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April 7, 2026

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# Item 1

FILED 3/26/2026  
DOCUMENT NO. 01789-2026  
FPSC - COMMISSION CLERK

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-**

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**DATE:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Cohn, Higgins, G. Kelley) *MC*  
Division of Economics (Bruce, Hudson, Sibley) *ED*  
Division of Engineering (Ramirez-Abundez, Ramos) *TB*  
Office of the General Counsel (Marquez, Imig) *SPS*

**RE:** Docket No. 20250088-WU – Application for staff-assisted rate case in Lake County by Sun Communities Finance, LLC d/b/a Water Oak Utility.

**AGENDA:** 04/07/26 – Regular Agenda – Proposed Agency Action – Except for Issue Nos. 11, 12, and 13 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** La Rosa

**CRITICAL DATES:** 11/8/26 (15-Month Effective Date (SARC))

**SPECIAL INSTRUCTIONS:** None

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## Case Background

Sun Communities Finance, LLC d/b/a Water Oak Utility (Water Oak or Utility) is a Class C water-only utility providing service to 1,265 residential customers and 16 general service customers in Lake County. The Utility is a wholly-owned subsidiary of Asset Investors Operating Partnership, LP.

The Utility's rates were last established by Commission Order No. PSC-1997-0034-FOF-WS, issued January 7, 1997, in Docket No. 960040-WS, using a rate base as of November 30, 1993.<sup>1</sup> This order also transferred the Utility's water and wastewater certificates to Sun Communities Finance Limited Partnership from the seller. In 2000, the Utility changed the name on its certificate to Sun Communities Finance, LLC d/b/a Water Oak Utility. On March 12, 2020, the Utility's wastewater certificate was cancelled by Order No. PSC-2020-0074-PAA-WS.<sup>2</sup> It has been over 25 years since the Utility's last rate case.

On October 16, 2023, Water Oak filed an application for a staff-assisted rate case (SARC) which was assigned Docket No. 20230119-WU.<sup>3</sup> This application was withdrawn on June 5, 2024.<sup>4</sup>

On June 23, 2025, the Utility filed an application for a SARC.<sup>5</sup> Pursuant to Section 367.0814(2), Florida Statutes (F.S.), the official date of filing the SARC was established as August 8, 2025. Staff selected the test year ended December 31, 2024. According to the Utility's 2024 Annual Reports, total gross revenues were \$179,227 and operating expenses were \$342,931.

The Commission has jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, F.S.

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<sup>1</sup> Order No. PSC-1997-0034-FOF-WS, issued January 7, 1997, in Docket No. 960040-WS, *In re: Application for transfer of Certificates Nos. 454-W and 388-S in Lake County from Water Oak Utilities Co., Inc. to Sun Communities Finance Limited Partnership.*

<sup>2</sup> Order No. PSC-2020-0074-PAA-WS, issued March 12, 2020, *In re: Request for cancellation of Certificate No. 388-S by Sun Communities Finance, LLC. d/b/a Water Oak Utility.*

<sup>3</sup> Document No. 05692-2023, filed on October 16, 2023.

<sup>4</sup> Document No. 04603-2024, filed on June 5, 2024.

<sup>5</sup> Document No. 05141-2025, filed on June 23, 2025.

## Discussion of Issues

**Issue 1:** Is the quality of service provided by Water Oak Utility satisfactory?

**Recommendation:** Yes. Water Oak's product is in compliance with the Department of Environmental Protection (DEP) and staff believes the Utility adequately demonstrated its ability to address customer concerns; therefore, staff recommends that the quality of service be considered satisfactory. (Ramirez-Abundez)

**Staff Analysis:** Pursuant to Section 367.081(2)(a)(1), F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in water rate cases, the Commission shall determine the overall quality of service provided by the Utility. This determination is made from an evaluation of the quality of the Utility's product and the Utility's attempt to address customer satisfaction. The rule further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the Department of Environmental Protection (DEP) and the county health department, and any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints received by the Commission are also reviewed. The operating condition of the water system is addressed in Issue 2.

