

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of Hometown
Palm Valley L.L.C. d/b/a Palm Valley
Utilities for a Water and Wastewater
Rate Increase in Seminole County, FL.

DOCKET NO.

APPLICATION FOR INCREASE IN RATES

Applicant, HOMETOWN PALM VALLEY, L.L.C. d/b/a PALM VALLEY UTILITIES (hereinafter "Palm Valley," the "Utility", or the "Applicant"), by and through its undersigned attorneys and pursuant to Section 367.081 and 367.082, Florida Statutes, and Chapter 25-30, Florida Administrative Code, files this Application for a water and wastewater rate increase in Seminole County, Florida.

I. Preliminary Matters

The following information is provided pursuant to Rule 25-30.436, Florida Administrative Code:

1. The address of the Florida office is:

Hometown Palm Valley, L.L.C. d/b/a Palm Valley Utilities
3700 Palm Valley Circle
Oviedo, FL 32765-4904
407-386-0733

(a) The name and address of the person authorized to receive notices and communications in respect to this application is:

F. Marshall Deterding, Esquire
Sundstrom Law, LLC
2548 Blairstone Pines Drive
Tallahassee, Florida 32301
Phone: 850-877-6555
mdeterding@sundstrom-law.com

(b) The Hometown Palm Valley d/b/a Palm Valley Utilities is a Florida corporation incorporated in Florida on May 1, 1995. The names and addresses of the persons owning more than 5% of the Utility's stock are:

Hometown Communities Limited Partnership 100%
c/o Hometown America
110 N. Wacker Drive, Suite 4300
Chicago, IL 60606

(c) The Utility last filed for general rate relief through a staff assisted rate case in Florida Public Service Commission Docket No. 20090447-WS. The final rates in that case were approved by the FPSC in Order No. PSC-2010-0606-PAA-WS issued on October 4, 2010.

(d) The address within the service area where the application is available for customer inspection during the time the rate application is pending is 3700 Palm Valley Circle, Oviedo, Florida 32765-4904.

(e) The Utility is requesting rates which would allow it to recover all expenses that the Utility will incur on a going-forward basis, and generate a fair rate of return on its investment. The Utility is seeking rate relief in order to allow it to recover its expenses and earn a fair rate of return on its investment in all property considered 100% used and useful in the public service.

In an attempt to simplify this case as much as possible and to keep costs to a minimum, the Utility is seeking both interim and final rate relief based upon a historic test year ended December 31, 2025 with the addition of only a small set of proforma adjustments to be completed no later than 24 months after the end of that historic test year.

(f) The Utility is seeking interim rates based upon the historic test year ended December 31, 2025. The Utility has demonstrated through the supporting schedules within the

attached **Composite Exhibit "A"** that it is earning outside its range of reasonable returns, calculated in accordance with Section 367.082(5), Florida Statutes. Submitted as part of **Composite Exhibit "A"** are schedules of rate base (Schedules A-1 and A-2), cost of capital (Schedule D-1) and net operating income (Schedule B-1 and Schedule B-2), as applicable, pursuant to Commission Rule 25-30.437(5), F.A.C.

(g) The Utility requests that this case be processed using Proposed Agency Action as outlined in Section 367.081(8), F.S. The Applicant has chosen the Proposed Agency Action process rather than proceeding directly to hearing in hopes that because of the straight forward and simplistic nature of this rate increases that they may be approved without protest at minimal cost. The Utility has utilized its in-house staff to prepare substantial portions of the MFRs in an attempt to realize cost savings in rate case expense to the benefit of its customers.

2. The appropriate filing fee in accordance with Rule 25-30.020(2) is \$4,000 based upon the Utility having the existing capacity to serve between 501 and 2,000 water and wastewater ERCs during the test year.

II. Additional Information

Ten copies of the Utility's Financial Rate and Engineering Minimum Filing Requirements (Volume I) and two copies of Additional Engineering Minimum Filing Requirements as outlined in Rule 25-30.437(3)(a)-(k) (Volume II) attached hereto. Both of these documents together are provided herewith as **Exhibit "A"** consisting of two volumes. The response to the requirements of Rule 25-30.437(3)(e),(g) and (i) is that "there are none". As such, nothing has been included in Volume II of Exhibit A to comply with those rule requirements.

III.

The Utility is requesting consideration of three major categories of pro forma adjustments in order to recognize facilities to be constructed in the public interest within the next 24 months.

