

BEFORE THE  
FLORIDA PUBLIC SERVICE COMMISSION

In the Matter of:

DOCKET NO. 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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PROCEEDINGS: COMMISSION CONFERENCE AGENDA  
ITEM NO. 9

COMMISSIONERS  
PARTICIPATING: CHAIRMAN MIKE LA ROSA  
COMMISSIONER ART GRAHAM  
COMMISSIONER GARY F. CLARK  
COMMISSIONER ANDREW GILES FAY  
COMMISSIONER GABRIELLA PASSIDOMO SMITH

DATE: Thursday, September 4, 2025

PLACE: Betty Easley Conference Center  
Room 148  
4075 Esplanade Way  
Tallahassee, Florida

REPORTED BY: DEBRA R. KRICK  
Court Reporter and Notary  
Public in and for the State  
of Florida at Large

PREMIER REPORTING  
TALLAHASSEE, FLORIDA  
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1 P R O C E E D I N G S

2 CHAIRMAN LA ROSA: Let's move to Item No. 9.

3 I will allow folks to get in place as we reshuffle  
4 up here up front.

5 Ms. Hudson, you look like you are ready to go.  
6 You are recognized, madam.

7 MS. HUDSON: Good morning, Commissioners,  
8 Shannon Hudson on behalf of staff.

9 Item 9 is staff's recommendation addressing  
10 Grenelefe's request for interim service  
11 availability charges. On an interim you basis,  
12 staff is recommending capacity charges of \$320 for  
13 water, and \$4,942 for wastewater, held subject to  
14 refund pending the final recommendation of the  
15 staff-assisted rate case.

16 To date, there has been correspondence filed  
17 by 28 customers in the docket file. The utility's  
18 counsel, Mr. Marty Deterding is here to address the  
19 examination on this item. Staff is prepared to  
20 answer any questions you may have at this time.

21 CHAIRMAN LA ROSA: Commissioners, any  
22 questions of staff on this? And I will allow the  
23 party's representative to speak.

24 Sir, would you like to kind of open us up?

25 MR. DETERDING: Yes. Thank you. Just a few

1           minutes. I want to pass this out, but let me get  
2           to that in just a second.

3           I am F. Marshall Deterding here on behalf of  
4           Greenelefe Utility. My client acquired this company  
5           in Pasco -- I am sorry, in Polk County  
6           approximately three years ago. The system is over  
7           40 years old and in need of substantial upgrades  
8           both in the water and wastewater systems, which we  
9           are currently in the process of undertaking. But  
10          most importantly, the utility is currently under  
11          directive from DEP to make substantial changes to  
12          its wastewater treatment facilities in order to  
13          comply with nitrogen and phosphorus removal  
14          standards. Many other utilities in the state are  
15          under this same directive.

16          These plant upgrades alone will cost the  
17          utility over \$16 million, which, for a small system  
18          like this, is a substantial investment. The  
19          utility has now, and has had for many years, the  
20          lowest water and wastewater rates in the state  
21          because they have not had an increase in a long  
22          time. They have no connection fees. So in order  
23          to continue to operate the system and make the  
24          required upgrades, the utility had to file this  
25          request for substantial increases in both monthly

1 service rates and connection fees.

2 We are here today for the first steps in that  
3 process. We requested that staff recommend interim  
4 connection fees because of the growth that appears  
5 to be coming very quickly within the service area,  
6 and for the fact that the utility has to make these  
7 substantial improvements, and they have to get  
8 financing for them. And, of course, connection  
9 fees are a substantial portion of what will -- the  
10 bank will look to for repayment.

11 Because the utility is experiencing  
12 substantial demand and must obtain the needed  
13 financing for these upgrades, these interim  
14 increases, while they only last a few months, are  
15 very important.

16 Neither the utility or the Commission or the  
17 customers want this utility to connect a  
18 substantial number of new customers with little or  
19 no connection fee, and then later determine a  
20 substantial fee was in order. But at least as  
21 important as these facts is the fact that these  
22 connection fees will be looked to by the bank as a  
23 basis for providing loans to allow the utility to  
24 make the required improvements that are due to be  
25 completed in approximately 18 months.

1           Even if they do provide financing, the terms  
2           and interest rate are highly dependent upon what  
3           the bank can look to for repayment. As you know,  
4           higher connection fees lead to lower rates in the  
5           long run, but in cases where there are substantial  
6           new improvements required, as well as significant  
7           growth, these charges also determine the utility's  
8           ability to borrow, and at what cost. That is key  
9           for this utility at the present.

10           I and the utility have many concerns with the  
11           staff's proposal for interim connections for this  
12           -- connection fees for this utility. I had  
13           originally intended to go through each of those  
14           concerns and to highlight why we have a difference  
15           of opinion. But instead, I believe that I want to  
16           take a different approach, a more abbreviated  
17           approach, and that is to discuss with you why you  
18           should grant the fees requested by the utility on  
19           an interim basis. These will only be in effect for  
20           approximately four months, and they will be held in  
21           escrow under the staff rec and subject to refund.

22           I will note, just so you are aware of the  
23           general nature of our concerns, that the staff, in  
24           determining these interim charges, did not include  
25           all of the investments the utility is being

1           required to make. They have not included all of  
2           the plant accounts.

3           In addition, the number of connections that  
4           these costs will be spread over are vastly  
5           overstated in staff's analysis. So for both these  
6           reasons, the interim charges proposed are  
7           substantially lower than what we proposed and what  
8           we believe the Commission will ultimately approve  
9           when this case goes to final in a few months, but  
10          we will go through all of that with the staff in  
11          the coming months. And I don't want to get into it  
12          here if you don't need me to.

13          What I would like to do is show you a listing  
14          of nearby utilities and their connection fees.

15          CHAIRMAN LA ROSA: Thank you. I will just go  
16          to counsel on this.

17          Does this have to be put into the record? Do  
18          you mind giving a copy of this to our counsel to  
19          your right?

20          MS. HARPER: Mr. Deterding, has this been  
21          filed yet, or do you mind filing it?

22          CHAIRMAN LA ROSA: Do you mind answering that  
23          from your microphone, yeah, it's just a little  
24          easier on our court reporter.