### Quality of the Utility's Product

In evaluating Water Oak's product quality, staff reviewed the Utility's compliance with the DEP's primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. In the DEP's last Sanitary Survey Report dated March 14, 2023, no chemical or bacteriological exceedances were noted for the previous 12 months, and the Utility was determined to be in compliance with the DEP standards. In the Utility's last Consumer Confidence Report dated June 26, 2025, no violations of contaminant levels were noted for the testing period.

### The Utility's Attempt to Address Customer Satisfaction

Staff reviewed the complaints filed in the Commission's Consumer Activity Tracking System (CATS), received by the Utility, and filed with the DEP for the test year and four years prior. There was one complaint filed in CATS regarding improper billing, where the customer reported inconsistent water bills. In response, the Utility explained that the customer's meter was installed incorrectly and a new meter was installed. The Utility also credited the customer's account based on their average historical usage. While the Utility did respond, it should be noted that the Utility was found to be in violation of Rule 25-22.032, F.A.C., for failing to respond within 15 days and failing to provide a full and accurate report. The Utility reported that it did not receive any complaints during this timeframe. The DEP responded that it received one complaint during this timeframe regarding the quantity of Boil Water Notices (BWN) the Utility issued.

Staff held a Customer Meeting on January 21, 2026, where eight customers provided comments. The majority of the comments focused on the overall rate increase. Customers also voiced their concerns about improperly functioning meters and the amount of unaccounted for water

identified in the Staff Report. Following the Customer Meeting, staff asked Water Oak if it was aware of the customer concerns regarding improperly functioning meters as well as how it would address each customer that spoke at the meeting. Water Oak stated that it was not aware of these meter concerns prior to the Customer Meeting and has no record of any ongoing or open complaints.<sup>6</sup> Water Oak further explained it met with several residents after the Customer Meeting to explain the general ratemaking process and how the Utility addresses customer concerns.<sup>7</sup>

There were approximately 288 customer comments in the docket file as of March 2, 2026. However, Table 1-1 shows a total of 445 customer comments because a single customer comment that relates to several different categories is counted multiple times (one time in each category). The majority of these comments expressed concerns with the overall rate increase. However, there were also concerns regarding improperly functioning meters, the amount of unaccounted water identified in the Staff Report, and quality of service such as fluctuating water pressure. For reference, the Utility serves approximately 1,265 residential customers.

**Table 1-1  
Number of Rate Case Comments Received by Source and Subject**

Subject of Comment	Oral Comments	Written Comments	Total*
Other	3	62	65
Quality of Service	-	2	2
Meter Issues	1	47	48
Improper Billing	-	17	17
Outages (Service interruption/BWN)	-	17	17
Rate Increase Concerns	8	288	296
Total	12	433	445

\*A single customer comment/complaint may be counted multiple times if it is associated with multiple categories

As shown in Table 1-1, there were 17 comments regarding service interruptions and BWNs. As such, staff requested the Utility's service interruption records pursuant to Rule 25-30.251(1) and (2), F.A.C. The rule states that each utility is required to maintain a record of all interruptions in service which affect 10 percent or more of its customers, and to notify the Commission of these interruptions. "The record shall show the cause of the interruption, its date, time, duration, remedy, and steps taken to prevent recurrence." Water Oak has not filed any such reports with the Commission and also stated that it has not had an outage affecting 10 percent or more of its customers. Rather, the Utility stated its highest impact experience was roughly 4 percent per outage and that the community uses valves to limit outages to only the affected section.<sup>8</sup>

<sup>6</sup> Document No. 01125-2026, filed February 17, 2026.

<sup>7</sup> *Id.*

<sup>8</sup> Document No. 01428-2026, filed March 5, 2026.

On February 17, 2026, the Office of Public Counsel (OPC) filed an observation letter regarding the customer correspondence in the docket file, BWNs, and service interruptions based on DEP records. OPC's letter identified three service interruptions that affected 10 percent or more of the Utility's customers: two in 2020 and one in 2021. Upon reviewing OPC's observation letter, the Utility also identified three service interruptions (9/21/20; 12/2/20; 9/22/21) that exceeded the 10 percent or greater threshold, but were not reported to the Commission. Since that time, the Utility stated that it has improved its infrastructure and practice of isolating outages to those areas that require repair, which has prevented other disruptions from meeting or exceeding the report threshold.<sup>9</sup> However, staff analyzed OPC's letter and the DEP documentation and found one additional instance (5/6/21) affecting 10 percent or more of the Utility's customers. As such, staff recommends that the Utility maintain its service interruption records as outlined in Rule 25-30.251(1), F.A.C., and notify the Commission of any such interruption on a going-forward basis.

