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**DANIEL PEREZ**  
*Speaker of the House of Representatives*

February 13, 2026

**VIA: ELECTRONIC FILING**

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

**Docket No. 20250094-WS – Application for staff-assisted rate case in Polk County by GCP Plantation Landings, LLC.**

Dear Mr. Teitzman:

The intent of this letter is to advise the Commission staff of the Office of Public Counsel's (OPC) observations and recommendations, based on a preliminary review of the Staff Report issued January 8, 2026, relating to the staff-assisted rate case in Polk County by GCP Plantation Landings, LLC. ("GCP" or "Utility"). As always, the OPC would like to express its appreciation for and acknowledgement of all the hard work put into the Staff Report.

*Issue 3 - Excessive Unaccounted for Water*

On page 4 of the Staff Report, it states:

. . . . Staff recommends that there is 17.3 percent excessive unaccounted for water (EUW); however, this recommendation is preliminary, and no adjustment to purchase power and chemicals should be made for EUW at this time. . . .

The OPC would note that the Utility reflects no purchased power costs but a 17.3% EUW adjustment to chemicals would be a reduction of \$2,153. Correspondingly, it would reduce working capital by \$269.

*Issues 4 and 7 - Capital Recovery Amortization*

On Page 7 of the Staff Report, it reflects the following:

Due to the capped retirement, several accounts have remaining undepreciated plant balances. Staff believes that these remaining balances should be recovered as amortization expense over a five-year period. Although Rule 25-30.433(10), F.A.C., prescribes the methodology for determining the appropriate amortization period for forced abandonment or the prudent retirement of plant assets prior to the end of their depreciable life, staff recommends an amortization period of five years. Staff notes an alternate amortization period is allowed for by the aforementioned rule. Staff identified three accounts that have remaining undepreciated plant balances, as reflect in Table 4-2 and Table 4-3 below.

Tables 4-2 and 4-3 of the Staff Report reflect the remaining undepreciated plant balances of \$28,240 for water and \$5,274 for wastewater of certain plant accounts due to capped retirements. Schedules 1-A through 3-A on pages 23 through 24 of the Staff Report reflect capital recovery amounts of \$28,240 for water and \$5,274 for wastewater. Schedules 3-A through 3-C on pages 27, 28, and 30 of the Staff Report reflect capital recovery amortization amounts of \$5,648 for water and \$1,055 for wastewater.

Rule 25-30.433(10), F.A.C., states the following:

(10) The amortization period for forced abandonment or the prudent retirement, in accordance with the National Association of Regulatory Utility Commissioners Uniform System of Accounts, of plant assets prior to the end of their depreciable life shall be calculated by taking the ratio of the net loss (original cost less accumulated depreciation and contributions-in-aid-of-construction (CIAC) plus

accumulated amortization of CIAC plus any costs incurred to remove the asset less any salvage value) to the sum of the annual depreciation expense, net of amortization of CIAC, plus an amount equal to the rate of return that would have been allowed on the net invested plant *that would have been included in rate base before the* abandonment or *retirement*. This formula **shall** be used unless the specific circumstances surrounding the abandonment or retirement demonstrate a more appropriate amortization period.

(Various emphases added)

The OPC has two concerns with the treatment of the undepreciated plant balances associated with retirements of two water plant accounts and one wastewater plant account. First, the proposed inclusion of them in rate base contrary to subsection 10 of Rule 25-30.433, F.A.C. and Commission practice. Second, the amortization period of 5 years proposed in the Staff Report.

With regard to the rate base inclusion treatment, subsection 10 of Rule 25-30.433, F.A.C. states “the rate of return that would have been allowed on the net invested plant that would have been included in rate base before the abandonment or retirement.” Thus, once the retirement takes place, there should be no associated inclusion rate base as separate “CAPITAL RECOVERY” OR “ACCUMULATED CAPITAL RECOVERY” line items.

On pages 5 through 6, Order No. PSC-2020-0158-PAA-WS, issued May 15, 2020, states:

#### Forced Abandonment

As discussed above, Aquarina requested \$10,384 in plant additions for the non-potable water system, of which \$1,248 is included as pro forma in the approved rate base. While the remaining non-potable water additions were prudent at this time, they were associated exclusively with the golf course that the Utility is no longer serving. These plant additions shall be considered a forced abandonment because the Utility is no longer serving the golf course; the associated costs shall be amortized as described below. Adjustments are necessary to recognize

additional depreciation because it has been two years since the plant additions were put into service. We made an adjustment to reduce the plant additions by \$456, to account for an additional year of accumulated depreciation.