25          MS. HARPER: Apologies, I should have waited

1           until you got back to your seat.

2           MR. DETERDING: With a minor modification,  
3           having the staff's proposed number at the bottom of  
4           the page. This was filed with the staff four weeks  
5           ago, something like that, four or five weeks ago.  
6           So I just want to briefly note --

7           CHAIRMAN LA ROSA: Real quick, let me just  
8           clarify. So does that mean this is in the docket  
9           file?

10          MS. HARPER: I think it's been modified, so we  
11          might want to have the modified version in place  
12          into the docket file when you --

13          MR. DETERDING: I am all for that. As I said,  
14          the only modification I have made since I filed  
15          this with the staff is to add the last line, but I  
16          am all for it being in the docket file.

17          And I just want you to look at the basics  
18          here, which is that the average of all the  
19          communities in the neighborhood is approximately  
20          \$9,600 for water and wastewater connection  
21          combined.

22          CHAIRMAN LA ROSA: Just for clarity, the  
23          average is the last line that you mentioned that  
24          you added, or the last line being --

25          MR. DETERDING: No, it's the third to last

1 line, they average \$9,639.

2 CHAIRMAN LA ROSA: Okay.

3 MR. DETERDING: And the proposal by the  
4 utility, the staff -- this is a staff-assisted  
5 case, but the staff asked us to propose something,  
6 so we developed something and submitted it, about a  
7 10-page group of schedules, and we came up with  
8 \$9,836. The staff is proposing \$5,262.

9 So with that in front of you, the -- as you  
10 will see, the difference between what the utility  
11 proposed and what is the average in the area is  
12 minuscule, 200 -- less than \$200. And the City  
13 of -- the Town of Lake Hamilton, which is the  
14 closest utility to my client, is at 136 -- 13,600,  
15 and they have recently had to do exactly what this  
16 utility is having to undertake, which is to meet  
17 DEP requirements for nitrogen and phosphorus  
18 removal. So they are in a very similar position.

19 The staff's proposal is approximately half of  
20 what the utility requested, and according to our  
21 calculations, can't result in CIAC at build-out of  
22 even the minimum required by the rule, and that is  
23 why we are concerned with this interim, even though  
24 it will only last three months.

25 Builders and developers pay connection fees,



1       ratepayers pay monthly service fees. If you set a  
2       connection fee below the norm, what you are doing  
3       is effectively just giving the developer an added  
4       profit.

5               I know the Commission has to base its  
6       decisions on the cost and the costs incurred by  
7       this utility, and we will get into all of that, but  
8       the rule -- before we get to final, but the rule  
9       allows broad leeway in setting service availability  
10      charges, and the Commission, over the years, has  
11      exercised its discretion to set fees that are  
12      better for the general body of ratepayers.

13             I do commend the staff for their work on this  
14      case. It is a complicated case for -- especially  
15      for a staff-assisted case. But these interim  
16      charges are only in effect in a few months -- for a  
17      few months, but they are what we will be presenting  
18      to banks in order to try and get approval for a  
19      loan. Therefore, I urge the Commission to grant  
20      the utility's requested connection fees as interim,  
21      subject to refund, held in escrow, and allow us to  
22      work out the correct long-term number with the  
23      staff and be brought back to the Commission.

24             If you have any questions, I will be glad to  
25      answer them.

1           CHAIRMAN LA ROSA: I am going to start with a  
2 question -- thank you. I am going to start with a  
3 question to staff based on the table that I have  
4 got before me.

5           The comparison is -- are all non-PSC  
6 jurisdictional water and wastewater companies.  
7 These are all cities with the exception of  
8 Authority. What level of scrutiny, if any -- this  
9 is an educational question, I guess, for me -- do  
10 these cities have to regulate as far as what rules  
11 do they have to follow in comparisons to the way we  
12 do in calculating these connection fees? And I  
13 don't -- I am not looking for, I guess, a  
14 statutory, but more of a general kind of answer.

15          MS. HUDSON: Shannon Hudson.

16          A general response would be the manner in  
17 which we determine our charges could be  
18 significantly different from these municipal  
19 utilities, so we are not sure what they consider  
20 when doing their charges.

21          CHAIRMAN LA ROSA: And that's kind of to my  
22 point, is that each one of these cities have a lot  
23 can -- consider a lot different things than we have  
24 to statutorily, would that statement be accurate?

25          MS. HUDSON: I would think so, yes.

1 CHAIRMAN LA ROSA: Okay. Thank you.

2 Commissioners are there questions of either  
3 the party or staff?

4 Commissioner Clark, you are recognized.

5 COMMISSIONER CLARK: Yeah, I would just go  
6 back to staff and look at the difference, and just  
7 make sure I understand your calculation as opposed  
8 to the company's calculations, primarily on the  
9 wastewater -- the wastewater side of it.

10 It's due to what's your projection at  
11 build-out, once the system is built out and it's at  
12 whatever capacity that you deem to be build-out,  
13 it's the amount of the investment divided by the  
14 ERCs basically that you are coming up with, right,  
15 is that your formula?

16 MS. HUDSON: Correct. It's the number of the  
17 ERCs at the capacity --

18 COMMISSIONER CLARK: At capacity.

19 MS. HUDSON: And I believe that's the  
20 difference that we have with the utility. They are  
21 using the remaining ERCs to determine their charge  
22 when it's what, overall, the system can serve.

23 COMMISSIONER CLARK: Right. That's kind of --  
24 that's what I was, I guess, kind of getting to my  
25 question there, is how do you -- how is that

1 calculation really different? Is it based at  
2 design capacity? Is it that percentage that they  
3 are allocating a different percentage at design  
4 capacity than you are?

5 MS. RAMIREZ-ABUNDEZ: For the ERCs that we  
6 give, the rest of the staff, we use design capacity  
7 that we get provided by DEP, so that's how we do  
8 the calculation with the --

9 COMMISSIONER CLARK: I am sorry, would you say  
10 it one more time for me?

11 MS. RAMIREZ-ABUNDEZ: The design capacity we  
12 do a calculation based off of is by the Department  
13 of Environmental, so we get the water design  
14 capacity and the wastewater design capacity, and we  
15 provide it to the rest of the staff so they can do  
16 the rest of the calculation regarding that.

