

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: June 6, 2024

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Wooten, Ellis, King) *TB*
Division of Accounting and Finance (Norris, Sowards, Veagh) *ALM*
Division of Economics (Bruce, Hudson) *CP*
Office of the General Counsel (Stiller, Crawford) *JSC*

RE: Docket No. 20220142-WS – 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.

AGENDA: 06/18/24 – Regular Agenda – Proposed Agency Action for Issues 2, 3 and 4 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Clark

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

Grenelefe Resort Utility, Inc. (Grenelefe, Utility, or Seller) is a Class B water and wastewater utility operating in Polk County. Grenelefe provides service to approximately 1,608 water customers and 1,357 wastewater customers. The Utility is in the St. Johns River Water Management District (SJRWMD). In its 2023 Annual Report, Grenelefe reported a net operating loss of \$184,215 for water, and \$233,950 for wastewater. The Utility's last rate case was in 2011.¹

¹Order No. PSC-12-0433-PAA-WS, issued October 21, 2012, in Docket No. 20110141-WS, *In re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

In 1997, the Florida Public Service Commission (Commission) issued original water and wastewater Certificate Nos. 589-W and 507-S to Sports Shinko Utility, Inc. d/b/a Grenelefe Utilities.² In 2005, the Commission granted a transfer of the Utility to Grenelefe Resort Utility, Inc. from the previous owner.³

On August 9, 2022, Grenelefe Resort Utility, Inc. and NC Real Estate Projects, LLC filed a joint application with the Commission for the transfer of Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC and Grenelefe Resort Utilities Development, LLC. This initial joint application would have NC Real Estate Projects, LLC acquire all assets from the Seller and serve as the Buyer of the utility. NC Real Estate Projects would then lease all utility assets and real estate to Grenelefe Resort Utilities Development, LLC for 7 months. After this 7 month period, NC Real Estate Projects, LLC would ultimately transfer both the utility assets and land to Grenelefe Resort Utilities Development, LLC, who would then serve as the utility owner and operator going forward.

On October 10, 2023, Grenelefe Resort Utility, Inc. and NC Real Estate Projects, LLC d/b/a Grenelefe Utility (NC Real Estate Projects or Buyer) filed an amended joint application. This amended joint application supersedes the initial joint application, and proposes to transfer the certificates from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility, with no intervening lease period. The amended application was found to be deficient. The Buyer cured all deficiencies on March 14, 2024. The sale of the Utility closed on May 31, 2022. Intervention by the Office of Public Counsel (OPC) was acknowledged on February 21, 2024.⁴

This recommendation addresses the transfer of the water and wastewater systems and Certificate Nos. 589-W and 507-S, the appropriate net book value of the water and wastewater systems for transfer purposes, and the request for a new meter installation fee. The Commission has jurisdiction pursuant to Sections 367.071 and 367.081, Florida Statutes (F.S.).

²Order No. PSC-97-1546-FOF-WS, issued December 9, 1997, in Docket No. 961006-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.*

³Order No. PSC-05-0142-PAA-WS, issued February 7, 2005, in Docket No. 030123-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.*

⁴Order No. PSC-2022-0128-PCO-WS, issued February 21, 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.*

Discussion of Issues

Issue 1: Should the transfer of 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 be approved?

Recommendation: Yes. The transfer of the water and wastewater systems and Certificate Nos. 589-W and 507-S is in the public interest, and should be approved effective the date of the Commission's vote. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Seller is current, with respect to annual reports and regulatory assessment fees (RAFs) through December 31, 2023. The Buyer should be responsible for filing annual reports and paying RAFs for all future years. (Wooten, Sowards, Bruce)

Staff Analysis: On October 10, 2023, Grenelefe Resort Utility, Inc. and NC Real Estate Projects, LLC d/b/a Grenelefe Utility filed a joint application for the transfer of Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC d/b/a Grenelefe Utility. Staff reviewed the application and determined that it is in compliance with Section 367.071, F.S., and Commission Rules concerning applications for transfer of certificates.

Noticing, Territory, and Land Ownership

NC Real Estate Projects provided notice of the application, pursuant to Section 367.071, F.S., and Rule 25-30.030, Florida Administrative Code (F.A.C.). No formal objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the service territory, which is appended to this recommendation as Attachment A. In its application, NC Real Estate Projects provided a copy of a special warranty deed as evidence that the Buyer has the rights to long-term use of the land upon which the treatment facilities are located, pursuant to Rule 25-30.037(2)(s), F.A.C.

