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November 3, 2026

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Item 1

State of Florida



Public Service Commission

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

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

DATE: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Maxwell, D. Buys) *MC*
Office of the General Counsel (Hixon) *SPS*

RE: Docket No. 20260140-GU - Application for authority to issue and sell securities for 12 months ending December 31, 2027, by Peoples Gas System, Inc.

AGENDA: 11/3/2026 - Consent Agenda - Final Action - Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Security Application on the consent agenda for approval:

Docket No. 20260140-GU - *Application for authority to issue and sell securities for 12 months ending December 31, 2027, by Peoples Gas System, Inc.*

Peoples Gas System, Inc. (PGS or Utility) requests authorization to issue, sell, and/or exchange equity securities and issue, sell, exchange, and/or assume long-term or short-term debt securities and/or to assume liabilities or obligations as guarantor, endorser, or surety during calendar year 2027. The Utility also requests authorization to enter into interest rate swaps or other derivative instruments related to debt securities during calendar year 2027.

The aggregate principal amount of all long-term debt and equity securities issued, sold, exchanged, or assumed and liabilities or obligations assumed or guaranteed, as guarantor, endorser, or surety will not exceed \$300 million during 2027, including any amounts issued to retire existing long-term debt securities. The maximum principal amount of short-term debt outstanding at any one time will be \$500 million during 2027.

In its revised application, PGS confirms that the capital raised pursuant to this revised application will be used in connection with the regulated gas activities of the Utility, and not the unregulated activities of the Utility or its affiliates.

Staff has reviewed PGS's projected capital expenditures in Exhibit B of its revised application. PGS's estimated construction expenditures for 2027 are \$394 million. The total amount of securities requested by the Utility, \$800 million, exceeds its projected construction expenditures of \$394 million. The requested amount exceeding the projected construction expenditures allows for financial flexibility with regard to unexpected events such as hurricanes, financial market

Docket No. 20260140-GU

Date: October 22, 2026

disruptions, and other unforeseen circumstances. Staff believes that the requested amounts are reasonable and appropriate. Thus, staff recommends PGS's revised application for authority to issue and sell securities during calendar year 2027 be approved.

For monitoring purposes, this docket should remain open until May 5, 2028, to allow the Utility time to file the required Consummation Report.

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Souchik, D. Buys) *MC*
Office of the General Counsel (Imig) *SPS*

RE: Docket No. 20260144-EI – Application for authority to issue and sell securities during 12 months ending December 31, 2027, by Duke Energy Florida, LLC.

AGENDA: 11/3/2026 – Consent Agenda – Final Action – Interested Persons May Participate

SPECIAL INSTRUCTIONS: None

Please place the following Securities Application on the consent agenda for approval:

Docket No. 20260144-EI – *Application for authority to issue and sell securities during 12 months ending December 31, 2027, by Duke Energy Florida, LLC.*

Duke Energy Florida, LLC (DEF or Utility) requests the authority to issue, sell, or otherwise incur during 2027 up to \$2.5 billion of any combination of equity securities, long-term debt securities, and other long-term obligations. Additionally, the Utility requests authority to issue, sell, or otherwise incur during 2027 and 2028, up to \$2.5 billion outstanding at any time of short-term debt securities and other obligations.

In its application, DEF confirms that the capital raised pursuant to this application will be used in connection with the regulated activities of the Utility and not the unregulated activities of its unregulated affiliates.

Staff has reviewed DEF's projected capital expenditures in Exhibit B. DEF's estimated construction expenditures for 2027 are \$2.5 billion. The total amount of securities requested by the Utility, \$5 billion, exceeds its estimated construction expenditures of \$2.5 billion. The requested amount exceeding its estimated construction expenditures allows for financial flexibility with regard to unexpected events such as hurricanes, financial market disruptions, and other unforeseen circumstances. Staff believes the requested amounts are reasonable and appropriate. Thus, staff recommends DEF's application for authority to issue and sell securities be approved.

For monitoring purposes, this docket should remain open until May 5, 2028, to allow the Utility time to file the required Consummation Report.

Item 2

FILED 10/22/2026
DOCUMENT NO. 07479-2026
FPSC - COMMISSION CLERK

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey, Hampson, Nguyen, Ward) *EJD*
Division of Engineering (Davis, Ellis) *PDE*
Office of the General Counsel (Thompson, Brownless, Crawford) *JSC*

RE: Docket No. 20260064-EI – Petition for a limited proceeding to approve large load tariff, by Duke Energy Florida, LLC.

AGENDA: 11/03/26 – Regular Agenda – ~~Interested Persons May Participate~~ *10/26/26*

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On April 22, 2026, Duke Energy Florida, LLC (DEF or Utility) filed a petition for a limited proceeding (DEF Large Load Docket) seeking approval of a new Large Load Customer Policy, a Large Load Customer Agreement, and revised Contribution in Aid of Construction tariffs. DEF states that this filing complies with newly passed state legislation, Senate Bill 484 (SB 484). The Governor signed SB 484 into law on May 7, 2026, which took effect on July 1, 2026 (Section 366.043, F.S.). An administrative hearing on DEF's petition was scheduled and held on August 25, 2026.

The Office of Public Counsel (OPC) was authorized to intervene by Section 350.0611, Florida Statutes (F.S.). PCS Phosphate – White Springs (PCS Phosphate), Florida Industrial Power Users Group (FIPUG), Florida Rising, Inc. (FR), and Nucor Steel Florida, Inc. (Nucor) were initially granted intervention in this docket subject to proof of standing or stipulations that there are

sufficient facts to support all elements for standing. The standing of each of the parties granted conditional intervention remained a contested issue in this docket and was designated as Issue 1D in the Prehearing Order.¹

At the prehearing conference held on August 5, 2026, it was clear there was a dispute about standing amongst some of the parties, whereby DEF challenged the standing of FR, and OPC and FR challenged FIPUG's standing. Accordingly, on August 17, 2026, a stand-alone evidentiary hearing took place before the Prehearing Officer to receive testimony and exhibits to facilitate his determination of whether PCS Phosphate, FIPUG, FR, and Nucor have standing to intervene. The parties filed post-hearing briefs with respect to standing on August 20, 2026. Ultimately, PCS Phosphate's and Nucor's standing was resolved by the parties, but FR and FIPUG's standing remained at issue. The Prehearing Officer entered an order on August 24, 2026, granting standing to the four above-mentioned intervenors.²

On September 3, 2026, OPC filed a Motion for Reconsideration (Motion) requesting the Commission reconsider the Prehearing Officer's decision to grant FIPUG standing in this docket, along with a Request for Oral Argument. FIPUG filed its response to the Motion on September 10, 2026, requesting the Commission deny the Motion, and also filed a Response in Opposition to OPC's Request for Oral Argument.

This is staff's recommendation on the Motion and the Request for Oral Argument. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.043, 366.05, and 366.06, F.S., and Rule 25-22.060, Florida Administrative Code (F.A.C).

¹ Order No. PSC-2026--0276-PHO-EI, issued August 11, 2026. Issue D states: "Whether the following persons have standing to intervene in this proceeding: a. PCS Phosphate — White Springs; b. Florida Industrial Power Users Group; c. Florida Rising, Inc.; d. Nucor Steel Florida, Inc."

² Order No. PSC-2026-0288-PCO-EI.

Discussion of Issues

Issue 1: Should the Commission grant the Office of Public Counsel's Request for Oral Argument?

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

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.

Positions of the Parties

OPC asserts that this case represents the first time in recent memory that standing has been considered in depth through a bifurcated process, and requests the opportunity to provide details, context and argument concerning this issue through oral argument.

FIPUG counters that OPC's Request for Oral Argument fails to detail how oral argument would aid the Commission, noting that the issues presented in OPC's Motion for Reconsideration are not novel or uniquely complex, nor do they fall outside the Commission's ordinary expertise.

Analysis and 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 the Motion for Reconsideration. The movants have not shown with particularity a reason why oral argument would assist the Commission in understanding and evaluating the issues to be decided. Staff therefore recommends the Request for Oral Argument be denied. However, if the Commission exercises its discretion to hear oral argument, staff recommends that 5 minutes per side is sufficient for oral argument.

Issue 2: Should the Commission grant the Office of Public Counsel's Motion for Reconsideration?

Recommendation: No. The motion for reconsideration should be denied because it fails to raise a point of fact or law that the Prehearing Officer overlooked or failed to consider in rendering his decision. (Thompson, Crawford)

Staff Analysis: 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.

OPC's Motion raises five issues (Section I-V of the Motion), each of which will be addressed in turn below.

1. Whether the Prehearing Officer Overlooked Facts and Law by Allowing FIPUG Intervention in the DEF Large Load Docket for an Improper Purpose

For associational standing, intervenors must meet the three-prong standing test set forth in *Florida Home Builders Association v. Department of Labor and Employment Security*, 412 So. 2d 351 (Fla. 1982). The test is based on the *Agrico*³ test but requires that (1) the association demonstrates that a substantial number of an association's members may be substantially affected by the Commission's decision in a docket, (2) the subject matter of the proceeding is within the association's general scope of interest and activity, and (3) the relief requested is of a type appropriate for the association to receive on behalf of its members. *Fla. Home Builders*, 412 So. 2d at 353-54. FIPUG intervened in its associational capacity; its intervention was granted under the *Florida Home Builders* test.

Positions of the Parties

In the Motion, OPC contends that FIPUG failed to establish affected members under *Florida Home Builders* because FIPUG did not identify any member by name, and FIPUG does not represent the existing 50 MW large-load customer taking service from DEF. OPC further asserts that FIPUG's prehearing position and its "lack of substantive testimony" and "lack of substantive engagement in discovery" as facts the Prehearing Officer should have considered.

³ *Agrico Chemical Company v. Department of Environmental Regulation*, 406 So. 2d 478 (Fla. 2d DCA 1981). *Agrico* is a foundational case regarding standing to intervene. Under *Agrico*, the intervenor must show that (1) he will suffer injury in fact which is of sufficient immediacy to entitle him to a Section 120.57, F.S., hearing, and (2) the substantial injury is of a type or nature which the proceeding is designed to protect.

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FIPUG argues that OPC's motion fails to identify any material point of fact or law that was overlooked or not considered by the Prehearing Officer when reaching his decision. FIPUG further asserts that OPC's disagreement with the Prehearing Officer's determination that FIPUG satisfied the *Florida Home Builders* test for associational standing in this docket is not a sufficient basis for reconsideration. FIPUG identifies its affected interests as the cost, reliability, and terms of electricity service to industrial and commercial members, including members that may expand operations. It relies on Sections 120.52(13), 120.52(14), and 1.01(3), F.S.; Chapter 366; *Agrico*; and *Florida Home Builders*.

Analysis and Conclusion

The standard used to consider a party's associational standing, and corresponding case law, was clearly set out in the Order Granting FIPUG's Petition to Intervene⁴ and the Order on Standing,⁵ as it has been laid out in numerous orders issued by this Commission.

Regarding the first and second prong of the *Florida Home Builders* test, FIPUG asserted in its Petition to Intervene that its members are commercial and industrial electric customers of DEF who will be affected by the Commission's decision in the DEF Large Load Docket, and that the subject matter of the docket appears to be within FIPUG's general scope of interest and activity as an association whose members are commercial and industrial customers who receive service from DEF.⁶ FIPUG provided testimony that its members will be directly and substantially affected by the outcome of the docket. At the standing hearing, FIPUG witness Pollock testified that a substantial number of FIPUG members purchase electricity from DEF, and such members will be affected by the outcome of this docket.

OPC's characterization of FIPUG's purpose does not establish that FIPUG failed to satisfy the associational standing test. FIPUG seeks a determination concerning the rates and terms of service applicable to its members, which is appropriate for the association to request. Whether FIPUG's proposed interpretation of Section 366.043, F.S., is correct concerns the merits of the tariff proceeding, rather than whether FIPUG has standing to participate. Moreover, OPC's argument appears to take issue with FIPUG's substantive position or requested outcome in the case; it does not identify facts on standing showing that electricity rates and service fall outside FIPUG's general interests and activities. The Prehearing Officer applied the standard for associational standing when he determined that FIPUG established standing.

Because OPC failed to identify a point of fact or law overlooked by the Prehearing Officer in rendering his order, staff recommends that Section I of OPC's Motion be denied.

⁴ Order No. PSC-2026-0238-PCO-EI, filed June 26, 2026.

⁵ Order No. PSC-2026-0288-PCO-EI, filed August 24, 2026.

⁶ Document No. 03192-2026, filed May 29, 2026.

2. *Whether the Prehearing Officer Overlooked and Failed to Consider Sections 120.57, 120.569, 90.604, 90.608(5), 90.608(6), 90.701, and 90.703, F.S.*

Positions of the Parties

OPC asserts that the Prehearing Officer failed to address any type of credibility determination under Chapter 90, F.S., or whether the Commission inappropriately relied on hearsay evidence as prohibited by Sections 120.57 and 120.569, F.S. Particularly, OPC takes issue with the reliability of FIPUG witness Jeffry Pollock's testimony, alleging witness Pollock relied upon uncorroborated hearsay and had a lack of personal knowledge of FIPUG's membership. OPC notes that the Prehearing Officer focused on witness Pollock's testimony when he asserted that a substantial number of FIPUG's members purchase electricity from DEF and that such members are among the largest DEF customers. Ultimately, OPC claims that the sole evidence of FIPUG's standing is witness Pollock's testimony, which it claims is unreliable because it is uncorroborated hearsay, and the witness had a lack of personal knowledge of FIPUG's membership.

FIPUG responded by arguing that it is ultimately the trier of fact who judges the credibility of witnesses, and deference is provided to the trier of fact. FIPUG asserts that witness Pollock testified from personal knowledge that he knew FIPUG's members, which supported participation in this case, including testimony that the majority of FIPUG's members are taking DEF service. FIPUG's argument is that witness Pollock affirmed the petition's factual allegations. FIPUG also cites its response to interrogatories served by OPC, which were entered into the record for the hearing on standing. The responses indicate that FIPUG has 15 members, a majority of whom purchase electricity from DEF.

Analysis and Conclusion

OPC's argument raises both witness credibility of witness Pollock and the legal sufficiency of the evidence by raising hearsay issues. The Prehearing Officer held a hearing on standing. Evidence was presented in the form of live testimony by witness Pollock. Section 120.57(1)(c), F.S., permits hearsay evidence to supplement or explain other evidence, but not to support a finding by itself unless it would be admissible over objection in civil actions. FIPUG's argument is that witness Pollock affirmed the petition's factual allegations is supported by the record.

As OPC points out in its Motion, a hearing officer's function is to "consider all the evidence presented, resolve conflicts, judge credibility of witnesses, draw permissible inferences from the evidence, and reach ultimate findings of fact based on competent, substantial evidence."⁷

Staff believes the Prehearing Officer exercised his judgment by weighing all the evidence before him via prefiled testimony, live testimony and cross examination, presentation of evidence and exhibits, and briefs filed by the parties directly related to the issue of FIPUG's standing in this docket. OPC's disagreement with the Prehearing Officer's decision is not a legitimate basis for

⁷ *Castro v. Dep't of Health*, 424 So. 3d 526, 532 (Fla. 1st DCA 2025) (citing *Heifetz v. Dep't of Bus. Reg., Div. of Alcoholic Beverages & Tobacco*, 475 So. 2d 1277, 1281-1283 (Fla. 1st DCA 1985)).

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reconsideration of his decision to grant FIPUG intervention in this docket. It is reargument, which is not a sufficient bases for a motion for reconsideration.

Because OPC failed to identify a point of fact or law overlooked by the Prehearing Officer in rendering his order, staff recommends that Section II of OPC's Motion be denied.

3. *Whether the Prehearing Officer Improperly Found Associational Standing for a Group Numbering Less than One*

Positions of the Parties

OPC asserts that the Prehearing Officer failed to appropriately apply the *Florida Home Builders* test in his determination that FIPUG has standing in the DEF Large Load Docket. OPC argues that without identifying any members, FIPUG cannot establish that any affected members exist, much less a substantial number. OPC distinguishes the absence of a fixed numerical threshold from an absence of proof of affected members.

FIPUG argues its testimony shows that a substantial number of its members purchase DEF electricity. FIPUG also responds by citing to its responses to interrogatories served by OPC, which were entered into the record for the hearing on standing. The responses indicate that FIPUG has 15 members, a majority of whom purchase electricity from DEF.

Analysis and Conclusion

As the Order on Standing stated, the Prehearing Officer determined that:

FIPUG's prefiled testimony established that it represents members who are DEF customers and whose interests could reasonably be affected by the Prehearing Officer's decision in this proceeding. Although FIPUG did not identify individual members by name, the *Florida Home Builders* test does not impose a specific numerical threshold or require that affected members be individually identified in every case.⁸

Staff believes the Prehearing Officer granted FIPUG standing based on the evidence presented by all of the parties. OPC has not provided support that FIPUG was required to provide a specific number of its affected customers in this proceeding. OPC has not provided authority establishing that FIPUG was required to identify individual affected members by name to prove associational standing in this proceeding. OPC raised that argument in its post-hearing brief, and the Prehearing Officer considered and rejected it. OPC's disagreement with the Prehearing Officer's decision is reargument on this point and is not a legitimate basis for reconsideration.

Because OPC failed to identify a point of fact or law overlooked by the Prehearing Officer in rendering his order, staff recommends that Section III of OPC's Motion be denied.

⁸ Order No. PSC-2026-0288-PCO-EI.

4. Whether there was Insufficient Evidence to Support FIPUG's Standing

Positions of the Parties

OPC argues that the Prehearing Officer bears responsibility for weighing evidence and assessing witness credibility when resolving disputed factual matters. Further, an intervenor cannot satisfy its burden of proof on standing merely by offering testimony from a purportedly qualified witness. If a witness is impeached, it does not automatically require rejection of a witness's testimony. However, the Prehearing Officer remains responsible for determining what weight that testimony deserves, weighing the testimony by considering the evidence as a whole. OPC contends that "an unweighted impeached fact witness cannot carry that burden to establish that FIPUG, in this docket had established in the record that '... a substantial number of its members, although not necessarily a majority, are substantially affected...'"

FIPUG agrees that the trier of fact judges the credibility of witnesses and that deference is provided to the trier of fact. However, FIPUG argues that OPC's disagreement with a finding of fact is not a proper basis to seek reconsideration. Further, FIPUG states that OPC fails to consider Exhibit 49, admitted without objection during the standing hearing, which state that a majority of FIPUG's 15 members receive electric service from Duke Energy Florida, LLC.

Analysis and Conclusion

As addressed in point three above, the Prehearing Officer determined that FIPUG established that it represents members who are DEF customers and whose interests could reasonably be affected by the proceeding. Although FIPUG did not identify individual members by name, the *Florida Home Builders* test does not impose a specific numerical threshold or require that affected members be individually identified in every case.⁹

The absence of a fixed numerical threshold does not eliminate FIPUG's obligation to establish that a substantial number of its members may be substantially affected. Here, the Prehearing Officer considered Pollock's testimony together with FIPUG's admitted interrogatory responses identifying 15 members, a majority of whom purchase electricity from DEF. OPC has not identified an overlooked requirement that those affected members also be individually named under the circumstances of this proceeding.

Staff believes the Prehearing Officer granted FIPUG standing in the DEF Large Load Docket by reaching ultimate findings of facts, based upon weighing evidence presented by all of the parties. OPC's disagreement with the Prehearing Officer's findings of fact is not a legitimate basis for reconsideration of its decision to allow FIPUG intervention in this docket. It is reargument, which is not a sufficient basis for a motion for reconsideration.

Because OPC failed to identify a point of fact or law overlooked by the Prehearing Officer in rendering his order, staff recommends that Section IV of OPC's Motion be denied.

⁹ Order No. PSC-2026-0288-PCO-EI.

5. Whether the Commission Failed to Give Parties Due Process

Positions of the Parties

OPC argues that the Commission violated due process by having insufficient cause to deviate from the originally-established hearing procedures in order to allow the Prehearing Officer to conduct an evidentiary hearing to rule on the standing of intervenors in the Duke Large Load Docket. OPC also alleges that statements and arguments made by FIPUG at the Prehearing Conference regarding a possible stipulation between FIPUG and DEF regarding standing established improper bias by the Prehearing Officer. Finally, OPC argues that FIPUG's "disruptions" at the Prehearing Conference resulted in the Prehearing Officer's decision to conduct a bifurcated hearing to address standing prior to the full evidentiary hearing in the Duke Large Load Docket.

FIPUG responds by noting OPC's statement in its response to FIPUG's Petition to Intervene, within which OPC stated that FIPUG's intervention is a factual controversy that may necessitate a preliminary evidentiary hearing before the Commission or Prehearing Officer on issues surrounding FIPUG's standing. FIPUG asserts that OPC did not object to or seek reconsideration of the order establishing the bifurcated hearing. Separately, OPC's original opposition had contemplated a preliminary evidentiary hearing before either the Commission or the Prehearing Officer.

Analysis and Conclusion

In the prehearing conference when the parties' raised their issues with standing, DEF specifically advocated that a better process would be to have a separate standing hearing, rather than take standing up during the evidentiary hearing. The Prehearing Officer asked for staff's response to that position and gave the parties an opportunity to respond well. FR's position was that the Prehearing Officer could have a bifurcated process to have an evidentiary hearing on statement earlier than the hearing on the merits. OPC's response was:

I do think that the General Counsel's Office is on to something when they talk about bifurcating. I think that no time is lost, no effort is lost-- many efficiencies are gained if you make that determination before you do everything else that we are going to do in that hearing. And at most, we are looking at two witnesses.

No party timely objected to this process, nor timely filed a request for reconsideration of the order scheduling the standing hearing. As such, staff believes the Prehearing Officer's decision to have a separate hearing on standing prior to the evidentiary hearing was consistent with the parties' preferences, and that OPC waived its opportunity to object to that process.

Moreover, even if the issue was not deemed to be waived, staff believes the Prehearing Officer acted within his authority to bifurcate the hearing process and conduct an evidentiary hearing regarding standing. 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). In administrative hearings where substantial interests of a party are determined by an agency and where there are

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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. The standing hearing was noticed, all parties made opening statements, presented witnesses and exhibits, conducted cross examination of witnesses, and briefed the issues of standing for all the relevant intervenors.

OPC’s allegations concerning the discussion of a possible stipulation and FIPUG’s conduct at the Prehearing Conference do not, without more, establish that the Prehearing Officer prejudged standing or denied OPC an opportunity to contest it. OPC’s disagreement with FIPUG’s participation does not, by itself, establish a denial of due process. The relevant question is whether the procedure employed deprived OPC of a meaningful opportunity to present its objections, rather than whether the Prehearing Officer ultimately accepted those objections. Staff believes there was no due process error. The Prehearing Officer ruled upon FIPUG’s standing after reaching ultimate findings of facts based on the evidence presented. Therefore, OPC’s disagreement with the Prehearing Officer’s findings of fact is not a legitimate basis for reconsideration of its decision to allow FIPUG intervention in this docket.

Because OPC failed to identify a point of fact or law overlooked by the Commission in rendering its order, staff recommends that Section V of the Motion for Reconsideration be denied.

Conclusion

OPC’s Motion should be denied in its entirety because it consists of reargument and fails to raise a point of fact or law that the Prehearing Officer overlooked or failed to consider in rendering his decision.

Issue 3: Should this docket be closed?

Recommendation: This docket should remain open pending the Commission's final resolution of DEF's petition for a large load tariff. (Thompson, Crawford)

Staff Analysis: This docket should remain open pending the Commission's final resolution of DEF's petition for a large load tariff.

Item 3

FILED 10/22/2026
DOCUMENT NO. 07477-2026
FPSC - COMMISSION CLERK

State of Florida



Public Service Commission

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TALLAHASSEE, FLORIDA 32399-0850

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

DATE: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey, Nguyen, Ward) *GP*
Division of Engineering (Davis, Ellis) *LVK*
Office of the General Counsel (Thompson, Crawford) *JSC ACH*

RE: Docket No. 20260064-EI – Petition for a limited proceeding to approve large load tariff, by Duke Energy Florida, LLC.

AGENDA: 11/03/26 – Regular Agenda – Post-Hearing Decision – Participation is Limited to Commissioners and Staff

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: 12/22/26 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: Place on the Agenda after staff's recommendation in Docket No. 20260064-EI regarding OPC's Motion for Reconsideration.

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Case Background

On September 5, 2025, in Docket No. 20250113-EI, Duke Energy Florida, LLC (DEF, Company, or Utility) filed a petition requesting approval of a new large load tariff with an associated rate schedule and other associated provisions. On March 13, 2026, the Florida Legislature passed Senate Bill 484 (SB 484), which if signed into law, would have had an impact on the tariff as filed. On March 19, 2026, the procedural schedule was abated in light of the pending legislation.¹ On April 20, 2026, DEF filed a status report notifying the Commission of the withdrawal of its petition. Docket No. 20250113-EI was subsequently closed on April 27, 2026.

On April 22, 2026, DEF filed a petition in Docket No. 20260064-EI, for a limited proceeding seeking approval of a new Large Load Customer Policy (LLCP), a Large Load Customer Agreement (LLCA), and revised Contribution in Aid of Construction (CIAC) tariffs. DEF states that this filing complies with newly passed state legislation, SB 484. The Governor signed SB 484 into law on May 7, 2026, which took effect on July 1, 2026, and created in part Section 366.043, Florida Statutes (F.S.) (Chapter 2026-65, Laws of Florida). Section 366.043(1), F.S., provides that:

when one class of electric service customer requires uniquely large electrical loads at a single location, it imposes a disproportionate risk on the other ratepayers of this state and makes it necessary for the Commission to develop and enforce rate structures and other policies for such customers which ensure such risk is mitigated as much as possible and prevent shifting the costs of serving large load customers to the general body of ratepayers.

The proposed LLCP and associated LLCA establish a minimum contract term, minimum monthly bill provisions, security requirements, and early termination provisions. Customers subject to the LLCP must also pay a non-refundable system impact fee. Finally, the LLCP contains a CIAC provision requiring customers to pay 100 percent of the estimated costs to extend service in advance.

Pursuant to the proposed LLCP, potential large load customers would take service under DEF's existing GSD-1 or GSDT-1 rate schedules until a new rate class is established as anticipated in DEF's next rate case filing. In this filing, a large load customer is defined as a customer with a Peak Contract Demand forecast to be greater than or equal to a Monthly Maximum Demand of 50 megawatts (MW) at a single location. Customers meeting this criterion would be subject to the LLCP and would need to execute the LLCA. Large load customers already existing on the Utility's system as of December 31, 2025, that meet the demand requirements, would not be subject to these additional requirements.

The Office of Public Counsel's (OPC) intervention in this docket was acknowledged by Order No. PSC-2026-0144-PCO-EI, issued May 8, 2026. Florida Rising, Inc. (FL Rising);² PCS

¹ Order No. PSC-2026-0068-PCI-EI, issued March 19, 2026, Docket No. 20250113-EI, *In re: Petition for a limited proceeding to approve large load tariff, by Duke Energy Florida, LLC.*

² Order No. PSC-2026-0233-PCO-EI.

Phosphate – White Springs (PCS Phosphate);³ and the Florida Industrial Power Users Group (FIPUG)⁴ were granted intervention in this docket subject to proof of standing or stipulations that there are sufficient facts to support all elements for standing.

On May 26, 2026, OPC and FL Rising filed a Joint Motion to Dismiss (Joint Motion) requesting the Commission dismiss DEF's petition for failing to meet the requirements of SB 484. On June 2, 2026, DEF and PCS Phosphate separately filed responses to the Joint Motion requesting the Commission deny the Joint Motion and let the case proceed to an evidentiary hearing. By Order No. PSC-2026-0264-PCO-EI, the Commission denied the Joint Motion, finding that DEF's petition presented material questions of fact to be resolved at an evidentiary hearing.⁵ Nucor Steel Florida, Inc.'s (Nucor) intervention in this docket was acknowledged by Order No. PSC-2026-0268-PCO-EI, issued on July 31, 2026.

A Prehearing Conference was held on August 5, 2026. On August 17, 2026, the Prehearing Officer conducted an evidentiary hearing to receive testimony and exhibits as to whether FIPUG, PCS Phosphate, Nucor, and FL Rising have standing to intervene in this docket. The Prehearing Officer concluded that all parties whose standing was contested proved their respective standing and entered an Order on Standing on August 24, 2026.⁶ On September 3, 2026, OPC filed a motion for reconsideration of Order No. PSC-2026-0288-PCO-EI and a request for oral argument on its motion of reconsideration. On September 10, 2026, FIPUG filed responses in opposition to OPC's requests for reconsideration and oral argument. A separate staff recommendation is scheduled to be filed for the November 3, 2026 Agenda Conference addressing OPC's motion.

The Commission conducted an administrative hearing on DEF's petition on August 25, 2026, with all parties participating. On September 15, 2026, DEF, OPC, and FL Rising filed their post-hearing briefs. Additionally, FIPUG, Nucor, and PCS Phosphate (collectively Joint Customers) filed their joint post-hearing brief on September 15, 2026. As of October 20, 2026, the Commission received more than 4,400 consumer comments that have been filed in the docket file.⁷

DEF's current base rates were approved in a settlement agreement by DEF and several parties to the docket in the Utility's 2024 rate case in Order No. PSC-2024-0472-AS-EI (2024 Settlement or 2024 Settlement Agreement).⁸ The term of the 2024 Settlement is from January 1, 2025, through December 31, 2027.

³ Order No. PSC-2026-0234-PCO-EI.

⁴ Order No. PSC-2026-0238-PCO-EI.

⁵ Order No. PSC-2026-0264-PCO-EI, issued July 28, 2026, in Docket No. 20260064-EI, *In re: Petition for a limited proceeding to approve large load tariff, by Duke Energy Florida, LLC*.

⁶ Order No. PSC-2026-0303-PCO-EI, issued August 24, 2026, in Docket No. 20260064-EI, *In re: Petition for a limited proceeding to approve large load tariff, by Duke Energy Florida, LLC*.

⁷ The majority of letters object to rate increases for DEF and Florida Power & Light Company and encourage the use of clean, renewable energy,

⁸ Order No. PSC-2024-0472-AS-EI, issued November 12, 2024, in Docket No. 20240025-EI, *In re: Petition for rate increase by Duke Energy Florida, LLC*.

Docket No. 20260064-EI

Date: October 22, 2026

This is staff's post-hearing recommendation on DEF's petition. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.043, 366.05, and 366.06, F.S.

Executive Summary

With respect to the tariffs discussed in Issues 1 through 3, the Commission has three options in this proceeding: (1) approve DEF's proposed tariff as filed; (2) deny the tariff; or (3) deny the tariff with leave for DEF to file modifications. The recommendation addresses these alternatives, including staff's recommended tariff modifications concerning the limitation to "firm" load, the distinction between material and non-material negotiable terms, and the security requirement. The recommendation's Table of Contents identifies each issue and its location in the recommendation. As explained in the final paragraph of this executive summary, the Commission's resolution of the threshold statutory question in Issue 1B will determine which remaining issues and proposed tariff modifications require consideration.

