



October 13, 2025

Mr. Adam Teitzman, Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: NC Real Estate Projects, LLC dba Grenelefe Utility
Request for Staff Assisted Rate Increase - Utility Response on Establishing Final
Service Availability Charges
Docket No. 20250023-WS

Dear Mr. Teitzman,

As part of its Application for an increase in rates through the SARC process, Grenelefe Utility requested approval of substantial new service availability charges in the above-referenced docket.

This case presents a rather unique situation in that the Commission rarely has dealt with the issue of establishing revised service availability charges for a utility that has existed for decades. To add to that uniqueness, this case presents the Commission with a situation where the Utility previously had no service availability charges, and where substantial additional investment is being required in order to comply with regulatory requirements from the DEP. As such, the Utility is in need of substantial new service availability charges where none existed previously.

In order to offset the new investment required to serve existing customers, and to try to keep monthly service rates at a reasonable level going forward, the Utility needs substantially new service availability charges.

In addition, the establishment of increased service availability charge will impact the Utility's ability to borrow the monies necessary for such required improvements and will impact the costs and the terms of such financing.

Through my research I have found no cases where the Commission has provided a definitive interpretation of Rule 25-30.580 and the guidelines contained therein for establishing the appropriate service availability charges for an existing utility in these unique circumstances.

Designed Capacity

The Staff has taken the position, in establishing interim service availability charges, that the Commissions policy and Rules envision calculating service availability charges based upon achieving the Rule minimum and maximum percentage of CIAC by equating the term “designed capacity” to one aspect or component of the Utility’s water and/or wastewater treatment facilities rather than reviewing the system as a whole and the treatment capacities that can be achieved given specific permit maximums or the build out of the utility service territory. Failure to recognize these factors as proposed by the Utility results in the Utility never being able to approach, much less achieve, the percentage contribution level outlined in the above-referenced Rule even at build out of the system.

As such, the Utility believes that the Staff’s initial position as outlined in its Interim Recommendation is not only contrary to the true design capacity of the water and wastewater treatment facilities in place, but results in a service availability policy that can not comply with the rule minimums or maximums contribution level.

Plant Components

The Staff’s analysis and calculation for interim Service Availability Charges failed to include several plant accounts which the Utility believes should be part of the equation. Especially important is the Utility’s planned investment in a totally new metering system, which will require a change out of over 1,000 meters. This is a required investment in order to keep the Utility viable and operationally sound and efficient. This investment must be part of the Utility “facilities and plant” as outlined in Rule 25-30.580 F.A.C,

We have prepared a description of the changes proposed to Staff’s interim methodology including both a narrative and schedules for both water and utilizing what the Utility believes are the appropriate capacities and the required plant investment as envisioned by the Rule and by sound regulatory policy. These result in a proposed water service availability charge of \$1,126 or \$1,520 and a wastewater service availability charge of \$9,802 per ERC.

Comparable Charges

While the Commission is guided by its rules as to the basis for establishing Service availability charges for the Utilities that it regulates, they should not ignore the charges that are accessed by neighboring utilities. Those neighboring Non-regulated utilities charges are not only indicative of the costs of operating a viable utility in the area, but most importantly they show the Commission what builders are expecting to pay in the way of connection fees for water and wastewater service in this community and those adjacent thereto.

The attached “Comparable Connection Fees” Schedule, which was provided to the Commission during the discussion of interim Service Availability Charges, shows that the other utilities in the area average connection charges of \$9,639 for water and wastewater service combined. The closest utility, The Town of Lake Hamilton, recently had to upgrade their Wastewater Plant for the same reasons Grenelefe is making improvements, and their combined Charge is \$13, 614 for a Water and Wastewater connection.

The local market drives the price of homes in any given area and if the local market generally includes Connection fees of approximately \$10-13,000 per connection then that will be built into the market price of all homes in the area. As such, if Grenelefe is well below market in the charges it accesses per Water and Wastewater Connection, the price of the homes will not be reduced, instead developer profit will just be increased. The Commission should therefore exercise its description to ensure that this utility and ultimately its ratepayers have connection charges which are sufficient to reflect the market.

Financing of Utility Improvements & Impact on Service rates

The utility is currently seeking financing in order to undertake the improvements long overdue for this outdated system. But more importantly, the DEP wastewater mandate requires the utility to spend over \$16 million dollars in the next 15 months just to meet new standards. The cost of that financing and the terms will impact the utility customers long term. Banks are looking, in part to the level of Connection fees that the utility will be authorized to collect to access the security for repayment of such a loan. The utility needs a Significant Connection fee authorized by the Commission to obtain financing and at reasonable terms.