17 COMMISSIONER CLARK: And that's pretty  
18 standard for us in water rate cases, right?

19 MS. RAMIREZ-ABUNDEZ: Yes.

20 COMMISSIONER CLARK: I mean, can we ask -- ask  
21 the utility what you are basing your design off of?

22 MR. DETERDING: Yeah. Certainly.

23 First of all, I don't know -- there is two  
24 sides, as you mentioned, the cost and then the  
25 capacity.

1           The cost, I am not sure exactly what they did  
2           and did not include, but it's clear they did not  
3           include all of the costs that we included, which  
4           were all of our plant accounts, so we are going to  
5           have to dive into that.

6           On the capacity side, I am a little clearer.  
7           What they used on the water side is the design  
8           capacity for pumping, for the ability of a pump to  
9           pump. They show 12,000 as the design capacity in  
10          ERCs. We have got 1,200 customers, and build-out  
11          is 800 more. So there is a major disconnect here  
12          and I want to get into that with the staff, and I  
13          believe I am going to be able to sway them that  
14          what they have got is wrong. I don't know if  
15          that's true, but we will get there eventually.  
16          This is just interim for probably four or five  
17          months. But it is clear to me that there are  
18          substantial problems with the way they have done  
19          it. That's water.

20          On wastewater, just so you are aware of what I  
21          know is a major difference, they show 680,000  
22          gallons per day as the design capacity of the  
23          plant. But we are talking about a plant that is  
24          about to be reconstructed. Number one, it is not  
25          permitted anywhere near that. It's about half

1           that. But in the long run, it's going to be  
2           permitted at some number in between. Our goal is  
3           to permit it for 495,000 gallons per day.

4           It doesn't matter if it's got tanks that will  
5           do a million. If the DEP won't permit it for more  
6           than 495,000, that's got to be the capacity of the  
7           plant. Our disposal is, by definition, according  
8           to DEP standards, limited to 495,000 gallons per  
9           day.

10          So those are the issues that I have. I was --  
11          I will be glad to get into any of them you want,  
12          but that's why I say let's don't err on the wrong  
13          side here in the interim.

14          COMMISSIONER CLARK: But you would agree that  
15          you have got a plant, for example, that's built at,  
16          say, a million gallons of capacity and you are  
17          permitted for 400, if you do get your permit for  
18          later on to go up, you don't have the full cost of  
19          plant to recover any more, you have already got  
20          that substantial made investment made, you are  
21          going to have a small incredible cost to get you up  
22          to that number.

23          MR. DETERDING: That is a possibility, but the  
24          only way that's a possibility is if we expand our  
25          service territory, because build-out of our service

1           territory is 800 additional units, and they are  
2           using charge larger numbers than that for both  
3           water and wastewater.

4           COMMISSIONER CLARK: And so are you willing to  
5           tell us today that you have no intention of  
6           building out beyond your proposed service  
7           territory?

8           MR. DETERDING: We hope to get an extension of  
9           service territory at some point in time, but that  
10          -- at least that's what I have been told, you know,  
11          informally. But when that occurs, the Commission  
12          can certainly look at it and see if it's going to  
13          change anything. We will have to expand our  
14          effluent disposal, at a minimum. We will have to  
15          build a new effluent disposal.

16          COMMISSIONER CLARK: But in that case,  
17          wouldn't the existing ratepayers have already paid  
18          for the system?

19          MR. DETERDING: If they get -- if this  
20          commission monitors utility's level of  
21          contributions, and if this company gets anywhere  
22          close to the maximum, much less excess, the  
23          Commission can always come in and do an  
24          investigation. We are not anywhere close to that.  
25          At best, we are six or seven years down the road,

1           and that's assuming the developers who are  
2           notoriously optimistic build at the rate they say  
3           they are.

4           All I am asking is for the next four months,  
5           let's deal with the -- err on the side in favor of  
6           the ratepayers, not in favor of the developers.

7           CHAIRMAN LA ROSA: Mr. Rehwinkel has joined  
8           the party, so I thought maybe it would be a good  
9           idea to hear from him. You are recognized, sir.

10          MR. REHWINKEL: Thank you. Charles Rehwinkel  
11          with the Office of Public Counsel.

12          We are not intervened in this case. I am not  
13          aware of the Public Counsel really ever intervening  
14          in SARCs. We are monitoring this case, and I  
15          wanted to inform the Commission that we are getting  
16          a significant uptick in calls from customers. So  
17          this is on peoples radar. It's been in the news.  
18          There are significant notice to potential rate  
19          increases, so our -- it has our attention.

20          I just wanted to say, the staff has a  
21          well-founded principled approach to establishing  
22          these connection charges. We don't have a dispute  
23          with the staff about that. But I wanted to tell,  
24          from you our vantage point, the Public Counsel  
25          supports Mr. Deterding's request. Given that the



1 fees and revenues would be subject to refund and  
2 escrowed, we think his proposal to you is the  
3 better course of action.

4 So I am just -- Marty and I have known each  
5 other for decades, and this is probably one of the  
6 few times I am publicly agreeing with him.

7 MR. DETERDING: The only time.

8 MR. REHWINKEL: So thank you, Mr. Chairman.

9 CHAIRMAN LA ROSA: Excellent. Thank you.

10 Commissioner Clark, any other questions? I  
11 have got a question of staff, if you would like.

12 COMMISSIONER CLARK: I will let you go ahead.

13 CHAIRMAN LA ROSA: Are you sure?

14 COMMISSIONER CLARK: Yes. Absolutely.

15 CHAIRMAN LA ROSA: So this is obviously  
16 bouncing back to staff. So what we are approving  
17 today is interim, right? We have heard that said,  
18 you know, multiple times, and that's what we are  
19 assuming.

20 If something was to happen, or could something  
21 happen in the SARC where that either gets delayed  
22 or this is -- these fees somehow carry outside of  
23 that four- or five-month window that's been floated  
24 around a few times?

