

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: April 24, 2025

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Jared Folkman, Public Utility Analyst I, Division of Accounting & Finance

RE: 20240119-WU - Application for staff-assisted rate case in Polk County, by Alturas Water, LLC.

Please place the attached email regarding “Alturas’s Reponses to Capital Structure Questions” and the attached supporting documentation in the docket file mentioned above.

JSF/da

Attachment

CC: Office of Commission Clerk (Docket No. 20240119-WU)

From: accounting@fus1llc.com
To: [Jared Folkman](#)
Cc: [Garret Kelley](#); [Jeff Small, OCBOA Consulting](#)
Subject: FW: Alturas Water, LLC. 20240119-WU Capital Structure Question
Date: Wednesday, April 23, 2025 1:42:50 PM
Attachments: [Alturas Water LLC - Loan Documents \(SARC Docket 20240119\).pdf](#)

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Attached please find supporting documents for Capital City Bank Loan 1187.

Marianne McDonald
CFO, Accounting
FLORIDA UTILITY SERVICES 1, LLC
5911 Trouble Creek Rd
New Port Richey, FL 34652
(727) 937-6275

From: Marianne McDonald <mcdonald.marianne@gmail.com>
Sent: Wednesday, April 23, 2025 12:34 PM
To: accounting@fus1llc.com
Subject: Fwd: Alturas Water, LLC. 20240119-WU Capital Structure Question

----- Forwarded message -----

From: **Jared Folkman** <JFolkman@psc.state.fl.us>
Date: Wed, Apr 23, 2025 at 10:58 AM
Subject: RE: Alturas Water, LLC. 20240119-WU Capital Structure Question
To: Jeff Small <jeffsmall@ocboa.net>
Cc: Marianne McDonald <mcdonald.marianne@gmail.com>, Garret Kelley <GKelley@psc.state.fl.us>

Good morning Mr. Small,

Yes, when possible please send over any supporting documents for the loan that verify the amounts discussed. I'll also file this response and any accompanying loan documentation into the docket once received.

Thank you,

Jared Folkman
Public Utility Analyst I

Division of Accounting & Finance
Florida Public Service Commission
JFOLKMAN@PSC.STATE.FL.US
Telephone: 850.413.7017

From: Jeff Small <jeffsmall@ocboa.net>
Sent: Wednesday, April 23, 2025 6:49 AM
To: Jared Folkman <JFolkman@psc.state.fl.us>
Cc: Jeff Small <jeffsmall@ocboa.net>; Marianne McDonald <mcdonald.marianne@gmail.com>
Subject: Re: Alturas Water, LLC. 20240119-WU Capital Structure Question

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Goodmorning Jared

It appears that I provided incorrect information for the proforma information that you requested concerning the \$40,168 in your earlier email. After conversations with Mike's CFO (Mariane), we have determined that the pneumatic tank replacement that was requested as proforma PIS additions totaling \$34,727 was financed through a bank loan. The loan amount of \$33,870, that you referenced above was used to pay for the tank & installation. The original loan amount with fees totaling \$34,742.46 was posted to ALT GL on 11/21/24. One principal payment was made in Dec 2024 for \$872.14.

This was the ALT principal amount for a jumbo loan that was secured by ALT parent, FUS1, for multiple capital projects to several of FUS1 utility systems. If needed, I can arrange for Marianne to send you copies of the loan documents to support the amounts and transactions discussed above.

Sorry for the earlier misstatement.

On Tue, Apr 22, 2025 at 1:41 PM Jared Folkman <JFolkman@psc.state.fl.us> wrote:

Good afternoon,

We are working to reconcile Alturas's capital structure to its rate base, including the pro forma additions. While working through it, staff reviewed Alturas's 2024 annual report and noted that the Utility recorded a long-term debt with Capital City Bank, issued November 18, 2024, amounting to \$33,870 at an interest rate of 6.95%. Please provide some additional context regarding the purpose of this debt and

whether or not is it related to pro forma. Apologies for the short notice, we're working to finalize our revenue requirement.

Please let me know if you have any questions or concerns.

Thank you,

Jared Folkman
Public Utility Analyst I
Division of Accounting & Finance
Florida Public Service Commission
JFOLKMAN@PSC.STATE.FL.US
Telephone: 850.413.7017

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Jeffery Small
OCBOA Consulting, LLC
407-377-5400

PROMISSORY NOTE

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$51,091.85	11-18-2024	11-18-2027	70000301187	4A0 / 510	FAB1483	105	
References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.							

