# BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Proposed implementation of Large Power Demand Rate ) ORDER NO. PSC-92-0062-FOF-EM Schedule by City of Clewiston.

) DOCKET NO. 910957-EM ) ISSUED: 3/13/92

The following Commissioners participated in the disposition of this matter:

## THOMAS M. BEARD, Chairman SUSAN F. CLARK J. TERRY DEASON BETTY EASLEY LUIS J. LAUREDO

## ORDER APPROVING RATE STRUCTURE

BY THE COMMISSION:

On June 10, 1991, the City of Clewiston (City) filed with this Commission a new tariff sheet implementing a Large Power Demand (GSD-P) rate schedule. In submitting this new schedule the City indicated that the rate schedule was adopted to supersede a contract rate for service for the United States Sugar Corporation (U.S. Sugar). The rate schedule is applicable to customers with a connected load of 1,000 KW or more that can take service at transmission voltage (138 KV).

U.S. Sugar is a qualifying facility which uses its byproduct during the grinding season to generate electricity. It sells its excess generation to Florida Power and Light Company (FPL). U.S. Sugar's purchase of electricity from the City is similar to standby service.

At our October 15, 1991, Agenda Conference, the Commission voted to send a comment letter to the City seeking justification for the level of the GSD-P rates relative to the rates of the utility's other rate schedules, particularly those of the Residential Service (RS) and General Service Nondemand (GS) rate schedules. The City was also requested to explain the \$3000 customer charge for the GSD-P class and why it was not using timerecording metering equipment at U.S. Sugar.

DOCUMENT NUMBER-DATE

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On December 6, 1991 a response to the comment letter (Appendix 1) was received from the City. That response indicated that extensive discussions were being held with U.S. Sugar, and they anticipated arriving at a negotiated contract before the end of January, 1992. It also stated that a time-recording meter was in place at U.S. Sugar and was being programmed to record the appropriate data.

On February 14, 1992, the City submitted a power agreement (Agreement) between it and U.S. Sugar (Appendix 2), containing rate charges for U.S. Sugar's electric power needs and for the wheeling of U.S. Sugar power to FPL as well as the operative terms and conditions of the Agreement. By filing this Agreement, the City substituted the Agreement for the GSD-P rate schedule if the Commission approves the Agreement.

In order to evaluate the Agreement rate charges, our Staff has calculated bills for typical RS, GS, and GSD (GSD-S for the City) as well as for U.S Sugar's billing determinants under the Agreement rate charges and FPL's GSDL-3 rate charges. A typical bill for the RS and GS classes is for 1000 KWH. The typical bill for GSD-S is calculated for a demand of 75 KW and usage of 26,000 KWH. To calculate a per KWH charge for these bills, the total bills have been divided by KWH usage.

The following table illustrates the charge per KWH for typical bills of various rate classes for the City of Clewiston and FPL:

Data	City of		Ratio of Clewiston's Charge
Rate			
<u>Class</u>	<u>Clewiston</u>	FPL	to FPL's
RS	\$.0780	\$.0745	1.05
GS	.0928	.0821	1.13
GSD-S	.0782	.0650	1.20
U.S.Sugar	(GSLD-3).0774	.0764	1.01

The difference in the ratio of the per KWH charges for the typical GSD-S customer for the two utilities and those of U.S. Sugar's average billing determinants indicates that under the Agreement rate charges U.S. Sugar might be undercharged relative to the rest of the system, particularly the GS class. However, our Staff indicated that the pattern of per KWH charges for FPL's four classes indicates that the primary problem with the City's rate structure is that GSD-S is being significantly overcharged and that the GS class is somewhat overcharged and that U.S. Sugar would only be slightly undercharged under the Agreement rate charges. Our

Staff has indicated that although they would prefer the U.S. Sugar rates to be somewhat higher, the rates when considered in toto are reasonable. That is especially true when considering that the Agreement requires U.S. Sugar to pay the City any additional costs it incurs when it must buy emergency power to provide maintenance and back-up power for U.S. Sugar's generators.

We agree with our Staff that the Agreement should be approved because the City has satisfactorily addressed all of the concerns in our comment letter of October 1991. We therefore approve the elimination of the GSD-P rate schedule and the implementation of the Agreement attached as shown as Appendix 2 to this order.

In consideration, of the foregoing, it is

ORDERED by the Florida Public Service Commission that the City of Clewiston's proposed tariff revisions as discussed in the body of this Order are approved.