Section 366.043(3)(a), F.S., provides:

The minimum tariff and service requirements must reasonably ensure that each large load customer bears its own full cost of service and that such cost is not shifted to the general body of ratepayers. Such cost of service includes, but is not limited to, connection, incremental transmission, incremental generation, and other infrastructure costs; operations and maintenance expenses; and any other costs required to serve a large load customer. The risk of nonpayment of such costs may not be borne by the general body of ratepayers.

This recommendation presents alternative applications of Section 366.043, F.S., to DEF's proposed large load tariffs. The principal question is whether DEF's existing rates, together with its proposed contractual and financial protections, reasonably ensure that each large load customer bears its own full cost of service without shifting those costs or the risk of nonpayment to the general body of ratepayers.

Staff's recommended interpretations, addressed in Issue 1B, address the cost shifting as distinct statutory requirements. Although the 2024 Settlement's base rate freeze provides short-term protection to existing customers, the issue is whether there is evidence in this record that satisfies the statutory requirement that each large load customer pays its own full cost of service. One statutory interpretation is that DEF has not met its burden to demonstrate compliance with this cost-causer requirement because it has not included a supported rate schedule associated with a large load rate class. Instead, DEF proposes service under existing rate classes without adequate cost support demonstrating that those rates and the proposed protections collectively satisfy the statute. Staff therefore recommends denial with leave to refile a supported large load rate schedule and revised applicability provisions covering all customers meeting the statutory definition. As discussed in Issue 1E, the settlement did not preclude DEF from proposing such a rate schedule.

Alternatively, there is another interpretation of the statute, whereby the Commission could interpret the statute's "reasonably ensure" standard as permitting an interim framework based on existing rates, the settlement's protections, and the proposed contractual safeguards, pending consideration of supported large load rates in DEF's anticipated 2027 rate case. Under this interpretation, any interim approval should expressly reserve the Commission's discretion to

independently evaluate and decide the appropriate large load rates based on the rate schedules and supporting cost evidence presented in the future rate case.

The remaining issues address the implementation of these alternatives. Issue 1 evaluates the individual tariff protections, including staff's recommended revision to the security requirements, removal of the word "firm" in the tariff, and limiting negotiated changes to administrative changes consistent with Section 366.05(1)(e), F.S. Issue 2 aligns the customer agreement with the disposition of the policy tariff; Issue 3 addresses the associated CIAC provisions; and Issues 4 and 5 address effective dates, further review, and docket closure.

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Discussion of Issues

Issue 1A: Does DEF's petition and associated tariffs comply with the requirements of Section 366.03, Florida Statutes?

Recommendation: Staff believes that Section 13.06 Special Terms does not comply with Section 366.03, F.S. Staff recommends that the Commission deny the proposed tariff with leave to amend the tariff to reflect the administrative language contained in Section 366.05(1)(e), F.S. (Thompson, Crawford)

Position of the Parties

DEF: Yes. Section 366.03 obligates DEF to provide service to all customers, including large load customers. It further requires that DEF's rates be "fair and reasonable." DEF's proposed tariffs are fair and reasonable because they establish rates large load customers can take service under now, while the existing settlement ensures no rate increase to existing customers. The Commission should memorialize DEF's commitment to filing a new rate schedule to take effect on January 1, 2028.

OPC: No. DEF has failed to demonstrate that it is "fair and reasonable" to serve large load customers using rates that were not designed to do so. Serving large load customers under existing rates would give those customers undue or unreasonable preference or advantage. DEF has also failed to demonstrate that its proposed CIAC modifications, LLCP, and LLCA, are fair and reasonable and do not give large load customers undue or unreasonable preference or advantage.

FL Rising: No. By forcing the general body of ratepayers to subsidize large load customer costs, Duke's LLCP is neither fair nor reasonable under sections 366.03, Florida Statutes.

Joint Customers: Yes. DEF's filing complies with Section 366.03, F.S., because the tariffs provide for "fair and reasonable" rates for existing customers and new customers and do not give any undue or unreasonable preference or advantage to any person or locality, nor result in undue or unreasonable prejudice or disadvantage.

Staff Analysis: Section 366.03, F.S., requires a public utility to provide "service upon terms as required by the commission." DEF's filing includes Section 13.06, Special Terms. Within that section is a clause that provides:

The Company may negotiate different non-material terms than reflected in this policy, if those terms do not result in fewer customer protections than what is included in this Large Load Customer Policy. If the terms in the LLCA differ materially from the approved form tariff, then Company must submit the executed LLCA to the Commission for review and approval.

(DEF Petition p. 19) The tariff does not define what "non-material" means. In his rebuttal testimony, DEF witness Chatelain testified to some examples of terms that DEF views as non-material. Those terms are changes in how parties are notified, changes in how long parties must

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negotiate in good faith, and changes to the nature of an interconnection. The list provided by DEF is specifically non-exhaustive and leaves interpretation of “non-materiality” to the Utility. (EXH 16, p. 1; TR 131–35)

Staff believes that this provision does not comply with Section 366.03, F.S., because it may result in customers receiving service upon terms not contemplated or approved by the Commission. However, as discussed more fully in Issue 1C, staff also believes that this language can be replaced easily by the utility without substantial change to the tariff. Consequently, staff recommends that the tariff be denied on this ground with leave to modify the tariff as set forth in Issue 1C.

The parties’ briefs focus on whether the rates resulting from this tariff are fair and reasonable, but no rates are at issue in this proceeding. Although potential large load customers would be placed on the GSD-1 or GSDD-1 rate schedules, those have been previously approved by the Commission and are not up for consideration in this docket. (TR 138–39) Staff analyzes the propriety of placing large load customers on those rate schedules, including the supporting evidence, in Issue 1B.

Conclusion

Staff believes that Section 13.06 Special Terms does not comply with Section 366.03, F.S. Staff recommends that the Commission deny the proposed tariff with leave to amend the tariff to reflect the administrative language contained in Section 366.05(1)(e), F.S.

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Issue 1B: Does DEF's petition and associated tariffs comply with the requirements of Section 366.043, Florida Statutes?

Recommendation: Staff recommends that the Commission deny DEF's proposed tariff as filed, with leave to refile, on two grounds. First, the tariff excludes customers who meet the statutory definition of a large-load customer but do not request firm service. Second, DEF has not adequately demonstrated that service under the existing GSD-1 and GSDT-1 rate schedules, together with the proposed contractual and financial protections, reasonably ensures that each large-load customer bears its own full cost of service as required by Section 366.043(3)(a), F.S. DEF should be permitted to refile tariff provisions covering all customers who meet the statutory definition and a proposed large load rate schedule with adequate cost support.

Alternatively, if the Commission finds that DEF's existing rates and proposed protections collectively satisfy the full-cost-of-service and no-cost-shifting requirements, it could approve the cost-recovery framework while requiring DEF to revise the tariff's applicability to include all customers who meet the statutory definition. Approval as filed would require affirmative findings that both the tariff's applicability and its cost-recovery provisions comply with the statute. (Thompson, Crawford)

Position of the Parties

DEF: Yes. Section 366.043 requires DEF to file a large load tariff meeting minimum tariff and service requirements that reasonably ensure that each large load customer bears its own full cost of service and that such cost or the risk of nonpayment of such cost is not shifted to the general body of ratepayers. DEF's proposed tariffs include coordinated cost responsibility and risk mitigation mechanisms to satisfy the statute's objectives.

OPC: No. At a minimum, the failure to design a large load customer-specific rate and the attempted resort to an existing rate fails to comply with the requirements of section 366.043, Florida Statutes. DEF's proposed CIAC modifications, LLCA, LLCP, and grandfather clause also fail to contain sufficient protections to ensure that the risk that the nonpayment of large load customer costs will not be borne by the general body of ratepayers.

FL Rising: No. Section 366.043, Florida Statutes, contains several mandates to ensure such costs are not passed to the general body of ratepayers, and Duke's petition and associated tariffs fall well short of those requirements, with no assurance at all that the general body of customers will not be paying the costs for large load customers, among other violations of the statutory requirements

Joint Customers: Yes. DEF's as-filed petition and tariffs comply with Section 366.043, F.S.

Staff Analysis:

Background

Section 366.043, F.S., is a newly enacted statute that went into effect on July 1, 2026. The statute acknowledges that "uniquely large electrical loads" impose a "disproportionate risk on the other ratepayers of this state." This heightened risk requires "the commission to develop and enforce

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rate structures and other policies for such customers which ensure such risk is mitigated as much as possible and prevent shifting the costs of serving large load customers to the general body of ratepayers.”

This recommendation presents alternative applications of Section 366.043, F.S., to DEF’s proposed large load tariffs. The statute creates multiple questions for Commission consideration. In order as presented by the statute, those questions are:

- Does DEF’s tariff apply to the same customers that the statute describes? Staff analyzes this under the “Definitions” subheading below.
- Do DEF’s existing rates, together with the proposed protections, reasonably ensure that each large load customer bears its own full cost of service? Staff analyzes this under the “Statutory Requirements for Each Large Load Customer” subheading below.
- What can the Commission consider when deciding whether to approve or deny the tariff? This is the focal point of the parties’ arguments that largely revolve around incremental generation costs. Staff analyzes this under the “Tools for Commission Consideration” subheading below.

Definitions

Section 366.043(2), F.S., contains definitions of multiple terms used in the statute. At issue under this subsection is the question of who qualifies as a large load customer. Within that issue are two direct questions: (1) does the statute allow DEF to only have protections in place for *firm* load and (2) how is peak demand calculated?

Does Section 366.043, F.S., allow DEF to only have Protections for Firm Load?

Subsection (2)(d) of the new statute defines large load users as “customers with an anticipated monthly peak load of 50 megawatts (MW) or more, calculated as the highest average load over a 15-minute interval at a single location.” DEF’s proposed tariff, however, applies only to customers with an anticipated monthly peak of 50 MW or more of *firm* load. Consequently, any potential or existing customers that would qualify under the statute (e.g. a customer taking or requesting 100 MW of interruptible load) would not be subject to any provisions or protections provided in the proposed tariffs.

DEF argues that because the different service profiles require materially different planning and investment risks, the distinction of firm load is reasonable. (DEF BR 30-32). Staff is not convinced by the evidence in the record. Although DEF’s planning and investments may change based on whether customers are seeking firm, interruptible, or curtailable load, nothing in the statute supports any such distinction. To the contrary, the statute *does* recognize the existence of interruptible and curtailable service profiles⁹ but did not apply any qualifier to the 50 MW

⁹ § 366.043(6), F.S., provides “[a]ny tariff, contractual provision, service requirement, or other public utility policy relating to large load customers may not prevent or otherwise hinder the curtailment or interruption of electric service to a large load customer where such curtailment or interruption is intended to ensure grid stability, reduce the likelihood or breadth of wider service outages, or ensure public safety during an emergency or other exceptional

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demand threshold. This means that for a customer requesting 100 MW of interruptible service under DEF's proposed tariff, DEF could interrupt service under agreed conditions, which would meet the statutory definition of a large load customer but would still fall outside the language of DEF's proposed large load protections. The statute is designed to protect the general body of ratepayers and to mitigate risks associated with large electrical loads. Differences in planning and investment risks may justify different tariff terms for firm and interruptible customers, but they do not justify excluding customers who meet the statute's definition of a large load customer.

Staff recommends that DEF's proposed tariff be denied on this basis with leave to modify Section 13.01 of the tariff to include all customers with an anticipated monthly peak load of 50 MW or more.

How is Peak Demand Calculated?

Section 366.043(2)(d), F.S., also clarifies that the peak demand is "calculated as the highest average load over a 15-minute interval at a single location." DEF's proposed tariff, however, calculates peak demand as the "highest total demand indicated in any 30-minute interval during the month."

Although the language of the proposed tariff does not facially align with the language of the statute, the version offered by DEF provides more protection for the general body of ratepayers than the statute does. The statutory language relies on an average whereas DEF's language relies on a single peak moment. It is not possible for a customer to qualify as a large load user under the statutory, 15-minute definition without also qualifying under DEF's 30-minute window. However, it would be possible for a customer to qualify under DEF's version – and thus be subject to the protections included in the proposed tariffs – that does not qualify under the statute.

Because DEF's interval timing calculation provides more protection than required by the statute, staff does not recommend denying the tariff on these grounds.

Statutory Requirements for Each Large Load Customer

The core of the new statute lies in subsection (3) which states:

(3) The following minimum tariff and service requirements for large load customers are required in public utility tariffs:

(a) The minimum tariff and service requirements must reasonably ensure that each large load customer bears its own full cost of service and that such cost is not shifted to the general body of ratepayers. Such cost of service includes, but is not limited to, connection, incremental transmission, incremental generation, and other infrastructure costs; operations and maintenance expenses; and any other costs required to

circumstance." Under staff's reading of the statute, large load customers must be treated similarly to DEF's other customers when circumstances warrant curtailment or interruption.

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serve a large load customer. The risk of nonpayment of such costs may not be borne by the general body of ratepayers.

(b) The minimum tariff and service requirements must include provisions reasonably designed to prevent a public utility from providing electric service to a customer that would otherwise qualify as a large load customer if that customer is a foreign entity.

These are requirements that *must* be in place as mandated by the Legislature. The following analysis goes through both subsections in order.

Minimum Tariff and Service Requirements

Subsection (3)(a) provides that – at a minimum – a large load tariff must reasonably ensure that a large load customer bears its own full cost of service *and* that those costs are not shifted to the general body of ratepayers. DEF claims that the proposed tariffs in this docket meet the statutory requirements by virtue of the rate freeze established in the 2024 Settlement Agreement.¹⁰ DEF argues that, because of the rate freeze, the general body of ratepayers cannot pay for the costs of service for a large load customer. Staff agrees that, as currently filed, no costs from the possible service of large load customers can be shifted to the general body of ratepayers until DEF's next general base rate case when a new cost of service study is filed.¹¹ Once DEF's next rate case is filed, it would again be an issue as to whether any costs of service are being shifted to the general body.

However, staff believes that the rate freeze only addresses half of the statute. The other half of the statute – that each large load customer bears its own full cost of service – remains an open question. As currently proposed by DEF, large load customers would be placed on the GSD-1 or GSDT-1 rate schedules.

DEF did not offer a new rate for large load customers in this proceeding, opting instead to defer the creation of a new rate class until its 2027 rate case. However, staff believes that the 2024 Settlement Agreement did not prevent DEF from proposing a large load rate schedule to comply with the new statute. DEF expressly acknowledges that the agreement would permit it to change its rates in response to Section 366.043, F.S., but maintains that such changes are unnecessary because its proposed framework already complies with the law. (DEF BR 10) Accordingly, reliance on GSD-1 and GSDT-1 through 2027 represents DEF's chosen approach, rather than a restriction imposed by the settlement.

That distinction matters because the 2024 Settlement's rate freeze does not resolve whether each large load customer will bear its own full cost of service. DEF's commitment that shareholders will absorb any unrecovered costs during the settlement period provides protection to the general body of ratepayers. (TR 115, 149, 232; DEF BR 10–12) However, shareholder absorption of a shortfall does not itself demonstrate that the large load customer pays its full cost. Staff believes

¹⁰ See Order No. PSC-2024-0472-AS-EI, issued November 12, 2024, in Docket No. 20240025, *In re: Petition for rate increase by Duke Energy Florida, LLC*.

¹¹ Expected to be filed as part of a full rate case in 2027 per rebuttal testimony from DEF witness Chatelain, page 10, line 21 through page 11, line 3.

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that the Commission therefore must evaluate whether the existing rates, together with the proposed tariff protections, reasonably ensure the customer's full cost responsibility.

No evidence was provided by the utility to establish that these rates affirmatively cover the cost of serving each large load customer. Instead, the utility offered assurances that these costs will be revisited in the 2027 rate case. DEF cannot rely on the settlement as a reason to defer an otherwise necessary rate modification until 2028. The evidence provided in this record does not establish that its proposed framework satisfies subsection (3)(a) and the Settlement does not prevent DEF from proposing a supported large load rate schedule to address that deficiency. Therefore, staff recommends that the tariff be denied for lack of evidence to establish that each large load customer bears its own full cost of service.

Foreign Entity Prohibition

Subsection (3)(b) requires that the tariff must be reasonably designed to prevent the utility from providing large load service to a foreign entity. DEF's proposed tariffs acknowledge that the utility is prohibited from providing service to any customer that would qualify and requires an affidavit from the potential customer to attest that it is not a foreign entity.

OPC argues that the affidavit alone – without independent verification – is a rubber stamp that falls short of the statutory requirements. (OPC BR 17) Staff disagrees. The statute requires that the tariff be reasonably designed to prevent service to a foreign entity. The tariff is designed in a way that identifies the prohibition on service and includes a method of enforcement on the customer while also requiring DEF to have that attestation in order to proceed. The statute does not impose a requirement on any utility to engage in independent verification or investigation into the customer.

Tools for Commission Consideration

While subsection (3) delineates what a tariff *must* have, subsection (5) describes how the Commission *may* ensure that those requirements are met. Specifically, subsection (5) states:

(5) To effectuate the requirements of subsection (3), the commission may approve public utility tariffs that include utility industry-accepted ratemaking and other financial tools, including, but not limited to, the following:

- (a) Contributions in aid of construction or other required customer infrastructure investments that may be returned, in whole or in part, to such customers over time.
- (b) Demand charges, including minimum demand charges.
- (c) Incremental generation charges.
- (d) Financial guarantees.
- (e) Minimum load factors.

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(f) Take-or-pay provisions or similar provisions requiring payment for contracted capacity, regardless of a large load customer's actual electricity use or demand.

(g) Minimum period of service contract requirements, including early termination fees or other fees for violation of such contracts.

Of these seven considerations, subsection (c) – the incremental generation charges (IGC) – make up the majority of the parties' arguments. Staff addresses the IGC after analyzing the remaining six factors below.

DEF's tariff contemplates and enacts several of these requirements. Per the proposed tariff, customers seeking to take service are required to pay 100 percent of the total estimated costs to extend service in advance with those payments refunded over a period of up to five years as contemplated by subsection (5)(a). DEF also includes a minimum demand charge as contemplated by subsection (5)(b), financial guarantees as contemplated by subsection (5)(c), a minimum load factor as contemplated by subsection (5)(e), a take-or-pay provision in the form of a minimum bill as contemplated by subsection (5)(f), and a 20-year minimum term with early termination and other fees as contemplated by subsection (5)(g). Consequently, six of the seven ratemaking tools identified in the statute are utilized in DEF's filing. The only industry-accepted ratemaking or financial tool that DEF does not employ is (5)(c) – an incremental generation charge.

The lack of an IGC is at the core of the arguments raised by OPC and FL Rising in their briefs. (OPC BR 6-11, 19, 21-24, 29-30, 32; FL Rising BR 5-9, *passim*) As noted by DEF in its brief, an IGC is an optional tool that the Commission *may* consider when analyzing a tariff under Section 366.043, F.S. (DEF BR 15)

DEF witness Wishart provided testimony to the advantages and disadvantages of average embedded cost ratemaking when compared to incremental cost ratemaking. He testified:

The primary concern associated with using the embedded cost of service approach, particularly with regard to new large customers, is that due to the currently high cost of generation capacity and other infrastructure, there is the potential for average rate increases that would be borne by all customers.

The primary strength of the incremental cost of service approach is that it may prevent unwanted cost shifts between new and existing customers.¹²

This is precisely what Section 366.043, F.S., is intended to address. Although the average embedded cost of service methodology "has resulted in stable rates and charges that have long been deemed just and reasonable," witness Wishart also testifies that these are unprecedented times.¹³

¹² TR 179.

¹³ TR 162-64.

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Meanwhile, the advantages for the embedded cost methodology are consistency, fairness across customer groups, and avoiding the “perception of unfairness” from an incremental cost approach. Regardless of those perceptions, Section 366.043, F.S., is what instructs the Commission on how to consider these customers and tariffs to serve them.

DEF did not propose a new rate class or associated rate schedule for large load customers in this proceeding, and the intervenors argue that an IGC would have addressed that gap. (TR 71-72; 138) While an IGC could be part of DEF’s future rate case filing, without persuasive testimony supporting a cost allocation methodology or other cost support demonstrating how an IGC would operate and satisfy the statutory requirements, staff is unable to recommend whether an IGC is appropriate at this time. If the Commission exercises its discretion to require DEF to include an IGC in its tariff, DEF would need to file supporting testimony and cost information demonstrating how the proposed charge satisfies Section 366.043, F.S. Staff’s recommendation to deny the tariff as filed relies on the evidence in the record before the Commission in this proceeding and the statutory requirements of Section 366.043, F.S.

Alternatives

This docket is a case of first impression. Section 366.043, F.S., went into effect on July 1, 2026, and has never been interpreted by the Commission. If the Commission disagrees with staff’s recommendation, staff recognizes that DEF has acknowledged that any costs not borne by prospective large load customers would be borne by the shareholders as opposed to the general body of ratepayers.

Returning to the text of the statute, Section 366.043(1), F.S., states:

The Legislature further finds that when one class of electric service customer requires uniquely large electrical loads at a single location, it imposes a disproportionate risk on the other ratepayers of this state and *makes it necessary for the commission to develop and enforce rate structures and other policies for such customers which ensure such risk is mitigated as much as possible* and prevent shifting the costs of serving large load customers to the general body of ratepayers.

(emphasis added). The Commission is granted discretion by the Legislature in how to mitigate that risk and protect the general body of ratepayers. DEF’s rate freeze protects existing customers from base rate increases through the end of 2027. The Commission may find that temporary protection, together with the proposed contractual safeguards, satisfies the statute’s “reasonably ensure” standard on the present record and permits interim approval pending consideration of supported large load rates in DEF’s anticipated 2027 rate case.¹⁴ On the other hand, staff believes that the Commission could find that while DEF has demonstrated its proposal contains customer protections, the statute does not afford DEF with the flexibility to postpone inclusion of a rate schedule (supported by evidence on cost responsibility) in its tariff until a future rate case.

¹⁴ Any approval should expressly reserve the Commission’s discretion to independently evaluate and decide the appropriate large load rates and related tariff provisions based on the rate schedules, supporting cost evidence, and other evidence presented in DEF’s anticipated 2027 rate case.

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Conclusion

Staff recommends the Commission should deny the tariff as filed on two grounds: first, because DEF's tariff applies only to firm load without statutory justification to do so and, second, because the evidence introduced at hearing does not establish that the proposed framework reasonably ensures that large load customers will bear their own full cost of service as required by Section 366.043, F.S. If the Commission agrees with this interpretation, it should deny the tariff with leave for DEF to revise its applicability provisions and file a rate schedule with adequate cost support.

Alternatively, the Commission may interpret the statute's "reasonably ensure" standard as permitting a framework based on existing rates, the settlement's protections, and the proposed contractual safeguards, pending consideration of supported large load rates in DEF's anticipated 2027 rate case; an interpretation that is arguably in line with the statutory directive to "ensure risk is mitigated as much as possible." Under that interpretation, the Commission could deny the tariff with leave for DEF to refile with modifications to its applicability provisions to include non-firm load (such as the requirement to apply to all load profiles instead of just firm load). Approval as filed would require affirmative findings that both the tariff's applicability and its cost recovery provisions comply with the statute. Any approval should expressly require DEF to propose a large load rate schedule(s) and reserve the Commission's discretion to independently evaluate the large load rate schedule(s) and related tariff provisions based on the evidence presented in the next rate case.

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Issue 1C: Does DEF's petition and associated tariffs comply with the requirements of Section 366.05, Florida Statutes?

Recommendation: Staff believes that Section 13.06 Special Terms does not comply with Section 366.05(1)(e), F.S. Therefore, staff recommends that DEF's proposed tariff be denied with leave to modify Section 13.06 Special Terms to reflect the language utilized in Section 366.05(1)(e), F.S. (Thompson, Crawford)

Position of the Parties

DEF: Yes. DEF's petition and associated tariffs provide fair and reasonable terms and conditions to serve large load customers while protecting existing customers. DEF's proposed tariffs are fair and reasonable because they establish rates large load customers can take service under now, while the existing settlement ensures no rate increase to existing customers.

OPC: No. DEF's proposed tariff reserves to DEF so much discretion and variability that the Commission cannot find that the associated tariffs meet the specific requirements of the new law. Furthermore, the Commission would be unable to enforce Rule 25-9.034, Florida Administrative Code (based on section 366.05(1), Florida Statutes), because the Commission cannot determine whether a special contract with a customer is specifically covered by the tariff or to what degree arrangements deviate from the tariff.

FL Rising: No. This statute gives the Commission the power to "prescribe fair and reasonable rates and charges." As discussed in the positions to Issue A and B, Duke's proposal is nowhere near ensuring fair and reasonable terms.

Joint Customers: Yes. DEF's filing complies with Section 366.05, F.S., because the tariffs provide for "fair and reasonable rates and charges" for existing and new customers.

Staff Analysis: Section 366.05, F.S., establishes the powers of the Commission. It is the Commission's prerogative to prescribe rates and charges and the "service rules and regulations to be observed by each public utility." Section 366.05(1)(e), F.S., provides:

New tariffs and changes to an existing tariff, other than an administrative change that does not substantially change the meaning or operation of the tariff, must be approved by majority vote of the commission, except as otherwise specifically provided by law.

As discussed in Issue 1A, DEF's proposed tariff includes language that allows the company to negotiate different "non-material" terms. As currently written, the proposed tariff language leaves the determination of whether a change in LLCA terms is non-material and results in fewer customer protections to the discretion of the Utility. (TR 131–32) That creates the possibility of customers possibly receiving service upon terms not reviewed, contemplated, or approved by the Commission.

Staff recommends that DEF's petition be denied with leave to modify the language to reflect the language utilized in Section 366.05(1)(e), F.S. In lieu of "non-material" changes which are

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undefined by the tariff, allowing DEF to make “administrative” changes without additional approval aligns more closely to the statutory language than the proposed language.

Conclusion

Staff believes that Section 13.06 Special Terms does not comply with Section 366.05(1)(e), F.S. Therefore, staff recommends that DEF’s proposed tariff be denied with leave to modify Section 13.06 Special Terms to reflect the language utilized in Section 366.05(1)(e), F.S.

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Issue 1D: Whether the following persons have standing to intervene in this proceeding:

- a. PCS Phosphate – White Springs
- b. Florida Industrial Power Users Group
- c. Florida Rising, Inc.
- d. Nucor Steel Florida, Inc

Recommendation: This issue was resolved in Order No. PSC-2026-0288-PCO-EI. (Thompson, Crawford)

Position of the Parties

DEF: No position provided.

OPC: This issue was the subject of a separate hearing and brief in this docket.

FL Rising: Omitted as fully addressed in Order No. PSC-2026-0288-PCO-EI.

Joint Customers: No position provided.

Staff Analysis: As discussed in the case background, this issue was the subject of a separate administrative hearing and resolved by Order No. PSC-2026-0288-PCO-EI.

Conclusion

No further action is necessary on this issue as it was resolved in Order No. PSC-2026-0288-PCO-EI.

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Issue 1E: Is Commission approval, as-filed or with modifications, of the proposed, Large Load Customer Agreement (Tariff Sheet Nos. 7.510-7.530), the Large Load Customer Policy (Tariff Sheet Nos. 4.130-4.132), and their associated terms and conditions consistent with provisions of the 2024 Settlement Agreement approved in Order No. PSC-2024-0472-AS-EI?

Recommendation: Although the 2024 Settlement Agreement would have permitted DEF to create a new rate class, none was provided. However, staff nonetheless believes that the proposed tariff complies with the existing settlement agreement. (Thompson, Crawford)

Position of the Parties

DEF: Yes. The proposed LLCA and LLCP do not change the rates of any existing customers; and is consistent with the 2024 Settlement Agreement. The Company will not be able to defer costs incurred during the settlement freeze and if DEF does incur costs and the GSD-1 and GSDT-1 rates are not adequate to cover them during the settlement period, those costs will be borne by DEF shareholders.

OPC: To the extent that the 2024 Settlement Agreement does not conflict with the provisions of, those rates, associated terms and conditions, continue in full effect.

FL Rising: Duke's petition fails to create a new rate class for large load customers as required by section 366.043, Florida Statutes. However, even if Duke's petition was modified to add such a new rate class, it would not violate Order No. PSC-2025-0472-AS-EI, given the independent legal obligation to comply with the new intervening law.

Joint Customers: Yes, Commission approval of the as-filed LLCP and LLCA is consistent with the provisions of the 2024 Settlement Agreement based on our understanding that neither will change the rates, terms or conditions of service to existing customers. Joint Customers reserve the right to take a position regarding any modifications to the as-filed LLCP and LLCA that the Commission may order that may alter the rates or terms of service established in the 2024 Settlement Agreement.

Staff Analysis: All parties in this docket were either signatories to or did not object to the approval of the 2024 Settlement Agreement.¹⁵ These parties universally recognize a base rate freeze implemented in the 2024 Settlement that was intended by all parties to last through the end of the 2027 calendar year. Paragraph 5 of the 2024 Settlement Agreement reflects that intent:

Except for the base rate increases provided for in Paragraphs 2, 3, 12, 16, and 35, the Company shall freeze its base rates through the last billing cycle for December 2027. As a part of this base rate freeze, the Company will not seek Commission approval to defer for later recovery in rates, any costs incurred or reasonably expected to be incurred from the Effective Date through and including December 31, 2027, which are of the type which traditionally or historically have been or would be recovered in base rates, unless such deferral and subsequent

¹⁵ Although all current parties were signatories to—or did not object to—the 2024 Settlement Agreement, not all parties to the 2024 Settlement Agreement are parties to this docket.

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recovery is expressly authorized herein or otherwise agreed to in writing by the Parties.

Order No. PSC-2024-0472-AS-EI, p. 45. In light of this base rate freeze, DEF has maintained¹⁶ that the utility may not petition to change its general base rates or create a new rate class for large load customers. (DEF BR 10–12) However, Paragraph 29.b. of the 2024 Settlement Agreement provides exceptions for when the base rate freeze may not apply:

It is the intent of the Parties that, in conjunction with the provisions of Paragraph 6,¹⁷ DEF shall not seek to recover, nor shall DEF be allowed to recover, through any cost recovery clause or charge, or through the functional equivalent of such cost recovery clauses and charges, costs of any type of category that have historically and traditionally been recovered in base rates, unless such costs are: (i) the direct and unavoidable result of new governmental impositions or requirements. . . .

Order No. PSC-2024-0472-AS-EI, p. 64. Staff believes that Section 366.043, F.S., is a new governmental imposition or requirement that triggers Paragraph 29.b. Thus, staff believes that the 2024 Settlement Agreement did not preclude DEF from proposing a new rate schedule for large load customers in response to the statute. However, no new rates were provided.