These are as follows:

- (a) The wastewater treatment plant improvements. The Applicant's wastewater treatment plant is being rebuilt due to the current components condition and age but with no significant change in capacity. The treatment plant currently has four steel treatment tanks which are more than 40 years old and well past their useful lives. Extensive repairs have been made to multiple tanks over the last few years in order to extend their useful lives. Unfortunately, that is no longer possible due to rust and corrosion. The new plant will consist of all concrete tanks including the surge tank and will be built while the current facility maintains daily operations. As part of this wastewater treatment plant rebuild, all equipment (such as blowers that create noise nuisances for surrounding homes) and tanks will be relocated further back on to the property creating less noise for residences. The new plants will be built in compliance with the current FDEP treatment requirements and 50,000 gallons larger than current capacity for potential system infiltration and to allow for surge capacity. The Utility's service area is and long has been, at build out so there is no excess capacity being constructed for future customers. With the system upgrade, we will be able to stay in permit compliance, producing reuse water to fill the community ponds and provide irrigation opportunities for roughly 300 customers on a consistent basis. The Utility anticipates that the wastewater treatment plant upgrades will be completed no later than December of 2027.
- (b) Electric system upgrades. Both the water and wastewater treatment facilities current power supply are provided through 50-year-old aluminum wire which power both plants. With the designed upgrades being completed on the wastewater treatment plant, the current power supply of 600 amps will not be sufficient as the new facilities require 800 amps. A second stand alone service will be installed to power the wastewater treatment plant, while the wiring and breaking panels are upgraded to extend the useful life for the water treatment plant. Each Utility will have its own backup generator to ensure full operations during power outages. Completion of the power upgrades is estimated to be online at the end of August 2027.
- (c) Replacement of all existing potable and irrigation meters. The Utility currently has manual read potable water and irrigation meters that are all over 25 years old and well past their useful lives. The manual read system often creates additional issues and is very time consuming. There are 845 meters for potable water and 295 for irrigation use. The replacement system will ensure all meters are uniform throughout the property and provide the most accurate information possible. In addition, the new

system will be utilizing cellular readers to provide automatic readings of consumption, alert notifications for high usage to prevent leaks from lingering, and a continuous 24-hour log that allows for more detailed review of each account. The completion of replacement of all meters within the system is anticipated to be fully in service by January of 2027.

The Utility is requesting consideration of the capital investment and changes in operating costs resulting from these three proforma adjustments to be included in setting final rates. A full explanation of the costs and the calculation of the rate impact for capital and operating costs related to these three proformas is contained in **Volume I of Exhibit "A"**.

IV.

The Utility is not aware of any deviations from policies, procedures, and guidelines prescribed by the Commission in the relevant rules or in the Utility's last rate case.

V.

There has been no new land recorded on the Utility's books since the Utility's last rate proceeding.

VI.

The original and two copies of the Revised Tariff Sheets reflecting the proposed interim rates are attached hereto as **Exhibit "B"**.

VII.

The original and two copies of the Revised Tariff Sheets reflecting the proposed final rates are attached hereto as **Exhibit "C"**.

VIII.

A reconciliation of the annual report to the trial balances and MFRs is included in Schedule A-19 of **Volume I of Exhibit "A."**

IX.

Attached hereto as **Exhibit D** is a statement that the Utility will comply with the noticing requirements of Section 25-22.0407, FAC, as required by Rule 25-30.436, (2)(f), FAC.

X.

The Utility requests that the Commission not withhold consent to the effectiveness of the proposed final water and wastewater rate increases as requested in this Application, or in the alternative, that the Commission grant interim water and wastewater rates pursuant to Section 367.082, F.S. in accordance with the schedules contained in **Volume I** of **Exhibit "A"** and the tariffs contained in **Exhibits "B"** and **"C"**.

WHEREFORE, the Utility requests that the Florida Public Service Commission do the following:

1. Accept jurisdiction of this Application to grant an increase in water and wastewater rates utilizing the Proposed Agency Action (PAA) procedure outlined in Section 367.081(8), F.S.
2. Not withhold consent to the effectiveness of the rates requested as final, or in the alternative, to grant the interim water and wastewater rates as requested herein and contained in the tariffs included as **Exhibit "B"**.
3. Grant final rates as requested herein and contained in the tariffs in **Exhibit "C"**.
4. Provide such other and further relief as is fair, just and equitable.

Respectfully submitted this 18th day of September, 2026, by:

SUNDSTROM LAW, LLC



F. MARSHALL DETERDING
Of Counsel