Purchase Agreement and Financing

Pursuant to Rule 25-30.037(2)(i) and (j), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no guaranteed revenue contracts, or customer advances of Grenelefe Resort Utility, Inc. that must be disposed of with regard to the transfer. NC Real Estate Projects has reviewed all leases and developer agreements and assumed those agreements. Staff has reviewed the purchase and sale agreement, which stated that the total purchase price for the assets is \$2,500,000. Furthermore, staff's review of the purchase and sale agreement confirmed that the closing took place on May 31, 2022, but is dependent on Commission approval of the transfer, pursuant to Section 367.071(1), F.S.

Facility Description and Compliance

The water system includes a water treatment plant and two wells. The water is chlorinated for disinfection, and polyphosphate is added for lead and copper corrosion control. The two wells have capacities of 1,500 gallons per minute each. The water distribution system extends throughout the service area. NC Real Estate Projects provided a copy of the Utility's current consumptive use permit from the SJRWMD.

The wastewater treatment plant (WWTP) is an extended aeration activated sludge plant with a design capacity of 680,000 gallons per day (gpd). The plant is permitted by the Florida Department of Environmental Protection (DEP) to operate at 340,000 gpd, based on the three-month rolling average daily flow. The treatment plant consists of: ten aeration basins, four clarifiers, seven deep bed automatic backwash filters, three pre-filter chlorine contact chambers, one post chlorine contact chamber, one effluent pump wetwell, and three digesters. Additionally, there are three lift stations in the service territory.

In its March 15, 2023 inspection report to the Utility, DEP stated that based on the information provided during and following the inspection, the facility was determined to be in compliance with its rules and regulations. Staff reviewed the most recent DEP sanitary survey, issued on May 10, 2023, which identified six issues that were corrected. Staff also reviewed the results from the DEP October 4, 2023 water quality tests, including the secondary water quality test. All results were below the DEP's maximum contaminant levels for each primary or secondary contaminant.

Staff reviewed the most recent DEP compliance evaluation inspections (CEI) for the WWTP. The December 6, 2022 CEI identified the following issues: only three of the four monitoring wells could be located, the facility lacked procedures for minimizing spills, and the facilities' three lift stations lacked functioning alarms. All deficiencies were corrected, and the WWTP is currently in compliance with the DEP.

Technical and Financial Ability

Pursuant to Rule 25-30.037(2)(l), F.A.C., the application contains statements describing the financial ability of the Buyer to provide service to the proposed service area. As referenced in the transfer application, the Buyer will fulfill the commitments, obligations, and representations of the Seller, with regards to utility matters. The Utility stated that NC Real Estate Projects was created for the purpose of owning and operating the Utility after the transfer, and as such no financial statements exist. In the Utility's amended application, the owner of NC Real Estate Projects, Mr. Fredrick Scott House, provided personal financial statements, as well as an affidavit stating his ability and intent to meet all reasonable capital needs arising from the operation of the Utility. Staff has reviewed Mr. House's personal financial statements, and believes the Buyer has documented adequate resources to support the Utility's water and wastewater operations.

Pursuant to Rule 25-30.037(2)(m), F.A.C., the application contains statements describing the technical ability of the Buyer to provide service to the proposed service area. NC Real Estate Projects' application states that while it does not own any other water or wastewater systems in Florida, the Buyer's sister company has acquired the housing development served by the Utility, which incentivizes the Buyer to continue the proper maintenance and operation of the Utility. Furthermore, the Buyer plans to use the same operations personnel employed by the Seller to provide routine operation and maintenance of the systems, as well as to handle billing and customer service. As the operations personnel have experience with the Utility's facilities, it is reasonable for the Buyer to retain those employees. Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

Rates, Charges, and Initial Customer Deposits

The Utility's rates, charges, and initial customer deposits were last approved in a 2012 staff-assisted rate case.⁵ The Utility's service availability charges were approved in 1996 in a grandfather certificate.⁶ The Utility's rates were subsequently amended by three price index rate adjustments. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by this Commission. In regard to the Utility's existing miscellaneous service charges, the late payment charge and non-sufficient funds charges are appropriate. However, the remaining Utility's miscellaneous service charges do not conform to Rule 25-30.460, F.A.C., and are discussed in Issue 3.