No other provision of the 2024 Settlement Agreement is implicated by the current filing. Consequently, staff recommends that the tariff not be denied on the ground that it fails to comply with the settlement.

Conclusion

Although the 2024 Settlement Agreement did not preclude DEF from proposing a new rate schedule for large load customers in response to Section 366.043, F.S., none was proposed. Staff nevertheless believes that the proposed tariff complies with the existing Settlement Agreement and, consistent with staff's analysis and recommendation in Issue 1, recommends that it not be denied on this ground.

¹⁶ In its brief, DEF provides the following footnote:

DEF acknowledges that the 2024 Settlement Agreement would allow DEF to change its rates in response to section 366.043. However, for the reasons explained herein, DEF does not need to avail itself of this provision because it does not need to change rates to comply with the law.

¹⁷ It appears in hindsight that the reference to Paragraph 6 likely meant to reference Paragraph 5. Paragraph 6 deals with unrelated revenue allocation issues.

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Issue 1: Should the Commission approve, deny, or deny with leave to refile with modifications the proposed Large Load Customer Policy (Tariff Sheet Nos. 4.130-4.132) and the associated terms and conditions (e.g., minimum term, minimum monthly bill, security requirements, early termination, and special terms provision)? If denied with leave to refile, what should the modifications be?

Recommendation: If the Commission in Issue 1B finds that DEF's petition and associated tariffs do not meet the requirements of Section 366.043, F.S., this issue is moot.

If the Commission in Issue 1B votes that DEF's petition and associated tariffs do meet the requirements of Section 366.043, F.S., staff recommends that the Commission should deny the tariffs with leave to refile the Large Load Customer Policy with the following three tariff modifications. First, DEF should remove the word "firm" from Section 13.01. Second, DEF's proposed calculation of the security amount should be denied. DEF's security amount should be based on two months of minimum bills (Section 13.04). Finally, DEF's proposed provision that would allow the Company to negotiate different non-material terms without Commission review and approval should be denied (Section 13.06). DEF should only be allowed to negotiate different terms that are purely administrative in nature. Staff recommends approval of all other LLCP provisions.

If the Commission approves DEF's LLCP as proposed, without modifications, no changes would be needed to the tariffs. (Guffey, G. Davis)

Position of the Parties

DEF: The Commission should approve, without modifications, DEF's proposed LLCP. The Company's proposal ensures that large load customers bear appropriate costs in the near term through CIAC requirements, minimum bill obligations, termination provisions, and related contractual protections. These mechanisms provide meaningful cost responsibility without requiring the Commission to adopt a rigid, customer-specific allocation model that does not reflect system realities.

OPC: The Commission should deny the proposed LLCP and its associated terms and conditions for not having sufficient protections. If the Commission denies the LLCP with leave to refile with modifications, then the Commission should strip DEF of the discretion to negotiate changes to provisions without total oversight by the Commission, strengthen the early termination policy and security collateral requirements, and make any other changes deemed necessary to protect the general body of ratepayers.

FL Rising: The Commission should deny the proposed LLCP or, in the alternative, deny with leave to refile, provided that the new filing contains a separate rate class for large load customers, the minimum monthly bill is adjusted to ensure that it recovers the full costs of serving large load customers, and the security and early termination provisions are revised to include a higher security payment and Termination Payment Obligation or Termination Fee.

Joint Customers: The Commission should approve the as-filed LLCP. However, if the Commission decides to adopt modifications that would result in the LLCP applying to existing DEF customers, then the LLCP needs to be revised to establish an existing customer tier.

Staff Analysis: The proposed LLCP tariff contains eight sections. The sections are as follows:

13.01 General

13.02 Term

13.03 Determination of Minimum Monthly Bill

13.04 Security Requirements

13.05 Early Termination

13.06 Special Terms

13.07 Contribution in Aid of Construction (CIAC)

13.08 Customer Rate

Each section, except for Section 13.07, CIAC provision, is discussed below. The CIAC provision is discussed in Issue 3.

LLCP Section 13.01 General

Section 366.043(2)(d), F.S., defines a large load customer as “customers with an anticipated monthly peak load of 50 MW or more, calculated as the highest average load over a 15-minute interval at a single location.” Section 13.01 of the proposed LLCP provides the general terms and applicability for large load customers. The general terms include the monthly maximum demand requirements, a grandfather clause, system impact study fees, a liability waiver for securing necessary rights-of-way, permits, equipment for electric service, and the foreign entity clause, as defined by Section 366.043(2)(c), F.S. The applicability, grandfather clause and system impact study fees are discussed below.

Applicability of Firm Load Customers

Section 13.01 states that the LLCP applies to “any individual Customer, for either a new or expanded facility, with an aggregate Peak Contract Demand forecast reasonably expected to be equal to or in excess of a Monthly Maximum Demand of fifty thousand (50,000) kilowatts of firm (i.e., not Interruptible or Curtailable) load, at a single location including co-located load, any time during the Minimum Term.” (EXH 2, MPN C1-19)

DEF’s proposed tariff defines large load customers as 50 MWs or more of firm load. (TR 135, TR 137, TR 143) DEF witness Chatelain explained upon cross examination that the firm load requirement is reflective of the Company’s obligation to serve a firm customer versus a non-firm customer. (TR 143) Witness Chatelain further explained that DEF treats the investments of assets for a non-firm and a firm customer differently and the expectation is that large load customers

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are requesting firm load. (TR 143-144) Witness Wishart testified that data centers have backup generators to avoid loss of service. (TR 327) Finally, witness Chatelain testified that he is not aware of a large load request for non-firm load, either with DEF or across the country. (TR 144)

OPC in its brief states that nothing in Section 366.043, F.S., restricts the application to firm loads. (OPC BR 4, 14, 15) Similarly, FL Rising argues that the new law contains no exception for interruptible or curtailable customers. (FL Rising BR 10-11) The Joint Customers argue that DEF's approach is consistent with the operating characteristics of new data center loads and DEF does not build generation to serve non-firm load. (Joint Customers BR 19-20)

Consistent with staff's recommendation in Issue 1B, staff recommends that DEF's proposed tariff be denied with leave to modify Section 13.01 of the tariff to remove the word "firm" to include all customers with anticipated monthly peak load of 50 MW or more.

Peak Load Calculation for Applicability of Large Load

Section 13.03 of the LLCP defines the Monthly Maximum Demand for billing purposes as the highest total demand indicated in any 30-minute interval during the month. (EXH 2, MPN C1-19) Generally, for all its rate schedules, DEF bills customers on a 30-minute interval basis. (EXH 16, MPN E3) Section 366.043(2)(d), F.S., defines large load customers as "a customer with an anticipated monthly peak load of 50 MW or more, calculated as the highest average load over a 15-minute interval at a single location."

During cross-examination, witness Chatelain testified that DEF bills "on a 30-minute interval, so that's the number that's reflected from a billing standpoint, but as far as applicability of the 50-megawatt measure, we fully intend to comply with the law and evaluate it based on a 15-minute increment...". (TR 135) Witness Chatelain argued that the 15-minute increment was only explicit in the applicability of Section 366.043, F.S., and that billing methodologies were up to Commission discretion. (TR 136) Witness Chatelain further explained that DEF would expect large customers to have constant high load, and a 15-minute versus a 30-minute interval calculation would be very similar. (TR 136) Based on DEF's explanations provided and staff's recommendation in Issue 1B, staff recommends approval of DEF's proposed applicability provision in Section 13.01 of the LLCP tariff.

Grandfather Clause

In section 13.01 of the proposed LLCP, DEF proposed a grandfather clause. (EXH 2, MPN C1-19) The grandfather clause states that this "policy will not impose any additional requirement for customer sites that otherwise meet the Peak Contract Demand requirements and exist on the Company's system as of December 31, 2025." (EXH 2, MPN C1-19) DEF argues that this treatment is reasonable in light of the purpose of the new tariff framework, because the LLCP and LLCA are principally designed to address the incremental planning, investment, and nonpayment risks associated with committing resources to serve new large loads. (DEF BR 32) DEF further stated that existing customers are already taking service under Commission-approved rates and existing contractual arrangements, and the system has been planned and operated with those existing loads in place. (DEF BR 32) Witness Chatelain testified that DEF currently has two customers taking service that are over 50 MW and it is his belief that two customers have been DEF customers "at least more than 20 years." (TR 144)

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OPC argues that the grandfather clause fails to comply with Section 366.043, F.S., because the statute does not authorize such a clause. (OPC BR 16) OPC further states even without an express prohibition, the concept of a grandfather clause is incompatible with the purpose of Section 366.043, F.S., because any grandfathered customer increases the risk that their cost of service will be borne by the general body of ratepayers, as any customer who has been grandfathered in may continue to increase their peak load. (OPC BR 16, TR 91) Upon cross examination, witness Chatelain confirmed that the grandfathered customers' monthly peak load could increase after they have been grandfathered in. (TR 91)

The Joint Customers argue that the grandfather provision is consistent with the intent of Section 366.043, F.S. (Joint Customers BR 16) The Joint Customers further state that Section 366.043, F.S., addresses an anticipated problem attributable to significant new load additions; it does not purport to retroactively change the rates, terms and conditions of service for existing customers that the Commission has previously approved as just, reasonable and in the public interest. (Joint Customers BR 16-17) The Joint Customers also argue that in the absence of clear legislative intent to the contrary, a law affecting substantive rights, liabilities and duties is presumed to apply prospectively. (Joint Customers BR 17) Additionally, upon cross-examination, DEF witness Nelson confirmed his recommendation that incremental generation costs should be recovered from large customers would generally not apply to existing large customers. (TR 333-334)

FL Rising argues that Section 366.043(2)(d), F.S., does not recognize temporal exceptions to the definition of large load customer, and instead includes all customers who cross the threshold of an anticipated 50 MW peak demand. (FL Rising BR 11) FL Rising further explains that DEF's release of existing customers that otherwise meet the statutory definition of a large load customer is not permissible under Section 366.043, F.S. (FL Rising BR 11) Additionally, FL Rising notes that DEF itself admits the current customers could ramp up their peak demand after qualifying for grandfathering without losing that status, allowing grandfathered customer to expand their operations and demand to supply a data center without the LLCA and LLCP being applicable. (FL Rising BR 11)

Staff believes that grandfathering the two existing customers, who have been on DEF's system for at least 20 years, is reasonable because the customers have been paying DEF's base rates and contributing to the system costs. However, the grandfather clause should only apply to the existing load of the two grandfathered customers. As stated by OPC in its brief and confirmed by witness Chatelain, the grandfathered customers could increase their monthly peak load and any additional investments to serve the customer would potentially be at the expense of the general body of ratepayers. Therefore, staff recommends that if a grandfathered customer increases their monthly peak load (beyond the peak load that exists on DEF's system as of December 31, 2025), the customer should lose the grandfather exception and be subject to the LLCP and associated LLCA.

System Impact Study Fee

Section 13.01 also requires applicable customers to pay a non-refundable system impact study fee of \$150,000. (EXH 2, MPN C1-19) DEF asserted that the system impact study fee is not negotiable, and a customer must pay it. (EXH 21, MPN E38) DEF states the purpose of the

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system impact study is to “support the Company’s initial analysis and engineering costs to determine the investments and upgrades necessary to serve the Customer’s proposed load.” (EXH 2, MPN C1-19) In response to interrogatories from staff, DEF explained that “A primary purpose of the required system impact study is to identify any interconnection upgrades needed to maintain system reliability before service is provided.” (EXH 21, MPN E37) In response to OPC interrogatories, DEF explained that the utility does not track internal costs to complete the system impact study. (EXH 58, MPN F2-5)

To date, DEF has completed 14 system impact studies for retail large loads. (EXH 58, MPN F2-5) DEF provided the cost of third-party resources for the studies in discovery. The response shows that one study cost \$254,000 and the remaining 13 studies cost between \$130,000 and \$139,997. (EXH 58, MPN F2-5 - F2-6). Based on DEF’s actual costs for studies incurred to date, staff recommends that DEF’s proposed \$150,000 fee is reasonable and should be approved.

Conclusion for Section 13.01

Based on the above, staff recommends that DEF’s proposed tariff be denied with leave to modify Section 13.01 to remove the word “firm” to include all customers with anticipated monthly peak load of 50 MW or more. Staff recommends approval of all other provisions of Section 13.01 of the proposed LLCP.

Section 13.02 Term

Section 13.02 in the proposed Tariff Sheet No. 4.130 pertaining to the LLCP, defines the minimum term of the Large Load Customer Agreement (LLCA) to be 20 years (EXH 2, MPN C1-19), commencing on the date when permanent electric service is received. This 20-year minimum term may also include a load ramp period. After the minimum term, electric service under the LLCA shall continue until terminated by the customer or the Company upon written notification.

DEF witness Wishart testified that the proposed contract term is at the high end of the large load tariffs reviewed, which range from 8 to 20 years. (TR 186) In his testimony, Witness Wishart provided a table comparing minimum contract terms and load ramp periods for utilities in other states. (TR 182) Witness Wishart further asserted that the long term of the contract also ensures that only customers with strong financial backing would be attracted to the LLCA. (TR 186) With respect to the load ramp period, Witness Wishart explained a load ramp period would allow customers the opportunity to grow into their maximum forecasted demand levels. (TR 186) Witness Chatelain explained that a load ramp period would be a contractually negotiated time schedule between the customer’s service requested and DEF’s obligation to serve the expected load. (TR 140)

During cross-examination, DEF witness Chatelain testified that the customer’s requested load ramp period would be part of an executed LLCA Agreement, with the details agreed to by DEF and the large load customer specified in Exhibit A of the LLCA. (TR 93) Witness Chatelain further testified that “a longer load ramp period provides the company runway to effectively plan what investments may be needed depending on the service request from the large load customer.” (TR 94) DEF’s proposed tariff does not contain a fixed load ramp period. (TR 94) Witness Chatelain stated that DEF’s proposal to negotiate the load ramp period would allow

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DEF “to invest prudently to serve the requested load at the time the customer needs the load.” (TR 95)

OPC stated that the 20-year minimum term may initially seem reasonable as it is one of the longer terms contemplated by large load tariffs nationally. (OPC BR 17) However, OPC asserted that, unlike most other tariffs nationally, DEF’s proposal does not include a provision defining the length of a large load customer’s load ramp period. (OPC BR 17) Instead, the customer-requested load ramp exhibit attached to the LLCA is completely blank. (OPC BR 18)

Conclusion for Section 13.02

Staff believes that DEF’s proposed 20-year minimum term and negotiated load ramp period is reasonable. As shown by Witness Wishart’s comparison of other states, minimum contract terms range from 8 to 20 years, indicating the DEF’s proposed 20-year long term initial commitment is a reasonable measure to insure cost recovery and protections to the general body of ratepayers. Load ramp period provisions vary, with some states specifying that load ramp period not to exceed a certain number of years, while other states allow for a negotiated load ramp period. Staff finds DEF’s position regarding the needed flexibility to negotiate a load ramp period persuasive and recommends approval.

LLCP Section 13.03 Determination of Minimum Monthly Bill

Section 13.03 in the proposed LLCP Tariff Sheet No. 4.130 defines how DEF would determine a large load customer’s monthly bill. (EXH 2, MPN C1-19) The minimum monthly bill calculation would be the sum of the customer charge, minimum demand multiplied by the base demand charges per the applicable base rate schedule, the minimum billing energy volume (kWh calculated based on the minimum demand assuming an agreed upon projected load factor), multiplied by the base energy charges of the applicable rate schedule, all applicable billing adjustments, such as fuel, taxes, and/or fees. (TR 53)

The proposed minimum demand ranges from 75 to 85 percent of the annual contract capacity. The minimum demand would be applied to the applicable demand charge. DEF witness Chatelain explained that DEF would utilize a minimum demand of 75 percent for all qualifying customers. If DEF determines in the future that a higher minimum demand percentage is warranted, it will apply the increased percentage on a going forward basis for all customers. (TR 52; TR 96) The LLCP does not prescribe at what point DEF would begin contracting large load customers with a higher minimum demand. (TR 86) In response to discovery, DEF explained the minimum demand would begin at 75 percent and the range included in the tariff provides flexibility in the event minimum demand needs to be adjusted, driven by costs that arise from the Company’s obligation to serve large load customers. (EXH 4, MPN C3-168; EXH 62, MPN F2-34-35) The tariff further provides that billing demand would be the higher of the monthly maximum demand in the current month, 90 percent of the grid demand (defined as the highest monthly demand in the last 12 months), or the minimum demand (i.e., 75 to 85 percent of contract capacity).

The calculation of the minimum billing energy volume would also include a minimum load factor assumption of at least 60 percent, as agreed upon between DEF and the customer. (TR 53; TR 102; TR 142) Witness Chatelain asserted that the minimum monthly bill provision creates

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accountability for the large load customer by establishing a baseline required energy usage level and discourages over-estimation of capacity needs when approaching the Company with potential projects. (TR 52) Witness Chatelain testified that the minimum monthly bill provisions add a minimum demand and minimum billing energy volume component that is above and beyond the current DEF rate schedule minimum bill requirements. (TR 52) DEF witness Wishart testified that, based on other large load tariffs reviewed, the proposed minimum demand for billing purposes is in the mid-range of other large load tariffs. (TR 187) To support that statement, witness Wishart provided a table comparing minimum bill requirements in other states, which range from 60 to 100 percent of contract demand. (TR 184)

OPC argued that DEF's proposed minimum monthly bill calculation is deficient because the percentage would ultimately be multiplied by the base demand charge of the applicable base rate schedule, which under DEF's current proposal would be either the GSD-1 or GSDT-1 rates, which were designed in the 2024 Settlement before SB 484 had been introduced. (OPC BR 19; TR 114) OPC concludes that until DEF implements a large load-specific rate, DEF's minimum monthly bills do not cover the full costs of serving large load customers. (OPC BR 19) This failure to recover large load customer costs shifts the risk of nonrecovery of such costs to DEF's general body of ratepayers in violation of Section 366.043, F.S. (OPC BR 19) OPC further states that by proposing a range of percentages to determine minimum monthly bills and leaving it to its own discretion as to when to increase that range, DEF's proposal increases the risk that the costs of serving large load customers will be borne by the general body of ratepayers. Nothing in DEF's proposal requires DEF to increase the minimum demand percentage to recover those costs. (OPC 18-19)

FL Rising's witness Rábago testified by putting the large load customers on the GSD-1 and GSDT-1 rates, the minimum bill would be nowhere near the revenue needed to match the costs associated with the incremental and embedded transmission, generation, operating, and maintenance costs. (TR 372) FL Rising reiterated the position in its brief, stating that the GSD-1 and GSDT-1 rates do not reasonably ensure that such large customers pay for all costs required to serve. (FL Rising BR 9)

Conclusion for Section 13.03

DEF committed to filing a large load rate schedule for Commission approval effective January 1, 2028, at which point the GSD-1 and GSLD-1 rate schedules would no longer be the applicable rate schedules for a large load customer. Witness Chatelain testified that DEF would file a cost of service study in its next rate case that would include projections for large load customers. (TR 138) A minimum demand charge should incentivize accurate load estimates and provide protections to the general body of ratepayers. As DEF witness Wishart testimony shows, large load tariffs in other states demonstrate a range of minimum billing demands from 60 to 100 percent. DEF's proposed minimum bill provisions for the interim period are reasonable and staff recommends that they should be approved, because they fall within the range of minimum billing demand requirements in utility proposals in other states.

LLCP Section 13.04 Security Requirement

DEF's proposed security requirements are incorporated in Section 13.04 of the proposed LLCP. (EXH 2, BSP C1-21, Tariff Sheet No. 4.131) Generally, a security requirement, or collateral, is

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an essential risk management tool to protect the general body of ratepayers and the utility's exposure.

Witness Chatelain explained in direct testimony DEF's proposed security requirement:

The proposed security provisions will require that potential large load customers secure their financial obligations to the Company by providing certain financial amounts (the "Security Amount"). The Security Amount is calculated by applying a certain percentage of the applicable termination payment (the "Security Percentage") to the Termination Fee. The Security Percentage generally depends on the size of the required Termination Fee and the customer's creditworthiness (i.e., customers with a higher credit rating will receive a lower Security Percentage). However, if the Termination Fee is greater than \$100M, the Security Percentage will be no less than 10 percent.

(TR 55) The security requirement can be provided in the form of an irrevocable letter of credit or cash. Customers also have the option to provide a parent guaranty in order to reduce the security percentage. The security amount required could change if any of the formulaic variables change. Possible changes include a change in the customer's credit rating, which could change the security percentage, or a change in rates, which could change the applicable termination fee calculation. (EXH 16, BSP E4)

DEF witness Wishart provided a summary of collateral/security requirement provisions for utility proposals in certain other states. (TR 183) Witness Wishart testified that DEF's proposed variable security percentage, which is applied to the termination payment, is "a unique aspect of their LLC." (TR 187) Witness Wishart recognized that most other proposals reviewed required a specific security amount, with some exceptions for customers with high credit ratings and sufficient liquidity. (TR 187) Witness Wishart testified that the "... Company's approach retains some flexibility in its contract terms that will allow it to tailor security requirements to each prospective customer." (TR 187) Staff believes that, based on the security requirement provisions for utility proposals provided by witness Wishart, other states include less flexibility and are more specific.

OPC witness Nelson disagreed with DEF's proposed security requirement. Witness Nelson advocated that the Commission direct DEF to refile the large load proposal to "require DEF to replace its open-ended, negotiated security collateral provision with clear and specific parameters set at a higher level-security collateral equal to 24 months of minimum bills based on the customer's planned post-ramp peak demand." (TR 258) Witness Nelson contended that DEF's proposed security policy allows far too much case-by-case negotiation and too much discretion by DEF and the only detail in the policy is the 10 percent security percentage threshold at an early termination fee of \$100 million. (TR 311) Witness Nelson asserted that "the Company can set whatever security percentage it negotiates with the customer, with no input from the Commission, outside stakeholders, or other customer groups." (TR 311)

Witness Nelson testified that while other large load tariffs include a broad range of security collateral provisions, certain utilities have specific security policies that have significantly higher

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requirements. (TR 312) Therefore, OPC advocates that the LLC be amended to require security collateral equal to months of minimum bills, based on a customer's planned peak post-ramp period demand. (TR 313) OPC asserted that the security requirements reflected in DEF's LLC represent another instance of the Company giving itself too much negotiating discretion at the potential expense of its general body of ratepayers. (OPC BR 20)

Witness Rábago similarly testified that DEF's security provision does not provide sufficient assurance that the stranded costs of a potential early termination are fully recoverable from the large load customer. (TR 379)

DEF witness Chatelain rebutted OPC's testimony by testifying that the security provision is not intended to serve as the sole mechanism for securing recovery, but "rather to provide reasonable financial assurance that is aligned with the customer's risk profile and existing protections." (TR 76)

Conclusion for Section 13.04

Staff agrees with OPC that the tariff does not specify the percentage of the applicable termination payment DEF would seek as security. The only fixed term is that the security percentage threshold would be 10 percent at an early termination fee of \$100 million. The percentage would depend on the size of the termination fee and the customer's credit worthiness, which provides no transparency to the Commission as to what the security amount would be. While staff acknowledges DEF's emphasis on the need for flexibility, staff believes the tariff as proposed provides DEF with too much flexibility. The security requirement is an essential contract structure to ensure that the general body of ratepayers is adequately protected if large-load customers disconnect early, before the expiration of the minimum term.

Therefore, staff recommends that the security provision be denied as filed. DEF should be given the option to refile the LLC tariff and include a security provision as recommended by OPC witness Nelson, which would be a collateral equal to 24 months of minimum bills based on the customer's planned post-ramp peak demand.

LLC Section 13.05 Early Termination

Section 13.05 in the proposed LLC Tariff Sheet No. 4.131 defines the early termination provisions that would apply to large load customers. (EXH 2, MPN C1-21) DEF witness Chatelain testified that under the early termination provisions of the LLC, once the customer begins taking service, the customer shall provide written notice to the Company no later than two years prior to the requested date of termination of service. (TR 54) The tariff provides that in such event, service under the LLC shall automatically terminate on the date following the second annual anniversary of the date of the customer's termination notice. DEF witness Chatelain testified that the written notice helps "ensure that the Company has sufficient time to plan for the load reduction in a manner that minimizes impacts on existing customers and non-participants." (TR 54)

If the customer terminates service before expiration of the original 20-year contract term and provides the required 2-years notice, after reaching full load ramp, the customer shall be responsible for payment of a termination fee. The termination fee is calculated based on a

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formula. (TR 103) Specifically, the termination fee is equal to three years, or 36 months, of minimum monthly bills, plus the net book value of new facilities referenced in section 13.07 of the LLCP, less any refundable portion of the upfront CIAC payment, which has not yet been refunded. (TR 54; TR 103) The new facilities referenced in section 13.07 are any facilities that were subject to the CIAC provision. (TR 103) Witness Chatelain further testified that “Together, the early termination and minimum monthly bill provisions help protect the Company’s other customers from bearing the burden of potential stranded costs or underutilized assets due to the potential disappearance of or reduction in load if a large load customer project does not materialize or maintain its load as expected.” (TR 55)

If a customer terminates the LLCA before reaching full load ramp, the customer must pay the Company its actual costs incurred to provide service, referred to as “Termination Payment Obligation” in the tariff. (EXH 2, MPN C1-21; TR 102-103) The proposed LLCA (original sheet No. 7.512) refers to actual costs incurred or committed by the Company as costs associated with the work in preparing to provide electric service to the site. (EXH 2, MPN C1031) In response to discovery, DEF explained that actual costs may include customer-specific facilities, service-extension costs, and incremental generation, transmission, or other system investments undertaken to accommodate the customer’s anticipated load. (EXH 22, E43; EXH 28, MPN E179) If the customer terminates service before the end of the required 2-year notice period, the customer would be subject to “Termination Delay Damages” in addition to the termination fee described above. (TR 54)

Section 13.05 of the LLCA tariff further provides that if a customer is permitted to change rate schedules and selects to receive service under another applicable Company firm rate schedule, no termination fee shall be applied, but the terms of the LLCA with respect to the minimum monthly bill shall apply until the expiration of the original contract term; at the end of the original contract term, the LLCA should be amended to reflect the appropriate minimum monthly bill under the new firm rate schedule. (EXH 2, MPN C1-21) The customer could not avoid the calculation of the minimum monthly bill or the other requirements set forth in its initial LLCA by changing rate schedules. Additionally, the Company may terminate service under the LLCA at any time if the customer materially breaches the terms and conditions of its rate schedule, this policy, the LLCA, or the Company’s tariff on file with the Commission.

In his testimony, DEF witness Wishart provided a table comparing security requirements and exit-fee provisions for other utilities in other states. (TR 183-184) Witness Wishart testified that most proposals combine credit/security requirements – often tied to parent-company guarantees, letters of credit, or cash collateral – with exit fees equal to a fixed number of months’ minimum charges, commonly 36 months. (TR 183) Witness Wishart further testified that:

The Company’s requirement that customers pay 36 months of minimum bills, plus the net book values of the new facilities subject to the CIAC rule, for early termination, is a strong deterrent against customers who do not have the expectation of long-term financial viability. This requirement is common across the other large load tariffs that I reviewed and will help the Company recover the cost of investments needed to serve new large load customers.

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(TR 187) The Joint Customers argued that there is no rationale for requiring a 20-year service contract, with early termination and exit fees, of an existing customer that has been contributing to DEF's cost of service for years or decades. (Joint Customers BR 17) The Joint Customers further stated that since an existing load is not imposing any material incremental utility infrastructure costs, there is no justification for requiring financial security guarantees or minimum bill provisions because there are no identified incremental infrastructure costs that could be shifted or stranded. (Joint Customers BR 17) The Joint Customers finally state that if the Commission decides to adopt modifications that would result in the LLCP applying to existing customers, the LLCP must be revised to create an existing customer tier. Specifically, the Commission should make changes that there should not be an early termination fee of any kind. The Joint Customers argued that these revisions are necessary to ensure that the LLCP, if applicable to existing customers, is just and reasonable. (Joint Customers BR 25)

OPC argued that DEF's early termination fees are, by design, structured not to recoup the full cost of serving an early terminating customer. (OPC BR 6) OPC further stated that the early termination fees are more lenient than those of many other utilities. (OPC BR 21) OPC additionally asserted that many large load tariffs contain an early termination fee of either (1) all minimum monthly bills for the duration of the contract, or (2) the remaining undepreciated value of facilities whose costs have been directly assigned to the customer, whichever is higher. (OPC BR 21) Furthermore, OPC stated that DEF's proposed early termination fees for large load customers past their load ramp offers minimal protection to existing customers because only a small subset of incremental costs is included in the CIAC and minimum bill provisions. (OPC BR 21) As such, "DEF's proposed early termination fees do not comply with Section 366.043, F.S., because they increase the risks that the general body of ratepayers will have to bear the costs of stranded assets built to serve early terminating large load customers." (OPC BR 21-22)

OPC witness Nelson recommended a termination fee equal to customer's minimum monthly bills for the entire remaining contract term, regardless of the contract year in which the customer elects to terminate service. (TR 258) Witness Nelson compared DEF's proposed early termination provisions to other large load policies reviewed, and concluded DEF's proposal is more lenient than most other policies reviewed. (TR 309) OPC asserted that an insufficient termination fee creates risk to existing customers when the physical grid assets built to serve the customer remain in rate base and "if the company can not quickly repurpose those assets, their costs will be socialized to customer groups that do not receive any benefits from them." (OPC BR 21-22; TR 310)

FL Rising witness Rábago testified that in the event of early termination of service, the tariff is inadequate to prevent cost shifting onto other customer classes, with stranded costs borne by the general body of ratepayers. (TR 363) Witness Rábago additionally testified that the termination payment obligation and termination fee leave unrecovered costs on the table to fall onto the general body of ratepayers in other customer classes. (TR 378) Witness Rábago asserted that by enforcing the collection of only those costs associated with the preparation of a site, the additional costs for construction of new power facilities, operation and maintenance, fuel, and devaluation in investments, among others, remain unaccounted for. (TR 378)

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Conclusion for Section 13.05

There is consensus among the parties supporting the general practice of exit or early termination fees. As shown by witness Wishart's comparison of other states, early termination fees range from 36 months of minimum charges to early termination fees equal to the remaining minimum-bill obligations for the term of the contract. Therefore, the record supports the 36-month minimum bill obligation, as proposed by DEF. Based on the testimony provided by DEF, staff recommends that the proposed early termination fee, two-year notice of termination, and termination delay damages are reasonable measures of protections to the general body of ratepayers and provide DEF with a mechanism with adequate planning time for capacity adjustments, should a customer terminate service prior to the 20-year minimum contract term. Therefore, staff recommends approval of Section 13.05 of the LLCP. Therefore, staff recommends approval of Section 13.05.