25 MS. HUDSON: I am sorry, repeat that question.

1           CHAIRMAN LA ROSA: So what I am trying to  
2           better understand is that is could -- is there a  
3           way that this does not become interim in the sense  
4           that something related to the SARC is either  
5           delayed or something changes within the SARC,  
6           because that's not what's before us today. Today  
7           what's before us are interim fees, but my concern  
8           is that if we -- if -- I would want to be able to  
9           come back and take a second bite at the apple if  
10          the environment challenges that's outside of our  
11          control.

12          MS. HUDSON: They will remain interim until we  
13          make the final recommendation. So if it's pushed  
14          out, whatever reason, they will still be interim  
15          and subject to refund, whatever they collect during  
16          that time period.

17          CHAIRMAN LA ROSA: Okay. And then can you  
18          walk me through the recommendation that staff is  
19          making as it relates to the funds sitting in  
20          escrow?

21          MS. HUDSON: The utility will have to set up a  
22          escrow account with a financial institution to  
23          deposit those funds, and we will have signatory  
24          ability to release those funds when the time is --  
25          when we make our final decision on whether or not

1 the charges were appropriate or not.

2 CHAIRMAN LA ROSA: Okay. And then, of course,  
3 a refund could be made to the --

4 MS. HUDSON: The developer, or whoever paid  
5 the connection charges.

6 CHAIRMAN LA ROSA: Okay. And then if the  
7 connection fees were, I am going to say were  
8 negative in the sense that there was additional  
9 fees, or a higher calculation, then those fees  
10 would then -- what's remaining in escrow would then  
11 go to the developer and any interest charged would  
12 also going to the developer, correct?

13 MS. HUDSON: I'm sorry, repeat.

14 CHAIRMAN LA ROSA: So if any fees collected --  
15 if the developer's calculations after-the-fact were  
16 in excess of what was collected, the amount being  
17 held in escrow would then go towards the developer  
18 plus any interest that's been collected in that  
19 account?

20 MS. HUDSON: The difference between what  
21 was -- what will be approved on the final and what  
22 we approved on the interim would be subject to  
23 refund with interest.

24 CHAIRMAN LA ROSA: Okay. I am going to just  
25 go to -- back to the party.

1           Can you explain the DEP requirements and, in  
2           comparison, the system upgrades that you were  
3           referencing, just so I can get a better  
4           understanding of how the two play into part? Are  
5           they word-for-word what DEP is asking for? You  
6           know, familiarize me more with what the system  
7           needs to be updated.

8           MR. DETERDING: I will try. Not being an  
9           engineer, most of these questions concerning what  
10          is being done have been directed to an engineer,  
11          but I do have a basic understanding.

12          New DEP requirements for sewage treatment had  
13          been put into place that required this utility, by  
14          the end of 2026, to have a new treatment facility  
15          in place. It requires, basically, the  
16          reconstructing of the entire sewage treatment  
17          plant. It also requires a modification to the  
18          effluent disposal system.

19          So of the approximate -- and I am just --  
20          roughly \$20 million that we have told staff we need  
21          to spend on this system that has not been properly  
22          maintained and upgraded over the years, 16 of that,  
23          over 16 of that, is this DEP wastewater  
24          requirement. So the vast majority of the  
25          additional costs are this DEP requirement.

1           We have, thus far, provided staff with the  
2           engineering report that came up with the estimate  
3           of \$16 million and details the specifics of what is  
4           being done. It's, again, just an engineering  
5           analysis. We have just begun some of the  
6           preliminary work, but we have got to finish it all  
7           in the next year and four months.

8           And the other items, the smaller items, of  
9           which there are 10 or so, comprise the other  
10          approximately \$4 million in capital expenditures  
11          the utility is having to make both water and  
12          wastewater.

13          CHAIRMAN LA ROSA: And in your opinion, does  
14          the additional \$4 million benefit the existing  
15          ratepayers?

16          MR. DETERDING: It is -- there is nothing in  
17          there that increasing capacity. Nothing. The only  
18          thing that is even in question, I believe, is the  
19          wastewater treatment plant. But when you talk  
20          about build-out of the system, I believe we can  
21          demonstrate that the 800 additional connections  
22          that are expected in the next five years will  
23          pretty much eat up all capacity even in the  
24          wastewater plant that's being proposed.

25          CHAIRMAN LA ROSA: Commissioners, any other

1           questions on this? I know this is a little bit  
2           complicated.

3           Commissioner Fay.

4           COMMISSIONER FAY: Thank you, Mr. Chairman.

5           Yeah, it is very complicated and, you know,  
6           love the engineering side of things here.

7           Commissioner Graham is having fun watching us  
8           scramble.

9           But I want to get, I guess -- and maybe staff  
10          is the right person to direct this question. I am  
11          trying to get a better understanding of 25-30.580,  
12          and at the bottom of page three in the  
13          recommendation, it references the rules and  
14          guidelines to designing service availability  
15          charges, and then it talks about basically two  
16          requirements, like, two sections are broken out in  
17          that rule, and they are both included here in this  
18          paragraph, and then it says, the minimum amount  
19          should not be less than the percentage of such  
20          facility's transmission and distribution and sewage  
21          rate. And then it says, staff calculated the  
22          minimum to be at that number. So is that -- is  
23          this calculation consistent with this rule? I  
24          guess, is my first question.

25          MS. HUDSON: Yes. The value of the utility's

1 lines for water relative to their overall plant  
2 costs is 50.35 percent, and the rule states that,  
3 at a minimum, that's what their contribution level  
4 should be.

5 In this instance, the utility has already  
6 received contributions for their mains. They were  
7 imputed some years ago, so that has already been  
8 taken advantage of in terms of contributions  
9 towards the utility's assets. So all they really  
10 have is the plant part of the contribution level.

11 COMMISSIONER FAY: Okay. So it does meet --

12 MS. HUDSON: For wastewater, their minimum is  
13 based on their lines relative to their plant, which  
14 is 4.82 percent.

