

COMMISSIONERS:
ANDREW GILES FAY, CHAIRMAN
ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

STATE OF FLORIDA



DIVISION OF ENGINEERING
TOM BALLINGER
DIRECTOR
(850) 413-6910

Public Service Commission

October 20, 2022

Mr. F. Marshall Deterding
2548 Blairstone Pines Drive
Tallahassee FL 32301
mdeterding@sfflaw.com

VIA EMAIL

Mr. Martin S. Friedman
Dean Mead Law Firm
420 S. Orange Ave., Ste. 700
Orlando FL 32801
mfriedman@deanmead.com

Re: Docket 20220142-WS - Joint application of Grenelefe Resort Utility, Inc., NC Real Estate Projects, LLC, and Grenelefe Resort Utilities Development, LLC, for authority to transfer assets and Certificate Nos. 589-W and 507-S, in Polk County, from Grenelefe Resort Utility, Inc. to NC Real Estate Projects, LLC.

Mr. Deterding and Mr. Friedman:

Staff has reviewed the application to transfer Certificate Nos. 589-W and 507-S from Grenelefe Resort Utility, Inc. (Seller) to Grenelefe Resort Utilities Development, LLC (Buyer) filed on August 9, 2022, and found it to be deficient. The specific deficiencies are identified as:

- Filing Fee.** Rule 25-30.020(2)(c)2 and 25-30.020(2)(c)4, Florida Administrative Code (F.A.C.), requires a filing fee of \$3,000 for water service and \$1,500 for wastewater service, for a total of \$4,500 be submitted for a transfer application for utilities based on the capacity of the systems. Please submit an additional filing fee of \$1,500 for wastewater service.
- Notice of Application.** Rule 25-30.030(6), F.A.C., states that all applications requiring noticing shall be deemed deficient until affidavits of noticing required by Sections 367.045(1)(e) and (2)(f), Florida Statutes, along with a copy of the notice, are filed with the Office of Commission Clerk. After staff has reviewed and approved the notice of application, and the notices have been distributed in accordance with Rule 25-30.030(5), F.A.C., please provide affidavits of noticing.
- Seller Information.** Rule 25-30.037(2)(c), F.A.C., states that the applicant shall provide the specified contact information relating to the seller, including telephone number and if

available, email address and fax numbers. Please provide a telephone number, and if available, email address and fax numbers for the Seller or a statement that the requested information is unavailable.

4. **Buyer Information.** Rule 25-30.037(2)(d), F.A.C., states that the applicant shall provide the specified contact and identification information about the buyer, including Federal Employer Identification Number of the buyer. Please provide the Federal Employer Identification Number of the Buyer and if available, email address and fax numbers for the Buyer or a statement that the requested information is unavailable.
5. **Nature of the Buyer's Business Organization.** Rule 25-30.037(2)(f), F.A.C., states that the applicant shall provide documentation from the Florida Department of State, Division of Corporations, showing the utility's/buyer's business name and related documentation.. Please provide documentation from the Florida Department of State, Division of Corporations showing the Buyer's business name and registration/document number for the business.
6. **Contract of Sale.** Rule 25-30.037(2)(i), F.A.C., states that the applicant shall provide a copy of the contract for sale and all auxiliary or supplemental agreements, including, if applicable, a provision stating that the contract is contingent upon Commission approval. Please provide a copy of the contract for sale between the Seller and Buyer, and all auxiliary or supplemental agreements, including attachments, with a statement that the transfer from the Seller to the Buyer is contingent upon Commission approval.
7. **Date of Closing.** Rule 25-30.037(2)(j)1, F.A.C., states that the buyer must provide the date the closing occurred or will occur. Please provide a statement which includes the closing date for the transfer from Seller to Buyer.
8. **Purchase Price and Terms of Payment.** Rule 25-30.037(2)(j)2, F.A.C., states that the buyer provide the purchase price and terms of payment. Please provide a statement which fulfills this rule requirement from the Seller to the Buyer.
9. **Financial Ability.** Rule 25-30.037(2)(l)1, F.A.C., states that to demonstrate the financial ability of the buyer to maintain and operate the acquired utility, the buyer shall provide a detailed financial statement (balance sheet and income statement), audited if available, of the financial condition of the applicant, that shows all assets and liabilities of every kind and character. The financial statements shall be for the preceding calendar or fiscal year. The financial statement shall be prepared in accordance with Rule 25-30.115, F.A.C. If available, a statement of the sources and uses of funds shall also be provided. Please provide a statement which fulfils this rule requirement.
10. **Buyer Funding.** Rule 25-30.037(2)(l)2, F.A.C., requires a list of all entities, including affiliates, upon which the buyer is relying to provide funding to the utility and an explanation of the manner and amount of such funding. The list need not include any person or entity holding less than 5 percent ownership interest in the utility. The applicant shall provide copies of any financial agreements between the listed entities and the utility

and proof of the listed entities' ability to provide funding, such as financial statements. Please provide a statement which fulfils this rule requirement.

