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April 19, 2024
Via E-Mail Only – Commissioner.LaRosa@psc.state.fl.us

Chairman Mike La Rosa
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, FL 32399-0850

Re: Sunshine Water Services Company/2023 Test Year General Rate Increase Application

Dear Chairman La Rosa:

This letter, pursuant to Rule 25-30.430, Florida Administrative Code, requests approval of a test year for Sunshine Water Services Company (the Company). The Company intends to submit an application for general rate relief to the Florida Public Service Commission for its water and wastewater systems located in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, Florida. The Company intends to submit the minimum filing requirements on or before July 31, 2024.

The Company's last rate proceeding was in Docket No. 20200139-WS utilizing a historic December 31, 2019, test year. That proceeding culminated in Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, Request for Reconsideration denied by Order No. PSC-2021-0373-PAA-WS issued on September 28, 2021.

The Company requests an historic test year ending December 31, 2023. The requested test year is representative of a normal full year of operation. However, there will be pro forma adjustments to expenses to reflect expenses that will be incurred in the years when rates will be in effect.

Since the Company's last rate proceedings, the Company has experienced increases in annual operating expense such as salaries and wages, employee benefits, insurance, purchased power, and chemicals that were not completely offset by reductions in other annual operating expenses or annual indexing rate increases. Additionally, the Company has made or will be making

major investments to plant and equipment at various locations as noted below. The pro forma adjustments listed below are not growth-related, except for items #18 and #20. Within this same period of time, the significant change in operational methods consisted of use of chlorine dioxide treatment in the Summertree water distribution system. Additionally, the pro-forma plant additions related to implementing AMI meters will change meter reading operations while the projects for Pennbrooke Water Quality and Orangewood Well BV-3 PFAS Treatment will change water treatment processes.

The Company anticipates including the following pro forma plant additions, with estimated costs thereof, all of which will be completed and placed into service within 24 months of the end of the December 31, 2023, proposed test year:

1. Tierra Verde 13th Street Bridge FM Replacement:

Replacement of existing 13th Street SE 8-inch diameter force main. It will include a subaqueous crossing under Mud Bayou in place of the existing aerial crossing along the bridge. Cost \$514,924.

2. Tierra Verde Madonna Bridge Line Relocation Florida Department of Transportation (FDOT):

Replacement of an existing subaqueous force main crossing under Madonna Boulevard. The force's main replacement is required to accommodate the Pinellas County replacement of the Madonna Boulevard Bridge. The existing force main crossing will be grout filled and abandoned in place and replaced with another subaqueous crossing. Cost \$503,710.

3. Lake Placid LS Rehab/Generator:

Relocation of Mid-County Lift Station #4 generator to Lake Placid Lift Station #1. The relocation of the generator to Lake Placid Lift Station #1 will require electrical updates which include a permit for the generator, installation of the generator, installation of new aluminum poles and stainless Unistrut for transfer switch, disconnect and reconnect main from meter can and back to transfer switch, install conduit and wire to and from generator and transfer switch. Cost \$107,580.

4. Cypress Lakes – VT SCADA 16 RTU's Material and Installation:

Installation of 16 VT SCADA RTU units with solar panel back-up for battery. These units will replace 3G C&A systems modules that are obsolete at 3G. They will replace C&A monitoring equipment at Orangewood, Lake Tarpon, Cypress Lakes, Labrador, and Lake Placid systems to allow continuous monitoring of critical assets. Cost \$262,682.

5. Eagle Ridge Headworks Improvements:

Remove the existing mechanical screen and screw conveyor because it is causing a negative impact to the wastewater treatment facilities and process control due to the headworks being bypassed since May of 2023. Fabricate and install temporary aluminum bar screen. Field operations will put the surge tank on bypass, clean the tank with a Vac truck, and dispose of the debris. In addition, staff will remove and replace the existing odor control unit, remove temporary bar screens and install new hydrostatic screens. Cost \$1,003,023.

6. Cross Creek Emergency Compliance Improvements:

A compliance evaluation inspection and sanitary sewer overflow preventive inspection was conducted by FDEP on December 16, 2022. A plan was developed to correct the unpermitted discharge of substandard/reject effluent to the effluent disposal system. The plan included data collection and facility evaluation, operations protocol revision, and effluent piping modifications. Cost \$165,115.

