3), F.A.C., working capital allowance for Class A utilities is calculated using the balance sheet method, and Class B and C utilities are calculated using the formula method, which is one-eighth of operation and maintenance (O&M) expenses. CSWR did not follow these methodologies in its MFRs, instead calculating a working capital allowance of approximately one-eighth hundredth of O&M expenses for each system. Staff adjusted the working capital allowance for each utility pursuant to Rule 25-30.433(3), F.A.C.

Staff recalculated working capital allowance using the formula method and staff's recommended O&M for all systems, with the exception of Rolling Oaks. This is the only system in the Utility's filing that is a Class A system. Based on the balance sheet method, Rolling Oaks reflects negative working capital balances of \$782,584 and \$537,050 for the water and wastewater systems, respectively. It is Commission practice to set negative working capital allowance

---

<sup>13</sup> See Docket Nos. 20250038-WS, 20250043-WS, and 20250047-WS, in which CSWR requested an acquisition adjustment for these three systems. By Order No. PSC-2025-0250-PCO-WS, issued June 25, 2025, the Commission denied a motion to dismiss the petitions, allowing the three acquisition adjustment applications to proceed; however, no acquisition adjustments have been ordered for these systems at this time.

balances to zero for ratemaking purposes.<sup>14</sup> As such, staff recommends that the working capital allowance for Rolling Oaks be set to zero. The following tables shows all working capital adjustments made by staff.

**Table 1-6**  
**Working Capital Adjustments – Water Systems**

System	Increase/(Decrease) Adjustment
CFAT	\$20,695
Neighborhood	\$27,947
Rolling Oaks	(\$2,486)
Sunshine – Unified	\$194,659
Sunshine – Other	\$17,772
Tradewinds	\$30,962

**Table 1-7**  
**Working Capital Adjustments – Wastewater Systems**

System	Increase/(Decrease) Adjustment
BFF	\$13,322
CFAT	\$15,693
North Peninsula	\$29,420
Rolling Oaks	(\$1,834)
Sebring Ridge	\$21,346
TKCB	\$18,005
Tradewinds	\$18,572

## Interim Cost of Capital

### **Capital Structure**

In its initial filing, each system’s capital structure included only common equity and short-term debt. CSWR has not been authorized by the Commission to collect customer deposits since acquiring any of the systems, thus there are none to reflect in the capital structure. Staff asked the utility for clarification on how each system’s capital structure was calculated. The utility confirmed that the cost of capital for each system is imputed from CSWR-Florida. The capital structure for each system is calculated based on the actual financial data of each system. The debt portion consists of notes payable to the parent, which are available as the result of a debt facility sourced by the parent in 2024 and transferred in response to the capital needs of the

<sup>14</sup>Order Nos. PSC-2017-0361-FOF-WS, issued September 25, 2017, and Amendatory Order PSC-2017-0361-FOF-WS, issued October 4, 2017, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. cf Florida*; PSC-09-0751-PCO-SU, issued November 16, 2009, in Docket No. 20090182-SU, *In re: Application for increase in wastewater rates in Pasco County by Ni Florida, LLC.*; PSC-97-0076-FOF-WS, issued January 27, 1997, in Docket No. 961364-WS, *In re: Investigation cf rates cf Lindrick Service Corporation in Pasco County for possible overearnings.*

Date: August 22, 2025

system. The equity consists of paid-in capital contributed primarily for the acquisition and improvement of the system and the accumulated retained earnings or deficit.<sup>15</sup>

### **ROE**

In its initial filing, the utility requested separate interim overall cost of capital rates for each water and wastewater system based on ROEs from each system's previous rate case and each respective rate base. Under Section 367.082(5)(b)3., F.S., of the interim statute, an interim decrease should be calculated using the maximum ROE limit, and an interim increase should be calculated using the minimum ROE limit.

CSWR's deficient initial interim filing, dated May 30, 2025, included schedules for each system labeled "Interim Rate – Revenue Deficiency" which indicated the use of the ROEs from each system's previous rate case, with the exception of Rolling Oaks. In CSWR's updated interim filing, dated June 27, 2025, the MFR Schedule D-1 for each system reflected a ROE of 8.77 percent. The Excel workpapers did not provide support calculations for the ROE. The updated filing also included the "Interim Rate – Revenue Deficiency" schedules with ROEs from each previous rate case, but the actual calculation of revenue requirement reflected 8.77 percent for each system.

Section 367.082(5)(b), F.S., states the required rate of return shall be calculated using the last authorized rate of return on equity of the utility or regulated company. However, consistent with Commission practice, the existing ROE does not survive when a system is transferred to a new owner.<sup>16</sup> Staff recommends the interim cost of capital be calculated with new ROE percentages using the 2025 leverage formula, as provided under Section 367.082(5)(b)3, F.S., as shown on Schedule No. 2 for each system.<sup>17</sup>

### **Simple Average Adjustment**

Consistent with Rule 25-30.433(5), F.A.C., and each system's previous rate case, the utility's interim test year for its Class B and C utilities should reflect a cost of capital calculated using the simple average method. CSWR's interim filing reflects a cost of capital calculated using a 13-month average. Staff adjusted the balances for each system, except for its Class A system Rolling Oaks, to reflect the simple average method, as shown on Schedule No. 2 for each system.

### **Pro Rata Adjustment**

In its MFRs, the utility prorated the cost of capital to common equity only. Each system's capital structure consists of common equity and short term debt. Consistent with each system's most recent rate case and recent Commission decisions for Rolling Oaks, staff recommends capital

---

<sup>15</sup>Document No. 07685-2025, filed on August 8, 2025.

<sup>16</sup>See Order Nos. PSC-2022-0227-PCO-WS, issued June 27, 2022, in Docket No. 20220066-WS, *In re: Application for increase in water rates in Washington County, by Sunny Hills Utility.*; PSC-2006-0670-FOF-WS, issued August 7, 2006, in Docket No. 20060261-WS, *In re: Application for increase in water and wastewater rates in Lake County by Utilities, Inc. cf Pennbrooke*; and PSC-2012-0554-PCO-WS, issued October 17, 2012, in Docket No. 20120152-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgfield, Inc.*

<sup>17</sup>Order No. PSC-2025-0269-PCO-WS, issued July 25, 2025, in Docket No. 20240108-SU, *In re: Water and wastewater industry annual reestablishment of authorized range cf return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(j), F.S.*

Date: August 22, 2025

structure be prorated across both sources of capital, as shown on Schedule No. 2 for each system.<sup>18</sup>

### **Sunshine**

Based on its previous rate case, the utility filed two separate sets of interim MFRs for the Sunshine – Unified revenue requirement and Sunshine – Other revenue requirement.<sup>19</sup> Each revenue requirement reflected its own capital structure. However, consistent with its last rate case, Sunshine – Unified and Sunshine - Other should reflect a consolidated capital structure. As such, staff consolidated the components and prorated each based on the total rate base of both systems.

The utility's proposed and staff's recommended capital structure for each system is reflected on Schedule No. 2 for each system, with only a single Schedule No. 2 for Sunshine – Unified and Sunshine – Other.

### **Interim Net Operating Income**

Pursuant to Section 367.082(5)(b)(1), F.S., the achieved rate of return for interim purposes must be calculated by applying adjustments consistent with those made in the utility's most recent rate proceeding and annualized for any rate changes. Based on staff's review, several adjustments are necessary for interim purposes as reflected on the respective adjustments to operating income schedules.

### **Test Year O&M Adjustments – Annualization**

CSWR made several adjustments to O&M expenses for each system related to new third party contracts that began during the test year. However, staff believes this set of adjustments is improper for interim purposes. Rule 25-30.437(2)(d), F.A.C., states that for the utility to “demonstrate that it is earning outside the range of reasonableness” on its rate of return “the utility must submit schedules of rate base, cost of capital and net operating income on an historical basis, with all adjustments thereto.” The adjustments provided in CSWR's interim filings were made to annualize a change in O&M expenses that occurred during the test year. These adjustments would shift O&M expenses in their entirety from a historical basis to a pro forma basis. Staff believes these adjustments are appropriate for consideration in the final rate increase, but violate the nature of the interim process. As such, staff recommends removal of the annualization adjustments from each system as shown in the tables below.

---

<sup>18</sup>Order Nos. PSC-2025-0289-PAA-SU, issued July 28, 2025, and Amendatory Order PSC-2025-0289A-PAA-SU, issued August 1, 2025 in Docket No. 20240108-SU, *In re: Application for increase in wastewater rates in Monroe County by K W Resorts Utilities Corp.*; and PSC-2024-0046-PAA-WS, issued February 22, 2024, and Amendatory Order PSC-2024-0046A-PAA-WS, issued March 12, 2024, in Docket No. 20230081-WS, *In re: Application for increase in water and wastewater rates in Broward County by Royal Waterworks, Inc.*

<sup>19</sup>Order No. PSC-12-0357-PAA-WU, issued July 10, 2012, in Docket No. 20100048-WU, *In re: Application for increase in water rates in Marion County by Sunshine Utilities cf Central Florida, Inc.*

**Table 1-8**  
**Staff's Adjustments to Remove Annualization – Water Systems**

System	Adjustment
CFAT	(\$2,753)
Neighborhood	\$6,331
Rolling Oaks	\$193,167
Sunshine – Unified	\$99,840
Sunshine – Other	\$3,966
Tradewinds	\$11,033

**Table 1-9**  
**Staff's Adjustments to Remove Annualization – Wastewater Systems**

System	Adjustment
BFF	(\$6,216)
CFAT	\$5,809
North Peninsula	\$21,634
Rolling Oaks	\$125,343
Sebring Ridge	\$6,135
TKCB	(\$7,927)
Tradewinds	(\$151)

***O&M Adjustments Consistent with the Last Rate Case***

Adjustments to bad debt expense are necessary for interim purposes in order to be consistent with the treatment in each system's last rate case. Through its multiple revised interim filings, CSWR incorrectly applied a 3-year averaging adjustment to bad debt expense for all systems. However, upon review, staff determined that only four systems required a 3-year averaging adjustment consistent with each systems prior rate case.

As such, Neighborhood's, CFAT's, TKCB's, and Tradewinds' bad debt adjustments were corrected, and the adjustments for all other systems were removed.<sup>20</sup> Consistent with the last rate cases, staff has recalculated the adjustment using 2022, 2023, and 2024 bad debt expense as provided in the each system's annual reports. CSWR's and staff's recommended adjustments are detailed in the tables below:

---

<sup>20</sup>The MFRs for BFF contained an adjustment for bad debt expense, contradictory to its last rate case. However, no action was needed to correct this amount, as it was not included in BFF's revenue requirement, and thus did not need to be removed.

Date: August 22, 2025

**Table 1-10**  
**3-Year Averaging Adjustment to Bad Debt – Water Systems**

System	Utility Adjustment	Staff Adjustment
CFAT	\$36	\$120
Neighborhood	\$475	(\$76)
Rolling Oaks	\$7,037	(\$7,037)
Sunshine – Unified	\$6,751	(\$6,751)
Sunshine – Other	\$524	(\$524)
Tradewinds	(\$13)	\$415

**Table 1-11**  
**3-Year Averaging Adjustment to Bad Debt – Wastewater Systems**

System	Utility Adjustment	Staff Adjustment
CFAT	(\$118)	\$80
North Peninsula	\$799	(\$799)
Rolling Oaks	\$2,521	(\$2,521)
Sebring Ridge	(\$152)	\$152
TKCB	(\$326)	\$567
Tradewinds	(\$391)	\$486

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

Staff reviewed the utility's interim EUW calculations on a per system basis, previous Commission decisions, and available usage data contained in CSWR's MFR schedules. Table 1-12 identifies where the Commission previously found EUW, CSWR's requested interim EUW values, and staff's recommended interim EUW adjustments to the test year water treatment expense by system.

**Table 1-12**  
**Excessive Unaccounted for Water (EUW)**

System	Last Rate Case EUW	CSWR Requested EUW	Staff Recommended EUW
CFAT	None	27%	27%
Neighborhood	None	27%	27%
Rolling Oaks	N/A	28%	28%
Sunshine – Unified*	8%/10%	33%	33%
Sunshine - Other	8%	33%	33%
Tradewinds	None	3%	3%

\*The Commission found the Sunshine's Sandy Acres system to have 10% EUW in its last rate case, while all remaining systems in Sunshine – Unified were found to have 8% EUW.

Following the same methodology used in the last rate case, staff recommends applying the updated EUW percentages from the MFRs to the actual purchased power and chemicals expenses and apply the adjustments to each system as shown below.