LLCP Section 13.06 Special Terms

Section 13.06 in the proposed LLCP Tariff Sheet No. 4.132 states that:

The Company may negotiate different non-material terms than reflected in this policy, if those terms do not result in fewer customer protections than was included in the Large Load Customer Policy. If the terms in the LLCA differ materially from the approved form tariff, then Company must submit the executed LLCA to the Commission for review and approval.

(EXH 2, MPN C1-22) Examples of non-material terms provided by DEF are changes in how the parties will be notified under the LLCA (paragraph 17), changes to how long the parties must negotiate in good faith to avoid disputes (paragraph 21), or changes to the nature of the interconnection (paragraph 3c). (TR 75; TR 132; EXH 16, MPN E1) However, DEF did not define what the term "non-material" means in the LLCP or in the LLCA. (TR 106) Furthermore, DEF is the one who decides what non-material means. (TR 106-107) During cross examination, DEF witness Chatelain admitted that it would be up to the Company to decide if a negotiated term would result in fewer customer protections (and therefore be material). (TR 108)

Witness Chatelain testified that if the Company deviated from the LLCA in a material way, it would submit the negotiated LLCA to the Commission for approval. (TR 58) Examples of material terms are the rate paid, system study impact fee, the size of the large load customer, the 20-year initial minimum term, minimum monthly bill calculation (within 75 to 85 percent), security requirements, requirement to pay full CIAC upfront, foreign entity restrictions, and early termination (TR 75; TR 133; EXH 21, MPN E38-39). During cross examination, witness Chatelain testified that he does not believe anything in the LLCP would be considered non-material and that the non-material terms are limited to terms contained in the LLCA. (TR 133) He further stated that the Utility will be willing to revise the proposed tariff to provide an exhaustive list of nonmaterial terms subject for negotiation to comply with the Commission's ultimate decision in this docket. (TR 135)

In its brief, OPC stated that DEF has allowed "itself sweeping and unconstrained discretion to amend the terms of the LLCP and the LLCA." (OPC BR 5) OPC asserts that allowing DEF to negotiate any term that DEF deems non-material if it does not result in fewer customer

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protections is “the worst example of this self-serving discretion.” (OPC BR 5) OPC further asserts that Section 366.03, F.S., requires that utilities provide “service upon terms as required by the commission.” (OPC BR 12) Because this discretion would only be checked by the conscience of whoever performs DEF’s large load contract negotiations, it impermissibly exposes DEF’s general body of ratepayers to the risks of large load customers not bearing their full costs of service. (OPC BR 22) OPC recommends that the Commission should therefore deny DEF’s petition. (OPC BR 13)

FL Rising provides a similar position to OPC, disagreeing with DEF’s proposal to negotiate different non-material terms, if those terms do not result in fewer customer protections. (FL Rising BR 11-12)

The Joint Customers state that if the non-material term is adequately defined, DEF’s flexibility should not be a barrier for its approval. (Joint Customers BR 11)

Conclusion for Section 13.06

Consistent with the analysis and staff recommendation provided in Issues 1A and 1C, staff recommends that the Commission deny DEF’s proposed tariff provision allowing the Company to negotiate different non-material terms without Commission approval. Staff believes the DEF should only be allowed to negotiate different terms that are purely administrative in nature. Staff believes that changes in how the parties will be notified under the LLCA (paragraph 17) and changes to how long the parties must negotiate in good faith to avoid disputes (paragraph 21) would fall under “administrative” changes; however, any changes in the interconnection agreement, for instance, would fall outside the administrative nature and should require Commission approval.

LLCP Section 13.07 Contribution in Aid of Construction (CIAC)

As discussed in Issue 3, staff recommends that if the Commission approves the proposed LLCP and LLCA tariffs as filed, the CIAC tariff modifications should be approved. If the Commission denies the proposed LLCP and LLCA tariffs this issue is moot. Staff’s recommendation to deny the LLCP tariff with leave to refile does not impact the CIAC issue.

LLCP Section 13.08 Customer Rate

The proposed LLCP provides that until the Commission next resets the Company’s rates and approves a new large load rate schedule which reasonably ensure that a customer bears its own full cost of service, the customer shall take service under the Company’s existing GSD-1 or GSDD-1 rate. Once the new large load rate schedule is approved, the Customer would be moved to that new rate schedule.

In its brief, DEF stated that the 2024 Settlement fixes DEF’s existing base rates through December 31, 2027, while Section 366.043, F.S., requires DEF to have a compliant large load tariff on file by October 1, 2026. DEF has therefore proposed an interim framework under which qualifying large load customers will take service under the existing GSD-1 or GSDD-1 rate schedule through the end of the Settlement term, subject to the additional cost-responsibility and financial-risk protections contained in the LLCP and LLCA. (DEF BR 7) DEF committed to proposing a dedicated large load rate schedule in its next rate case, or in the absence of a rate

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case filing, in a separate standalone filing for approval of a new large-load specific rate effective January 1, 2028. (TR 197) Such a filing would have to be presented to the Commission no later than spring 2027. On rebuttal, DEF witness Chatelain testified that if:

DEF does incur costs, and the GSD-1 and GSDT-1 rates are not adequate to cover them during the settlement period, those costs will fall to the bottom line and be borne by DEF shareholders. To be clear, to the extent such costs are incurred and resulting in DEF falling below its authorized ROE band, it commits that it will not seek to adjust rates during the settlement period.

(TR 72) Witness Wishart asserted that the rates under the GSD-1 and GSDT-1 tariffs are based on a traditional embedded cost-of-service methodology. (TR 196) Witness Wishart further testified that there is nothing inherent in the existing GSD-1 and GSDT-1 rates that makes them inappropriate simply because a customer's demand exceeds 50 MW. (TR 197) Witness Wishart does not agree that allowing large load customers to temporarily take service under the existing GSD-1 and GSDT-1 tariffs is inconsistent with the requirements of SB 484. (TR 197)

FL Rising witness Rábago testified that the existing GSD-1 and GSDT-1 are already below parity and subsidized by residential and small business customers. (TR 363) Specifically, the parity index approved in the 2024 Settlement for the GSD-1 and GSDT-1 rate classes is 0.91 or 91 percent. (EXH 10, MPN C6-440) Parity is the concept of a rate class covering its costs to serve. (TR 145) Furthermore, witness Rábago asserted that the rates were not designed with DEF's duties under the new legislation to the general body of ratepayers. (TR 363) By putting large load customers on the GSD-1 and GSDT-1 rates, witness Rábago concluded that DEF is almost guaranteeing that large load customers will not be covering the costs needed to serve them.

OPC argues a similar position, stating that DEF's proposal is not fair and reasonable because DEF is proposing to serve large load customer using rates that were approved in the 2024 Settlement before SB 484 "had even been introduced in the Legislature." (OPC BR 8) Furthermore, the GSD-1 and GSDT-1 rates reflect traditional embedded cost revenue allocation and do not recover incremental costs. (OPC BR 8; TR 105) Finally, OPC also asserts that GSD-1 and GSDT-1 rates are unfair and unreasonable because they are below parity. (OPC BR 8, TR 145)

In response to FL Rising witness Rábago's assertions, DEF witness Chatelain rebutted that DEF has not committed to serving large load data center customers and the "practical realities of siting, interconnection studies, and infrastructure development all point to a longer time for large-scale builds." (TR 402)

Staff agrees with OPC and FL Rising that the GSD-1 and GSDT-1 rates were approved as part of the 2024 Settlement and were not specifically designed for large load customers. However, the GSD-1 and GSDT-1 rates represent Commission-approved rates for commercial/industrial customers, regardless of minimum peak demand. The GSD-1 tariff is applicable to any customer, other than residential. (EXH 90, MPN F2-538)

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Need for New Generation and Transmission

For each large load customer, DEF must systematically evaluate specific capacity and energy needs against its existing grid infrastructure to determine the exact generating assets required for integration. This process ensures the Utility maintains adequate reserve margins and complies with all Commission- and North American Electric Reliability Corporation-mandated reliability requirements. (EXH 18, MPN E16) For example, according to FL Rising witness Rábago, under the Commission's approved 20 percent reserve margin, a 1.0 gigawatt data center requires 1.2 GW of capacity. (TR 369) DEF witness Borsch testified that the Utility is currently capable of serving a single 55 MW large load customer before the 2024 Settlement Agreement expires at the end of 2027. (TR 401-402) In discovery, DEF noted it had received requests for system impact studies from 13 customers above the 50 MW threshold, but the smallest of these was 160 MW, which is above the 55 MW currently available. (EXH 58, MPN F2-5 – F2-6) Therefore, it is likely that new generation would be required as a result of a new large load customer under the proposed tariff.

Beyond assessing generation capacity, DEF must perform steady-state contingency analyses to protect grid reliability from these large loads. (EXH 101, MPN F4-547) As testified by DEF witness Chatelain, for each large load customer, DEF plans and builds its network as an integrated grid to support both system-wide and customer-specific infrastructure needs. (TR 77) According to DEF witness Wishart, large load customers must initially fund their own customer-specific interconnection facilities via a refundable CIAC mechanism. The witness further testified this ensures fair cost allocation to specific users while keeping the grid adaptable should those assets eventually benefit the broader network. (TR 192) While DEF's completed load hosting analysis outlines several substations and transmission lines that can absorb up to 200 MW of new capacity, demand exceeding this threshold will trigger system upgrades that are not covered under the CIAC mechanism. (EXH 18, MPN E15)

Conclusion for Section 13.08

As discussed in the executive summary and in Issue 1B, one option for the Commission could be to find that DEF's existing rates and proposed protections satisfy the statute. Pursuant to the 2024 Settlement, base rates are frozen until the last billing cycle of 2027. Therefore, even if DEF were to sign an LLCA with a large load customer before December 31, 2027, the general body of ratepayers would not be impacted. DEF's approach to temporarily serve any potential large load customer under the GSD-1 and GSDT-1 rates is reasonable and should be approved. The new large load rate schedule(s) DEF plans to propose in 2027 should provide for rates that reflect the full cost of service to serve large load customers. DEF's proposal for new large load rate schedule(s) should also address how investments in new generation and transmission to serve a large load customer would be recovered.

Conclusion for Issue 1

The Commission has three options in this proceeding: (1) approve DEF's proposed tariff as filed; (2) deny the tariff; or (3) deny the tariff with leave for DEF to file modifications. The recommendation addresses these alternatives, including staff's recommended tariff modifications concerning the limitation to "firm" load, the distinction between material and non-material negotiable terms, and the security requirement.

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If the Commission in Issue 1B votes that DEF's petition and associated tariffs do not meet the requirements of Section 366.043, F.S., this issue is moot.

If the Commission in Issue 1B votes that DEF's petition and associated tariffs do meet the requirements of Section 366.043, F.S., staff recommends that the Commission should deny the tariffs with leave to refile the Large Load Customer Policy with the following three tariff modifications. First, DEF should remove the word "firm" from Section 13.01. Second, DEF's proposed calculation of the security amount should be denied. DEF's security amount should be based on two months of minimum bills (Section 13.04). Finally, DEF's proposed provision that would allow the Company to negotiate different non-material terms without Commission review and approval should be denied (Section 13.06). DEF should only be allowed to negotiate different terms that are purely administrative in nature. Staff recommends approval of all other LLCP provisions.

If the Commission approves DEF's LLCP as proposed, without modifications, no changes would be needed to the tariffs.

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Issue 2: Should the Commission approve, deny, or deny with leave to refile with modifications the proposed Large Load Customer Agreement (Tariff Sheet Nos. 7.510-7.530) and the associated terms and conditions (e.g., minimum demand, minimum term, minimum demand charge payments, security requirements, and early termination provision)? If denied with leave to refile, what should the modifications be?

Recommendation: The Commission's vote on the LLCA should be consistent with the Commission's vote on the LLCP in Issue 1. The LLCA and LLCP tariffs are together structured to include terms and conditions applicable to large load customers and any LLCP customers would need to execute an LLCA. If the Commission denies the proposed LLCP with leave to refile in Issue 1, the Company should make the corresponding changes to the LLCA (Ward)

Position of the Parties

DEF: The Commission should approve, without modifications, DEF's proposed LLCA. The Company's proposal ensures that large load customers bear appropriate costs in the near term through CIAC requirements, minimum bill obligations, termination provisions, and related contractual protections. These mechanisms provide meaningful cost responsibility without requiring the Commission to adopt a rigid, customer-specific allocation model that does not reflect system realities.

OPC: The Commission should deny the proposed LLCA and associated terms and conditions. If the Commission denies the LLCA with leave to refile with modification, then, at a minimum, the Commission should recommend modifications consistent with the above.

FL Rising: The Commission should deny the proposed LLCA or, in the alternative, deny with leave to refile, provided that the security to be rendered is increased and the early termination provisions are revised to include all costs associated with servicing a large load customer.

Joint Customers: The Commission should approve the as-filed LLCA. However, if the Commission decides to adopt modifications that would result in an LLCA applying to existing DEF customers, then the LLCA needs to be revised as to those existing customers.

Staff Analysis: The LLCA is an agreement between the Company and a customer who is seeking retail electric service for a proposed facility projected to have new or incremental load of 50 MW or more at a single location. (EXH 2, MPN C1-21) A customer taking service under the LLCP tariff must execute an LLCA. (TR 58)

DEF witness Chatelain testified that the LLCA specifies certain provisions of electric service, including load characteristics, customer-specific terms, applicable construction cost recovery terms, and other service details, including definition of operating procedures based on the Company's proposed LLCP. (TR 57-58) The LLCA also requires a customer to provide an affidavit to the Company attesting that it is not a "foreign entity" as defined in Section 366.043(2)(c), F.S. (TR 117)

Attached to the LLCA are Exhibits A-F which would be included in a completed and signed agreement. Exhibit A is the customer-requested load ramp schedule. (EXH 2, MPN C1-42)

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Witness Chatelain explained at the hearing that Exhibit A is blank as it would be filled in on an executed contract with the timing associated with the customer's specific requested load ramp period. (TR 93) Exhibit B are the estimated company costs incurred in preparing to provide electric service to the site. (EXH 2, MPN C1-43) Exhibit C is the form letter of credit that is discussed in the security requirements section of the LLCA. (EXH 2, MPN C1-44) Exhibit D is the form parent guaranty that is also discussed in the security requirements section of the LLCA. (EXH 2, MPN C1-50) Exhibit E is space for additional facilities if the customer requests an enhanced level of service, if applicable. (EXH 2, MPN C1-56) Finally, Exhibit F is space for additional provisions, if any. (EXH 2, MPN C1-57)

DEF witness Chatelain testified that the LLCA appropriately establishes a uniform framework that allows the Company to negotiate in good faith with prospective large load customers to accommodate project specific priorities and service objectives. (TR 58) Witness Chatelain additionally asserted that the LLCA terms protect the Company and existing customers from undue risk of stranded investment. (TR 58)

OPC argues that throughout the proposed LLCP and LLCA, DEF has arrogated itself sweeping and unconstrained discretion to amend the terms of those documents. (OPC BR 5) OPC further stated that the worst example of this self-serving discretion is a provision in the LLCA's special terms section which would allow DEF to negotiate any term that DEF deems is "non-material" if doing so doesn't result in "fewer customer protections." (OPC BR 5) Staff addresses the non-material provisions of the LLCP and LLCA in Issue 1 of this recommendation.

The Joint Customers state that with respect to compliance with Section 366.03, F.S., the primary concern seems to be whether DEF can be allowed any leeway under the LLCP "Special Terms" to negotiate "non-material" terms of the LLCA contract. (Joint Customers BR 11) They further state that as long as the category of non-material term is adequately defined, DEF's flexibility should not be a barrier to approval of the DEF proposal. (Joint Customers BR 11) Lastly, the Joint Customers state that the Commission should find that DEF's petition and associated tariffs are consistent with Section 366.043, F.S. (Joint Customers BR 11)

Conclusion

The Commission's vote on the LLCA should be consistent with the Commission's vote on the LLCP in Issue 1. The LLCA and LLCP tariffs are together structured to include terms and conditions applicable to large load customers and any LLCP customers would need to execute an LLCA. If the Commission denies the proposed LLCP with leave to refile in Issue 1, the Company should make the corresponding changes to the LLCA.

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Issue 3: Should the Commission approve, deny, or deny with leave to refile with modifications the proposed CIAC tariff modifications (Tariff Sheet No. 4.030 and 4.132, paragraph 13.07)? If denied with leave to refile, what should the modifications be?

Recommendation: If the Commission approves the proposed LLCP and LLCA tariffs as filed, the CIAC tariff modifications should be approved. If the Commission denies the proposed LLCP and LLCA tariffs, this issue is moot. Staff's recommendation to deny the LLCP tariff with leave to refile does not impact the CIAC issue. (Nguyen)

Position of the Parties

DEF: The Commission should approve, without modifications, DEF's proposed modifications to the CIAC tariff. Customer-funded, refundable Contributions in Aid of Construction ("CIACs") appropriately assign the cost of customer-specific interconnection facilities while recognizing that those facilities may subsequently provide value to other customers.

OPC: The Commission should deny the proposed CIAC modifications. If the CIAC tariff provisions are denied with leave to refile, the Commission should require DEF to include modifications to make large load customers pay 100% of the "but for" connection costs related to large load customers that include the incremental generation and transmission upgrades costs, including the costs of network transmission upgrades.

FL Rising: The CIAC provisions should be made more robust, so as to comply with section 366.043, Florida Statutes, and protect ratepayers.

Joint Customers: The Commission should approve the as-filed proposed CIAC tariff modifications. If the Commission adopts modifications to the DEF proposal, it should specify that existing customers will remain subject to the currently approved CIAC provisions of the existing General Rules and Regulations Governing Electric Service (Tariff Sheet No. 4.030, part 3.01).

Staff Analysis: Section 13.07 in proposed Tariff Sheet No. 4.132 defines the terms of CIAC. (EXH 2, MPN C1-22) Pursuant to the proposed CIAC provision, the customer would be required to pay 100 percent of the total estimated costs to extend service in advance. The payments would be refunded over a period of up to five years, less CIAC that would normally be paid by the customer. Any customer funds not refunded by the end of the 5-year period because of an insufficient load become nonrefundable and would be retained by DEF. (TR 51) DEF witness Chatelain testified that these changes are designed to protect the general body of customers from incurring costs to serve new load if that load does not materialize. (TR 50) Witness Chatelain also asserted that there is no flexibility in the CIAC provision, and all customers must pay CIAC up front, subject to refund over five years. (TR 59)

The proposed CIAC provision differs from Rule 25-6.064, F.A.C., (CIAC Rule). The CIAC calculation pursuant to the rule estimates expected base rate revenues over a 4-year period and subtracts the revenues from the cost for the facilities. The CIAC rule does therefore not include refunds. (TR 113)

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DEF stated that the proposed CIAC provision includes advance payment of all estimated costs to extend service for customer-specific distribution and/or transmission facilities, dedicated substation facilities (including transformers, breakers, protection, and control equipment), interconnection facilities, engineering, design, and construction support, site-specific costs for non-standard or extraordinary facilities, and cost of removal and/or upgrade of existing facilities (as applicable). (EXH 16, MPN E2)

DEF stated that the utility could request additional payment for any additional facilities installed, particularly if it is included as part of upfront site-specific costs. (EXH 17, MPN E10) During cross examination, DEF witness Chatelain testified that the proposed CIAC tariff would not include incremental generation and some transmission costs that are not site-specific. (TR 103) Witness Chatelain clarified that the minimum bill calculation, which would be effective if a customer terminates after reaching their full load ramp, would include incremental generation and transmission costs in the applicable rate schedule at the time. (TR 104)

OPC witness Nelson testified that the proposed CIAC policy includes “an extremely limited amount of connection costs, especially when applied to large load customers.” (TR 300) Witness Nelson further asserted that the CIAC would not cover all upgrades needed for the new customer’s interconnection or any of the system upgrade costs, resulting in those costs being socialized among all customers which would be in direct violation of SB 484. (TR 300) In its brief, OPC argued the CIAC policy leaves the costs of incremental transmission and generation uncovered. (OPC BR 6)

FL Rising took a similar position as OPC. (FL Rising BR 12) Witness Rábago testified that DEF’s proposal would refund the CIAC costs to the large load customer, but by refunding those costs, the general body of ratepayers is paying for those costs incurred solely by the large load customer, despite the new law providing that those costs must fall on the large load customer to recover. (TR 368)

Witness Wishart rebutted the arguments made by OPC and FL Rising, testifying that the refund of qualifying CIAC payments has been an established component of DEF’s line extension policy and is reflected in DEF’s existing revenue requirement and base rates. (TR 197) Stated differently, the cost included in the refund of qualifying CIAC payments is already embedded in the GSD-1 and GSDT-1 rates which a large load customer would pay. (TR 197) Staff believes that the requirement to pay 100 percent of the cost upfront is designed to protect the general body of ratepayers if the revenues from the large load customer do not materialize as projected.

The CIAC Rule is applicable to customers who request new facilities or upgraded facilities in order to receive electric service. Under the CIAC rule and DEF’s existing CIAC policy, the general body of ratepayers would bear the risk if an applicant's projected electric load and estimated revenue—used to calculate their CIAC obligation—fails to fully materialize over the standard four-year calculation period. To protect the general body of customers from carrying this financial risk to extend service, staff believes that DEF’s proposal to request the total estimated cost to extend facilities up-front shifts the risk directly to the applicant/cost-causer should revenues not materialize as projected as the large load customer controls whether their projected load materializes. Therefore, DEF’s proposed CIAC provision adds an additional layer of protection to the general body of ratepayers.

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Staff believes if facilities only serve and benefit the new load, they should be funded through a CIAC payment. However, if upgrades are to be used to serve and benefit other customers, they should be rolled into rate base for recovery through base rates charged to all customers, including any large load customers.

Conclusion

If the Commission approves the proposed LLCP and LLCA tariffs as filed, the CIAC tariff modifications should be approved. If the Commission denies the proposed LLCP and LLCA tariffs, this issue is moot. Staff's recommendation in Issue 1 to deny the LLCP tariff with leave to refile does not impact the CIAC issue.

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Issue 4: What are the effective dates for the proposed Large Load Customer Policy, Large Load Customer Agreement, and CIAC tariff?

Recommendation: If the Commission approves the proposed Large Load Customer Policy, Large Load Customer Agreement, and CIAC tariffs as filed, they should be effective on the date of the Commission vote. If the Commission denies the proposed tariffs, this issue is moot. If the Commission denies the proposed tariffs with leave to refile, DEF should have the option to refile tariffs that comply with the Commission vote for review and administrative approval by staff within 10 business days of the issuance of the order. The tariffs should be filed with the Clerk's Office in the docket. Staff should be given administrative authority to review any refiled tariffs to confirm that they are consistent with the Commission's decision. The refiled tariffs should become effective on the date staff administratively approves them. (Nguyen)

Position of the Parties

DEF: The LLCP, LLCA, and CIAC tariffs should be effective immediately upon Commission approval in this docket.

OPC: There should be no effective dates as DEF's Petition should be denied. If DEF's proposals are approved, the effective date(s) should be in compliance with the provisions of SB 484.

FL Rising: Effective date should not be decided until there are proposals that comply with the statutory mandates.

Joint Customers: Not Provided.

Staff Analysis/Conclusion: If the Commission approves the proposed Large Load Customer Policy, Large Load Customer Agreement, and CIAC tariffs as filed, they should be effective on the date of the Commission vote. If the Commission denies the proposed tariffs, this issue is moot. If the Commission denies the proposed tariffs with leave to refile, DEF should have the option to refile tariffs that comply with the Commission vote for review and administrative approval by staff within 10 business days of the issuance of the order. The tariffs should be filed with the Clerk's Office in the docket. Staff should be given administrative authority to review any refiled tariffs to confirm that they are consistent with the Commission's decision. The refiled tariffs should become effective on the date staff administratively approves them.

Date: October 22, 2026

Issue 5: Should this docket be closed?

Recommendation: If staff's recommendation to deny certain portions of DEF's tariffs with leave to refile is granted, the docket should remain open to allow time for any refiled tariffs to be received, reviewed, and approved by staff. In that event, the docket should be closed administratively. If DEF's tariffs are granted or denied in their entirety, the docket should be closed upon the expiration of the time for filing an appeal. (Thompson, Crawford)

Position of the Parties

DEF: Not Provided.

OPC: No.

FL Rising: No. The Commission should deny Duke's proposal and then direct Duke to re-file with a proposal that complies with section 366.043, Florida Statutes.

Joint Customers: Not Provided.

Staff Analysis: If staff's recommendation to deny certain portions of DEF's tariffs with leave to refile is granted, the docket should remain open to allow time for any refiled tariffs to be received, reviewed, and approved by staff. In that event, the docket should be closed administratively. If DEF's tariffs are granted or denied in their entirety, the docket should be closed upon the expiration of the time for filing an appeal.

Item 4

FILED 10/22/2026
DOCUMENT NO. 07463-2026
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: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Day, Deas, Fogleman)^{CH}
Office of the General Counsel (Hixon)^{SPS}

RE: Docket No. 20260142-TX – Application for authority to provide telecommunications service by LTE Wireless Inc.

AGENDA: 11/03/26 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: None

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On September 11, 2026, LTE Wireless Inc. (LTE Wireless) filed an application with the Florida Public Service Commission (FPSC or Commission) seeking a certificate to provide local telecommunications service. LTE Wireless is a South Dakota corporation registered as a foreign corporation with the Florida Department of State (DoS) since May 25, 2022. LTE Wireless is independently owned and managed by Faizal Hassad.

LTE Wireless has a history of unsuccessful applications to the Commission that staff believes is relevant to the current docket. On November 17, 2025, LTE Wireless filed a petition for eligible telecommunications carrier (ETC) designation, seeking to receive federal low-income support to provide Lifeline services statewide.¹ On February 19, 2026, staff recommended denying the petition, concluding that designation would not serve the public interest, and that LTE Wireless

¹ Docket No. 20250138-TP, Document No. 15107-2025.

had not demonstrated possession of the necessary facilities for designation.² Staff also identified inaccuracies in several of the company's responses to inquiries. Following staff's recommendation, LTE Wireless withdrew its petition that same day.³ On February 20, 2026, staff documented that, despite lacking Commission approval, LTE Wireless had advertised on its website that Florida customers could use their Lifeline qualification to receive discounted services.⁴ LTE Wireless has since corrected its website.⁵

On June 26, 2026, LTE Wireless filed an application for authority to provide telecommunications service.⁶ In that filing, staff identified incorrect or incomplete application responses, including a discrepancy between the company's name provided in response to Question 1 and its registration with the DoS. Additionally, LTE Wireless had inaccuracies concerning its regulatory history in other states in Question 7, parts (c) and (e). Staff notified LTE Wireless of these deficiencies by certified letter and email and provided an opportunity to correct its responses.⁷ However, LTE Wireless failed to respond within the requested timeframe. Consequently, the docket was administratively closed on August 5, 2026, without a certificate being granted.⁸

The instant docket was opened when LTE Wireless filed a new application for authority to provide telecommunications service, providing another opportunity to correct the deficiencies identified in its previous filing. However, LTE Wireless did not amend the inaccurate representations concerning its regulatory history in Question 7 when it filed its new application.

The Commission is vested with jurisdiction in this matter pursuant to Section 364.335, Florida Statutes (F.S.) and Rule 25-4.004, Florida Administrative Code (F.A.C.).

² Document No. 01174-2026.

³ Document No. 01196-2026.

⁴ Document No. 01218-2026.

⁵ LTE Wireless website, Lifeline Enrollment page, <https://ltewireless.com/lifeline-enroll/>, accessed October 1, 2026.

⁶ Docket No. 20260096-TX, Document No. 03801-2026.

⁷ Document No. 04806-2026.

⁸ Document No. 04948-2026.

Discussion of Issues

Issue 1: Should LTE Wireless Inc. be granted a Certificate of Authority to Provide Telecommunications Service in Florida?

Recommendation: No. LTE Wireless Inc. should not be granted a Certificate of Authority to Provide Telecommunications Service in Florida. (Day, Deas, Fogleman)

Staff Analysis:

Legal Standard

Pursuant to Rule 25-4.004, Florida Administrative Code (F.A.C.), staff reviews applications for certificates to provide Telecommunications Service in Florida upon receipt of the required \$500 nonrefundable filing fee. Applicants must complete Form PSC 1020 (4/18) and attest to the accuracy of the information submitted by signing the acknowledgment included in the application. This acknowledgement affirms that the information provided is accurate and advises applicants that false statements may result in denial of a telecommunications certificate. In addition, pursuant to Section 364.335(2), Florida Statutes (F.S.), an applicant must demonstrate sufficient technical, financial, and managerial capability before the Commission may grant a telecommunications certificate. Further, Section 364.335, F.S., requires applicants to provide their official name, principal place of business, and the name, street address, and telephone number of a contact person who is an officer, partner, owner, member, or manager. The company is required to publish its rates of service to be offered within Florida, as stated under Section 364.04, F.S.

Once certificated, the company is responsible for ongoing compliance with all statutory obligations and Commission Rules. Under Section 364.336, F.S., this includes accurately submitting annual Regulatory Assessment Fee (RAF) payments to the Commission. Telecommunications companies are subject to generally applicable business regulation in Florida, including maintaining active business status through Florida DoS. Additionally, because Form PSC 1020 (4/18) requires the company to attest to the accuracy of the information provided in its application, any changes to the originally submitted information must be reported when they occur. These reporting obligations also include reporting changes in ownership or control in accordance with Rule 25-4.004, F.A.C. Furthermore, companies must file responses to Commission data requests pursuant to the annual reporting requirements of Section 364.386, F.S., which direct the Commission to collect industry data for its report to the Florida Legislature on telecommunications competition.

Analysis

Application Accuracy

As discussed in the case background, LTE Wireless submitted its initial application to the FPSC on June 29, 2026.⁹ Staff identified a deficiency in the company's response to Question 1, where the name provided did not match the name registered with the Florida DoS. Additionally, in its

⁹ Document No. 03801-2026.

