

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-**

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**DATE:** August 19, 2025

**TO:** Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

**FROM:** Ailynnee Ramirez-Abundez, Public Utility Analyst II, Division of Engineering *ARA LK*

**RE:** 20250023-WS - Application for staff-assisted rate case in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.

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Please place the attached letter from Jason Cox to Adria Harper, regarding "Service Accessibility/Connection Fee," in the docket file referenced above.

ARA/da

Attachment

cc: Office of Commission Clerk (Docket No. 20250023-WS)

Jason Cox, MBA, MRED  
Controller  
NC Real Estate Projects, LLC  
3425 Turnberry Drive  
Lakeland, FL 33803  
(704)996-4543  
[jason@roninassets.com](mailto:jason@roninassets.com)

July 25, 2025

Adria Harper  
Florida Public Service Commission  
[Aharp@psc.state.fl.us](mailto:Aharp@psc.state.fl.us)

Re: NC Real Estate Projects, LLC d/b/a Grenelefe Utility  
Request for Staff Assisted Rate Increase  
Docket No. 20250023-WS

Ms. Harper:

Thank you for our call we did July, 15, 2025 concerning the Service Accessibility/Connection Fee (Homebuilders name for it) and our different views of who should pay the initial Connection Fee which will provide for the funding of the improvements to the facility. This letter is intended to be an advocacy for the customers of the utility, current and future, asking the PSC allow the Homebuilders to pay a connection fee that will cover 75% of the cost of improving the facility and not make the customers pay this obligation in their water and wastewater rates. The current customers already paid the Homebuilder who they bought the home from the cost of the connection in their purchase price.

I want to outline why the PSC's position is bad for the customers, current and future, because it requires them to pay higher water and sewer rates which are permanent and only benefits the Homebuilder's profit that is reported on their company's financials. The position of the PSC does not take into account the normal and customary costs expected by the Homebuilder who is the only payer of the initial Connection fee and it is simply a part of the Utilities expenses included in the cost of the home.

**The FL PSC Position defined:**

In order to come up with a connection fee for the new home to be built, the Amount of any improvement needs to be divided by the number of current customers plus the # of future ERCs. For illustration, Improvements are \$10 Million. The calculation would be  $(\$10M \times .75) \$7.5 \text{ Million} / (1,000 \text{ New ERCs} + 2,000 \text{ existing ERCs}) 3,000$  so the Connection fee would be \$2,500.

Then the Utility would calculate Water and Wastewater rates on a unrecoverable \$5,000,000 and return to the Utility owner an approximate 10% return and 3% depreciation on his investment. These water rates would be in perpetuity and go up every year to compensate for inflation.

The Existing Customers and the new customers would equally share in the cost, while the Homebuilder would have gotten to pay a connection fee lower than they expected and their shareholders would receive more profit.

### **The Utility Position defined:**

The improvement costs for the development should be recaptured from the Homebuilders who are benefitting from the ability to connect to the Utility to supply Water and Wastewater Services to their final buyer of the home included the price of the home they are buying. The Homebuilder is not going to be a customer of the Utility, they are a Commercial entity who pays a 1 time fee to connect to Utility services to the home. Homebuilders have a line item on their budget for every home built for paying the Utility Connection fee. These fees range from \$10,000 to \$15,000 and are factored in the cost of home build and the price charged for the home to produce the Profit required.

The Utility's stance is that in the illustration the \$10 Million new investment should only be allocated to the new ERCs, thus making the calculation as follows  $\$7.5/1,000$  New ERCs so the charge would be \$7,500 per connection. Thus, the Homebuilder does not receive a profit bonus because the existing customers were given a portion of the Improvement cost.

Existing and future customers will not be saddled with the astronomical rise in their water and wastewater rates to repay the Utility for a perpetual period.

At some point there were homebuilders who paid a connection fee for the existing customers, they were not required to pay this fee separately. To extent they did not pay such a charge up front, then the existing customers paid for that plant through years of depreciation and return.

Whenever there is a change in a utility service availability/connection fees, there is some potentially inequity to someone. However, the staff initial position puts all of the burden on the ratepayer and both old and new customers must pay that burden. Doing so is not only unnecessary, it conflicts with the PSC's own rule which says that service availability charges should be designed to result in a maximum of 75% net CIAC at buildout. We have asked to have the maximum but will only be able to achieve about 27% CIAC at most under staff's initial position.

