

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20250023-WS  
ORDER NO. PSC-2026-0054-PAA-WS  
ISSUED: February 25, 2026

The following Commissioners participated in the disposition of this matter:

GABRIELLA PASSIDOMO SMITH, Chairman  
GARY F. CLARK  
MIKE LA ROSA  
BOBBY PAYNE  
ANA ORTEGA

NOTICE OF PROPOSED AGENCY ACTION  
ORDER APPROVING RATE INCREASE FOR  
NC REAL ESTATE PROJECTS, LLC.

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.).

Background

NC Real Estate Projects, LLC d/b/a Grenelefe Utility (Grenelefe or Utility) is a Class B water and wastewater utility operating in Polk County. Grenelefe provides service to approximately 1,400 water and wastewater customers. The Utility's service territory is located within the Southwest Florida Water Management District (SWFWMD). In its 2024 Annual Report, Grenelefe reported net operating losses of \$197,676 for water and \$397,410 for wastewater.

On July 8, 2024, Certificate Nos. 589-W and 507-S were transferred to the Utility.<sup>1</sup> On September 17, 2024, Grenelefe filed an application with us for an amendment of its water and wastewater service territories, which included the proposed addition of a new development of

<sup>1</sup> Order No. PSC-2024-0228-PAA-WS, issued July 8, 2024, in Docket No. 20220142-WS, *In re: Application for transfer of water and wastewater facilities and Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility, in Polk County.*

approximately 1,080 customers. We approved Grenelefe's certificate amendments on February 4, 2025.<sup>2</sup> The Utility's rates were last established during a staff-assisted rate case (SARC) in 2011.<sup>3</sup>

On January 10, 2025, Grenelefe filed an application for a SARC. The official filing date was established as March 3, 2025. The 12-month period ended October 31, 2024, was selected as the test year. As part of its SARC application, the Utility requested both interim rates and service availability charges. However, on February 11, 2025, the Utility withdrew its request for interim service availability charges.<sup>4</sup> We approved the Utility's interim rates on March 11, 2025.<sup>5</sup> Subsequently, Grenelefe reinstated its request for interim service availability charges.<sup>6</sup> On September 24, 2025, we approved the Utility's interim service availability charges. As of January 22, 2026, the Utility has not implemented these charges.<sup>7</sup> A virtual customer meeting was held on September 15, 2025.

At the February 3, 2026 Agenda Conference, an attorney appeared on behalf of the Grenelefe Country Homeowners' Association, which is comprised of Grenelefe customers. He voiced the Associations' general support for the staff recommendation and presented their objections to Grenelefe's proposal. To resolve these objections, the Association requested that we order the Utility to conduct a customer meeting, file quarterly reports on project progress, and report all line breaks and boil water notices. A Grenelefe customer who serves as president of Grenelefe Condos, a 781-unit condominium development, was also present at the Agenda Conference. This customer voiced concerns about the rate increase as well as the quality of service provided by Grenelefe. The attorney representing Grenelefe addressed several matters regarding rate base and the rate request, provided additional information regarding quality of service, and argued that the staff recommendation was incorrect in numerous respects.

We have jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, Florida Statutes (F.S.).

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<sup>2</sup> Order No. PSC-2025-0060-FOF-WS, issued February 24, 2025, in Docket No. 20240140-WS, *In re: Application for amendment of Certificate Nos. 589-W and 507-S in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.*

<sup>3</sup> Order No. PSC-12-0433-PAA-WS, issued August 21, 2012, in Docket No. 20110141-WS, *In re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

<sup>4</sup> Document No. 00967-2025, filed February 14, 2025, in Docket No. 20250023-WS.

<sup>5</sup> Order No. PSC-2025-0072-PCO-WS, issued March 11, 2025, in Docket No. 20250023-WS, *In re: Application for staff-assisted rate case in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.*

<sup>6</sup> Document Nos. 03150-2025, filed April 25, 2025; 05520-2025, filed July 9, 2025; and 08018-2025, filed August 19, 2025, in Docket No. 20250023-WS.

<sup>7</sup> Order No. PSC-2025-0362-PCO-WS, issued September 24, 2025, in Docket No. 20250023-WS, *In re: Application for staff-assisted rate case in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.*

## Decision and Analysis

### 1. Quality of Service

Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), F.A.C., in water and wastewater rate cases, we shall determine the overall quality of service provided by the utility. This determination is made from an evaluation of the quality of the utility's product (water) and the utility's attempt to address customer satisfaction (water and wastewater). The rule further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the Florida Department of Environmental Protection (DEP) and the County health department, as well as any DEP and county health department officials' testimony concerning quality of service, shall be considered. In addition, any customer testimony, comments, or complaints received by us are to be reviewed. The operating conditions of the water and wastewater systems are addressed below in Section 2 Infrastructure and Operating Conditions.

#### *A. Quality of Utility's Product*

To evaluate Grenelefe's product quality, we reviewed the Utility's compliance with the DEP's primary and secondary drinking water standards. Primary standards protect public health, while secondary standards regulate contaminants that may impact taste, odor, and color of drinking water. In the DEP's last Sanitary Survey Report, dated May 10, 2023, no chemical or bacteriological exceedances were noted for the previous 12 months and the Utility was determined to be in compliance with DEP standards. We also reviewed the DEP's triennial Safe Drinking Water Program chemical analysis of samples taken at the point of entry on February 26, 2025. The results were in compliance with DEP standards.

#### *B. The Utility's Attempt to Address Customer Satisfaction*

We reviewed the complaints filed in the Commission's Consumer Activity Tracking System (CATS) records, those received by the Utility, and those filed with the DEP since 2022 when the utility transferred to the current owner. For the analyzed time period, there was one complaint recorded in CATS under the current owner, which related to a delay in establishing service.

In its first data request, our staff asked the Utility to provide a list of all service complaints received during the test year and four years prior to the test year and also requested an explanation of how each complaint was resolved. In response, the Utility indicated it had received 215 complaints over nine broad categories since taking ownership and provided generalized responses for each category on how the complaints were addressed.<sup>8</sup> As this question was not fully answered, our staff asked the question again in its fourth data request. Grenelefe responded that it was unaware of its obligation to record every service complaint prior to our staff's first data request and therefore the Utility did not have the complaint records to provide.<sup>9</sup>

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<sup>8</sup> Document No. 03149-2025, filed April 25, 2025, in Docket No. 20250023-WS.

<sup>9</sup> Document No. 11315-2025, filed September 17, 2025, in Docket No. 20250023-WS.

Based on the information available to us, the accuracy of which is uncertain, the majority of the 215 complaints were related to improper billing and quality of service issues, such as minerals in the water, smell, pipe leaks, water pressure, and lift station alarm noise. While we were unable to analyze the Utility's complaints, they have been included in the summary table below.

The DEP reported that it received three water complaints under the current owner regarding the number of Boil Water Notices (BWN) issued and reports of cloudy water, but did not receive any wastewater complaints. A review of the customer complaints indicates the Utility has resolved all complaints filed with us and with the DEP. Specific disposition of complaints received by the Utility is unknown. Table 1 summarizes the complaints from May 31, 2022, through the end of the test year recorded with CATS, the DEP, and the Utility.

**Table 1**  
**Number of Complaints by Source and Subject**

	Current Owner (CATS)	DEP Records	Utility Records	Total
Delay in Connection	1	-	-	1
Improper Billing		-	153	153
Improper Disconnects	-	-	-	-
Outages	-	-	-	-
Quality of Service	-	3	62	65
Total	1	3	215	219

We performed a supplemental review of the complaints filed in CATS following the customer meeting held on September 15, 2025. This review found two additional complaints. These two CATS complaints addressed a sewer main line back up and improper billing. The utility did not respond to one of the CATS complaints within the required 15 days, which is an apparent violation of Rule 25-22.032(6)(b), F.A.C.

Twenty customers provided comments at the September 15, 2025, virtual customer meeting. These customers echoed the concerns discussed above and opposed the rate increase. Eight customers specifically commented on the number of BWNs issued and one customer had outage concerns. One customer discussed multiple sewage overflows he experienced in his upstairs condominium unit that emanated from line breaks underneath the customer's landing. The DEP investigated the sewer overflow issues on October 22, 2025, upon receiving a customer complaint from the Department of Health. After a facility inspection, the DEP determined Grenelefe to be in compliance by letter dated December 12, 2025.

There were approximately 209 customer comments filed in the docket file as of December 12, 2025.<sup>10</sup> The majority of these comments expressed concerns with the rate increase

<sup>10</sup> This includes customer comments provided by OPC.

and argued that the water service is not reliable enough to justify such an increase. Other comments addressed quality of service for both the water and wastewater systems (13), outages (11), and improper billing (3). In addition, customers expressed their dissatisfaction with the frequency and length of service interruptions. With respect to these service interruptions, customers also expressed communication concerns in regard to the Utility not providing comprehensive information as to the location of the areas affected by BWNs and when the BWNs were rescinded. Further, customers also identified communication issues regarding irrigation water services and not being notified of the discontinuation of those irrigation services.

On December 15, 2025, the Utility filed a letter in the docket file addressing certain matters raised by the Office of Public Counsel (OPC) in a letter dated and filed October 3, 2025. The Utility's letter stated that it had received 17 service-related complaints during this proceeding, the majority of which were related to BWNs and service interruptions. Two customer complaints concerned sewer backups, which the Utility determined were not its fault. On December 18, 2025, OPC filed a subsequent letter detailing the level of customer participation in this proceeding, noting comments from an unprecedented 16 percent of the customer base, and also expressing concerns about the amount of the overall rate increase.

After the customer meeting, we asked the Utility to explain how it addressed the customer concerns. Grenelefe stated that sewage overflows into customer homes are a rare event and, when they occur, the homeowner must attempt to clear their line to the Utility first. If the plumber hired by the customer is unable to clear the line, then the Utility will investigate to see if the blockage is the responsibility of the customer or the Utility. Grenelefe also stated that the Utility responded to each customer who provided comments at the customer meeting and that these responses were provided to us. We requested copies of the Utility's responses to its customers in its seventh data request and the Utility provided copies of two different letters it sent to the customers that spoke at the customer meeting. One of the letters summarized service-related issues while the other summarized the reasons for the Utility's rate increase requests.<sup>11</sup>

As noted above, several customers expressed concerns with service interruptions and BWNs. Customers reported confusion when receiving BWNs via text, uncertainty about whether the notices had been rescinded, and frustration with the frequency of the interruptions. The Utility indicated that the number of BWNs and service interruptions are due to the age of the system and the corresponding needs to replace its outdated meters and equipment, repair its lift stations, and replace the valves used to isolate the areas of the system that caused the BWNs.<sup>12</sup> These pro forma projects are discussed below in Section 4 Average Test Year Water Rate Base and Wastewater Rate Base.

While the quality of the Utility's product passes DEP drinking water standards, we find that the quality of the Utility's customer service, particularly in the area of communication, needs to be improved. CATS and the DEP recorded a minimal number of customer complaints since the transfer of ownership in 2022. Unfortunately, due to incomplete recordkeeping, the number

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<sup>11</sup> Document No. 15496-2025, filed December 19, 2025, in Docket No. 20250023-WS.

<sup>12</sup> Document No. 15043-2025, filed November 12, 2025, in Docket No. 20250023-WS.

of complaints received by the Utility is unclear, and we are unable to analyze the complaints by type, frequency, or resolution. Based on the customers who spoke at the customer meeting and comments filed in the docket file, there is a common theme of communication issues from the Utility to its customers. In addition to communication issues, customers also complained about the frequency and duration of service interruptions.

To address the historic lack of communication from Utility to customers and the resulting negative impacts on customer satisfaction, the Utility must meet with its customers within three months of issuance of the Consummating or Final Order to discuss the Utility's quality of service. OPC and our staff shall be made aware of the meeting date, place, and time at least three weeks in advance. A member of our staff shall be present at the customer meeting. Within one month after meeting with its customers, the Utility shall file a report in this docket summarizing the results of the meeting.

### *C. Managerial Concerns*

Our investigation into the Utility's attempt to address its customer service revealed several managerial issues related to poor recordkeeping and reporting. Such actions negatively impact the customer service provided by Grenelefe as well as the Utility's obligation to provide timely and accurate information to us.

First, as discussed above, customers raised concerns regarding several service interruptions and BWNs. We first attempted to review any records the Utility filed with us pursuant to Rule 25-30.251, F.A.C., which requires each utility to maintain a record of all interruptions in service that affect 10 percent or more of its customers., and to notify us of these interruptions. Grenelefe has not filed any such reports with us.

We then analyzed BWNs received from the Utility and Department of Health/DEP. It appears that the Utility has issued at least seven BWNs since taking ownership in 2022.<sup>13</sup> Additionally, in response to our staff's seventh data request, Grenelefe stated it has not maintained records in accordance with Rule 25-30.251(1), F.A.C.; however, it estimated approximately 10 service interruptions that may have affected 10 percent or more of its customers since taking ownership. The provided information in the response to the data request did not address all items required by the rule, nor did the Utility notify us of the interruptions.<sup>14</sup> We again directed the Utility to maintain its service interruption records meeting the 10 percent threshold in the manner outlined in Rule 25-30.251(1), F.A.C., and notify us of any such interruptions on a going-forward basis.

Second, as the Utility acknowledged, it was unaware of its obligation to maintain a record of all complaints received with the name and address of the complainant, the nature of the complaint, the date received, the result of any investigation, the disposition of the complaint, and the date of the disposition, as required by Rules 25-30.130 and 25-30.355, F.A.C. Not

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<sup>13</sup> The BWNs are dated February 15, 2023, July 5 2023, and January 31, 2024.

<sup>14</sup> Document No. 15496-2025, filed December 19, 2025, in Docket No. 20250023-WS.

maintaining this information is not only a rule violation, it also hampers our ability to conduct a complete and accurate quality of service evaluation. Further, the Utility did not timely respond to a CATS complaint, in violation of Rule 25-22.032(6)(b), F.A.C. Other issues with the managerial concerns for this Utility are listed below:

- 1.) Pursuant to Rule 25-30.110, F.A.C., Records and Reports; Annual Reports, the Utility is required to report any recorded accounted for water loss through flushing or other uses. The Utility did not maintain these reports and also did not provide this information regarding other uses for water when prompted through data requests.
- 2.) In its first, second, and fourth data requests, as well as in two separate emails and a call to the Utility, we requested copies of the failed fire hydrant inspections. The Utility did not respond to those inquiries. The Utility did provide copies of its failed fire hydrant inspections on December 29, 2025; however, this information was both late and incomplete.
- 3.) Grenelefe did not provide copies of the lift station inspection reports requested by our staff in its fourth and fifth data requests.
- 4.) The Utility only provided one inspection report for the two hydropneumatic (hydro) storage tanks.<sup>15</sup> We located the inspection report for the second hydro storage tank on the DEP's website. That report stated that the inspection was done on September 5, 2025, even though the Utility had previously stated it was done prior to April 25, 2025.<sup>16</sup> In addition, the Utility did not provide a standalone cost breakdown of the hydro storage tanks inspection cost as requested in the second and third data requests.
- 5.) We contacted the Utility multiple times, both in writing and via telephone, regarding billing information and there have been billing inconsistencies throughout the rate case.