NC Real Estate Projects requested to increase its meter installation charges for the 5/8 inch x 3/4 inch meter size, which is discussed in Issue 4. The meter installation charge for meter sizes larger than the 5/8 inch x 3/4 inch would remain the same. Therefore, staff recommends that the Utility's existing rates and initial customer deposits for water and wastewater, as shown on Schedule Nos. 1-A and 1-B, remain in effect until a change is authorized by this Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C.

Regulatory Assessment Fees and Annual Report

Staff has verified the Utility is current on the filing of annual reports and RAFs through December 31, 2023. The Buyer will be responsible for filing the annual reports and paying RAFs for 2024 and all future years.

Conclusion

Based on the foregoing, staff recommends that the transfer of the water and wastewater systems and Certificate Nos. 589-W and 507-S is in the public interest, and should be approved effective the date of the Commission's vote. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Seller is current, with respect to annual reports and regulatory assessment fees (RAFs), through December 31, 2023. The Buyer should be responsible for filing annual reports and paying RAFs for all future years.

⁵Order No. PSC-12-0433-PAA-WS, in Docket No. 110141-WS, *in re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

⁶Order No. PSC-97-1546-FOF-WS, in Docket No. 961006-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.*

Date: June 6, 2024

Issue 2: What is the appropriate net book value for NC Real Estate Projects, LLC d/b/a Grenelefe Utility water and wastewater systems for transfer purposes?

Recommendation: The net book values (NBV) of the water and wastewater systems for transfer purposes are \$65,267 and \$59,677, respectively, as of May 31, 2022. An acquisition adjustment should not be included in rate base. Within 90 days of the date of the final order, Grenelefe should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission decision and the adjustment should be reflected in the Utility's 2024 Annual Report when filed. (Veaghn)

Staff Analysis: Rate base was last established for the Utility as of March 31, 2011. The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of May 31, 2022. Staff's recommended NBV, as described below, is shown on Schedule No 2.

Utility Plant in Service (UPIS)

The Utility's general ledger reflected water and wastewater UPIS balances of \$3,141,633 and \$3,312,204, respectively, as of May 31, 2022. Audit staff reviewed UPIS additions since the last rate case proceeding and found that the Utility was unable to provide invoices for any additions prior to 2016. Additionally, the Utility was unable to provide several invoices from 2016 to May 31, 2022. Consequently, audit staff determined that UPIS was overstated by \$76,800 for water and \$252,709 for wastewater, as of May 31, 2022. As such, staff recommends a UPIS balance of \$3,064,833 for water and \$3,059,495 for wastewater, as of May 31, 2022.

Land

The Utility's general ledger reflected a land balance of \$7,000 for water, and \$49,400 for wastewater, as of May 31, 2022. In Order No. PSC-12-0433-PAA-WS, the Commission established the value of the land to be \$3,000 for water and \$49,400 for wastewater.⁷ There have been no additions to land purchased since the Order was issued. As a result, land for water should be reduced by \$4,000. Therefore, staff recommends land balances of \$3,000 for water and \$49,400 for wastewater as of May 31, 2022.

Accumulated Depreciation

The Utility's general ledger reflected water and wastewater accumulated depreciation balances of \$2,733,497 and \$3,024,931, respectively, as of May 31, 2022. Audit staff recalculated accumulated depreciation using the audited UPIS plant balances and the depreciation rates established by Rule 25-30,140(2), F.A.C. Audit staff determined accumulated depreciation to be overstated by \$62,890 and \$286,980 for water and wastewater, respectively. The difference is the result of adjustments made to UPIS explained above. As a result, accumulated depreciation should be decreased by \$62,890 for water and \$286,980 for wastewater, as of May 31, 2022. As such, staff recommends the appropriate accumulated depreciation balance is \$2,670,608 for water and \$2,737,951 for wastewater.

⁷Order No. PSC-12-0433-PAA-WS, issued August 21, 2012, in Docket No. 110141-WS, *In re: Application for staff-assisted rate case in Polk County by Grenelefe Resort Utility, Inc.*

Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC

As of May 31, 2022, the Utility's general ledger reflected water and wastewater CIAC balances of \$2,302,685 and \$1,051,361, respectively, and accumulated amortization of CIAC balances of \$2,063,146 and \$808,785, respectively. Audit staff decreased water and wastewater accumulated amortization of CIAC by \$92,419 and \$68,691, respectively, to reflect Commission-ordered adjustments prescribed in Order No. PSC-2012-0433-PAA-WS. Staff also notes that adjustments were made due to differences in the composite rate used by the Utility and staff. Staff's composite rate was based on the adjusted UPIS balances, as discussed above. Therefore, staff recommends CIAC balances of \$2,302,685 for water and \$1,051,361 for wastewater and accumulated amortization of CIAC balances of \$1,970,727 for water and \$740,094 for wastewater as of May 31, 2022.