As is clear from a basic understanding of the Commissions cost-based rate regulation. Plant investment is either paid for by Connection Fees or by monthly service rates. As the Commission authorizes increased Service Availability Charges it helps the utility to not only obtain better and lower cost financing for required plant improvements, but in the long run, it help tremendously to keep monthly service rates from going higher than is necessary.

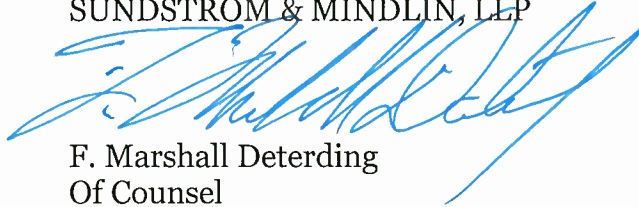
Based on the above, we urge the Commission Staff and the Commission to move forward with approval of Service Availability Charges of \$1,126 for water, and \$9,802 for wastewater, as calculated in the attached schedules.

Mr. Adam Teitzman, Clerk
October 13, 2025
Page 4

Should you or any members of the Commission staff have any questions in this regard, please let us know.

Sincerely,

SUNDSTROM & MINDLIN, LLP



F. Marshall Deterding
Of Counsel

FMD/brf

cc: Jacob Imig
Jennifer Augspurger
Ailynee Ramirez-Abundez
Gary Smith, II
Laura King
Marissa Ramos
Matthew Sibley
Sonica Bruce
Garret Kelley
Jared Folkman
Joshua Cohn
Jason Cox
Gary Morse

Grenelefe Utility - Water Service Availability

1. **Capacity of the System:** According to staff's analysis prior to the grant of interim Service Availability Charges, the water plant capacity is 4.320 MGD which was derived from a well pump capacity of 1500 GPM for each of the two wells 6 and 10 respectively. However, according to the WUP No. 20005251.011 issued February 28, 2023 (copy attached) each of the two potable well have a permitted capacity of 477,500 GPD or a total of 955,000 GPD. This is the limiting factor as to the design capacity of the water plant and should be used in the calculation of the service availability charge. Thus, the number of ERCs is 2,729 calculated based on 280 GPD.

In addition, the Utility can only service those ERCs currently permitted to be served within its territory. The Utility currently services 1,212 potable water and wastewater connections (there are also 163 irrigation customers). There are 384 additional ERCs allowed to be connected within its Grenelefe Development. The recently added "Smokey Groves" area has a maximum of 425 allowed ERCs. Therefore, buildout of the Utility service is 2,021 ERCs (1,212+384+425).

2. **Components of Plant.** Additionally, the staff's analysis failed to include all of the NARUC plant accounts in the determination of the service availability charge. The proper accounts are as follows:

- Account 303 Land and Land Rights - \$3,000
- Account 307 Wells and Springs - \$296,357
- Account 310 Power Generation Equipment - \$106,760
- Account 311 Pumping Equipment - \$1,082,000
- Account 320 Water Treatment Equipment - \$7,900
- Account 330 Distribution Reservoirs - \$479,786
- Account 334 Meters and Installations - \$1,095,443

The total of the above plant accounts for the calculation of the water service availability charge is \$3,071,246.

3. **Conclusion.** Thus, when the correct components of plant divided by the capacity in ERCs of 2,729 yields a water service availability charge of \$1,126 per ERC.

In the alternative, using the buildout capacity of the system within the current service territory of 2021 ERCs, yields a water service availability charge of \$1,520.

Grenelefe Utility - Wastewater Service Availability

1. **Capacity of the System.** According to staff's analysis prior to the grant of interim Service Availability Charges, the wastewater treatment facilities have a capacity is 680,000 GPD which equates to 2,428 ERCs based on 280 GPD per ERC. However, according to the company engineer, the new treatment facility has a design capacity of 495,000 GPD per the FDEP permit. One of the reasons for this difference is the limitation of the effluent disposal (RIBs) system. There would have to be additional land acquired and additional RIBs constructed at substantial cost to be able to treat 680,000 GPD and the company does not intend to undertake on the additional investment to add that additional capacity at this time. In addition, other component parts of the treatment system would have to be expanded or upgraded in order to seek a higher rated or permitted capacity for the treatment facilities at substantial additional cost. There are other considerations which have been mentioned in the engineer's report as to treatment standards above 500,000 GPD.

Using 495,000 GPD provides 1,768 ERCs based on 280 GPD per ERC or some 660 ERCs less for the design of the plant capacity charge.