**Table 1-13**  
**EUW Adjustments**

System	Adjustment
CFAT	(\$2,397)
Neighborhood	(\$3,858)
Rolling Oaks	(\$78,135)
Sunshine – Unified	(\$38,049)
Sunshine – Other	(\$2,714)
Tradewinds	(\$710)

### ***Infiltration & Inflow (I&I)***

Staff reviewed the utility's interim excessive I&I calculations on a per system basis, previous Commission decisions and available usage data contained in CSWR's MFR schedules.<sup>21</sup> Using the methodology approved in prior rate cases and current conditions, staff is not recommending any I&I adjustments for interim purposes. However, it should be noted that the Commission has not previously determined I&I for the CFAT and Rolling Oaks wastewater systems. While staff recommends no adjustment for interim purposes, the I&I for these systems will be investigated by staff during the course of this rate case.

## **Earnings Analysis**

### ***Tradewinds***

Based on the adjustments outlined above, Tradewinds reflected overearnings in the interim test year. Pursuant to Section 367.082(2)(b), F.S., in a proceeding for an interim decrease in rates, the Commission shall authorize the continued collection of the previously authorized rates; however, revenues collected under those rates that are sufficient to reduce the achieved rate of return to the maximum of the rate of return should be held subject to refund with interest. Although CSWR has reflected a decrease to Tradewinds' rates, staff recommends the utility continues to collect its current rates and, hold subject to refund, revenues collected under those rates that are sufficient to reduce the achieved rate of return to the maximum of their current rate of the returns, with interest. Over the full course of the rate case and potential rate consolidation, staff will evaluate the potential refund. As such, staff recommends that \$162,602 and \$60,390 be held subject to refund for Tradewinds water and wastewater systems, respectively.

### ***Rolling Oaks – Wastewater***

In its interim request, Rolling Oaks reflected a decrease to its test year revenue requirement. However, staff's recommended adjustment to test year revenues, as discussed in Issue 2, reflects

---

<sup>21</sup>See Order Nos. PSC-2019-0362-PAA-SU, issued August 26, 2019, in Docket No. 20180218-SU, *In re: Application for staff-assisted rate case in Brevard County by TKCB, Inc.*, Order No. PSC-2011-0385-PAA-WS, issued September 13, 2011, in Docket No. 20100127-WS, *In re: Application for increase in water and wastewater rates in Marion County by Tradewinds Utilities, Inc.*; PSC-2002-0487-PAA-SU, issued April 8, 2002, in Docket No. 20010919-SU, *In re: Application for staff-assisted rate case in Marion County by BFF Corp.*; PSC-2019-0461-PAA-SU, issued October 25, 2019, in Docket No. 20180138-SU, *In re: Application for staff-assisted rate case in Volusia County by North Peninsula Utilities Corporation.*; PSC-1996-0869-FOF-WS, issued July 2, 1996, in Docket No. 19950966-WS, *In re: Application for a staff-assisted rate case in Highlands County by Sebring Ridge Utilities, Inc.*

a lower amount of test year revenues, thus resulting in a net interim increase. As such, there are no overearnings present. Staff's recommended increase is discussed below.

### Revenue Requirement

Staff has recommended revenue requirements consistent with the calculations required by 367.082, F.S. For those systems that appear to be underearning, the revenue requirements were determined using the minimum ROE limit. Consistent with the interim statute, for those systems that appear to be overearning, staff used the maximum ROE limit. Consistent with Commission practice, staff limited the revenue requirements of Neighborhood, Rolling Oaks, Sebring Ridge, and Tradewinds to the level requested by CSWR.<sup>22</sup>

Based upon recovery of actual operating expenses for the year ended January 31, 2025, staff recommends that the appropriate combined interim revenue requirements are \$4,863,706 and \$2,893,926 respectively, for the utility's water and wastewater systems. This results in an interim increase in annual revenues of \$1,723,908 for the water systems and \$547,612 for the wastewater systems. For the Tradewinds systems that appear to be earning above their maximum ROE, staff recommends that revenues totaling \$222,992 should be collected subject to refund with interest, and Tradewinds should continue collecting current rates.

According to Section 367.082(4), F.S., any refund should be calculated to reduce the rate of return of the utility or regulated company during the pendency of the proceeding to the same level within the range of the newly authorized rate of return which is found fair and reasonable on a prospective basis." Staff will evaluate each system's post-consolidation revenue requirement to determine if any refunds should be made.

The following tables show the revenue requirement and interim increase in annual revenues for each respective system.

**Table 1-14**  
**Interim Revenue Requirement – Water Systems**

System	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
CFAT	\$122,938	\$106,420	86.56%	\$229,358
Neighborhood	\$161,065	\$113,946	70.75%	\$275,011
Rolling Oaks	\$1,639,803	\$542,825	33.10%	\$2,182,628
Sunshine – Unified	\$1,126,715	\$856,801	76.04%	\$1,983,516
Sunshine – Other	\$89,277	\$103,916	116.40%	\$193,193

---

<sup>22</sup>Order Nos. PSC-2016-0526-PCO-WS, issued November 22, 2016, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. cf Florida*; PSC-13-0673-FOF-WS, issued December 19, 2013, in Docket No. 130212-WS, *In re: Application for increase in water/wastewater rates in Polk County by Cypress Lakes Utilities, Inc.*; and PSC-10-0018-PCO-WS, issued January 6, 2010, in Docket No. 090402-WS, *In re: Application for increase in water and wastewater rates in Seminole County by Sanlando Utilities Corporation*.

**Table 1-15**  
**Interim Revenue Requirement – Wastewater Systems**

System	Adjusted Test Year Revenues	Revenue Increase	% Increase	Revenue Requirement
BFF	\$100,259	\$28,361	28.29%	\$128,620
CFAT	\$136,724	\$43,700	31.96%	\$180,424
North Peninsula	\$283,728	\$92,164	32.48%	\$375,892
Rolling Oaks	\$1,630,126	\$139,283	8.54%	\$1,769,409
Sebring	\$68,620	\$176,267	256.87%	\$244,887
TKCB	\$126,857	\$67,837	53.48%	\$194,694

**Issue 2:** What are the appropriate interim water and wastewater rates?

**Recommendation:** The service rates for CSWR in effect as of January 31, 2025, should be increased as shown below to generate the recommended revenue increase for the interim period.

System	% Rate Increase
BFF Corp. - Water	28.29%
C.F.A.T. H2O, Inc. - Water	86.56%
C.F.A.T. H2O, Inc. -Wastewater	31.96%
Neighborhood Utilities, Inc. -Water	70.75%
North Peninsula Utilities, Inc. -Wastewater	32.48%
Rolling Oaks Utilities, Inc. -Water	33.10%
Rolling Oaks Utilities, Inc. -Wastewater	8.54%
Sebring Ridge Utilities, Inc. - Wastewater	256.87%
Sunshine Utilities, Inc.(Unified) - Water	76.04%
Sunshine Utilities, Inc.(Other) - Water	116.40%
TKCB, Inc. - Wastewater	53.48%

The rates, as shown on Schedule Nos. 4-A and 4-B, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice. (Bethea)

**Staff Analysis:** Staff recommends that interim service rates for CSWR be designed to allow the utility the opportunity to generate additional annual operating revenues as shown below. The test year revenues were adjusted to annualize the rate in effect at the end of the test year. To determine the appropriate increase to apply to the service rates, miscellaneous revenues should be removed from the adjusted test year revenues. The calculations are as follows:

**Table 2-1**  
**Percentage Increase Less Miscellaneous Revenues**

System (W/WW)	Adjusted Test Year Revenues	Miscellaneous Revenues	Revenues – Miscellaneous Revenues	Revenue Increase	% Rate Increase
BFF Corp. - W	\$100,259	\$0	\$100,259	\$28,190	28.29%
C.F.A.T. H2O - W	\$122,938	\$0	\$122,938	\$111,559	86.56%
C.F.A.T. H2O-WW	\$136,724	\$0	\$136,724	\$43,700	31.96%
Neighborhood -W	\$161,065	\$5,536	\$155,529	\$113,946	73.26%
North Peninsula -WW	\$283,728	\$1,156	\$282,572	\$101,309	32.61%
Rolling Oaks -W	\$1,639,803	\$77,726	\$1,562,077	\$542,825	34.75%
Rolling Oaks -WW	\$1,014,857	\$67,507	\$1,562,619	\$139,283	8.91%
Sebring Ridge - WW	\$68,620	\$2,730	\$65,890	\$176,267	267.51%
Sunshine (Unified.) - W	\$1,126,715	\$35,451	\$1,091,264	\$878,186	78.51%
Sunshine (Other) - W	\$89,277	\$9,424	\$79,853	\$108,148	130.13%
TKCB - WW	\$126,857	\$0	\$126,857	\$70,337	53.48%

**Table 2-2**  
**Typical Residential 5/8" x 3/4" Meter Bill Comparison**  
**At 5,000 Gallons**

System (W/WW)	Utility Current Rates	Utility Proposed Interim Rates	Staff Recommended Interim Rates
BFF Corp. - W	\$76.73	\$102.08	\$98.46
C.F.A.T. H2O - W	\$41.70	\$86.70	\$77.80
C.F.A.T. H2O-WW	\$41.14	\$54.63	\$54.28
Neighborhood -W	\$32.14	\$54.72	\$55.68
Rolling Oaks -W	\$15.76	\$25.26	\$21.22
Rolling Oaks -WW	\$36.00	\$35.07	\$39.20
Sebring Ridge - WW	\$33.72	\$110.97	\$123.93
Sunshine (Unified.) - W	\$18.87	\$38.69	\$33.67
Sunshine (Other) - W	\$22.22	\$45.58	\$51.12
TKCB - WW	\$55.95	\$96.45	\$85.88

Consistent with Commission practice for interim rates, the above percentage increases should be applied as an across-the-board increase to the service rates in effect as of January 31, 2025, in each respective county. Due to a decrease in percentage, staff recommends that Tradewinds' water and wastewater rates remain the same for interim purposes. While staff has identified CSWR's Tradewinds system may have exceeded their maximum allowed ROE, staff is not recommending a change in rates at this time. However, as discussed in Issue 1, staff has recommended amounts to be held subject to refund for that system.

The recommended rates, as shown on Schedule Nos. 4-A and 4-B, should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), F.A.C. The utility should file revised tariff sheets and a proposed customer notice

Date: August 22, 2025

to reflect the Commission-approved rates. In addition, the approved rates should not be implemented until the required security has been filed, staff has approved the proposed customer notice, and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

**Issue 3:** What is the appropriate security to guarantee the interim increase?

**Recommendation:** The appropriate security to guarantee the funds collected subject to refund is a corporate undertaking by CSWR, LLC, on behalf of its subsidiary, CSWR-Florida Utility Operating Company. CSWR, LLC should be required to provide a written guarantee that it will support a corporate undertaking on behalf of CSWR-Florida Utility Operating Company in the amount of \$2,332,541. (Quigley)

**Staff Analysis:** Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by the Commission. As recommended in Issue 1, the total interim increase is \$2,271,520, with an additional \$222,992 being held subject to refund due to potential overearnings. In accordance with Rule 25-30.360, F.A.C., staff calculated the potential refund of revenues and interest collected under interim conditions to be \$2,332,541. This amount is based on an estimated 11-month collection period of interim rates.

The criteria for a corporate undertaking includes sufficient liquidity, equity ownership, and profitability to guarantee any potential refund. Staff reviewed CSWR, LLC's 2022, 2023, and 2024 confidential financial statements filed with the Commission to determine if CSWR can support a corporate undertaking for the requested amount.<sup>23</sup> Staff's analysis indicated that over the three-year period ending December 31, 2024, the Company's parent, CSWR, LLC, has insufficient profitability over the period, but has sufficient liquidity and equity ownership. The parent company has a substantial amount of cash available which is sufficient to support a corporate undertaking in the amount of \$2,332,541. Additionally, CSWR, LLC has positive working capital and its equity capital significantly exceeds the requested amount and is supported by an equity ratio that is greater than 50 percent.

Based on the analysis of CSWR, LLC's financial position, staff recommends that CSWR can support a corporate undertaking in the amount of \$2,332,541. Staff's recommendation is contingent upon CSWR, LLC providing a signed letter by a corporate officer that it will support CSWR in its corporate undertaking endeavor. A parent company supporting a corporate undertaking on behalf of its subsidiary for interim purposes is consistent with Commission practice in prior rate cases.<sup>24</sup> Staff also received confirmation from the utility that it had no other outstanding guarantees on behalf of CSWR-owned utilities in other jurisdictions.<sup>25</sup>

This brief financial analysis is only appropriate for determining if the utility, through its parent, can support a corporate undertaking in the amount proposed and should not be considered a finding regarding staff's position on other issues in this proceeding. In no instance should maintenance and administrative costs associated with any refund be borne by the customers. Such costs are the responsibility of, and should be borne by, the utility.

---

<sup>23</sup>Document No. 05250-2025, filed on June 26, 2025.

