SUNDSTROM
& MINDLIN, LLP
Attorneys | Counselors

2548 BLAIRSTONE PINES DRIVE
TALLAHASSEE, FLORIDA 32301

PHONE (850) 877-6555

www.sfflaw.com

September 16, 2025

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

Re: NC Real Estate Projects, LLC dba Grenelefe Utility; Request for Staff Assisted Rate Increase; Response to Staff Data Request No. 4; Docket No. 20250023-WS

Dear Mr. Teitzman,

Attached in conformance with the request of the staff is the utility's responses to Staff's 4th Data Request, which were prepared by the utility, its operator and its consulting engineer and inadvertently omitted from the filing on September 11th.

If you have any questions in this regard, please let me know.

Sincerely,

SUNDSTROM & MINDLIN, LLP

*/s/ F. Marshall Deterding*

F. Marshall Deterding
Of Counsel

FMD/brf
cc: Jacob Imig
Jennifer Augspurger
Ailynee Ramirez-Abundez
Gary Smith, II
Laura King
Marissa Ramos
Matthew Sibley
Sonica Bruce
Garret Kelley
Jared Folkman
Joshua Cohn
Jason Cox
Gary Morse

## GRENELEFE UTILITY - SARC
## PSC STAFF DATA REQUEST #4 - RESPONSES

**Controller explanation for timing of projects based on Connection Fee and Improvements**

The Utility is reliant upon private funding of the needed improvements to the Utility Facility. The Utility is attempting to secure bank financing for the costs of the improvements designed and funding requires a cash flow stream to support the cash flow to install the water meters. The expected cost of $18 million should result in a service accessibility fee of 75% of the cost, $13,500,000 spread over the 809 Permitted Units to attach to the Utility or $16,787.26. The applied for Connection Fee of $9,800 will result in $7,928,000, which is far less than the 75% or $13,500,000. Thus, the number of units to attach to the facility needs to be 1,378 units. The permittee is counting on approved units to connect to the Utility will be 569 additional units (1378-809). The progress of the improvement project for the facility is directly correlated with the approval of the $9,800 connection fee paid by the homebuilder. Thus, know that the following answers to the progress of the project's completion is reliant upon funding to be secured from a Lender for the project. The homebuilders have already budgeted this cost into their cost to construct the homes. Thus, it is paid as a cost of doing business; whereas any amount passed to the current or future customers is forcing them to pay the additional costs due to the lack of a Service Accessibility Charge to the homebuilder.

**Customers/Equivalent Residential Connections (ERCs) (Commercial, Residential (Multi Family – Single Family Residence, Irrigation)**

1. Number of Customers classified by (Comm, Res-MF, Res-SFR, Irrigation) then broken down by meter size per customer for the following points in time:
   a. Each of 4 years Prior to Test Year – for this only back to acquisition date 5/31/2022.
      a. Commercial 1.5" 120
      b. Multi-Family Residential 2" Meter 14
      c. Single Family Residential .625" 1,081
      d. Irrigation .625" 162
   b. Beginning of Test Year
      a. Commercial 1.5" 120
      b. Multi-Family Residential 2" Meter 14
      c. Single Family Residential .625" 1,081
      d. Irrigation .625" 162
   c. End of Test Year
      a. Commercial 1.5" 120
      b. Multi-Family Residential 2" Meter 14
      c. Single Family Residential .625" 1,081
      d. Irrigation .625" 162

d. Present

| | | | |
|---|---|---|---|
| a. | Commercial | 1.5" | 120 |
| b. | Multi-Family Residential | 2" Meter | 14 |
| c. | Single Family Residential | .625" | 1,081 |
| d. | Irrigation | .625" | 162 |

2. Maximum number of Water ERCs Grenelefe can serve 2,056
3. Maximum number of Wastewater ERCs Grenelefe can serv 2.056

4. **Smokey Groves Development by Lennar Homes – Groves at Grenelefe** – 425 homesites have been prepared into finished lots with distribution and collection systems fully constructed. They are presenting their items for acceptance by NC Real Estate Projects, LLC. They have requested the first two homes be connected for potable and wastewater services and a separate meter for Irrigation on each model home, thus four digital Neptune water meters. The only fees NC Real Estate Projects, LLC can charge for these four meters is $2,400 (4 x $600 meter set fee). Thus these two homes are lost CIAC to improve the facility.