Borrower: FLORIDA UTILITY SERVICES 1, LLC
5911 TROUBLE CREEK RD 102
NEW PORT RICHEY, FL 34652-5128

Lender: CAPITAL CITY BANK
INVERNESS OFFICE
P.O. BOX 900
TALLAHASSEE, FL 32302

Principal Amount: \$51,091.85

Date of Note: November 18, 2024

PROMISE TO PAY. FLORIDA UTILITY SERVICES 1, LLC ("Borrower") promises to pay to CAPITAL CITY BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Fifty-one Thousand Ninety-one & 85/100 Dollars (\$51,091.85), together with interest on the unpaid principal balance from November 18, 2024, calculated as described in the "INTEREST CALCULATION METHOD" paragraph using an interest rate of 6.950% per annum based on a year of 360 days, until paid in full. The interest rate may change under the terms and conditions of the "INTEREST AFTER DEFAULT" section.

PAYMENT. Borrower will pay this loan in 35 payments of \$1,578.46 each payment and an irregular last payment estimated at \$1,578.64. Borrower's first payment is due December 18, 2024, and all subsequent payments are due on the same day of each month after that. Borrower's final payment will be due on November 18, 2027, and will be for all principal and all accrued interest not yet paid. Payments include principal and interest. Unless otherwise agreed or required by applicable law, payments will be applied first to any unpaid collection costs; then to any late charges; then to any accrued unpaid interest; and then to principal. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

MAXIMUM INTEREST RATE. Under no circumstances will the interest rate on this Note exceed (except for any higher default rate shown below) the lesser of 17.700% per annum or the maximum rate allowed by applicable law.

INTEREST CALCULATION METHOD. Interest on this Note is computed on a 365/360 basis; that is, by applying the ratio of the interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. All interest payable under this Note is computed using this method.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments under the payment schedule. Rather, early payments will reduce the principal balance due and may result in Borrower's making fewer payments. Borrower agrees not to send Lender payments marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: Capital City Bank, Loan Servicing, Post Office Box 900 Tallahassee, FL 32302-0900.

LATE CHARGE. If a payment is 10 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, the interest rate on this Note shall be increased to 17.700% per annum based on a year of 360 days. However, in no event will the interest rate exceed the maximum interest rate limitations under applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

Payment Default. Borrower fails to make any payment when due under this Note.

Other Defaults. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

Default in Favor of Third Parties. Borrower or any Grantor defaults under any loan, extension of credit, security agreement, purchase or sales agreement, or any other agreement, in favor of any other creditor or person that may materially affect any of Borrower's property or Borrower's ability to repay this Note or perform Borrower's obligations under this Note or any of the related documents.

False Statements. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Death or Insolvency. The dissolution of Borrower (regardless of whether election to continue is made), any member withdraws from Borrower, or any other termination of Borrower's existence as a going business or the death of any member, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

Adverse Change. A material adverse change occurs in Borrower's financial condition, or Lender believes the prospect of payment or performance of this Note is impaired.

Insecurity. Lender in good faith believes itself insecure.

Cure Provisions. If any default, other than a default in payment, is curable and if Borrower has not been given a notice of a breach of the same provision of this Note within the preceding twelve (12) months, it may be cured if Borrower, after Lender sends written notice to Borrower demanding cure of such default: (1) cures the default within ten (10) days; or (2) if the cure requires more than ten (10) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance under this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender the amount of these costs and expenses, which includes, subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses whether or not there is a lawsuit, including reasonable attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

GOVERNING LAW. This Note will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the State of Florida without regard to its conflicts of law provisions. This Note has been accepted by Lender in the State of Florida.

CHOICE OF VENUE. If there is a lawsuit, Borrower agrees upon Lender's request to submit to the jurisdiction of the courts of Leon County, State of Florida.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of \$35.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the indebtedness against any and all such accounts.