<sup>24</sup>Order No. PSC-2023-0387-PCO-WS, issued December 27, 2023, in Docket No. 20230083-WS, *In re: Application for increase in water and wastewater rates in Orange County by Pluris Wedgefield, LLC*.

<sup>25</sup>Document No. 07685-2025, filed on August 8, 2025.

Date: August 22, 2025

Pursuant to Rule 25-30.360(6), F.A.C., the utility should provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. Should a refund be required, the refund should be with interest and undertaken in accordance with Rule 25-30.360, F.A.C.



Date: August 22, 2025

**Issue 4:** Should this docket be closed?

**Recommendation:** The docket should remain open pending the Commission's final action on the Utility's requested rate increase. (Dose)

**Staff Analysis:** The docket should remain open pending the Commission's final action on the Utility's requested rate increase.

BFF Corp. Schedule of Wastewater Rate Base Test Year Ended 1/31/25			Schedule No. 1-B Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$264,864	\$0	\$264,864	\$2,619	\$267,483
2 Land and Land Rights	34,751	0	34,751	0	34,751
3 Non-used and Useful Components	0	(7,408)	(7,408)	4,842	(2,566)
4 Accumulated Depreciation	(202,039)	0	(202,039)	(1,000)	(203,039)
5 CIAC	(35,402)	0	(35,402)	0	(35,402)
6 Accumulated Amortization of CIAC	31,097	0	31,097	49	31,146
7 Working Capital Allowance	<u>0</u>	<u>135</u>	<u>135</u>	<u>13,322</u>	<u>13,457</u>
8 <b>Rate Base</b>	<u>\$93,271</u>	<u>(\$7,273)</u>	<u>\$85,998</u>	<u>\$19,832</u>	<u>\$105,830</u>

<b>BFF Corp.</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 1/31/25</b>	<b>Schedule No. 1-C</b> <b>Docket No. 20250052-WS</b>
Explanation	Wastewater
<u>Plant In Service</u> To reflect simple average.	<u>\$2,619</u>
<u>Non-used and Useful</u> To reflect net non-used and useful adjustment.	<u>\$4,842</u>
<u>Accumulated Depreciation</u> To reflect simple average.	<u>(\$1,000)</u>
<u>Accumulated Amortization of CIAC</u> To correct under amortization.	<u>\$49</u>
<u>Working Capital</u> To reflect 1/8th of O&M expenses.	<u>\$13,322</u>

BFF Corp. Capital Structure Test Year Ended 1/31/25						Schedule No. 2 Docket No. 20250052-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	3,780	0	3,780	0	3,780	4.40%	8.50%	0.37%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	456,037	0	456,037	(373,818)	82,219	95.60%	8.77%	8.38%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
7 <b>Total Capital</b>	<u>\$459,818</u>	<u>\$0</u>	<u>\$459,818</u>	<u>(\$373,818)</u>	<u>\$86,000</u>	<u>100.00%</u>		<u>8.76%</u>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	3,780	4,775	8,555	(6,578)	1,977	1.87%	8.50%	0.16%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	456,037	-6,606	449,431	(345,578)	103,853	98.13%	7.53%	7.39%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
14 <b>Total Capital</b>	<u>\$459,818</u>	<u>-\$1,832</u>	<u>\$457,986</u>	<u>(\$352,156)</u>	<u>\$105,830</u>	<u>100.00%</u>		<u>7.55%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>7.53%</u>	<u>9.53%</u>	
OVERALL RATE OF RETURN						<u>7.55%</u>	<u>9.51%</u>	

BFF Corp. Statement of Wastewater Operations Test Year Ended 1/31/25				Schedule No. 3-A Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$98,495</u>	<u>\$33,494</u>	<u>\$131,989</u>	<u>-\$31,730</u>	<u>\$100,259</u>	<u>\$28,361</u> 28.29%	<u>\$128,620</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$107,654	\$6,216	\$113,870	(\$6,216)	\$107,654		\$107,654
3    Depreciation	6,624	(500)	6,124	23	6,147		6,147
4    Taxes Other Than Income	2,859	1,457	4,316	(1,420)	2,896	1,276	4,172
5    Income Taxes	<u>0</u>	<u>148</u>	<u>148</u>	<u>(148)</u>	<u>(4,209)</u>	<u>6,865</u>	<u>2,656</u>
6 <b>Total Operating Expense</b>	<u>117,137</u>	<u>7,321</u>	<u>124,458</u>	<u>(7,761)</u>	<u>112,488</u>	<u>8,141</u>	<u>120,629</u>
7 <b>Operating Income</b>	<u>(\$18,642)</u>	<u>\$26,173</u>	<u>\$7,531</u>	<u>(\$23,970)</u>	<u>(\$12,230)</u>	<u>\$20,220</u>	<u>\$7,991</u>
8 <b>Rate Base</b>	<u>\$93,271</u>		<u>\$85,998</u>		<u>\$105,830</u>		<u>\$105,830</u>
9 <b>Rate of Return</b>	<u>-19.99%</u>		<u>8.76%</u>		<u>-11.56%</u>		<u>7.55%</u>

<b>BFF Corp.</b> <b>Adjustment to Operating Income</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule No. 3-C</b> <b>Docket No. 20250052-WS</b>
Explanation		Wastewater
<u>Operating Revenues</u>		
1 To remove requested final revenue increase.		(\$33,494)
2 To reflect the appropriate amount of test year revenues.		<u>1,764</u>
Total		<u>(\$31,730)</u>
<u>Operation and Maintenance Expense</u>		
To remove requested annualization adjustments.		<u>(\$6,216)</u>
<u>Depreciation Expense - Net</u>		
To reflect non-used and useful adjustment to net depreciation expense.		<u>\$23</u>
<u>Taxes Other Than Income</u>		
1 To remove RAFs on revenue adjustment above.		(\$1,428)
2 To reflect non-used and useful adjustment to property tax.		<u>8</u>
Total		<u>(\$1,420)</u>

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (BFF CORP.)			SCHEDULE NO. 4
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WASTEWATER RATES			
	UTILITY CURRENT RATES	UTILITY PROPOSED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<b>General Service</b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$32.98	\$43.88	\$42.31
3/4"	\$49.47	\$65.82	\$63.47
1"	\$82.45	\$109.70	\$105.78
1-1/2"	\$164.90	\$219.39	\$211.55
2"	\$263.84	\$351.03	\$338.48
3"	\$527.68	\$658.17	\$676.96
4"	\$824.50	\$1,096.96	\$1,057.75
6"	\$1,649.00	\$2,193.91	\$2,115.50
Charge per 1,000 gallons - General Service	\$10.18	\$13.54	\$13.06
<b>Gallonge Charge - Residential Service</b>			
All Meter Sizes	\$32.98	\$43.88	\$42.31
Charge per 1,000 gallons - Residential Service	\$8.75	\$11.64	\$11.23
10,000 Gallonge Cap			
<b>Flat Rate</b>	\$75.35	N/A	\$96.66
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$59.23	\$78.80	\$76.00
5,000 Gallons	\$76.73	\$102.08	\$98.46
10,000 Gallons	\$120.48	\$160.28	\$154.61

C.F.A.T. H2O, Inc. Schedule of Water Rate Base Test Year Ended 1/31/25			Schedule No. 1-A Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$664,924	\$0	\$664,924	(\$16,724)	\$648,200
2 Land and Land Rights	54,295	0	54,295	0	54,295
3 Non-used and Useful Components	0	(23,027)	(23,027)	(128)	(23,155)
4 Accumulated Depreciation	(382,912)	0	(382,912)	(1,300)	(384,212)
5 CIAC	(124,933)	0	(124,933)	0	(124,933)
6 Accumulated Amortization of CIAC	121,788	0	121,788	1,930	123,718
7 Working Capital Allowance	<u>0</u>	<u>212</u>	<u>212</u>	<u>20,695</u>	<u>20,907</u>
8 Rate Base	<u>\$333,162</u>	<u>(\$22,815)</u>	<u>\$310,347</u>	<u>\$4,472</u>	<u>\$314,819</u>



C.F.A.T. H2O, Inc. Schedule of Wastewater Rate Base Test Year Ended 1/31/25			Schedule No. 1-B Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$409,465	\$0	\$409,465	(\$37,970)	\$371,495
2 Land and Land Rights	55,948	0	55,948	0	55,948
3 Non-used and Useful Components	0	0	0	(13,617)	(13,617)
4 Accumulated Depreciation	(96,238)	0	(96,238)	(1,805)	(98,043)
5 CIAC	(262,882)	0	(262,882)	0	(262,882)
6 Accumulated Amortization of CIAC	265,394	0	265,394	(2,512)	262,882
7 Working Capital Allowance	<u>0</u>	<u>159</u>	<u>159</u>	<u>15,693</u>	<u>15,852</u>
8 Rate Base	<u>\$371,687</u>	<u>\$159</u>	<u>\$371,846</u>	<u>(\$40,211)</u>	<u>\$331,635</u>

C.F.A.T. H2O, Inc. Adjustments to Rate Base Test Year Ended 1/31/25		Schedule No. 1-C Docket No. 20250052-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
To reflect simple average.		<u>(\$16,724)</u>	<u>(\$37,970)</u>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment.		<u>(\$128)</u>	<u>(\$13,617)</u>
<u>Accumulated Depreciation</u>			
To reflect simple average.		<u>(\$1,300)</u>	<u>(\$1,805)</u>
<u>Accumulated Amortization of CIAC</u>			
1 To correct under amortization.		\$1,930	\$0
2 To correct over amortization.		<u>0</u>	<u>(2,512)</u>
Total		<u>\$1,930</u>	<u>(\$2,512)</u>
<u>Working Capital</u>			
To reflect 1/8th of O&M expenses.		<u>\$20,695</u>	<u>\$15,693</u>

C.F.A.T. H2O, Inc. Capital Structure-Simple Average Test Year Ended 1/31/25						Schedule No. 2 Docket No. 20250052-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	40,569	0	40,569	0	40,569	5.95%	8.50%	0.51%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	1,844,791	0	1,844,791	(1,203,168)	641,623	94.05%	8.77%	8.25%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7 <b>Total Capital</b>	<u>\$1,885,360</u>	<u>\$0</u>	<u>\$1,885,360</u>	<u>(\$1,203,168)</u>	<u>\$682,192</u>	<u>100.00%</u>		<u>8.75%</u>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	40,569	52,380	92,949	(61,586)	31,363	4.85%	8.50%	0.41%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	1,844,791	(21,851)	1,822,940	(1,207,849)	615,091	95.15%	7.58%	7.21%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14 <b>Total Capital</b>	<u>\$1,885,360</u>	<u>\$30,530</u>	<u>\$1,915,890</u>	<u>(\$1,269,436)</u>	<u>\$646,454</u>	<u>100.00%</u>		<u>7.62%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>7.58%</u>	<u>9.58%</u>	
OVERALL RATE OF RETURN						<u>7.62%</u>	<u>9.52%</u>	

C.F.A.T. H2O, Inc. Statement of Water Operations Test Year Ended 1/31/25				Schedule No. 3-A Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$99,267</u>	<u>\$135,230</u>	<u>\$234,497</u>	<u>(\$111,559)</u>	<u>\$122,938</u>	<u>\$106,420</u> 86.56%	<u>\$229,358</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$169,498	\$2,787	\$172,285	(\$5,029)	\$167,256		\$167,256
3    Depreciation	23,729	(1,344)	22,385	(3,861)	18,524		18,524
4    Taxes Other Than Income	6,164	5,952	12,116	(5,020)	7,096	4,789	11,884
5    Income Taxes	<u>0</u>	<u>542</u>	<u>542</u>	<u>(18,597)</u>	<u>(18,055)</u>	<u>25,758</u>	<u>7,704</u>
6 <b>Total Operating Expense</b>	<u>199,391</u>	<u>7,937</u>	<u>207,328</u>	<u>(32,507)</u>	<u>174,821</u>	<u>30,547</u>	<u>205,368</u>
7 <b>Operating Income</b>	<u>(\$100,124)</u>	<u>\$127,293</u>	<u>\$27,169</u>	<u>(\$79,052)</u>	<u>(\$51,883)</u>	<u>\$75,872</u>	<u>\$23,989</u>
8 <b>Rate Base</b>	<u>\$333,162</u>		<u>\$310,347</u>		<u>\$314,819</u>		<u>\$314,819</u>
9 <b>Rate of Return</b>	<u>-30.05%</u>		<u>8.75%</u>		<u>-16.48%</u>		<u>7.62%</u>