#### *D. Conclusion*

The Utility is in compliance with DEP standards; however, several customer complaints regarding service interruptions, BWNs, and billing issues have been received. In addition, we have identified managerial issues, such as the Utility's failure to maintain required complaint and service interruption records. For the reasons set forth above, we find Grenelefe's quality of service to be marginal. Accordingly, there shall be a 25 percent reduction in salary of the owner for both the water and wastewater systems. As referenced above, we further direct the Utility to meet with its customers within three months of issuance of the Consummating or Final Order to discuss its quality of service issues. OPC and our staff shall be made aware of the meeting date,

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<sup>15</sup> Document No. 14623-2025, filed October 16, 2025, in Docket No. 20250023-WS.

<sup>16</sup> Document No. 06464-2025, filed July 17, 2025, in Docket No. 20250023-WS.

place, and time at least three weeks in advance of the meeting. A member of our staff shall be present at the customer meeting. Within one month after meeting with its customers, the Utility shall file a report in this docket summarizing the results of the meeting. Grenelefe shall timely report all line breakages and boil water notices to us, and timely report the resolutions of these problems to us for a period of two years following issuance of this Order.

2. Infrastructure and Operating Conditions

Rule 25-30.225(2), F.A.C., requires each water and wastewater utility to maintain and operate its plant and facility by employing qualified operators in accordance with the DEP Rules. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, we must consider testimony of the DEP and county health department officials, sanitary surveys for water and compliance evaluation inspections for wastewater systems, citations, violations, consent orders issued to the utility, customer testimony, comments, complaints, utility testimony, and responses to the aforementioned items.

*A. Water and Wastewater Operating Conditions*

Grenelefe's water system has a permitted capacity of 2,160,000 gallons per day (gpd) and a design capacity of 4,320,000 gpd. The system has two wells with pumping capacities of 1,500 gallons per minute (gpm) each, and two hydro storage tanks with capacities of 25,000 gallons each. There are 75 fire hydrants located throughout the service area. Groundwater from the wells is treated through liquid chlorination. We reviewed the Utility's most recent Sanitary Survey Report conducted by the DEP on May 10, 2023. The DEP noted seven deficiencies which included: nonfunctioning air release valves for a hydro tank and both wells; one well concrete pad was cracked; seals on both wells were leaking; and no corrosion control on either plant. The DEP received a letter from the Utility that stated it had corrected all the deficiencies within 30 days of the Sanitary Survey Report.

Grenelefe's wastewater system consists of an existing 0.680 million gallons per day (MGD) Three-Month Rolling Average Daily Flow design capacity extended aeration domestic wastewater facility, with disposal to an existing 0.340 MGD annual average daily flow permitted capacity rapid infiltration basin system. We reviewed the Utility's last DEP Compliance Evaluation Inspection report, dated December 6, 2022. The DEP noted two deficiencies: 1) three of the four groundwater monitoring wells were not labeled or secured; and 2) alarm malfunctions at all three lift stations. The DEP subsequently determined that all non-compliance items identified at the time of the inspection had been corrected and deemed the Utility to be in compliance as of March 15, 2023.

The DEP renewed Grenelefe's operations permit on November 16, 2022, and also issued the Utility an Administrative Order (AO), which was accompanied by a schedule of compliance. The schedule of compliance noted that the Utility will not meet specific conditions of its permit relating to total nitrogen (TN) and total phosphorus (TP) limits of its reclaimed water with its current wastewater system. Grenelefe's wastewater treatment plant (WWTP) is located in the

Lake Okeechobee Basin Management Action Plan (BMAP) area. TN and TP limits for wastewater effluent must be met for wastewater facilities located in the BMAP area. As part of the instant docket, the Utility requested cost recovery for Project No. 10 (wastewater treatment plant modifications) to help address the TN and TP limits, as discussed further below in Section 4 Average Test Year Water Rate Base and Wastewater Rate Base. The AO ordered the Utility to submit a proposal with the most feasible option to meet the TN and TP requirements and to obtain the DEP's approval of the proposal prior to September 30, 2025. On November 12, 2025, the DEP issued a Compliance Assistance Offer and Complaint Inspection Report letters to the Utility; however, both of these items have been closed and the Utility is currently in compliance with the DEP.

### *B. Conclusion*

Grenelefe's water and wastewater treatment facilities are currently in compliance with DEP regulations.

### 3. Used and Useful (U&U)

As stated in Section 2, the Utility's water system has two wells with pumping capacities of 1,500 gpm each and two hydro storage tanks with capacities of 25,000 gallons each. Grenelefe's water distribution system is comprised of 214,368 feet of 4 inch to 10 inch polyvinyl chloride (PVC) pipe. There are 75 fire hydrants throughout the water distribution system.

Grenelefe's wastewater is treated by a 0.340 MGD extended aeration system, consisting of ten aeration basins, four clarifiers, seven deep bed automatic backwash filters, three prefilter chlorine contact chambers, one post chlorine contact chamber, one fluent pump wet well, and three digesters. The Utility's wastewater collection system is composed of 67,584 feet of 8 inch to 10 inch PVC pipe. There are five duplex<sup>17</sup> lift stations throughout the wastewater collection system.

### *A. Used and Useful Percentages*

Rules 25-30.432 and 25-30.4325, F.A.C., address the method by which the U&U of a wastewater and water system is determined, respectively. Grenelefe's U&U percentages were last determined in Docket No. 20110141-WS.<sup>18</sup> In that docket, we determined the Utility's WTP, WWTP, water distribution, and wastewater collection system to be 100 percent U&U. As discussed in the Background, we recently approved amendments to the Utility's water and wastewater service territories.<sup>19</sup> The Utility has requested an increase to the permitted capacity of its WWTP with the DEP. This project, along with other WWTP upgrades, is discussed further in

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<sup>17</sup> A duplex lift station contains two pumps in the wet well.

<sup>18</sup> Order No. PSC-12-0433-PAA-WS, issued August 21, 2012, in Docket No. 20110141-WS, *In re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

<sup>19</sup> Order No. PSC-2025-0060-FOF-WS, issued February 24, 2025, in Docket No. 20240140-WS, *In re: Application for amendment of Certificate Nos. 589-W and 507-S in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility.*

Section 4. Consistent with our previous decision, we find that the Utility's WTP, WWTP, water distribution, and wastewater collections systems be considered 100 percent U&U. The U&U of the WWTP and collections systems may be reevaluated in a future proceeding pending the final modifications to the Utility's WWTP which may increase its permitted capacity.

*B. Excessive Unaccounted for Water (EUW)*

Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the utility. EUW is defined as "unaccounted for water in excess of 10 percent of the amount produced."<sup>20</sup> Rule 25-30.4325, F.A.C., provides factors for us to consider in determining whether adjustments to operating expenses are necessary for EUW. These factors include the causes of EUW, any corrective action taken, or the economic feasibility of a proposed solution. EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped for the test year.

The Monthly Operating Reports that the Utility files with the DEP indicate that the Utility treated 116,252,434 gallons during the test year. In response to a staff data request, the Utility indicated that it purchased no water and did not provide water for other uses during the test year. We determined that the Utility sold 42,020,392 gallons of water for the test year. When both gallons sold and water used for other uses are subtracted from the total gallons pumped, there are 77,405,258 gallons that are unaccounted for. The formula for determining EUW as a percentage is given by gallons of unaccounted water / (total gallons pumped + gallons purchased). The resulting unaccounted for water is 63.9 percent and the excessive unaccounted for water is 53.9 percent. Regarding the cause, the Utility stated that the amount of EUW can be attributed to line breaks, lost water due to the age of the Utility infrastructure, and poor recordkeeping by the previous owner.<sup>21</sup> However, as discussed in Section 1 Quality of Service, the Utility did not provide any record of the amount of water loss through flushing or other uses pursuant to Rule 25-30.110, F.A.C.

*C. Infiltration and Inflow (I&I)*

Rule 25-30.432, F.A.C., provides that in determining the amount of U&U plant, we will consider I&I. Excessive I&I is a calculation that is based on a comparison of the allowable wastewater treated to the actual amount of wastewater treated. We calculated the allowable infiltration based on system parameters and calculated that allowable inflow based on the water sold to customers. The sum of these amounts is allowable I&I. We next calculated the estimated amount of wastewater returned from customers. The estimated return is determined by summing 80 percent of the water sold to residential customers with 90 percent of the water sold to non-residential customers. Adding the estimated return to the allowable I&I yields the maximum amount of wastewater that should be treated by the wastewater system without incurring an adjustment to operating expenses. If this amount exceeds the actual amount of wastewater treated, no adjustments are made. If it is less than the gallons treated, then the difference is the

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<sup>20</sup> Rule 25-30.4325(1)(e), F.A.C.

<sup>21</sup> Because the current owners operated the Utility for the entire test year, the previous owner's recordkeeping is irrelevant to this determination of EUW.

excessive amount of I&I. By convention, the allowance for infiltration is 500 gpd per inch diameter pipe per mile. An additional 10 percent of residential water billed is allowed for inflow.

Using the pipe lengths of Grenelefe's collection system, the infiltration allowance is calculated to be 21,024,000 gallons per year. Ten percent of the total gallons sold to customers is allowed for inflow, which totals 3,897,718 gallons. The sum of these amounts is the total allowable I&I, which is 24,915,718 gallons per year. The amount calculated for estimated return is 31,348,410 gallons per year. To find the total amount of wastewater allowed, the total allowable I&I and the estimated return are summed, yielding 56,264,427 gallons per year. Finally, this total is compared to the total treated during the test year, which is 46,296,700 gallons according to the Utility's daily flow report. This is less than the estimated maximum amount allowed. Therefore, there is no excessive I&I, and no adjustment to operating expenses is necessary.

#### *D. Conclusion*

Grenelefe's WTP, WWTP, water distribution, and wastewater collections system shall be considered 100 percent U&U. We find there is 53.9 percent EUW, therefore, an adjustment to purchased power and chemicals shall be made. Additionally, no adjustment is necessary for excessive I&I.

#### 4. Average Test Year Water Rate Base and Wastewater Rate Base

The appropriate components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions-in-aid of construction (CIAC), accumulated amortization of CIAC, capital recovery, accumulated capital recovery, and working capital. We selected the test year ended October 31, 2024, for the instant rate case. A summary of each component and our adjustments are discussed below.

##### *A. Utility Plant in Service*

The Utility recorded UPIS of \$3,212,594 for water and \$3,290,936 for wastewater. Based on our audit, we decreased these amounts by \$85,059 for water and \$187,115 for wastewater to reflect adjustments from a prior Commission order, reclassify amounts from WWTP, and to reflect plant retirements.<sup>22</sup> We reduced water UPIS by an additional \$9,386 to reflect an averaging adjustment. Additionally, we increased water UPIS by \$1,758,389 and wastewater UPIS by \$949,844 to reflect pro forma additions. We then made subsequent adjustments to reflect pro forma-related retirements, reducing water UPIS by \$543,861 and reducing wastewater UPIS by \$131,852. These adjustments result in a net increase to UPIS of \$1,120,084 for water and \$630,877 for wastewater. Therefore, we find a UPIS of \$4,332,678 for water and \$3,921,813 for wastewater.

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<sup>22</sup> Order No. PSC-2024-0228-PAA-WS, issued July 8, 2024, in Docket No. 20220142-WS, *In re: Application for transfer of water and wastewater facilities and Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility, in Polk County.*

*B. Pro Forma Plant Additions*

Grenelefe requested pro forma projects for both its water and wastewater systems. Because some items are not system specific, like a replacement vehicle, those costs would be allocated to both the water and wastewater systems. The pro forma projects are shown below in Table 2 and each pro forma project is described below. We have also evaluated whether a minimum of three bids were solicited for each project and, if not, the utility's reasoning as to why three could not be obtained.<sup>23</sup>

**Table 2**  
**Pro-Forma Plant Projects**

	Project	Account Number	Utility Requested	Commission Approved	Retirement*
Water					
1.	Neptune 5/8 by 3/4 T10 P/C R900i cellular USG meters (Meters and Meter boxes)	334	\$823,643	\$758,838	(\$167,461)*
2.	Radio Read Meter Installations	334	\$271,800	\$242,385	(\$53,493)*
3.	Replacing 15 Fire Hydrants	-	\$234,000	\$0	-
4.	Hydro Tank #6 Rehabilitation	330	\$413,000	\$66,786	(\$11,547)*
5.	Hydro Tank #10 Rehabilitation	330	\$66,786	\$66,786	(\$11,547)*
6.	Potable Well #6 Refurbishment	311	\$121,000	\$115,000	(\$10,421)*
7.	Potable Well #10 Refurbishment	311	\$121,000	\$115,000	(\$10,421)*
8.	Irrigation/Non-potable Wells	-	\$840,000	\$0	-
9.	20 Valve Replacements	331	\$1,897,176	\$363,200	(\$272,400)
Wastewater					
10.	Wastewater Treatment Plant Modifications	-	\$16,300,000	\$0	-
11.	Lift Station #1 Refurbishment	371	\$198,672	\$197,433	(\$26,901)*
12.	Lift Station #2 Refurbishment	371	\$195,000	\$195,000	(\$26,570)*
13.	Lift Station #3 Refurbishment	371	\$170,545	\$166,992	(\$22,754)*
14.	Lift Station #4 Refurbishment	371	\$188,500	\$188,500	(\$25,684)*
15.	Lift Station #5 Refurbishment	371	\$175,500	\$171,525	(\$23,371)*
Water/Wastewater					
16.	Utility Truck – F-250	341/391	\$52,239	\$52,239	(\$9,874)*
17.	Utility Truck – F-150	-	\$43,168	\$0	-
18.	Utility Golf Cart	341/391	\$51,870	\$8,549	(\$3,268)*
-	Total	-	\$22,163,899	\$2,708,233	(\$675,713)

Source: Responses to staff data requests and staff calculations.

\*Denotes capped retirement

<sup>23</sup> Order No. PSC-2022-0335-PAA-WS, issued September 28, 2022, in Docket No. 20220066-WS, *In re: Application for increase in water rates in Washington County, by Sunny Hills Utility Company* and Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida.*

### **Project Nos. 1 & 2 – Meter Replacements**

Project Nos. 1 and 2 are for replacement meters and the associated installation costs. The Utility is proposing to install radio read meters as a replacement for its existing manual read meters. Radio read meters are digital read water meters that record water usage and send data to the master database center monthly. According to Grenelefe, its existing manual read meters are: 1) obsolete, and replacements and parts are hard to obtain; 2) close to or past their expected useful service life; and, 3) not functioning properly or are otherwise inaccessible.

The Utility considered replacing the existing meters with other manual meters, but decided not to since those meters would not diminish human error or the quantity of meter readings. In our staff's fourth data request, the Utility was asked if it considered Advanced Metering Infrastructure (AMI) meters or Automated Meter Reading (AMR) as alternatives. Grenelefe's response stated that the system it has chosen (Neptune Digital Meter) is the industry standard meter used by Utility companies. Also in response to our staff's fourth data request, the Utility stated that there should be \$32,472 in annual Operations & Maintenance (O&M) savings related to the installation of the radio read meters since no staff will be required to manually read each meter every month.