In addition, the Utility can only service those ERCs currently permitted to be served within its territory. The Utility currently services 1,212 potable water and wastewater connections (there are also 163 irrigation customers). There are 384 additional ERCs allowed to be connected within its Grenelefe Development. The recently added "Smokey Groves" area has a maximum of 425 allowed ERCs. Therefore, buildout of the Utility service is 2,021 ERCs (1,212+384+425). However, unlike the water system, this calculation does not present a viable alternative for calculating design capacity of the wastewater system because the wastewater treatment system would require substantial additional upgrades and additions in order to serve more than the ERCs available based on the planned investment to reach the design and permitted capacity of 0.495 MGD

2. **Components of Plant.** Additionally, the staff's analysis failed to include all of the NARUC plant accounts in the determination of the plant capacity charge. The proper accounts are as follows:

- Account 353 Land and Land Rights - \$49,400
- Account 371 Pumping Equipment - \$928,217
- Account 374 Reuse Distribution Reservoir - \$5,800
- Account 380 Treatment & Disposal Equipment - \$16,300,000
- Account 382 Outfall Sewer Lines - \$46,900

The total of the above plant accounts for the calculation of the wastewater plant capacity charge is \$17,330,317.

3. **Conclusion.** Thus when divided by the capacity in ERCs of 1,768 yields a wastewater plant capacity charge of \$9,802 per ERC.

NC Real Estate Projects, LLC d/b/a Grenelefe Utility
Docket No. 20250023
Water Service Availability

NARUC USOA	Utility Plant in Service	Beginning Balance	Depreciation Rate	Annual Depreciation
301	Organization		2.50%	\$0
302	Franchises		2.50%	\$0
303	Land and Land Rights	\$3,000	0.00%	\$0
304	Structures and Improvements	\$77,541	3.13%	
305	Collecting and Impounding Reservoirs		2.00%	
306	Lake, River and Other Intakes		2.50%	
307	Wells and Springs	\$296,357	3.33%	
308	Infiltration Galleries and Tunnels		2.50%	
309	Supply Mains		2.86%	
310	Power Generation Equipment	\$106,760	5.00%	
311	Pumping Equipment	\$1,082,000	5.00%	\$54,100
320	Water Treatment Equipment	\$7,900	4.55%	\$359
330	Distribution Reservoirs and Standpipes	\$479,786	2.70%	\$12,967
331	Transmission and Distribution Mains	\$2,460,813	2.33%	\$57,228
333	Services to Customers	\$98,148	2.50%	\$2,454
334	Meters and Meter Installations	\$1,095,443	5.00%	\$54,772
335	Hydrants	\$234,000	2.22%	\$5,200
336	Backflow Prevention Devices		6.67%	\$0
339	Other Plant & Misc Equipment		4.00%	\$0
340	Office Furniture & Equipment	\$13,466	6.67%	\$898
341	Transportation Equipment	\$73,638	16.67%	\$12,273
342	Stores Equipment		5.56%	\$0
343	Tools, Shop & Garage	\$2,955	6.25%	\$185
344	Laboratory Equipment		6.67%	\$0
345	Power Operated Equipment	\$1,768	8.33%	\$147
346	Communication Equipment	\$1,800	10.00%	\$180
347	Miscellaneous Equipment	\$2,380	6.67%	\$159
348	Other Tangible Plant		10.00%	\$0
Total		\$6,037,755	3.33%	\$200,922

Bold data agrees with audit report and staff workpapers.

Plant Capacity Charge	\$1,126
Meter Installation Charge per Tari	\$600
Total	\$1,726

Guideline Levels	
Minimum Level	50.33%
Maximum Level	75.00%

Using all appro
water accounts

Well 6 & 10 per
CUP
Capacity

\$3,071,246 955,000 GPD
\$1,125.59 2,729 ERCs

Using Buildout of
Service area

\$3,071,246 / 2021 ERCs
\$1,519.67

	Beginning	Year 1	Year 2	Year 3	Build Out of Territory Year 4	Year 5	Year 6	Build Out of CUP Capacity Year 7
Capacity (ERCs) Potable Only	2729	2729	2729	2729	2729	2729	2729	2729
Connections (ERCs)	1408	1608	1808	2008	2208	2408	2608	2808
Additional Connections (ERCs)	1321	200	200	200	200	200	200	200
Utility Plant In Service(just plant accounts)	\$3,071,246	\$3,191,246	\$3,311,246	\$3,431,246	\$3,551,246	\$3,671,246	\$3,791,246	\$3,911,246
Accumulated Depreciation(for just plant accounts)	\$470,169	\$574,369	\$682,563	\$794,750	\$910,930	\$1,031,103	\$1,155,270	\$1,283,430
Net Plant	\$2,601,077	\$2,616,877	\$2,628,683	\$2,636,496	\$2,640,316	\$2,640,143	\$2,635,976	\$2,627,816
Contributions in Aid of Construction	\$2,302,685	\$2,647,803	\$2,992,920	\$3,338,038	\$3,683,155	\$4,028,273	\$4,373,390	\$4,718,508
Accumulated Amortization of CIAC	\$2,055,330	\$2,137,700	\$2,231,555	\$2,336,894	\$2,453,718	\$2,582,027	\$2,721,820	\$2,873,098
Net CIAC	\$247,355	\$510,102	\$761,365	\$1,001,143	\$1,229,437	\$1,446,246	\$1,651,570	\$1,845,409
Contribution Level	9.51%	19.49%	28.96%	37.97%	46.56%	54.78%	62.65%	70.23%