Staff performed a supplemental review of the complaints filed in CATS following the Customer Meeting and found no additional complaints. While there were approximately 288 comments provided during the course of the proceeding, the majority of these comments were regarding the overall rate increase. There were few customer complaints filed during the test year and four years prior. Further, the Utility indicated that it attempted to reach the customers who spoke at the Customer Meeting to address their concerns and has taken steps to mitigate service interruptions. As such, staff believes the Utility adequately demonstrated its ability to address customer satisfaction. Additionally, the Utility is currently in compliance with the DEP standards. Therefore, staff recommends that the quality of service be considered satisfactory.

### **Conclusion**

Water Oak's quality of the product is in compliance with the DEP standards and staff believes the Utility adequately demonstrated its ability to address customer satisfaction; therefore, staff recommends that the quality of service be considered satisfactory.

Date: March 26, 2026

**Issue 2:** Is the infrastructure and operating conditions of Water Oak Utility in compliance with DEP regulations?

**Recommendation:** Yes. The Water Oak water system is currently in compliance with the DEP. (Ramirez-Abundez)

**Staff Analysis:** Rule 25-30.225(2), F.A.C., requires each water utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, the Commission must consider testimony of the DEP and county health department officials, sanitary surveys for water systems, citations, violations, consent orders issued to the utility, customer testimony, comments, complaints, utility testimony, and responses to the aforementioned items.

### **Water System Operating Conditions**

Water Oak's water system has a permitted capacity of 334,000 gallons per day (gpd). The Utility's water system has two 10-inch diameter wells and four hydropneumatic storage tanks. Well No. 1 has a pumping capacity of 1,000 gallons per minute (gpm). Well No. 2 has a pumping capacity of 750 gpm. Two of the hydropneumatic storage tanks have a capacity of 20,000 gallons each and two additional hydropneumatic storage tanks have a capacity of 25,000 gallons each. Groundwater is treated through hypochlorination. The DEP conducted an inspection of Water Oak's water treatment plant (WTP) on March 2, 2023. The resulting Sanitary Survey Report indicated the facility was in compliance with the DEP's rules and regulations.

### **Conclusion**

The Water Oak water system is currently in compliance with the DEP.

**Issue 3:** What are the used and useful (U&U) percentages of Water Oak Utility's water treatment plant and water distribution system?

**Recommendation:** Water Oak's water treatment plant and its distribution system should both be considered 100 percent U&U. Additionally, a 29.7 percent adjustment for Excessive Unaccounted for Water (EUW) should be made to operating expenses for chemicals and purchased power. (Ramirez-Abundez)

**Staff Analysis:** As stated in Issue 2, Water Oak's water system is served by two 10-inch diameter wells rated at 1,000 gpm and 750 gpm. The Utility is permitted by the DEP to withdraw an average of 334,000 gpd. The distribution system is a composite network of 2- to 3-inch Cross Linked Polyethylene pipe and 4- to 8-inch Polyvinyl Chloride (PVC) pipe. The distribution system has 15 fire hydrants.

### **Used and Useful Percentages**

Rule 25-30.4325, F.A.C., addresses the method by which the U&U percentage of a water system is determined. Rule 25-30.4325(4), F.A.C., states that a water treatment system is considered 100 percent U&U if the service territory the system is designed to serve is built out and there is no apparent potential for expansion of the service territory or the system is served by a single well. Based on a review of Water Oak's service territory and annual report, the service territory appears to be built out. In its last limited proceeding increase and overearning investigation, the water distribution system and storage were found to be 100 percent U&U.<sup>6</sup> Therefore, the U&U percentage for Water Oak's WTP, storage, and distribution system should be considered 100 percent.

