

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in Polk County, by North Carolina Real Estate Projects LLC d/b/a Grenelefe Utility.	DOCKET NO. 20250023-WS ORDER NO. PSC-2025-0072-PCO-WS ISSUED: March 11, 2025
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The following Commissioners participated in the disposition of this matter:

MIKE LA ROSA, Chairman  
ART GRAHAM  
GARY F. CLARK  
ANDREW GILES FAY  
GABRIELLA PASSIDOMO SMITH

ORDER GRANTING INTERIM RATES TO  
NORTH CAROLINA REAL ESTATE PROJECTS LLC  
D/B/A GRENELEFE UTILITY

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.). The reduction of rates after four years, the granting of temporary rates in the event of protest, and the requirement for proof of adjustment of books and records are procedural agency actions and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

**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 currently provides service to approximately 2,343 water and wastewater customers. The Utility is in the St. Johns River Water Management District (SJRWMD). The Utility's last rate case was in 2011.<sup>1</sup> According to the Utility's 2023 Annual Report, Grenelefe reported net operating losses of \$184,215 for water, and \$233,950 for wastewater.

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<sup>1</sup> Order 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.*

On September 17, 2024, Grenelefe filed an application with this Commission for an amendment of Certificate Nos. 589-W and 507-S, water and wastewater service territories in Polk County. We voted to approve Grenelefe's certificate amendments on February 4, 2025, which included the addition of a new development of approximately 1,080 new customers.<sup>2</sup> On January 10, 2025, Grenelefe filed an application for a staff-assisted rate case (SARC). In its application, the Utility requested interim rates and service availability charges. On February 11, 2025, Grenelefe withdrew its request for interim service availability charges. A test year ended October 31, 2024, has been established for purposes of interim and final rates.

This Order addresses the Utility's request for interim rates. We have jurisdiction pursuant to Sections 367.082 and 367.0814(4), Florida Statutes (F.S.).

### **Decision and Analysis**

#### **1. An Interim Revenue Increase is Approved**

On January 10, 2025, Grenelefe filed an application requesting an interim increase of its water and wastewater rates. Section 367.0814(4), F.S., details the criteria for evaluating a request for an interim rate increase for staff-assisted rate cases.

Section 367.0814(4), F.S., states:

The Commission may, upon its own motion, or upon petition from the regulated utility, authorize the collection of interim rates until the effective date of the final order. Such interim rates may be based upon a test period different from the test period used in the request for permanent rate relief. To establish interim relief, there must be a demonstration that the operation and maintenance expenses exceed the revenues of the regulated utility, and interim rates shall not exceed the level necessary to cover operation and maintenance expenses as defined by the Uniform System of Accounts for Class C Water and Wastewater Utilities (1996) of the National Association of Regulatory Utility Commissioners.

While Grenelefe is not a Class C utility, it does qualify for a SARC and therefore falls under the above-referenced Section. We have reviewed the Utility's operation and maintenance (O&M) expenses in relation to its revenues. Based on the Utility's filing, we find that Grenelefe has demonstrated a *prima facie* entitlement to an interim rate increase in accordance with Section 367.0814(4), F.S.

#### **Revenue Increase**

In order to establish interim rate relief, we utilized the Utility's revenues reflected in its application as requested by the Utility for the test year ended October 31, 2024. The test year revenues are \$359,309 for water and \$225,428 for wastewater. The test year O&M expenses are

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<sup>2</sup> Document No. 00408-2025, in Docket No. 20240140-WS.

\$421,231 for water and \$552,032 for wastewater. The difference between the Utility's reported revenues and O&M expenses is \$61,922 for water and \$326,604 for wastewater.

In addition, the interim water and wastewater increase shall be grossed up to include regulatory assessment fees (RAFs). We have previously determined that it would be inappropriate to approve an increase in a utility's rates to cover its operating expenses and deny that same utility the funds to cover increased RAFs.<sup>3</sup> The RAFs associated with the interim increase are \$2,918 for water and \$15,390 for wastewater.