15 COMMISSIONER FAY: Okay. Okay. Mr. Chairman,  
16 I think that's all I have. I mean, I understand  
17 that this is all interim for purposes of  
18 discussion, and it's also in a PAA format, and so I  
19 think -- we are obviously trying to maybe get to  
20 some resolution. I have some concerns that the  
21 calculations are, in certain ways, inconsistent  
22 kind of with what the rule requires, but I do  
23 recognize what counsel for the utility has stated.  
24 And I guess our two options are sort of accept  
25 those numbers as proposed in what he has put

1 forward, and then the proposed for staff.

2 If appropriate, Mr. Chairman, can I ask, is  
3 there -- is there room for adjustments on this in  
4 the interim basis so we could reflect some  
5 adjustments, like, he's proposed a certain number,  
6 but is there a way to do that and stay within the  
7 requirements of what you have reviewed?

8 MS. HUDSON: You mean propose a number within  
9 what he is requesting?

10 COMMISSIONER FAY: Yes. Yeah. Like, so with  
11 a lot of things, ROE, equity, whatever, things that  
12 we deal with from a Commission perspective, the  
13 Supreme Court has been very clear about validating.  
14 We have these ranges within what is given to us  
15 based on the record that is with the caveat that  
16 has to be consistent with what's in rule and  
17 statute.

18 And so I am just thinking, like, there might  
19 be room to try to resolve some of this dilemma,  
20 because I think both -- although, OPC is not  
21 necessarily engaged in this. I guess they could be  
22 an interested person for purpose of a PAA, it's  
23 probably appropriate to have them weigh in. It  
24 seems like there is agreeance on maybe what that  
25 adjustment would be.



1           I am just -- I am trying to get -- wrap my  
2           head around how that's still consistent with what  
3           the statutes and the rules require for these  
4           plants. And so do you feel comfortable if make --  
5           if we were to make that adjustment, we are still  
6           consistent with what could be interpreted? And  
7           that might be a legal question.

8           MS. HUDSON: When you say make an adjustment,  
9           you mean when we recommend our final number?

10          COMMISSIONER FAY: Yes, I guess to be closer  
11          to what Grenelefe has proposed.

12          MS. HUDSON: The final number is driven by  
13          what pro forma items actually get approved whether  
14          or not the items that he is requesting are prudent.

15          COMMISSIONER FAY: And that will be litigated  
16          in the actual rate case itself. For purposes of  
17          interim rates, is that -- I mean, do you -- I guess  
18          what I am asking is do you believe there is  
19          interpretation for that?

20          MS. HUDSON: Yes.

21          COMMISSIONER FAY: Okay.

22          MS. HUDSON: In granting them their proposed  
23          charge -- I mean, since we are hinging on the fact  
24          that that's interim and subject to refund and we  
25          can give them the charges they asked for, I still

1 believe the charges they asked for were calculated  
2 incorrectly even in the way their methodology is,  
3 because the plant can serve more than the number of  
4 ERCs that they present in their calculation.

5 I hear him saying 825, but they were in here  
6 for a service territory amendment, and they were  
7 proposing they can serve an additional 200 -- I am  
8 sorry, 2,064. So to be consistent with their own  
9 methodology, that should be the denominator that  
10 they use in their calculation if we are going to go  
11 with what they are proposing.

12 COMMISSIONER FAY: Okay. Great. Yeah. And  
13 then the first part of that definitely answered my  
14 questions, so, Mr. Chairman, I am comfortable with  
15 however we want to move forward.

16 CHAIRMAN LA ROSA: Commissioner Clark.

17 COMMISSIONER CLARK: I am glad it answered  
18 Commissioner Fay's question because I didn't  
19 understand the answer.

20 So I -- very directly, can we make an  
21 adjustment to the CIAC and stay within the confines  
22 of the rule? Are you saying no? Maybe that's a  
23 legal question, but in terms of the calculations,  
24 you know what the -- I will let whoever needs to  
25 answer that.

1 MS. AUGSBURGER: Good morning, Commissioners.  
2 Jennifer Augspurger with Commission legal staff.

3 25.30.580 of the Administrative Code starts  
4 off that a utility's service availability policy  
5 shall be designed in accordance with the following  
6 guidelines, and then it breaks down into these two  
7 separate calculations, one being the maximum amount  
8 of contributions in aid of construction net of  
9 amortization should not exceed 75 percent of the  
10 total cost, et cetera, et cetera, when the  
11 facilities in plant are at their designed capacity.

12 Staff is doing the calculations pursuant to  
13 the formula set forth in the code, and this is also  
14 in accordance with Commission precedent, as noted  
15 in, I think it was footnote 10, in the  
16 recommendation.

17 Now, there are reasons why that level is  
18 usually set at 75 percent, is that we want to make  
19 sure that companies are sufficiently invested in  
20 their own plant and facility so that they don't  
21 eventually happen to have cash flow issues, and  
22 more importantly, they have a vested outcome -- a  
23 vested interest in the outcome. There have,  
24 unfortunately, been situations when company  
25 utilities with too high of CIAC level have

1           abandoned a project, and certainly, no one wants to  
2           see that happen at any point.

3           So while I hear what Mr. Deterding is bringing  
4           forth in regard to Grenelefe, and there may be all  
5           these business interests that command what he is  
6           setting forth. What we have to be concerned with  
7           is does it adhere to our rules?

8           And, you know, while there may be some  
9           flexibility, given the use of the should not exceed  
10          75 percent language, we still have to be cognizant  
11          of the reasons why there are these underlying  
12          rules.

13          And, again, I think the calculations set forth  
14          by staff, Ms. Hudson has set forth, you know, how  
15          the ERCs have been arrived at, and what numbers  
16          were being used for plant capacity, you know.

17          And while -- you know, as Ms. Hudson also  
18          noted, the costs are not definite yet, as far as  
19          the pro forma requests. Our concern is, is that  
20          the calculations by Grenelefe are not pursuant to  
21          the rule. While Mr. Deterding did talk about, you  
22          know, the developer, and this and that, there was  
23          no developer agreement filed.