Aquarina reviewed its records and concluded that no additional plant items were dedicated solely to the golf course. Because additional plant items cannot be attributed to the golf course, we find that the total amount of plant to be used in the calculation of the loss on abandonment is \$8,679 (\$10,384 - \$1,248 - \$456).

Rule 25-30.433(10), F.A.C., prescribes the calculation for determining the appropriate amortization period of forced abandonment or the prudent retirement of plant assets prior to the end of their depreciable life. We calculated the amortization period and expense as established in the rule. We approve an annual amortization expense of \$774 over 11.21 years. To calculate the amortization period, we divided the net book value of \$8,679 by the annual amortization expense of \$774. Our calculations are summarized in the table below.

**Forced Abandonment**

Net Book Value	<u>\$8,679</u>
Rate of Return	<u>3.66%</u>
Return on Net Book Value	\$318
Depreciation Expense	<u>\$456</u>
Annual Amortization Expense	<u>\$774</u>
Annual Amortization Period	<u>11.21 Years</u>

Schedules 3-B and 3-D on pages 26 and 28 of Order No. PSC-2020-0158-PAA-WS reflect the \$774 amortization for loss on early abandonment which included the return on net value (or undepreciated plant). Schedules 1-B on page 21 of Order No. PSC-2020-0158-PAA-WS reflects

no separate “CAPITAL RECOVERY” OR “ACCUMULATED CAPITAL RECOVERY” line items.

With regard to the proposed amortization period of 5 years, the formula in subsection (10) of Rule 25-30.433, F.A.C. shall be used unless the specific circumstances surrounding the retirement demonstrate a more appropriate amortization period. The Staff Report does not discuss any specific circumstances which demonstrate that a five-year amortization period is more appropriate.

The following table reflects OPC’s calculation of the associated depreciation expense for the two water plant accounts.

<b>NARUC Account</b>	<b>Plant</b>	<b>Accumulated Depreciation</b>	<b>Undepreciated Plant</b>	<b>Per Rule Depr Rate</b>	<b>Associated Depr Expense</b>
320	\$7,507	(\$4,787)	\$2,720	5.88%	\$442
334	<u>38,597</u>	<u>(13,077)</u>	<u>25,520</u>	5.88%	<u>2,270</u>
	<u>\$46,104</u>	<u>(\$17,864)</u>	<u>\$28,240</u>		<u>\$2,712</u>

Pursuant to subsection (10) of Rule 25-30.433, F.A.C., the amortization period should be 5.52 years when dividing the undepreciated water plant of \$28,240 by \$5,115 which is the sum of the annual depreciation expense of \$2,712 and the amount of the rate of return that would have been allowed on the undepreciated plant included in rate base before the retirement which is \$2,403 ( $\$28,240 \times .0851$ ). This equates to a 5.52-year amortization period. The undepreciated balances of the two water plant accounts represent 9.82% of the total proposed net plant of \$287,705 for water. Given the proposed water increase is 62.30%, the OPC suggests a 5.52-year amortization period for water in order to mitigate the level of water revenue increase the customers are facing, instead of the lesser 5-year amortization period in the Staff Report. This would be consistent with the Aquarina precedent and the intent of the rule given that no specific circumstances for departure have been identified in the report.

The following table reflects OPC’s calculation of the associated depreciation expense for the one wastewater plant account.

<b>NARUC Account</b>	<b>Plant</b>	<b>Accumulated Depreciation</b>	<b>Undepreciated Plant</b>	<b>Per Rule Depr Rate</b>	<b>Associated Depr Expense</b>
382	<u>\$5,903</u>	<u>(\$629)</u>	<u>\$5,274</u>	<u>3.33%</u>	<u>\$197</u>

Pursuant to subsection (10) of Rule 25-30.433, F.A.C., the amortization period should be 8.16 years when dividing the undepreciated plant of \$5,274 by \$646 which is the sum of the annual depreciation expense of \$197 and the amount of the rate of return that would have been allowed on the undepreciated plant included in rate base before the retirement which is \$449 ( $\$5,274 \times .0851$ ). This equates to an 8.16-year amortization period. Given the proposed wastewater increase is 39.79%, the OPC suggests an 8.16-year amortization period for wastewater in order to mitigate the level of wastewater revenue increase the customers are facing, instead of the lesser 5-year amortization period in the Staff Report.