ORDERED by the Florida Public Service Commission that if no protest is timely filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 13th day of MARCH , 1992

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Division of Records and Reporting

(SEAL)

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## NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal by Rule 25-22.036(4), Florida proceeding, as provided by Rule provided the form Administrative Code, in 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on 4/3/92

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

# CITY OF CLEWISTON

CLEWISTON, FL 33440

TELEPHONE 983-9191

December 6, 1991

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Mr. Thomas M. Beard, Chairman Florida Public Service Commission Flatcher Building 1001 East Gaines Street Tallahassee, Florida 32399

Dear Mr. Beard:

RE: Docket No. 91057-EU, Proposed Implementation of Large Power Demand Rate Schedule by City of Clewiston

This is in response to your letter of October 17, 1991, with regard to the above-style matter concerning the Large Power Demand Rate Schedule (GSD-P) filed by the City of Clewiston ("City") with the Public Service Commission ("PSC"). The City is striving to comply with all of the concerns raised in your letter, but first a little background information probably would be appropriate.

A number of years ago, U. S. Sugar began generating their electricity during the grinding season from bio mass. More recently, U. S. Sugar became a qualified facility under federal law and began selling excess electricity to Florida Power & Light ("FPL"). Additionally, in May of this year, the City changed its wholesale power supplier from FPL to Florida Municipal Power Agency (FMPA) in order to benefit from reduced wholesale power cost. These, as well as other factors, created somewhat of a unique situation between the City and U.S. Sugar Corporation. I am pleased to report that an interconnection agreement among the City, FMPA, and U.S. Sugar has been signed.

Since the submittal of this tariff sheet, extensive discussions have been held with U.S. Sugar, and the City and U.S. Sugar are hopeful that we will be able to arrive at a negotiated contract on or before the end of January, 1992, which will replace the current tariff sheet. If we are unable to do so, it is currently the City's intention to withdraw the current tariff sheet and submit a new tariff sheet for Commission consideration. In any event, it is the intention of the City to comply as closely as possible with the comments contained in your letter of October 17, 1991.

CITY OF CLEWISTON

Mr. Thomas M. Beard Page 2 December 6, 1991

Our staff and consultants have been in contact with your staff, and we certainly appreciate the time and attention that they have devoted to this matter and will have to devote to this issue in order to resolve it by the end of Jaguary. As to the particulars of your comment letter, I have been informed by my staff that a time recording meter is in place and is in the process of being programmed and discussions are currently being held with both FPL and FMPA to make arrangements for the appropriate data-gathering from this meter. The City also recognizes that the proposed \$3,000 a month customer charge is not the interconnection attributable to U.S. Sugar and our staff is currently addressing this issue with U.S. Sugar. As to the level of the proposed, GSD-P rates relative to the rates of the other rate schedules, particularly the residential service and general service non-demand, this is being addressed in our negotiations with U.S. Sugar.

I am sorry the City does not have more to report to you at this time. However, the negotiations with U.S. Sugar became more complex that either the City or U.S. Sugar realized, and we jointly appreciate the patience of the Commission and its staff. In closing, let me assure you that it is my belief that these issues will be resolved to the satisfaction of the Florida Public Service Commission.

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Very truly yours,

CITY OF CLEWISTON hs

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M. Franklyn Jones Mayor

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> POWER AGREEMENT BETWEEN THE CITY OF CLEWISTON AND UNITED STATES SUGAR CORPORATION

This Power Agreement, as of October 4, 1991, by and between the CITY OF CLEWISTON, a municipal corporation, situate in Hendry County, Florida ("City"), and the UNITED STATES SUGAR CORPORATION, a Corporation existing under the laws of the State of Delaware ("Company").

#### WITNESSETH:

WHEREAS, it is to the mutual advantage of the parties to enter into a Power Agreement upon the terms and conditions hereinafter set forth;

WHEREAS, the City is a municipal electric utility supplying electric power at retail in and around the City of Clewiston;

WHEREAS, Company is a retail customer of the City, and is a qualifying facility under Federal law, State law, and the rules and regulations of the Florida Public Service Commission;

NOW, THEREFORE, in consideration of the premises and of the covenants and agreements herein contained, the parties hereto agree as follows:

#### ARTICLE I DEFINITIONS

SECTION 1.1: City's Supplier: That entity providing wholesale power to the City for resale, as the City may determine by contract or otherwise from time-to-time. At the time of execution of this Agreement, the City's supplier is the Florida Municipal Power Agency.