24          And these calculations, such as what was  
25          shared as far as the cost that other utilities,

1       municipalities, et cetera, were putting in place,  
2       really, as the, I believe, the Commission has  
3       recognized, doesn't really have a bearing on what's  
4       going on here.

5               These calculations are not being done in some  
6       vacuum. They are being done pursuant to the rule,  
7       so thank you.

8               MR. DETERDING: And we will get into all of  
9       that in the final. What I am concerned with is I  
10      know we couldn't have this discussion without going  
11      for many hours, because I have many issues with the  
12      staff's basis for calculations within the rule. I  
13      am not -- by no means, do I agree that what I have  
14      done is outside -- what we have proposed is outside  
15      the rule. In fact, I think it's well within the  
16      rule. But we can get into all that in final.

17              What I am concerned about today is just for  
18      the next four or five months, do we have an  
19      understated charge which we charge to the next  
20      hundred connections, assuming the developer's  
21      predictions of 20 connections a month go through?

22              So it's -- if you are looking for something  
23      that the staff can hang its hat on, just going with  
24      build-out as the number of connections that can  
25      ultimately be served would make a significant

1 difference in these calculations.

2 The way the staff has put this -- their  
3 capacity together, their own workpapers suggest  
4 that at no time will this utility ever be at 20  
5 percent contributed on water. And they show 75  
6 percent contributed in year 10, but that's based  
7 upon an assumption that we will be able to add,  
8 like, 2,000 additional connections, which there is  
9 no way we can do that.

10 CHAIRMAN LA ROSA: Commissioner Clark?

11 COMMISSIONER CLARK: I have no idea. I want  
12 to try to -- is this -- is this an item that has to  
13 have a decision today? Do we have any time on  
14 this?

15 CHAIRMAN LA ROSA: Yeah, and that's a good  
16 point. And that's where I was going to go. You  
17 started to say 20 units, you know, a month are  
18 coming on-line for connection. Are those units in  
19 place today? Are connections happening right now?  
20 I am not as familiar with the current construction  
21 schedule where you guys are.

22 MR. DETERDING: According to the developers,  
23 the large nationwide developers who are developing  
24 the areas within the service territory, they claim  
25 they are going to be asking for 20 connections a

1 day, and they are building.

2 COMMISSIONER CLARK: A day or a month?

3 MR. DETERDING: I am sorry, 20 a month. 20 a  
4 month. I apologize.

5 CHAIRMAN LA ROSA: That day is coming.

6 MR. DETERDING: They are constructing those  
7 homes right now.

8 CHAIRMAN LA ROSA: Gotcha. So you have home  
9 builders building these homes on these lots for  
10 you?

11 MR. DETERDING: Yes, sir.

12 COMMISSIONER CLARK: Back to my question, Mr.  
13 Chairman, does this warrant a decision today, or  
14 can we buy 30 days to take a look at this and see  
15 if there is any room for an adjustment?

16 I mean, the bottom line is CIAC is a  
17 pay-me-now-or-pay-me-later concept, and what we are  
18 doing here is going to have an impact on ratepayers  
19 down the road. That's the bottom line to this. Do  
20 we have the funds up front or do we get them later?

21 I have always been a get them later kind of  
22 guy in terms of high CIAC charges, but the amount  
23 of investments that are having to go into plants  
24 these days is kind of unprecedented as well. I  
25 think that that has warranted, in my mind at least,

1           some -- a little bit of flexibility and leeway when  
2           it comes to our CIAC policies.

3           But I would be very inclined in this  
4           particular case to grant a higher CIAC, especially  
5           in comparison to the surrounding communities. I  
6           realize we are formula driven, but if we have some  
7           leeway, I think there has been some -- there is  
8           some -- two different issues that we are talking  
9           about here, two sets of ideas in terms of what the  
10          company is saying and what staff is saying in  
11          regards to how they are doing their calculations,  
12          what the projections are. I don't know how much  
13          communication went on in terms of just providing  
14          information. Was there follow-up? But if there is  
15          any way we can get the two parties together to sit  
16          down and discuss this, it certainly, I think, would  
17          be advantageous for all of us.

18          MR. DETERDING: And we certainly intend to do  
19          just that. I mean, before we get to final in a few  
20          months, we are going to go back and forth and we  
21          are going to try and convince them that the numbers  
22          they use for both plant investment and capacity are  
23          wrong under the rule. But for interim, I am just  
24          asking that -- let's put something in place that  
25          won't make us regret the number that we put in in



1 interim because we have let 100 connections go by  
2 at half the price they should have paid.

3 CHAIRMAN LA ROSA: When you say go back to  
4 them, you mean in the SARC process?

5 MR. DETERDING: Right. I mean, we can't -- we  
6 can't -- right now, if we set an interim charge,  
7 and we have 100 new connections and we charge them  
8 the staff recommended 4,000 whatever -- \$5,000, and  
9 then we come back and we determine we should have  
10 charged everybody nine, or we are going to charge  
11 everybody going forward nine, you have lost that  
12 4,000 per connection for 100 connections that you  
13 cannot get back, and that those -- you can't assess  
14 the developer, or the builder, or whoever.

15 COMMISSIONER CLARK: But you would recollect  
16 it through rates at a later period?

17 MR. DETERDING: You will collect it through  
18 rates instead.

19 So, you know, we -- and plus, as I said, we  
20 are trying to get financing for this, and a big  
21 thing these banks are looking at is what's your  
22 connection fee?

23 And so in answer to your question about delay,  
24 my client may shoot me if I say that we agree to an  
25 additional delay, but if -- just on the chance we

1           may get a better interim charge because this is  
2           only in effect for four -- according to the staff's  
3           schedule, this is only in effect for four or five  
4           months, so, and subject to refund, with interest,  
5           in escrow. We are not even going to get to touch  
6           the money.

7           CHAIRMAN LA ROSA: Understood.

8           Commissioners, any thoughts? I am tempted to  
9           just take a five-minute break to kind of gather our  
10          thoughts and maybe talk with staff.