7. Mid-County WWTP (Wastewater Treatment Plant) Improvements:

The Mid-County WWTP is an extended aeration, Type I facility with high level disinfection. The Mid-County WWTP is permitted for an annual average daily flow (AADF) of 0.90 million gallons per day (MGD). The existing plant configuration does not provide adequate capacity to handle peak flow events during wet weather conditions and cannot provide redundancy for maintenance activities or equipment failures. Additionally, existing infrastructure is reaching the end of its useful life and is at risk of failure. To maintain the existing plant footprint and increase capacity and reliability, an MBR treatment system was recommended to supplement the biological treatment process. MBR separates the mixed liquor from the total solids during the aeration process, effectively eliminating the need for clarifiers. Anoxic zones will provide denitrification to meet permitted effluent limitations, eliminating the need for methanol dosing and denitrification filters. The reduction of required tankage allows for the unused tank volume to be used as additional equalization volume. Retrofitting the plant with the MBR system will increase the overall treatment capacity and provide greater redundancy and reliability.

Other updates include rehabilitation of the existing north treatment train concrete tanks, rehabilitation of the chlorine contact chamber, plant reuse/CIP water supply pumps, new solids dewatering equipment and a variety of electrical updates. Cost \$29,037,039.

8. Mid-County Riviera States LS, FM, and GM Crossing Removal:

The FDOT is currently in the process of completing its design to widen and construct flyovers along US Hwy 19N through the Mid-County Service Area located in Pinellas County, FL. Based on the Pre-Phase III FDOT Utility Submittal Plans dated November 2019, the proposed roadway improvements conflict with the existing 10-inch gravity main owned and operated by Sunshine Water Services at the intersection of US Hwy 19N and Riviera States entrance. The existing 10-inch diameter gravity main conveys flow in the service area east of US-19, within the Riviera States Development, and discharges to the gravity system west of US Hwy 19N. The first phase of this project consists of the installation of 1,300 linear feet of 8-inch PVC SDR 26 gravity sewer, installation of seven proposed manholes and all associated restoration. The second phase consists of the rehabilitation of the existing Lift Station #4, which includes replacement of pumps, valve vault, valve vault top slab, wet well top slab, wet well piping, fitting, valves and lining of the existing wet well. Cost \$2,138,069.

9. Mid-County Wilshire Manhole Replacement:

A section of the gravity system upstream of Lift Station #7 of the Mid-County sanitary sewer collection system runs parallel to Curlew Creek. Over time, the creek bank has eroded and exposed the cone and part of the riser of two brick manholes that were below ground when the structures were originally constructed. Cost \$320,904.

10. Buena Vista Lane Water Main Relocation:

The water main adjustments/relocations are required to accommodate the Pasco County paving and drainage improvements project (Project No. RSQ-ML-19-088). The existing water main will be adjusted and/or relocated to avoid conflicts with the proposed infrastructure and maintain a minimum cover of 3 feet. Cost \$431,957.

11. Sandalhaven Force Main Relocation:

Sunshine Water Services will be providing wastewater service to a private development located in the Sandalhaven service area in Charlotte County, FL. Upon investigation and exploratory work, Sunshine Water Services determined the 12 inch force main at the property line was buried at a depth of over 15 feet that made it impractical to connect to at that location. Sunshine Water Services opted to provide a service connection point for the proposed development from the nearest accessible tie-in location on the existing 12-inch force main, approximately 800 feet to the south, near the existing below grade air release valve, south of the intersection of Bantry Bay Blvd. and Placid Rd. Professional engineering services will be provided for design, permitting and construction phase services for the 4-inch force main to provide a service connection point for the Charlotte County Parcel ID: 412028226001. Cost \$368,081.