SECTION 1.2: Interconnection Agreement: That Interconnection Agreement among United States Sugar Corporation, City of Clewiston, and the Florida Municipal Power Agency, which defines the parties' respective responsibilities relating to the interconnection of their facilities, effective October 4, 1991, as may be amended from time-to-time, or any successor agreements thereto among the parties.

SECTION 1.3: Supplemental Power: Electric energy or capacity which is supplied by City and used by Company in addition to that which the facility (Clewiston Sugar House) generates itself.

### ARTICLE II GENERAL TERMS

SECTION 2.1: Electric power and energy delivered by City to Company shall be used solely at the Clewiston Sugar House and related facilities ("Sugar House"), either as an independent supply or operating in parallel with Company's generation. Such electric power and energy will not be resold.

SECTION 2.2: The Sugar House generally operates during the period commencing in October of each year and ending in March or April of the succeeding year. In the event the Company becomes aware that there will be a material change to this general period of operation, it will notify the City of any such change as soon as is reasonably practicable.

SECTION 2.3: Revenue meters for delivery of real and reactive power and energy under this Power Agreement shall be established on the 13.8 kV bus and shall be compensated to read as though they were reading real and reactive power delivered via the 138 kV connection. Meters, accessories and ancillaries shall be selected, installed, operated and maintained by City and at the expense of City.

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SECTION 2.4: At times when Company has generation in service, Company shall, to the extent reasonably practicable, cause the excitation of such generation to be established so that the generators in service shall contribute maximum practicable reactive power to the interconnection.

SECTION 2.5: The description of Company's system and method of operation shall not differ from the description as set forth in the Interconnection Agreement. In the event Company determines that its method of operation or the description of its system should be materially changed, Company shall notify City immediately and sufficiently in advance of the time the change is anticipated so that it will be possible to negotiate necessary changes, if any, to this Power Agreement.

### ARTICLE III ELECTRIC CHARACTERISTICS AND DELIVERY POINTS

SECTION 3.1: Electric energy to be supplied hereunder by City shall be alternating current, 60 Hertz, three-phase, and delivered at approximately 138 kV Wye. The point of delivery shall be at the north end of City's 138 kV bus. The electric energy delivered via the 138 kV Wye service shall be metered at 13.8 kV Delta. (Also see Attachment A.)

### ARTICLE IV RATES

SECTION 4.1: The Company shall pay City at the following rates for electric power furnished by City:

4.1.1 - Service Charge: A service charge of \$400.00 a month,

Plus:

4.1.2 - Demand Charge: A demand charge of \$6.25 per Kw per month, where the demand is the Kw to the nearest whole Kw, as determined from City's metering equipment for the 30 minute period of Company's greatest use during the month.

### Plus:

4.1.3 - Energy Charge: An energy charge equal to the contract energy rate charged to City by City's Supplier, plus fifteen percent. The current rate charged by City's Supplier is \$0.03102 per Kwh. Therefore, the current rate charged to Company by City is \$0.03567 per Kwh (\$0.03102 x 1.15.). Notwithstanding any other provisions of this Agreement to the contrary, if at any time City's Supplier changes the rate charged to City, City shall notify Company of the change and shall proportionally increase or decrease the rate charged to Company to be effective on the billing cycle immediately following this rate change.

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4.1.4 - Power Factor Adjustment: The Company's equipment shall not result in a power factor at the point of delivery of less than the same percentage amount lagging at the time of maximum demand as the City's Supplier requires, from time to time, of the City. For any month in which Company's reactive demand exceeds that value which applied to Company's demand would cause Company to impose a demand of a power factor less than the same percentage amount lagging as the City's Supplier requires of the City, the Company will pay City \$0.25 per KVAR for all KVAR by which Company's reactive demand exceeds the reactive demand at such power factor required of the City by the City's Supplier. Reactive demand and power factor will be the maximum 30-minute KVAR demand measured during the month.

4.1.5 - Time-of-Day Rates: It is the intent of City and Company that these demand and energy rates be modified in the future to reflect the cost differential between the on-peak and off-peak consumption of electrical power and energy. City and Company agree to enter into good faith negotiations in an attempt to amend this Power Agreement at such time as City is able to accommodate time-of-day metering and billing. In the event such negotiations do not result in a mutually acceptable amendment, this Power Agreement shall remain in effect without time-of-day metering and billing.