Net Book Value

The Utility's general ledger reflected a NBV of \$175,597 for water and \$94,097 for wastewater. Based on the adjustments above, staff recommends that the NBV for the Utility's water and wastewater systems are \$65,267 and \$59,677, respectively, as of May 31, 2022. Staff's recommended NBV and the National Association of Regulatory Utility Commissioners, Uniform System of Accounts (NARUC USOA) balance for UPIS and accumulated depreciation as of May 31, 2022 are shown on Schedule No. 2.

Acquisition Adjustment

An acquisition adjustment results when the purchase price differs from the NBV of the assets at the time of the acquisition. The Utility and its assets were purchased for \$2.5 million. As shown on Schedule No. 2, staff has determined the appropriate NBV total to be \$124,944 (\$65,267 + \$59,677). Pursuant to Rule 25-30.0371, F.A.C., a positive acquisition adjustment may be appropriate when the purchase price is greater than the NBV, and a negative acquisition adjustment may be appropriate when the purchase price is less than NBV. However, pursuant to Rule 25-30.0371(2), F.A.C., a positive acquisition adjustment shall not be included in rate base unless there is proof of extraordinary circumstances. The Buyer did not request a positive acquisition adjustment, and there are no extraordinary circumstances. As such, staff recommends that no acquisition adjustment be included.

Conclusion

Based on the above, staff recommends that the NBVs of NC Real Estate Projects, LLC d/b/a Grenelefe Utility's water and wastewater systems for transfer purposes are \$65,267 and \$59,677, respectively, as of May 31, 2022. No acquisition adjustment should be included in rate base. Within 90 days of the date of the final order, the Buyer should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in NC Real Estate Projects, LLC d/b/a Grenelefe Utility's 2024 Annual Report when filed.

Issue 3: Should NC Real Estate Projects, LLC d/b/a Grenelefe Utility’s miscellaneous service charges be revised to conform to amended Rule 25-30.460, F.A.C.?

Recommendation: Yes. Staff recommends the miscellaneous service charges should be revised to conform to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. The Buyer should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Buyer should provide proof of the date notice was given, no less than 10 days after the date of the notice. The utility should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding. (Bruce)

Staff Analysis: NC Real Estate Projects did not request to revise the miscellaneous charges; however, the charges do not conform to Rule 25-30.460, F.A.C. The Utility’s current miscellaneous service charges are shown below in Table 3-1.

**Table 3-1
 Utility’s Existing Miscellaneous Service Charges**

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$21.00	\$42.00
Normal Reconnection Charge	\$21.00	\$42.00
Violation Reconnection Charge - Water	\$21.00	\$42.00
Violation Reconnection Charge - Wastewater	Actual Cost	Actual Cost
Premises Visit Charge	\$21.00	\$42.00

The rule does not allow for initial connection and normal reconnection charges. These charges are the same as the premises visit charge. Therefore, the current initial connection and normal reconnection charges are obsolete and inconsistent with the rule and should be removed. Staff also recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C. Staff’s recommended miscellaneous service charges are shown below in Table 3-2.

**Table 3-2
 Staff’s Recommended Miscellaneous Service Charges**

	<u>Normal Hours</u>	<u>After Hours</u>
Violation Reconnection Charge - Water	\$21.00	\$42.00
Violation Reconnection Charge - Wastewater	Actual Cost	Actual Cost
Premises Visit Charge	\$21.00	\$42.00

Conclusion

Based on the above, the miscellaneous service charges should be revised to conform to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. NC Real Estate Projects should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. NC Real Estate Projects should provide proof of the date notice was given, no less than 10 days after the date of the notice. The Utility should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding.

Issue 4: Should the Commission approve a new meter installation fee for NC Real Estate Projects, LLC d/b/a Grenelefe Utility?