Date: October 22, 2026

response to Question 7 parts (c) and (e), included as Attachment A-1, LTE Wireless stated that it held a telecommunications certificate in Wisconsin and had never been subject to regulatory penalties for violations of telecommunications statutes. However, on June 18, 2026, 11 days before LTE wireless filed its application with the FPSC, the Wisconsin Public Service Commission (Wisconsin PSC) issued a Notice of Proposed Rescission of Certification due to the company's failure to respond to a required annual questionnaire. The notice advised LTE Wireless that its certification was subject to rescission for noncompliance with Wisconsin telecommunications statutes.¹⁰

The Wisconsin PSC's Notice of Rescission of Certification to LTE Wireless went into effect on July 9, 2026.¹¹ Subsequently, on July 14, 2026, FPSC staff notified LTE Wireless, by certified letter and email, that certain responses in its application required correction or updating.¹² Staff advised the company to review and update its response to Question 7 as of the date of the correspondence to ensure that the application contained current and accurate information. Staff also instructed LTE Wireless to correct the discrepancy in its response to Question 1 to ensure consistency with the Florida DoS records. Staff requested that the company provide the necessary corrections by July 30, 2026. However, the company did not respond within the specified timeframe, which resulted in the administrative closure of Docket No. 20260096-TX on August 5, 2026.¹³

On September 11, 2026, LTE Wireless submitted its second, and current, application with the FPSC. Although, LTE Wireless corrected the inconsistency in its response to Question 1 by aligning its name with the Florida DoS records, it did not correct the inaccuracies concerning its regulatory history. As shown in Attachment A-2, LTE Wireless again stated in its response to Question 7 that it holds a telecommunications certificate in Wisconsin and has never been subject to regulatory penalties for violations of telecommunications statutes.

During this same period, LTE Wireless was corresponding with the Wisconsin PSC regarding its rescission of its certification. On July 17, 2026, Wisconsin PSC staff informed LTE Wireless that reinstatement would require a new application, and a letter explaining why it failed to make the required filings and the corrective measures implemented or planned to prevent future noncompliance.¹⁴ That same day, LTE Wireless reapplied to regain its certificate in Wisconsin.¹⁵ After several requests for additional information and subsequent responses, LTE Wireless was recertified in Wisconsin on October 6, 2026.

¹⁰ Wisconsin PSC, Docket No. 5-TI-3094, Notice Of Proposed Recission of Certification, filed June 18, 2026, <https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=%20594641>, accessed October 1, 2026.

¹¹ *Id.*; see also, Wisconsin PSC, Document PSC Ref No. 598114, "LTE Wireless Inc Has Been Decertified for Failure to File Its 2026 Annual Questionnaire as Required by Wis. Stat. § 196.25," filed July 17, 2026, <https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=598114>, accessed October 1, 2026.

¹² Document No. 04806-2026.

¹³ Document No. 04948-2026.

¹⁴ Wisconsin PSC, Document PSC Ref No. 598114, "LTE Wireless Inc Has Been Decertified for Failure to File Its 2026 Annual Questionnaire as Required by Wis. Stat. § 196.25," filed July 17, 2026, <https://apps.psc.wi.gov/ERF/ERFview/viewdoc.aspx?docid=598114>, accessed October 1, 2026.

¹⁵ See Wisconsin PSC, Docket No. 11358-NC-101, opened July 17, 2026, <https://apps.psc.wi.gov/APPS/dockets/content/detail.aspx?id=11358&case=NC&num=101>, accessed October 9, 2026.

Date: October 22, 2026

While LTE Wireless was eventually recertified in Wisconsin, it did not hold an active Wisconsin telecommunication certificate when it filed its September 11, 2026, application with the FPSC. Accordingly, staff believes LTE Wireless should have identified Wisconsin as a pending application in response to Question 7(b), and disclosed those circumstances surrounding the recession and subsequent application in response to Question 7(e).

Staff is concerned that LTE Wireless continued to provide inaccurate information despite having been notified of the deficiencies in its previous application and afforded an additional opportunity to correct them. Furthermore, the company's correspondence with the Wisconsin PSC reflects its acknowledgement that it was decertified in Wisconsin after being penalized for failing to comply with state telecommunications statutes. Despite this, LTE Wireless continued to assert in its September 11, 2026, application to the FPSC that it held a telecommunications certificate in Wisconsin and had never been subject to any regulatory penalties.

Managerial Capabilities

In addition to the current application, LTE Wireless has two previously closed dockets with the FPSC, the prior application discussed above and an ETC petition. Across all three matters, staff documented multiple instances in which LTE Wireless submitted inaccurate information. Staff also documented LTE Wireless's failure to respond to required correspondence during the review of its prior application, which resulted in the administrative closure of that docket. Taken together, these issues raise concerns regarding LTE Wireless's managerial capability, particularly its ability to properly prepare, review, and submit accurate documentation to regulatory authorities in a timely manner.

LTE Wireless's compliance record before other state commissions further underscores these managerial concerns. As noted earlier, the Wisconsin PSC decertified LTE Wireless due to its failure to respond to required filings. Similarly, the Idaho Public Utilities Commission documented three instances of noncompliance and untimely responses to annual data requests.¹⁶

These managerial issues reflect broader concerns about LTE Wireless's ability to maintain the level of compliance that would be required under Florida Statutes if the Commission were to approve the application, including timely notification of certificate-related changes and submission of required RAF payments. Approval would also impose annual reporting requirements that support the Commission's data-collection process required by Florida law, with the information collected being used in annual reports to the Legislature. LTE Wireless has not demonstrated the managerial capability necessary to reliably meet these prospective obligations.

Conclusion

Staff believes that LTE Wireless lacks the appropriate managerial capability as required by Section 364.335(2), F.S., to provide telecommunication service in Florida. The company has repeatedly submitted inaccurate information in its applications and, in prior dockets, either provided inaccurate representations or failed to respond to staff correspondence. These concerns

¹⁶ Idaho Utilities Commission, Docket ETA-2025-0004, Docketed September 10, 2024. This same document was also filed in FPSC Docket 20250137-TP (Document No. 01075-2026).

Date: October 22, 2026

are further supported by documented instances of noncompliance with regulatory requirements in other states. Therefore, staff recommends that the Commission deny LTE Wireless Inc's application for a Certificate of Authority to Provide Telecommunications Service in Florida.

Issue 2: Should this docket be closed?

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

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

1) Docket No. 20260096-TX, Document 03801-2026, filed June 25, 2026.

7. List the state(s), and accompanying docket number(s), in which the applicant has:

(a) **operated** as a telecommunications company. N/A

(b) **applications pending** to be certificated as a telecommunications company.
The Company is a pending facilities based CLEC in Washington

(c) **been certificated** to operate as a telecommunications company. In New York, Oregon, North Dakota, Iowa, Missouri, Kentucky, Wisconsin as a facilities based CLEC, and in Minnesota, Missouri, North Dakota as a wireless ETC.

(d) **been denied authority** to operate as a telecommunications company and the circumstances involved. N/A

(e) **had regulatory penalties imposed** for violations of telecommunications statutes and the circumstances involved. N/A

(f) **been involved in civil court proceedings** with another telecommunications entity, and the circumstances involved. N/A

8. The following questions pertain to the officers and directors. Have any been:

(a) adjudged bankrupt, mentally incompetent (and not had his or her competency restored), or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings? ☐ Yes ☒ No

If yes, provide explanation.

(b) granted or denied a certificate in the State of Florida (this includes active and canceled certificates)? ☐ Granted ☐ Denied ☒ Neither

2) Docket No. 20260142-TX, Document 06300-2026, filed September 11, 2026.

7. List the state(s), and accompanying docket number(s), in which the applicant has:

(a) **operated** as a telecommunications company. N/A

(b) **applications pending** to be certificated as a telecommunications company.

The Company is pending facilities-based CLEC authority in Washington.

(c) **been certificated** to operate as a telecommunications company.

Applicant is certificated in New York, Oregon, North Dakota, Iowa, Missouri, Kentucky, and Wisconsin as a facilities-based CLEC and in Minnesota, Missouri, and North Dakota as a wireless ETC.

(d) **been denied authority** to operate as a telecommunications company and the circumstances involved. N/A

(e) **had regulatory penalties imposed** for violations of telecommunications statutes and the circumstances involved. N/A

(f) **been involved in civil court proceedings** with another telecommunications entity, and the circumstances involved. N/A

8. The following questions pertain to the officers and directors. Have any been:

(a) adjudged bankrupt, mentally incompetent (and not had his or her competency restored), or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings? ☐ Yes ☒ No

If yes, provide explanation.

(b) granted or denied a certificate in the State of Florida (this includes active and canceled certificates)? ☐ Granted ☐ Denied ☒ Neither

Item 5

FILED 10/26/2026
DOCUMENT NO. 07518-2026
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: October 26, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Office of Industry Development and Market Analysis (Day, Fogleman)^{CH}
Office of the General Counsel (Sparks)^{SPS}

RE: Docket No. 20260150-TP – Request for relinquishment of eligible telecommunications carrier (ETC) designation in Florida, by Tempo Telecom, LLC.

AGENDA: 11/03/26 – Regular Agenda – Proposed Agency Action – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

On October 6, 2026, Tempo Telecom, LLC (Tempo) filed a petition with the Florida Public Service Commission (Commission) to relinquish its eligible telecommunications carrier (ETC) designation in Florida. Tempo is a provider of Commercial Mobile Radio Service (CMRS). As a CMRS provider, Tempo is regulated as a common carrier pursuant to 47 U.S.C. § 153(11). Tempo is a limited liability company organized in the state of Georgia, and is a wholly owned subsidiary of Lingo Management, LLC. The Commission granted Tempo statewide designation as an ETC in Docket No. 20240069-TP, for the sole purpose of providing Lifeline service to qualifying consumers. This designation became final on July 18, 2024, upon issuance of Consummating Order PSC-2024-0249-CO-TP.

An ETC designation is required for telecommunications carriers to receive federal Universal Service Fund support for the Lifeline Program. After designation, the Universal Service Administrative Company (USAC) typically assigns an ETC a Study Area Code (SAC). Tempo asserts that it has not yet received a SAC from USAC. Tempo further notes that it has not been provided with any explanation for the delay. As a result, Florida Lifeline eligible consumers have been unable to select Tempo as a Lifeline provider since its July 2024 designation.

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

Discussion of Issues

Issue 1: Should the Commission approve Tempo Telecom, LLC's request for relinquishment?

Recommendation: Yes. The Commission should approve Tempo Telecom, LLC's request to relinquish its ETC designation. (Day, Fogleman)

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

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

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

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

Staff's review confirms that Tempo meets all required criteria for ETC relinquishment. Several wireless ETCs currently provide Lifeline service statewide (Attachment A). Due to delays in USAC assigning Tempo a SAC, Tempo never offered Lifeline-eligible consumers service in Florida. Without a SAC, it could not be reimbursed for providing Lifeline services. As Tempo has no Lifeline customers in Florida, customer notification requirements do not apply.

Issue 2: Should this docket be closed?

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

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

Wireless ETCs Designated on a Statewide Basis

ETC	Designation Order
Verizon Value	PSC-08-0418-PAA-TP, June 23, 2008 PSC-08-0467-CO-TP, July 21, 2008
Assurance Wireless	PSC-2025-0085-PAA-TP, March 24, 2025 PSC-2025-0124-CO-TP, April 15, 2025
i-wireless	FCC DA 12-934, June 13, 2012
Boomerang Wireless	PSC-2024-0205-PAA-TP, June 20, 2024 PSC-2024-0239-CO-TP, July 15, 2024
Dish Wireless	PSC-2024-0208-PAA-TP, June 20, 2024 PSC-2024-0245-CO-TP, July 18, 2024
Amerimex Communications	PSC-2024-0261-PAA-TP, July 24, 2024 PSC-2024-0368-CO-TP, August 19, 2004
Global Connection Inc. of America	PSC-2024-0206-PAA-TP, June 20, 2024 PSC-2024-0236-CO-TP, July 12, 2024
TruConnect Communications	PSC-2024-0202-PAA-TP, June 20, 2024 PSC-2024-0238-CO-TP, July 15, 2024
American Broadband & Telecommunications	PSC-2024-0210-PAA-TP, June 20, 2024 PSC-2024-0247-CO-TP, July 18, 2024
Telrite	PSC-2024-0209-PAA-TP, June 20, 2024 PSC-2024-0246-CO-TP, July 18, 2024
Air Voice Wireless	PSC-2024-0456-PAA-TP, October 21, 2024 PSC-2024-0475-CO-TP, November 18, 2024
TAG Mobility	PSC-2025-0040-PAA-TP, February 6, 2025 PSC-2025-0065-CO-TP, March 3, 2025

Item 6

FILED 10/27/2026
DOCUMENT NO. 07556-2026
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: October 27, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Lewis, Brown, King, Ramos, Thompson) *TMB*
Division of Accounting and Finance (Bardin, Norris, Vogel, York) *MC*
Division of Economics (Bruce, Sibley) *JP*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20260032-WU – Application for authority to transfer facilities and water Certificate No. 401-W from Placid Lakes Utilities, Inc. to Sunshine Water Services Company, in Highlands County.

AGENDA: 11/03/26 – Regular Agenda – Proposed Agency Action for Issues 2 through 4 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously consider Docket Nos. 20260032-WU and 20260033-WS.

Case Background

Placid Lakes Utilities, Inc. (Placid Lakes, Utility, or Seller) is a Class B water and wastewater utility providing water service to approximately 2,378 customers and wastewater service to approximately 38 customers in Highlands County, Florida. The Utility is located in the Southwest Florida Water Management District (SWFWMD). In its 2025 Annual Report, Placid Lakes reported a net operating loss of \$41,467 for its water operations.

In 1983, the Florida Public Service Commission (Commission) granted Placid Lakes an original certificate to provide water service.¹ Since then, the certificated service territory has been amended five times, with the last amendment occurring in 2014.² The Utility's last rate case was in 2019.³

On February 27, 2026, Sunshine Water Services Company (SWS or Buyer) filed an application with the Commission for transfer of Certificate No. 401-W from Placid Lakes to SWS. The application was found to be deficient. The Buyer cured the deficiencies on April 20, 2026. The sale will close after the Commission votes to approve the transfer. SWS also filed an application for transfer of Placid Lakes' unregulated wastewater services and amendment of Certificate No. 347-S in a separate docket, and if approved, Placid Lakes' wastewater system would become regulated by the Commission.⁴ In addition, SWS filed a petition to establish the fair market value (FMV) rate base for the Placid Lakes water and wastewater systems, approval of which the Buyer stated was a condition precedent to the purchase of the Placid Lakes systems.⁵ The FMV petition was approved by the Commission at the October 6, 2026, Commission Conference.⁶

This recommendation addresses the transfer of the water system and Certificate No. 401-W, and the appropriate net book value (NBV) of the water system for transfer purposes. The Commission has jurisdiction pursuant to Section 367.071, Florida Statutes (F.S.).

¹ Order No. 12954, issued October 10, 1983, in Docket No. 19820478-W.

² Order No. PSC-14-0132-FOF-WU, issued March 18, 2014, in Docket No. 20130261-WU, *In re: Application for amendment of Certificate No. 401-W in Highlands County, by Placid Lakes Utilities, Inc.*

³ Order No. PSC-2019-0551-PAA-WU, issued December 30, 2019, in Docket No. 20190031-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

⁴ Docket No. 20260033-WS, *In re: Application for authority to transfer assets of exempt entity in Highlands County by Placid Lakes Utilities, Inc. to Sunshine Water Services Company, and amendment of Certificate No. 347-S, by Sunshine Water Services Company.*

⁵ Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

⁶ Order No. PSC-2026-0366-FOF-WS, issued October 21, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

Date: October 27, 2026

Discussion of Issues

Issue 1: Should the transfer of Certificate No. 401-W in Highlands County from Placid Lakes Utilities, Inc. to Sunshine Water Services Company be approved?

Recommendation: Yes. The transfer of the water system and Certificate No. 401-W is in the public interest and should be approved effective the date that the sale becomes final. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, a copy of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 90 days of the order approving the transfer, which is final agency action. If the sale is not finalized within 90 days of the transfer order, the Buyer should file a status update in the docket file. The Utility's existing rates, initial customer deposits, violation reconnection charge, late payment charge, and Non-Sufficient Funds (NSF) charge are shown on Schedule Nos. 4 and 5 and should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). The Utility is current with respect to regulatory assessment fees (RAFs) and annual reports through December 31, 2025. Based on the application, the Seller will be responsible for RAFs and annual reports until closing. The Buyer should be responsible for filing annual reports and paying RAFs for all future years. (Lewis, Sibley, York, Brownless)

Staff Analysis:

Legal Standard:

Transfers of certificates are governed by Section 367.071, F.S., and by Rule 25-30.037, F.A.C. The statute provides that the Commission may approve the transfer if it is in the public interest and the transferee will fulfill the commitments, obligations, and representations of the utility. To demonstrate that the transferee can do so, the rule requires the transferee to show the financial and technical ability to operate the utility.

Noticing, Territory, and Land Ownership

SWS provided notice of the application pursuant to Sections 367.045 and 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. SWS provided adequate service territory maps and descriptions to Commission staff. The description of the Utility's service territory is appended to this recommendation as Attachment A. Pursuant to Rule 25-30.037(2)(s), F.A.C., SWS provided an unrecorded warranty deed as evidence that the Buyer will have rights to long-term use of the land upon which the treatment facilities are located. SWS committed to providing the executed and recorded deed to the Commission within 90 days of the order approving this transfer.

Facility Description and Compliance

The Utility's water system consists of three wells, three 15,000-gallon hydropneumatic tanks, one of which is currently out of service, and two concrete ground storage tanks, each with a

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capacity of 150,000 gallons. The third hydropneumatic tank failed and imploded in September 2023. As stated in SWS' application that the replacement of the tank may not be necessary because the high service pumps are now equipped with variable-frequency drives (VFD) and a pressure control system. The design capacity of the water treatment plant is 1,104,000 gallons per day treated by hypo-chlorination. SWS provided a copy of Placid Lakes' current permit from the SWFWMD pursuant to Rule 25-30.037(2)(r)1., F.A.C.

Staff reviewed the Utility's most recent sanitary survey inspection report, dated March 28, 2024. During this inspection, the Department of Environmental Protection (DEP) identified potential compliance issues involving missing storage tank inspection reports, bio-growth on aerators, cracks in the pad of Well No. 1, improper raw water sampling taps at Well Nos. 1 and 2, and incomplete operator timekeeping records. On July 15, 2024, the DEP determined that Placid Lakes had resolved the potential non-compliance issues, and the Utility was found to be in compliance

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(i) and (j), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased.

SWS is acquiring both the regulated water system and the non-regulated wastewater system assets and operations of Placid Lakes; however, this transfer is specifically for the regulated water system. SWS is assuming liabilities related to obligations to current customers for liabilities occurring after closing, for executable refundable advance agreements from customers who paid to install water lines that cross vacant lots to access their property, and the lease of the storage barn. SWS is not assuming any other of the Seller's liabilities or obligations. Any customer deposits will be refunded to customers by the Seller prior to the closing. According to the purchase and sale agreement, the total purchase price for the water and wastewater assets and operations is \$5,750,000, with \$5,645,998 allocated towards water and \$103,999 allocated towards wastewater. According to the Buyer, the closing has not yet taken place and is dependent on Commission approval of the transfer and of establishment of the rate base value of an acquired system using the FMV alternative methodology specified in Rule 25-30.0372, F.A.C.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the application, the Buyer will fulfill the commitments, obligations, and representations of the Seller with regard to utility matters. SWS is a private water and wastewater utility provider that has operated in Florida since 1976. SWS serves approximately 35,000 water and 30,000 wastewater customers across 10 counties and owns and operates 11 utilities certificated by the Commission. The Buyer plans to obtain safety, compliance, operational, financial, project management, billing, customer service, human resources, administrative, and local leadership support from within its company, as well as hire three full-time operations technicians for the Placid Lakes water and wastewater systems.

Date: October 27, 2026

In its application, SWS provided its annual reports and the financial statements of its parent company, Nexus Regulated Utilities, LLC. SWS stated that it intends to continue maintaining its approved regulatory capital structure and intends to fund the acquisition accordingly. Staff has reviewed the annual reports and the parent company's financial statements. Based on the above, staff believes the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates, Charges, and Initial Customer Deposits

Placid Lakes' rates were last approved in 2019 in a file and suspend rate case.⁷ Subsequently, the rates were amended by four price indexes and three pass-through adjustments with the last increase approved effective June 1, 2026. The miscellaneous service charges were last approved in a file and suspend rate case in 2013.⁸ The Utility's service availability charges for water were approved in a request for revised tariff sheets, new service availability policy, and new refundable advance agreement in 2006.⁹ The Utility's initial customer deposits were approved in 1999 in a tariff filing docket, wherein Placid Lakes requested allowance to collect customer deposits.¹⁰ Finally, the Utility's allowance for funds prudently invested charges were last approved in 1997.¹¹ Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by the Commission.

Some of the Utility's existing miscellaneous service charges, which consist of the violation reconnection, premises visit, late payment, and NSF charges are appropriate. However, the remaining miscellaneous service charges do not conform to Rule 25-30.460, F.A.C., and are discussed in Issue 3. Therefore, staff recommends that the Utility's existing rates, the appropriate miscellaneous service charges, initial customer deposits, service availability charges, and AFPI charges shown on Schedule Nos. 4 and 5, should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C.

Regulatory Assessment Fees and Annual Reports

Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2025. The Seller will remain responsible for filing annual reports and paying RAFs until the closing of the sale. Upon closing, SWS will be responsible for filing annual reports and paying RAFs for all future years.

⁷ PSC-2019-0551-PAA-WU, issued December 30, 2019, in Docket No. 20190031-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

⁸ PSC-13-0646-PAA-WU, issued December 5, 2013, in Docket No. 20130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

⁹ PSC-06-0774-TRF-WU, issued September 18, 2006, in Docket No. 20060397-WU, *In re: Application for revised tariff sheets, new service availability policy, and new refundable advance agreement, by Placid Lakes Utilities, Inc.*

¹⁰ PSC-99-1752-TRF-WU, issued September 7, 1999, in Docket No. 19981744-WU, *In re: Tariff filing by Placid Lakes Utilities, Inc. requesting allowance to collect deposits on rental property in Highlands County.*

¹¹ PSC-97-0917-FOF-WU, issued August 4, 1997, in Docket No. 19950697-WU, *In re: Application for staff-assisted rate case in Highlands County by Placid Lakes Utilities, Inc.*

Date: October 27, 2026

Conclusion

Based on the foregoing, staff recommends that the transfer of the water system and Certificate No. 401-W is in the public interest and should be approved effective the date that the sale becomes final. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 90 days of the order approving the transfer, which is final agency action. If the sale is not finalized within 90 days of the date of the transfer order, the Buyer should file a status update in the docket file. The Utility's existing rates, initial customer deposits, violation reconnection charge, late payment charge, and NSF charge as shown on Schedule Nos. 4 and 5 should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The Utility is current with respect to RAFs and annual reports through December 31, 2025. Based on the application, the Seller will be responsible for RAFs and annual reports until closing. The Buyer should be responsible for filing annual reports and paying RAFs for all future years.

Date: October 27, 2026

Issue 2: What is the appropriate Net Book Value for Placid Lakes Utilities, Inc.'s water system for transfer purposes?

Recommendation: The appropriate NBV of the Placid Lakes water system should be \$1,138,297, as of January 31, 2026. Within 90 days of the date of the final order, SWS should notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. These adjustments should be reflected in SWS' first annual report filed following the closing of the transfer. (York)

Staff Analysis: Rate base for the water system was last established for the Utility as of December 30, 2019, by Order No. PSC-2019-0551-PAA-WU.¹² The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of January 31, 2026.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected a water UPIS balance of \$4,098,168, as of January 31, 2026. Audit staff recalculated the plant balances, reviewed UPIS additions and retirements, and identified several accounting entries that resulted in the Utility's recorded plant balances differing from the balances supported by the underlying records, and as such, recommends an adjustment to increase UPIS by \$18,758. With this adjustment, staff recommends a UPIS balance of \$4,116,927, as of January 31, 2026.

Land Balance

The land balance recorded by the Utility is \$4,355, as documented in the previous rate case. Audit staff recommends no adjustment to this amount as there have been no additions nor changes in the use of the land. As such, staff recommends a land balance of \$4,355.

Accumulated Depreciation

The Utility's general ledger reflected an accumulated depreciation balance of \$2,277,404, as of January 31, 2026, for the Utility's water system. Audit staff recalculated accumulated depreciation using the Commission-approved depreciation rates contained in Rule 25-30.140, F.A.C, and compared those calculations to the Utility's recorded balances. As a result of several instances of the Utility using the wrong service life, incorrectly calculating retirements, over depreciation, and the Utility improperly recording insurance reimbursement, staff recommends that accumulated depreciation should be decreased by \$136,907. Therefore, staff recommends an accumulated depreciation balance of \$2,140,498 as of January 31, 2026.

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

As of January 31, 2026, the Utility's general ledger reflected a water CIAC balance of \$2,418,667, and accumulated amortization of CIAC balance of \$1,576,393. Staff recalculated the Utility's CIAC balances as of January 31, 2026, and identified several adjustments necessary to properly reflect customer and developer contributions received for construction of utility

¹² Order No. PSC-2019-0551-PAA-WU, issued December 30, 2019, in Docket No. 20190031-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

Date: October 27, 2026

facilities. Audit staff determined that the CIAC balance should be increased by \$336. As such, staff recommends a CIAC balance of \$2,419,003 as of January 31, 2026.

Staff also recalculated accumulated amortization of CIAC and determined that accumulated amortization should be increased by \$123 to properly reflect amortization associated with the revised CIAC balances. Therefore, staff recommends an accumulated amortization of CIAC balance of \$1,576,516.

Net Book Value

The Utility's general ledger reflected NBV of \$982,844 for water. Based on the adjustments above, staff recommends that the NBV for the system as of January 31, 2026, is \$1,138,297. Staff's recommended NBV and National Association of Regulatory Utility Commissioners Uniform System of Accounts balances for UPIS, accumulated depreciation, CIAC, and accumulated amortization of CIAC are shown on Schedule No. 1, as of January 31, 2026.

Fair Market Value

On February 27, 2026, SWS filed a petition pursuant to Section 367.0811, F.S., and Rule 25-30.0372, F.A.C., to establish the rate base value of the acquired Placid Lakes water and wastewater systems using the FMV alternative procedure.¹³ Under the Purchase and Sale Agreement dated December 18, 2025, the purchase price for the utility assets is \$5,750,000. SWS requested that this amount be established as the alternative rate base value for the acquired systems. The Commission approved SWS' alternative rate base valuation by Order No. PSC-2026-0366-FOF-WS.¹⁴ Docket No. 20260031-WS will remain open until the applicable appeal period expires.¹⁵

Conclusion

The appropriate NBV of the Placid Lakes water system should be \$1,138,297, as of January 31, 2026. Within 90 days of the date of the final order, SWS should notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. These adjustments should be reflected in SWS' first annual report filed following the closing of the transfer.

¹³ Petition of Sunshine Water Services Company to establish the rate base value of the acquired utility system pursuant to the alternative procedure in Rule 25-30.0372, F.A.C., filed February 27, 2026, in Docket No. 20260031-WS.

¹⁴ Order No. PSC-2026-0366-FOF-WS, issued October 21, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company*.

¹⁵ Order No. PSC-2026-0366-FOF-WS, issued October 21, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company*.

Date: October 27, 2026

Issue 3: What are the appropriate revisions to miscellaneous service charges for Placid Lakes Utilities, Inc.?

Recommendation: The appropriate revisions to miscellaneous service charges for Placid Lakes should be the removal of initial connection and normal reconnection charges and update of the definition of the premises visit charge to be consistent with Rule 25-30.460, F.A.C. SWS should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. SWS should provide proof of the date notice was given, no less than 10 days after the date of the notice. (Sibley)

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. 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. The Utility's miscellaneous service charges consist of initial connection and normal reconnection charges. Rule 25-30.460, F.A.C., does not allow for initial connection and normal reconnection charges. The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. Therefore, 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.

Based on the above, staff recommends that the appropriate revisions to miscellaneous service charges for Placid Lakes should be the removal of initial connection and normal reconnection charges and updating the definition of the premises visit charge to be consistent with Rule 25-30.460, F.A.C. SWS should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. Furthermore, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. SWS should provide proof of the date notice was given, no less than 10 days after the date of the notice.

Date: October 27, 2026

Issue 4: What is the appropriate action to take regarding Placid Lakes Utilities, Inc. assessing the incorrect customer connection (tap-in) charge?

Recommendation: Staff recommends that no action be taken. SWS should assess the appropriate charge of \$460.15 prospectively. (Sibley)

Staff Analysis: As indicated in the audit report, staff auditors determined that Placid Lakes has billed an incorrect customer connection (tap-in) charge since May 2020. The Commission-approved tap-in charge is \$460.15; however, the Utility charged \$460.17 per connection. Staff reviewed the past five years of Utility annual reports beginning in 2020 and determined that 293 customers were assessed the incorrect tap-in charge, which resulted in a total overcharge of \$5.86 (\$134,829.81-\$134,823.95). The overcharge is de minimis, and the administrative task of any refund would be cost prohibitive.

Based on the above, staff recommends that no action be taken. SWS should assess the appropriate charge of \$460.15 prospectively.

Date: October 27, 2026

Issue 5: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP, and that the Buyer has submitted a signed and executed copy of its contract for sale within 90 days of the Commission's order approving the transfer. (Brownless)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP, and that the Buyer has submitted a signed and executed copy of its contract for sale within 90 days of the Commission's order approving the transfer.

Sunshine Water Services Company

Highlands County

Placid Lakes Utilities, Inc. Water Service Area

THE COMPOSITE WATER DESCRIPTION INCLUDES ORDERS NOS. 12594, 17372, 22164, PSC-97-1148-FOF-WU AND THIS AREA. ORDER NO. 12594 GRANTED PLACID LAKES THEIR ORIGINAL TERRITORY. ORDER NO. 17372 REMOVED A PORTION OF THIS TERRITORY. ORDER NO. 22164 ADDED ADDITIONAL TERRITORY. IT SHOULD BE NOTED THAT ORDER NO. 22164 GRANTS AREA IN SECTION 22, TOWNSHIP 37 SOUTH, RANGE 29 EAST AND IN SECTION 19 OF PLACID LAKES, A PLANNED COMMUNITY. ALL OF THIS AREA IS IN SECTIONS 22 AND 23, TOWNSHIP 37 SOUTH, RANGE 29 EAST. ORDER NO. PSC-97-1148-FOF-WU GRANTED THE AREA KNOWN AS CATFISH CREEK.