The Utility provided three bids for the installation cost and only one bid for the material cost. The Utility explained that only one bid was solicited for the meters because the bidder was able to provide the Utility with a price no one would match and others would not waste time providing a proposal.<sup>24</sup> The provided bid was for 1,350 5/8 inch meters. However, this number was updated to 1,377 meters in a data request response, and also included meters of other sizes.

We are approving the replacement meters due to the number of improper billing complaints from customers, the high EUW discussed above in Section 3 Used and Useful, and the fact that the existing meters are past their useful lives. We approve total project costs of \$1,001,223. This includes selecting the lowest bid for the installation costs (\$242,385) and cost recovery for 1,243 5/8 inch meters (\$757,838), based upon the updated meter count provided in response to our staff's fourth data request, minus the additional meter sizes. Grenelefe stated that it expects the replacements to take six to eight weeks and will begin replacing meters as soon as cost recovery for this project is approved. The anticipated completion date for this project is June 30, 2026.

### **No. 3 – Fire Hydrants**

Project No. 3 is the replacement of 15 fire hydrants at a cost of approximately \$234,000.<sup>25</sup> The Utility has 75 fire hydrants in its service territory and stated that every year the fire hydrants need to be flow tested as ordered by the Polk County Fire Marshall's Office. Our staff requested the flow testing documents numerous times as noted below:

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<sup>24</sup> Document No. 11315-2025, filed September 17, 2025, in Docket No. 20250023-WS.

<sup>25</sup> Document No. 03149-2025, filed April 25, 2025, in Docket No. 20250023-WS.

1. Our staff's second data request, No. 5a (dated June 6, 2025):<sup>26</sup> "On page three of this document, the Utility provided a list of its requested pro forma projects. (a) Column 8 is labeled 'Regulatory Mandate (M) or Enhancement (E).' For each of the following projects labeled as 'Regulatory Mandate,' please provide the government agency that required the project, a brief explanation as to why it was required, and all documentation that supports this designation. (ii) Hydrants."

Utility's response to our staff's second data request: Response to 5a. ii.) "The Polk County Fire Marshall's office requires fire hydrants to be flow tested annually to ensure residents have adequate fire protection. When flow tests on hydrants fail the Fire Marshall wants a timeline as to when the hydrant can be replaced. These outdated hydrants, well past their useful lives, frequently fail these tests by the Fire Marshall." Also as part of its response, the Utility provided a single bid to replace 15 fire hydrants for \$266,000.<sup>27</sup>

2. Our staff's fourth data request, No. 25 (dated July 23, 2025):<sup>28</sup> "Grenelefe is requesting to replace 15 of its fire hydrants, as these hydrants have failed inspections and are past their useful service lives. Provide copies of the inspection failure reports and any other pertinent documentation to justify the need for this request."

Utility's response to our staff's fourth data request: "Replace 15 fire hydrants -The Flow tests performed on the aged fire hydrants reveal that a large number of them failed the flow tests and due to their age and functionality being diminished they require replacement due to failing the flow tests. The replacement plan was made due to the Ben Tech LLC Flow tests done on all the Fire Hydrants and reported to Polk County Fire Inspector. This report showed 15 failed the flow test and require replacement. The Utility is attempting to replace 3 per quarter, it could be faster if funds become available."

3. Our staff's fifth data request did not contain any questions regarding fire hydrants. However, as part of its response to our staff's fifth data request, the Utility included a bid to replace 20 fire hydrants and a quarterly inspection program for \$298,000.<sup>29</sup>
4. Our staff emailed the Utility on October 10, 2025, and again on December 17, 2025 (as well as a follow-up phone call on December 17, 2025), requesting copies of the inspection failure reports. On December 17, 2025, the Utility responded via email that 15 fire hydrants needed to be replaced. More specifically, 13 fire hydrants are inoperable and have failed inspection and 2 additional fire hydrants have caps that could not be removed during inspection and need to be addressed. The Utility did provide inspection report copies on December 29, 2025; however, the partial information was provided late. The partial information consisted of 68 fire hydrant inspection reports; however, the Utility indicated it has a total of 75 fire hydrants in its 2024 Annual Report. Of the 68 fire

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<sup>26</sup> Document No. 04307-2025, filed June 6, 2025, in Docket No. 20250023-WS.

<sup>27</sup> Document No. 05797-2025, filed July 16, 2025, in Docket No. 20250023-WS.

<sup>28</sup> Document No. 06762-2025, filed July 23, 2025, in Docket No. 20250023-WS.

<sup>29</sup> Document No. 15043-2025, filed November 12, 2025, in Docket No. 20250023-WS.

hydrant inspection reports provided, 22 fire hydrants failed inspection. The Utility also indicated that it has already replaced 6 of the 15 fire hydrants.

To date, the Utility has not provided the documentation to support all 15 fire hydrant replacements. While the Utility originally indicated that 15 fire hydrants needed replacement, it later changed its request to be 20 fire hydrants, and then provided documentation that showed 22 fire hydrants failed inspection. However, in its late response, the Utility also indicated it already replaced 6 fire hydrants. As a result, the total number of fire hydrants that still need to be replaced is unclear. Therefore, we deny the Utility's request for cost recovery of this project. This does not prevent the Utility from replacing the fire hydrants and requesting cost recovery in the future when it is able to support its request.

#### **Project No. 4 & 5 – Hydro Tanks #6 and #10**

Project Nos. 4 and 5 are related to Grenelefe's hydro tanks. The DEP requires hydro tanks to be inspected every five years. In response to our staff's fifth data request, the Utility provided the inspection report for tank #10, dated March 27, 2025. Tank #10 passed its inspection but needed minor repairs and repainting. Initially, the Utility stated that tank #6 failed its inspection and needed to be replaced.<sup>30</sup> However, we found the inspection report for Tank #6 in Oculus, DEP's electronic document management system, dated September 5, 2025, which indicated that Tank #6 passed its inspections, but also needed repairs and to be repainting. Three bids were provided that included both hydro tanks. The Utility has not yet started this project and therefore, has not yet selected a vendor. We approve the necessary repairs and repainting of tanks #6 and #10 due to the inspection reports and requirements from DEP. Further, we approve the lowest bid of \$66,786 for each hydro tank (\$133,572 total). The estimated in-service date is October 31, 2026.

#### **Project No. 6 & 7 – Potable Wells #6 and #10**

Project Nos. 6 and 7 are the refurbishment of potable wells #6 and #10. The Utility is requesting cost recovery for these refurbishments, which include the installation of new pumps, motors, and control panels. As part of this project, Grenelefe also proposed adding Supervisory Control and Data Acquisition (SCADA) monitoring systems to minimize water outages, as well as new output meters to accurately measure flows. Grenelefe determined that both wells are past their useful service lives. As explained in Section 1, there are several customer complaints and comments regarding service interruptions. The installation of SCADA at these wells can help reduce the duration of the interruptions. Three bids were provided for each well. The Utility has not yet started this project and therefore, has not yet selected a vendor. We agree with the Utility that these projects should minimize water outages and, in turn, reduce the duration of interruptions. Therefore, these projects appear to be a reasonable request from the Utility. We approve the lowest bid of \$121,000 for each well refurbishment and the addition of SCADA (\$242,000 total). The estimated in-service date is October 31, 2026.

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<sup>30</sup> Document No. 06464-2025, filed July 17, 2025, in Docket No. 20250023-WS.

### **Project No. 8 – Irrigation/Non-potable Wells (Withdrawn)**

Project No. 8 was the proposed upgrade of eight non-potable wells to potable wells. In its response to our staff's fourth data request, Grenelefe stated it was no longer pursuing this project.<sup>31</sup>

### **Project No. 9 – Valve Replacements**

Project No. 9 is the replacement of 20 valves throughout Grenelefe's water distribution system. The Utility stated that the DEP office that works with the Polk County Health Department had received multiple customer complaints for excessive issuances of BWNs. The Utility stated that they are unable to isolate sections of the water system, when necessary, due to most water distribution valves being inoperable. The Utility originally requested to replace 100 valves over ten years. The three bids provided by the Utility indicated only 10 valves per bid.

We agree this project is needed so that service interruptions may be isolated and thereby lessen the number of customers that may be impacted by an outage. However, pursuant to Section 367.081(a)(2), F.S., there is a 24-month deadline from the end of the test year for completing pro forma projects, unless a longer period is approved by us. We do not find the Utility's request to replace 100 valves over a ten-year period – six years longer than the rule provide – to be appropriate.

Grenelefe indicated that it has replaced four valves between November 1, 2024, and October 31, 2025.<sup>32</sup> In its seventh data request, our staff requested copies of the paid invoices for these four valves. The Utility provided a signed service contract with U.S. Water Services for one valve dated October 11, 2022, and another invoice for three valves dated January 27, 2025.<sup>33</sup> However, we did not rely on these invoices for our findings for the cost of the valves since the October 2022 invoice did not match the current estimates for the valves, and the three invoices from 2025 appear to only represent partial costs for materials. Instead, we rely on the lowest bid received by the Utility for new 6 inch water valves, and approve cost recovery for an additional 16 valves, for a total of 20 valves, which will be replaced within the 24 months following the test year, for a total cost of \$363,200. The estimated in-service date is October 31, 2026.

### **Project No. 10 – Wastewater Treatment Plant Modifications**

Project No. 10 is the proposed modifications to Grenelefe's WWTP. Grenelefe falls within the boundaries of the Lake Okeechobee BMAP. Section 403.067, F.S., and its implementing rules set forth the regulatory framework for BMAPs, which was developed by the DEP to manage and improve water quality in specific basins. BMAP requirements are incorporated into relevant permits issued within an identified basin. In response to our staff's first data request, Grenelefe provided its DEP permit for the WWTP as well as the AO, which is discussed below. The AO requires Grenelefe's WWTP to meet a 10 mg/1 total nitrogen limit and

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<sup>31</sup> Document No. 11315-2025, filed September 17, 2025, in Docket No. 20250023-WS.

<sup>32</sup> Document No. 15043-2025, filed November 12, 2025, in Docket No. 20250023-WS.

<sup>33</sup> Document No. 15496-2025, filed December 19, 2025, in Docket No. 20250023-WS.

a 6 mg/1 total phosphorus limit based on the permitted capacity of the WWTP in order to be in compliance with the BMAP.

The Utility is requesting cost recovery for two phases of WWTP modifications. The first phase would be to update the existing tankage for flow equalization as well as to improve the plant's headwork structures. The headwork structure improvements would include clearing and emptying the existing tankage, cleaning tank interior walls, necessary external tank repair and recoating, new air supply and distribution, new surge pumps, new controls, and a new flow regulator box. The first phase has an estimated cost of \$1,840,281. The second phase is to provide an effluent that meets the BMAP requirements, with a 0.495 MGD permitted plant capacity. Grenelefe plans to accomplish this by constructing three sequencing batch reactor (SBR) chambers, installing SBR equipment, and converting the existing filter clearwell to a chlorine contact tank. The second phase has an estimated cost of \$10,741,174. There are additional estimated costs of \$877,737 for the construction of a rapid infiltration basin, as well as \$2,888,062 for bonds, contingencies, and engineering costs. The Utility's total estimated cost to modify the WWTP is \$16,374,254.

In its SARC Application, the Utility stated that this project's proposed modifications would allow the WWTP to meet the BMAP nutrient reduction requirements, as well as bring the permitted capacity of the plant up to at least 0.495 MGD of the 0.680 MGD design capacity. In response to our staff's fourth data request, Grenelefe stated that the Utility owner requested the treatment plant be developed to meet these two objectives in order to comply with the DEP BMAP nutrient reduction requirements and to ensure plant capacity was available to meet the demand created by the expected new housing development, and other redevelopment in the area, over the next five years. In response to our staff's fifth data request, the Utility explained that Grenelefe is not being required directly by the DEP to increase the permitted capacity of the wastewater treatment facilities.<sup>34</sup>

Our staff requested additional bids in its first, second, and fourth data requests. The Utility provided one bid with three alternative cost options, which consisted of projects that differed slightly in nature and ranged from \$9,345,039 to \$13,908,210. In a supplemental response to our staff's fifth data request, on November 12, 2025, the Utility provided us with a cost breakdown. The cost breakdown included a report that does not reflect finalized costs for this project and is marked as "Draft." The Utility stated it was never completed because the management, in conjunction with the consulting engineer, decided to move directly to the SBR design with concrete tankage. No additional information was provided as to why the report was not finalized, and Grenelefe did not provide any additional bids for this project.

In response to our staff's fourth data request, which requested additional details on this project, Grenelefe stated that our staff should discuss this project with Grenelefe's engineer. On October 9, 2025, our staff held an informal meeting with Grenelefe's engineer, at which time our staff was informed that the expected completion date of the WWTP would be in 2027, as the Utility was just starting the bidding process. Additionally, in response to our staff's fifth data

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<sup>34</sup> Document No. 15043-2025, filed November 12, 2025, in Docket No. 20250023-WS.

request, Grenelefe stated that funding could not be secured for this project until final rates and charges are in place. However, all pro forma projects must be completed within 24 months of the end of the test year, unless we approve a longer time period.

We recognize that the Utility must meet applicable BMAP guidelines and that the DEP has established deadlines for compliance. Despite these requirements, Grenelefe is currently only in the initial bidding phase of this project, total project cost is still uncertain, and the Utility's estimated completion date for the project is beyond the statutory 24-month timeframe. Based on these facts, we are not approving this project for cost recovery at this time. We recognize the DEP requirements set forth in the AO and the statutory BMAP requirements.

Based on the Utility's responses to our staff's data requests, it remains unclear what portion of the proposed WWTP modifications is necessary to achieve compliance with the DEP's BMAP regulations. As stated above, DEP is not directly requiring the Utility to increase the permitted capacity of its WWTP; therefore, not all costs associated with the proposed project appear to be compliance-driven. Without a clear delineation of the specific improvements and corresponding costs required to meet the DEP's BMAP regulations, we cannot approve the pro forma project at this time. We cannot consider cost recovery for the project until the Utility provides a more detailed plan that clearly identifies the compliance-related project components and associated costs. Our denial is without prejudice to Grenelefe filing a request for cost recovery of this project at an appropriate time when total project cost is known, the in-service date is established, and any material, related uncertainties are resolved.

### **Project Nos. 11, 12, 13, 14, & 15 – Lift Stations Refurbishments**

Project Nos. 11 through 15 are refurbishments for five lift stations. The Utility stated that all five of the lift stations have been neglected for years with old electrical panels that are improperly grounded. Grenelefe is requesting to refurbish the five lift stations with new panels, pumps, valves, check valves, and the installation of new wet well liners. While the Utility indicated it provided lift station reports to us, no additional documents were attached to that response or were otherwise provided.<sup>35</sup> Grenelefe has provided service since 1977.<sup>36</sup> The Utility system is over 40 years old, but we do not know the age of each of the lift stations requested. We find these projects are needed and find approval due to the Utility's aging system. Four bids were provided for each lift station. The Utility has not yet started this project and therefore, has not yet selected a vendor. As such, we approve the lowest bids which are: \$197,433 for Lift Station #1; \$195,000 for Lift Station #2; \$166,992 for Lift Station #3; \$188,500 for Lift Station #4; and, \$171,525 for Lift Station #5. The estimated in-service date for the five lift stations is October 31, 2026.