In total, Grenelefe shall be allowed an interim revenue increase of \$64,840 (\$61,922 + \$2,918) for water and \$341,994 (\$326,604 + \$15,390) for wastewater to generate sufficient revenue to cover water and wastewater O&M expenses and additional RAFs. Thus, we find the appropriate interim revenue requirement is \$424,149 for water and \$567,422 for wastewater. This represents an 18.05 percent increase for water and a 151.71 percent increase for wastewater over the Utility's test year revenues. Tables 1 and 2 illustrate our interim increase calculations.

**Table 1**  
**Water Interim Increase Calculation**

	Water
1. Utility Adjusted Test Year O&M Expenses	\$421,231
2. Less: Utility Test Year Revenues	<u>359,309</u>
3. Revenues to Cover O&M Expenses	<u>\$61,922</u>
4. RAFs on Interim Rate Increase	<u>2,918</u>
5. Total Interim Revenue Increase (\$)	<u>\$64,840</u>
6. Total Interim Revenue Increase (%)	18.05%

Sources: Utility's Application and our calculations.

**Table 2**  
**Wastewater Interim Increase Calculation**

	Wastewater
1. Utility Adjusted Test Year O&M Expenses	\$552,032
2. Less: Utility Test Year Revenues	<u>225,428</u>
3. Revenues to Cover O&M Expenses	<u>\$326,604</u>
4. RAFs on Interim Rate Increase	<u>15,390</u>
5. Total Interim Revenue Increase (\$)	<u>\$341,994</u>
6. Total Interim Revenue Increase (%)	151.71%

Sources: Utility's Application and our calculations.

<sup>3</sup> Order No. PSC-01-1654-FOF-WS, issued August 13, 2001, in Docket No. 010396-WS, *In re: Application for staff-assisted rate case in Brevard County by Burkim Enterprises, Inc.*

2. The Appropriate Interim Water and Wastewater Rates for Grenelefe

We find that interim service rates for Grenelefe be designed to allow the Utility the opportunity to generate annual operating revenues of \$424,149 for water and \$567,422 for wastewater.

The interim rate increase of 18.05 percent for water and 151.71 percent for wastewater shall be applied as an across-the-board increase to the water and wastewater rates, respectively. The rates, as shown on Schedule No. 1 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. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates shall not be implemented until the required security has been filed, 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.

3. The Appropriate Security to Guarantee the Interim Increase

Pursuant to Section 367.082, F.S., revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with interest at a rate ordered by this Commission. As stated in Section 1, the interim increase is \$64,840 for water and \$341,994 for wastewater. In accordance with Rule 25-30.360, F.A.C., we calculated the combined potential refund of revenues and interest collected under interim conditions to be \$275,132. This amount is based on an estimated eight months of revenue being collected under the approved interim rates shown on Schedule No. 1.

The criteria for a corporate undertaking include sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. We reviewed Grenelefe's 2021, 2022, and 2023 annual reports filed with this Commission to determine the financial condition of the Utility. Based on the annual reports, Grenelefe's working capital and equity are within acceptable parameters. However, Grenelefe has experienced a decreasing Net Income over the past three years, with a reported negative Net Income of \$418,165 in the 2023 Annual Report, which is significantly less than the requested corporate undertaking amount. However, the Utility's owner provided a recent balance sheet of his personal financial net worth. We reviewed the personal financial information provided by the owner. We find that in this circumstance, the owner has demonstrated the financial ability and wherewithal to guarantee the interim refund in this rate increase, if necessary. Further, the owner provided a personal guarantee in the amount of \$275,132 in this docket.

Pursuant to Rule 25-30.360(6), F.A.C., the Utility shall provide a report by the 20<sup>th</sup> of each month indicating the monthly and total revenue collected subject to refund. If a refund is required, the refund shall be with interest and in accordance with Rule 25-30.360, F.A.C. 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.