12. OW Remediation PFAS:

In 2020, Sunshine Water Services Company conducted statewide test of their production wells to ascertain if these wells contained concentrations of per- and poly-fluoroalkyl substances (PFAS). Upon testing these wells, Sunshine Water Services discovered that six of the seven wells in the Orangewood Public Water System (PWS) had PFAS concentrations greater than the 2016 United States Environmental Protection Agency (USEPA) Health Advisory Level (HAL) of 70 parts per trillion (ppt). The engineering report provided recommendations on alternate ways to treat drinking water for the identified contaminants. In January of 2022, Kimley-Horn submitted a Treatability Technical Memorandum (TTM) to Sunshine Water Services that outlined selective anion exchange (IX) as the treatment technique to be employed at each of the existing well sites in this system. Well BV-3 owned and operated by Sunshine Water Services was chosen as the first well where the full-scale pilot is going to be installed. Work includes, but is not limited to, construction of two (2) ion exchange resin vessels, ion exchange (IX) resin, one (1) well pump replacement including wellhead modifications and column piping replacement, bag filter assembly, piping, fittings, valves, instrumentation, concrete slab and support structures, variable frequency drives (VFD), control panel upgrades, SCADA system, motor disconnects, conduit, and all appurtenances necessary to make a complete working system. Cost \$1,837,293.

13. Lake Placid Permit Renewal:

The engineer consultant will prepare the Wastewater Permit Application Form 1 and Form 2A for Domestic Wastewater Facilities required for the permit renewal. The engineer consultant will perform a facility evaluation to identify any deficiencies at the current wastewater treatment plan including but not limited to; plant master lift station, headworks, equalization tank, flow splitter box, aeration tanks, settling tanks, filters, chlorine contact chamber (CCC), effluent sampling chamber, effluent pump station, aerobic digesters, and reject storage tank. Findings of any deficiencies will be detailed in the Operating, Maintenance and Performance Report (OMPR). The wastewater treatment plan will be evaluated based on permit limits established in the existing operation's permit and visual condition assessment of the facility. The engineer consultant will

develop a Groundwater Monitoring Plan (GWMP) in accordance with Rule 62-520.600, F.A.C. for the effluent disposal rapid infiltration basin system, to be included with the FDEP permit renewal submittal package. Amortization of the permitting costs will be consistent with the life of the permit. Cost \$43,688.

14. Eagle Ridge Wastewater Treatment Plant Electrical Improvements:

The Eagle Ridge Wastewater Treatment Plant is located near the west coast of Florida in the Fort Myers area. This location experiences flooding during storm season events, causing the Automatic Transfer Switch and control panel to regularly get submerged under two feet of water since they are both located at ground-level. The plant electrical improvements scope of work includes the upsizing of the generator, relocation above grade of the control panel and the Automatic Transfer Switch. Cost \$1,075,800.

15. Curlew Creek Lift Station Gravity Main Rehabilitation:

This project site is located at the outer edge of a bend in Curlew Creek. Currently, there is extensive side bank erosion directly downstream from Sunshine Water's sheet pile retaining wall, which has exposed Sunshine Water's gravity sewer main on the creek side. The engineer consultant recommends constructing a new sheet pile retaining wall & concrete cap beam from 10' upstream of the existing sheet pile retaining wall to 10' downstream of Sunshine Water's next downstream manhole. The existing sheet pile retaining wall & concrete cap beam should be incorporated into the new sheet pile retaining wall & concrete cap beam. The new sheet pile retaining wall that runs parallel with Curlew Creek should have upstream and downstream end walls that turn well back into the existing side bank to prevent erosion at the upstream and downstream ends of the sheet pile retaining wall. Cost \$600,000.

16. LUSI Construction 2nd Lower Floridan Well:

Design, permit and construct a lower Floridan aquifer (LFA) well in the LUSI North system on utility owned property adjacent to the Oranges subdivision where an existing upper Floridan aquifer well is located. The existing well and three others in the area have a high TTHM formation potential and are used only as backup wells to avoid Stage 2 DBP exceedances. This method of operation decreases the available capacity needed to meet current and projected demands for potable service. The LFA well will resolve the shortfall and will assist in mitigating impacts to MFLs established by the water management district. Cost \$2,151,519.

17. LUSI LG Wellness Way Facilities Study:

A portion of the Wellness Way Sector Plan lies in the LUSI South service area. It will be necessary to develop a planned approach to accommodate this future growth. The study will look at growth projections, timing, siting locations relative to hydraulics, infrastructure sizing and O&M efficiencies as well as phasing of facility construction. Cost \$215,160.