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<sup>35</sup> Document No. 15043-2025, filed November 12, 2025, in Docket No. 20250023-WS.

<sup>36</sup> Order No. PSC-98-1459-AS-WS, issued October 26, 1998, in Docket No. 19961006-WS, *In re: Application for certificates under grandfather rights to provide water and wastewater service by Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County.*

### **Project Nos. 16, 17, & 18 – Utility Trucks and Golf Carts**

Project Nos. 16, 17, and 18 are the Utility's request for two new pickup trucks and three golf carts. Grenelefe stated that the current Utility vehicles have outlived their useful service lives, with one being 21 years old and the other being 18 years old. Both were acquired from the previous Utility owner. For Project No. 16, Grenelefe is requesting a new Ford F-250 pickup truck, which the Utility says is needed to tow heavy equipment like mini excavators, backhoes, and tractors around the service territory. Project 17 is for a new Ford F-150 pickup truck, which the Utility says is needed to transport Utility personnel, along with the necessary tools to be able to do repairs in a timely manner, around the expansive service territory. Project No. 18 is the Utility's request to purchase three new golf carts. Grenelefe stated that the current golf carts are past their useful service lives and are no longer operable. The Utility stated that it can no longer depend on the current golf carts for customer service calls and meter readings.

We agree that Grenelefe's vehicles are past their useful lives and need to be replaced. However, the Utility's payroll includes only two employees, one being the owner of the Utility. All other operations for Grenelefe are contracted. Given these facts, the need for two trucks and three golf carts is not reasonable. Additionally, as the radio read meters are placed into service (Project Nos. 1 and 2), the need for golf carts is lessened because meters will no longer be read manually. Therefore, we approve the Ford F-250 truck and one golf cart for the two payroll employees, which thereby eliminates project No. 17 (Ford F-150 Truck). The Utility provided two bids for the F-250 truck. Grenelefe stated that it did not provide a third bid, per our practice, because there is no point in giving us another bid when the price, in all probability, will be at least as high as the two bids already provided.<sup>37</sup> Grenelefe provided three bids for the golf carts. We approve the lowest bid for both the F-250 pickup truck and the golf cart. The total cost for the F-250 truck is \$52,239 and the total cost for the golf cart is \$8,549. The costs of the truck and golf cart will be split evenly between the water and wastewater systems, with an estimated in-service date of June 30, 2026.

### **Capped Retirement**

In general, it is our practice to use the 75 percent of pro forma addition methodology to estimate the retirement amount of assets being replaced when the original cost is unknown. In this case, for certain accounts, application of the 75 percent retirement methodology results in an overall negative plant balance. Therefore, we have capped the retirement amounts at the average test year plant balance for respective accounts. This methodology has been utilized in Docket No. 20160101-WS and was approved by Order No. PSC-2017-0101-FOF.<sup>38</sup> In that order, we found that "the amount of retirement to plant in service and accumulated depreciation reflected in the adjusted test year shall be calculated based on either the 75 percent methodology . . . or on the actual balance in the impacted plant in service account . . . if that balance would be negative

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<sup>37</sup> Document No. 11315-2025, filed September 17, 2025, in Docket No. 20250023-WS.

<sup>38</sup> Order No. PSC-2017-0361-FOF-WS, issued September 25, 2017, and Amendatory Order PSC-2017-0361A-FOF-WS, issued October 4, 2017, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

as a result of the 75 percent methodology.”<sup>39</sup> The capped pro forma plant project retirements are shown on Table 2.

Due to the capped retirement, two accounts have remaining undepreciated plant balances. We find that these remaining balances shall be recovered as amortization expense over a 10-year period. Although Rule 25-30.433(10), F.A.C., prescribes the formula for determining the appropriate amortization period for forced abandonment or the prudent retirement of plant assets prior to the end of their depreciable life, we find an amortization period of 10 years to be appropriate in this case. Such an alternate amortization period is allowed by the aforementioned rule to spread the recovery of these costs over a longer period in order to mitigate the immediate annual rate impacts. We identified two accounts that have remaining undepreciated plant balances, as reflected in Table 3 and Table 4 below.

**Table 3**  
**Water Capital Amortization**

Account	Plant Balance	Accumulated Depreciation	Undepreciated Plant Balance	Amortization Expense
330	\$82,951	\$76,515	\$6,436	\$644
<b>Total</b>	<b><u>\$82,951</u></b>	<b><u>\$76,515</u></b>	<b><u>\$6,436</u></b>	<b><u>\$644</u></b>

Source: Staff calculations.

**Table 4**  
**Wastewater Capital Amortization**

Account	Plant Balance	Accumulated Depreciation	Undepreciated Plant Balance	Amortization Expense
371	\$126,476	\$49,289	\$80,115	\$8,011
<b>Total</b>	<b><u>\$126,476</u></b>	<b><u>\$49,289</u></b>	<b><u>\$80,115</u></b>	<b><u>\$8,011</u></b>

Source: Staff calculations.

As described above, we increased UPIS for pro forma-related additions by \$1,758,389 for water and \$949,844 for wastewater. This amount is offset by retirements of \$543,861 for water and \$131,852 for wastewater. Further, we find capital recovery of \$6,436 for water and \$80,115 for wastewater over a 10-year amortization period. The corresponding annual amortization expense is \$644 for water and \$8,011 for wastewater.

### *C. Used and Useful*

As discussed above in Section 2 Infrastructure and Operating Conditions, the Utility’s system is considered 100 percent U&U. Therefore, no U&U adjustment is necessary.

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<sup>39</sup> *Id.*

*D. Land and Land Rights*

The Utility recorded a test year land and land rights balance of \$7,000 for water and \$49,400 for wastewater. We reduced this account by \$4,000 for water to reflect amounts approved in our last Order.<sup>40</sup> Therefore, we find a land and land rights balance of \$3,000 for water and \$49,400 for wastewater.

*E. Accumulated Depreciation*

The Utility recorded an accumulated depreciation balance of \$2,926,284 for water and \$3,149,184 for wastewater. We decreased these amounts by \$127,254 for water and \$382,576 for wastewater to reflect adjustments from a prior Order, to reclassify amounts from WWTP, to reclassify from O&M Expense, and to reflect additions and retirements not booked.<sup>41</sup> We decreased accumulated depreciation by \$30,217 for water and \$95,769 for wastewater to reflect averaging adjustments. Additionally, we decreased accumulated depreciation by \$485,718 for water and \$84,158 for wastewater due to pro forma additions and retirements.

Our adjustments to accumulated depreciation result in a net decrease of \$643,189 for water and a net decrease of \$562,502 for wastewater. Therefore, we find an accumulated depreciation balance of \$2,283,095 for water and \$2,586,682 for wastewater.

*F. Contributions-In-Aid-of-Construction (CIAC)*

The Utility recorded CIAC of \$2,302,685 for water and \$1,051,361 for wastewater. We made no adjustments and therefore find an average CIAC balance of \$2,302,685 for water and \$1,051,361 for wastewater.

*G. Accumulated Amortization of CIAC*

The Utility recorded accumulated amortization of CIAC of \$2,191,692 for water and \$872,227 for wastewater. We reduced these amounts by \$115,270 for water and \$90,250 for wastewater to reflect amortization based on depreciation rates of the related plant accounts. Additionally, we further decreased these amounts by \$21,092 for water and \$5,968 for wastewater to reflect averaging adjustments.

Our adjustments result in a net reduction to accumulated amortization of CIAC of \$136,362 for water and \$96,218 for wastewater. Therefore, we find an average accumulated amortization of CIAC balance of \$2,055,330 for water and \$776,009 for wastewater.

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<sup>40</sup> Order No. PSC-12-0433-PAA-WS, issued August 21, 2012, in Docket No. 20110141-WS, *In re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

<sup>41</sup> *Id.*

#### *H. Working Capital Allowance*

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(2), F.A.C., we used the one-eighth O&M expense (less rate case expense) formula for calculating the working capital allowance. We removed the rate case expense of \$6,179 for water and \$3,823 for wastewater, which resulted in an adjusted O&M expense balance of \$429,018 for water and \$443,898 for wastewater. Applying the aforementioned formula, we approve a working capital allowance of \$53,627 for water and \$55,487 for wastewater.

#### *I. Conclusion*

Based on the foregoing, we find that the appropriate average test year rate base is \$1,864,969 for water and \$1,240,775 for wastewater. Rate base is shown on the attached Schedule No. 1-A for water and Schedule No. 1-B for wastewater. The related adjustments are shown on the attached Schedule No. 1-C. Grenelefe shall file quarterly reports for two years with us providing timelines and progress of these pro forma projects. The quarterly reports shall also include any managerial changes, personnel changes, or contractual services acquired.

#### 5. Rate of Return

The Utility's capital structure consists of long-term debt, common equity, and customer deposits. In response to an inquiry, the Utility provided information regarding the financing of its pro forma additions.<sup>42</sup> Grenelefe intends to finance approximately 75 percent of its capital additions through long-term debt and the other 25 percent through common equity. Although the Utility has yet to secure the long-term loan, it states that it has been quoted an estimated interest rate range of 6.5 percent to 9.0 percent. Using this information, we have developed a hypothetical capital structure utilizing the information provided by the Utility. With respect to the pro forma additions, we assumed a 7.75 percent cost rate for the Utility's prospective long-term loan, as it represents the midpoint of the estimated range. Since the time of the Staff Report, the Utility has not obtained actual loan information.<sup>43</sup> When coupled with the Utility's pre-existing long-term debt obligation at a cost rate of 9.75 percent, we calculated a weighted average cost of long-term debt of 8.52 percent.

#### *Conclusion*

The Utility's (hypothetical) capital structure has been reconciled with our approved rate base. The appropriate return on equity (ROE) is 10.51 percent based on our approved leverage formula currently in effect.<sup>44</sup> We find an ROE of 10.51 percent with a range of 9.51 percent to

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<sup>42</sup> Document No. 05248-2025, filed June 26, 2025, in Docket No. 20250023-WS.

<sup>43</sup> Document No. 15043-2025, filed November 12, 2025, in Docket No. 20250023-WS.

<sup>44</sup> Order No. PSC-2025-0213-PAA-WS, issued June 18, 2025, in Docket No. 20250006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

11.51 percent, and an overall rate of return of 8.99 percent. The ROE and overall rate of return are shown on the attached Schedule No. 2.

6. Test Year Revenues

The Utility recorded test year operating revenues of \$364,578 for water and \$245,208 for wastewater. The water revenues included \$331,092 of service revenues and \$33,486 of miscellaneous revenues. The Utility did not include any miscellaneous revenues for the wastewater system.

During the test year, the Utility had several changes in its billing software, which resulted in inconsistent billing data. The Utility was unable to provide the billing data for the months of November and December 2023. We found it was necessary to use the calendar year 2024 billing data to prepare the billing analysis. However, due to a change in the billing software, the billing data for the months of January 2024 and February 2024 were combined into one billing register. Since the billing data was combined for two billing periods and a monthly average was used for the two months in our audit staff's billing analysis, we find it was appropriate to use January 2025 and February 2025 billing data to complete the billing analysis.

Upon deciding to use the January 2025 and February 2025 billing data, we discovered the Utility had another software change. In addition, from prior dockets, we were familiar with the customer classifications and meter sizes and noticed that some customers were misclassified. Recently, the Utility informed us that there was yet another change to its billing software and a change from non-potable irrigation service to providing only potable irrigation service. In order to reflect the appropriate billing determinants, we shared with the Utility the customer classifications and meter sizes from a prior docket to address the inconsistencies and adjusted the billing determinants. To determine the appropriate service revenues, we applied the adjusted billing determinants to the existing rates. As a result, we determined that service revenues for water shall be \$258,059, which is a decrease of \$73,033 (\$331,092 - \$258,059) and \$254,027 for wastewater, which is an increase of \$8,819 (\$254,027 - \$245,208).

Based on the above, the appropriate test year operating revenues for Grenelefe are \$291,545 (\$258,059 + \$33,486) for the water system and \$254,027 for the wastewater system.

7. Operating Expenses

The Utility recorded operating expense of \$571,359 for water and \$648,505 for wastewater. The test year operating expenses have been reviewed by us, including invoices and other supporting documentation. We have made several adjustments to the Utility's operating expenses as described below.

*A. Operation and Maintenance Expenses*

**Salaries and Wages – Employees (601/701)**

The Utility recorded a salaries and wages – employees expense of \$0 for both water and wastewater. We increased this figure by \$59,001 for water and \$36,099 for wastewater to account for the addition (transfer) of an “Accounting and Operations Manager” position that was previously subsumed in contractual services - accounting. As this position is being transferred to the Utility’s payroll, we find it reasonable to apply a standard 160-hour month for a full-time employee in determining the appropriate salary expense. Therefore, we approve a salaries and wages – employees expense of \$59,001 for water and \$36,099 for wastewater.

**Salaries and Wages – Officers and Directors (603/703)**

The Utility recorded a salaries and wages – officers and directors expense of \$0 for both water and wastewater. The Utility requested the addition of an Owner’s salary of \$100,000. We reviewed the duties and responsibilities of the position and found they most closely align with the “Small General Manager” classification in the 2023 AWWA Compensation Survey, which reflects a midpoint salary of \$104,456. Applying our 2024 and 2025 Price Indices of 3.24 percent and 2.23 percent results in a compound indexed amount of \$110,245.

However, we find that the work hours reported by the Owner appear overstated and are unsupported.<sup>45</sup> In response to our staff’s sixth data request, the Utility stated that maintaining a timesheet would not be an efficient use of the Owner’s time.<sup>46</sup> In addition, the Utility provided a summary of the various entities to which the Owner devotes time beyond the Utility, including: Ronin Assets, LLC; SJD Development, LLC; Smokey Grove Development; and Grenelefe Resort Development, LLC. Given this information and fair assumptions regarding time management, we find it reasonable to base the Owner’s salary on a 100-hour work month. We calculated a salary of \$68,903 using the aforementioned compensation and duration assumptions. Therefore, we approve a salaries and wages – officers and directors expense of \$42,993 for water and \$25,910 for wastewater. These salaries shall be reduced by 25 percent to \$32,245 for water and \$19,432 for wastewater for reasons discussed in Section 1.

**Sludge Removal (711)**

The Utility recorded sludge removal expenses of \$85,930 for wastewater. We decreased the sludge removal expense by \$25,330 to reflect actual invoices provided for the test year. Therefore, we approve a sludge removal expense of \$60,600 for wastewater.

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<sup>45</sup> Document No. 14200-2025, filed October 3, 2025, in Docket No. 20250023-WS.