5. **Lennar Homes** has informed NC Real Estate Projects, LLC that its building schedule will produce 12 new homes for connection to the Utility per month requiring 2 Neptune Digital Water Meters. Lennar's project manager provided this information to NC Real Estate Projects, LLC. Every development with Lennar is factored to be built and sold in as little time as possible.

6. After speaking with utility representatives, the utility believes that the following proforma projects should be in service on the following dates pending timely resolution of the SARC and securing suitable financing.

| | |
|---|---|
| a.) Wastewater Treatment Plant Improvement | Ask the project engineer. |
| b.) Lift station #1 refurbishment | October 31, 2026 |
| c.) Lift station #2 refurbishment | October 31, 2026 |
| d.) Lift station #3 refurbishment | October 31, 2026 |
| e.) Lift station #4 refurbishment | October 31, 2026 |
| f.) Lift station #5 refurbishment | October 31, 2026 |
| g.) Radio read meter replacement | Work will begin as soon as staff agrees to include in rate structure. Completion date 6/30/2026. |
| h.) New fire hydrants (15) | June 30, 2026 |
| i.) Hydro tank #6 rehab/replacement | October 31, 2026 |
| j.) Hydro tank #10 rehab/replacement | October 31, 2026 |
| k.) Potable water well #10 | October 31, 2026 |
| l.) Potable water well #6 | October 31, 2026 |
| m.) Irrigation/non potable wells | October 31, 2026 |
| n.) Valve replacement program | October 31, 2026 |
| o.) Utility truck F-250 | June 30, 2026 |
| p.) Utility truck F-150 | June 30, 2026 |
| q.) New Golf Carts(3) | June 30, 2026 |

7. The project is being developed in two distinct phases: an initial phase to ensure the existing plant can receive the hydraulic surges from the two lift stations from the Smokey Groves development (which entails the conversion of an out of service compartment within the older part of the plant to flow equalization). This is a minor component of the general upgrade project. The design for the major part of the SBR addition/upgrade project is not yet complete; pending design completion work is primarily electrical and specification related. In addition, the owner has directed that the project should be bid only when financing for the project is firmly in place.

8. **Refurbishment Projects progress to date:** The Utility has started the Headworks project comprised of:

a. New 10" Pipe currently is installed

b. New Pumps on order from Barney's Pumps

c. Bar Screen and piping receiving proposals and will select before 8/8/2025

9. **Two additional Bids for 5/8"x3/4" T10 P/C R9001 Cellular USG** – Neptune digital Water Meter with Cellular transmittal is industry standard and thus the best efficient solution. We have worked with our billing software provider and Ferguson Waterworks to assure that Neptune Digital Water Meters with their Cellular transmittal feature will provide accurate meter reads without the need for meter reading personnel because the meter reads will be transmitted to the Cloud and received by the Billing software so it can prepare the water customer bills with accurate reads and no human reading errors. We checked with the competitors for the pricing on this particular meter and Ferguson was able to provide us with a price no one would match and thus they wouldn't waste their time providing a proposal.

**10. Existing Water Meters to replace with new Neptune Digital Water Meters** – 1,377

a. Single Family Residential Potable – 1,081 - 5/8" Neptune Digital Water Meters

b. Multi-Family Residential Potable – 14 2" Neptune Digital Water Meters

c. Commercial Potable - - 120 Neptune Digital Water Meters

d. Irrigation - - 162 Neptune Digital Water Meters

Time to Replace these meters is by 12/31/2025. *Cost of $1,095,000 per the original quote provided in April 25 letter to Staff.*

**11. Installation of the new water meters at the new Groves at Grenelefe 425 single family unit development.** Lennar Homes requested the first four meters for the first two Model homes being constructed to be installed the week of August 4, 2025. In October 2025, they expect to begin connecting 12 homes a month with 24 Digital Water meters (2 per home 1 Potable and 1 Irrigation). From that point on, their building schedule is forecast to take 35 weeks (just less than 3 years). Initial Invoice 1693656 for only water meters without the cellular connection to be added soon after was 7/28/2025 for $713.57. This was simply the cost of the water meters, no meter boxes. Couplings, cellular connection because Lennar is ahead of their expected building plan. This is cause for worry that the Service Accessibility fee won't be established and we will lose any home done and completed ahead of the fee being granted.