Accordingly, the appropriate security to guarantee the funds collected subject to refund is a corporate undertaking, guaranteed by the Utility's owner. This brief financial analysis is only appropriate for deciding if the Utility can support a corporate undertaking in the amount requested and shall not be considered a finding regarding our position on other issues in this proceeding.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Grenelefe shall be authorized to collect an interim revenue increase of \$64,840 for water and \$341,994 for wastewater as shown below:

	<b>Test Year Revenues</b>	<b>Increase (\$)</b>	<b>Revenue Requirement</b>	<b>Increase (%)</b>
Water	\$359,309	\$64,840	\$424,149	18.05%
Wastewater	\$225,428	\$341,994	\$567,422	151.71%

It is further

ORDERED that the interim rate increase of 18.05 percent for water and 151.71 percent for wastewater shall be applied as an across-the-board increase to the water and wastewater rates, respectively. The rates, as shown on Schedule No. 1 shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code (F.A.C.) The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. In addition, the approved rates shall not be implemented until the required security has been filed, 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. It is further

ORDERED that the appropriate security to guarantee the funds collected subject to refund is a corporate undertaking, guaranteed by the Utility's owner. It is further

ORDERED that this docket shall remain open pending this Commission's final action on the Utility's requested rate increase.

By ORDER of the Florida Public Service Commission this 11th day of March, 2025.



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ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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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.

Any party adversely affected by this order, which is non-final in nature, may request (1) reconsideration within 10 days pursuant to Rule 25-22.0376, 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. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975), states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

<b>NC REAL ESTATE PROJECTS LLC D/B/A GRENELEFE UTILITY</b>		<b>SCHEDULE NO. 1</b>	
<b>TEST YEAR ENDED 12/31/24</b>		<b>Page 1 of 2</b>	
<b>MONTHLY WATER RATES</b>		<b>DOCKET NO. 20250023-WS</b>	
	<b>UTILITY'S EXISTING RATES</b>	<b>COMMISSION APPROVED RATES</b>	
<b>Residential and General Service</b>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$6.81	\$8.04	
3/4"	\$10.22	\$12.06	
1"	\$17.03	\$20.10	
1-1/2"	\$34.05	\$40.20	
2"	\$54.48	\$64.32	
3"	\$108.96	\$128.64	
4"	\$170.25	\$201.00	
6"	\$340.50	\$402.00	
Charge per 1,000 gallons - Residential Service			
0 - 5,000 gallons	\$1.50	\$1.77	
5,001 - 10,000 gallons	\$1.89	\$2.23	
10,001 - 15,000 gallons	\$2.82	\$3.33	
Over 15,000 gallons	\$3.75	\$4.43	
Charge per 1,000 gallons - General Service			
	\$2.09	\$2.47	



<b>NC REAL ESTATE PROJECTS LLC D/B/A GRENELEFE UTILITY</b>		<b>SCHEDULE NO. 1</b>	
<b>TEST YEAR ENDED 12/31/24</b>		<b>Page 2 of 2</b>	
<b>MONTHLY WASTEWATER RATES</b>		<b>DOCKET NO. 20250023-WS</b>	
	<b>UTILITY'S EXISTING RATES</b>	<b>COMMISSION APPROVED RATES</b>	
<b>Residential Service</b>			
All Meter Sizes	\$9.98	\$25.12	
Charge per 1,000 gallons 8,000 gallon cap	\$2.93	\$7.38	
<b>General Service</b>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$9.98	\$25.12	
3/4"	\$14.97	\$37.68	
1"	\$24.95	\$62.80	
1-1/2"	\$49.90	\$125.60	
2"	\$79.84	\$200.96	
3"	\$159.68	\$401.92	
4"	\$249.50	\$628.00	
6"	\$499.00	\$1,256.00	
Charge per 1,000 gallons	\$3.52	\$8.86	