### **Excessive Unaccounted for Water**

Rule 25-30.4325, F.A.C., provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as "unaccounted for water in excess of 10 percent of the amount produced." Unaccounted for water is all water that is not sold, metered, or accounted for in the records of the Utility.

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of the gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage. A review of the Utility's 2024 monthly operating reports on file with the DEP indicates that Water Oak produced 117,276,285 gallons of water during the test year. In response to staff data requests, the Utility indicated that it does not purchase any water.<sup>10</sup> An examination of the Utility's billing records indicated 67,673,649 gallons of treated water was sold to its customers. The Utility documented 2,998,514 gallons of other water usages for line and hydrant flushing along with water loss due to line breaks.<sup>11</sup> The resulting calculation  $([117,276,285 + 0 - 67,673,649 - 2,998,514] / [117,276,285 + 0])$  for unaccounted for water is 39.7 percent. The Rule allows a 10 percent margin; therefore, there is 29.7 percent EUW. Regarding the cause, the Utility stated that

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<sup>10</sup> Document No. 14962-2025, filed November 6, 2025.

<sup>11</sup> Document No. 00410-2026, filed January 20, 2026.

it is evaluating master and customer meter accuracy, and assessing the distribution system for potential leaks and data inconsistencies.<sup>12</sup>

**Conclusion**

Water Oak's WTP and its distribution system should both be considered 100 percent U&U. Additionally, a 29.7 percent adjustment for EUW should be made to operating expenses for chemicals and purchased power.

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<sup>12</sup> Document No. 00410-2026, filed January 20, 2026.

**Issue 4:** What is the appropriate average test year rate base for Water Oak Utility?

**Recommendation:** The appropriate average test year rate base for Water Oak is \$1,635,857. (Cohn, Ramirez-Abundez)

**Staff Analysis:** The appropriate components of the Utility’s rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions-in-aid of construction (CIAC), accumulated amortization of CIAC, and working capital. Staff selected the test year ended December 31, 2024, for the current rate case. A summary of each component and the recommended adjustments are discussed below.

**Pro Forma Plant Additions**

Table 4-1 shows Water Oak’s five requested pro forma plant projects which are described below. It is Commission practice for staff to ascertain whether a minimum of three bids were solicited for each project or evaluate the Utility’s reasoning as to why three could not be obtained.<sup>13</sup> Water Oak stated that it did not solicit multiple bids for each project due to emergency circumstances or limited vendor availability. The Utility believed the project requirements to be specialized, and few contractors in the area possess the necessary qualification, resources, or capacity to perform the work.<sup>14</sup>

**Table 4-1  
 Pro Forma Plant Projects**

	Project	In-Service Date	Account Number	Amount	Retirement
1.	Generator and Automatic Transfer Switch Installation (ATS)	April 2026	310	\$148,330	\$111,248
2.	24 - 5/8 by 3/4 inch Meters and Transmitters	December 2025	334	\$7,545	\$5,659
3.	Water Main Leak - 10 feet (ft.) of pipe replacement	March 2025	309	\$5,500	\$4,125
4.	Water Main Leak - 15 ft. of pipe replacement	April 2025	309	\$13,260	\$9,945
5.	New 100 Horse Power (HP) Well Pump Replacement	March 2025	311	\$36,619	\$27,464
	<b>Total</b>			<b>\$211,254</b>	<b>\$158,441</b>

Source: Responses to staff data requests.

<sup>13</sup> E.g., Order No. PSC-2022-0335-PAA-WS, issued September 28, 2022, in Docket No. 20220066-WS, *In re: Application for increase in water rates in Washington County, by Sunny Hills Utility Company*; Order No. PSC-2021-0206-FOF-WS, issued June 4, 2021, in Docket No. 20200139-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties, by Utilities, Inc. of Florida*.

<sup>14</sup> Document No. 14962-2025, filed November 6, 2025.

**Project No. 1 – Generator and ATS Installation**

Project No. 1 is the installation of a new 250kW, 480V, diesel driven Generac generator and automatic transfer switches. Water Oak stated that this project was necessary because the existing generator was outdated, undersized, and no longer capable of supporting the facility's full electrical load.<sup>15</sup> Also, the DEP requires public water treatment plants to have backup power. The Utility provided its contract for this project which totals \$148,330 with an in-service date of April 2026.