Recommendation: Yes. NC Real Estate Projects' requested meter installation charge of \$600 for the 5/8 inch x 3/4 inch meter size should be approved. The Buyer should file a tariff sheet and a proposed customer notice. The Buyer should provide notice to potential customers who have requested service within 12 calendar months prior to the month the application was filed, and up until this Order becomes final. The approved charge should be effective for connections made on or after the stamped approval date on the tariff sheet. The Utility should provide proof of the date notice was given within 10 days of the date of notice. (Bruce)

Staff Analysis: Currently, the Utility has a meter installation charge of \$65 for the 5/8 inch x 3/4 inch meter size and actual cost for all other meter sizes. The Buyer requested a meter installation charge of \$600 for the 5/8 inch x 3/4 inch meter size. The charge for all other meter sizes would remain at actual cost. The Buyer's requested meter installation charge includes the cost of materials and labor (\$334) and the cost of the meter (\$265). The Utility indicated that the new owners are attempting to modernize and update the acquired system, which includes a complete change out of meters to radio read meters on a going forward basis. Staff has reviewed the NC Real Estate Projects' cost justification and its reasons, and staff recommends that the NC Real Estate Projects proposed meter installation charge of \$600 for the 5/8 inch x 3/4 inch is reasonable and should be approved.

Conclusion

Based on the above, NC Real Estate Projects' requested meter installation charge of \$600 for the 5/8 inch x 3/4 inch meter size should be approved. NC Real Estate Projects should file a tariff sheet and a proposed customer notice. NC Real Estate Projects should provide notice to potential customers who have requested service within 12 calendar months prior to the month the application was filed, and up until this Order becomes final. The approved charge should be effective for connections made on or after the stamped approval date on the tariff sheet. NC Real Estate Projects should provide proof of the date notice was given within 10 days of the date of notice.

Issue 5: Should this docket be closed?

Recommendation: Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued, and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, that the Buyer has submitted the executed and recorded warranty deed, that the Buyer has provided the customers with the required notice, and that the Buyer has submitted copies of its applications for permit transfers to the DEP and the SJRWMD, within 60 days of the Commission's Order approving the transfer. (Stiller)

Staff Analysis: If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, that the Buyer has submitted the executed and recorded warranty deed, that the Buyer has provided the customers with the required notice, and that the Buyer has submitted copies of its applications for permit transfers to the DEP and the SJRWMD, within 60 days of the Commission's Order approving the transfer.

GRENELEFE RESORT UTILITY INC.
WATER AND WASTEWATER SERVICE AREA

DESCRIPTION OF TERRITORY SERVED

That following areas in Range 28 East, Township 28 South, Sections 5, 6, 7 and 8, Polk County, Florida:

The South $\frac{1}{2}$ of Section 6;
The North $\frac{1}{2}$ of Section 7; and

In Sections 7 and 8 described as follows: The Point of Beginning (POB) identified as the SE corner of the NW $\frac{1}{4}$ of Section 7; from the POB run N 89°42'32" E a distance of 2,599.05 feet; to the NW corner of Section 8; thence N 89°50'22" E, a distance of 1,320.00 feet; thence South a distance of 1,317.85 feet more or less; thence S 03°59'01" E a distance of 827.42 feet; thence N 89°54'04" W a distance of 1,378.88 feet; to the East line of Section 7; thence S 89°26'13" W a distance of 2,574.02 feet; thence N 00°37'09" W a distance of 2,152.99 feet; to the POB; and

In Section 5 described as follows: Begin at the SW corner of Section 5, Range 28 E, Township 28 S; run N 00°13'39" E a distance of 2,641.87 feet to the POB; from the POB run N 00°05'32" W a distance of 660.00 feet; thence N 89°49'05" E a distance of 1,600 feet more or less; thence Southerly along the water's edge of Lake Marion a distance of 688 feet more or less; thence S 89°50'03" W a distance of 1,407 feet more or less to the POB; and

In Section 5 described as follows: From the SW corner of Section 5, Range 28 E, Township 28 S also the POB; run N 00°13'39" E a distance of 2,641.87 feet; thence N 89°49'05" W a distance of 971.87 feet; thence S 00°43'25" E a distance of 2,642.27 feet; thence S 89°50'03" W a distance of 994.74 feet to the POB; and

In Section 8 described as follows: From the NW corner of Section 8, Range 28 E, Township 28 S also the POB; run N 89°50'03" E a distance of 994.74 feet; thence S 00°02'32" W a distance of 2,634.51 feet; thence S 89°50'22" W a distance of 1,000.27 feet; thence N 00°09'45" E a distance of 2,634.45 feet to the POB.