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4.1.6 - Emergency Power Charges: The Company agrees to pay City such additional amounts as those costs incurred by City, if any, which are attributable to Company's usage of maintenance and back-up power. For purposes of this paragraph, maintenance and back-up power is defined as electric energy or capacity supplied by the City to Company during scheduled or unscheduled outages of the Company's facility during the period of the Sugarhouse operation as provided in Section 2.2; provided, however, the amount of any reduction in Company's energy or capacity used by the Company as the result of Company shedding load during any such outages is to be deducted in arriving at such maintenance and back up power usage. The rating of any Company unit or units that are out of service are the maximum KW demand of emergency power that can be charged to Company pursuant to this paragraph.

SECTION 4.2: Beginning with the first billing period pursuant to this Power Agreement, in the event the Company elects to wheel power to FPL or another utility, which requires the use of the 138 kV transmission system to interface with the receiving utility, Company shall pay to City the sum of \$0.00121 per kilowatt-hour for each kilowatt-hour it delivers to the point of connection at City's 138 kV bus. It shall be the responsibility of Company to provide an accurate accounting of such energy. The Company shall cooperate with City in such review as may be appropriate from time to time to assure that this energy is accounted for. In the event a monthly accounting is disputed by either party and any discrepancy is determined, adjustments shall not be made for energy delivered more than 90 days prior to the date that such dispute was initiated.

4.2.1 - On the annual anniversary date of this Power Agreement, the wheeling charge shall be adjusted by the following factor "F":

> F = XY

The "x" equals the Handy Whitman Index applicable to total transmission plant including cost of McCarthy 138 kV Substation. The "y" equals the Handy Whitman Index for total transmission plant for 1991.

4.2.2 - Measurement of Wheeling: The Company shall provide to City an accurate accounting each monthly period.

### ARTICLE V METER READING AND BILLING

SECTION 5.1: All meters read by City shall be read on the last day of the month for billing, and bills shall be rendered not later than the fifth day of the following month by hand delivery or U.S.

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nail. Electrical power and energy furnished hereunder shall be paid for monthly at the office of City within fifteen (15) days after the bill therefor is received by Company.

SECTION 5.2: If Company fails to pay any such bill within such fifteen (15) day period, then, absent a notice from Company to City that it disputes such bill, City may discontinue delivery of electric energy hereunder upon fifteen (15) days' written notice to Company.

SECTION 5.3: In the event of a disputed bill, Company will pay according to Section 5.1 and City agrees to enter into good faith negotiations to resolve such dispute.

### ARTICLE VI METER TESTING AND BILLING ADJUSTMENTS

SECTION 6.1: The City shall test meters installed and read by City at least annually. Further, City shall test such meters at any time at the request of Company. The cost of all such tests shall be borne by City; provided, however, that if any meter test made by City at the request of Company discloses that the meters are recording accurately, Company shall reimburse City for the cost of such test.

SECTION 6.2: Meters registering not more than two percent (23)above or below normal shall be deemed to be accurate. The reading of any meter which shall have been disclosed by test to be inaccurate shall be corrected for the ninety (90) days preceding the date of such request in accordance with the percentage of inaccuracy from 0% found by such test.

SECTION 6.3: If any meter shall fail to register for any period, City shall estimate the amount of energy furnished during such period and bill Company accordingly. In the event of a dispute over the proper amount of energy, the parties agree to enter into good faith negotiations in an effort to resolve such dispute.

### ARTICLE VII RIGHT-OF-WAY AND RIGHT-OF-ACCESS

SECTION 7.1: Duly authorized representatives of either party hereto shall be permitted to enter onto the premises of the other party hereto at all reasonable times, after reasonable notice, in order to carry out the provisions of this Power Agreement.

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### ARTICLE VIII NOTICE OF READING OR TEST

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SECTION 8.1: The City shall notify Company in advance of the time of any meter reading or test so that authorized representatives of Company may be present at such meter reading or test.

### ARTICLE IX CONTINUITY OF BERVICE

SECTION 9.1: The City shall use reasonable diligence to provide a constant and uninterrupted supply of electric power to meet all of Company's supplemental requirements. If the supply of supplemental electric power shall fail or become defective through an Act of God, an act of the public enemy, government edict, or because of accident, labor troubles, energy curtailment plans or any other cause beyond the control of City, City shall not be liable for damage, including consequential damage or cost of replacement power, caused thereby.

### ARTICLE X TERM OF POWER AGREEMENT, RENEGOTIATION

SECTION 10.1: This Power Agreement shall be for an initial term of 10 years from the date of Interconnection Agreement. A proposal by either party to change the rates charged by City (except as provided for in accordance with Section 4 hereof), or a change in capacity required by Company, or a material change in Company system or method of operation as set forth in the Interconnection Agreement shall be reason for renegotiation of this Power Agreement. However, should the parties fail to reach agreement after reasonable negotiation, this Power Agreement shall continue in full force and effect without change for the full term as set forth above.