Water Oak stated that the new generator provides sufficient capacity to maintain all critical plant functions, including pumps, controls, and safety systems, during power failures. Furthermore, the addition of automatic transfer switches facilitates the transition between Utility and generator power, which should reduce downtime, prevent equipment damage, and ensure continuous treatment and distribution of safe water.<sup>16</sup> Therefore, staff believes this project to be reasonable and prudent and recommends approval of \$148,330.

**Project No. 2 – 24 – 5/8 by 3/4 Inch Meters and Transmitters**

Project No. 2 is for the purchase and replacement of 24 residential 5/8 by 3/4 inch Accustream meters and end point transmitters. The Utility stated that the existing meters and transmitters were not working properly and could not be reset or repaired. Water Oak selected these meters based on their price, accuracy, durability, low maintenance, and cost.<sup>17</sup> The new Accustream meters have an expected manufacturer's service life of 10 to 15 years. The Utility provided an invoice totaling \$7,545 for this project, which was completed in December 2025.

As discussed in Issue 1, several customers raised concerns regarding improperly functioning meters. In its fourth data request, staff asked the Utility to explain why it proposed replacing only 24 meters despite serving approximately 1,265 residential customers, and to clarify whether the remaining meters had already been replaced or were planned for future replacement. The Utility responded that meters are replaced on an as-needed basis, specifically when repairs are not feasible. Staff believes this project is reasonable and necessary, especially given the customer concerns. Should the Utility determine that additional meter replacements are warranted, it may seek Commission approval for cost recovery in a future proceeding. Therefore, staff recommends approval of \$7,545 for the replacement of 24 residential meters.

**Project No. 3 – Water Main Leak – 10 ft. of Pipe Replacement**

Project No. 3 is the replacement of 10 feet of C900 pipe and two 8-inch mechanical joints due to a water main break in February 2025. The Utility provided an invoice reflecting total project costs of \$5,500. The project was completed in March 2025. This repair was necessary to restore and maintain service to customers. Based on the documentation provided, staff believes the project was necessary and, therefore, recommends approval of the total cost of \$5,500.

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<sup>15</sup> Document No. 14962-2025, filed November 6, 2025.

<sup>16</sup> *Id.*

<sup>17</sup> Document No. 00410-2026, filed January 20, 2026.

**Project No. 4 – Water Main Leak – 15 ft. of Pipe Replacement**

Project No. 4 is the replacement of 15 feet of PVC pipe and fittings due to a water main leak on March 14, 2025. The cost of this project also included the costs to replace a customer’s driveway that was removed in the process of accessing the water main leak. The Utility provided invoices reflecting total project costs of \$13,260, consisting of \$8,500 for pipe replacement and \$4,760 for driveway restoration. This project was completed April 2025.

This repair was necessary to restore service and maintain system reliability. Additionally, the driveway restoration costs were directly related to the repair and are appropriately included as part of the total project expense. Therefore, staff believes the project to be reasonable and necessary and recommends approval of the total cost of \$13,260.

**Project No. 5 – New 100 Horse Power (HP) Well Pump Replacement**

Project No. 5 included assessing the existing pump, and the purchase, and installation of a new 100HP pump. The Utility stated that the existing pump had reached the end of its useful service life and was operating inefficiently, resulting in frequent repairs, increased maintenance costs, and reduced system reliability due to downtime.<sup>18</sup>

This project consists of \$5,140 for pulling the old 100HP deep well pump to assess, gather information, and specifications to quote a replacement, and \$31,478 for the installation of the new pump, for a total project cost of \$36,619. The Utility provided supporting invoices for these costs. Staff believes the pump replacement to be necessary to maintain reliable service. Accordingly, staff recommends approval of the total project cost of \$36,619.

**Utility Plant in Service**

The Utility recorded UPIS of \$2,925,041. Based on invoices provided in response to Staff’s Third Data Request, staff increased plant by \$70,365 to reclassify plant additions identified as “Site Work – Grading, Fence, Restoration, Driveway” from Account 303 – Land and Land Rights to Account 304 Structures and Improvements.<sup>19</sup> Staff further increased UPIS by \$211,254 to reflect pro forma additions. Staff then made subsequent adjustments to reflect pro forma retirements, reducing UPIS by \$158,441. Additionally, staff reduced this amount by \$570,871 to reflect averaging adjustments, resulting in a net reduction to UPIS of \$447,693. Therefore, staff recommends an average UPIS of \$2,477,349.