FLORIDA PUBLIC SERVICE COMMISSION
Authorizes
NC Real Estate Projects, LLC d/b/a Grenelefe Utility
pursuant to
Certificate Number 589-W

to provide water service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-97-1546-FOF-WS	12/09/1997	961006-WS	Grandfather Certificate
PSC-05-0142-PAA-WS	02/07/2005	030123-WS	Transfer of Majority Organizational Control
*	*	20220142-WS	Transfer of Certificate

***Order Number and date to be provided at time of issuance.**

FLORIDA PUBLIC SERVICE COMMISSION
Authorizes
NC Real Estate Projects, LLC d/b/a Grenelefe Utility
pursuant to
Certificate Number 507-S

to provide wastewater service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-97-1546-FOF-WS	12/09/1997	961006-WS	Grandfather Certificate
PSC-05-0142-PAA-WS	02/07/2005	030123-WS	Transfer of Majority Organizational Control
*	*	20220142-WS	Transfer of Certificate

***Order Number and date to be provided at time of issuance.**

**NC Real Estate Projects, LLC d/b/a Grenelefe Utility
 Existing Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" X 3/4"	\$6.81
3/4"	\$10.22
1"	\$17.03
1 1/2"	\$34.05
2"	\$54.48
3"	\$108.96
4"	\$170.25
6"	\$340.50

Charge Per 1,000 gallons

0 – 5,000 gallons	\$1.50
5,000 – 10,000 gallons	\$1.89
10,001 – 15,000 gallons	\$2.82
Over 15,000 gallons	\$3.75

Charge Per 1,000 gallons

\$2.09

Initial Customer Deposits

	Potable Water	
	<u>Residential Service</u>	<u>General Service</u>
5/8" X 3/4"	\$19.80	2x Average Estimated Monthly Bill

	Non-Potable Water	
	<u>Residential Service</u>	<u>General Service</u>
5/8" X 3/4"	\$16.48	2x Average Estimated Monthly Bill
1"	\$100.46	2x Average Estimated Monthly Bill
1 1/2"	\$110.38	2x Average Estimated Monthly Bill
2"	\$224.90	2x Average Estimated Monthly Bill

Service Availability Charges

Meter Installation Charge

1"	Actual Cost
1 1/2"	Actual Cost
2"	Actual Cost
Service Line Extension and Tap-In	Actual Cost

**NC Real Estate Projects, LLC d/b/a Grenelefe Utility
Existing Monthly Wastewater Rates**

Residential Service

All Meter Sizes	\$9.98
Charge Per 1,000 gallons – Residential 8,000 gallon cap	\$2.93

General Service

Base Facility Charge by Meter Size	
5/8" X 3/4"	\$9.98
3/4"	\$14.97
1"	\$24.95
1 1/2"	\$49.90
2"	\$79.84
3"	\$159.68
4"	\$249.50
6"	\$499.00
Charge Per 1,000 gallons	\$3.52

Initial Customer Deposits

5/8" x 3/4"	\$25.56
1"	2x Average Estimated Bill
Over 1"	2x Average Estimated Bill

Miscellaneous Service Charges

Late Payment Charge	\$5.25
NSF Check Charge	Pursuant to Section 68.065, F.S.

**NC Real Estate Projects, LLC d/b/a Grenelefe Utility
Schedule of Net Book Value as of May 31, 2022
Water System**

<u>Description</u>	<u>Balance Per</u>	<u>Adjustments</u>	<u>Staff</u>
	<u>Utility</u>		<u>Recommendation</u>
Utility Plant in Service	\$3,141,633	(\$76,800)	\$3,064,833
Land & and Rights	7,000	(4,000)	3,000
Accumulated Depreciation	(2,733,497)	62,890	(2,670,608)
CIAC	(2,302,685)	0	(2,302,685)
Amortization of CIAC	<u>2,063,146</u>	<u>(92,419)</u>	<u>1,970,727</u>
Total	<u>\$175,597</u>	<u>(\$110,330)</u>	<u>\$65,267</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of May 31, 2022
Water System**