C.F.A.T. H2O, Inc. Statement of Wastewater Operations Test Year Ended 1/31/25				Schedule No. 3-B Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$137,855</u>	<u>\$42,569</u>	<u>\$180,424</u>	<u>(\$43,700)</u>	<u>\$136,724</u>	<u>\$43,700</u> 31.96%	<u>\$180,424</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$126,851	(\$5,927)	\$120,924	\$5,889	\$126,813		\$126,813
3    Depreciation	17,216	0	17,216	729	17,945		17,945
4    Taxes Other Than Income	7,162	1,916	9,078	(2,030)	7,048	1,967	9,014
5    Income Taxes	<u>0</u>	<u>655</u>	<u>655</u>	<u>(655)</u>	<u>(4,169)</u>	<u>10,577</u>	<u>6,408</u>
6 <b>Total Operating Expense</b>	<u>151,229</u>	<u>(3,356)</u>	<u>147,873</u>	<u>3,933</u>	<u>147,637</u>	<u>12,544</u>	<u>160,181</u>
7 <b>Operating Income</b>	<u>(\$13,374)</u>	<u>\$45,925</u>	<u>\$32,551</u>	<u>(\$47,633)</u>	<u>(\$10,913)</u>	<u>\$31,156</u>	<u>\$20,243</u>
8 <b>Rate Base</b>	<u>\$371,687</u>		<u>\$371,846</u>		<u>\$331,635</u>		<u>\$331,635</u>
9 <b>Rate of Return</b>	<u>-3.60%</u>		<u>8.75%</u>		<u>-3.29%</u>		<u>6.10%</u>

C.F.A.T. H2O, Inc. Adjustment to Operating Income Test Year Ended 1/31/25		Schedule 3-C Docket No. 20250052-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 To remove requested final revenue increase.	(\$135,230)	(\$42,569)	
2 To reflect the appropriate amount of test year revenues.	<u>23,671</u>	<u>(1,131)</u>	
Total	<u>(\$111,559)</u>	<u>(\$43,700)</u>	
<u>Operation and Maintenance Expense</u>			
1 To remove requested annualization adjustments.	(\$2,753)	\$5,809	
2 To correct bad debt expense adjustment.	120	80	
3 To reflect EUW adjustments.	<u>(2,397)</u>	<u>0</u>	
Total	<u>(\$5,029)</u>	<u>\$5,889</u>	
<u>Depreciation Expense - Net</u>			
1 To reflect non-used and useful adjustment to net depreciation expense.	\$0	(\$1,339)	
2 To reflect corresponding CIAC amortization expense adjustments.	<u>(3,861)</u>	<u>2,068</u>	
Total	<u>(\$3,861)</u>	<u>\$729</u>	
<u>Taxes Other Than Income</u>			
1 To remove RAFs on revenue adjustment above.	(\$5,020)	(\$1,967)	
2 To reflect non-used and useful adjustment to property tax.	<u>(0)</u>	<u>(64)</u>	
Total	<u>(\$5,020)</u>	<u>(\$2,030)</u>	

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (C.F.A.T. H2O, Inc.)			SCHEDULE NO. 4-A
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WATER RATES			
	UTILITY CURRENT RATES	UTILITY PROPOSED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$12.67	\$26.34	\$23.64
1"	\$31.68	\$65.85	\$59.10
1-1/2"	\$63.35	\$131.71	\$118.20
2"	\$101.36	\$210.73	\$189.12
3"	\$202.72	\$395.13	\$378.24
4"	\$316.75	\$658.55	\$591.00
Charge per 1,000 gallons - Residential			
0-3,000 gallons	\$4.33	\$9.00	\$8.08
3,001-6,000 gallons	\$8.02	\$16.67	\$14.96
Over 6,000 gallons	\$12.02	\$24.99	\$22.42
Charge per 1,000 gallons - General Service			
	\$5.99	\$12.45	\$11.17
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$25.66	\$53.35	\$47.88
5,000 Gallons	\$41.70	\$86.70	\$77.80
10,000 Gallons	\$97.80	\$203.33	\$182.44

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (C.F.A.T. H2O, Inc.)			SCHEDULE NO. 4-B
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WASTEWATER RATES			
	UTILITY CURRENT RATES	UTILITY PROPOSED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<b><u>Residential Service</u></b>			
All Meter Sizes	\$17.34	\$23.03	\$22.88
Charge per 1,000 gallons 10,000 Gallonage Cap	\$4.76	\$6.32	\$6.28
<b><u>General Service</u></b>			
Base Facility Charge by Meter Size			
5/8"x3/4"	\$17.34	\$23.03	\$22.88
1"	\$43.35	\$57.57	\$57.20
1-1/2"	\$86.70	\$115.15	\$114.40
2"	\$138.72	\$184.24	\$183.04
3"	\$277.44	\$345.44	\$366.08
4"	\$433.50	\$575.73	\$572.00
Charge per 1,000 gallons - General Service	\$4.76	\$6.32	\$6.28
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$31.62	\$41.99	\$41.72
5,000 Gallons	\$41.14	\$54.63	\$54.28
10,000 Gallons	\$64.94	\$86.23	\$85.68



Neighborhood Utilities Schedule of Water Rate Base Test Year Ended 1/31/25			Schedule No. 1-A Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$729,247	0	\$729,247	(24,793)	\$704,454
2 Land and Land Rights	39,628	0	39,628	0	39,628
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(422,288)	0	(422,288)	(1,292)	(423,580)
5 CIAC	(269,576)	0	(269,576)	0	(269,576)
6 Accumulated Amortization of CIAC	231,807	0	231,807	380	232,187
7 Working Capital Allowance	<u>158,903</u>	<u>(158,616)</u>	<u>287</u>	<u>27,947</u>	<u>28,234</u>
8 Rate Base	<u>\$467,721</u>	<u>(\$158,616)</u>	<u>\$309,105</u>	<u>\$2,242</u>	<u>\$311,347</u>

<b>Neighborhood Utilities</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule No. 1-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Water</b>
<u>Plant In Service</u> To reflect simple average.		<u>(\$24,793)</u>
<u>Accumulated Depreciation</u> To reflect simple average.		<u>(\$1,292)</u>
<u>Accumulated Amortization of CIAC</u> To reflect simple average.		<u>\$380</u>
<u>Working Capital</u> To reflect 1/8th of O&M expenses.		<u>\$27,947</u>

<b>Neighborhood Utilities Capital Structure-Simple Average Test Year Ended 1/31/25</b>						<b>Schedule No. 2 Docket No. 20250052-WS</b>		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	28,250	0	28,250	0	28,250	9.14%	8.50%	0.78%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	280,856	0	637,210	(356,353)	280,857	90.86%	8.77%	7.97%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
7 <b>Total Capital</b>	<u>\$309,106</u>	<u>\$0</u>	<u>\$665,460</u>	<u>(\$356,353)</u>	<u>\$309,107</u>	<u>100.00%</u>		<u>8.75%</u>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	28,250	34,012	62,262	(33,719)	28,543	9.17%	8.50%	0.78%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	280,856	336,035	616,891	(334,086)	282,805	90.83%	7.64%	6.94%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
14 <b>Total Capital</b>	<u>\$309,106</u>	<u>\$370,047</u>	<u>\$679,153</u>	<u>(\$367,805)</u>	<u>\$311,348</u>	<u>100.00%</u>		<u>7.72%</u>
						<b>LOW</b>	<b>HIGH</b>	
						RETURN ON EQUITY	7.64%	9.64%
							<u>7.72%</u>	<u>9.54%</u>

Neighborhood Utilities Statement of Water Operations Test Year Ended 1/31/25				Schedule No. 3-A Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$164,075</u>	<u>\$110,936</u>	<u>\$275,011</u>	<u>(\$113,946)</u>	<u>\$161,065</u>	<u>\$113,946</u> 70.75%	<u>\$275,011</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$229,332	(\$5,857)	\$223,475	\$2,397	\$225,872		\$225,872
3    Depreciation	11,844	0	11,844	0	11,844		11,844
4    Taxes Other Than Income	7,170	4,992	12,162	(5,128)	7,034	5,128	12,162
5    Income Taxes	<u>0</u>	<u>498</u>	<u>498</u>	<u>(22,323)</u>	<u>(21,825)</u>	<u>27,580</u>	<u>5,755</u>
6 <b>Total Operating Expense</b>	<u>248,346</u>	<u>(367)</u>	<u>247,979</u>	<u>(25,054)</u>	<u>222,925</u>	<u>32,708</u>	<u>255,633</u>
7 <b>Operating Income</b>	<u>(\$84,271)</u>	<u>\$111,303</u>	<u>\$27,032</u>	<u>(\$88,892)</u>	<u>(\$61,860)</u>	<u>\$81,238</u>	<u>\$19,378</u>
8 <b>Rate Base</b>	<u>\$467,721</u>		<u>\$309,105</u>		<u>\$311,347</u>		<u>\$311,347</u>
9 <b>Rate of Return</b>	<u>-18.02%</u>		<u>8.75%</u>		<u>-19.87%</u>		<u>6.22%</u>

<b>Neighborhood Utilities</b> <b>Adjustment to Operating Income</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule 3-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Water</b>
<u>Operating Revenues</u>		
1 To remove requested final revenue increase.		(\$110,936)
2 To reflect the appropriate amount of test year revenues.		<u>(3,010)</u>
Total		<u><u>(113,946)</u></u>
<u>Operation and Maintenance Expense</u>		
1 To remove requested annualization adjustments.		\$6,331
2 To correct bad debt expense adjustment.		(76)
3 To reflect EUW adjustments.		<u>(3,858)</u>
Total		<u><u>\$2,397</u></u>
<u>Taxes Other Than Income</u>		
To remove RAFs on revenue adjustment above.		<u><u>(\$5,128)</u></u>

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (NEIGHBORHOOD UTILITIES, INC.)			SCHEDULE NO. 4
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WATER RATES			
	UTILITY CURRENT RATES	UTILITY PROPOSED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<b><u>Residential and General Service</u></b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$8.44	\$14.37	\$14.62
3/4"	\$12.66	\$21.56	\$21.93
1"	\$21.09	\$35.94	\$36.55
1-1/2"	\$42.19	\$71.87	\$73.10
2"	\$67.50	\$114.99	\$116.96
3"	\$134.99	\$215.61	\$233.92
4"	\$210.93	\$359.35	\$365.50
6"	\$421.86	\$718.70	\$731.00
Charge per 1,000 gallons - Residential			
0-3,000 gallons	\$4.34	\$7.39	7.52
3,001-6,000 gallons	\$5.34	\$9.09	9.25
Over 6,000 gallons	\$8.00	\$13.62	13.86
Charge per 1,000 gallons - General Service			
	\$4.81	N/A	\$8.33
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$21.46	\$36.54	\$37.18
5,000 Gallons	\$32.14	\$54.72	\$55.68
10,000 Gallons	\$69.48	\$118.29	\$120.37

North Peninsula Utilities Corporation Schedule of Wastewater Rate Base Test Year Ended 1/31/25			Schedule No. 1-B Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$1,286,434	\$0	\$1,286,434	(\$84,135)	\$1,202,299
2 Land and Land Rights	93,203	0	93,203	0	93,203
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(633,925)	0	(633,925)	(2,727)	(636,652)
5 CIAC	(642,965)	0	(642,965)	(188)	(643,153)
6 Accumulated Amortization of CIAC	641,777	0	641,777	2	641,779
7 Acquisition Adjustments	1,196,741	0	1,196,741	(1,196,741)	0
8 Working Capital Allowance	<u>0</u>	<u>294</u>	<u>294</u>	<u>29,420</u>	<u>29,714</u>
9 <b>Rate Base</b>	<u>\$1,941,265</u>	<u>\$294</u>	<u>\$1,941,559</u>	<u>(\$1,254,369)</u>	<u>\$687,190</u>

<b>North Peninsula Utilities Corporation</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule No. 1-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Wastewater</b>
<u>Plant In Service</u>		
To reflect simple average.		<u>(\$84,135)</u>
<u>Accumulated Depreciation</u>		
To reflect simple average.		<u>(\$2,727)</u>
<u>CIAC</u>		
To reflect simple average.		<u>(\$188)</u>
<u>Accumulated Amortization of CIAC</u>		
To reflect simple average.		<u>\$2</u>
<u>Acquisition Adjustment</u>		
To remove acquisition adjustment.		<u>(\$1,196,741)</u>
<u>Working Capital</u>		
To reflect 1/8th of O&M expenses.		<u>\$29,420</u>