<sup>46</sup> Document No. 15044-2025, filed November 12, 2025, in Docket No. 20250023-WS.

### **Purchased Power (615/715)**

The Utility recorded purchased power expenses of \$45,852 for water and \$54,758 for wastewater. We decreased the purchased power expense by \$24,846 for water and increased the expense by \$19,914 for wastewater. We further decreased purchased power by \$29 for wastewater to accurately reflect invoices received for the test year. Additionally, we decreased water by \$11,322 to reflect the 53.90 percent EUW discussed in Section 3. Our adjustments to purchased power result in a total decrease of \$36,168 to water and an increase of \$19,885 to wastewater. Therefore, we approve a purchased power expense of \$9,684 for water and \$74,643 for wastewater.

### **Chemicals (618/718)**

The Utility recorded chemicals expenses of \$18,934 for water and \$7,877 for wastewater. We decreased these amounts by \$2,134 and \$677 for water and wastewater, respectively, to reflect actual invoices provided for the test year. Additionally, we decreased water by \$10,205 to reflect the 53.90 percent EUW discussed in Section 3. Therefore, we approve a chemicals expense of \$6,595 for water and \$7,200 for wastewater.

### **Contractual Services – Professional (731)**

The Utility recorded contractual services – professional expenses of \$675 for wastewater. We reduced this amount by \$675 due to the lack of supporting documentation. Therefore, we approve a contractual services – professional wastewater expense of \$0.

### **Contractual Services – Accounting (632/732)**

The Utility recorded contractual services – accounting expenses of \$41,750 for water and \$41,750 for wastewater. We increased both of these expenses by \$6,250 to reflect the correct invoiced contractual services amount. Additionally, we decreased these accounts by \$48,000 for water and \$48,000 for wastewater to reflect the reclassification of the “Accounting and Operations Manager” expense from contractual services to salaries and wages - employees. Therefore, we approve contractual services – accounting expenses of \$0 for water and \$0 for wastewater.

### **Contractual Services – Legal (633/733)**

The Utility recorded contractual services – legal expenses of \$49,529 for water and \$49,529 for wastewater. We reduced each account by \$40,722 to reflect actual contractual amounts and to remove legal expenses from a past proceeding.<sup>47</sup> Additionally, we removed \$1,420 from water and \$1,420 from wastewater to reflect the removal of out-of-test-year expenses. Our adjustments result in a total decrease of \$42,142 to both water and wastewater.

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<sup>47</sup> Order No. PSC-2024-0292-CO-WS, issued August 2, 2024, in Docket No. 20220142-WS, *In re: Application for transfer of water and wastewater facilities and Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility, in Polk County.*

Therefore, we approve contractual services – legal expenses of \$7,387 for water and \$7,387 for wastewater.

**Contractual Services – Testing (635/735)**

The Utility recorded contractual services – testing expenses of \$17,747 for water and \$33,793 for wastewater. We reduced the accounts by \$7,092 for water and \$26,689 for wastewater to reflect actual invoices recorded for the test year. Therefore, we approve a contractual services – testing expense of \$10,655 for water and \$7,104 for wastewater.

**Contractual Services – Other (636/736)**

The Utility recorded contractual services – other expenses of \$329,390 for water and \$334,095 for wastewater. We reduced these amounts by \$24,472 for water and \$100,823 for wastewater to reflect actual invoices recorded for the test year. Additionally, we removed \$7,910 for water and \$7,910 for wastewater to reflect the removal of out-of-test-year expenses. Our adjustments result in a total decrease of \$32,382 to water and \$108,733 to wastewater. Therefore, we approve contractual services – other expense of \$297,008 for water and \$225,362 for wastewater.

**Insurance Expense – Vehicle (656/756)**

The Utility recorded insurance expense – vehicle amounts of \$2,153 for water and \$2,154 for wastewater. We reclassified these amounts to insurance expense – general liability as it reflects property insurance for plant and not vehicles. Therefore, we approve an insurance expense – vehicle expense of \$0 for water \$0 for wastewater.

**Insurance Expense – General Liability (657/757)**

The Utility recorded an insurance expense – general liability of \$1,375 for water \$1,375 for wastewater. We increased this figure by \$2,153 for water and \$2,154 for wastewater to reflect the reclassification of expenses from insurance expense – vehicle to insurance expense – general liability. Therefore, we approve a general liability insurance expense of \$3,528 for water and \$3,529 for wastewater.

**Rate Case Expense (665/765)**

The Utility did not record a rate case expense for water or wastewater. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, interim rates, final rates, and four-year rate reduction. We calculated noticing costs to be \$6,203. We calculated the distance from the Utility to Tallahassee as 273 miles. Based on the 2025 Internal Revenue Service business mileage rate of \$0.70, we calculated a round-trip travel and lodging

expense to the Commission Conference of \$582.<sup>48</sup> Additionally, the Utility paid a filing fee of \$1,000 for water \$1,000 for wastewater.

On December 15, 2025, the Utility submitted invoices for additional rate case expense including legal expenses and consulting fees.<sup>49</sup> The summary of actual expenses attached to the invoices reflect additional legal expense of \$4,360, \$10,840, and \$12,720 for the months of September 2025, October 2025, and November 2025, respectively. The Utility also incurred consulting fees of \$3,300 for the period of August 22, 2025 through November 30, 2025. The Utility further included an estimated rate case expense of \$24,500. We relied on costs that were supported by documentation at the time of review; therefore, we did not include the estimated portion. As such, we included \$31,220 for legal and consulting fees as part of the rate case expense. The non-filing portion of the rate case expense is \$23,714 for water and \$14,291 for wastewater. We approve a total rate case expense, consisting of noticing costs, travel and lodging expenses, and filing fee of \$24,714 for water and \$15,291 for wastewater, which amortized over four years is \$6,179 for water and \$3,823 for wastewater. Therefore, we approve a total annual rate case expense of \$6,179 for water and \$3,823 for wastewater.

#### **Bad Debt Expense (670/770)**

The Utility recorded \$0 bad debt for both water and wastewater in the test year. In its three most recent Annual Reports (2022, 2023, and 2024), the Utility reported bad debt expenses of \$0 in all three years. However, in response to our staff's third data request, the Utility responded that it does in fact have accounts in delinquency.<sup>50</sup> Thus, we find it is appropriate to include a level of bad debt expense in its revenue requirements. It is our practice to use a percentage of total revenues to determine bad debt expense when a three-year average is not available or reliable.<sup>51</sup> As such, we approve a bad debt expense of one percent of total revenues, or \$2,915 for water and \$2,540 for wastewater.

#### **Miscellaneous Expense (675)**

The Utility recorded miscellaneous expenses of \$12,425 for water. We removed the \$12,425 for water to reflect a lack of supporting documentation. Therefore, we approve a miscellaneous expense amount of \$0 for water.

#### *B. Operation and Maintenance Expense Summary*

The Utility recorded test year O&M expenses of \$519,155 for water and \$611,936 for wastewater. Based on the above adjustments, we find the O&M expense be reduced by \$83,958 for water and \$164,216 for wastewater. This results in a total O&M expense of \$435,197 for

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<sup>48</sup> <https://www.irs.gov/newsroom/irs-increases-the-standard-mileage-rate-for-business-use-in-2025-key-rate-increases-3-cents-to-70-cents-per-mile>

<sup>49</sup> Document No. 00027-2026, filed January 5, 2026, in Docket No. 20250023-WS.

<sup>50</sup> Document No. 06464-2025, filed July 17, 2025, in Docket No. 20250023-WS.

<sup>51</sup> Order No. PSC-09-0375-PAA-GU, issued May 27, 2009, in Docket No. 20080366-GU, *In re: Petition for rate increase by Florida Public Utilities Company*.

water and \$447,720 for wastewater. Our approved adjustments to O&M are shown on the attached Schedule No. 3-D for water and Schedule 3-E for wastewater.

*C. Depreciation Expense*

The Utility recorded depreciation expenses of \$77,773 for water and \$43,871 for wastewater. Based on the depreciation rates prescribed in Rule 25-30.140, F.A.C., we decreased these amounts by \$21,007 for water and \$8,378 for wastewater. Additionally, to account for pro forma additions, we increased depreciation expenses by \$58,143 for water and \$47,694 for wastewater. This results in a net increase to a depreciation expense of \$37,136 for water and \$39,316 for wastewater. Therefore, we approve a depreciation expense of \$114,909 for water and \$83,187 for wastewater.

*D. Amortization of CIAC*

The Utility recorded CIAC amortization expenses of \$45,823 for water and \$22,184 for wastewater. We decreased the amounts by \$3,639 for water and \$10,248 for wastewater to reflect amortization expense based on depreciation rates specific to the related plant accounts. Therefore, we approve CIAC amortization expenses of \$42,184 for water and \$11,936 for wastewater.

*E. Capital Amortization*

As discussed above in Section 4 Average Test Year Water Rate Base and Wastewater Rate Base, we find a capital recovery schedule of \$6,436 for water and \$80,115 for wastewater over a 10-year amortization period. The corresponding annual amortization expense is \$644 for water and \$8,011 for wastewater. Therefore, we find that the total annual amortization expense, reflecting CIAC and capital amortization expense, is \$41,540 for water and \$3,925 for wastewater.

*F. Taxes Other Than Income (TOTI)*

The Utility recorded TOTI of \$20,254 for water and \$14,882 for wastewater which includes property taxes, payroll taxes, and regulatory assessment fees (RAFTs). We decreased TOTI by \$3,902 for water and by \$3,580 for wastewater to reflect actual invoiced amounts for the test year. We increased TOTI by \$15,119 for water and \$10,071 for wastewater to reflect property taxes associated with pro forma plant additions. These amounts are net of property tax reductions associated with the pro forma plant retirements.

Based on revenues discussed in Section 6, TOTI shall be increased by \$616 for water and \$1,595 for wastewater to reflect a RAF rate of 4.5 percent applied to the change in revenues.

As discussed below in Section 9 Revenue Requirement, we find revenues be increased by \$436,594 for water and \$426,133 for wastewater to reflect the increased revenue required to cover expenses and allow an opportunity to earn the approved rate of return. As a result, TOTI

shall be increased by \$19,647 for water and \$19,176 for wastewater to reflect a RAF rate of 4.5 percent of the change in revenues. Our adjustments result in a total increase of \$31,626 to water and \$26,728 to wastewater. Therefore, we approve a TOTI of \$51,880 for water and \$41,610 for wastewater.

*G. Total Operating Expenses Summary*

The Utility recorded operating expenses of \$571,359 for water and \$648,505 for wastewater. The application of our approved adjustments to the Utility's operating expenses results in a total operating expense of \$560,445 for water and \$568,593 for wastewater. Operating expenses are shown on Schedule No. 3-A for water and Schedule 3-B for wastewater, and the related adjustments are shown on Schedule No. 3-C as attached.

8. Operating Ratio Methodology

Rule 25-30.4575(2), F.A.C., provides that in rate cases processed under Rule 25-30.455, F.A.C., we will use the operating ratio methodology to establish the Utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory commission expense, and the use of the operating ratio methodology does not change the Utility's qualification for a SARC.

With respect to Grenelefe, we have approved a rate base of \$1,864,969 for water and \$1,240,775 for wastewater. After removal of rate case expense, we have calculated an adjusted O&M expense of \$429,018 for water and \$443,898 for wastewater. Based on our preliminary approved amounts, the Utility's rate bases are 434.71 percent and 279.52 percent of its adjusted O&M expense for water and wastewater, respectively. Based on this, the Utility does not qualify for application of the operating ratio methodology.

9. Revenue Requirement

Grenelefe shall be allowed an annual increase of \$436,594 (149.75 percent) for water and \$426,133 (167.75 percent) for wastewater. This shall allow the Utility the opportunity to recover its expenses and earn an 8.99 percent return on its respective rate base. The calculations for revenue requirement are shown below on Table 5 and Table 6.<sup>52</sup>

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<sup>52</sup> Staff notes calculations may not compute due to rounding.

**Table 5**  
**Water Revenue Requirement**

Water Rate Base	\$1,864,969
Rate of Return (%)	× 8.99%
Return On Rate Base (\$)	<u>\$167,694</u>
Water O&M Expense	435,197
Depreciation Expense	114,909
Amortization	(41,540)
Taxes Other Than Income	<u>51,880</u>
Revenue Requirement	<u>\$738,139</u>
Less Test Year Revenues	\$291,545
Annual Increase	\$436,594
Percent Increase	149.75%

Source: Staff calculations.

**Table 6**  
**Wastewater Revenue Requirement**

Wastewater Rate Base	\$1,240,775
Rate of Return (%)	× 8.99%
Return On Rate Base (\$)	<u>\$111,568</u>
Wastewater O&M Expense	447,720
Depreciation Expense	83,187
Amortization	(3,925)
Taxes Other Than Income	<u>41,610</u>
Revenue Requirement	<u>\$680,160</u>
Less Test Year Revenues	\$254,027
Annual Increase	\$426,133
Percent Increase	167.75%

Source: Staff calculations.

## 10. Rate Structure

### A. *Water Rates*

Grenelefe is located in Polk County within the SWFWMD. The Utility provides water service to 1,213 residential customers, with 78 of the customers having a separate meter for irrigation. There are also 192 general service customers, which includes 85 irrigation customers. According to the billing data, approximately 14 percent of the residential customer bills during the test year had zero gallons, which signifies a non-seasonal customer base. However, when seasonal customers are out of residence, they will continue to irrigate their lawns, which will distort the percentage of cumulative bills at the zero consumption level. We find that the cumulative bills at the 1,000 gallon consumption level, which represents approximately 37 percent of the residential customer bills, indicates a moderate seasonal customer base. The

average residential water demand is 2,706 gallons. The average water demand, excluding zero gallon bills, is 3,660 gallons per month. The Utility's current rate structure for the water system consists of a base facility charge (BFC) and a four-tier inclining block rate, which includes separate gallonage charges for non-discretionary and discretionary usage for residential water customers. The rate blocks are: 1) 0-5,000 gallons; 2) 5,001-10,000 gallons; 3) 10,001-15,000 gallons; and 4) all usage in excess of 15,000 gallons. The general service rate structure consists of a monthly BFC and uniform gallonage charge.

We performed an analysis of the Utility's billing data in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the approved revenue requirement; (2) equitably distribute cost recovery among the Utility's customers; (3) establish the appropriate discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with our practice.

As mentioned above, the billing data indicate a moderate seasonal customer base coupled with low average consumption. The Utility's current BFC allocation is 64 percent, which exceeds our practice of recovering at least 50 percent of costs through the BFC for a seasonal customer base. In this case, we find that the BFC allocation be reduced from 64 percent to 55 percent, which will minimize the rate impact at non-discretionary levels of consumption. Our approved BFC allocation of 55 percent will also allow the Utility to maintain revenue stability and target customers that are using more water.