NC Real Estate Projects, LLC d/b/a Grenelefe Utility
Docket No. 20250023
Wastewater Service Availability

NARUC USOA	Utility Plant in Service	Beginning Balance	Depreciation Rate	Annual Depreciation
351	Organization	\$0	2.50%	\$0
352	Franchises	\$0	2.50%	\$0
353	Land and Land Rights	\$49,400	0.00%	\$0
354	Structures and Improvements	\$92,590	3.13%	\$2,893
355	Power Generation Equipment		5.00%	\$0
360	Collection Sewers - Force	\$72,400	3.33%	\$2,413
361	Collection Sewers - Gravity	\$743,499	2.22%	\$16,522
362	Special Collecting Structures		2.50%	\$0
363	Services to Customers	\$33,523	2.63%	\$2,198
364	Flow Measuring Devices	\$5,275	20.00%	\$1,055
370	Receiving Wells	\$239,962	3.33%	\$7,999
371	Pumping Equipment	\$928,217	5.56%	\$51,568
374	Reuse Distribution Reservoirs	\$5,800	2.70%	\$157
380	Treatment and Disposal Equip	\$16,300,000	5.56%	\$905,556
382	Outfall Sewer Lines	\$46,900	3.33%	\$1,562
389	Other Plant & Misc Equipment		5.56%	\$0
390	Office Furniture & Equipment	\$3,346	6.67%	\$223
391	Transportation Equipment	\$73,638	6.25%	\$4,602
393	Tools, Shop & Garage	\$685	6.25%	\$43
394	Laboratory Equipment	\$300	6.67%	\$20
395	Powered Operated Equipment	\$638	8.33%	\$53
396	Communication Equipment	\$11,600	10.00%	\$1,160
397	Miscellaneous Equipment		6.67%	\$0
398	Other Plant & Misc Equipment	\$600	6.67%	\$40
Total		\$18,658,373	5.35%	\$998,064

Plant Capacity Charge	\$9,802
Main Extension Charge/Donated l	\$0
Total	\$9,802

\$9,219

\$17,330,317 NARUC accts Total
\$9,802.22 Charge at 495,000 plant capacity

1,768 ERCs at 495,000 plant capacity

Guideline Levels	
Minimum Level	4.82%
Maximum Level	75.00%

	Beginning	Year 1	Year 2	Year 3	Year 4	Build Out Of Permitted Capacity Year 5
Capacity (ERCs)	1768	1768	1768	1768	1768	1768
Connections (ERCs)	782	982	1182	1382	1582	1782
Additional Connections (ERCs)	986	200	200	200	200	200
Utility Plant In Service	\$17,330,317	\$17,330,317	\$17,330,317	\$17,330,317	\$17,330,317	\$17,330,317
Accumulated Depreciation	\$1,638,841	\$2,565,865	\$3,492,889	\$4,419,913	\$5,346,937	\$6,273,961
Net Plant	\$15,691,476	\$14,764,452	\$13,837,428	\$12,910,404	\$11,983,380	\$11,056,356
Contributions in Aid of Construction	\$1,051,361	\$3,011,804	\$4,972,247	\$6,932,690	\$8,893,133	\$10,853,576
Accumulated Amortization of CIAC	\$776,009	\$884,681	\$1,098,221	\$1,416,627	\$1,839,900	\$2,368,040
Net CIAC	\$275,352	\$2,127,123	\$3,874,027	\$5,516,063	\$7,053,233	\$8,485,536
Contribution Level	1.75%	14.41%	28.00%	42.73%	58.86%	76.75%

Grenelefe Utility
Comparable Connection Fees
July 24, 2025

	Inside	The	City		Outside	The	City
	Water	Wastewater	Combined		Water	Wastewater	Combined
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
Averages	4218	4678	8895		4750	5632	10,383

	Water	Wastewater	Combined
Averages nearby	4484	5155	9639
Grenelefe Proposed	2402	7434	9836
Staff Proposed Interim	320	4942	5262