PROMISSORY NOTE
(Continued)

Loan No: 70000301187

Page 2

COLLATERAL. Borrower acknowledges this Note is secured by the following collateral described in the security instrument listed herein:

(A) a Commercial Security Agreement dated November 18, 2024 made and executed between FLORIDA UTILITY SERVICES 1, LLC and Lender on collateral described as:

PURCHASE MONEY SECURITY INTEREST IN A 3,000 GALLON NON/CODE HYDROPNEUMATIC TANK, HORIZONTAL-ABOVE GROUND, 100 PSI DESIGN PRESSURE, SERIAL #MWCF DWGT-6-621; ONE DUMP TRAILER E SERIES, MODEL #DTE610DT3.5B, WITH 3500# EZ LUBE AXLES W/BRAKES, POWDER COATED LOCKABLE TONGUE BOX FOR BATTERY AND POWER UNIT, 12V ON BOARD BATTERY CHARGER, SINGLE CYLINDER, 24" SIDES, 2K A FRAME JACK, 2 5/16" ADJUSTABLE COUPLER, BARN DOOR STYLE GATE, STAKE POCKETS, 15" WHITE SPOKE TIRE & WHEELS, LED LIGHTING, TO BE PURCHASED FROM RENTZ, LLC NOVEMBER 2024; AND INSTALLATION FROM CONSTA FLOW, INC. OF MISSION AUTO DIALER AT BOAT RAMP LIFT STATION.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

NOTIFY US OF INACCURATE INFORMATION WE REPORT TO CONSUMER REPORTING AGENCIES. Borrower may notify Lender if Lender reports any inaccurate information about Borrower's account(s) to a consumer reporting agency. Borrower's written notice describing the specific inaccuracy(ies) should be sent to Lender at the following address: Capital City Bank Credit Administration Division Post Office Box 900 Tallahassee, FL 32302-0900.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Florida (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length of time) this loan or release any party or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

BORROWER:

FLORIDA UTILITY SERVICES 1, LLC

By: MICHAEL SMALLRIDGE, Manager of FLORIDA
UTILITY SERVICES 1, LLC

Florida Documentary Stamp Tax

Florida documentary stamp tax required by law in the amount of \$178.85 has been paid or will be paid directly to the Department of Revenue. Certificate of Registration No. 593277398.

DISBURSEMENT REQUEST AND AUTHORIZATION

Principal	Loan Date	Maturity	Loan No	Call / Coll	Account	Officer	Initials
\$51,091.85	11-18-2024	11-18-2027	70000301187	4A0 / 510	FAB1483	105	

References in the boxes above are for Lender's use only and do not limit the applicability of this document to any particular loan or item. Any item above containing "*****" has been omitted due to text length limitations.

Borrower: FLORIDA UTILITY SERVICES 1, LLC
 5911 TROUBLE CREEK RD 102
 NEW PORT RICHEY, FL 34652-5128

Lender: CAPITAL CITY BANK
 INVERNESS OFFICE
 P.O. BOX 900
 TALLAHASSEE, FL 32302

LOAN TYPE. This is a Fixed Rate (6.950%) Nondisclosable Loan to a Limited Liability Company for \$51,091.85 due on November 18, 2027.

PRIMARY PURPOSE OF LOAN. The primary purpose of this loan is for:

- Personal, Family, or Household Purposes or Personal Investment.
- Business (Including Real Estate Investment).

COPY

SPECIFIC PURPOSE. The specific purpose of this loan is: Purchase Equipment.

DISBURSEMENT INSTRUCTIONS. Borrower understands that no loan proceeds will be disbursed until all of Lender's conditions for making the loan have been satisfied. Please disburse the loan proceeds of \$51,091.85 as follows:

Other Disbursements:	\$50,000.00
\$50,000.00 TO BE DISBURSED	
Other Charges Financed:	\$1,091.85
\$10.00 Credit Reporting Service	
\$35.00 UCC Filing Fees	
\$18.00 UCC Tracking Fee	
\$500.00 Loan Origination Fee	
\$350.00 Document Prep Fee	
\$178.85 Florida Documentary Stamps	

Note Principal: \$51,091.85

FINANCIAL CONDITION. BY SIGNING THIS AUTHORIZATION, BORROWER REPRESENTS AND WARRANTS TO LENDER THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND CORRECT AND THAT THERE HAS BEEN NO MATERIAL ADVERSE CHANGE IN BORROWER'S FINANCIAL CONDITION AS DISCLOSED IN BORROWER'S MOST RECENT FINANCIAL STATEMENT TO LENDER. THIS AUTHORIZATION IS DATED NOVEMBER 18, 2024.

BORROWER:

FLORIDA UTILITY SERVICES 1, LLC

By: MICHAEL SMALLRIDGE, Manager of FLORIDA UTILITY SERVICES 1, LLC