TOWNSHIP 37 SOUTH, RANGE 29 EAST

SECTION 9

THE EAST 1/2 OF SECTION 9

SECTION 10

ALL OF SAID SECTION 10 LYING SOUTH AND WEST OF LAKE JUNE IN WINTER (ALSO, KNOWN AS LAKE STEARNS)

SECTION 11

ALL OF SAID SECTION 11 LYING SOUTH AND WEST OF CATFISH CREEK

SECTION 14

ALL OF SAID SECTION 14 LYING SOUTH AND WEST OF CATFISH CREEK

SECTION 15

THE EAST 1/2 OF SECTION 15

SECTIONS 22, AND 23

ALL OF SAID SECTIONS 22 AND 23

CATFISH CREEK ROAD

TOWNSHIP 37 SOUTH, RANGE 29 EAST IN SECTIONS 2 AND 11

COMMENCE AT THE SOUTHEAST CORNER OF SECTION 2, TOWNSHIP 37 SOUTH, RANGE 29 EAST; THENCE RUN NORTH 00°13'00" WEST ALONG THE EAST SECTION LINE OF SAID SECTION 2 FOR A DISTANCE OF 780.16 FEET TO THE POINT OF BEGINNING; THENCE CONTINUE NORTH 00°13'00" WEST ALONG THE EAST SECTION LINE OF SAID SECTION 2 FOR A DISTANCE OF 962.36 FEET; THENCE RUN SOUTH 83° 36' 00" WEST FOR A DISTANCE OF 455.19 FEET; THENCE RUN SOUTH 01°38'25" EAST FOR A DISTANCE OF 739.01 FEET; THENCE RUN SOUTH 50°42'02" WEST FOR A DISTANCE OF 1,599.11 FEET; THENCE RUN SOUTH 59°55'57" WEST FOR A DISTANCE OF 1,888.03 FEET; THENCE RUN SOUTH 82°07'25" WEST FOR A DISTANCE OF 1,070.81 FEET, THENCE RUN SOUTH 38°16'10" EAST FOR A DISTANCE OF 310.00 FEET; THENCE RUN ALONG THE ARC OF A CURVE TO THE LEFT HAVING THE FOLLOWING ELEMENTS: (RADIUS 500.00 FEET, CENTRAL ANGLE = 08°52'00". ARC LENGTH 77.38 FEET, CHORD LENGTH = 77.30 FEET, CHORD BEARING = SOUTH 42°41'44" EAST), THENCE RUN SOUTH 47°08'10" EAST FOR A DISTANCE OF 888.54 FEET; THENCE RUN NORTH 42°51'50" EAST FOR A DISTANCE OF 373.44 FEET; THENCE RUN NORTH 65°22'58" EAST FOR A DISTANCE OF 470.85 FEET; THENCE RUN NORTH 80°57'52" EAST FOR A DISTANCE OF 605.70 FEET; THENCE RUN NORTH 80°58'39" EAST FOR A DISTANCE OF 815.00 FEET; THENCE RUN SOUTH 89°08'52" EAST FOR A DISTANCE OF 130.75 FEET; THENCE RUN SOUTH 88°47'43" EAST FOR A DISTANCE OF 386.18 FEET; THENCE RUN ALONG THE ARC OF A NON-TANGENTIAL CURVE TO THE LEFT HAVING THE FOLLOWING ELEMENTS: (RADIUS 1,000.00 FEET, CENTRAL ANGLE = 79°00'52". ARC LENGTH 1,379.06 FEET, CHORD LENGTH = 1,272.35 FEET, CHORD BEARING = NORTH 23°59'16" WEST); THENCE RUN NORTH 54°25'00" EAST FOR A DISTANCE OF 1,704.89 FEET TO THE POINT OF BEGINNING, CONTAINING 4,135,082 SQUARE FEET OR 94.9284 ACRES MORE OR LESS.

TOWNSHIP 37 SOUTH, RANGE 29 EAST

SECTION 13

ALL OF SAID SECTION 13 LYING SOUTH AND WEST OF CATFISH CREEK.

SECTION 24

ALL OF SAID SECTION 24 LYING SOUTH AND WEST OF CATFISH CREEK AND WEST OF LAKE PLACID, EXCLUDING THE AREA SOUTH OF A LINE DESCRIBED THUSLY: COMMENCE AT THE SOUTHWEST CORNER OF SECTION 24, TOWNSHIP 37 SOUTH, RANGE 29 EAST; THENCE RUN NORTHERLY ALONG THE WEST SECTION LINE OF SAID SECTION 24 FOR A DISTANCE OF APPROXIMATELY 660 FEET TO THE POINT OF THE BEGINNING; THENCE RUN EASTERLY UNTIL REACHING LAKE PLACID.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Sunshine Water Services Company
pursuant to
Certificate Number 401-W

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

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
12954	10/10/83	19820478-W	Original
17372	04/07/87	19860532-WU	Amendment
22164	11/08/89	19891158-WU	Amendment
PSC-97-1148-FOF-WU	09/30/97	19970231-WU	Amendment
PSC-98-0687-FOF-WU	05/19/98	19971204-WU	Amendment
PSC-14-0132-FOF-WU	03/18/14	20130261-WU	Amendment
*	*	20260032-WU	Transfer

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

Placid Lakes Utilities Inc.

Schedule of Water Net Book Value as of January 31, 2026

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>		<u>Balance Per Staff</u>
Utility Plant in Service	\$4,098,168	\$18,759	A	\$4,116,927
Land & Land Rights	4,355	0		4,355
Accumulated Depreciation	(2,277,404)	136,907	B	(2,140,498)
CIAC	(2,418,667)	(336)	C	(2,419,003)
Amortization of CIAC	<u>1,576,393</u>	<u>123</u>	D	<u>1,576,516</u>
Net Book Value	<u>\$982,844</u>	<u>\$155,453</u>		<u>\$1,138,297</u>

Placid Lakes Utilities Inc.

**Explanation of Adjustments to Water Net Book Value as of
January 31, 2026**

Explanation	Amount
A. UPIS To reflect the appropriate balance.	\$18,759
B. Accumulated Depreciation To reflect the appropriate balance.	136,907
C. CIAC To reflect the appropriate balance.	(336)
D. Amortization of CIAC To reflect the appropriate balance.	<u>123</u>
Total Adjustments to Water Net Book Value as of January 31, 2026	<u>\$155,453</u>

Placid Lakes Utilities Inc.

**Schedule of Staff's Recommended Water Account Balances as of
January 31, 2026**

Account No.	Description	UPIS	Accumulated Depreciation
304	Structures & Improvements	\$74,206	(\$74,206)
305	Collecting & Impounding Reservoirs	33,054	(33,054)
307	Wells & Springs	114,056	(114,056)
309	Supply Mains	48,851	(39,898)
310	Power Generating Equipment	78,910	(66,066)
311	Pumping Equipment	389,250	(49,410)
320	Water Treatment Equipment	59,465	(31,730)
330	Distribution Reservoirs & Standpipes	230,192	(164,541)
331	Transmission & Distribution Mains	1,698,412	(998,520)
333	Services	522,962	(142,911)
334	Meters & Meter Installation	613,075	(256,689)
345	Hydrants	34,689	(24,289)
339	Other Plant & Miscellaneous Equipment	3,009	(2,110)
340	Office Furniture & Equipment	14,166	(7,012)
341	Transportation Equipment	132,939	(94,907)
343	Tools, Shop, & Garage Equipment	8,327	(6,860)
346	Communication Equipment	0	0
347	Miscellaneous Equipment	<u>61,365</u>	<u>(34,240)</u>
Total		<u>\$4,116,927</u>	<u>(\$2,140,498)</u>

**Sunshine Water Services Company
Existing Placid Lakes Utilities, Inc. Monthly Water Rates**

Residential Service

5/8" x 3/4"	\$14.12
1"	\$35.30
1 1/2"	\$70.60
2"	\$112.96
3"	\$225.92
4"	\$353.00
6"	\$706.00

Charge per 1,000 gallons

0 – 10,000 gallons	\$5.36
10,001 – 20,000 gallons	\$8.01
Over 20,000 gallons	\$10.65

General Service

5/8" x 3/4"	\$14.12
1"	\$35.30
1 1/2"	\$70.60
2"	\$112.96
3"	\$225.92
4"	\$353.00
6"	\$706.00

Charge per 1,000 gallons

\$5.73

Private Fire Protection Service

5/8" x 3/4"	\$1.18
1"	\$2.94
1 1/2"	\$5.88
2"	\$9.41
3"	\$18.83
4"	\$29.42
6"	\$58.83

Existing Sunshine Water Services Company Initial Customer Deposits

Residential Service and General Service

5/8" x 3/4"	\$100.00
All over 5/8" x 3/4"	\$150.00

Existing Sunshine Water Services Company Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Premises Visit Charge	\$25.00	\$42.50
Violation Reconnection Charge	\$25.00	\$42.50
Late Payment Charge		\$5.00
NSF Check Charge	Pursuant to Section 68.065, F.S.	

**Existing Placid Lakes Utilities, Inc.
Allowance For Funds Prudently Invested (AFPI)**

	1995	1996	1997	1998	1999	2000	2001
January		39.15	107.56	180.02	258.14	342.47	378.72
February		44.75	113.34	186.25	264.85	349.72	378.72
March		50.34	119.12	192.47	271.57	356.97	378.72
April		55.93	124.90	198.69	278.28	364.22	378.72
May		61.53	130.68	204.92	284.99	371.47	378.72
June		67.12	136.45	211.14	291.71	378.72	378.72
July	5.59	72.90	142.68	217.86	298.96	378.72	378.72
August	11.19	78.67	148.90	224.57	306.21	378.72	378.72
September	16.78	84.45	155.13	231.28	313.46	378.72	378.72
October	22.37	90.23	161.35	238.00	320.71	378.72	378.72
November	27.97	96.01	167.57	244.71	327.96	378.72	378.72
December	33.56	101.79	173.80	251.42	335.22	378.72	378.72

The approved AFPI charges, which are based on one equivalent residential connection (ERC), will be collected from 1,250 additional ERCs as of July 1995. The amount of the charge will be based on the month in which the connection to the utility is made. If by December 31, 2001, any number of ERCs remain unconnected, the remaining ERCs shall be charged the constant maximum charge of \$378.72 until all 1,250 additional ERCs are connected, after which the charge will cease.

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: October 27, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Lewis, Brown, King, Ramos, Thompson) *TMB*
Division of Accounting and Finance (Bardin, Norris, Vogel, York) *MC*
Division of Economics (Bruce, Sibley) *JS*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20260033-WS – Application for authority to transfer assets of exempt entity in Highlands County by Placid Lakes Utilities, Inc. to Sunshine Water Services Company, and amendment of Certificate No. 347-S, by Sunshine Water Service Company.

AGENDA: 11/03/26 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: Staff recommends the Commission simultaneously consider Docket Nos. 20260032-WU and 20260033-WS.

Case Background

Placid Lakes Utilities, Inc. (Placid Lakes, Utility, or Seller) is a Class B water and wastewater utility providing water service to approximately 2,378 customers and wastewater service to approximately 38 customers in Highlands County, Florida. The Utility is located in the Southwest Florida Water Management District. In its 2025 Annual Report, Placid Lakes reported a net operating loss of \$41,467 for its water operations.

In 1983, the Florida Public Service Commission (Commission) granted Placid Lakes an original certificate to provide water service.¹ Since then, the certificated service territory has been amended five times, with the last amendment occurring in 2014.² The Utility's last rate case was in 2019.³

On February 27, 2026, Sunshine Water Services Company (SWS or Buyer) filed an application with the Commission to transfer the exempt wastewater assets of Placid Lakes to SWS by amending its certificate, Certificate No. 347-S. The Placid Lakes wastewater assets were exempt under Section 367.022(6), Florida Statutes (F.S.), because the system serves fewer than 100 persons. The application was found to be deficient. The Buyer cured the deficiencies on April 20, 2026. The sale will close after the Commission votes to approve the transfer. SWS also filed an application to transfer Placid Lakes' regulated water services, Certificate No. 401-W, in a separate docket.⁴ If approved, Placid Lakes' wastewater system would be incorporated into SWS and become regulated by the Commission. In addition, SWS filed a petition to establish the fair market value (FMV) rate base for the Placid Lakes water and wastewater systems, approval of which the Buyer stated was a condition precedent to the purchase of the Placid Lakes systems.⁵ The FMV petition was approved by the Commission at the October 6, 2026, Commission Conference.⁶

This recommendation addresses the transfer of the wastewater system and amendment of Certificate No. 347-S, and the appropriate net book value (NBV) of the wastewater system for transfer purposes. The Commission has jurisdiction, pursuant to Section 367.071, F.S.

¹ Order No. 12954, issued October 10, 1983, in Docket No. 19820478-W.

² Order No. PSC-14-0132-FOF-WU, issued March 18, 2014, in Docket No. 20130261-WU, *In re: Application for amendment of Certificate No. 401-W in Highlands County, by Placid Lakes Utilities, Inc.*

³ Order No. PSC-2019-0551-PAA-WU, issued December 30, 2019, in Docket No. 20190031-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.*

⁴ Docket No. 20260032-WU *In re: Application for authority to transfer facilities and water Certificate No. 401-W from Placid Lakes Utilities, Inc. to Sunshine Water Services Company, in Highlands County.*

⁵ Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

⁶ Order No. PSC-2026-0366-FOF-WS, issued October 21, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

Date: October 27, 2026

Discussion of Issues

Issue 1: Should the transfer of the wastewater assets of Placid Lakes Utilities, Inc., and the amendment of Wastewater Certificate No. 347-S in Highlands County to Sunshine Water Services Company be approved?

Recommendation: Yes. The transfer of the wastewater system and amendment of Certificate No. 347-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, a copy of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 90 days of the order approving the transfer, which is final agency action. If the sale is not finalized within 90 days of the transfer order, the Buyer should file a status update in the docket file. The Utility's existing rates as shown on Schedule No. 4 should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.). The application indicates that the Placid Lakes wastewater system has operated as an exempt utility and, therefore, has not been subject to Commission jurisdiction or Regulatory Assessment Fees (RAFs). Upon Commission approval and completion of the transaction, SWS will become responsible for all future regulatory obligations associated with the certificated wastewater system, including filing annual reports and paying RAFs. (York, Lewis, Brownless)

Staff Analysis:

Legal Standard

The transfer of the assets from an exempt utility to a regulated utility are governed by Sections 367.071 and 367.045(2), F.S. and Rules 25-30.036 and 25-30.037(3), F.A.C. Section 367.071, F.S., provides that the Commission may approve the transfer if it is in the public interest and the transferee will fulfill the commitments, obligations, and representations of the exempt utility. To demonstrate that the transferee can do so, Rule 25-30.037(3), F.A.C., requires the transferee to show the financial and technical ability to operate the utility.

Noticing, Territory, and Land Ownership

SWS provided notice of the application pursuant to Sections 367.045 and 367.071, F.S., and Rule 25-30.030, F.A.C. No formal objections were filed, and the time for doing so has expired. SWS provided adequate service territory maps and descriptions to Commission staff. The description of the Utility's service territory is appended to this recommendation as Attachment A. Pursuant to Rule 25-30.037(2)(s), F.A.C., SWS provided an unrecorded warranty deed as evidence that the Buyer will have rights to long-term use of the land upon which the treatment facilities are located. SWS committed to providing the executed and recorded deed to the Commission within 90 days of the Order approving this transfer.

Facility Description and Compliance

The Utility's wastewater treatment system consists of a small gravity collection system with 15 manholes, 2 pump stations, and a packaged-type concrete wastewater treatment facility with a

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0.015 million gallons per day permitted capacity. Wastewater is treated using extended aeration with a chlorine disinfection system that processes influent through aeration, clarification, chlorine disinfection, and a rapid infiltration basin for effluent disposal. The wastewater system serves a condominium, clubhouse, restaurant, and commercial units. SWS provided a copy of Placid Lakes' current permit from the Department of Environmental Protection (DEP) pursuant to Rule 25-30.037(2)(r)1., F.A.C.

On December 18, 2023, the DEP conducted an inspection of the wastewater facilities and noted potential deficiencies associated with recordkeeping. For example, the facility did not keep a separate log showing meter calibrations, and the percent capacity on the Discharge Monitoring Reports were calculated improperly. The Utility corrected its record keeping and no further action was required. The facility was deemed in compliance on April 23, 2024.

Purchase Agreement and Financing

Per Rule 25-30.037(3), F.A.C., SWS is acquiring all assets and operations associated with the Placid Lakes exempt non-regulated wastewater system. Consistent with the requirements of Rule 25-30.037(3)(c) and Rule 25-30.037(2)(i) and (j), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased.

SWS is acquiring all assets and operations associated with the Placid Lakes regulated water system and the exempt non-regulated wastewater system for a total purchase price of \$5,750,000 with \$5,645,998 allocated towards water and \$103,999 allocated towards wastewater. The transfer in this docket is specifically for the non-regulated wastewater system. SWS is assuming liabilities related to obligations to current customers for liabilities occurring after closing, for executable refundable advance agreements from customers who paid to install lines that cross vacant lots to access their property, and the lease of the storage barn. SWS is not assuming any other of the Seller's liabilities or obligations. According to the Buyer, the closing has not yet taken place and is dependent on Commission approval of the transfer and of establishment of the rate base value of an acquired system using the alternative procedure specified in Rule 25-30.0372, F.A.C.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the application, the Buyer will fulfill the commitments, obligations, and representations of the Seller with regard to utility matters. SWS is a private water and wastewater utility provider that has served Florida since 1976. SWS serves approximately 35,000 water and 30,000 wastewater customers across 10 Counties and owns and operates 11 utilities certificated by the Commission. The Buyer plans to obtain safety, compliance, operational, financial, project management, billing, customer service, human resources, administrative, and local leadership support from within its company, as well as hire three full-time operations technicians for the Placid Lakes water and wastewater systems.

In its application, SWS provided its water system annual reports and the financial statements of its parent company, Nexus Regulated Utilities, LLC (Nexus). Since 1976, SWS has served

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thousands of customers across Florida, and its financial stability is backed by Nexus. SWS stated that it intends to continue maintaining its approved regulatory capital structure and intends to fund the acquisition accordingly. Staff has reviewed the annual reports and the parent company's financial statements. Based on the above, staff believes the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Continuation of Existing Rates

The Placid Lakes wastewater system is an exempt utility located in Highlands County. The current wastewater rates shown on Schedule No. 4 were effective July 1, 2022. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. Therefore, SWS will maintain the existing rates in effect for the former Placid Lakes customers and the wastewater tariff sheets will become part of SWS' tariff. Based on the above, staff recommends that the appropriate service rates for the Placid Lakes wastewater system are its existing rates, as shown on Schedule No. 4. These rates should remain in effect until a change is authorized by the Commission in a subsequent proceeding.

Regulatory Assessment Fees and Annual Reports

The Placid Lakes wastewater system has operated as an exempt wastewater utility and, therefore, has not been subject to Commission jurisdiction. As a result, the Utility has not been required to file annual reports or pay RAFs. The application states that no pre-closing RAFs or Commission fines are applicable to the exempt wastewater system. Upon completion of the transfer, SWS will become responsible for filing annual reports and paying RAFs associated with the certificated wastewater system. Staff believes these representations satisfy the Commission's transfer requirements.

Conclusion

The transfer of the exempt wastewater assets and the amendment of Certificate No. 347-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 90 days of the order approving the transfer, which is final agency action. If the sale is not finalized within 90 days of the transfer order, the Buyer should file a status update in the docket file. The Utility's existing rates as shown on Schedule No. 4 should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The application indicates that the Placid Lakes wastewater system has operated as an exempt utility and, therefore, has not been subject to Commission jurisdiction or RAFs. Upon Commission approval and completion of the transaction, SWS will become responsible for all future regulatory obligations associated with the certificated wastewater system, including filing annual reports and paying RAFs.

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Issue 2: What is the appropriate Net Book Value of the wastewater system for transfer purposes?

Recommendation: The appropriate NBV of the Placid Lakes wastewater system should be \$39,199, as of January 31, 2026. Within 90 days of the date of the final order, SWS should notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. These adjustments should be reflected in SWS' first Annual Report filed following the closing of the transfer. (York)

Staff Analysis: Pursuant to Section 367.071, F.S., and Rule 25-30.037, F.A.C., staff reviewed the information provided by the Utility and the results of the Commission audit to determine the appropriate NBV of the wastewater system for transfer purposes as of January 31, 2026.

Unlike Commission-regulated utilities, the Placid Lakes wastewater system operated as an exempt utility and did not maintain its accounting records using the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA). The audit determined that the Utility maintained transaction detail reports and depreciation schedules rather than a general ledger. Accordingly, audit staff scheduled the Utility's plant balances into the appropriate NARUC accounts and recalculated accumulated depreciation using the Commission-approved depreciation rates contained in Rule 25-30.140, F.A.C.

Utility Plant in Service

The audit determined that the Utility did not maintain Utility Plant in Service (UPIS) using NARUC account classifications. Instead, the Utility relied upon transaction detail reports and depreciation schedules to support its recorded balances. Audit staff reviewed the supporting documentation, assigned the assets to the appropriate NARUC accounts, and determined that the recorded UPIS balance appropriately reflected the assets providing wastewater service. Staff discovered that one addition and related retirement of a plant asset was inadvertently attributed to NARUC Account 371 – Pumping Equipment but should have been included in Account 360 – Collecting Sewers – Force. This difference is reflected in Schedule No. 3, Schedule of Wastewater Account Balances. This does not affect the total UPIS balance.

As a result of the audit, no adjustment to the total UPIS was required. Therefore, staff recommends a UPIS balance of \$75,751, as of January 31, 2026. Although no financial adjustment is necessary, staff agrees with the audit staff recommendation that the Buyer should maintain its accounting records using the NARUC USOA following the transfer.

Land Balance

The Utility recorded a land balance of \$8,138. Audit staff reviewed the warranty deeds associated with the property and confirmed that ownership had not changed since 2017. Although a corrective deed was recorded during 2022 to revise legal survey language, the audit determined that no change in ownership had occurred, and no adjustment was required. Therefore, staff recommends a land balance of \$8,138.

Accumulated Depreciation

The Utility recorded accumulated depreciation of \$48,774 as of January 31, 2026. Audit staff independently recalculated accumulated depreciation using the Commission-approved Class B

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depreciation rates prescribed by Rule 25-30.140, F.A.C., and identified adjustments due to incorrect accounting for early retirements and incorrect depreciation rates, resulting in accumulated depreciation of \$44,692, which was a decrease of \$4,082.

Due to the differences in the individual plant account balances discussed in the UPIS section above, staff recalculated accumulated depreciation, resulting in an additional decrease of \$2 and a revised accumulated depreciation balance of \$44,690, representing a total decrease of \$4,084. Accordingly, staff recommends an accumulated depreciation balance of \$44,690 as of January 31, 2026.

Contribution in Aid of Construction (CIAC)

The wastewater system was constructed entirely with Utility funds and no customer or developer CIAC was received. Accordingly, no CIAC or accumulated amortization balances exist, and staff recommends CIAC and accumulated amortization of CIAC balances of \$0.

Net Book Value

The Utility's general ledger reflected NBV of \$35,115 for wastewater. Staff's recommended NBV and NARUC USOA balances for UPIS, accumulated depreciation, CIAC, and accumulated amortization of CIAC are shown on Schedule No. 1, as of January 31, 2026. No audit adjustments were made to UPIS, Land, CIAC, or Accumulated Amortization of CIAC. Based on the audit adjustments to accumulated depreciation discussed above, staff recommends an adjusted NBV of \$39,199 for transfer purposes as of January 31, 2026.

Fair Market Value Rate Base Value

On February 27, 2026, SWS filed a petition pursuant to Section 367.0811, F.S., and Rule 25-30.0372, F.A.C., to establish the rate base value of the acquired the Placid Lakes water and wastewater systems using the alternative procedure.⁷ Based on the Purchase and Sale Agreement dated December 18, 2025, the purchase price for the utility assets is \$5,750,000. SWS requested that this amount be established as the alternative rate base value for the acquired systems. By Order No. PSC-2026-0366-FOF-WS, the Commission approved SWS' petition.⁸ Docket No. 20260031-WS will remain open until the applicable appeal period expires.⁹

Conclusion

The appropriate NBV of the Placid Lakes wastewater system for transfer purposes is \$39,199, as of January 31, 2026. Within 90 days of the date of the final order, SWS should notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. These adjustments should be reflected in SWS' first annual report filed following the closing of the transfer.

⁷ Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

⁸ Order No. PSC-2026-0366-FOF-WS, issued October 21, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

⁹ Order No. PSC-2026-0366-FOF-WS, issued October 21, 2026, in Docket No. 20260031-WS, *In re: Petition to establish rate base value of acquired system using alternative procedure, by Sunshine Water Services Company.*

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Issue 3: What are the appropriate charges and customer deposits for the Placid Lakes wastewater system?

Recommendation: The appropriate charges for the Placid Lakes wastewater system are as shown on Schedule No. 4. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets, provided customers have received notice pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding. (Sibley)

Staff Analysis: In its application, SWS did not reflect any charges for the Placid Lakes wastewater system. In response to staff's inquiry in regard to whether the wastewater system had any existing charges, staff learned that Placid Lakes has no existing charges. SWS responded that, since the Placid Lakes wastewater system is being absorbed into the existing tariff, SWS' existing miscellaneous service charges, service availability charges, and terms and conditions should apply on a going forward basis. Staff agrees that is appropriate for the miscellaneous service charges to be applicable.

For the service availability charges, currently, SWS' existing main extension charge is at actual cost for all systems. Based on staff's audit, it appears that the infrastructure for the wastewater system was paid fully by the current owners and was not contributed by developers. Therefore, staff believes the existing main extension charge is appropriate.

Additionally, SWS has a connection charge at actual cost for all systems. A customer connection charge relates to new connection facilities that are not part of the utility's existing infrastructure and are installed when an individual customer requests service. Thus, staff believes the existing customer connection charge is appropriate. However, for the plant capacity charge, SWS has system specific charges. Therefore, since Placid Lakes does not have a current plant capacity charge and SWS' plant capacity charges are system specific, a plant capacity charge is not appropriate at this time.

Customer Deposits

In its application, SWS did not provide tariffs reflecting customer deposits for the Placid Lakes wastewater system. The Placid Lakes wastewater customers are all general service. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.¹⁰ SWS' wastewater existing customer deposits for general service and all other meter sizes over 5/8 X 3/4 inch is two times the estimated average bill. Therefore, staff believes that it is appropriate for the Placid Lakes wastewater customer deposits to be applicable on a going forward basis.

¹⁰ 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*.

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Conclusion

Based on the above, staff recommends that the appropriate charges for the Placid Lakes wastewater system are as shown on Schedule No. 4. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets, provided customers have received notice pursuant to Rule 25-30.475(2), F.A.C. In addition, the approved charges should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date the notice was given within 10 days of the date of the notice. The Utility should be required to charge the approved miscellaneous service charges until authorized to change them by the Commission in a subsequent proceeding.

Date: October 27, 2026

Issue 4: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the proposed agency action portion of the order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP, and that the Buyer has submitted a signed and executed copy of its contract for sale within 90 days of the Commission's order approving the transfer. (Brownless)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the proposed agency action portion of the order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP, and that the Buyer has submitted a signed and executed copy of its contract for sale within 90 days of the Commission's order approving the amendment.

Sunshine Water Services, Inc.

Highlands County

Placid Lakes Wastewater Service Area

Township 37 South, Range 30 East Sections 20, 21, and 28 Beginning at the Southeast corner of the Northwest 1/4 of Section 28; thence North 89°48'35" East a distance of 2,057.30 feet; thence North 00°03'56" East a distance of 490.95 feet; thence South 89°39'04" East a distance of 559.00 feet; thence South 00°03'56" West a distance of 485.69 feet; thence North 89°48'35" East a distance of 23.70 feet; thence South 00°04'03" East a distance of 900 feet; thence North 89°44'59" West a distance of 3,916.15 feet, more or less, to the East Right of Way of U.S. Highway 27; thence following the Right of Way in a Northwesterly direction 5,198 feet, more or less; thence North 61°17'37" East a distance of 637.30 feet, more or less, to a point located on the western shore of Lake Grassy; thence follow the shoreline in a Southeasterly direction to a point located North 15°17'42" East a distance of 1,115.40 feet, more or less, from the Northwest corner of Section 28; thence South 11°20'51" East a distance of 24.68 feet; thence South 01°12'12" East a distance of 137.00 feet; thence South 00°03'29" West a distance of 163.31 feet; thence North 89°42'27" East a distance of 851.83 feet to a point located on the western shoreline of Lake Grassy; thence following the shoreline in an Easterly direction to a point located North 72°42'42" East a distance of 1,777.70 feet from the Northwest corner of Section 28; thence South 00°09'31" East a distance of 523.75 feet to the northern boundary of Section 28; thence following the northern boundary in an Easterly direction 942.23 feet, more or less; thence South 00°09'31" East a distance of 2,628.58 feet to the Point of Beginning.

Together with: Township 37 South, Range 29 East Section 9 The East 1/2 of Section 9 Section 10 All of said Section 10 lying South and West of Lake June in Winter (also known as Lake Stearns) Section 11 All of said Section 11 lying South and West of Catfish Creek Section 14 All of said Section 14 lying South and West of Catfish Creek Section 15 The East 1/2 of Section 15 Sections 22 and 23 All of said Sections 22 and 23.

Together with the following parcel in Sections 2 and 11, Township 37 South, Range 29 East: Commence at the Southeast corner of Section 2, Township 37 South, Range 29 East; thence run North 0°13'00" West along the East Section Line of said Section 2 for a distance of 780.16 feet to the Point of Beginning; thence continue North 0°13'00" West along the East Section Line of said Section 2 for a distance of 962.36 feet; thence run South 83°36'00" West for a distance of 455.19 feet; thence run South 1°38'25" East for a distance of 739.01 feet; thence run South 50°42'02" West for a distance of 1,599.11 feet; thence run South 59°55'57" West for a distance of 1,888.03 feet; thence run South 82°07'25" West for a distance of 1,070.81 feet; thence run South 38°16'10" East for a distance of 310.00 feet; thence run along the arc of a curve to the left having the following elements: (Radius 500.00 feet, Central angle = 8°52'00", Arc length 77.38 feet, Chord length = 77.30 feet, Chord Bearing = South 42°41'44" East); thence run South 47°08'10" East for a distance of 888.54 feet; thence run North 42°51'50" East for a distance of 373.44 feet; thence run North 65°22'58" East for a distance of 470.85 feet; thence run North 80°57'52" East for a distance of 605.70 feet; thence run North 80°58'39" East for a distance of 815.00 feet; thence run South 89°08'52" East for a distance of 130.75 feet; thence run South

Date: October 27, 2026

88°47'43" East for a distance of 386.18 feet; thence run along the arc of a nontangential curve to the left having the following elements: (Radius 1,000.00 feet, Central angle = 79°00'52", Arc length 1,379.06 feet, Chord length = 1,272.35 feet, Chord Bearing = North 23°59'16" West); thence run North 54°25'00" East for a distance of 1,704.89 feet to the Point of Beginning, containing 4,135,082 square feet or 94.9284 acres, more or less. Together with: Section 13, Township 37 South, Range 29 East All of said Section 13 lying South and West of Catfish Creek Section 24, Township 37 South, Range 29 East All of said Section 24 lying South and West of Catfish Creek and West of Lake Placid, excluding the area south of a line described as follows: Commence at the Southwest Corner of Section 24, Township 37 South, Range 29 East; thence run northerly along the West Section Line of said Section 24 for a distance of approximately 660 feet to the Point of Beginning; thence run easterly until reaching Lake Placid.

