

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Joint motion requesting Commission approval of settlement agreement by the Office of Public Counsel and Leighton Estates Utilities, LLC.

DOCKET NO. 20260015-WU
ORDER NO. PSC-2026-0073-PAA-WU
ISSUED: March 23, 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 SETTLEMENT FOR POSSIBLE OVERTURNINGS BY
LEIGHTON ESTATES UTILITIES, LLC

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the action discussed herein is 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

Leighton Estates Utilities, LLC (Leighton Estates or Utility) is a Class C water utility serving approximately 86 customers in Marion County, Florida. On December 22, 2022, we authorized a 10.45 percent return on equity (ROE) with an authorized range of 9.45 percent to 11.45 percent and a rate of return of 6.83 percent, as codified by Order No. PSC-2022-0435-PAA-WU. Based on the review of Leighton Estates' 2024 Annual Report, our staff identified potential overearnings with a reported rate of return of 7.82 percent and an achieved ROE of 20.03 percent.

On November 21, 2025, the Office of Public Counsel (OPC) filed a letter with us outlining concerns of potential water and wastewater utilities overearning, with Leighton Estates being the only utility requiring a reduction. On December 12, 2025, OPC and Commission staff held a conference call to discuss the possible overearnings of Leighton Estates and other utilities. On December 22, 2025, the owner of Leighton Estates, Mike Smallridge, reached out to staff and inquired about a voluntary rate reduction and a refund to customers. Leighton Estates and OPC (collectively known as the Parties) conducted informal meetings to analyze the financial data provided by Leighton Estates and to determine the appropriate disposition of the potential overearnings. On January 29, 2026, the Parties filed their Joint Motion Requesting Commission

Approval of Settlement Agreement (Joint Motion) to resolve the potential overearnings and to avert future overearnings.

This Order grants the Parties' motion and approves the Parties' Settlement Agreement. The Joint Motion and Settlement Agreement are attached as Attachment A. We have jurisdiction pursuant to Sections 367.081, 367.082, and 367.121, Florida Statutes.

Decision

As previously stated, our staff identified possible overearnings based upon a review of Leighton Estates' 2024 Annual Report. On January 29, 2026, the Parties filed the Joint Motion to resolve the disposition of ongoing overearnings. Leighton Estates agreed to reduce its rates by 11.60 percent to ensure it will remain within range of its ROE. Furthermore, Leighton Estates agreed to refund customers 11.60 percent of water revenues billed from January 1, 2026, until the effective date of the rate reduction. The refund credit will be based upon each individual customer's billed amounts from January 1, 2026, until the effective date of the rate reduction, and will be made pursuant to Rule 25-30.360, F.A.C.

In keeping with the our long-standing policy and practice of encouraging parties to settle issues whenever possible, we hereby grant the Joint Motion and approve the Settlement Agreement by the Parties. The settlement provides protections for Leighton Estates' customers for possible overearnings in subsequent years. We note that this is consistent with our past decisions regarding possible overearnings.¹ Schedule No. 1 reflects the Utility's existing rates and our approved rates per the Utility's settlement proposal. Commission staff will continue to monitor the earnings of the Utility, and if any subsequent overearnings are identified, our staff may open a formal earnings investigation.

The proposed Settlement Agreement adequately addresses the potential overearnings staff identified during its ongoing earnings surveillance activities. As outlined in the proposed Settlement Agreement, Leighton Estates shall reduce its rates by 11.60 percent. Additionally, Leighton Estates shall refund customers 11.60 percent of water revenues billed from January 1, 2026, until the effective date of the rate reduction. The refund shall be made pursuant to Rule 25-30.360, F.A.C. The Utility shall file a proposed customer notice reflecting our decision within 15 days of our vote. The approved rates shall be effective for service rendered on or after the stamped approval date of 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. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

Based on the foregoing, it is

¹ Order No. PSC-15-0173-PAA-WS, issued May 5, 2015, in Docket No. 20150069-WS, *In re: Settlement proposal for possible overearnings by Southlake Utilities, Inc. in Lake County.*

ORDERED by the Florida Public Service Commission that the Joint Motion Requesting Commission Approval of Settlement Agreement is hereby granted and the proposed Settlement Agreement is hereby approved. It is further

ORDERED that Leighton Estates Utility, LLC, shall reduce its rates by 11.60 percent. The approved rates shall be effective for service rendered on or after the stamped approval date of the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. It is further

ORDERED that Leighton Estates Utility, LLC, shall refund customers 11.60 percent of water revenues billed from January 1, 2026, until the effective date of the rate reduction. The refund shall be made pursuant to Rule 25-30.360, F.A.C. It is further

ORDERED that the Utility shall provide Commission staff with a proposed customer notice of the approved rates by March 18, 2026, and shall provide proof of the date that notice was given within 10 days of the date of the notice. 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 this docket shall remain open to allow staff to verify completion of the refunds ordered above. Once Commission staff has verified that the refunds have been made in accordance with Rule 25-30.360, F.A.C., the docket shall be closed administratively.

ORDER NO. PSC-2026-0073-PAA-WU
DOCKET NO. 20260015-WU
PAGE 4

By ORDER of the Florida Public Service Commission this 23rd day of March, 2026.



ADAM TEITZMAN
Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399
(850) 413-6770
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.

MRT

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 that is available under Section 120.57, 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 will be granted or result in the relief sought.