**12. Did the Utility consider Advanced Metering Infrastructure (AMI) meters or Automated Meter Reading (AMR) meters for replacements for its current manual read meters?** The Neptune Digital Meter system is a cellular connection to the cloud and it will communicate directly with the billing computer and its software, which is the industry standard meter used by Utility companies.

**13. The new Neptune Digital Water Meters with Cellular connection will communicate directly with the billing computer through the cloud transmitting the reads monthly.** Once the connection with the billing computer is established, it will have direct communication. This will allow for no staff to be required to congregate the information every month resulting in savings for the Utility Costs. Expected Savings:

See attached analysis of cost savings for meter changeout project that the utility must undertake.

The forecasted cost comparison is:

| | |
|---|---|
| Annual Manual | $69,040 |
| Annual Digital | $36,568 |
| Savings | $32,472 |

14. ***Boil Water Notices from Polk County Board of Health since May 31, 2022 – These can be downloaded from Polk County Health Department.***

Attached are all Boil Water Notices that the utility has since its take over of operations approximately three years ago.

15. ***Why have water valves been considered non-functioning?*** The valves are considered non-functioning because they are old, weathered with rust and do not turn. Thus, the function of a valve is to turn and shut off/turn on water, and given the state of the valves, they do not function for the purpose upon which they were placed.

16. The utility has approximately 100 water valves that are over 40 years old and in bad condition. The operators estimate that all but 10 are malfunctioning or non-functioning. They contribute substantially to the severity, frequency and duration of the boil water situations, because when there are line breaks, the utility has difficulty isolating such breaks to repair them. As such, the utility is proposing to replace all of them. To avoid disruption and to try to minimize capital outlay all at once, the utility is proposing to replace 10 of those each year until all are replaced.

17. An evaluation of alternatives report was prepared for the owner, "ALTERNATIVES ANALYSIS FOR TREATMENT PLANT EXPANSION AND UPGRADE For Grenelefe Resort Wastewater Treatment Plant Polk County, Florida", dated June 24, 2025.

Based on a consideration of alternate methods of meeting Basin Management Action Plan requirements, three major alternative plant configurations were considered:

- Grenelefe WWTF, Alternate 1, Restore and Modify Existing Plant
- Grenelefe WWTF Alternate 2, Construct New Flow Train
- Grenelefe WWTF, Alternate 3, Convert to SBR Process

For each alternative, partial developed designs for process selection, sizing tankage, selecting equipment was carried out to enable the development of a preliminary opinion of costs for each alternative.

A summary of the gross opinions of cost comparisons of each alternative is as follows:

| | GRENELEF WWTF, ALTERNATE 1, RESTORE AND MODIFY EXISTING PLANT | GRENELEF WWTF, ALTERNATE 2, CONSTRUCT NEW FLOW TRAIN | GRENELEF WWTF, ALTERNATE 3, CONVERT TO SBR PROCESS |
|---|---|---|---|
| Headworks, FEQ, Upgrade | $2,004,481 | $1,806,481 | $1,806,481 |
| Process Upgrades | $3,819,211 | $6,611,387 | $3,238,755 |
| Site and Electrical Work | $1,614,829 | $1,822,363 | $1,552,552 |
| Contractor Bonds | $153,707 | $205,591 | $138,138 |
| *subtotal* | *$7,438,520* | *$8,417,867* | *$5,045,236* |
| Reuse Components | $861,667 | $861,667 | $861,667 |
| *subtotal* | $8,300,187 | $9,279,534 | $5,906,902 |
| | | | |
| *Contingencies Allowance* | $1,245,028 | $1,696,123 | $1,139,639 |
| | | | |
| *Engineering & Permitting* | $676,312 | $904,599 | $607,807 |
| | | | |
| Total | $10,375,234 | $13,908,210 | $9,345,039 |

As to the details of how these costs were determined, I have attached one of the appendices from the referenced report which detailed the components of how the costs of each alternative summarized above were determined.