18. LUSI CFX US 27 Relocates:

The Central Florida Expressway (CFX) has designed the CFX 516 toll road that will intersect with US Hwy 27 in the LUSI South service area where an interchange with ramps will be constructed. The Utility has an existing 16" potable water main and 12" force main within the US Hwy 27 FDOT right-of-way on the west and east sides, respectively, that traverse the limits of the project. As a result, over 3,000 LF of water main and approximately 6,000 LF of force main will need to be relocated to avoid conflicts. This project will include design, permitting and CEI services to provide construction level plans used to enter into a CFX Utility Work by Highway

Contractor (UWHC) agreement and coordination with CFX throughout the duration of the project. The project includes the costs to construct the water main and force main under the terms of the UWHC agreement. Cost \$7,667,499.

19. LUSI Lake Groves WWTP Capacity:

The Lake Groves WWTP is a 0.999 MGD facility that treats the wastewater generated by the LUSI South customer base. As development has increased over the last three years, treatment capacity has diminished with monthly average daily flows reaching upwards of 0.900 MGD. Also, the treatment plant is located within the Ocklawaha Basin Management Action Plan (BMAP) that places stringent limitations on total nitrogen and phosphorous in treated effluent to RIBs and reclaimed discharge. This project will provide for engineering services and construction to increase treatment capacity to 1.3 MGD and provide for a treatment scheme that will reduce TN and TP to meet the BMAP limits. Cost \$8,744,234.

20. Weathersfield WTP Generator Replacement:

The Weathersfield system serves potable water to approximately 1,200 connections. The existing emergency generator was originally installed in 1998 and has outlived its service life. Design, permitting and construction will include upgrading the existing 208V service to a standard 240V service that will be accompanied by a new service disconnect, automatic transfer switch, controls and instrumentation and a new generator. The new generator will provide an increased ability to assure continuity of service during a loss of commercial power. Cost \$1,285,149.

21. Weathersfield Hydro Tank Replacement:

The existing 10,000-gallon hydro pneumatic tank at the water treatment plant is 17 years old. During the most recent 5-year FDEP required inspection, the tank failed to pass the minimum steel shell thickness rendering the tank unsafe to operate. To ensure the safety of staff and the general public as well as the operational condition of the water treatment plant, the tank is scheduled to be replaced. Cost \$102,201.

22. Golden Hills WTP Generator Replacement:

The Golden Hills WTP provides potable water to approximately 531 connections and is a standalone system. The existing propane gas emergency generator was originally installed in 1992 and has outlived its service life. Design, permitting and construction will include a new service disconnect, automatic transfer switch, well control panels, PLC with a SCADA RTU, controls and instrumentation and a new generator. The new generator will provide an increased ability to assure continuity of service during a loss of commercial power. The addition of a SCADA RTU will provide remote monitoring of the system and an improved response time in the event of an emergency. Cost \$740,055.

23. Crownwood Nuvoda/BMAP Improvements:

The Crownwood WWTF is a 0.040 MGD plant that serves the Crownwood subdivision and receives flow from the BFF system through a bulk connection. Treated effluent is discharged to two on-site percolation ponds. The WWTF and ponds are located within the Rainbow Springs Group and Rainbow Springs Run Group BMAP that limits the annual average of total nitrogen (TN) to 6 mg/L. The existing treatment plant is not designed to produce an effluent that will meet the BMAP requirements. The Nuvoda treatment process is a method that will achieve the desired

outcome in the most cost-effective manner by preventing the need to construct a new treatment plant. Cost \$355,014.

24. Sanlando F5 FM:

The Sanlando F-5 lift station receives wastewater discharges from the east side of the Sanlando system, east of I-4, and The Springs subdivision, west of I-4. The wastewater is then pumped through the F-5 force main, which conveys the flow to the Wekiva WWTF for treatment. Approximately 40% of the AADF treated at the Wekiva Plant is pumped through the F-5 force main making this pipeline a critical asset in the delivery of service. The existing force main is 12" in diameter and consists of class 200 PVC pipe that is subjected to high pressures, elevating concerns around potential pipe failures related to fatigue. The new force main will be 16" in diameter, which will lower the pipeline pressures and be constructed of C-905, DR 25 PVC pipe commonly used in the industry today. Cost \$3,811,775.