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.

The action proposed herein is preliminary in nature. 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on April 13, 2026.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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

LEIGHTON ESTATES UTILITIES, LLC	SCHEDULE NO. 1	
MONTHLY WATER RATES	DOCKET NO. 20260015-WU	
	UTILITY CURRENT RATES	COMMISSION APPROVED RATES
<u>Residential and General Service</u>		
Base Facility Charge by Meter Size		
5/8"X 3/4"	\$24.27	\$21.45
3/4"	\$36.41	\$32.18
1"	\$60.68	\$53.63
1-1/2"	\$121.35	\$107.25
2"	\$194.16	\$171.60
3"	\$388.32	\$343.20
4"	\$606.75	\$536.25
6"	\$1,213.50	\$1,072.50
Charge per 1,000 gallons - Residential Service		
0 - 4,000 gallons	\$11.03	\$9.75
Over 4,000 gallons	\$13.79	\$12.19
Charge per 1,000 gallons - General Service		
	\$11.28	\$9.97
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>		
5,000 Gallons	\$82.18	\$72.64
10,000 Gallons	\$151.13	\$133.59
15,000 Gallons	\$220.08	\$194.54

Exhibit "A"

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Disposition of 2026 Overearnings for
Leighton Estates Utilities, LLC:

Docket No. 2026 _____

Filed: January 29, 2026

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into this 29th day of January, 2026, by and between Leighton Estates Utilities, LLC. (hereafter referred to as "Leighton"), and the Office of Public Counsel ("OPC"), on behalf of the Citizens of the State of Florida ("Citizens") and customers of Leighton (hereafter, "Parties").

WITNESSETH

WHEREAS, the OPC identified possible 2025 overearnings based upon the review of the 2024 Annual Report of Leighton;¹

WHEREAS, on December 12, 2025, a conference call meeting between the staff of the Florida Public Service Commission ("Commission" or "FPSC") and the OPC were held to discuss the possible overearnings of Leighton and other utilities;

WHEREAS, on January 8, 2026, staff of the FPSC inquired whether Leighton had reached out to the OPC regarding the amount of overearnings and a voluntary rate reduction;

WHEREAS, on January 20-21, 2026, the Parties conducted further discussions and evaluation of additional data provided by Leighton to OPC on such overearnings;

¹ See Document No. 15204-2025 - OPC (Fletcher) - Letter dated 11/21/25, providing summary of review of possible WAW overearning for reporting year 2024 for Kirby D. Morgan, Inc., and Lake Yale Utilities, LLC for wastewater, and Leighton Estates Utilities, LLC, and Ni Florida, Inc. for water.

WHEREAS, the Parties to this Agreement have undertaken in good faith to reasonably and amicably resolve the issues raised in this proceeding so as to maintain a degree of fairness, stability and predictability with respect to customer bills;

WHEREAS, the Parties have entered into this Settlement Agreement in compromise of positions that could be taken in accord with their rights and interests under Chapters 350 and 367, Florida Statutes, as applicable, and, as a part of the negotiated exchange of consideration among the parties to this agreement, each has agreed to concessions to the others with the expectation that all provisions of this Settlement Agreement will be enforced by the Commission as to all matters addressed herein with respect to all parties regardless of whether a court ultimately determines such matters to reflect Commission policy, upon acceptance of the agreement as provided herein and upon approval in the public interest; and

NOW THEREFORE, the parties agree to the following:

1. **Leighton Estates Utilities, LLC**: Leighton Estate Utilities, LLC (Leighton) agrees to reduce its base facility charge and gallonage charges by 11.60%. In addition, Leighton also agrees to refund via credit on its customers' accounts 11.60% of water revenues billed from January 1, 2026 until the effective date of the rate reduction. The refunds shall be made pursuant to Rule 25-30.360(3), Florida Administrative Code. This refund credit shall be based upon each individual customer's billed amounts from January 1, 2026 until the effective date of the rate reduction.

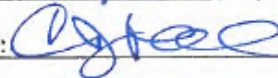
2. In keeping with the Commission's long-standing policy and practice of encouraging parties to settle issues whenever possible, the Parties submit this Settlement Agreement for review and approval. The Parties agree that this Settlement Agreement is in the public interest. The provisions of this Settlement Agreement are contingent on approval of this Settlement Agreement in its entirety by the Commission without modification. The Parties further agree that they will support

this Settlement Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of this Settlement Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Settlement Agreement or the subject matter hereof. No Party will assert in any proceeding before the Commission that this Settlement Agreement nor any of the terms herein shall have any precedential value nor may it be used in any other proceeding. To the extent a dispute arises among the parties about the provisions, interpretation, or application of this agreement, the parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution. Approval of this Settlement Agreement in its entirety will resolve all matters and issues discussed herein pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket should be closed administratively after Commission staff verifies the revised tariff sheets, customer notices have been mailed, and refunds have been made.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Settlement Agreement by their signature.

OFFICE OF PUBLIC COUNSEL

Date: 1. 29, 2026

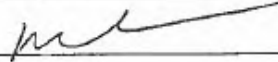
By: 

Charles Rehwinkel;
Deputy Public Counsel

Attorney for the Citizens
of the State of Florida

LEIGHTON ESTATES UTILITIES

Date: 1-29-26

By: 

Mike Smallridge;
Managing Member

Leighton Estates Utilities, LLC