**Land and Land Rights**

The Utility recorded a test year land and land rights balance of \$73,415. Staff reclassified \$70,365 from Account 303 – Land and Land Rights to Account 304 – Structures and Improvements to reflect the invoiced amounts provided in Staff’s Third Data Request, which identified the costs as “Site Work – Grading, Fence, Restoration, Driveway.”<sup>20</sup> Therefore, staff recommends a land and land rights balance of \$3,050.

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<sup>18</sup> Document No. 14962-2026, filed November 6, 2025.

<sup>19</sup> Document No. 15081-2025, filed November 14, 2025.

<sup>20</sup> *Id.*

### **Accumulated Depreciation**

The Utility recorded accumulated depreciation of \$1,092,623. Audit staff determined that the Utility used incorrect depreciation rates for accounts 301, 304, 307, 311, and 330. Additionally, the Utility did not include net salvage for account 341. As such, audit staff reduced accumulated depreciation by \$11,585 to reflect the use of the correct depreciation rates per Rule 25-30.140, F.A.C., and to include the net salvage. Staff decreased accumulated depreciation by \$155,463 to reflect pro forma additions and retirements. Staff increased accumulated depreciation by \$1,302 to reflect the additional accumulated depreciation resulting from the reclassification of \$70,365 of site work from land to Account 304 – Structures and Improvements. Additionally, staff decreased accumulated depreciation by \$60,070 to reflect averaging adjustments. Staff's adjustments result in a total decrease to accumulated depreciation of \$225,816. Therefore, staff recommends an average accumulated depreciation balance of \$866,807.

### **Contributions In Aid of Construction (CIAC)**

The Utility recorded CIAC of \$174,916. Staff made no adjustments to CIAC and, therefore, recommends an average CIAC balance of \$174,916.

### **Accumulated Amortization of CIAC**

The Utility recorded accumulated amortization of CIAC of \$174,916. Staff made no adjustments and, therefore, recommends an average accumulated amortization of CIAC balance of \$174,916.

### **Working Capital Allowance**

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., staff used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance.<sup>21</sup> As such, staff removed the rate case expense of \$2,758. This resulted in an adjusted O&M expense balance of \$178,124. Applying this formula, staff recommends a working capital allowance of \$22,266.

### **Rate Base Summary**

Based on the foregoing, staff recommends that the appropriate average test year rate base is \$1,635,857. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

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<sup>21</sup> Order No. PSC-2025-0359-PAA-WU, issued September 24, 2025, in Docket No. 20240168-WU, *In re: Application for staff-assisted rate case in Highlands County, by Country Walk Utilities, Inc.*

**Issue 5:** What is the appropriate return on equity and overall rate of return for Water Oak Utility?

**Recommendation:** The appropriate return on equity (ROE) is 8.51 percent with a range of 7.51 percent to 9.51 percent. The appropriate overall rate of return is 8.51 percent. (Cohn)

**Staff Analysis:** The Utility's capital structure consists of common equity. The Utility's capital structure has been reconciled to staff's recommended rate base. The ROE is 8.51 percent based on the Commission-approved leverage formula currently in effect.<sup>22</sup>

Staff recommends an ROE of 8.51 percent with a range of 7.51 percent to 9.51 percent, and an overall rate of return of 8.51 percent. The ROE and overall rate of return are shown on Schedule No. 2.

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<sup>22</sup> Order No. PSC-2025-0213-PAA-WS, issued on June 18, 2025, in Docket No. 20250006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

**Issue 6:** What are the appropriate amount of test year operating revenues for Water Oak Utility?

**Recommendation:** The appropriate test year operating revenues for Water Oak's water system are \$168,055. (Sibley)

**Staff Analysis:** The Utility recorded total test year operating revenues of \$191,134 for water. The water revenues included \$191,134 of service revenues and no miscellaneous revenues. Staff's review of the audit indicated that the Utility's general ledger consisted of duplicate bills for the residential class. Staff removed the duplicate bills and adjusted the billing data to reflect the appropriate billing determinants for residential. In addition, the general service customers were not billed during the test year. During staff's audit review, the Utility indicated there were 17 general service customers and usage was 190,283 gallons. In the preliminary analysis, the general service customers were all classified as having a 5/8 inch x 3/4 inch meter size when determining the appropriate test year service revenues.