### **Funding of the Utility Improvement**

The financing of this endeavor is complicated and will require a lot of commitment by the Owner of the facility. Our goal is to secure the funding so this improvement plan can be completed and the Utility operate within guidelines of FDEP and SWFWMD.

Thus far, we have looked at 2 scenarios to fund the improvements to done by the Owner through his resources. The planned improvements of the Utility total \$18 Mil per the proposals from the third party vendors. That is large sum of money. I am working with Financial Institutions to secure financing required for this project and right now the best Loan to cost % I can find is 70%, \$12,600,000, which means the Owner will need to invest \$5,400,000 into the facility that will be the investment. The Lender can't move ahead until we can show a Facility Access Charge/Connection Fee as their source of all or at least most of the cash flow for the repayment of the loan.

As the connection fee approved by the PSC goes down below that requested by the Utility at 75%, it raises serious questions about the Utility's ability to get any financial institution to agree to financing the

project. Even if we are able to find such financing, the interest rate, cost and terms will be substantially worse for the Utility and therefore for the customers. We are therefore in danger of not only substantially higher rates for all customers but also a significant possibility of not being able to comply with DEP requirements due to delays in financing or an outright inability to finance the required improvements.

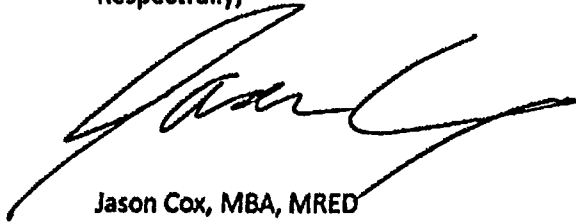
The customer will be hurt by the borrowing costs repayment for interest as it will be a cost of the facility annually and needs to be included in the water and wastewater tariff rates. This is an additional cost that can be avoided if a Service Accessibility Charge/Connection Fee that was requested by the Utility is granted by the FL Public Service Commission, because the connection fees will pay down the loan taken rapidly as the homebuilders finish their homes and pay the fee.

Since the price paid for connection fees in a given area varies, I have prepared a comparison of all of the connection fees accessed by these other utilities neighboring Grenelefe Utility. The schedule attached shows that the connection fees proposed by Grenelefe are reasonable and in keeping with others in the area.

If you have any questions or comments about this situation, please reach out to me and I'll provide you with a detailed response.

Thank you.

Respectfully,

A handwritten signature in black ink, appearing to read 'Jason Cox', written over a horizontal line.

Jason Cox, MBA, MRED  
Controller  
NC Real Estate Projects, LLC  
(704)996-4543

cc: Shannon Hudson  
Jacob Imig  
Jennifer Augspurger  
Ailynnee Ramirez-Abundez  
Gary Smith, II  
Laura King  
Marissa Ramos  
Matthew Sibley  
Sonica Bruce  
Garret Kelley  
Jared Folkman  
Joshua Cohn

**Grenelefe Utility**  
**Comparable Connection Fees**  
**July 24, 2025**

	<b>Inside</b>	<b>The</b>	<b>City</b>		<b>Outside</b>	<b>The</b>	<b>City</b>
	<b>Water</b>	<b>Wastewater</b>	<b>Combined</b>		<b>Water</b>	<b>Wastewater</b>	<b>Combined</b>
Polk County	N/A	N/A	N/A		3,038	6,169	9,207
Toho Water Authority	N/A	N/A	N/A		6,650	3,293	9,943
City of Davenport	6,300	5,360	11,660		N/A	N/A	N/A
Town of Dundee	2,408	3,068	5,476		N/A	N/A	N/A
Town of Lake Hamilton	5,650	6,371	12,021		5,650	7,964	13,614
City of Lakeland	3,603	3,672	7,275		4,504	4,590	9,094
City of Auburndale	3,127	4,917	8,044		3,908	6,146	10,055
<b>Averages</b>	4218	4678	8895		4750	5632	10,383

	<b>Water</b>	<b>Wastewater</b>	<b>Combined</b>
<b>Averages</b>	4484	5155	9639
<b>Grenelefe Proposed</b>	2402	7434	9836