Based on the number of people per household,<sup>53</sup> 50 gallons per day per person, and the number of days per month, the non-discretionary usage threshold for Grenelefe is 4,000 gallons per month.<sup>54</sup> We evaluated whether the current rate structure is appropriate in this case. Based on our evaluation, there is very little discretionary usage above 15,000 gallons; therefore, we find the current rate structure is aggressive and shall be changed. We find a BFC and a three-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers, would be appropriate for Grenelefe. The rate blocks are: (1) 0 – 4,000 gallons; 2) 4,000 – 10,000 gallons; 3) over 10,000 gallons per month. General service customers shall be billed a BFC and a uniform gallonage charge.

Based on our approved revenue increase of 169.2 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 10,486,000 gallons, resulting in anticipated average residential demand of 1,995 gallons per month. We approve a 26.3 percent reduction in test year residential gallons for rate setting purposes. As a result, the corresponding reductions are \$2,030 for purchased power expense, \$1,382 for chemical expense, and \$161 for RAFs to reflect the anticipated repression, which results in a post-repression revenue requirement of \$691,080.

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<sup>53</sup> The average people per household served by the water system is 2.35. See <https://www.census.gov/quickfacts/fact/table/lakelandcityflorida/pst045224>

*B. Wastewater Rates*

The Utility provides wastewater service to approximately 1,213 residential customers and 107 general service customers. Currently, the wastewater rate structure for residential customers consists of a monthly uniform BFC for all meter sizes and gallonage charge with an 8,000 gallonage cap. The general service customers are billed a BFC by meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge.

We performed an analysis of the Utility's billing data in order to evaluate various BFC cost recovery percentages and gallonage caps for the residential wastewater customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the approved revenue requirement; 2) equitably distribute cost recovery among the Utility's customers; and 3) implement a gallonage cap that considers approximately the amount of water that may return to the wastewater system.

Currently, the Utility's BFC allocation is 60 percent of the wastewater revenue. Consistent with our practice, we allocated 60 percent of the wastewater revenue to the BFC due to the capital intensive nature of wastewater plants coupled with a moderate seasonal customer base. The Utility's current wastewater gallonage cap is set at 8,000 gallons per month. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. It is our practice to set the wastewater cap at approximately 80 percent of residential water sold, which typically results in gallonage caps of 6,000, 8,000, or 10,000. Based on our review of the billing analysis, 82 percent of the gallons are captured at the 6,000 gallon consumption level. Therefore, we find that the wastewater gallonage cap be changed to 6,000 gallons. We also find that the general service gallonage charge continue to be 1.2 times greater than the residential gallonage charge, which is consistent with our practice.

In addition, based on the expected reduction in water demand described above, we find that a repression adjustment shall also be made for wastewater. Because wastewater rates are calculated based on customers' water demand, if those customers' water demand is expected to decline, then the billing determinants used to calculate wastewater rates shall also be adjusted. Based on the billing analysis for the wastewater system, we find that a repression adjustment of 655609 gallons to reflect the anticipated reduction in water demand be used to calculate wastewater rates is appropriate. We approve a 2.20 percent reduction in total residential consumption and corresponding reductions of \$1,335 for sludge removal, \$1,645 for purchased power, \$159 for chemicals and \$141 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of \$676,880.

*C. Conclusion*

The approved rate structures and monthly water and wastewater rates are shown on the attached Schedule Nos. 4-A and 4-B. The Utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates shall not be implemented until we have approved the

proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

11. Appropriate Initial Customer Deposits

Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, we have set initial customer deposits equal to two times the average estimated bill.<sup>55</sup> Currently, the Utility has an initial customer deposit of \$19.80 and \$25.56 for 5/8 inch x 3/4 inch meters for potable water and wastewater, respectively. The Utility also has non-potable water customer deposits of \$16.48 for 5/8 inch x 3/4 inch meters; \$100.46 for the 1 inch meter; \$110.38 for the 1.5 inch meter; \$224.90 for 2 inch meter; and two times the average bill for all other general service meter sizes. Because the Utility no longer collects these non-potable water customer deposits, we find removal of these non-potable customer deposits from the Utility's tariff appropriate. Furthermore, the current customer deposit amounts for residential do not cover two months' average bills using our approved rates. The Utility's anticipated post-repression average monthly residential usage for water is 2,536 gallons per customer. The Utility's anticipated post-repression average monthly residential usage for wastewater is 2,075 gallons per customer. Therefore, the average residential monthly bill is \$35.11 for water service and \$44.06 for wastewater service.

*Conclusion*

We find that the appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size shall be \$70 and \$88 for water and wastewater. We direct that the non-potable water customer deposits be removed. The initial customer deposit for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill for water. The approved initial customer deposits shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding.

12. Service Availability Charges

Historically, the Utility's water service availability charges consisted of a meter installation charge of \$65 and a service line extension and tap-in charge at actual cost. As part of a certificate transfer docket, Grenelefe was approved for an increase in its meter installation charge to \$600.<sup>56</sup> There have been no approved service availability charges for the wastewater

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<sup>55</sup> Order No. PSC-15-0142-PAA-SU, issued March 26, 2015, in Docket No. 20130178-SU, *In re: Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.*

<sup>56</sup> Order No. PSC-2024-0228-PAA-WS, issued July 8, 2024, in Docket No. 20220142-WS, *In re: Application for transfer of water and wastewater facilities and Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility, in Polk County.*

system. As mentioned in the Background, we approved Grenelefe's requested interim service availability charges of \$2,402 for water and \$7,434 for wastewater subject to refund. However, the Utility did not implement the charges.

By letter, dated October 13, 2025, Grenelefe revised its requested service availability charges to \$1,126 for water and \$9,802 for wastewater.<sup>57</sup> The Utility did not categorize its service availability charge request (i.e., main extension or plant capacity charge). A main extension charge is for the purpose of covering all or part of the Utility's capital costs in extending its off-site water or wastewater facilities to provide service to a specified property, whereas a plant capacity charge is for the purpose of covering all or a part of a Utility's capital costs in construction or expansion of treatment facilities.

In a 2003 transfer of majority organizational control docket, the Utility did not have adequate books and records to provide the CIAC balances. As result, we imputed, per Rule 25-30.570, F.A.C., the cost of Grenelefe's water transmission and distribution lines and wastewater collection lines to reflect the appropriate CIAC.<sup>58</sup> As a result, the Utility is unable to receive a main extension charge. Further, Grenelefe did not propose any pro forma plant additions for lines in this SARC. Therefore, we have conducted an evaluation of Grenelefe's request to determine whether a plant capacity charge is appropriate.

Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the Rule, the maximum amount of CIAC, net of amortization, shall not exceed 75 percent of the total original cost, net of accumulated depreciation, of the utility's facilities and plant when the facilities and plant are at their designed capacity. The minimum amount of CIAC shall not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution system and sewage collection systems.

#### *A. Design Capacity*

Design capacity refers to the total capacity of the Utility's facilities and plant. The cost recorded in the Utility's books represents the total cost for construction of the facilities and plant and its total and full capacity. In justifying its requested charges, the Utility has proposed using the permitted capacity of the facilities and plant, which is less than the total capacity for both water and wastewater. This proposal is inconsistent with our rule and the matching principle. The permitted capacity does not align with the total cost of the facilities. Developing service availability charges based on the design capacity allows customers to pay an equitable share of the total costs of the facilities and plant.

The water treatment facilities have a capacity of 4,320,000 gpd, which equates to a design capacity of 12,342 equivalent residential connections (ERCs) based on an ERC of 350 gpd. Grenelefe indicated that it anticipates growth of 200 ERCs per year, which would result in

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<sup>57</sup> Document No. 14563-2025, filed October 14, 2025, in Docket No. 20250023-WS.

<sup>58</sup> Order No. PSC-05-0142-PAA-WS, issued February 7, 2005, in Docket No. 20030123-WS, *In re: Application for transfer of majority organizational control of Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities in Polk County and for name change on Certificate Nos. 589-W and 507-S to Grenelefe Resort Utility, Inc.*

the Utility reaching design capacity in approximately 55 years. Due to the length of time before the water system reaches design capacity, we find it is unrealistic to set the charges at complete design capacity.

In a comparable situation, we determined that a shortened period of 10 years was appropriate for calculating service availability charges.<sup>59</sup> A 10-year shortened period would result in Grenelefe foreseeably connecting an additional 2,000 ERCs. Based on the maximum average flow, the Utility is currently serving 1,408 ERCs (492,917/350). As a result, we find that the total ERCs for calculating the appropriate plant capacity charge be set at 3,408 (1,408 + 2,000). The adjusted ERCs will allow Grenelefe to achieve a reasonable contribution level. The wastewater treatment facilities have a capacity of 680,000 gpd, which equates to a design capacity of 2,428 ERCs based on an ERC of 280 gpd. Based on the Utility's growth projections of 200 ERCs per year, the wastewater system will reach design capacity in approximately 10 years.

### *B. Minimum Contribution Level*

Pursuant to Rule 25-30.580, F.A.C., "[t]he minimum amount of [CIAC] should not be less than the percentage of such facilities and plant that is represented by the water transmission and distribution system and sewage collection systems." For water, our approved utility plant in service plus land is \$4,335,678 and the transmission and distribution mains, including services, are \$2,175,467, resulting in a minimum contribution level of 50.18 percent ( $\$2,175,467/\$4,335,678$ ). For wastewater, our approved utility plant in service plus land is \$3,971,213 and the collection lines, including services, are \$899,422, resulting in a minimum contribution level of 22.65 percent ( $\$899,422/\$3,971,213$ ). Based on our approved rate base Grenelefe's contribution level is 12.07 percent for water and 19.89 percent for wastewater. Both the water and wastewater systems are below the minimum guideline pursuant to the referenced rule.

### *C. Plant Capacity Charge*

#### **Water**

In order to determine the plant capacity charge, we calculated the average cost per ERC for the water treatment plant per Commission precedent.<sup>60</sup> We find that using the average costs per ERC will result in reasonable service availability charges. We calculated the total treatment plant cost of \$502,413. We then divided this amount by 3,408 (which represents total capacity, as discussed above, in ERCs of the treatment plant). This calculation results in an average plant

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<sup>59</sup> Order No. PSC-93-1732-FOF-WS, issued December 1, 1993, in Docket No. 19930171, *In re: Application for approval of service availability Charges in Martin County by Indiantown Company, Inc.*

<sup>60</sup> Orders Nos. PSC-12-0435-PAA-WU, issued August 22, 2012, and Amendatory Order PSC-12-0435A-PAA-WU, issued September 11, 2012, in Docket No. 20110200-WU, *In re: Application for increase in water rates in Franklin County by Water Management Services, Inc.*; and Order No. PSC-00-1528-PAA-WU, issued August 23, 2000, in Docket No. 19991437-WU, *In re: Application for increase in water rates in Orange County by Wedgefield Utilities, Inc.*

capacity cost per ERC of approximately \$147, as shown on the attached Schedule No. 5. The corresponding plant capacity charge for “all others-per gallon/day” would be \$.42 ( $\$147/350$  gpd). Therefore, we approve a plant capacity charge of \$147. The plant capacity charge of \$147, along with its prior approved meter installation charge of \$600, will allow Grenelefe to be at a 46.41 percent contribution level in 10 years. We recognize that the anticipated contribution level is less than the minimum guideline pursuant to the referenced rule. However, the amount of the charge is limited to cost in the associated accounts for a plant capacity charge.

### **Wastewater**

The total treatment plant is \$2,763,562. We then divided this amount by 2,428 (which represents total capacity, as discussed previously, in ERCs for the treatment plant). This calculation results in an average plant capacity cost per ERC of approximately \$1,138, as shown on the attached Schedule No. 5. This charge would result in the wastewater system being over-contributed at build out. However, it is anticipated that the Utility will undertake plant upgrades over the next couple of years which would decrease the contribution level at build out. Therefore, we find \$1,138 is an appropriate plant capacity charge at this time. The corresponding plant capacity charge for “all others-per gallon/day” would be \$4.06 ( $\$1,138/280$  gpd).

Our approved charges are significantly lower than the Utility’s requested service availability charges due to our denial of some of the requested pro forma plant additions and the differences in plant accounts and capacity used to calculate the charges. Specifically, for water, Grenelefe included plant account no. 334 – Meters and Meter Installations in its calculation, which is part of transmission and distribution plant and is not appropriate. For meter replacements, we have capitalized the cost and the Utility earns a return on its investment or we have allowed the costs of a certain number meter replacements per year to be expensed.<sup>61</sup> In this case, the cost to replace the meter have been capitalized. The cost of system-wide meter replacements is not recovered from new customers through a service availability charge.

The approved plant capacity charges are only applicable to new customers. New customers will be required to pay the approved plant capacity charges. In addition, new customers are also responsible for connecting their service lateral to the water and wastewater system consistent with the Utility’s existing service availability policy.

### *C. Conclusion*

Based on the above, the service availability charges requested by Grenelefe shall not be approved. We find service availability charges shall be set as a plant capacity charge of \$147 for water and \$1,138 for wastewater. The Utility shall file a revised tariff sheet to reflect our approved charges. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheet. In addition, the approved charges shall not be implemented until our staff has approved the proposed customer notice and the notice has been

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<sup>61</sup> Order PSC-2022-0432-PAA-WS, issued December 19, 2022, in Docket No. 20220032-WS, *In re: Application for staff-assisted rate case in Polk County by Anglers Cove West, Ltd.* and Order No. PSC-15-0592-PAA-WU, issued December 30, 2015, in Docket No. 20140175-WU, *In re: Application for staff-assisted rate case in Pasco County by Crestridge Utilities, LLC.*

received by property owners who requested service beginning 12 months prior to the establishment of this docket. The Utility shall provide proof of noticing within 10 days of rendering the approved notice.

13. Four-Year Rate Reduction

Section 367.081, F.S., requires that the rates be reduced immediately following the expiration of the 4-year period by the amount of the rate case expense previously included in rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense, the associated return in working capital, and the gross-up for RAFs. This results in a reduction of \$6,470 for water and \$4,003 for wastewater.

We find that the rates shall be reduced, as shown on the attached Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. Grenelefe shall be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

14. Approval of Rates on a Temporary Basis

We order an increase in water rates. A timely protest might delay what may be a justified rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, the recommended rates shall be approved as temporary rates. Grenelefe shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until we have approved the proposed notice, and the notice has been received by the customers. The approved rates collected by the Utility shall be subject to the refund provisions discussed below.

The Utility shall be authorized to collect the temporary rates upon our approval of an appropriate security for the potential refund and the proposed customer notice. Security shall be in the form of a bond or letter of credit in the amount of \$306,331 for water and \$296,552 for wastewater. Alternatively, the Utility could establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

- 1) We approve the rate increase; or,

- 2) If we deny the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit as a security, it shall contain the following conditions:

- 1) The letter of credit is irrevocable for the period it is in effect, and,
- 2) The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

- 1) The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement;
- 2) No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee;
- 3) The escrow account shall be an interest bearing account;
- 4) If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers;
- 5) If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility;
- 6) All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times;
- 7) The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt;
- 8) This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Consentino v. Elson*, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments; and
- 9) The account must specify by whom and on whose behalf such monies were paid.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is

ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility shall maintain a record of the amount of the security, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund.