FLORIDA PUBLIC SERVICE COMMISSION
authorizes
Sunshine Water Services Company
pursuant to
Certificate Number 347-S

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

<u>Order Number</u>	<u>Date issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
12447	09/06/1983	19830141-WS	Grandfather
PSC-93-1448-FOF-WS	10/04/1993	19930570-WS	Transfer
PSC-01-2316-FOF-WS	11/27/2001	20010887-WS	Transfer MOC
PSC-06-0094-FOF-WS	02/09/2006	20050499-WS	Transfer MOC
PSC-10-0489-FOF-WS	08/05/2010	20100301-WS	Amendment
PSC-12-0497-FOF-WS	09/27/2012	20120084-WS	Transfer MOC
PSC-160143-FOF-WS	04/12/2016	20150235-WS	Reorganization/Name Change
PSC-2022-0094-FOF-WS	02/21/2022	20210185-WS	Name Change
*	*	20260033-WS	Transfer/Amendment

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

Placid Lakes Utilities Inc.

Schedule of Wastewater Net Book Value as of January 31, 2026

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>		<u>Balance Per Staff</u>
Utility Plant in Service	\$75,751	\$0		\$75,751
Land & Land Rights	8,138	0		8,138
Accumulated Depreciation	(48,774)	4,084	A	(44,690)
CIAC	0	0		0
Amortization of CIAC	<u>0</u>	<u>0</u>		<u>0</u>
Net Book Value	<u>\$35,115</u>	<u>\$4,084</u>		<u>\$39,199</u>

Placid Lakes Utilities Inc.

**Explanation of Adjustments to Wastewater Net Book Value as of
January 31, 2026**

Explanation	Amount
A. Accumulated Depreciation To reflect the appropriate balance.	<u>\$4,084</u>
Total Adjustments to Water Net Book Value as of January 31, 2026	<u>\$4,084</u>

Placid Lakes Utilities Inc.

**Schedule of Staff's Recommended Wastewater Account Balances as of
January 31, 2026**

Account No.	Description	UPIS	Accumulated Depreciation
354	Structures & Improvements	\$5,128	(\$2,101)
360	Collecting & Impounding Reservoirs	10,774	(895)
371	Pumping Equipment	8,920	2,923
380	Treatment & Disposal Equipment	7,370	(1,058)
398	Other Tangible Plant	<u>43,559</u>	<u>(43,559)</u>
	Total	<u>\$75,751</u>	<u>(\$44,690)</u>

**Sunshine Water Services Company
Existing Placid Lakes Utilities, Inc. Monthly Wastewater Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" x 3/4"	\$38.02
1"	\$95.04
2"	\$304.14

Charge of Per 1,000 gallons	\$22.10
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**Sunshine Water Services Company
Existing Miscellaneous Service Charges**

	<u>Normal Hours</u>	<u>After Hours</u>
Violation Reconnection Charge	Actual Cost	Actual Cost
Premises Visit Charge	\$40.06	\$49.62
Late Payment Charge		\$7.12
NSF Check Charge	Pursuant to Section 68.065, F.S.	

**Sunshine Water Services Company
Existing Service Availability Charges**

Connection Charge	Actual Cost
Main Extension Charge	Actual Cost

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: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Davis, Ellis) *LVK*
Division of Accounting and Finance (Fisher, Norris, Sowards, Vogel, York) *MC*
Division of Economics (Bruce, McClelland, Rashawn) *JP*
Office of the General Counsel (Augsburger) *SMC*

RE: Docket No. 20260075-WS – Application for transfer of facilities of Deer Creek RV Golf & Country Club, Inc., Water Certificate No. 670-W, and Wastewater Certificate No. 572-S to CSWR-Florida Utility Operating Company, LLC, in Polk County.

AGENDA: 11/03/26 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Payne

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Deer Creek RV Golf & Country Club, Inc. (Deer Creek, Utility, or Seller) is a Class C utility serving 862 residential and 22 general service water and wastewater customers in Polk County, Florida. The Utility's water and wastewater services are purchased from Polk County Utility. The Utility is located in the Southwest Florida Water Management District (SWFWMD). In its 2025 Annual Report, Deer Creek reported a net operating income of \$32,447 for water and a net operating loss of \$5,914 for wastewater.

In 2017, the Florida Public Service Commission (Commission) granted Deer Creek original certificates for water and wastewater services.¹ The certificated service territory has not been amended since that time. The Utility's last staff-assisted rate case was in 2020.²

On May 6, 2026, CSWR-Florida Utility Operating Company, LLC in Polk County (CSWR-Deer Creek or Buyer) filed its application for transfer of water and wastewater facilities of Deer Creek, Water Certificate No. 670-W and Wastewater Certificate No. 572-S, to the Buyer. The sale will close after the Commission votes to approve the transfer.

This recommendation addresses the transfer of the water and wastewater systems and Certificate Nos. 670-W and 572-S, and the appropriate net book value (NBV) of the water and wastewater systems for transfer purposes. The Commission has jurisdiction pursuant to Sections 367.011 and 367.071, Florida Statutes (F.S.).

¹ Order No. PSC-2017-0440-FOF-WS, issued on November 17, 2017, in Docket No. 20160248-WS, *In re: Application for original certificates to provide water and wastewater service in Polk County by Deer Creek RV Golf & Country Club, Inc.*

² Order No. PSC-2020-0118-PAA-WS, issued on April 20, 2020, in Docket No. 20190071-WS, *In re: Application for staff-assisted rate case in Polk County by Deer Creek RV Golf & Country Club, Inc.*

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Discussion of Issues

Issue 1: Should the transfer of Certificate Nos. 670-W and 572-S in Polk County from Deer Creek RV Golf & Country Club, Inc., to CSWR-Florida Utility Operating Company, LLC be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 670-W and 572-S is in the public interest and should be approved effective the date of the Commission vote. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should file copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates and charges, as shown on Schedule No. 3-A and 3-B, should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The Utility is current with respect to regulatory assessment fees (RAFs) and annual reports through December 31, 2025. Based on the application, the Seller should be responsible for RAFs and annual reports until Commission approval. The Buyer should be responsible for filing annual reports and paying RAFs for all future years. (Davis, Fisher, McClelland)

Staff Analysis: On May 6, 2026, CSWR-Deer Creek filed an application for the transfer of Water Certificate No. 670-W and Wastewater Certificate No. 572-S from Deer Creek to CSWR-Deer Creek pursuant to Rule 25-30.037, Florida Administrative Code (F.A.C.). The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates.

Noticing, Territory, and Land Ownership

CSWR-Deer Creek provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a legal description of the service territory which is appended to this recommendation as Attachment A. As the Utility's water and wastewater systems are for distribution and collection only, and service is purchased in bulk from Polk County Utilities, no standalone treatment plants are owned or operated.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2) (i) and (j), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. CSWR-Deer Creek is not acquiring any non-regulated assets or operations of the Seller and is not assuming any of the Seller's liabilities or obligations. There are no known guaranteed revenue contracts or customer advances of Deer Creek that must be disposed of in regard to the transfer. CSWR-Deer Creek will review all leases and developer agreements and will assume or renegotiate those agreements on a case-by-case basis prior to closing. Any customer deposits will be refunded to customers by the Seller prior to the closing. According to the purchase and sale agreement, the total purchase price for the water and wastewater assets is \$138,696. According to the Buyer, the closing has not yet taken place and is dependent on Commission approval of the transfer. The Buyer should submit the closing

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date to the Commission within 60 days of the Commission's Order approving the transfer becoming final or an update on the schedule thereof if the closing has not yet occurred.

Facilities Description and Compliance

The Utility purchases both water and wastewater services in bulk from Polk County Utilities. The water and wastewater infrastructure consists strictly of underground water distribution lines and wastewater collection lines designed to route bulk utilities to and from customer properties. The water distribution network consists of polyvinyl chloride (PVC) pipe utilizing 5,430 feet of four-inch PVC pipe, and 10,810 feet of six-inch PVC pipe to connect directly to the Polk County Utilities master delivery points. The wastewater collection system consists of two lift stations, 110 manholes, 15,841 feet of eight-inch PVC pipe, and 6,011 feet of ten-inch PVC pipe that connects directly to Polk County Utilities for bulk wastewater treatment services. The last sanitary survey of the facility was conducted on July 22, 2021, by the Florida Department of Environmental Protection (DEP). There were no deficiencies noted.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the transfer application, the Buyer will fulfill the commitments, obligations, and representations of the Seller with regards to utility matters. CSWR-Deer Creek's application states that it owns and operates water and wastewater systems in Florida, Missouri, Arkansas, Kentucky, Texas, Louisiana, Tennessee, Mississippi, Arizona, South Carolina, and North Carolina that currently serve more than 190,000 water and 257,500 wastewater customers. The Commission has also approved CSWR Utility Operating Company, LLC's purchase of eleven Florida certificated utilities in prior dockets.³

³ See Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of water and wastewater systems of Aquarina Utilities, Inc., water Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County.*; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20210095-WU, *In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County.*; Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.*; Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for transfer of water facilities of Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County.*; Order No. PSC-2023-0216-PAA-SU, issued July 27, 2023, in Docket No. 20220149-SU, *In re: Application for transfer of wastewater Certificate No. 365-S of Sebring Ridge Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC, in Highlands County.*; Order No. PSC-2023-0245-PAA-WS, issued August 17, 2023, in Docket No. 20220063-WS, *In re: Application for transfer of water and wastewater facilities of Tradewinds Utilities, Inc., water Certificate No. 405-W, and wastewater Certificate No. 342-S to CSWR-Florida Utility Operating Company, LLC, in Marion County.*; Order No. PSC-2023-0257-PAA-SU, issued August 21, 2023, in Docket No. 20220061-SU, *In re: Application for transfer of wastewater Certificate No. 318-S from BFF Corp to CSWR-Florida utility Operating Company, LLC, in Marion County.*; 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.*; Order No. PSC-2023-0305-PAA-WS, issued October 13, 2023, as amended by Amendatory Order No. PSC 2023-0305A-PAA-WS, issued February 16, 2024, in Docket No. 20220064-WS, *In re: Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to*

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The Buyer stated that the purchasing entity was created for the purpose of acquiring and operating water and wastewater systems in Florida as a public utility. In its application, the parent company of CSWR-Deer Creek, CSWR LLC, provided financial statements for itself and its subsidiaries including CSWR-Deer Creek, and states that the parent company has the ability and intent to meet all reasonable capital needs arising from the operation of the Utility. Staff has reviewed the parent company's financial statements. Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates, Charges, and Initial Customer Deposits

Deer Creek's water and wastewater rates were last approved in a 2019 staff-assisted rate case. Subsequently, the rates have been amended by three price index rate adjustments with the last increase in 2023. The Utility's miscellaneous service charges and customer deposits were last approved in 2018. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission.

Some of the Utility's existing miscellaneous service charges, which consists of the violation reconnection, late payment, meter tampering charges, and non-sufficient funds charges are appropriate. However, the remaining miscellaneous service charges do not conform to Rule 25-30.460, F.A.C., and are discussed in Issue 3. Therefore, staff recommends that the Utility's existing rates for water and wastewater, initial customer deposits, and the appropriate miscellaneous service charges shown on Schedules Nos. 3-A and 3-B, should remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C.

Regulatory Assessment Fees and Annual Report

Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2025. The Seller will continue to be responsible for filing the Utility's annual reports and paying RAFs, until the closing of the sale has been approved by the Commission. After the approval, the Buyer will be responsible for all future years.

Conclusion

The transfer of the water and wastewater systems and Certificate Nos. 670-W and 572-S is in the public interest and should be approved effective the date of the Commission vote. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer

CSWR-Florida Utility Operating Company, LLC, in Volusia County.; Order No. PSC-2023-0216-PAA-SU, issued July 27, 2023, in Docket No. 20220149-SU, In re: Application for transfer of wastewater Certificate No. 365-S of Sebring Ridge Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC, in Highlands County.; Order No. PSC-2023-0359-PAA-SU, issued November 28, 2023, in Docket No. 20230033-SU, In re: Application for transfer of wastewater Certificate No. 562-S of TKCB, Inc. to CSWR-Florida Utility Operating Company, LLC, in Brevard County.

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should file a status update in the docket file. The Utility's existing rates and charges, as shown on Schedule No. 3-A and 3-B, should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The Utility is current with respect to RAFs and annual reports through December 31, 2025. Based on the application, the Seller should be responsible for RAFs and annual reports until Commission approval. The Buyer should be responsible for filing annual reports and paying RAFs for all future years.

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Issue 2: What is the appropriate Net Book Value for the Deer Creek RV Golf & Country Club, Inc.'s water and wastewater system for transfer purposes?

Recommendation: The NBV of the water and wastewater system for transfer purposes is \$68,388 for water and \$55,018 for wastewater as of March 31, 2026. Within 90 days of the date of the Commission's Order approving the transfer becoming final, CSWR-Deer Creek should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2026 Annual Report when filed. The Buyer is not requesting a positive acquisition adjustment as part of this transfer docket, but may petition for a for a positive acquisition adjustment within three years as established in Rule 25-30.0371(2), F.A.C. (Fisher)

Staff Analysis: Rate base for the water and wastewater systems were last established for the Utility as of December 31, 2018, by Order No. PSC-2020-0118-PAA-WS.⁴ The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The Buyer has not requested an acquisition adjustment at this time, however, CSWR-Deer Creek does reserve the right to petition for a positive acquisition adjustment within three years of the approval of the transfer, as provided in Rule 25-30.0371(2), F.A.C. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of March 31, 2026.

Utility Plant In Service (UPIS)

The Utility's general ledger reflected a plant balance of \$91,521 for water and \$95,949 for wastewater as of March 31, 2026. Audit staff recalculated the plant balances, reviewed UPIS additions and retirements, and noted no exceptions. As such, staff recommends that the Utility's water and wastewater UPIS balances as of March 31, 2026, should be \$91,521 and \$95,949, respectively.

Land

In Order No. PSC-2020-0118-PAA-WS, it was established that Deer Creek does not have its own wells, water treatment facilities, or wastewater treatment facilities. It provides water and wastewater service to its customers by purchasing bulk water and wastewater treatment service from Polk County. The audit staff verified that the Utility has no land deeds and determined that there have been no changes to land since the Utility was acquired on December 5, 2013. Accordingly, no adjustments are necessary. Staff recommends that a \$0 balance for the land and land rights for water and wastewater is appropriate.

Accumulated Depreciation

The Utility's general ledger reflected an accumulated depreciation balance of \$24,039 for water and \$44,092 for wastewater. Audit staff noted that the Utility was reclassified from a Class C to Class B in November 2021, although the Utility continued to apply Class C depreciation rates. Audit staff recalculated the accumulated depreciation using the depreciation rates established by Rule 25-30.140(2), F.A.C., for Class B utilities. Audit staff determined accumulated depreciation

⁴ Order No. PSC-2020-0118-PAA-WS, issued April 20, 2020, as amended by Amendatory Order No. PSC-2020-0118A-PAA-WS, issued April 24, 2020, in Docket No. 20190071-WS, *In re: Application for staff-assisted rate case in Polk County by Deer Creek RV Golf & Country Club, Inc.*

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due to the reclass for water to be overstated by \$906 and wastewater to be overstated by \$3,161. As such, staff recommends an accumulated depreciation balance of \$23,133 for water and \$40,931 for wastewater, as of March 31, 2026.

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

The Utility does not have any recorded CIAC or any accumulated amortization of CIAC for water or wastewater. Staff recommends CIAC and accumulated amortization of CIAC balances of \$0 for water and wastewater, as of March 31, 2026.

Net Book Value

The Utility's general ledger reflected NBV of \$67,482 for water and \$51,857 for wastewater. Based on the adjustments above, staff recommends that the NBV for the Utility's water and wastewater systems as of March 31, 2026, are \$68,388 and \$55,018, respectively, for a total NBV of \$123,406. Staff's recommended NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balances for UPIS and accumulated depreciation are shown on Schedule Nos. 1 and 2, as of March 31, 2026.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV at the time of the acquisition. The Utility and its assets were purchased for \$138,696. As discussed above, staff has determined the appropriate NBV total to be \$123,406 (\$68,388 for water and \$55,018 for wastewater). Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV. The Buyer is not requesting a positive acquisition adjustment as part of this transfer docket, but may petition for a positive acquisition adjustment within the three years as established in Rule 25-30.0371(2), F.A.C. As such, staff recommends that no positive acquisition adjustment be included at this time.

Conclusion

Based on the above, staff recommends that, for transfer purposes, the NBV of the Utility's water system is \$68,388, and the NBV of the wastewater system is \$55,018, as of March 31, 2026. Within 90 days of the date of the Commission's Order approving the transfer becoming final, the Buyer should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2026 Annual Report when filed. The Buyer is not requesting a positive acquisition adjustment as part of this transfer docket, but may petition for a positive acquisition adjustment within the three years as established in Rule 25-30.0371(2), F.A.C.

Issue 3: What are the appropriate revisions to miscellaneous service charges for Deer Creek?

Recommendation: The appropriate revisions to miscellaneous service charges shown in Table 3-2 should be approved. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. CSWR-Deer Creek should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. CSWR-Deer Creek should provide proof of the date notice was given no less than 10 days after the date of the notice. CSWR-Deer Creek should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding. (Rashawn)

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. However, Section 367.121, F.S., authorizes the Commission on its own volition to establish, increase, or change a rate or charge. As reflected in Table 3-1, the Utility's existing miscellaneous service charges consist of initial connection and normal reconnection charges. However, Rule 25-30.460, F.A.C., does not allow for initial connection and normal reconnection charges. The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. The normal reconnection charge is more than the premises visit charge. Since the premises visit entails a broader range of tasks, staff believes the premises visit charge should reflect the amount of the normal reconnection charge of \$20.50. Therefore, as reflected in Table 3-2, staff recommends that the initial connection and normal reconnection charges be removed, the premises visit charge should be revised to \$20.50, and the definition for the premises visit charge should be updated to comply with Rule 25-30.460, F.A.C.

Table 3-1
Existing Utility Charges

	<u>Water</u>	<u>Wastewater</u>
Initial Connection Charge	\$11.70	\$11.70
Normal Reconnection Charge	\$20.50	\$20.50
Premises Visit Charge	\$11.70	\$11.70

Table 3-2
Staff's Recommended Charges

	<u>Water</u>	<u>Wastewater</u>
Initial Connection Charge	N/A	N/A
Normal Reconnection Charge	N/A	N/A
Premises Visit Charge	\$20.50	\$20.50

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Conclusion

Based on the above, staff recommends the miscellaneous service charges be revised to conform with Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. CSWR-Deer Creek should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. CSWR-Deer Creek should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding.

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Issue 4: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, and that the Buyer has submitted a signed and executed copy of its contract for sale within 60 days of the Commission's Order approving the transfer. (Augsburger)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, and that the Buyer has submitted a signed and executed copy of its contract for sale within 60 days of the Commission's Order approving the transfer.

DESCRIPTION OF TERRITORY SERVED

Commence at the Southeast corner of the Southwest 1/4 of Section 17, Township 26 South, Range 27 East, Polk County, Florida and run thence N 0°13'28" E, along the East boundary of said Southwest 1/4, a distance of 525.01 feet to the Point of Beginning; continue N 0°13'28" E, 2120.74 feet to the Northeast corner of said Southwest 1/4; run thence S 89°54'39" W, along the North boundary of the Northeast 1/4 of the Southwest 1/4 a distance of 1325.49 feet to the Southeast corner of the Southwest 1/4 of the Northwest 1/4 of said section 17, run thence N 0°04'18" E, along the East boundary of said Southwest 1/4 of the Northwest 1/4, a distance of 725.00 feet; run thence N 76°22'33" W, 943.27 feet; run thence N 89°55'42" W, 45.00 feet to a point on a curve having a radius of 610.00 feet, a central angle of 91°04'15" and whose chord bears S 45°36'26" W, run thence Southwesterly along said curve an arc distance of 969.56 feet; run thence S 53°41'40" W, 566.40 feet; run thence S 36°18'20" E, 20.00 feet; run thence S 62°06'42" W, 58.12 feet; run thence S 07°25'05" W, 119.44 feet to a point on a curve to the left having a radius of 248.82 feet, a central angle of 35°18'22" and whose chord bears S 10°14'07" W, run thence Southwesterly along said curve an arc distance of 153.32 feet; run thence S 27°53'18" E, 1000.00 feet to a point on a curve to the left having a radius of 267.19 feet, a central angle of 33°27'28" and whose chord bears S 44°37'02" E, run thence Southeasterly along said curve an arc distance of 156.03 feet to a point on a reverse curve to the left having a radius of 405.94 feet, a central angle of 27°27'35" and whose chord bears S 47°36'58" E, run thence Southeasterly along said curve an arc distance of 914.55 feet; run thence S 33°53'10" E, 20.00 feet to a point on a curve to the left having a radius of 30.00 feet, a central angle of 90°00'00" and whose chord bears S 78°53'10" E, run thence Southeasterly along said curve an arc distance of 47.12 feet; run thence N 56°06'50" E, 173.05 feet to a point on a curve to the left having a radius of 1801.37 feet, a central angle of 08°50'08" and whose chord bears N 51°26'15" E, run thence Northeasterly along said curve an arc distance of 227.78 feet, run thence N 47°01'11" E, 113.93 feet to a point on a curve to the left having a radius of 1435.17 feet, a central angle of 03°25'15" and whose chord bears N 48°43'49" E, run thence Northeasterly along said curve an arc distance of 85.69 feet; run thence N 50°26'26" E, 40.00 feet; run thence S 39°33'34" E, 80.00 feet; run thence N 50°26'26" E, 62.98 feet to a point on a curve to the right having a radius of 919.27 feet, a central angle of 13°17'28" and whose chord bears N 57°05'10" E, run thence Northeasterly along said curve an arc distance of 213.24 feet; run thence S 26°07'38" E, 40.00 feet to a point on a non-tangent curve to the left having a radius of 431.38 feet, a central angle of 01°59'28" and whose chord bears S 62°43'17" W, run thence Southwesterly along said curve an arc distance of 14.99 feet; run thence S 26°07'43" E, 177.16 feet to a point on a curve to the right having a radius of 546.84 feet, a central angle of 23°48'35" and whose chord bears S 11°48'45" E, run thence Southerly along said curve an arc distance of 227.24 feet; run thence S 00°09'14" E, 447.65 feet to a point on a curve to the left having a radius of 869.08 feet, a central angle of 11°32'54" and whose chord bears S 05°55'41" E, run thence Southerly along said curve an arc distance of 175.17 feet; run thence S 11°42'08" E, 333.23 feet; run thence S 89°50'46" W, 554.14 feet; run thence N 12°26'07" W, 867.28 feet to a point on a non-tangent curve to the right having a radius of 1451.41 feet, a central angle of 00°40'47" and whose chord bears S 48°08'46" W, run thence Southwesterly along said curve an arc distance of 17.22 feet; run thence N 12°26'07" W, 95.66 feet to a point on a non-tangent curve to the right having a radius of 1881.37 feet, a central angle of 02°36'38" and whose chord bears S 54°33'00" W, run thence Southwesterly along said curve an arc distance of 85.72 feet; run thence S 56°06'50" W, 172.92 feet; run thence S 33°53'10" E, 10.00 feet; run thence S 56°06'50" W, 105.65 feet to a point on a curve to the right having a radius of 905.01 feet, a central angle of 06°41'37" and whose chord bears S 59°27'38" W, run thence Southwesterly along said curve an arc distance of 105.73 feet; run thence S 62°48'27" W, 239.88 feet the Easterly right-of-way line of U.S. Highway 27 and a point on a non-tangent curve to the right having a radius of 4437.18 feet, a central angle of 02°32'33" and whose chord bears S 35°16'37" E, run thence Southeasterly along said curve an arc distance of 196.70 feet; run thence along said right-of-way line the following courses and distances; thence S 65°59'34" W, 15.00 feet to a point on a curve having a radius of 4422.18 feet, a central angle of 06°39'57" and whose chord bears S 20°40'27" E, run thence Southeasterly an arc distance of 514.48 feet; thence leaving said Easterly right-of-way line U.S. Highway 27, run N 89°50'47" E, 239.76 feet; run thence S 00°05'09" E, 208.71 feet to a point lying 25.00 feet North of the South boundary of said Section 17; run thence N 89°50'47" E, parallel to said South boundary 2013.87 feet; run thence N 00°09'14" W, 40.00 feet; run thence N 89°50'47" E, 50.00 feet; run thence N 00°09'14" W, 460.00 feet; run thence N 89°50'47" E, 400.95 feet to the Point of Beginning.

DESCRIPTION OF TERRITORY SERVED

Commence at the Southeast corner of the Southwest 1/4 of Section 17, Township 26 South, Range 27 East, Polk County, Florida and run thence N 0°13'28" E, along the East boundary of said Southwest 1/4, a distance of 525.01 feet to the Point of Beginning; continue N 0°13'28" E, 2120.74 feet to the Northeast corner of said Southwest 1/4; run thence S 89°54'39" W, along the North boundary of the Northeast 1/4 of the Southwest 1/4 a distance of 1325.49 feet to the Southeast corner of the Southwest 1/4 of the Northwest 1/4 of said section 17, run thence N 0°04'18" E, along the East boundary of said Southwest 1/4 of the Northwest 1/4, a distance of 725.00 feet; run thence N 76°22'33" W, 943.27 feet; run thence N 89°55'42" W, 45.00 feet to a point on a curve having a radius of 610.00 feet, a central angle of 91°04'15" and whose chord bears S 45°36'26" W, run thence Southwesterly along said curve an arc distance of 969.56 feet; run thence S 53°41'40" W, 566.40 feet; run thence S 36°18'20" E, 20.00 feet; run thence S 62°06'42" W, 58.12 feet; run thence S 07°25'05" W, 119.44 feet to a point on a curve to the left having a radius of 248.82 feet, a central angle of 35°18'22" and whose chord bears S 10°14'07" W, run thence Southwesterly along said curve an arc distance of 153.32 feet; run thence S 27°53'18" E, 1000.00 feet to a point on a curve to the left having a radius of 267.19 feet, a central angle of 33°27'28" and whose chord bears S 44°37'02" E, run thence Southeasterly along said curve an arc distance of 156.03 feet to a point on a reverse curve to the left having a radius of 405.94 feet, a central angle of 27°27'35" and whose chord bears S 47°36'58" E, run thence Southeasterly along said curve an arc distance of 914.55 feet; run thence S 33°53'10" E, 20.00 feet to a point on a curve to the left having a radius of 30.00 feet, a central angle of 90°00'00" and whose chord bears S 78°53'10" E, run thence Southeasterly along said curve an arc distance of 47.12 feet; run thence N 56°06'50" E, 173.05 feet to a point on a curve to the left having a radius of 1801.37 feet, a central angle of 08°50'08" and whose chord bears N 51°26'15" E, run thence Northeasterly along said curve an arc distance of 227.78 feet, run thence N 47°01'11" E, 113.93 feet to a point on a curve to the left having a radius of 1435.17 feet, a central angle of 03°25'15" and whose chord bears N 48°43'49" E, run thence Northeasterly along said curve an arc distance of 85.69 feet; run thence N 50°26'26" E, 40.00 feet; run thence S 39°33'34" E, 80.00 feet; run thence N 50°26'26" E, 62.98 feet to a point on a curve to the right having a radius of 919.27 feet, a central angle of 13°17'28" and whose chord bears N 57°05'10" E, run thence Northeasterly along said curve an arc distance of 213.24 feet; run thence S 26°07'38" E, 40.00 feet to a point on a non-tangent curve to the left having a radius of 431.38 feet, a central angle of 01°59'28" and whose chord bears S 62°43'17" W, run thence Southwesterly along said curve an arc distance of 14.99 feet; run thence S 26°07'43" E, 177.16 feet to a point on a curve to the right having a radius of 546.84 feet, a central angle of 23°48'35" and whose chord bears S 11°48'45" E, run thence Southerly along said curve an arc distance of 227.24 feet; run thence S 00°09'14" E, 447.65 feet to a point on a curve to the left having a radius of 869.08 feet, a central angle of 11°32'54" and whose chord bears S 05°55'41" E, run thence Southerly along said curve an arc distance of 175.17 feet; run thence S 11°42'08" E, 333.23 feet; run thence S 89°50'46" W, 554.14 feet; run thence N 12°26'07" W, 867.28 feet to a point on a non-tangent curve to the right having a radius of 1451.41 feet, a central angle of 00°40'47" and whose chord bears S 48°08'46" W, run thence Southwesterly along said curve an arc distance of 17.22 feet; run thence N 12°26'07" W, 95.66 feet to a point on a non-tangent curve to the right having a radius of 1881.37 feet, a central angle of 02°36'38" and whose chord bears S 54°33'00" W, run thence Southwesterly along said curve an arc distance of 85.72 feet; run thence S 56°06'50" W, 172.92 feet; run thence S 33°53'10" E, 10.00 feet; run thence S 56°06'50" W, 105.65 feet to a point on a curve to the right having a radius of 905.01 feet, a central angle of 06°41'37" and whose chord bears S 59°27'38" W, run thence Southwesterly along said curve an arc distance of 105.73 feet; run thence S 62°48'27" W, 239.88 feet the Easterly right-of-way line of U.S. Highway 27 and a point on a non-tangent curve to the right having a radius of 4437.18 feet, a central angle of 02°32'33" and whose chord bears S 35°16'37" E, run thence Southeasterly along said curve an arc distance of 196.70 feet; run thence along said right-of-way line the following courses and distances; thence S 65°59'34" W, 15.00 feet to a point on a curve having a radius of 4422.18 feet, a central angle of 06°39'57" and whose chord bears S 20°40'27" E, run thence Southeasterly an arc distance of 514.48 feet; thence leaving said Easterly right-of-way line U.S. Highway 27, run N 89°50'47" E, 239.76 feet; run thence S 00°05'09" E, 208.71 feet to a point lying 25.00 feet North of the South boundary of said Section 17; run thence N 89°50'47" E, parallel to said South boundary 2013.87 feet; run thence N 00°09'14" W, 40.00 feet; run thence N 89°50'47" E, 50.00 feet; run thence N 00°09'14" W, 460.00 feet; run thence N 89°50'47" E, 400.95 feet to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Numbers 670-W**

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

Order Number	Date Issued	Docket Number	Filing Type
PSC-2017-0440-FOF-WS	11/17/2017	20160248-WS	Original Certificate
*	*	20260075-WS	Transfer of Certificate

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

FLORIDA PUBLIC SERVICE COMMISSION

**Authorizes
CSWR-Florida Utility Operating Company, LLC
pursuant to
Certificate Numbers 572-S**

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

Order Number	Date Issued	Docket Number	Filing Type
PSC-2017-0440-FOF-WS	11/17/2017	20160248-WS	Original Certificate
*	*	20260075-WS	Transfer of Certificate