Note the rapid infiltration basins additions were the same in all alternatives and opinions of cost for their construction were developed separately from the June 2024 report in October of 2024. The details of those costs are as follows:

***RAPID INFILRATION BASINS***

| | | |
|---|---|---|
| 3 | CLEARING AND GRUBBING | $19,725 |
| 3.1 | EXCAVATION/EARTHWORK | $281,550 |
| 3.2 | GRADING | $171,840 |
| 3.3 | SOD | $93,357 |
| 3.4 | FENCING | $93,765 |
| 3.5 | MONITOR WELLS | $20,000 |
| 3.6 | EFFLUENT PIPING | $197,500 |
| | SUBTOTAL | $877,737 |

18. The utility owner requested the treatment plant design be developed to meet two objectives: (1) Meet the BMAP nutrient reduction requirements and (2) restore at least 0.495 MGD of usable capacity to ensure capacity was available to meet expected new development and redevelopment in the next 5 years. (495,000 gpd was selected rather than 500,000 because the BMAP has a less restrictive standard of 6 mg/L TN for facilities below 0.5 MGD and 3 mg/L above 0.5 MGD).

Upgrading the plant to meet BMAP standards in each of the alternatives required tankage addition in all alternatives considered. The existing treatment plant has in use three large surface areas, shallow depth mechanically aerated tank compartments. To obtain nutrient reduction to standards of 6 mg/L or less TN with the existing plant, a process incorporating an initial anoxic tank followed by aeration, followed a second anoxic tank and reaeration was necessary. This was only possible by adding process tankage, achieved either by conversion of existing out of service tankage or construction of new tankage. Adding process tankage also increases process capacity. The existing tanks are further too shallow to allow conversion to an SBR like process. They are suitable for retention as side stream processes like digestion and flow equalization but not combined aeration, denitrification, and settling in a batch operation plant.

19. The minor modification application was submitted to expedite obtaining permit approval solely to convert an existing, out of service tankage for flow equalization. The development of Smokey Groves was in progress, which included the construction of two high-capacity lift stations. While the existing treatment plant could treat the average daily flow, flow equalization was necessary to be able absorb the hydraulic shock from either or both of the new lift stations when they start.

However, conversion to an SBR process warrants having flow equalization. Work performed under the minor modification permit does not result in BMAP nutrient reduction but on completion will be used to support the operation of the future SBRs which will result in BMAP nutrient reduction.

20. Capacity Analysis Reports are required at permit renewal time. The last Capacity Analysis Report was completed in 2022 by others when the permit was last renewed, when the property was under ownership by others. See enclosed.

For the 2025 substantial modification of permit application to convert the plant to an SBR process, the capacity analysis of the existing plant and proposed service was updated as part of the preliminary design report furnished to FDEP. I have attached the applicable sections of that report which address system capacity.

21. **The Nitrogen and Phosphorus Max Limits:**

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Nitrogen, Nitrate, Total (as N) | mg/L | Max | 12.0 | Single Sample | Every 2 weeks | 8-hr FPC | EFA-01 | |
| Nitrogen, Total (Final) | mg/L | Max | 10 | Annual Average | Monthly | Calculated | EFA-01 | See I.A.5 & I.A.6 |
| Phosphorus, Total (as P) (Final) | mg/L | Max | 6 | Annual Average | Monthly | Calculated | EFA-01 | See I.A.6 |
| Nitrogen, Total (Interim) | mg/L | Max | Report | Single Sample | Monthly | Grab | EFA-01 | See I.A.6. |
| Phosphorus, Total (as P) (Interim) | mg/L | Max | Report | Single Sample | Monthly | Grab | EFA-01 | See I.A.5 & I.A.6 |

22. Water outages have occurred because of the condition of the facilities at Well Sites #6 and #10. Well #6 and #10 need to be upgraded to minimize the possibility of outages in the future. The facilities at these well sites (the utility's only potable wells) are in poor condition and well past their useful lives. Because the pumps require frequent servicing, which can cause frequent outages due to loss of pressure which results in boil water notices. Due to the age of the facilities and its infrastructure, outages are often, some resulting in boil water notices due to the loss in pressure. Upgrades are needed to improve the pumps and to replace the aged hydrotanks. These are the potable water processing infrastructure that feeds the customers water and they need upgrading to maintain the quality of the water delivered.

23. All of the valves and check valves in the valve pit are rusted shut and the metal is peeling and is a safety hazard. Please see the attached photos.