When the “CAPITAL RECOVERY” OR “ACCUMULATED CAPITAL RECOVERY” line items are removed from rate base and the 5.52-year and 8.16-year amortization periods are used for water and wastewater, respectively, it has the effect of lowering revenue increases by \$2,822 for water and \$851 for wastewater.

*Issue 7 – Property Taxes*

On page 18 of the Audit Report, it states:

. . . . The Utility initially recorded \$0 for property taxes. The Utility later reflected \$318,946. We found the Utility included property taxes for non-utility property. We allocated property taxes based on the portion of property that was used for Utility service per Commission Order No. PSC-2008-0548-PAA-WS. . . .

Also, Table 6-1 of the Audit Report reflects property taxes of \$508 for water and \$2,320 for wastewater.

The OPC's calculation of property taxes of \$373 for water and \$1,987 for wastewater consistent with Order No. 2008-0548-PAA-WS is reflected in the following table.

OPC Calculation of Property Taxes Consistent with Audit Finding 15 of 2007 SARC Audit				
Line No.	Description	Acreage	Tax Amount	Explanation
1	Account No. 262725-000000-021030 (1)	192.96	\$217,734.53	Non-Ad Volorem Assessment of \$59,047 for Polk County Fire Service on 397 Units is for
2	Discount Factor		0.96	Non-Utility Related Party
3	Discounted Property Taxes (Line 1*Line2)		<u>\$209,025.15</u>	
4				
5	Tax per Acre (\$209.025.15/192.96 acres)		<u>\$1,083.26</u>	
6				
7	<b>Water Utility Acreage (\$1,083.26*0.344) (2)</b>	<b>0.344</b>	<b><u>\$372.64</u></b>	<b>Water Plant Site</b>
8				
9	<b>Wastewater Utility Acreage (\$1,083.26*0.837) (3)</b>	<b>0.837</b>	<b><u>\$906.69</u></b>	<b>Wastewater Plant Site</b>
10				
11	Account No. 272731-000000-033010 (4)	5.84	\$1,125.69	<b>Wastewater Percolation Ponds</b>
12	Discount Factor		0.96	
13	<b>Discounted Property Taxes</b>		<b><u>\$1,080.66</u></b>	
14				
15	Water Property Taxes (Line 7)		\$372.64	
16	Audit Finding 6 - Page 18 of Audit Report 2025 SARC		\$508.00	
17	<b>OPC Recommended Water Adjustment</b>		<b><u>(\$135.36)</u></b>	
18				
19	Wastewater Property Taxes (Line 9+Line13)		\$1,987.35	
20	Audit Finding 6 - Page 18 of Audit Report 2025 SARC		\$2,320.00	
21	<b>OPC Recommended Wastewater Adjustment</b>		<b><u>(\$332.65)</u></b>	
22				
23	<b>Notes:</b>			
24	(1) According to Audit Finding 15 on Page 28 Audit Report from 2007 SARC, the total acreage was 214.52 acres. However, the acreage for this parcel is now listed as 192.96 acres.			
25	(2) According to Audit Finding 15 on Page 28 Audit Report from 2007 SARC, the total acreage for Water Plant Site is 0.344 acres.			
26	(3) According to Audit Finding 15 on Page 28 Audit Report from 2007 SARC, the total acreage for Wastewater Plant Site is 0.837 acres.			
27	(4) According to Audit Finding 15 on Page 28 Audit Report from 2007 SARC, the total acreage was 5.86 acres. However, the acreage for this parcel is now listed as 5.84 acres.			
28				

Accordingly, property taxes should be reduced by \$136 for water and \$333 for wastewater.

Adam Teitzman  
February 13, 2026  
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## **Conclusion**

In conclusion, the OPC respectfully requests the Staff and the Commission consider our above-mentioned concerns, observations and recommendations.

Respectfully submitted,

/s/ *Bart Fletcher*

Bart Fletcher  
Legislative Analyst