

SUNDSTROM LAW

ATTORNEYS | COUNSELORS



March 18, 2026

Chairman Gabriella Passidomo Smith
Florida Public Service Commission
Chairman.Smith@psc.state.fl.us

Re: Hometown Palm Valley, LLC d/b/a Palm Valley Utilities
Application for increase in water and wastewater rates in Seminole County

Dear Chairman Smith,

This letter requests approval of the test year ended December 31, 2025 for Palm Valley Utilities (Palm Valley or the Utility) for increases in its water and wastewater service rates in Seminole County. The Utility intends to submit an application for general rate relief to the FPSC no later than July 31, 2026.

Palm Valley's last request for general rate relief was processed by the Commission in Docket No. 090447-WS, which resulted in the issuance of PAA Order No. PSC-2010-0606-PAA-WS on October 4, 2010. The current rates authorized for the Utility are those established by the Commission in that case increased by indexes implemented by the Utility since that order.

The Utility believes that the proposed base year and fiscal year ended December 31, 2025 is representative of current operations as expenses and rate base investment as reflected for the proposed test year (with the listed pro formas) are expected to remain consistent for the years during which the proposed new rates are expected to be in effect. As such, this proposed year should be utilized as the test period with certain pro forma adjustments.

The pro forma adjustments which will be included are primarily related to the following projects:

(1) The Palm Valley WWTP is being rebuilt due to the current component's condition and age. The treatment plant currently has four steel treatment tanks more than 40 years old. Extensive repairs have been made to multiple tanks over the last few years in order to extend their useful life; unfortunately, that is no longer possible due to rust and corrosion. The new plant will consist of all concrete tanks, including the surge tank, and will be built while the current facility maintains daily operations. As part of this WWTP rebuild, all equipment (such as blowers that create noise nuisances for the surrounding homes) and tanks will be relocated further back onto the property, creating less noise for residents. The new plant will be built in compliance with the current FDEP

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301
(850) 877-6555

treatment requirements and 50,000 gallons larger than the current capacity for potential system infiltration. The utility service area is and long has been, at buildout, so there is no excess capacity being constructed for future customers. With the system upgrade, we will be able to stay in permit compliance, producing reuse water to fill the community ponds and provide irrigation opportunities for roughly 300 customers on a consistent basis.

(2) The current water and irrigation meters are over 25 years old and are all completely manual read. The manual read system often creates additional issues and is very time-consuming. The current system has 845 meters for potable water and 295 for irrigation use. The replacement system will ensure all meters are uniform throughout the property and provide the most accurate information possible. In addition, the new system will be utilizing cellular readers to provide automatic readings of consumption, alert notifications for high usage to prevent leaks from lingering and a continuous 24 log that allows for more detailed review of each account.

(3) Increased contract operations charges recently imposed.

(4) Inclusion of rate case expense.

There are no other major plant expansions or material changes in operational methods which have occurred in the most recent 18 months and no other major capital improvements are expected in the next two years other than those outlined above.

The Utility also intends to seek interim rates based upon the historic test year. The Utility is currently in a significant loss position for both water and wastewater operations so that it need to seek expeditious approval of interim rates.

Palm Valley therefore requests that the Commission issue its letter authorizing use of the test year ended December 31, 2025, for use in establishing new rates for the Utility and authorizing the Utility to file its application no later than July 31, 2026.

Should you or any members of staff have any questions in this regard, please do not hesitate to contact me.

Sincerely,

SUNDSTROM LAW, LLC

/s/ F. Marshall Deterding

F. Marshall Deterding
Of Counsel

FMD/brf

cc: Greg Lynch
Gina Payne