<b>North Peninsula Utilities Corporation</b> <b>Capital Structure-Simple Average</b> <b>Test Year Ended 1/31/25</b>						<b>Schedule No. 2</b> <b>Docket No. 20250052-WS</b>		
Description	Total Capital	Specific Adjustments	Subtotal Adjusted Capital	Prorata Adjustments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	8,752	0	8,752	0	8,752	0.45%	8.50%	0.04%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	1,812,673	0	1,812,673	120,134	1,932,807	99.55%	8.77%	8.73%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7 <b>Total Capital</b>	<b><u>\$1,821,426</u></b>	<b><u>\$0</u></b>	<b><u>\$1,821,426</u></b>	<b><u>\$120,134</u></b>	<b><u>\$1,941,559</u></b>	<b><u>100.00%</u></b>		<b><u>8.77%</u></b>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	8,752	22,973	31,725	(19,778)	11,947	1.74%	8.50%	0.15%
10 Preferred Stock	\$0	0	\$0	0	0	0.00%	0.00%	0.00%
11 Common Equity	1,812,673	-19,546	1,793,128	(1,117,884)	675,243	98.26%	7.53%	7.40%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14 <b>Total Capital</b>	<b><u>\$1,821,426</u></b>	<b><u>\$3,427</u></b>	<b><u>\$1,824,853</u></b>	<b><u>(\$1,137,663)</u></b>	<b><u>\$687,190</u></b>	<b><u>100.00%</u></b>		<b><u>7.55%</u></b>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>7.53%</u>	<u>9.53%</u>	
OVERALL RATE OF RETURN						<u>7.55%</u>	<u>9.51%</u>	

North Peninsula Utilities Corporation Statement of Wastewater Operations Test Year Ended 1/31/25				Schedule No. 3-B Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$281,531</u>	<u>\$181,455</u>	<u>\$462,986</u>	<u>(\$179,258)</u>	<u>\$283,728</u>	<u>\$92,164</u> 32.48%	<u>\$375,892</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$235,360	(\$20,835)	\$214,525	\$20,835	\$235,360		\$235,360
3    Depreciation	50,385	0	50,385	0	50,385		50,385
4    Taxes Other Than Income	16,772	8,165	24,937	(8,067)	16,870	4,147	21,018
5    Income Taxes	<u>0</u>	<u>3,687</u>	<u>3,687</u>	<u>(3,687)</u>	<u>(5,044)</u>	<u>22,308</u>	<u>17,263</u>
6 <b>Total Operating Expense</b>	<u>302,517</u>	<u>(8,983)</u>	<u>293,534</u>	<u>9,081</u>	<u>297,571</u>	<u>26,455</u>	<u>324,026</u>
7 <b>Operating Income</b>	<u>(\$20,986)</u>	<u>\$190,438</u>	<u>\$169,452</u>	<u>(\$188,340)</u>	<u>(\$13,843)</u>	<u>\$65,709</u>	<u>\$51,866</u>
8 <b>Rate Base</b>	<u>\$1,941,265</u>		<u>\$1,941,559</u>		<u>\$687,190</u>		<u>\$687,190</u>
9 <b>Rate of Return</b>	<u>-1.08%</u>		<u>8.73%</u>		<u>-2.01%</u>		<u>7.55%</u>

<b>North Peninsula Utilities Corporation</b> <b>Adjustment to Operating Income</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule 3-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Wastewater</b>
<u>Operating Revenues</u>		
1 Remove requested final revenue increase.		(\$181,455)
2 To reflect the appropriate amount of annualized revenues.		<u>2,197</u>
Total		<u>(\$179,258)</u>
<u>Operation and Maintenance Expense</u>		
1 To remove requested annualization adjustments.		\$21,634
2 To remove bad debt expense adjustment.		<u>(799)</u>
Total		<u>\$20,835</u>
<u>Taxes Other Than Income</u>		
To remove RAFs on revenue adjustment above.		<u>(\$8,067)</u>

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (NORTH PENINSULA)			SCHEDULE NO. 4
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WASTEWATER RATES			
	UTILITY CURRENT RATES	UTILITY PROPOSED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<b><u>Residential Flat Rate</u></b>			
All Meter Sizes	\$39.03	\$64.71	\$51.76
<b><u>General Service Flat Rate</u></b>			
<u>All Meter Sizes</u>			
Las Olas Townhomes (6 ERC's)	\$236.24	\$388.26	\$313.28
2986 Ocean Shore Blvd. (14 ERC's)	\$546.48	\$905.93	\$724.69
Ocean Air (17 ERC's)	\$663.59	\$1,100.06	\$879.99
Seabridge North (65 ERC's)	\$2,537.25	\$4,206.10	\$3,364.65
Seabridge South (70 ERC's)	\$2,732.42	\$4,529.65	\$3,623.46

Rolling Oaks Utilities, Inc. Schedule of Water Rate Base Test Year Ended 1/31/25			Schedule No. 1-A Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$3,647,486	\$0	\$3,647,486	\$0	\$3,647,486
2 Land and Land Rights	2,443,987	0	2,443,987	0	2,443,987
3 Non-used and Useful Components	0	(211,649)	(211,649)	211,649	0
4 Accumulated Depreciation	(2,728,722)	0	(2,728,722)	0	(2,728,722)
5 CIAC	(2,297,283)	0	(2,297,283)	0	(2,297,283)
6 Accumulated Amortization of CIAC	1,990,044	0	1,990,044	0	1,990,044
7 Working Capital Allowance	<u>0</u>	<u>2,486</u>	<u>2,486</u>	<u>(2,486)</u>	<u>0</u>
8 Rate Base	<u>\$3,055,512</u>	<u>(\$209,163)</u>	<u>\$2,846,349</u>	<u>\$209,163</u>	<u>\$3,055,512</u>

Rolling Oaks Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 1/31/25			Schedule No. 1-B Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$6,575,892	\$0	\$6,575,892	\$0	\$6,575,892
2 Land and Land Rights	2,694,945	0	2,694,945	0	2,694,945
3 Non-used and Useful Components	0	(550,241)	(550,241)	433,342	(116,899)
4 Accumulated Depreciation	(5,329,283)	0	(5,329,283)	0	(5,329,283)
5 CIAC	(2,290,809)	0	(2,290,809)	0	(2,290,809)
6 Accumulated Amortization of CIAC	1,956,321	0	1,956,321	0	1,956,321
7 Working Capital Allowance	<u>0</u>	<u>1,834</u>	<u>1,834</u>	<u>(1,834)</u>	<u>0</u>
8 Rate Base	<u>\$3,607,066</u>	<u>(\$548,407)</u>	<u>\$3,058,659</u>	<u>\$431,508</u>	<u>\$3,490,167</u>

<b>Rolling Oaks Utilities, Inc.</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule No. 1-C</b> <b>Docket No. 20250052-WS</b>	
<b>Explanation</b>		<b>Water</b>	<b>Wastewater</b>
<u>Non-used and Useful</u>			
To reflect net non-used and useful adjustment.		<u>\$211,649</u>	<u>\$433,342</u>
<u>Working Capital</u>			
To remove working capital.		<u>(\$2,486)</u>	<u>(\$1,834)</u>

Rolling Oaks Utilities, Inc. Capital Structure-Simple Average Test Year Ended 1/31/25						Schedule No. 2 Docket No. 20250052-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	106,365	0	106,365	0	106,365	1.80%	8.50%	0.15%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	33,189,150	0	33,189,150	(27,390,507)	5,798,643	98.20%	8.77%	8.61%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7 <b>Total Capital</b>	<u>\$33,295,515</u>	<u>\$0</u>	<u>\$33,295,515</u>	<u>(\$27,390,507)</u>	<u>\$5,905,008</u>	<u>100.00%</u>		<u>8.77%</u>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	106,365	0	106,365	(85,454)	20,911	0.32%	8.50%	0.03%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	33,189,150	0	33,189,150	(26,664,381)	6,524,769	99.68%	7.51%	7.49%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14 <b>Total Capital</b>	<u>\$33,295,515</u>	<u>\$0</u>	<u>\$33,295,515</u>	<u>(\$26,749,836)</u>	<u>\$6,545,679</u>	<u>100.00%</u>		<u>7.51%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>7.51%</u>	<u>9.51%</u>	
OVERALL RATE OF RETURN						<u>7.51%</u>	<u>9.51%</u>	



Rolling Oaks Utilities, Inc. Statement of Wastewater Operations Test Year Ended 1/31/25				Schedule No. 3-B Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$1,888,159</u>	<u>(\$118,750)</u>	<u>\$1,769,409</u>	<u>(\$139,283)</u>	<u>\$1,630,126</u>	<u>\$139,283</u> 8.54%	<u>\$1,769,409</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$1,467,019	(\$122,822)	\$1,344,197	\$122,822	\$1,467,019		\$1,467,019
3    Depreciation	37,372	(13,649)	23,723	6,435	30,158		30,158
4    Taxes Other Than Income	73,630	(6,467)	67,163	(5,913)	61,250	6,268	67,518
5    Income Taxes	0	66,231	66,231	(66,231)	17,932	33,713	51,645
6 <b>Total Operating Expense</b>	<u>1,578,021</u>	<u>(76,707)</u>	<u>1,501,314</u>	<u>57,113</u>	<u>1,576,359</u>	<u>39,981</u>	<u>1,616,339</u>
7 <b>Operating Income</b>	<u>\$310,138</u>	<u>(\$42,043)</u>	<u>\$268,095</u>	<u>(\$196,397)</u>	<u>\$53,767</u>	<u>\$99,303</u>	<u>\$153,070</u>
8 <b>Rate Base</b>	<u>\$3,607,066</u>		<u>\$3,058,659</u>		<u>\$3,490,167</u>		<u>\$3,490,167</u>
9 <b>Rate of Return</b>	<u>8.60%</u>		<u>8.77%</u>		<u>1.54%</u>		<u>4.39%</u>

Rolling Oaks Utilities, Inc. Adjustment to Operating Income Test Year Ended 1/31/25		Schedule 3-C Docket No. 20250052-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 To remove requested final revenue increase.	(\$760,848)	\$118,750	
2 To reflect the appropriate amount of test year revenues.	218,023	(258,033)	
Total	<u>(\$542,825)</u>	<u>(\$139,283)</u>	
<u>Operation and Maintenance Expense</u>			
1 To remove requested annualization adjustments.	\$193,167	\$125,343	
2 To remove bad debt expense adjustment.	(7,037)	(2,521)	
3 To reflect EUW adjustments.	(78,135)	0	
Total	<u>\$107,995</u>	<u>\$122,822</u>	
<u>Depreciation Expense - Net</u>			
To reflect non-used and useful adjustment to net depreciation expense.	<u>\$19,973</u>	<u>\$6,435</u>	
<u>Taxes Other Than Income</u>			
1 To remove RAFs on revenue adjustment above.	(\$24,427)	(\$6,268)	
2 To reflect non-used and useful adjustment to property tax.	598	354	
Total	<u>(\$23,829)</u>	<u>(\$5,913)</u>	

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (ROLLING OAKS)			SCHEDULE NO. 4	
TEST YEAR ENDED JANUARY 31, 2025		DOCKET NO. 20250052-WS		
MONTHLY WATER RATES				
	UTILITY CURRENT RATES	UTILITY REQUESTED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES	
<b><u>Residential and General Service</u></b>				
Base Facility Charge by Meter Size				
5/8"X3/4"	\$12.11	\$19.41	\$16.32	
1"	\$30.19	\$48.51	\$40.80	
1-1/2"	\$60.34	\$97.03	\$81.60	
2"	\$96.51	\$155.25	\$130.56	
3"	\$192.96	\$291.09	\$261.12	
4"	\$301.48	\$485.14	\$408.00	
6"	\$602.51	\$970.29	\$816.00	
Charge per 1,000 gallons				
5/8"X3/4"				
	0-10,000 gallons	\$0.73	\$1.17	\$0.98
	10,001-20,000 gallons	\$1.39	\$2.23	\$1.87
	20,001-30,000 gallons	\$2.09	\$3.35	\$2.82
	30,001-40,000 gallons	\$2.79	\$4.47	\$3.76
	Over 40,000 gallons	\$3.46	\$5.54	\$4.66
1"				
	0-25,000 gallons	\$0.73	\$1.17	\$0.98
	25,001-50,000 gallons	\$1.39	\$2.23	\$1.87
	50,001-75,000 gallons	\$2.09	\$3.35	\$2.82
	75,001-100,000 gallons	\$2.79	\$4.47	\$3.76
	Over 100,000 gallons	\$3.46	\$5.54	\$4.66
1-1/2"				
	0-50,000 gallons	\$0.73	\$1.17	\$0.98
	50,001-100,000 gallons	\$1.39	\$2.23	\$1.87
	100,001-150,000 gallons	\$2.09	\$3.35	\$2.82
	150,001-200,000 gallons	\$2.79	\$4.47	\$3.76
	Over 200,000 gallons	\$3.46	\$5.54	\$4.66
2"				
	0-80,000 gallons	\$0.73	\$1.17	\$0.98
	80,001-160,000 gallons	\$1.39	\$2.23	\$1.87
	160,001-240,000 gallons	\$2.09	\$3.35	\$2.82
	240,001-320,000 gallons	\$2.79	\$4.47	\$3.76
	Over 320,000 gallons	\$3.46	\$5.54	\$4.66
3"				
	0-160,000 gallons	\$0.73	\$1.17	\$0.98
	160,001-320,000 gallons	\$1.39	\$2.23	\$1.87
	320,001-480,000 gallons	\$2.09	\$3.35	\$2.82
	480,001-640,000 gallons	\$2.79	\$4.47	\$3.76
	Over 640,000 gallons	\$3.46	\$5.54	\$4.66
4"				
	0-250,000 gallons	\$0.73	\$1.17	\$0.98
	250,001-500,000 gallons	\$1.39	\$2.23	\$1.87
	500,001-750,000 gallons	\$2.09	\$3.35	\$2.82
	750,001-1,000,000 gallons	\$2.79	\$4.47	\$3.76
	Over 1,000,000 gallons	\$3.46	\$5.54	\$4.66
6"				
	0-250,000 gallons	\$0.73	\$1.17	\$0.98
	250,001-500,000 gallons	\$1.39	\$2.23	\$1.87
	500,001-750,000 gallons	\$2.09	\$3.35	\$2.82
	750,001-1,000,000 gallons	\$2.79	\$4.47	\$3.76
	Over 1,000,000 gallons	\$3.46	\$5.54	\$4.66
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>				
3,000 Gallons	\$14.30	\$22.92	\$19.26	
5,000 Gallons	\$15.76	\$25.26	\$21.22	
10,000 Gallons	\$19.41	\$31.11	\$26.12	