**24. FDEP Inspections indicating Well #6 & Well #10 need replacement or upgrades?**

The governing body of the Hydrotanks FL Board of Health – Polk County require every 5 years that a study be done on the Utilities Hydrotanks. In the fall of 2024, that report was ordered for Well #10 and it was delivered August 28, 2025, it states that:

- Protective Coatings: The interior and exterior coatings of the tank are in need of renovations of this time to continue protecting the steel surfaces from corrosion and deterioration.
- Sediment and Biogrowth Removal: During the washout process, loose sediment, biogrowth, and mineral deposits (calcium, iron, and/or manganese) were removed to restore sanitary conditions.
- Structural Integrity: Based on the inspector's observations and subsequent engineering evaluation, the structural components of each tank-including shells, roofs, floors, foundations, weld seams, and appurtenances (ladders, hatches, piping supports)-were found to be in satisfactory condition. No significant corrosion, cracking, deformation, or other structural defects that would compromise the tanks' integrity were observed. Well

#6 has been scheduled to have its Hydrotank study done and the result will take 3-4 weeks for that report to be prepared and reported.

**Recommendations:** At this time, the tank is in need of interior and exterior coating rehabilitations. No immediate structural repairs are recommended beyond routine maintenance and continued periodic inspections in accordance with Rule 62-555.350(2), FAC. Southern Corrosion recommends an interior and exterior renovation at this time and continued monitoring of all tank components during future inspections and prompt addressing of any future deficiencies that may develop. Given that the Hydro tanks are similar and age and condition, we expect the Hydrotank #6 to receive the same recommendations when it arrives in late September 2025.

25. **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.

26. **Utility Upgrade of non-potable wells to potable wells**. The Utility will not upgrade the non-potable wells to potable wells. The purpose of proposed repairs to the non-potable wells was to keep them all functional for the time being, not to upgrade them to use as potable wells. The utility originally utilized the non-potable wells to irrigate common areas and to sell irrigation water and on the 45 golf holes that were in the community. There are currently no active golf courses in the community, though there is a plan to redevelop 9 holes at which irrigation services may be needed. Without pump replacement, these non-potable wells cannot continue to function because of age and need repairs and replacement of pumps. There was at one point the discussion of possibly converting one or two of the wells to potable use, but that would require extensive additional work and investment (Hydro tanks, pumps, generators, treatment facilities, extensive interconnection piping, etc.) which was not proposed in the utility proforma investments. These wells will be NOT be converted to Potable wells under current plans and as such are not part of the potable system nor is there any plan to make them.

27. **Why are Golf Carts not operating** – The golf carts are old and beyond their useful life. Documentation is that our staff buy parts on their own.

28. **Golf Carts not operating** – The Golf Carts available to the Utility for use are old and do not function without numerous repairs. These carts are the former carts of the golf courses at Grenelefe, so they are very old and in disrepair. These carts require constant attention and repairs in order to function for a period of time and often breakdown on far off areas of the property while doing meter reads. As a solution, the meter readers use their personal cars and don't get compensation for that use.

29. **Utility Currently owns** – 3 Golf Carts are owned, 2 work sporadically.

30. **Three Golf Carts request –** The Utility requested 3 Golf Carts so they have 2 for meter reading until the digital meter readers are installed. The Carts will be used for maintenance to the system and checking the meters of any customers who request confirming reads.

31. The (2) bids that were provided were only good for 30 days. In such a fast moving and unstable financial environment due to an ever changing tariff situation no automobile dealership will stand behind their quote for more than 30 days. There is no point in giving the Commission another bid when the price, in all probability, will be at least as high as the (2) bids already provided.

32. **Complaint Records** – Until the first data request from the PSC, we were not recording every service complaint, the prior owner was not doing so and as such we were not aware of the need to do so. Since that request we have attempted to keep all of the calls recording all of the complaints going forward. Prior to that first data request we did not have these records to provide.

33. **Updated Engineering Maps of the Utility** – The plans provided are the best engineering plans we have for the Utility. Our consulting Engineer has provided the attached two additional maps that may help. The prior owner provided nothing in this regard. If further maps are needed, we will have to consult with our operations and engineering personnel and get an estimate for creating such maps and. Our prior operator informally estimated the cost of such maps would be in the range of $20,000. If required, we will need to add that cost to the proformas for recovery in this case.