25. Sanlando ENG H2/H1/H3 FM:

Design, survey, permit and bidding services for the future replacement of the H-1, H-2 and H-3 force mains, which were originally constructed between 1975 and 1977. These three force mains reach a point in the system where they become manifolded into a common pipeline with an aerial crossing over Sweetwater Creek. The existing force mains have outlived their useful service life as determined by the age, material type and critical nature of the assets. The construction phase is scheduled to take place in 2028. Cost \$245,283.

26. Sanlando Wekiva EQ Aeration Improvements:

A new floating mixer has been installed in the EQ tank to improve the aeration process and to mix the tank contents to prevent any accumulation of solids. The mixer is powered by a portable generator that operates during the day while staff are present. A permanent power source needs to be established to allow more flexibility in the number of hours that the mixer can operate. This project will provide for the design and construction of the power source. Cost \$139,854.

27. Pennbrooke Water Quality Improvements:

A water quality analysis report was completed to evaluate concerns with iron and hardness levels at the Pennbrooke Water Treatment Plant. The analysis included a review of multiple technologies to evaluate the most cost-effective option for removing these constituents in response to customer complaints. This project provides pilot testing and design for the modification of the Water Treatment Plant to replace the existing iron sequestration system and install technology for iron and hardness removal. This design also includes the addition of a high service pump station, two new ground storage tanks and a raw water well to meet current regulatory requirements. Cost \$9,830,965.

28. AMI Meters:

Sunshine Water is currently in the process of upgrading its territory to an Advanced Metering Infrastructure (AMI) metering system. AMI, also referred to as smart meters, is an integrated system of meters and information systems that enables communication between meters and utilities. Many utilities around the world in the gas, electricity, and water sectors are implementing some form of AMI. The primary goal of the AMI system is to improve communication between utilities and customers. A major motivation for using AMI is that it promotes conservation, can improve emergency response, and brings valuable information that allows the utility to respond faster to its service territory. As part of this program, Sunshine Water

Services is implementing a customer engagement portal. This enables customers to conveniently access and monitor their water consumption data via a secure online portal. The portal makes customers more aware of how and when they use water and provides insights into on-premises leaks.

The project consists of replacing the existing water meters in the Florida water system with Neptune cellular-based AMI water meters by locating and raising existing meter boxes, replacing fittings and appurtenances as required to ensure proper fit and operation of the newly installed cellular based AMI water meters. Cost \$17,833,032.

29. UIF Jansen Water Main Relocation

The water mains throughout the Jansen subdivision are located within the Seminole County right-of-way. Seminole County has recently presented a plan to construct a sidewalk with a gravity wall along Linneal Beach Road from Oranole Road to Playa Way. The County's construction project conflicts with the location of the Utility's existing 4" AC water main on the south side of Linneal Beach Road, which requires the relocation of the existing water main to the north side and five water services over approximately 700LF. Design and construction costs Cost \$215,160.

30. Vactor Truck:

Purchase of a 2024 Kenworth tractor chassis and 2024 Vactor 2100i to be used in the maintenance of the various collection systems, including lift stations: 1) Assist in locating facilities using subsurface excavation capabilities, 2) Assist in the repair of water main and force main breaks and clearing sewer gravity main blockages. Staff are readily able to respond to an emergency that results in a lesser impact to property, assets and the environment. The new vactor truck replaces a 2007 International that had outlived its service life as determined through cost prohibitive repairs relative to the value of the vehicle. Cost \$574,000.

On April 1, 2024, the Company's parent, Corix Infrastructure (US) Inc., merged with SW Merger Acquisition Corp. The Company will request the establishment of a Regulatory Asset to track benefits and costs to achieve these benefits that result from the merger.

The Company will request to include in its revenue requirement the costs related to third party processing of customer payments, as opposed to such fees being charged directly to customers at the point of sale.

The Company also anticipates requesting interim rates based on the historic test year.

Should you or members of the Staff have any questions regarding this request, please do not hesitate to contact me.

Very truly yours,



Martin S. Friedman

Chairman Mike La Rosa
Page 9

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