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (ROLLING OAKS)			SCHEDULE NO. 4-B
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WASTEWATER RATES			
	UTILITY CURRENT RATES	UTILITY REQUESTED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<b><u>Residential Service</u></b>			
All Meter Sizes	\$18.55	\$19.07	\$20.20
Charge per 1,000 gallons - Residential Service 6,000 Gallonage Cap	\$3.49	\$3.59	\$3.80
<b><u>General Service</u></b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$18.55	\$19.07	\$20.20
1"	\$46.27	\$47.68	\$50.50
1-1/2"	\$92.48	\$95.37	\$101.00
2"	\$147.94	\$152.59	\$161.60
3"	\$295.81	\$286.10	\$323.20
4"	\$461.91	\$476.83	\$505.00
6"	\$665.50	\$667.57	\$707.00
8"	\$924.29	\$953.67	\$1,010.00
Charge per 1,000 gallons - General Service	\$4.24	\$4.36	\$4.62
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$29.02	\$29.84	\$31.60
5,000 Gallons	\$36.00	\$37.02	\$39.20
10,000 Gallons	\$39.49	\$40.61	\$43.00

Sebring Ridge Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 1/31/25			Schedule No. 1-B Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$1,087,791	\$0	\$1,087,791	(\$121,174)	\$966,617
2 Land and Land Rights	103,019	0	103,019	0	103,019
3 Non-used and Useful Components	0	(129,412)	(129,412)	105,329	(24,084)
4 Accumulated Depreciation	(425,073)	0	(425,073)	(2,847)	(427,920)
5 CIAC	(282,771)	0	(282,771)	(392)	(283,163)
6 Accumulated Amortization of CIAC	230,841	0	230,841	393	231,234
7 Working Capital Allowance	<u>0</u>	<u>216</u>	<u>216</u>	<u>21,346</u>	<u>21,562</u>
8 Rate Base	<u>\$713,807</u>	<u>(\$129,197)</u>	<u>\$584,610</u>	<u>\$2,655</u>	<u>\$587,265</u>

<b>Sebring Ridge Utilities, Inc.</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 1/31/25</b>	<b>Schedule No. 1-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>	<b>Was tewater</b>
<u>Plant In Service</u> To reflect simple average.	<u>(\$121,174)</u>
<u>Non-used and Useful</u> To reflect net non-used and useful adjustment.	<u>\$105,329</u>
<u>Accumulated Depreciation</u> To reflect simple average.	<u>(\$2,847)</u>
<u>CIAC</u> To reflect simple average.	<u>(\$392)</u>
<u>Accumulated Amortization of CIAC</u> To reflect simple average.	<u>\$393</u>
<u>Working Capital</u> To reflect 1/8th of O&M expenses.	<u>\$21,346</u>

Sebring Ridge Utilities, Inc. Capital Structure-Simple Average Test Year Ended 1/31/25						Schedule No. 2 Docket No. 20250052-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	41,912	0	41,912	0	41,912	7.17%	8.50%	0.61%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	860,934	0	860,934	(318,234)	542,700	92.83%	8.77%	8.14%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7 <b>Total Capital</b>	<u>\$902,846</u>	<u>\$0</u>	<u>\$902,846</u>	<u>(\$318,234)</u>	<u>\$584,611</u>	<u>100.00%</u>		<u>8.75%</u>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	41,912	93,329	135,241	(49,267)	85,974	14.64%	8.50%	1.24%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	860,934	(72,383)	788,551	(287,260)	501,291	85.36%	7.74%	6.60%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14 <b>Total Capital</b>	<u>\$902,846</u>	<u>\$20,946</u>	<u>\$923,792</u>	<u>(\$336,526)</u>	<u>\$587,265</u>	<u>100.00%</u>		<u>7.85%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>7.74%</u>	<u>9.74%</u>	
OVERALL RATE OF RETURN						<u>7.85%</u>	<u>9.56%</u>	

Sebring Ridge Utilities, Inc. Statement of Wastewater Operations Test Year Ended 1/31/25				Schedule No. 3-B Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$114,578</u>	<u>\$130,309</u>	<u>\$244,887</u>	<u>(\$176,267)</u>	<u>\$68,620</u>	<u>\$176,267</u> 256.87%	<u>\$244,887</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$172,493	(\$6,287)	\$166,205	\$6,287	\$172,492		\$172,492
3    Depreciation	22,857	(4,466)	18,391	3,302	21,693		21,693
4    Taxes Other Than Income	2,248	5,861	8,109	(7,930)	179	7,932	8,111
5    Income Taxes	<u>0</u>	<u>1,025</u>	<u>1,025</u>	<u>(1,025)</u>	<u>(33,722)</u>	<u>42,664</u>	<u>8,942</u>
6 <b>Total Operating Expense</b>	<u>197,598</u>	<u>(3,867)</u>	<u>193,731</u>	<u>634</u>	<u>160,642</u>	<u>50,597</u>	<u>211,239</u>
7 <b>Operating Income</b>	<u>(\$83,020)</u>	<u>\$134,176</u>	<u>\$51,156</u>	<u>(\$176,901)</u>	<u>(\$92,022)</u>	<u>\$125,670</u>	<u>\$33,648</u>
8 <b>Rate Base</b>	<u>\$713,807</u>		<u>\$584,610</u>		<u>\$587,265</u>		<u>\$587,265</u>
9 <b>Rate of Return</b>	<u>-11.63%</u>		<u>8.75%</u>		<u>-15.67%</u>		<u>5.73%</u>



<b>Sebring Ridge Utilities, Inc.</b> <b>Adjustment to Operating Income</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule 3-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Was tewater</b>
<u>Operating Revenues</u>		
1 To remove requested final revenue increase.		(\$130,309)
2 To reflect the appropriate amount of test year revenues.		<u>(45,958)</u>
Total		<u>(\$176,267)</u>
<u>Operation and Maintenance Expense</u>		
1 To remove requested annualization adjustments.		\$6,135
2 To remove bad debt expense adjustment.		<u>152</u>
Total		<u>\$6,287</u>
<u>Depreciation Expense - Net</u>		
To reflect non-used and useful adjustment to net depreciation expense.		<u>\$3,302</u>
<u>Taxes Other Than Income</u>		
1 To remove RAFs on revenue adjustment above.		(\$7,932)
2 To reflect non-used and useful adjustment to property tax.		<u>2</u>
Total		<u>(\$7,930)</u>

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (SEBRING RIDGE)			SCHEDULE NO. 4
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WASTEWATER RATES			
	UTILITY CURRENT RATES	UTILITY PROPOSED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<b><u>General Service</u></b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$16.17	\$53.22	\$59.43
3/4"	\$24.26	\$79.83	\$89.15
1"	\$40.43	\$133.06	\$148.58
1-1/2"	\$80.85	\$266.11	\$297.15
2"	\$129.36	\$425.78	\$475.44
3"	\$258.72	\$798.33	\$950.88
4"	\$404.25	\$1,330.56	\$1,485.75
6"	\$808.50	\$2,661.12	\$2,971.50
Charge per 1,000 gallons - General Service	\$4.20	\$4.20	\$15.44
<b><u>Gallonge Charge - Residential Service</u></b>			
All Meter Sizes	\$16.17	\$53.22	\$59.43
Charge per 1,000 gallons - Residential Service	\$3.51	\$11.55	\$12.90
10,000 Gallonge Cap			
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$26.70	\$87.87	\$98.13
5,000 Gallons	\$33.72	\$110.97	\$123.93
10,000 Gallons	\$51.27	\$168.72	\$188.43

Sunshine Utilities of Central Florida, Inc. - Unified Schedule of Water Rate Base Test Year Ended 1/31/25			Schedule No. 1-A Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$5,237,433	\$0	\$5,237,433 ✓	(\$287,195)	\$4,950,238
2 Land and Land Rights	475,568	0	475,568 ✓	69,937	545,505
3 Non-used and Useful Components	0	(202,871)	(202,871)	54,285	(148,586)
4 Construction Work in Progress	0	720,427	720,427	(720,427)	0
5 Accumulated Depreciation	(2,655,531)	0	(2,655,531) ✓	(7,359)	(2,662,890)
6 CIAC	(2,047,250)	0	(2,047,250) ✓	1,128	(2,046,122)
7 Accumulated Amortization of CIAC	1,936,632	0	1,936,632 ✓	2,881	1,939,513
8 Acquisition Adjustment	5,457,165	0	5,457,165	(5,457,165)	0
9 Working Capital Allowance	<u>0</u>	<u>2,014</u>	<u>2,014</u>	<u>194,659</u>	<u>196,673</u>
10 <b>Rate Base</b>	<u>\$8,404,017</u>	<u>\$519,570</u>	<u>\$8,923,587</u>	<u>(\$6,149,256)</u>	<u>\$2,774,331</u>

<b>Sunshine Utilities of Central Florida, Inc. - Unified Adjustments to Rate Base Test Year Ended 1/31/25</b>	<b>Schedule No. 1-C Docket No. 20250052-WS</b>
<b>Explanation</b>	<b>Water</b>
<u>Plant In Service</u> To reflect simple average.	<u>(\$287,195)</u>
<u>Land</u> To reflect simple average.	<u>\$69,937</u>
<u>Non-used and Useful</u> To reflect net non-used and useful adjustment.	<u>\$54,285</u>
<u>Construction Work in Progress</u> To remove requested pro forma adjustment.	<u>(\$720,427)</u>
<u>Accumulated Depreciation</u> To reflect simple average.	<u>(\$7,359)</u>
<u>CIAC</u> To reflect simple average.	<u>\$1,128</u>
<u>Accumulated Amortization of CIAC</u> To reflect simple average.	<u>\$2,881</u>
<u>Acquisition Adjustment</u> To remove acquisition adjustment.	<u>(\$5,457,165)</u>
<u>Working Capital</u> To reflect 1/8th of O&M expenses.	<u>\$194,659</u>

Sunshine Utilities of Central Florida, Inc. - Other Schedule of Water Rate Base Test Year Ended 1/31/25			Schedule No. 1-A Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$377,113	\$0	\$377,113	(\$37,654)	\$339,459
2 Land and Land Rights	32,768	0	32,768	0	32,768
3 Non-used and Useful Components	0	(4,941)	(4,941)	2,956	(1,985)
4 Construction Work in Progress	0	372,650	372,650	(372,650)	0
5 Accumulated Depreciation	(96,483)	0	(96,483)	(1,460)	(97,943)
6 CIAC	(26,300)	0	(26,300)	(635)	(26,935)
7 Accumulated Amortization of CIAC	15,968	0	15,968	6	15,974
8 Acquisition Adjustment	403,712	0	403,712	(403,712)	0
9 Working Capital Allowance	<u>0</u>	<u>183</u>	<u>183</u>	<u>17,772</u>	<u>17,955</u>
10 Rate Base	<u>\$706,778</u>	<u>\$367,892</u>	<u>\$1,074,670</u>	<u>(\$795,377)</u>	<u>\$279,293</u>

<b>Sunshine Utilities of Central Florida, Inc. - Other Adjustments to Rate Base Test Year Ended 1/31/25</b>		<b>Schedule No. 1-C Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Water</b>
<u>Plant In Service</u>		
To reflect simple average.		<u>(\$37,654)</u>
<u>Non-used and Useful</u>		
To reflect net non-used and useful adjustment.		<u>\$2,956</u>
<u>Construction Work In Progress</u>		
To remove requested pro forma adjustments.		<u>(\$372,650)</u>
<u>Accumulated Depreciation</u>		
To reflect simple average.		<u>(\$1,460)</u>
<u>CIAC</u>		
To reflect simple average.		<u>(\$635)</u>
<u>Accumulated Amortization of CIAC</u>		
To reflect simple average.		<u>\$6</u>
<u>Acquisition Adjustments</u>		
To remove acquisition adjustment.		<u>(\$403,712)</u>
<u>Working Capital</u>		
To reflect 1/8th of O&M expense.		<u>\$17,772</u>