11          COMMISSIONER CLARK: Ms. Helton has got her  
12          finger on the trigger over there.

13          CHAIRMAN LA ROSA: Ms. Helton, you are  
14          recognized.

15          MS. HELTON: I just wanted to add one more  
16          little wrinkle, and I apologize for not noticing  
17          this before today, when Commissioner Fay pointed  
18          out that this was noticed as Proposed Agency  
19          Action.

20          As has -- the discussion has been today, this  
21          is an interim decision, so this is not Proposed  
22          Agency Action. This particular point, once the  
23          SARC is brought back before you, then the entire  
24          SARC will be Proposed Agency Action. So I just  
25          wanted to make that -- make that note.

1           And it's really up to the company, I think,  
2           whether we defer today, because as long as there is  
3           no decision, the company can't collect any charge.

4           CHAIRMAN LA ROSA: There is no charge on the  
5           books, I presume?

6           MR. DETERDING: Zero.

7           CHAIRMAN LA ROSA: All right. Let's take a  
8           five-minute break and we will reconvene in five  
9           minutes, 10 minutes until 11:00. Thanks.

10          (Brief recess.)

11          CHAIRMAN LA ROSA: All right. Sorry it took a  
12          little longer than the five minutes I was  
13          projecting. Just trying to gather my thoughts,  
14          some of my notes that I kind of assembled from both  
15          here and then, obviously, prior to reading through  
16          all this.

17          If this was a rule waiver, this might have  
18          been a little bit easier, frankly, at least for me  
19          to kind of wrap my head around it.

20          I am going to go to staff, just based on the  
21          discussion I just had and just maybe kind of open  
22          up on the thought if we were to do something  
23          different from what staff is proposing.

24          MS. AUGSBURGER: Thank you, Chairman.

25          Commissioners, staff stands by the

1 recommendation that was filed. However, if the  
2 Commission, in its discretion, chooses to accept  
3 the utility's requested charges, they may do so,  
4 given that this is an interim proceeding. That  
5 will have no precedential value. The charges will  
6 be subject to refund. It will have no bearing on  
7 the final decision in this SARC.

8 There is many variables at play right now  
9 regarding the DEP requirements, the pro forma  
10 costs, et cetera, and staff appreciates that.  
11 However, again, we stand by our recommendation, but  
12 certainly the Commission has the discretion to act  
13 as it believes is warranted in this unique  
14 situation.

15 CHAIRMAN LA ROSA: Great. Thank you, and I  
16 appreciate staff's work. I know that the SARC  
17 is -- that's what I keep referring to -- I know the  
18 SARC is happening in the background. I know there  
19 is a lot of hard work that's there, and I know a  
20 lot will be flushed out and a lot of the loops will  
21 be closed at that point, so understand and agree to  
22 an extent.

23 I do believe that the scenario we have in  
24 front of us is very unique. It's very challenging.  
25 And it's different. It's an older system with

1 improvements that have to be made, some being  
2 recommended, and I am sure we will hear more about  
3 what those improvements are through the SARC  
4 process. But at the end of the day, I look at, you  
5 know, where do we -- where do we place customers,  
6 and where is the risk less for them? And with a  
7 higher CIAC, I believe more customers, at the end  
8 of the day, will have a potential benefit rather  
9 than being the opposite.

10 So I am okay with accepting the numbers that  
11 the party has presented before us today, knowing  
12 that these are just in the interim, and that, of  
13 course, this will get flushed out in the SARC  
14 process.

15 I do like the way staff has laid this out, and  
16 I am going to ask for help if it comes down to that  
17 and there ends up being a motion on this, with the  
18 way things are still in escrow, and the way things  
19 would be tallied with interest rates and the other  
20 rules that have been set out via staff.

21 So I just wanted to kind of start with that.  
22 That's -- I am going back looking at my notes,  
23 looking at that's where I am as a Commissioner, but  
24 would love to hear from my fellow Commissioners if  
25 you have any thoughts or questions on this, on what

1 I just said. None? Okay.

2 Commissioner Fay.

3 COMMISSIONER FAY: Thank you, Mr. Chairman.

4 I will start with, you know, I think these  
5 SARCs can be very valuable. I think the Commission  
6 always has a tough process with these, in  
7 particular staff has to navigate these. And the  
8 goal, obviously, is to create some efficiencies for  
9 these adjustments and have that be beneficial to  
10 both the utility and the customers in some ways.

11 And so, you know, it might be appropriate --  
12 Mark is probably going to kill me -- but to look at  
13 SARC, you know, and maybe some reforms or  
14 efficiencies that could apply to that. I don't  
15 know exactly what those would be. But obviously,  
16 like, the goal being that we have these mechanisms  
17 to create those efficiencies for the utilities and  
18 the customers, so in the future, we might be able  
19 to improve that.

20 The other is I thought Ms. Hudson did a really  
21 good job of laying out some of the complex  
22 components of this, which, you know, I struggle to  
23 grasp conceptually with some of these limitations  
24 that are in the rule, but understand some  
25 components of these are to minimize some risk of

1           somebody walking away and there being this sort of  
2           stranded component in the system.

3           So I feel pretty comfortable with legal saying  
4           we do have the flexibility within this to do what  
5           we could do today, which would shift that cost.

6           I will say, you know, I am very tempted to  
7           vote against Mr. Deterding because Mr. Rehwinkel  
8           joined him and supported him in this item.

9           MR. DETERDING: And I thank you for that.

10          COMMISSIONER FAY: But with that said, I think  
11          if we are trying to be sort of reasonable and  
12          realistic about what we have in front of us today,  
13          and I appreciate Ms. Helton, you know, pointing out  
14          that the item, itself, as a whole, will be a PAA as  
15          put forward. I don't know if will be voted on as a  
16          PAA based on some of the complexities we have heard  
17          today. I guess it will depend on how that plays  
18          out, but it does seem like there is an avenue to do  
19          this and, you know, what would arguably be the best  
20          way for customers and consistent with what the rule  
21          has, and then maybe we would allow it on the back  
22          end to reflect on some of how this is applied for  
23          efficiency purposes.