Explanation

Utility Plant In Service	
To reflect appropriate amount of utility plant in service.	<u>(\$76,800)</u>
Land and Land Rights	
To reflect appropriate land balance.	<u>(\$4,000)</u>
Accumulated Depreciation	
To reflect appropriate amount of accumulated depreciation.	<u>\$62,890</u>
Accumulated Amortization of CIAC	
To reflect appropriate amount of accumulated amortization of CIAC.	<u>(\$92,419)</u>
Total Adjustments to Net Book Value as of May 31, 2022	<u>(\$110,329)</u>

NC Real Estate Projects, LLC d/b/a Grenelefe Utility
Schedule of Staff Recommended
Account Balances as of May 31, 2022
Water System

<u>Account</u>			<u>Accumulated</u>
<u>No.</u>	<u>Description</u>	<u>UPIS</u>	<u>Depreciation</u>
304	Structures & Improvements	\$77,541	(\$49,509)
307	Wells & Springs	296,357	(296,357)
310	Power Generation Equipment	106,760	(106,760)
311	Pumping Equipment	98,055	(88,752)
320	Water Treatment Equipment	7,900	(7,900)
330	Distribution Reservoirs	82,951	(72,031)
331	Transmission & Distribution	1,942,590	(1,603,526)
333	Services	98,148	(90,357)
334	Meters & Meter Installations	241,743	(239,521)
335	Hydrants	76,500	(52,606)
340	Transportation Equipment	13,466	(13,466)
341	Transportation Equipment	13,920	(13,920)
343	Tools, Shop, & Garage Equipment	2,955	(2,955)
345	Power Operated Equipment	1,768	(1,768)
346	Communication Equipment	1,800	(1,800)
347	Miscellaneous Equipment	<u>2,380</u>	<u>(2,380)</u>
	Total	<u>\$ 3,064,833</u>	<u>(\$2,670,608)</u>

**NC Real Estate Projects, LLC d/b/a Grenelefe Utility
Schedule of Net Book Value as of May 31, 2022
Wastewater System**

<u>Description</u>	<u>Balance Per</u>		<u>Staff</u>
	<u>Utility</u>	<u>Adjustments</u>	<u>Recommendation</u>
Utility Plant in Service	\$3,312,204	(\$252,709)	\$3,059,495
Land & Land Rights	49,400	0	49,400
Accumulated Depreciation	(3,024,931)	286,980	(2,737,951)
CIAC	(1,051,361)	0	(1,051,361)
Amortization of CIAC	<u>808,785</u>	<u>(68,691)</u>	<u>740,094</u>
Total	<u>\$94,097</u>	<u>(\$34,420)</u>	<u>\$59,677</u>

**Explanation of Staff's Recommended
Adjustments to Net Book Value as of May 31, 2022
Wastewater System**

Explanation

Utility Plant In Service	
To reflect appropriate amount of utility plant in service	<u>(\$252,709)</u>
Accumulated Depreciation	
To reflect appropriate amount of accumulated depreciation	<u>\$286,980</u>
Accumulated Amortization of CIAC	
To reflect appropriate amount of accumulated amortization CIAC	<u>(\$68,691)</u>
Total Adjustment to Net Book Value as of May 31, 2022	<u>(\$34,420)</u>

Grenelefe Resort Utility, Inc.
Schedule of Staff Recommended
Account Balances as of May 31, 2022
Wastewater System

<u>Account</u>		<u>UPIS</u>	<u>Accumulated</u>
<u>No.</u>	<u>Description</u>		<u>Depreciation</u>
354	Structures & Improvements	\$92,590	(\$92,590)
360	Collection - Sewers Forces	72,400	(72,400)
361	Collection - Sewers Gravity	743,499	(545,012)
363	Services to Customers	83,523	(80,941)
364	Flow Measuring Devices	5,275	(5,275)
370	Lift Stations	239,962	(216,989)
371	Pumping Equipment	110,246	(81,743)
374	Reuse Dist Reservoirs	5,800	(5,476)
380	Treatment & Disposal – Equipment	1,625,931	(1,557,226)
382	Outfall Sewer Line	46,900	(46,900)
390	Office Furniture & Garage Equipment	3,346	(3,346)
391	Transportation Equipment	16,200	(16,200)
393	Tools, Shop, & Garage Equipment	685	(685)
394	Laboratory Equipment	300	(300)
395	Power Operated Equipment	638	(638)
396	Communications Equipment	11,600	(11,600)
397	Miscellaneous Equipment	<u>600</u>	<u>(600)</u>
	Total	<u>\$3,059,495</u>	<u>(\$2,737,951)</u>