### ARTICLE XI EQUIPMENT, INSTALLATION

SECTION 11.1: Certain equipment located on Company side of the connection is and remains the property of City. However, this equipment may be used by Company at its sole discretion. The Company may continue to use such equipment so long as said equipment is satisfactory to Company. The Company is permitted to use the equipment as is and where is and will use its best judgment as to tests or other action which it may wish to take to substitute other equipment for these items:

The equipment is a step type, three-phase voltage regulator identified by nameplate, GE 375 kVA, 10% raise, 10% lower, SN C254921.

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Four single-phase transformers identified by nameplates:

Allis Chalbers, 1250 kVA, Class OA-FA, single-phase, 7.6/13.2 - 2.4/4.16 kV, SN 3497632

Allis Chalmers, 1250 kVA, Class OA-FA, single-phase, 7.6/13.2 - 2.4/4.16 kV, SN 3497631

Allis Chalmers, 1250 kVA, Class OA-FA, single-phase, 7.6/13.2 - 2.4/4.16 kV, SN 3476114

Kuhlman Transformers, 1250 kVA, Class OA, single-phase, 7.6/13.2 - 2.4/4.16 kV, SN 225449

In the event Company decides not to use any of the above-referenced items of equipment, such equipment shall be returned to City at the present location and will remain or be moved at City's sole discretion.

### ARTICLE XII RING BUS CONTRIBUTION

Upon execution of this Agreement, the Company has tendered to the City the sum of Seven Hundred Thousand Dollars (\$700,000), receipt of which by the City is hereby acknowledged, which sum the parties here to agree represents payment in full of the Company's total share of all costs and expenses incurred to date in connection with the ring bus interconnection station known as the McCarthy 138 kV Substation constructed adjacent to the Florida Power and Light Company Substation, and the City hereby releases the Company of any further liability or obligation relating to all such costs and expenses incurred to date.

### ARTICLE XIII NOTICES

SECTION 13.1: All notices and other communications hereunder shall be addressed to the parties as follows:

AB	to	the	Company:	UNITED STATES SUGAR CORPORATION	
				111 Ponce De Leon Avenue	
		•	Clewiston, Florida 33440		
	1			ATTN: Executive Vice President	

As to the City:

CITY OF CLEWISTON 141 Central Avenue Clewiston, Florida 33440 ATTN: Director of Utilities

unless the address is changed by either party by like notice given to the other party.

SECTION 13.2: All notices hereunder shall be in writing and shall be deemed delivered upon hand-delivery or upon receipt after being mailed, postage prepaid, return receipt requested, to the address indicated.

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### ARTICLE XIV AMENDMENTS

SECTION 14.1: This Power Agreement may not be amended, modified, altered, or changed in any respect whatsoever except by further agreement in writing duly executed by the parties hereto.

#### ARTICLE XV CAPTIONS

SECTION 15.1: The captions of this Power Agreement are for convenience and reference only and in no way define, describe, extend, or limit the scope or intent of this Power Agreement or the intent of any provision hereof.

### ARTICLE XVI ENTIRE POWER AGREEMENT

SECTION 16.1: This Power Agreement constitutes the entire agreement of the parties and may not be amended or modified orally. All understandings and agreements heretofore had between the parties with respect to the subject matter contained herein are, to the extent applicable, merged in this Power Agreement which alone and fully and completely expresses their understanding. The parties to this Power Agreement have participated fully in the negotiation and preparation hereof, and, accordingly, this Power Agreement shall not be more strictly construed against any one of the parties hereto.

### ARTICLE XVII GOVERNING LAW

SECTION 17.1: This Power Agreement shall be governed in its enforcement and construction and interpretation by the laws of the State of Florida.

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IN WITNESS WHEREOF, the parties have hereunto set their hands and seals as of the day and year first set forth above.

EXECUTED this 13 day of February, 1992.

UNITED STATES SUGAR CORPORATION (Seal) By: 120 Nelson Frirbanks, J . President ATTEST: パイン: シャン・ション・・・・・ N 1274 A CITY OF CLEWISTON, a Municipal Corporation 2146778 .... ayor 47 A. 40. APPROVED AS TO FORM 00 h A. Yaun, Steven D. Lear, auire Esquire Attorney for Corporate Counsel CITY OF CLEWISTON, FLORIDA UNITED STATES SUGAR CORPORATION

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