Sunshine Utilities of Central Florida, Inc. - Unified & Other Capital Structure-Simple Average Test Year Ended 1/31/25						Schedule No. 2 Docket No. 20250052-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility - Unified</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	3,485,033	0	3,485,033	0	3,485,033	39.05%	8.50%	3.32%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	7,365,228	0	7,365,228	(1,926,673)	5,438,555	60.95%	8.77%	5.34%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7 <b>Total Capital</b>	<u>\$10,850,261</u>	<u>\$0</u>	<u>\$10,850,261</u>	<u>(\$1,926,673)</u>	<u>\$8,923,588</u>	<u>100.00%</u>		<u>8.66%</u>
<b>Per Utility - Other</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	25,949	0	25,949	0	25,949	2.41%	8.50%	0.21%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	194,477	0	194,477	854,243	1,048,720	97.59%	8.77%	8.56%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14 <b>Total Capital</b>	<u>\$220,426</u>	<u>\$0</u>	<u>\$220,426</u>	<u>\$854,243</u>	<u>\$1,074,669</u>	<u>100.00%</u>		<u>8.76%</u>
<b>Per Staff - Unified &amp; Other</b>								
15 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
16 Short-term Debt	3,510,982	(871,667)	2,639,315	(1,832,551)	806,764	26.42%	8.50%	2.25%
17 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
18 Common Equity	7,559,705	(209,136)	7,350,569	(5,103,709)	2,246,860	73.58%	7.99%	5.88%
19 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
20 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
21 <b>Total Capital</b>	<u>\$11,070,687</u>	<u>(\$1,080,803)</u>	<u>\$9,989,884</u>	<u>(\$7,215,552)</u>	<u>\$3,053,624</u>	<u>100.00%</u>		<u>8.12%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						7.99%	9.99%	
OVERALL RATE OF RETURN						8.12%	9.59%	

Sunshine Utilities of Central Florida, Inc. - Unified Statement of Water Operations Test Year Ended 1/31/25				Schedule No. 3-A Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$1,034,571</u>	<u>\$1,529,569</u>	<u>\$2,564,140</u>	<u>(\$1,437,425)</u>	<u>\$1,126,715</u>	<u>\$856,801</u> 76.04%	<u>\$1,983,516</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$1,611,435	(\$93,089)	\$1,518,346	\$55,040	\$1,573,386		\$1,573,386
3    Depreciation	59,230	(8,325)	50,905	3,104	54,009		54,009
4    Taxes Other Than Income	33,930	67,300	101,230	(64,364)	36,865	38,556	75,421
5    Income Taxes	0	120,469	120,469	(272,501)	(152,031)	207,384	55,353
6 <b>Total Operating Expense</b>	<u>1,704,595</u>	<u>86,355</u>	<u>1,790,950</u>	<u>(278,721)</u>	<u>1,512,229</u>	<u>245,940</u>	<u>1,758,169</u>
7 <b>Operating Income</b>	<u>(\$670,024)</u>	<u>\$1,443,214</u>	<u>\$773,190</u>	<u>(\$1,158,704)</u>	<u>(\$385,514)</u>	<u>\$610,861</u>	<u>\$225,347</u>
8 <b>Rate Base</b>	<u>\$8,404,017</u>		<u>\$8,923,587</u>		<u>\$2,774,331</u>		<u>\$2,774,331</u>
9 <b>Rate of Return</b>	<u>-7.97%</u>		<u>8.66%</u>		<u>-13.90%</u>		<u>8.12%</u>



<b>Sunshine Utilities of Central Florida, Inc. - Unified Adjustment to Operating Income Test Year Ended 1/31/25</b>		<b>Schedule 3-C Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Water</b>
<u>Operating Revenues</u>		
1 To remove requested final revenue increase.		(\$1,529,569)
2 To reflect the appropriate amount of test year revenues.		<u>\$92,144</u>
Total		<u>(\$1,437,425)</u>
<u>Operation and Maintenance Expense</u>		
1 To remove requested annualization adjustments.		\$99,840
2 To remove bad debt expense adjustment.		(6,751)
3 To reflect EUW adjustments.		<u>(38,049)</u>
Total		<u>\$55,040</u>
<u>Depreciation Expense - Net</u>		
To reflect non-used and useful adjustment to net depreciation expense.		<u>\$3,104</u>
<u>Taxes Other Than Income</u>		
1 To remove RAFs on revenue adjustment above.		(\$64,684)
2 To reflect non-used and useful adjustment to property tax.		<u>320</u>
Total		<u>(\$64,364)</u>

<b>Sunshine Utilities of Central Florida, Inc. - Other</b> <b>Statement of Water Operations</b> <b>Test Year Ended 1/31/25</b>						<b>Schedule No. 3-A</b> <b>Docket No. 20250052-WS</b>	
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$83,495</u>	<u>\$202,173</u>	<u>\$285,668</u>	<u>(\$196,391)</u>	<u>\$89,277</u>	<u>\$103,916</u> 116.40%	<u>\$193,193</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$146,356	(\$3,442)	\$142,914	\$728	\$143,642		\$143,642
3 Depreciation	15,880	(199)	15,681	142	15,823		15,823
4 Taxes Other Than Income	543	9,072	9,615	(8,822)	793	4,676	5,469
5 Income Taxes	<u>0</u>	<u>23,280</u>	<u>23,280</u>	<u>(42,860)</u>	<u>(19,580)</u>	<u>25,152</u>	<u>5,572</u>
6 <b>Total Operating Expense</b>	<u>162,779</u>	<u>28,711</u>	<u>191,490</u>	<u>(50,811)</u>	<u>140,679</u>	<u>29,828</u>	<u>170,507</u>
7 <b>Operating Income</b>	<u>(\$79,284)</u>	<u>\$173,462</u>	<u>\$94,178</u>	<u>(\$145,580)</u>	<u>(\$51,402)</u>	<u>\$74,087</u>	<u>\$22,686</u>
8 <b>Rate Base</b>	<u>\$706,778</u>		<u>\$1,074,670</u>		<u>\$279,293</u>		<u>\$279,293</u>
9 <b>Rate of Return</b>	<u>-11.22%</u>		<u>8.76%</u>		<u>-18.40%</u>		<u>8.12%</u>

<b>Sunshine Utilities of Central Florida, Inc. - Other Adjustment to Operating Income Test Year Ended 1/31/25</b>		<b>Schedule 3-C Docket No. 20250052-WS</b>
<b>Explanation</b>		<b>Water</b>
<u>Operating Revenues</u>		
1 Remove requested final revenue increase.		(\$202,173)
2 To reflect the appropriate amount of test year revenues.		<u>5,782</u>
Total		<u>(\$196,391)</u>
<u>Operation and Maintenance Expense</u>		
1 To remove requested annualization adjustments.		\$3,966
2 To remove bad debt expense adjustment.		(524)
3 To reflect EUW adjustments.		<u>(2,714)</u>
Total		<u>\$728</u>
<u>Depreciation Expense - Net</u>		
To reflect non-used and useful adjustment to net depreciation expense.		<u>\$142</u>
<u>Taxes Other Than Income</u>		
1 To remove RAFs on revenue adjustment above.		(\$8,838)
2 To reflect non-used and useful adjustment to property tax.		<u>16</u>
Total		<u>(\$8,822)</u>

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (SUNSHINE UTILITIES)			SCHEDULE NO. 4
TEST YEAR ENDED JANUARY 31, 2025			DOCKET NO. 20250052-WS
MONTHLY WATER RATES			
	UTILITY CURRENT RATES	UTILITY PROPOSED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<b><u>Residential (RS1) and General Service (GS1)</u></b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$8.72	\$17.89	\$15.57
3/4"	\$13.08	\$26.83	\$23.36
1"	\$21.80	\$44.72	\$38.93
1-1/4"	\$32.70	\$67.08	\$58.39
1-1/2"	\$43.60	\$89.43	\$77.85
2"	\$69.76	\$143.09	\$124.56
3"	\$139.52	\$286.19	\$249.12
4"	\$218.00	\$447.17	\$389.25
6"	\$436.00	\$894.34	\$778.50
8"	\$784.80	\$1,609.82	\$1,401.30
10"	\$1,264.40	\$2,593.59	\$2,257.65
Charge per 1,000 gallons - Residential (RS1)			
0-5,000 gallons	\$2.03	\$4.16	\$3.62
5,001-10,000 gallons	\$2.21	\$4.53	\$3.95
Over 10,000 gallons	\$4.42	\$9.07	\$7.89
Charge per 1,000 gallons - General Service (GS1)	\$2.42	\$4.96	\$4.32
<b><u>Residential (RS2) and General Service (GS2)</u></b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$9.57	\$19.63	\$22.02
3/4"	\$14.36	\$29.45	\$33.03
1"	\$23.93	\$49.08	\$55.05
1-1/4"	\$35.89	\$73.61	\$82.58
1-1/2"	\$47.85	\$98.15	\$110.10
2"	\$76.56	\$157.04	\$176.16
3"	\$153.12	\$314.09	\$352.32
4"	\$239.25	\$490.76	\$550.50
6"	\$478.50	\$981.52	\$1,101.00
8"	\$861.30	\$1,766.74	\$1,981.80
10"	\$1,387.65	\$2,846.41	\$3,192.90
Charge per 1,000 gallons - Residential (RS2) and General Service (GS2)	\$2.53	\$5.19	\$5.82
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison - Unified (RS1)</u></b>			
3,000 Gallons	\$14.81	\$30.37	\$26.43
5,000 Gallons	\$18.87	\$38.69	\$33.67
10,000 Gallons	\$29.92	\$61.34	\$53.42
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison - Other (RS2)</u></b>			
3,000 Gallons	\$17.16	\$35.20	\$39.48
5,000 Gallons	\$22.22	\$45.58	\$51.12
10,000 Gallons	\$34.87	\$71.53	\$80.22

TKCB, Inc. Schedule of Wastewater Rate Base Test Year Ended 1/31/25			Schedule No. 1-B Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$173,583	\$0	\$173,583	(\$23,701)	\$149,882
2 Land and Land Rights	83,755	0	83,755	0	83,755
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(12,067)	0	(12,067)	(625)	(12,692)
5 CIAC	0	0	0	0	0
6 Accumulated Amortization of CIAC	0	0	0	0	0
7 Working Capital Allowance	<u>0</u>	<u>182</u>	<u>182</u>	<u>18,005</u>	<u>18,187</u>
8 Rate Base	<u>\$245,271</u>	<u>\$182</u>	<u>\$245,453</u>	<u>(\$6,321)</u>	<u>\$239,132</u>

<b>TKCB, Inc.</b> <b>Adjustments to Rate Base</b> <b>Test Year Ended 1/31/25</b>		<b>Schedule No. 1-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>	<b>Wastewater</b>	
<u>Plant In Service</u> To reflect simple average.	<u>(\$23,701)</u>	
<u>Accumulated Depreciation</u> To reflect simple average.	<u>(\$625)</u>	
<u>Working Capital</u> To reflect 1/8th of O&M expenses.	<u>\$18,005</u>	

TKCB, Inc. Capital Structure-Simple Average Test Year Ended 1/31/25						Schedule No. 2 Docket No. 20250052-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	65,154	0	65,154	0	65,154	26.54%	8.50%	2.26%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	504,845	0	504,845	(324,546)	180,299	73.46%	8.77%	6.44%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
7 <b>Total Capital</b>	<u>\$569,999</u>	<u>\$0</u>	<u>\$569,999</u>	<u>(\$324,546)</u>	<u>\$245,453</u>	<u>100.00%</u>		<u>8.70%</u>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	65,154	82,867	148,021	(92,960)	55,061	23.03%	8.50%	1.96%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	504,845	(10,010)	494,835	(310,764)	184,071	76.97%	7.91%	6.09%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	0	0	0	0	0	0.00%	0.00%	0.00%
14 <b>Total Capital</b>	<u>\$569,999</u>	<u>\$72,857</u>	<u>\$642,856</u>	<u>(\$403,724)</u>	<u>\$239,132</u>	<u>100.00%</u>		<u>8.04%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>7.91%</u>	<u>9.91%</u>	
OVERALL RATE OF RETURN						<u>8.04%</u>	<u>9.58%</u>	