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

**CSWR-Florida Utility Operating Company, LLC
(Deer Creek)**

Schedule of Water Net Book Value as of March 31, 2026

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff Recommendation</u>
Utility Plant in Service	\$91,521	\$0	\$91,521
Land & Land Rights	0	0	0
Accumulated Depreciation	(24,039)	906	(23,133)
CIAC	0	0	0
Amortization of CIAC	<u>0</u>	<u>0</u>	<u>0</u>
Net Book Value	<u>\$67,482</u>	<u>\$906</u>	<u>\$68,388</u>

**CSWR-Florida Utility Operating Company, LLC
(Deer Creek)**

**Explanation of Adjustments to Water Net Book Value as of
March 31, 2026**

Explanation	Amount
A. Accumulated Depreciation To reflect the appropriate balance.	<u>\$906</u>
Total Adjustments to Water Net Book Value as of March 31, 2026	<u>\$906</u>

**CSWR-Florida Utility Operating Company, LLC
(Deer Creek)**

**Schedule of Staff's Recommended Water Account Balances as of
March 31, 2026**

Account No.	Description	UPIS	Accumulated Depreciation
301	Organization	\$21,378	(\$4,677)
331	Transmission & Distribution Mains	28,409	(1,817)
334	Meters & Meter Installations	11,472	(2,968)
336	Backflow Prevention Devices	1,700	(907)
340	Office Furniture & Equipment	1,113	(649)
343	Tools, Shop & Garage Equipment	<u>27,450</u>	<u>(12,116)</u>
	Total	<u>\$91,522</u>	<u>(\$23,133)</u>

**CSWR-Florida Utility Operating Company, LLC
(Deer Creek)**

Schedule of Wastewater Net Book Value as of March 31, 2026

<u>Description</u>	<u>Balance Per Utility</u>	<u>Adjustments</u>	<u>Staff Recommendation</u>
Utility Plant in Service	\$95,949	\$0	\$95,949
Land & Land Rights	0	0	0
Accumulated Depreciation	(44,092)	3,161	(40,931)
CIAC	0	0	0
Amortization of CIAC	<u>0</u>	<u>0</u>	<u>0</u>
Net Book Value	<u>\$51,857</u>	<u>\$3,161</u>	<u>\$55,018</u>

**CSWR-Florida Utility Operating Company, LLC
(Deer Creek)**

**Explanation of Adjustments to Wastewater Net Book Value as of
March 31, 2026**

Explanation	Amount
A. Accumulated Depreciation To reflect the appropriate balance.	<u>\$3,161</u>
Total Adjustments to Wastewater Net Book Value as of March 31, 2026	<u>\$3,161</u>

**CSWR-Florida Utility Operating Company, LLC
(Deer Creek)**

**Schedule of Staff's Recommended Wastewater Account Balances as of
March 31, 2026**

Account No.	Description	UPIS	Accumulated Depreciation
351	Organization	\$21,378	(\$4,677)
354	Structure and Improvements	13,800	(3,622)
371	Pumping Equipment	59,658	(31,984)
390	Office Furniture & Equipment	<u>1,113</u>	<u>(649)</u>
	Total	<u>\$95,949</u>	<u>(\$40,931)</u>

CSWR-Florida Utility Operating Company, LLC
(Deer Creek)

Existing Monthly Water Rates

Residential and General Service

Base Facility Charge by Meter Size

5/8" X 3/4"	\$9.43
3/4"	\$14.15
1"	\$23.58
1 1/2"	\$47.14
2"	\$75.43
3"	\$150.86
4"	\$235.72
6"	\$471.44

Charge Per 1,000 gallons - Residential Service

0 – 3,000 gallons	\$9.68
Over 3,000 gallons	\$11.60

Charge Per 1,000 gallons - General Service

\$9.90

Initial Customer Deposits

Meter Size

Residential Service

General Service

5/8"x 3/4"	\$40.00	2x average estimated bill
All over 5/8' x 3/4"	2x average estimated bill	2x average estimated bill

Miscellaneous Service Charges

Violation Reconnection Charge	\$20.50
Late Payment Charge	\$6.50
NSF Check Charge	Pursuant to Section 68.065, F.S.
Meter Tampering Charge	Actual Cost
Investigation of Meter Tampering Charge	\$24.00

CSWR-Florida Utility Operating Company, LLC
(Deer Creek)

Existing Monthly Wastewater Rates

Residential Service

Base Facility Charge by Meter Size	
All Meter Sizes	\$12.43
Charge per 1,000 gallons	\$7.44

General Service

Base Facility Charge by Meter Size	
5/8" X 3/4"	\$12.43
3/4"	\$18.65
1"	\$31.08
1 1/2"	\$62.15
2"	\$99.44
3"	\$198.88
4"	\$310.75
6"	\$621.50
Charge Per 1,000 gallons	\$7.44

Initial Customer Deposits

	<u>Residential Service</u>	<u>General Service</u>
5/8"x 3/4"	\$44.00	2x average estimated bill
All over 5/8' x 3/4"	2x average estimated bill	2x average estimated bill

Miscellaneous Service Charges

Violation Reconnection Charge	Actual Costs
Late Payment Charge	\$6.50
NSF Check Charge	Pursuant to Section 68.065, F.S.

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: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Kelley) *EDD*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20260146-EI – Petition for approval of large load customer tariffs, by Tampa Electric Company.

AGENDA: 11/03/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: 11/30/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

Subsection 366.043(8), Florida Statutes (F.S.), requires each public utility to file a tariff that complies with Section 366.043, F.S., no later than October 1, 2026, for Commission approval. On September 30, 2026, Tampa Electric Company (TECO or Utility) filed a petition to approve two new Large Load Customer (LLCS-1 and LLCS-2) rate schedules, a Large Load Customer Contract (LLCC), and related general tariff changes to comply with Section 366.043, F.S.

Subsection 366.043(3)(a), F.S., requires utilities to ensure that large load customers with an anticipated monthly peak load of 50 megawatts (MW) or more bear their own full cost of service and that such costs are not shifted to the general body of ratepayers. Subsection 366.043(4), F.S. requires that customers may not separate electrical load to avoid the designation of a large load customer. Subsection 366.043(7), F.S., requires that utilities do not provide electric service to a customer that is a foreign entity.

In this petition, TECO has proposed two new rate schedules, LLCS-1 and LLCS-2. TECO states that the proposed LLCS-1 rate schedule includes rates and charges that would recover the cost of service associated with the planned construction of 600 MW of energy storage devices, 600 MW of new generating capacity arising from the Utility's planned modernization of Big Bend Unit 4 and transmission facilities to connect these generating resources to the grid to serve up to one gigawatt of cumulative large load customer demand, as well as a reasonable share of the Utility's overall average system costs..

The proposed LLCS-2 rate schedule would apply to large load customer demand above the first gigawatt of demand to be served under LLCS-1. TECO states that the LLCS-2 rate schedule reflects a formula approach for developing rates that would recover the full cost of service associated with the planned construction of the specific generating facilities, energy storage devices, and new transmission facilities needed to serve customers, as well as a reasonable share of the Utility's overall average system costs.

The proposed LLCC is a standard contract that would be executed by the Utility and customers requesting service under rate schedule LLCS-1 or LLCS-2. The proposed LLCC also includes a standard affidavit of ownership for large load customers to support the Utility's compliance with Section 366.043(3)(b), F.S., on foreign entities.

The general tariff changes include three new definitions in Section 4, updates to clause-related tariff sheets to reflect the addition of rate schedules LLCS-1 and LLCS-2, and the addition of the LLCC to Section 7 of the tariff.

This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.043, 366.06, and 366.07, F.S.

Discussion of Issues

Issue 1: Should the Commission suspend TECO's proposed large load service tariffs and related general tariff changes?

Recommendation: Yes. Staff recommends that TECO's proposed tariff revisions be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications. (Kelley)

Staff Analysis: Staff recommends that TECO's proposed tariffs revisions be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications.

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

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission decision on TECO's proposed tariffs. (Brownless)

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

Item 10

FILED 10/22/2026
DOCUMENT NO. 07472-2026
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: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Ward) *JD*
Office of the General Counsel (Bloom, Sapoznikoff) *SMC*

RE: Docket No. 20260148-EI – Petition for authority to implement large load service tariff, by Florida Public Utilities Company.

AGENDA: 11/03/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Payne

CRITICAL DATES: 11/30/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

Section 366.043(8), Florida Statutes (F.S.), requires each public utility to file a tariff that complies with Section 366.043, F.S., no later than October 1, 2026, for Commission approval. On October 1, 2026, Florida Public Utilities Company (FPUC or the utility) filed a petition for approval of a large load service tariff.

Section 366.043(3)(a), F.S., requires utilities to ensure that large load customers with an anticipated monthly peak load of 50 megawatts or more bear their own full cost of service and that such costs are not shifted to the general body of ratepayers. Section 366.043(4), F.S., requires that customers may not separate electrical load to avoid the designation of a large load customer. Section 366.043(7), F.S., prohibits utilities from knowingly providing electric service to a customer that is a foreign entity.

Section 366.043(2)(d), F.S., defines a “large load customer” as:

A customer with an anticipated monthly peak load of 50 megawatts or more, calculated as the highest average load over a 15-minute interval at a single location. The term does not include a load aggregated across multiple locations owned by the same customer. However, the term includes all customers or other entities that have entered into a colocation or similar agreement at a single location that otherwise meets the anticipated monthly peak load provided in this paragraph.

In its petition, FPUC states that it has no current customers that meet the definition of a large load customer, nor does it have any current customers that it reasonably anticipates would grow to a size that would meet the definition of a large load customer. FPUC additionally states that it has not received interest or inquiries from potential customers who would meet the size and scale necessary to qualify as a large load customer. FPUC states that because of this, it does not have the required inputs that are necessary to develop rates and design service for a qualifying customer. Therefore, FPUC asserts that it has no basis upon which to calculate rates that would meet the statutory requirements and ensure that a qualifying large load customer bears its own cost to serve.

The proposed large load service tariff contains the terms and conditions for large load service. This includes sections detailing the availability, applicability, and character of service of large load service. The tariff also includes sections detailing pre-service analysis, curtailment and interruption, and foreign entity compliance. Additionally, as part of the large load service tariff, FPUC is proposing to require that any potential large load customer enter into a Large Load Service Agreement (LLSA) with the utility, which would include rates and charges designed specifically for that customer’s proposed service needs. FPUC asserts that the rates and terms of the LLSA would be designed to meet the specific customer’s needs, while ensuring that the customer bears its full cost of service without shifting costs or risk to the utility’s other customers. The proposed tariff would also require that any LLSA entered into by FPUC with a large load customer would be filed with the Commission for approval before service is initiated to the customer under the agreement. Pursuant to the terms of proposed Tariff Sheet No. 7.028, the utility would also provide appropriate cost of service information as part of that filing.

This is staff’s recommendation to suspend the proposed tariff. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.043, 366.05, and 366.06, F.S.

Discussion of Issues

Issue 1: Should the Commission suspend FPUC's proposed large load service tariff (First Revised Sheet No. 7.000, and Original Sheet Nos. 7.027-7.029)?

Recommendation: Yes. Staff recommends that FPUC's proposed large load service tariff be suspended to allow staff sufficient time to review the petition and gather all pertinent information to present the Commission with an informed recommendation on the tariff proposal. (Ward)

Staff Analysis: Staff recommends that FPUC's proposed large load service tariff be suspended to allow staff sufficient time to review the petition and gather all pertinent information to present the Commission with an informed recommendation on the tariff proposal.

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

Issue 2: Should this docket be closed?

Recommendation: No. This docket should remain open pending the Commission's decision on the proposed tariff. (Bloom, Sapoznikoff)

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

Item 11

FILED 10/22/2026
DOCUMENT NO. 07471-2026
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: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Guffey) *GP*
Office of the General Counsel (Brownless) *JSC*

RE: Docket No. 20260149-EI – Petition of approval of limited tariff revision and to find existing large load contract service tariff is in compliance, pursuant to Section 366.043(8), Florida Statutes, by Florida Power & Light Company.

AGENDA: 11/03/26 – Regular Agenda – Tariff Suspension – Participation is at the Commission's Discretion

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: La Rosa

CRITICAL DATES: 11/30/26 (60-Day Suspension Date)

SPECIAL INSTRUCTIONS: None

Case Background

Subsection 366.043(8), Florida Statutes (F.S.), requires each public utility to file a tariff that complies with Section 366.043, F.S., no later than October 1, 2026, for Commission approval. On October 1, 2026, Florida Power & Light Company (FPL or Utility) filed a petition requesting Commission approval of tariff revisions to address the requirements of Subsection 366.043(7), F.S., concerning foreign entities. The petition additionally requests that the Commission find that FPL's existing Large Load Contract Service (LLCS) tariffs, and the tariffs proposed in the petition, are in compliance with Section 366.043, F.S., as a matter of law. The Commission

previously approved FPL's LLCs tariffs and associated service agreement in FPL's 2025 Settlement Agreement.¹

FPL asserts that the Utility requires minor tariff revisions in Section 5, Technical Terms and Abbreviations and Section 6, Rules and Regulations to comply with Section 366.043, F.S. In this petition, FPL is not proposing any revisions to its currently approved LLCs tariffs which consist of Rate schedule LLCs-1, Rate Schedule LLCs-2, and the associated LLCs Service Agreement.

Subsection 366.043(3)(a), F.S., requires utilities to ensure that large load customers with an anticipated monthly peak load of 50 megawatts or more bear their own full cost of service and that such costs are not shifted to the general body of ratepayers. Subsection 366.043(4), F.S., requires that customers may not separate electrical load to avoid the designation as a large load customer. Subsection 366.043(7), F.S., requires that utilities do not provide electric service to a customer that is a foreign entity.

FPL also requested that the Commission process the petition as a Proposed Agency Action. This is staff's recommendation to suspend the proposed tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.043, 366.05, and 366.06 F.S.

¹ Order No. PSC-2026-0022-S-EI, issued January 22, 2026, in Docket No. 20250011-EI, *In re: Petition for rate increase by Florida Power & Light Company*.

Discussion of Issues

Issue 1: Should the Commission suspend FPL's proposed tariff revisions (Third Revised Sheet No. 5.010, First Revised Sheet No. 6.011, and Thirteenth Revised Sheet No. 6.020)?

Recommendation: Yes. Staff recommends that FPL's proposed tariff revisions (Third Revised Sheet No. 5.010, First Revised Sheet No. 6.011, and Thirteenth Revised Sheet No. 6.020) be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications. (Guffey)

Staff Analysis: Staff recommends that FPL's proposed tariff revisions (Third Revised Sheet No. 5.010, First Revised Sheet No. 6.011, and Thirteenth Revised Sheet No. 6.020) be suspended to allow staff sufficient time to review the petition and gather all pertinent information in order to present the Commission with an informed recommendation on the proposed tariff modifications.

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

Issue 2: Should this docket be closed?

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

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

Item 12

FILED 10/22/2026
DOCUMENT NO. 07475-2026
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: October 22, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Economics (Nguyen) *EJD*
Office of the General Counsel (Rauch, Crawford) *JSC*

RE: Docket No. 20260138-GU – Joint petition for approval of swing service rider for Florida City Gas and approval of rates for January 2027 through December 2027 for Florida Public Utilities Company and Florida City Gas, by Florida City Gas and Florida Public Utilities Company.

AGENDA: 11/03/26 – Regular Agenda – Tariff Filing – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Administrative

CRITICAL DATES: 05/01/27 (8-Month Effective Date)

SPECIAL INSTRUCTIONS: None

Case Background

On September 1, 2026, Florida Public Utilities Company (FPUC) and Florida City Gas (FCG), jointly the Parties, filed a joint petition for approval of revised swing service rider rates and associated tariffs for the period January through December 2027. The swing service rider is a cents per therm charge that is included in the monthly gas bill of transportation customers, who purchase gas from third party marketers, and therefore do not pay the Purchased Gas Adjustment (PGA) charge.¹ FPUC and FCG are local natural gas distribution companies (LDC) subject to the regulatory jurisdiction of the Commission pursuant to Chapter 366, Florida Statutes (F.S.).

¹ The PGA charge is set by the Commission in the annual PGA cost recovery clause proceeding.

The Commission first approved FPUC and Chesapeake Utilities Corporation's (Chesapeake) swing service rider tariff in Order No. PSC-16-0422-TRF-GU (2016 Order).² The swing service rider requires FPUC to file an annual petition to recalculate the swing service rider rates based on the utility's actual interstate capacity costs and the most recent 12 months of usage data. Furthermore, the swing service order requires FPUC to incorporate the calculated revenues from the swing service rider as a credit to the PGA proceeding for the concurrent year. The January through December 2026 swing service rider rates were approved in Order No. PSC-2025-0421-TRF-GU.³ The proposed modifications to the swing service rider rate schedule are included in Attachment A to the recommendation.

By Order No. PSC-2025-0421-TRF-GU, the Commission suspended the proposed swing service rider tariffs for further review by staff. During evaluation of the petition, staff issued one data request to the utility, for which responses were received October 7, 2026.⁴ Staff also sent an email to ask a follow up question about the phased-in implementation of the swing service charge for FCG on October 19, 2026, after which the company sent a response on October 20, 2026.⁵

This is staff's recommendation to approve the proposed 2027 swing service rider rates and associated tariffs. The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.041, 366.05, and 366.06, F.S.

² Order No. PSC-16-0422-TRF-GU, issued October 3, 2016, in Docket No. 160085-GU, *In re: Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indiantown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

³ Order No. PSC-2025-0421-TRF-GU, issued November 17, 2025, in Docket No. 20250107-GU, *In re: Petition for approval of swing service rider rates for January through December 2026, by Florida Public Utilities Company.*

⁴ Document No. 07259-2026, filed October 7, 2026.

⁵ Document No. 07473-2026, filed October 22, 2026.

Date: October 22, 2026

Discussion of Issues

Issue 1: Should the Commission approve FCG's proposal to implement the swing service rider and terminate its current transportation balancing charge?

Recommendation: Yes, the Commission should approve FCG's proposal to implement the swing service rider and terminate its current transportation balancing charge, as shown on Tariff Sheet Nos. 2, 2a, and 82, attached hereto as Attachment A. Staff agrees that implementing the swing service rider would more closely align FCG and FPUC's transportation cost recovery while supporting the ongoing efforts by the Joint Parties to standardize transportation service programs, tariffs, and administration. (Nguyen)

Staff Analysis: Since Chesapeake acquired FCG in 2023, Chesapeake has taken steps to standardize its tariff provisions across its Florida natural gas operations. FCG currently recovers certain transportation related costs through its transportation balancing charge. The Commission first approved the transportation balancing charge in March 2024.⁶ In the order approving the transportation balancing charge, the Commission found that the charge was similar to the swing service riders implemented by Peoples Gas System in 2000 and by Florida Public Utilities Company in 2016.⁷

Aligning Transportation Cost Recovery

Chesapeake had an outside consultant, Atrium Economics, LLC (Atrium), evaluate the recovery and allocation of upstream capacity and balancing related costs for FPUC and FCG.⁸ The results indicated that separate approaches for these costs are less effective than having a consolidated swing service peak and average method for more consistent and transparent allocation and recovery of transportation related costs. The proposed swing service rider would replace FCG's existing transportation balancing charge. Pending Commission approval of the swing service rates in Issue 2, FCG's proposed tariffs revisions should become effective January 2027.

FCG Three Year Phase-In

The swing service rider is proposed to be phased in over a three-year period for FCG. FCG currently recovers its transportation costs through their transportation balancing charge. The current FCG transportation balancing charge would be terminated if the proposed three-year phase-in implementation is approved.⁹ During this proposed three-year period, if approved, FCG customers would pay only a portion of the swing service costs, increasing over the three years, until they transition directly to 100 percent of the combined swing rate with FPUC. The Parties state that this proposed three-year phase-in approach is appropriate to align FCG's transportation

⁶ Order No. PSC-2024-0076-TRF-GU, issued March 22, 2024, in Docket No. 20230110-GU, *In re: Petition for approval of tariff modifications to implement transportation balancing charge rider, by Florida City Gas.*

⁷ Order No. PSC-00-0184-TRF-GU, issued October 4, 2000, in Docket No. 000810, *In re: Petition for approval of modifications to tariff provisions governing transportation of customer-owned gas and tariff provisions to implement Rule 25-7.035, F.A.C., by Tampa Electric Company d/b/a Peoples Gas System* and Order No. PSC-16-0422-TRF-GU, issued October 3, 2016, in Docket No. 160085-GU, *In re: Joint petition for approval of swing service rider, by Florida Public Utilities Company, Florida Public Utilities Company-Indianatown Division, Florida Public Utilities Company-Fort Meade, and Florida Division of Chesapeake Utilities Corporation.*

⁸ Page 4 of the petition.

⁹ See Direct Testimony of witness Dan Noia on behalf of FPUC and FCG, Document No. 06076-2026, Page 8.

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cost recovery methodology with FPUC's while mitigating potential rate impacts to transportation customers. The parties explained in the response received on October 20, 2026, that the proposed swing service charge is higher than the previous transportation balancing charge because the costs for FPUC and FCG were consolidated in the swing service charge. They also state that the methodology for the proposed swing service charge assigned the actual costs to the transportation customers annually while the methodology for the previous transportation balancing charge was to take an average of the costs over two to three years. Furthermore, in direct testimony, witness Noia argues that a phased-in approach was previously used during the implementation of FPUC's swing service rider.

Conclusion

Based on the above, the Commission should approve FCG's proposal to implement the swing service rider and terminate its current transportation balancing charge, as shown on Tariff Sheet Nos. 2, 2a, and 82. Staff agrees that implementing the swing service rider would more closely align FCG and FPUC's transportation cost recovery and supports the ongoing efforts by the Joint Parties to standardize transportation service programs, tariffs, and administration.

Date: October 22, 2026

Issue 2: Should the Commission approve the Parties' proposed swing service rider rates and associated tariffs for the period January through December 2027?

Recommendation: Yes, the Commission should approve the proposed swing service rider rates for the period January through December 2027, as provided in Attachment A to the recommendation. The Parties' proposed swing service rider reflects the updated cost of swing service for transportation customers. Staff reviewed the total projected intrastate capacity costs and verified that the costs included are appropriate. Furthermore, the methodology for calculating the swing service rider rates is consistent with the 2016 Order. (Nguyen)

Staff Analysis: The Parties incur intrastate capacity costs when they transport natural gas on intrastate pipelines (i.e., pipelines operating within Florida only). The Parties have two types of natural gas customers: sales and transportation. Sales customers are primarily residential and small commercial customers that purchase natural gas from an LDC, and receive allocations of intrastate capacity costs through the PGA charge. Transportation customers receive natural gas from third party marketers, known as shippers, and therefore do not pay the PGA charge to the LDC.¹⁰ The swing service rider allows the Parties to recover allocations of intrastate capacity costs from transportation customers.

Updated 2027 Swing Service Rider Rates

The updated 2027 swing service rider rates were calculated based on the same methodology approved in the 2016 Order. As stated in paragraph 14 of the Parties' petition, the intrastate capacity costs, other related costs, and LDC-to-LDC interconnects for the period July 2025 through June 2026 are \$68,044,412, compared to \$37,509,443 for the period July 2025 through June 2026.

The total intrastate capacity costs reflect payments by the Parties to intrastate pipelines for the transportation of natural gas, pursuant to Commission-approved transportation agreements. In addition, the Parties' other intrastate capacity cost changes include payments associated with legal and consulting fees, employees who directly work on the PGA and swing functions, software to manage customer usage and determine the gas supply and capacity needs, and the subscription of S&P Global Platts used to retrieve market data and daily gas pricing.¹¹ Of the intrastate pipeline costs, \$6,751,010 will be recovered through special contracts. The remaining costs of \$61,293,402 will be recovered during the period January 1, 2027 through December 31, 2027.

Updated Swing Service Costs

The increase of \$30,534,969 in cost recovered for the swing service rider can be mainly attributed to combining the transportation costs of FPUC and FCG. Most of the new costs cited in Schedule D pertain to FCG's system. Lines that were previously included in Schedule D of prior swing service filings have increased due to FCG's system as well. Specifically, the largest change from the most recent swing service rider to present is the Peninsula Pipeline Company (PPC) contracts cost. In response to staff's data request, the Parties state the change from

¹⁰ The Commission does not regulate the shippers or their charges for the gas commodity.

¹¹ See direct testimony of witness Dan Noia on behalf of FPUC and FCG, filed on September 1, 2026, Document No. 06076-2026, in Docket No. 20260138-GU, Page 5.

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\$32,360,718 in 2024/2025 to \$59,714,412 in 2025/2026 is primarily attributable to the aggregation of PPC contract costs for both FPUC and FCG within a single line to maintain confidentiality of these contracts with PPC. The Marlin Gas Services cost also changed from \$2,724,308 in 2024/2025 to \$5,431,031 in 2025/2026. In response to staff's data request, the Parties state this increase is primarily attributable to the aggregation of Marlin costs for both FPUC and FCG.

Calculation of Swing Service Charges

The Parties used combined actual therm usage data for the period July 2025 through June 2026 to allocate the intrastate capacity costs. Based on the usage data, staff agrees that the appropriate split for allocating the cost is 68.11 percent, or \$41,744,896 to transportation customers and 31.89 percent, or \$19,548,506, to PGA customers, as demonstrated on page 6 of the instant petition. The sales customers' share of the cost of \$19,548,506 is embedded in the PGA.

The transportation customers' share of \$41,744,896 is allocated among FPUC and FCG transportation rate classes based on each class's peak and average responsibility.¹² The resulting class revenue requirements and applicable billing determinants are used to develop the combined swing rates. The resulting class revenue requirements are divided by applicable billing determinants and adjusted for the applicable tax factor to develop the combined swing rates.

Credit to the PGA

The total intrastate capacity costs are embedded in the PGA with the projected 2027 swing service rider revenues incorporated as a credit in the calculation of the 2027 PGA. On page 6 of the instant petition, the Parties state the transportation costs, including costs the Parties expect to recover through special contracts, will be credited to the 2027 PGA in the amount of \$35,245,635.

Conclusion

After reviewing the information provided in the petition and in response to staff's data request, staff recommends that the Commission should approve the proposed swing service rider rates for the period January 2027 through December 2027, as provided in Attachment A to the recommendation. The Parties' proposed swing service rider reflects the updated cost of swing service for transportation customers. Staff reviewed the total projected intrastate capacity costs and verified that the costs included are appropriate. Furthermore, the methodology for calculating the swing service rider rates is consistent with the 2016 Order.

¹² See direct testimony of witness Dan Noia on behalf of FPUC and FCG, filed on September 1, 2026, Document No. 06076-2026, in Docket No. 20260138-GU, Page 7.

Date: October 22, 2026

Issue 3: Should this docket be closed?

Recommendation: Yes. If the tariff is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order. (Rauch)

Staff Analysis: Yes. If the tariff is approved and a protest is filed within 21 days of the issuance of the order, the tariff should remain in effect, with any revenues held subject to refund, pending resolution of the protest. If no timely protest is filed, this docket should be closed upon the issuance of a consummating order.

Florida City Gas

FPSC Natural Gas

Tariff Volume No. 11

First Revised Sheet No. 2

Cancels Original Sheet No. 2

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RIDER "E"Transportation Balancing Charge ("TBC") Swing Service Rider

Applicable to all Customers taking Transportation Service from a Third Party Supplier (TPS). The Transportation Balancing Charge (TBC), as defined herein, is designed to recover the incremental costs incurred by the Company to balance differences between the gas supply nominated by the TPS on behalf of the Transportation Customer and the gas supply consumed by the Transportation Customer. The TBC will become effective once the Company's billing system modifications are complete.

A. The TBC shall allocate a portion of the Company's total annual capacity and storage costs booked to its Purchased Gas Adjustment (PGA) based on a multi-year average system-wide total TPS imbalance as a percentage of FCG's total annual capacity and storage maximum daily quantities (MDQ).

B. The TBC shall be a fixed monthly rate per therm for gas consumed by a Transportation Customer in any billing period. The TBC determined as set forth above shall be multiplied by 1.00503 for regulatory assessment fees, and rounded to the nearest \$0.00004 per therm, to be applied to the total number of therms consumed by the Transportation Customer during the billing period.

C. Upon the effective date of this Rider E, the TBC shall be \$0.0078/therm, including regulatory assessment fees, and shall be applied to the monthly bills of all Customers taking Transportation Service during the billing month.

D. The TBC shall remain fixed until modified by order of the Florida Public Service Commission. The Company shall file to update the TBC rate if there are future material changes in the total capacity/costs booked to the PGA. The Company shall also track the average monthly TPS balances on an annual basis and shall submit a filing to update the Balancing Charge if the three-year average monthly system-wide total TPS imbalances change by more than 10.0%.

E. All revenues recovered through the TBC shall be used to reduce the Company's annual capacity and storage costs and shall be recorded to and reflected as an offset or credit to the annual PGA actual final true-up filing.

Applicability:

The bill for Transportation Service supplied to Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for each Company Operating Unit for the period January 2027 through the last billing cycle for December 2027 are as follows:

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Rate Schedule	Rates per Therm
GS-1	\$.07987
GS-6K	\$.07868
GS-25K	\$.07909
GS-120K	\$.07769
GS-1250K	\$.07837
GS-11M	\$0.0000
GS-25M	\$0.0000
GS-SG	\$.06924

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Florida Public Utilities Company
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~~Third~~ ~~Fourth~~ Revised Sheet No. 7.407
Cancels ~~Second~~ ~~Third~~ Sheet No. 7.407

SWING SERVICE RIDER

Applicability:

The bill for Transportation Service supplied to a Customer in any Billing Period shall be adjusted as follows:

The Swing Service factors for the period from the first billing cycle for each Company Operating Unit for the period of January 202~~7~~⁶ through the last billing cycle for December 202~~7~~⁶ are as follows:

<u>Rate Schedule</u>	<u>Rates per Therm</u>
REST-1	\$0.266326353
REST-2	\$0.277929216
REST-3	\$0.314828213
RES-SGT	\$0.23277
GTS-1	\$0.249922556
GTS-2	\$0.239123592
GTS-3	\$0.236924999
GTS-4	\$0.240923964
GTS-5	\$0.239224935
GTS-6	\$0.235524518
GTS-7	\$0.176022733
GTS-8A	\$0.214818672
GTS-8B	\$0.207923024
GTS-8C	\$0.207425854
GTS-8D	\$0.226623738
COM-OLT	\$0.222621094
COM-SGT	\$0.14786

Definitions

This surcharge allocates a fair portion of Upstream Capacity Costs and expenses associated with the provision of Swing Service to transportation Customers in accordance with FPSC approval.

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Florida Public Utilities Company

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