24          I honestly -- Mr. Deterding, some of your  
25          comments about the debt process, and how the

1 utility is being looked at as it relates to these  
2 types of items is not something I had heard before,  
3 and how they could be impacted in a way that would,  
4 at the end of the day, impact the customer cost.  
5 That's a big deal to me. And I think that might --  
6 that could shift some of the dynamic of how this  
7 process is supposed to work and what the results  
8 are of it. So I appreciate you putting that  
9 forward to us, because I think that's a really key  
10 point of these systems.

11 And, you know, we have great utilities in our  
12 state, but we have these complexities of ensuring  
13 with growth that the systems themselves are keeping  
14 up with the standards that are put in place, and  
15 keep the customers' long-term cost and quality of  
16 service and the economic regulatory components in  
17 place. And that's -- I mean, that's a hard balance  
18 to have when you are growing as fast as we are  
19 growing. So it sounds like your client may see a  
20 future where you have growth, and I think there has  
21 been good debate about that, but I think that for  
22 purposes of the interim today, Mr. Chairman, I  
23 agree with you physically that maybe there is a way  
24 to support this conceptually, and then revisit how  
25 these are done in the future.



1 CHAIRMAN LA ROSA: Great. Thank you.

2 Commissioners, any comment?

3 Ready for a motion. Commissioner Fay, do you  
4 want to set up that motion, unless you wanted to do  
5 it?

6 COMMISSIONER CLARK: I will be specific on the  
7 motion.

8 In regards to the three issues before us, Mr.  
9 Chairman, I move in regard to Issue No. 1, that we  
10 approve the interim requested rate by Grenelefe,  
11 and in regards to Issue No. 2 and 3, move staff  
12 recommendation.

13 COMMISSIONER GRAHAM: I second.

14 CHAIRMAN LA ROSA: Hearing a motion and  
15 hearing a second.

16 All those in favor signify by saying yay.

17 (Chorus of yays.)

18 CHAIRMAN LA ROSA: Yay.

19 Opposed no?

20 (No response.)

21 CHAIRMAN LA ROSA: Show that --

22 MS. HELTON: Mr. Chairman and Commissioner  
23 Clark, can we just tack on that this will be an  
24 interim decision and not a Proposed Agency Action  
25 decision, as was noticed on the cover page of the

1 staff recommendation?

2 CHAIRMAN LA ROSA: So to amend Commissioner  
3 Clark's motion.

4 COMMISSIONER CLARK: So I am a little bit  
5 confused in this regard. How is it different? Why  
6 is it interim? Oh, the rates are interim, I  
7 understand, but wasn't that part of the proposed  
8 part of the PAA to begin with?

9 CHAIRMAN LA ROSA: Yeah.

10 MS. HELTON: The difference is that if --  
11 there is no ability, there is no point of entry to  
12 request a hearing on your decision today. Any  
13 debate with respect to your decision today will be  
14 taken up during the course of staff's  
15 recommendation ultimately on the SARC, and then the  
16 resolution of what the ultimate charge will be, if  
17 someone has an issue with that, then they can  
18 request a hearing. So it's really about a point of  
19 entry and when someone can dispute or take issue  
20 with your decision.

21 COMMISSIONER CLARK: Okay. I can -- I guess,  
22 from a legal perspective, I can understand that.  
23 Yes, I have no problem in including it as interim  
24 instead stead of a PAA.

25 CHAIRMAN LA ROSA: Concerns? Let's unpack and

1           rewind.

2                   So a modified motion on the table, is there a  
3           second?

4                   COMMISSIONER FAY:   Yes.

5                   CHAIRMAN LA ROSA:   Hearing a motion and  
6           hearing a second.

7                   All those in favor signify by saying yay.

8                   (Chorus of yays.)

9                   CHAIRMAN LA ROSA:   Yay.

10                  Opposed no?

11                  (No response.)

12                  CHAIRMAN LA ROSA:   Show that the motion, as  
13           modified by us, and as implemented or discussed via  
14           staff, has passed.

15                  Excellent.   Thank you.

16                  MR. DETERDING:   Thank you very much.

17                  CHAIRMAN LA ROSA:   All right.   So always fun  
18           to finish on a more complicated issue.   I think  
19           that was the right decision.

20                  So today, we still got a few more things  
21           before us, none related to this Agenda Conference,  
22           but we do have Internal Affairs.   Let's say that  
23           Internal Affairs will start at 11:20 in the  
24           Internal Affairs room.

25                  Just for scheduling sake, we do have our

1       Ten-Year Site Plan Workshop later today. My  
2       intention is that workshop will start at one  
3       o'clock, if not it's not already official, my  
4       intentions are for that to start at one o'clock,  
5       because we do have some presenters that will be  
6       joining us for that. So Ten-Year Site Plan at one  
7       o'clock back here in this room, but Internal  
8       Affairs, in 15 minutes from now, over in the  
9       Internal Affairs room.

10           Thank you. This meeting is adjourned.

11           (Agenda item concluded.)

1 CERTIFICATE OF REPORTER

2 STATE OF FLORIDA )  
3 COUNTY OF LEON )  
4

5 I, DEBRA KRICK, Court Reporter, do hereby  
6 certify that the foregoing proceeding was heard at the  
7 time and place herein stated.

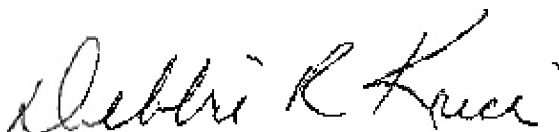
8 IT IS FURTHER CERTIFIED that I  
9 stenographically reported the said proceedings; that the  
10 same has been transcribed under my direct supervision;  
11 and that this transcript constitutes a true  
12 transcription of my notes of said proceedings.

13 I FURTHER CERTIFY that I am not a relative,  
14 employee, attorney or counsel of any of the parties, nor  
15 am I a relative or employee of any of the parties'  
16 attorney or counsel connected with the action, nor am I  
17 financially interested in the action.

18 DATED this 23rd day of September, 2025.  
19

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DEBRA R. KRICK  
NOTARY PUBLIC  
COMMISSION #HH575054  
EXPIRES AUGUST 13, 2028

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