15. Adjustment to Books

Grenelefe shall be required to notify us, in writing, that it has adjusted its books in accordance with our decision. The Utility shall submit a letter within 90 days of our final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, our staff shall be given administrative authority to grant an extension of up to 60 days.

16. Refund of Interim Water and Wastewater Rates

By Order No. PSC-2025-0072-PCO-WS, issued March 11, 2025, we authorized the collection of interim rates, subject to refund, pursuant to Section 367.082, F.S.<sup>62</sup> The approved interim revenue requirements were \$424,149 and \$567,422 for water and wastewater, respectively. This represents an increase of \$64,840, or 18.05 percent, for water and \$341,994, or 151.71 percent, for wastewater.

According to Section 367.082, F.S., any refund should be calculated to reduce the rate of return of the utility during the pendency of the proceeding to the same level within the range of the newly authorized rate of return. Adjustments made in the rate case test period that do not relate to the period interim rates are in effect shall be removed. Rate case expense is an example of an adjustment which is recovered only after final rates are established.

To establish the proper refund amount, we have calculated a revised interim revenue requirement utilizing the same data used to establish final rates. Rate case expense and any pro forma additions and expenses were excluded because these items are prospective in nature and did not occur during the interim collection period.

Using the principles discussed above, we calculated that the \$567,422 wastewater revenue requirement granted in Order No. PSC-2025-0072-PCO-WS for the interim test year is

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<sup>62</sup> Order No. PSC-2025-0072-PCO-WS, issued March 11, 2025, in Docket No. 20250023-WS, *In re: Application for staff-assisted rate case in Polk County, by North Carolina Real Estate Projects LLC d/b/a Grenelefe Utility.*

greater than the revenue requirement for the interim collection period of \$484,032. The interim revenue requirement granted for water was less than our calculation. Thus a refund is not required for water. The Utility shall be required to refund 14.7 percent, or \$83,390, of wastewater revenues collected under interim rates. The refund shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility shall be required to submit proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The Utility shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C.

*Conclusion*

We find the proper refund amount shall be calculated by using the same data used to establish final rates, excluding rate case expense and other items not in effect during the interim period. This revised revenue requirement for the interim collection period shall be compared to the amount of interim revenue requirement granted. Based on this calculation, there is no refund required for the water system, and the Utility shall be required to refund 14.7 percent, or \$83,390, for wastewater revenues collected under interim rates. The refund shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. The Utility shall be required to submit proper refund reports pursuant to Rule 25-30.360(7), F.A.C. The Utility shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C. Upon issuance of the consummating order in this docket, the corporate undertaking shall be released after the appropriate amounts of interim revenues are refunded and the refund amounts are verified by us.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that NC Real Estate Projects, LLC d/b/a Grenelefe Utility's quality of service shall be considered marginal, and the salaries of the owner shall be reduced by 25 percent to \$32,245 for water and \$19,432 for wastewater. It is further

ORDERED that Grenelefe meet with its customers within three months of issuance of the Consummating or Final Order to discuss its quality of service issues. The Office of Public Counsel and Commission staff shall be made aware of the meeting date, place, and time, at least three weeks in advance of the meeting. A member of Commission staff shall be present at the customer meeting. Grenelefe shall file a report in this docket within one month of the meeting summarizing the results of the meeting. It is further

ORDERED that Grenelefe shall timely report for two years all line breakages and boil water notices to the Commission, and timely report the resolutions of these problems to the Commission. It is further

ORDERED that Grenelefe shall file quarterly reports for two years with the Commission providing timelines and progress of all pro forma projects. Additionally, the quarterly reports shall include any managerial changes, personnel changes, or contractual services acquired by Grenelefe. It is further

ORDERED that Grenelefe's WTP, WWTP, water distribution, and wastewater collections systems shall be considered 100 percent U&U. Additionally, we find that a 53.9 percent adjustment to purchased power and chemicals shall be made for excessive unaccounted for water (EUW). No adjustment is recommended for excessive infiltration and inflow (I&I). It is further

ORDERED that the appropriate average test year rate bases for Grenelefe are \$1,864,969 for water and \$1,240,775 for wastewater. Further, we find Grenelefe be required to submit a report no later than November 30, 2026, detailing the status of each of our approved pro forma project. It is further

ORDERED that the appropriate return on equity (ROE) for Grenelefe is 10.51 percent with a range of 9.51 percent to 11.51 percent. The appropriate overall rate of return is 8.99 percent. It is further

ORDERED that the appropriate test year operating revenues for Grenelefe's are \$291,545 for the water system and \$254,027 for the wastewater system. It is further

ORDERED that the appropriate amount of operating expense for Grenelefe is \$560,445 for water and \$568,593 for wastewater. It is further

ORDERED that Grenelefe does not meet the requirement for application of the operating ratio methodology for calculating the revenue requirement. It is further

ORDERED that the appropriate revenue requirement is \$728,139 for water and \$680,160 for wastewater, resulting in an annual increase of \$436,594 (149.75percent) for water and \$426,133 (167.75 percent) for wastewater. It is further

ORDERED that the approved rate structure and monthly water and wastewater rates are shown on the attached Schedule Nos. 4-A and 4-B. Grenelefe shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. Grenelefe shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that the appropriate initial customer deposits for the residential 5/8 inch x 3/4 inch meter size shall be \$72 and \$89 for water and wastewater. Additionally, non-potable water customer deposits shall be removed. The initial customer deposit for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill for water. The approved initial customer deposits shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. Grenelefe shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding. It is further

ORDERED that service availability charges shall be set as a plant capacity charge of \$147 for water and \$1,138 for wastewater. Grenelefe shall file a revised tariff sheet to reflect our approved charges. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheet. In addition, the approved charges shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by property owners who requested service beginning 12 months prior to the establishment of this docket. Grenelefe Utility shall provide proof of noticing within 10 days of rendering the approved notice. It is further

ORDERED that the rates shall be reduced as shown on the attached Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. Grenelefe shall be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If Grenelefe files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data shall be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that pursuant to Section 367.0814(7), F.S., the approved rates shall be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than Grenelefe. Grenelefe shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. Prior to implementation of any temporary rates, Grenelefe shall provide appropriate security. If the recommended rates are approved on a temporary basis, the rates collected by Grenelefe shall be subject to the refund provisions discussed below in our analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., Grenelefe shall file reports with this Commission's Office of Commission Clerk no later than the 20th of each month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that Grenelefe shall be required to notify the Commission, in writing, that it has adjusted its books in accordance with our decision. Grenelefe shall submit a letter within 90 days of the our final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event Grenelefe needs additional time to complete the adjustments, a notice providing good cause shall be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, our staff shall be given administrative authority to grant an extension of up to 60 days. It is further

ORDERED that there is no interim refund required for the water system. Grenelefe shall be required to refund 14.7 percent, or \$83,390, for wastewater revenues collected under interim rates. The refund shall be made with interest in accordance with Rule 25-30.360(4), F.A.C. Grenelefe shall be required to submit proper refund reports pursuant to Rule 25-30.360(7), F.A.C. Grenelefe shall treat any unclaimed refunds as CIAC pursuant to Rule 25-30.360(8), F.A.C. Upon issuance of the consummating order in this docket, the corporate undertaking shall be released after the appropriate amounts of interim revenues are refunded and the refund amounts are verified by Commission staff. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order shall be issued. The docket shall remain open for our staff's verification that the revised tariff sheets and customer notice have been filed by Grenelefe and approved by our staff. In addition, this docket shall remain open until Grenelefe submits the report summarizing the results of the customer meeting. This docket shall be placed in monitoring status for a period of two years and (1) Grenelefe shall provide quarterly reports detailing the status of each of the approved pro-forma projects as well as any managerial changes, personnel changes, or contractual services acquired by Grenelefe and (2) Grenelefe shall submit a report of all line breakages of any nature and all boil water notices as they may occur, as well as a timely report of the resolution of these problems, with all reports to be filed with the Commission. Following the two year period, this docket shall be closed administratively.

ORDER NO. PSC-2026-0054-PAA-WS  
DOCKET NO. 20250023-WS  
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By ORDER of the Florida Public Service Commission this 25th day of February, 2026.



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ADAM TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
[www.floridapsc.com](http://www.floridapsc.com)

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

JDI/lt

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our actions are preliminary in nature, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 18, 2026. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's final action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY		SCHEDULE NO. 1-A	
TEST YEAR ENDED 10/31/2024		DOCKET NO. 20250023-WS	
SCHEDULE OF WATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	COMM. ADJUST.	BALANCE PER COMM.
1. UTILITY PLANT IN SERVICE	\$3,212,594	\$1,120,084	\$4,332,678
2. LAND & LAND RIGHTS	7,000	(4,000)	3,000
3. ACCUMULATED DEPRECIATION	(2,926,284)	643,189	(2,283,095)
4. CIAC	(2,302,685)	0	(2,302,685)
5. ACCUMULATED AMORTIZATION OF CIAC	2,191,692	(136,362)	2,055,330
6. CAPITAL RECOVERY	0	6,436	6,436
7. ACCUMLATED CAPITAL RECOVERY	0	(322)	(322)
8. WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$53,627</u>	<u>\$53,627</u>
WATER RATE BASE	<u>\$182,317</u>	<u>\$1,682,652</u>	<u>\$1,864,969</u>

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY      SCHEDULE NO. 1-B TEST YEAR ENDED 10/31/2024      DOCKET NO. 20250023-WS SCHEDULE OF WASTEWATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	COMM. ADJUST.	BALANCE PER COMM.
1. UTILITY PLANT IN SERVICE	\$3,290,936	\$630,877	\$3,921,813
2. LAND & LAND RIGHTS	49,400	0	49,400
3. ACCUMULATED DEPRECIATION	(3,149,184)	562,502	(2,586,682)
4. CIAC	(1,051,361)	0	(1,051,361)
5. ACCUMULATED AMORTIZATION OF CIAC	872,227	(96,218)	776,009
6. CAPITAL RECOVERY	0	80,115	80,115
7. ACCUMULATED CAPITAL RECOVERY	0	(4,006)	(4,006)
8. WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$55,487</u>	<u>\$55,487</u>
WASTEWATER RATE BASE	<u>\$12,018</u>	<u>\$1,228,757</u>	<u>\$1,240,775</u>

<b>NC REAL ESTATE PROJECTS, LLC, D/B/A GRENELEFE UTILITY</b>		<b>SCHEDULE NO. 1-C</b>	
<b>TEST YEAR ENDED 10/31/2024</b>		<b>DOCKET NO. 20250023-WS</b>	
<b>ADJUSTMENTS TO RATE BASE</b>			
	<b><u>WATER</u></b>	<b><u>WASTEWATER</u></b>	
<b><u>UTILITY PLANT IN SERVICE</u></b>			
1. To reflect auditing adjustments.	(\$85,059)	(\$187,115)	
2. To reflect averaging adjustments.	(9,386)	0	
3. To reflect pro forma additions.	1,758,389	949,844	
4. To reflect pro forma retirements.	<u>(543,861)</u>	<u>(131,852)</u>	
Total	<u>\$1,120,084</u>	<u>\$630,877</u>	
<b><u>LAND AND LAND RIGHTS</u></b>			
To reflect the appropriate land balance.	<u>(\$4,000)</u>	<u>\$0</u>	
<b><u>ACCUMULATED DEPRECIATION</u></b>			
1. To reflect auditing adjustments.	\$127,254	\$382,576	
2. To reflect averaging adjustments.	30,217	95,769	
3. To reflect pro forma adjustments.	<u>485,718</u>	<u>84,158</u>	
Total	<u>\$643,189</u>	<u>\$562,502</u>	
<b><u>ACCUMULATED AMORTIZATION OF CIAC</u></b>			
1. To reflect auditing adjustments.	(\$115,270)	(\$90,250)	
2. To reflect averaging adjustments.	<u>(21,092)</u>	<u>(5,968)</u>	
Total	<u>(\$136,362)</u>	<u>(\$96,218)</u>	
<b><u>CAPITAL RECOVERY</u></b>			
To reflect Commission adjustments.	<u>\$6,436</u>	<u>\$80,115</u>	
<b><u>ACCUMULATED CAPITAL RECOVERY</u></b>			
To reflect Commission adjustments.	<u>(\$322)</u>	<u>(\$4,006)</u>	
<b><u>WORKING CAPITAL ALLOWANCE</u></b>			
To reflect 1/8 of test year O&M expenses.	<u>\$53,627</u>	<u>\$55,487</u>	

<b>NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY</b>							<b>SCHEDULE NO. 2</b>		
<b>TEST YEAR ENDED 10/31/2024</b>							<b>DOCKET NO. 20250023-WS</b>		
<b>SCHEDULE OF CAPITAL STRUCTURE</b>									
<u>CAPITAL COMPONENT</u>	<u>PER UTILITY</u>	<u>SPECIFIC ADJUST-MENTS</u>	<u>BALANCE AFTER ADJUST</u>	<u>PRO RATA ADJUST-MENTS</u>	<u>BALANCE PER COMMISSION</u>	<u>PERCENT OF TOTAL</u>	<u>COST</u>	<u>WEIGHTED COST</u>	
1. LONG-TERM DEBT	\$1,431,854	\$2,305,092	\$3,736,946	(\$1,399,665)	\$2,337,281	74.89%	8.52%	6.38%	
2. COMMON EQUITY	469,312	768,364	1,237,676	(463,569)	774,107	24.80%	10.51%	2.61%	
3. CUSTOMER DEPOSITS	<u>11,804</u>	<u>3,266</u>	<u>15,070</u>	<u>(5,644)</u>	<u>9,426</u>	<u>0.30%</u>	2.00%	<u>0.01%</u>	
TOTAL CAPITAL	<u>\$1,912,970</u>	<u>\$3,076,722</u>	<u>\$4,989,692</u>	<u>(\$1,868,878)</u>	<u>\$3,120,814</u>	<u>100.00%</u>		<u>8.99%</u>	
				<b>RANGE OF REASONABLENESS</b>			<b>LOW</b>	<b>HIGH</b>	
				RETURN ON EQUITY			9.51%	11.51%	
				OVERALL RATE OF RETURN			8.74%	9.24%	

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY		SCHEDULE NO. 3-A			
TEST YEAR ENDED 10/31/2024		DOCKET NO. 20250023-WS			
SCHEDULE OF WATER OPERATING INCOME					
	TEST YEAR PER UTILITY	COMM. ADJUST- MENTS	COMM. ADJUSTED TEST YEAR	ADJUST FOR INCREASE	REVENUE REQUIREMENT
1. TOTAL OPERATING REVENUES	\$364,578	(\$73,033)	\$291,545	\$436,594 149.75%	\$728,139
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$519,155	(\$83,958)	\$435,197		\$435,197
3. DEPRECIATION	77,773	37,136	114,909		114,909
4. AMORTIZATION (NET)	(45,823)	4,283	(41,540)		(41,540)
5. TAXES OTHER THAN INCOME	<u>20,254</u>	<u>11,980</u>	<u>32,234</u>	<u>19,647</u>	<u>51,880</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$571,359</u></b>	<b><u>(\$30,560)</u></b>	<b><u>\$540,799</u></b>	<b><u>\$19,647</u></b>	<b><u>\$560,445</u></b>
7. OPERATING INCOME / (LOSS)	(\$206,781)		(\$249,254)		\$167,694
8. WATER RATE BASE	\$182,317	\$1,682,652	\$1,864,969		\$1,864,969
9. RATE OF RETURN					8.99%