TKCB, Inc. Statement of Wastewater Operations Test Year Ended 1/31/25				Schedule No. 3-B Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$99,715</u>	<u>\$100,060</u>	<u>\$199,775</u>	<u>(\$72,918)</u>	<u>\$126,857</u>	<u>\$67,837</u> 53.48%	<u>\$194,694</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$145,255	\$7,600	\$152,855	(\$7,360)	\$145,495		\$145,495
3    Depreciation	9,019	0	9,019	0	9,019		9,019
4    Taxes Other Than Income	11,730	4,503	16,233	(3,281)	12,952	3,053	16,004
5    Income Taxes	<u>0</u>	<u>318</u>	<u>318</u>	<u>(11,797)</u>	<u>(11,479)</u>	<u>16,420</u>	<u>4,941</u>
6 <b>Total Operating Expense</b>	<u>166,004</u>	<u>12,421</u>	<u>178,425</u>	<u>(22,438)</u>	<u>155,987</u>	<u>19,472</u>	<u>175,459</u>
7 <b>Operating Income</b>	<u>(\$66,289)</u>	<u>\$87,639</u>	<u>\$21,350</u>	<u>(\$50,480)</u>	<u>(\$29,130)</u>	<u>\$48,365</u>	<u>\$19,235</u>
8 <b>Rate Base</b>	<u>\$245,271</u>		<u>\$245,453</u>		<u>\$239,132</u>		<u>\$239,132</u>
9 <b>Rate of Return</b>	<u>-27.03%</u>		<u>8.70%</u>		<u>-12.18%</u>		<u>8.04%</u>



<b>TKCB, Inc.</b> <b>Adjustment to Operating Income</b> <b>Test Year Ended 1/31/25</b>	<b>Schedule 3-C</b> <b>Docket No. 20250052-WS</b>
<b>Explanation</b>	<b>Wastewater</b>
<u>Operating Revenues</u> 1 To remove requested final revenue increase. 2 To reflect the appropriate amount of test year revenues. Total  <u>Operation and Maintenance Expense</u> 1 To remove requested annualization adjustment. 2 To correct bad debt expense adjustment. Total  <u>Taxes Other Than Income</u> To remove RAFs on revenue adjustment above.	(\$100,060) 27,142 <u>(\$72,918)</u>  (7,927) \$567 <u>(\$7,360)</u>   (\$3,281)

CSWR-FLORIDA UTILITY OPERATING COMPANY, LLC. (TKCB)			SCHEDULE NO. 4
TEST YEAR ENDED JANUARY 31, 2025		DOCKET NO. 20250052-WS	
MONTHLY WASTEWATER RATES			
	UTILITY CURRENT RATES	UTILITY REQUESTED INTERIM RATES	STAFF RECOMMENDED INTERIM RATES
<u>Gallorage Charge - Residential Service</u>			
All Meter Sizes	\$20.25	\$34.90	\$31.08
Charge per 1,000 gallons - Residential Service	\$7.14	\$12.31	\$10.96
6,000 Gallorage Cap			
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$20.25	\$34.90	\$31.08
3/4"	\$30.38	\$52.35	\$46.62
1"	\$50.63	\$87.25	\$77.70
1-1/2"	\$101.25	\$174.50	\$155.40
2"	\$162.00	\$279.20	\$248.64
3"	\$324.00	\$523.50	\$497.28
4"	\$506.25	\$872.51	\$777.00
6"	\$1,012.50	\$1,745.02	\$1,554.00
Charge per 1,000 gallons - General Service	\$8.55	\$12.31	\$13.12
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison - Other (RS2)</u>			
3,000 Gallons	\$41.67	\$71.83	\$63.96
5,000 Gallons	\$55.95	\$96.45	\$85.88
10,000 Gallons	\$91.65	\$158.00	\$140.68

Tradewinds Utilities, Inc. Schedule of Water Rate Base Test Year Ended 1/31/25			Schedule No. 1-A Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$1,102,258	\$0	\$1,102,258	(\$17,947)	\$1,084,311
2 Land and Land Rights	119,988	0	119,988	0	119,988
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(849,601)	0	(849,601)	(1,458)	(851,059)
5 CIAC	(342,919)	0	(342,919)	(4,807)	(347,726)
6 Accumulated Amortization of CIAC	342,484	0	342,484	511	342,995
7 Working Capital Allowance	<u>0</u>	<u>314</u>	<u>314</u>	<u>31,012</u>	<u>31,326</u>
8 <b>Rate Base</b>	<u>\$372,210</u>	<u>\$314</u>	<u>\$372,524</u>	<u>\$7,312</u>	<u>\$379,836</u>

Tradewinds Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 1/31/25			Schedule No. 1-B Docket No. 20250052-WS		
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year
1 Plant in Service	\$639,537	\$0	\$639,537	\$6,971	\$646,508
2 Land and Land Rights	33,938	0	33,938	0	33,938
3 Non-used and Useful Components	0	0	0	0	0
4 Accumulated Depreciation	(553,008)	0	(553,008)	(434)	(553,442)
5 CIAC	(545,968)	0	(545,968)	56	(545,912)
6 Accumulated Amortization of CIAC	546,854	0	546,854	(942)	545,912
7 Working Capital Allowance	<u>0</u>	<u>188</u>	<u>188</u>	<u>18,584</u>	<u>18,772</u>
8 <b>Rate Base</b>	<u>\$121,353</u>	<u>\$188</u>	<u>\$121,541</u>	<u>\$24,235</u>	<u>\$145,776</u>

Tradewinds Utilities, Inc. Adjustments to Rate Base Test Year Ended 1/31/25		Schedule No. 1-C Docket No. 20250052-WS	
Explanation		Water	Wastewater
<u>Plant In Service</u>			
To reflect simple average.		<u>(\$17,947)</u>	<u>\$6,971</u>
<u>Accumulated Depreciation</u>			
To reflect simple average.		<u>(\$1,458)</u>	<u>(\$434)</u>
<u>CIAC</u>			
To reflect simple average.		<u>(\$4,807)</u>	<u>\$56</u>
<u>Accumulated Amortization of CIAC</u>			
1 To reflect simple average.		\$511	\$0
2 To correct over amortization.		<u>0</u>	<u>(942)</u>
Total		<u>\$511</u>	<u>(\$942)</u>
<u>Working Capital</u>			
To reflect 1/8th of O&M expenses.		<u>\$31,012</u>	<u>\$18,584</u>

Tradewinds Utilities, Inc. Capital Structure-Simple Average Test Year Ended 1/31/25						Schedule No. 2 Docket No. 20250052-WS		
Description	Total Capital	Specific Adjust- ments	Subtotal Adjusted Capital	Prorata Adjust- ments	Capital Reconciled to Rate Base	Ratio	Cost Rate	Weighted Cost
<b>Per Utility</b>								
1 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
2 Short-term Debt	50,922	0	50,922	0	50,922	10.31%	8.50%	0.88%
3 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
4 Common Equity	2,889,164	0	2,889,164	(2,446,022)	443,142	89.69%	8.77%	7.87%
5 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
6 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
7 <b>Total Capital</b>	<u>\$2,940,086</u>	<u>\$0</u>	<u>\$2,940,086</u>	<u>(\$2,446,022)</u>	<u>\$494,064</u>	<u>100.00%</u>		<u>8.74%</u>
<b>Per Staff</b>								
8 Long-term Debt	\$0	\$0	\$0	\$0	\$0	0.00%	0.00%	0.00%
9 Short-term Debt	50,922	62,607	113,529	(93,735)	19,794	3.77%	8.50%	0.32%
10 Preferred Stock	0	0	0	0	0	0.00%	0.00%	0.00%
11 Common Equity	2,889,164	11,965	2,901,129	(2,395,310)	505,818	96.23%	9.56%	9.20%
12 Customer Deposits	0	0	0	0	0	0.00%	0.00%	0.00%
13 Deferred Income Taxes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>
14 <b>Total Capital</b>	<u>\$2,940,086</u>	<u>\$74,572</u>	<u>\$3,014,658</u>	<u>(\$2,489,045)</u>	<u>\$525,612</u>	<u>100.00%</u>		<u>9.52%</u>
						<b>LOW</b>	<b>HIGH</b>	
RETURN ON EQUITY						<u>7.56%</u>	<u>9.56%</u>	
OVERALL RATE OF RETURN						<u>7.59%</u>	<u>9.52%</u>	

Tradewinds Utilities, Inc. Statement of Water Operations Test Year Ended 1/31/25				Schedule No. 3-A Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$508,037</u>	<u>(\$183,418)</u>	<u>\$324,619</u>	<u>\$182,314</u>	<u>\$506,933</u>	<u>(\$162,602)</u> -32.08%	<u>\$344,331</u>
<b>Operating Expenses</b>							
2    Operation & Maintenance	\$250,918	(\$11,046)	\$239,872	\$10,739	\$250,610		\$250,610
3    Depreciation	31,479	0	31,479	0	31,479		31,479
4    Taxes Other Than Income	21,588	(8,254)	13,334	8,204	21,538	(7,317)	14,221
5    Income Taxes	<u>0</u>	<u>7,368</u>	<u>7,368</u>	<u>(7,368)</u>	<u>51,220</u>	<u>(39,357)</u>	<u>11,863</u>
6 <b>Total Operating Expense</b>	<u>303,984</u>	<u>(11,932)</u>	<u>292,052</u>	<u>11,575</u>	<u>354,847</u>	<u>(46,674)</u>	<u>308,173</u>
7 <b>Operating Income</b>	<u>\$204,053</u>	<u>(\$171,486)</u>	<u>\$32,566</u>	<u>\$170,739</u>	<u>\$152,086</u>	<u>(\$115,928)</u>	<u>\$36,158</u>
8 <b>Rate Base</b>	<u>\$372,210</u>		<u>\$372,524</u>		<u>\$379,836</u>		<u>\$379,836</u>
9 <b>Rate of Return</b>	<u>54.82%</u>		<u>8.74%</u>		<u>40.04%</u>		<u>9.52%</u>

Tradewinds Utilities, Inc. Statement of Wastewater Operations Test Year Ended 1/31/25				Schedule No. 3-B Docket No. 20250052-WS			
Description	Test Year Per Utility	Utility Adjust- ments	Adjusted Test Year Per Utility	Staff Adjust- ments	Staff Adjusted Test Year	Revenue Increase	Revenue Requirement
1 <b>Operating Revenues:</b>	<u>\$259,106</u>	<u>(\$76,321)</u>	<u>\$182,785</u>	<u>\$64,845</u>	<u>\$247,630</u>	<u>(\$60,390)</u> -24.39%	<u>\$187,240</u>
<b>Operating Expenses</b>							
2 Operation & Maintenance	\$150,080	(\$240)	\$149,840	\$335	\$150,175		\$150,175
3 Depreciation	11,386	0	11,386	(1,522)	9,864		9,864
4 Taxes Other Than Income	12,006	(3,434)	8,572	2,918	11,490	(2,718)	8,772
5 Income Taxes	<u>0</u>	<u>2,378</u>	<u>2,378</u>	<u>(2,378)</u>	<u>19,170</u>	<u>(14,617)</u>	<u>4,553</u>
6 <b>Total Operating Expense</b>	<u>173,472</u>	<u>(1,297)</u>	<u>172,175</u>	<u>(647)</u>	<u>190,698</u>	<u>(17,335)</u>	<u>173,363</u>
7 <b>Operating Income</b>	<u>\$85,634</u>	<u>(\$75,024)</u>	<u>\$10,610</u>	<u>\$65,493</u>	<u>\$56,933</u>	<u>(\$43,056)</u>	<u>\$13,877</u>
8 <b>Rate Base</b>	<u>\$121,353</u>		<u>\$121,541</u>		<u>\$145,776</u>		<u>\$145,776</u>
9 <b>Rate of Return</b>	<u>70.57%</u>		<u>8.73%</u>		<u>39.05%</u>		<u>9.52%</u>



Tradewinds Utilities, Inc. Adjustment to Operating Income Test Year Ended 1/31/25		Schedule 3-C Docket No. 20250052-WS	
Explanation	Water	Wastewater	
<u>Operating Revenues</u>			
1 To remove requested final revenue increase.	\$183,418	\$76,321	
2 To reflect the appropriate amount of test year revenues.	(1,104)	(11,476)	
Total	<u>\$182,314</u>	<u>\$64,845</u>	
<u>Operation and Maintenance Expense</u>			
1 To remove requested annualization adjustments.	\$11,033	(\$151)	
2 To correct bad debt expense adjustment.	415	486	
3 To reflect EUW adjustments.	(710)	0	
Total	<u>\$10,739</u>	<u>\$335</u>	
<u>Depreciation Expense - Net</u>			
To correct over amortization of CIAC.	\$0	(\$1,522)	
<u>Taxes Other Than Income</u>			
To remove RAFs on revenue adjustment above.	<u>\$8,204</u>	<u>\$2,918</u>	