11. **Buyer Technical Ability.** Rule 25-30.037(2)(m)1, F.A.C., requires an explanation of the buyer's experience in the water or wastewater industry. Please provide a statement of the Buyer's experience with the water and wastewater industries.
12. **Legal Description.** Rule 25-30.037(2)(n), F.A.C., requires a legal description of the proposed service area in compliance with Rule 25-30.029(2)(b)2., F.A.C., which requires that all points of beginning must be in reference to a section corner or a subsection corner. The legal description provided includes a portion of the service area described as starting from the center of a section. Please provide a revised legal description of the service area with all points of beginning in compliance with this rule.
13. **Net Book Value.** Rule 25-30.037(2)(o), F.A.C., states that the proposed net book value of the system as of the date of the proposed transfer, and a statement setting out the reasons for the inclusion of an acquisition adjustment, if one is requested. If rate base has been established by this Commission, provide the docket and the order number. In addition, provide a schedule of all subsequent changes to rate base. Please provide a statement which fulfils this rule requirement.
14. **Federal Income Tax Return Statement.** Rule 25-30.037(2)(p), F.A.C., states that the applicant shall provide a statement from the buyer that it has obtained or will obtain copies of all of the federal income tax returns of the seller from the date the utility was first established or the rate base was last established by the Commission, whichever is later. If the tax returns have not been obtained, provide a description of the steps taken to obtain the tax returns. Please provide a statement from the Buyer, Grenelefe Resort Utilities Development, LLC, which fulfils this rule requirement.
15. **System Condition Statement.** Rule 25-30.037(2)(q), F.A.C., states that the applicant shall provide a statement from the buyer that after reasonable investigation, the system being acquired appears to be in satisfactory condition and in compliance with all applicable standards set by the Department of Environmental Protection (DEP) or, if the system is in need of repair or improvement, has any outstanding Notice of Violation of any standard set by the DEP or any outstanding consent orders with the DEP, the buyer shall provide a description of the repairs or improvements that have been identified, the governmental authority that required the repairs or improvements, if applicable, the approximate cost to complete the repairs or improvements, and any agreements between the seller and buyer regarding who will be responsible for any identified repairs or improvements. The application contains a statement from an entity other than the Buyer, Grenelefe Resort Utilities Development, LLC. Please provide a statement from the Buyer which fulfils this rule requirement.
16. **DEP Compliance.** Rule 25-30.037(2)(r)(l) and (2), F.A.C., states the applicant shall provide a copy of the utility's current permits from the DEP and the water management

district as well as copies of the most recent DEP and/or county health department sanitary survey, compliance inspection report, and secondary standards drinking water report. Please provide the permits for the water treatment plant, and the latest sanitary survey and secondary water standards reports which appear to have been omitted from the application.

17. **Correspondence with DEP/Health Department.** Rule 25-30.037(2)(r)(3), F.A.C., requires the applicant to provide copies of all of the utility's correspondence with the DEP, county health department, and water management district, including consent orders and warning letters, and the utility's responses to the same, for the past five years. The Utility did not provide any copies of correspondence for the past five years with the aforementioned parties. The application contains a statement from an entity other than the Buyer, Grenelefe Resort Utilities Development, LLC. Please provide copies of the Utility's correspondence as required. If none exist, please provide a statement from the applicant indicating this.
18. **Customer Complaints.** Rule 25-30.037(2)(r)(4), F.A.C., requires a copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years. Please provide this customer complaint information, which appears to have been omitted from the application, or if none exist, please provide a statement indicating this.
19. **Utility's Right to Access and Continued Use of Land.** Rule 25-30.037(2)(s), F.A.C., states that the applicant shall provide documentation of the utility's right to access and continued use of the land upon which the utility treatment facilities are located. The application contains documentation for an entity other than the buyer, Grenelefe Resort Utilities Development, LLC. Please provide documentation that shows the Buyer's right to access and continued use of the land upon which the utility treatment facilities are located.
20. **Regulatory Assessment Fees, Fines, or Refunds Owed.** Rule 25-30.037(2)(t), F.A.C., requires a statement regarding the disposition of outstanding regulatory assessment fees, fines, or refunds owed and which entity will be responsible for paying regulatory assessment fees and filing the annual report for the year of the transfer and subsequent years. The application contains a statement regarding an entity other than the Buyer or Seller. Please provide a statement which fulfils this rule requirement regarding solely the Buyer and Seller.

Mr. F. Marshall Deterding
Mr. Martin S. Friedman
Page 5
October 20, 2022

Your application will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than **March 31, 2023**, to the following address:

Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

In addition to the above deficiencies, staff also requests responses to the following data request to be submitted by **November 21, 2022**:

1. Please provide a draft contract of the sale to Grenelefe Resort Utilities Development, LLC and associated attachments, if any.
2. Please provide the lease agreement between NC Real Estates Projects, LLC and Grenelefe Resort Utilities Development, LLC and associated attachments, if any.
3. Please provide a copy of the notification of sale given to the DEP.
4. Please provide the contact information for the utility that customers would use to voice a complaint, and explain how customers have been notified of this information.

Should you have any questions concerning the information in this letter, please contact Damian Kistner by phone at (850) 413-6858 or email at dkistner@psc.state.fl.us for technical questions, or Austin Watrous by phone at (850) 413-6904 or email at awatrous@psc.state.fl.us for legal questions. Please include the docket number on all submissions to the Commission Clerk.

Sincerely,

/s/ Damian Kistner

Damian Kistner
Engineering Specialist

DK:jp

cc: Office of Commission Clerk (Docket No. 20220142-WS)