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY				SCHEDULE NO. 3-B	
TEST YEAR ENDED 10/31/2024				DOCKET NO. 20250023-WS	
SCHEDULE OF WASTEWATER OPERATING INCOME					
	TEST YEAR PER UTILITY	COMM. ADJUST- MENTS	COMM. ADJUSTED TEST YEAR	ADJUST FOR INCREASE	REVENUE REQUIREMENT
1. TOTAL OPERATING REVENUES	\$245,208	\$8,819	\$254,027	\$426,133 167.75%	\$680,160
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$611,936	(\$164,216)	\$447,720		\$447,720
3. DEPRECIATION	43,871	39,316	83,187		83,187
4. AMORTIZATION (NET)	(22,184)	18,259	(3,925)		(3,925)
5. TAXES OTHER THAN INCOME	<u>14,882</u>	<u>7,552</u>	<u>22,434</u>	<u>19,176</u>	<u>41,610</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$648,505</u></b>	<b><u>(\$99,089)</u></b>	<b><u>\$549,417</u></b>	<b><u>\$19,176</u></b>	<b><u>\$568,593</u></b>
7. OPERATING INCOME / (LOSS)	(\$403,297)		(\$295,390)		\$111,568
8. WASTEWATER RATE BASE	\$12,018	\$1,228,757	\$1,240,775		\$1,240,775
9. RATE OF RETURN					8.99%

<b>NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY TEST YEAR ENDED 10/31/2024 ADJUSTMENTS TO OPERATING INCOME</b>		<b>SCHEDULE 3-C DOCKET NO. 20250023-WS</b>	
		<u><b>WATER</b></u>	<u><b>WASTEWATER</b></u>
<b>OPERATING REVENUES</b>			
1.	To reflect an auditing adjustment to Service Revenues.	(\$120,203)	(\$26,632)
2.	To reflect an auditing adjustment to Miscellaneous Revenues.	33,486	0
3.	To reflect the appropriate test year Service Revenues.	13,684	35,451
	Total	<u>(\$73,033)</u>	<u>\$8,819</u>
<b>OPERATION AND MAINTENANCE EXPENSE</b>			
1.	Salaries and Wages - Employees (601 / 701) To reflect appropriate common cost allocations.	<u>\$59,001</u>	<u>\$36,099</u>
2.	Salaries and Wages - Officers and Directors (603 / 703)		
	a. To reflect appropriate common cost allocations.	\$42,993	\$25,910
	b. Commission-ordered salary adjustment.	<u>(10,748)</u>	<u>(6,477)</u>
	Subtotal	<u>\$32,245</u>	<u>\$19,432</u>
3.	Sludge Removal Expense (711) To reflect an auditing adjustment.		<u>(\$25,330)</u>
4.	Purchased Power (615 / 715)		
	a. To reflect auditing adjustments.	(\$24,846)	\$19,914
	b. To reflect actual invoices received.	0	(29)
	c. To reflect EUW adjustment.	<u>(11,322)</u>	<u>0</u>
	Subtotal	<u>(\$36,168)</u>	<u>\$19,885</u>
5.	Chemicals Expense (618 / 718)		
	a. To reflect auditing adjustments.	(\$2,134)	(\$677)
	b. To reflect EUW and I&I adjustment.	<u>(10,205)</u>	<u>0</u>
	Subtotal	<u>(\$12,339)</u>	<u>(\$677)</u>
6.	Contractual Services - Professional (731) To reflect an auditing adjustment.	-	<u>(\$675)</u>
7.	Contractual Services - Accounting (632 / 732)		
	a. To reflect auditing adjustments.	\$6,250	\$6,250
	b. To reflect salary transfers.	<u>(48,000)</u>	<u>(48,000)</u>
	Subtotal	<u>(\$41,750)</u>	<u>(\$41,750)</u>
8.	Contractual Services - Legal (633 / 733)		
	a. To reflect an auditing adjustment.	(\$40,722)	(\$40,722)
	b. To Remove out of test year expenses	<u>(1,420)</u>	<u>(1,420)</u>
	Subtotal	<u>(\$42,142)</u>	<u>(\$42,142)</u>

9.	Contractual Services - Testing (635 / 735) To reflect appropriate common cost allocations.	<u>(\$7,092)</u>	<u>(\$26,689)</u>
10.	Contractual Services - Other (636 / 736)		
	a. To reflect an auditing adjustment.	(\$24,472)	(\$100,823)
	b. To remove expenses outside the test year.	(7,910)	(7,910)
	Subtotal	<u>(\$32,382)</u>	<u>(\$108,733)</u>
11.	Insurance Expense - Vehicle (656 / 756) To reflect an auditing adjustments.	<u>(\$2,153)</u>	<u>(\$2,154)</u>
12.	Insurance Expense - General Liability (657 / 757) To reflect an auditing adjustments.	<u>\$2,153</u>	<u>\$2,154</u>
13.	Rate Case Expense (665 / 765) To reflect 1/4 rate case expense.	<u>\$6,179</u>	<u>\$3,823</u>
14.	Bad Debt Expense (670 / 770) To reflect 1.0 percent of test year revenues.	<u>\$2,915</u>	<u>\$2,540</u>
15.	Miscellaneous Expense (675) a. To reflect an auditing adjustment.	(\$12,425)	
	<b>TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS</b>	<u>(\$83,958)</u>	<u>(\$164,216)</u>
	<b>DEPRECIATION EXPENSE</b>		
1.	To reflect appropriate depreciation expenses.	(\$21,007)	(\$8,378)
2.	To reflect pro forma additions.	<u>58,143</u>	<u>47,694</u>
	Total	<u>\$37,136</u>	<u>\$39,316</u>
	<b>AMORTIZATION EXPENSE (NET)</b>		
1.	To reflect adjustments to CIAC amortization expense	\$3,639	\$10,248
2.	To reflect capital amortization.	644	8,011
	Total	<u>\$4,283</u>	<u>\$18,259</u>
	<b>TAXES OTHER THAN INCOME</b>		
1.	To reflect an auditing adjustment.	(\$2,791)	(\$3,580)
2.	To reflect appropriate test year RAF's.	616	1,595
3.	To reflect tangible and property taxes.	(198)	(59)
4.	To reflect appropriate RAFs on the revenue requirement increase.	19,647	19,176
5.	To reflect property taxes associated with pro forma plant additions.	<u>14,353</u>	<u>9,596</u>
	Total	<u>\$31,626</u>	<u>\$26,728</u>
	<b>TOTAL OPERATING EXPENSE ADJUSTMENTS</b>	<u>(\$10,914)</u>	<u>(\$79,913)</u>

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY    SCHEDULE NO. 3-D				
TEST YEAR ENDED 10/31/2024    DOCKET NO. 20250023-WS				
ANALYSIS OF WATER O&M EXPENSE				
ACCT. #	DESCRIPTION	TOTAL PER UTILITY	COMM. ADJUST- MENT	TOTAL PER COMM.
601	Salaries and Wages - Employees	\$0	\$59,001	\$59,001
603	Salaries and Wages - Officers and Directors	0	32,245	32,245
615	Purchased Power	45,852	(36,168)	9,684
618	Chemicals	18,934	(12,339)	6,595
632	Contractual Services - Accounting	41,750	(41,750)	0
633	Contractual Services - Legal	49,529	(42,142)	7,387
635	Contractual Services - Testing	17,747	(7,092)	10,655
636	Contractual Services - Other	329,390	(32,382)	297,008
656	Insurance Expense - Vehicle	2,153	(2,153)	0
657	Insurance Expense - General Liability	1,375	2,153	3,528
665	Rate Case Expense	0	6,179	6,179
670	Bad Debt Expense	0	2,915	2,915
675	Miscellaneous Expenses	<u>12,425</u>	<u>(12,425)</u>	<u>0</u>
	Total O&M Expense	<u>\$519,155</u>	<u>(\$83,958)</u>	<u>\$435,197</u>
	Working Capital is 1/8 of O&M Less RCE			\$53,627

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY		SCHEDULE NO. 3-E		
TEST YEAR ENDED 10/31/2024		DOCKET NO. 20250023-WS		
ANALYSIS OF WASTEWATER O&M EXPENSE				
ACCT. #	DESCRIPTION	TOTAL PER UTILITY	COMM. ADJUST- MENT	TOTAL PER COMM.
701	Salaries and Wages - Employees	\$0	\$36,099	\$36,099
703	Salaries and Wages - Officers and Directors	0	19,432	19,432
711	Sludge Removal Expense	85,930	(25,330)	60,600
715	Purchased Power	54,758	19,885	74,643
718	Chemicals	7,877	(677)	7,200
731	Contractual Services - Professional	675	(675)	0
732	Contractual Services - Accounting	41,750	(41,750)	0
733	Contractual Services - Legal	49,529	(42,142)	7,387
735	Contractual Services - Testing	33,793	(26,689)	7,104
736	Contractual Services - Other	334,095	(108,733)	225,362
756	Insurance Expense - Vehicle	2,154	(2,154)	0
757	Insurance Expense - General Liability	1,375	2,154	3,529
765	Rate Case Expense	0	3,823	3,823
770	Bad Debt Expense	0	2,540	2,540
775	Miscellaneous Expenses	<u>0</u>	<u>0</u>	<u>0</u>
	Total O&M Expense	<u>\$611,936</u>	<u>(\$164,216)</u>	<u>\$447,720</u>
	Working Capital is 1/8 of O&M Less RCE			\$55,487

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY				SCHEDULE NO. 4A
TEST YEAR ENDED OCTOBER 31, 2024				DOCKET NO. 20250023-WS
MONTHLY WATER RATES				
	UTILITY CURRENT RATES	UTILITY INTERIM RATES	COMMISSION APPROVED RATES	4 YEAR RATE REDUCTION
<b>Residential and General Service</b>				
Base Facility Charge by Meter Size				
5/8" x 3/4"	\$6.81	\$8.04	\$15.61	\$0.15
3/4"	\$10.22	\$12.06	\$23.42	\$0.22
1"	\$17.03	\$20.10	\$39.03	\$0.37
1-1/2"	\$34.05	\$40.20	\$78.05	\$0.73
2"	\$54.48	\$64.32	\$124.88	\$1.17
3"	\$108.96	\$128.64	\$249.76	\$2.35
4"	\$170.25	\$201.00	\$390.25	\$3.67
6"	\$340.50	\$402.00	\$780.50	\$7.34
Charge per 1,000 gallons - Residential				
0 - 5,000 gallons	\$1.50	\$1.77	N/A	N/A
5,001 - 10,000 gallons	\$1.89	\$2.23	N/A	N/A
10,001 - 15,000 gallons	\$2.82	\$3.33	N/A	N/A
Over 15,000 gallons	\$3.75	\$4.43	N/A	N/A
0 - 4,000 gallons	N/A	N/A	\$7.69	\$0.07
4,001 - 10,000 gallons	N/A	N/A	\$9.61	\$0.09
Over 10,000 gallons	N/A	N/A	\$11.53	\$0.11
Charge per 1,000 gallons - General Service	\$2.09	\$2.47	\$7.87	\$0.07
<b>Typical Residential 5/8" x 3/4" Meter Bill Comparison</b>				
5,000 Gallons	\$14.31	\$16.89	\$55.98	
10,000 Gallons	\$23.76	\$28.04	\$104.03	
15,000 Gallons	\$37.86	\$44.69	\$161.68	

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY				SCHEDULE NO. 4B
TEST YEAR ENDED OCTOBER 31, 2024				DOCKET NO. 20250023-WS
MONTHLY WASTEWATER RATES				
	UTILITY CURRENT RATES	UTILITY INTERIM RATES	COMMISSION APPROVED RATES	4 YEAR RATE REDUCTION
<b><u>Residential Service</u></b>				
All Meter Sizes	\$9.98	\$25.12	N/A	
Charge per 1,000 gallons (8,000 gallon cap)	\$2.93	\$7.38	N/A	
All Meter Sizes	N/A	N/A	\$26.69	\$0.16
Charge per 1,000 gallons (6,000 gallon cap)	N/A	N/A	\$8.37	\$0.05
<b><u>General Service</u></b>				
Base Facility Charge by Meter Size				
5/8" x 3/4"	\$9.98	\$25.12	\$26.69	\$0.16
3/4"	\$14.97	\$37.68	\$40.04	\$0.24
1"	\$24.95	\$62.80	\$66.73	\$0.39
1-1/2"	\$49.90	\$125.60	\$133.45	\$0.79
2"	\$79.84	\$200.96	\$213.52	\$1.26
3"	\$159.68	\$401.92	\$427.04	\$2.52
4"	\$249.50	\$628.00	\$667.25	\$3.94
6"	\$499.00	\$1,256.00	\$1,334.50	\$7.87
Charge per 1,000 gallons - General Service	\$3.52	\$8.86	\$10.04	\$0.06
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>				
2,000 Gallons	\$15.84	\$39.88	\$43.43	
6,000 Gallons	\$27.56	\$69.40	\$76.91	
8,000 Gallons	\$33.42	\$84.16	\$76.91	

NC REAL ESTATE PROJECTS, LLC D/B/A GRENELEFE UTILITY		SCHEDULE NO. 5
TEST YEAR ENDED 10/31/2024		DOCKET NO. 20250023-WS
ANALYSIS OF PLANT CAPACITY CHARGES		
<b>WATER PLANT CAPACITY CHARGE</b>		
ACCT. NO.	ACCOUNT NAME	PLANT BALANCE
303	Land and Land Rights	\$3,000
304	Structures and Improvements	\$77,541
310	Power Generation Equipment	\$106,760
311	Pumping Equipment	\$307,212
320	Water Treatment Equipment	<u>\$7,900</u>
		<u>\$502,413</u>
Total Capacity in ERCs Plant is Capable of Serving		3,408
Total Treatment Plant		\$502,413
Divided by Total Capacity in ERCs		3,408
<b>Commission Approved Plant Capacity Charge</b>		<b>\$147.00</b>
<b>WASTEWATER PLANT CAPACITY CHARGE</b>		
ACCT. NO.	ACCOUNT NAME	PLANT BALANCE
353	Land and Land Rights	\$49,400
354	Structures and Improvements	\$92,590
371	Pumping Equipment	\$920,645
380	Treatment and Disposal Equipment	\$1,654,027
382	Outfall Sewer Lines	<u>\$46,900</u>
		<u>\$2,763,562</u>
Total Capacity in ERCs Plant is Capable of Serving		2,428
Total Treatment Plant		\$2,763,562
Divided by Total Capacity in ERCs		2,428
<b>Commission Approved Plant Capacity Charge</b>		<b>\$1,138.00</b>