On February 17, 2026, the OPC submitted an observation letter and therein raised a concern regarding the appropriate number of unbilled general service customers as well as their water consumption.<sup>23</sup> OPC noted that the Utility's 2024 Annual Report indicated there were 19 general service customers at various meter sizes; therefore, based on OPC's analysis, the general service revenues are understated.

Staff contacted the Utility to confirm the billing determinants and meter sizes for each general service customer.<sup>24</sup> Based on information provided by the Utility, there had been 17 general service customers, among them a model home. The model home had recently sold and was reclassified from general service to residential. As a result, there are currently 16 general service customers. Fifteen of those customers have a 5/8 inch x 3/4 meter size and one customer has a two inch meter. All of the general service consumption is for irrigation purposes only. In response to staff's inquiry, the Utility reevaluated the general service gallon total and indicated it should be 197,780. The Utility acknowledged its unaccounted for water issue, is in the process of investigating potential causes, and indicated it will address any actionable findings in a timely manner. To determine the appropriate service revenues, staff applied the adjusted billing determinants for both residential and general service classes to the Utility's tariff rates. As a result, staff determined test year operating revenues should be \$168,055. This results in a decrease to service revenues of \$23,079 (\$191,134 - \$168,055).

Based on the above, the appropriate test year operating revenues for Water Oak's water system are \$168,055.

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<sup>23</sup> Document No. 01137-2026, filed on February 17, 2026.

<sup>24</sup> Document No. 01273-2026, filed on February 25, 2026.

**Issue 7:** What is the appropriate amount of operating expense for Water Oak Utility?

**Recommendation:** The appropriate amount of operating expense for Water Oak is \$323,271. (Cohn)

**Staff Analysis:** The Utility recorded an operating expense of \$342,547. The test year O&M expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the Utility's operating expenses as described below.

## **Operation and Maintenance Expenses**

### **Salaries and Wages – Employees (601)**

The Utility recorded salaries and wages – employees expense of \$51,843, which included payroll tax. Staff reduced this account by \$3,669 to reclassify payroll taxes to Taxes Other Than Income. Therefore, staff recommends salaries and wages – employees expenses of \$48,174.

### **Purchased Power (615)**

The Utility recorded a purchased power expense of \$13,574. Audit staff increased this amount by \$529 to correct a formula error in the Utility's supporting documentation. Additionally, staff decreased this account by \$4,189 to reflect the 29.70 percent EUW discussed in Issue 3. Staff's adjustments to purchased power result in a total decrease of \$3,660. Therefore, staff recommends purchased power expenses of \$9,914.

### **Chemicals (618)**

The Utility recorded a chemicals expense of \$16,019. Staff decreased this amount by \$4,758 to reflect the 29.70 percent EUW discussed in Issue 3. Therefore, staff recommends a chemicals expense of \$11,261.

### **Materials and Supplies (620)**

The Utility recorded materials and supplies expense of \$294. Audit staff reduced this amount by \$60 due to a lack of supporting documentation. Therefore, staff recommends a materials and supplies expenses of \$234.

### **Contractual Services – Billing (630)**

The Utility recorded contractual services – billing expense of \$10,785. Staff made no adjustments to this account. Therefore, staff recommends a contractual services – billing expense of \$10,785.

### **Contractual Services – Professional (631)**

The Utility recorded contractual services – professional expense of \$95,324. Audit staff reduced this amount by \$15,870 to remove expenses related to the Utility's 2023 SARC. In addition, staff reduced this amount by \$8,574 to amortize non-reoccurring U.S. Environmental Protection Agency related expenses over five years pursuant to Rule 25-30.433(9), F.A.C. Staff's adjustments result in a total reduction to contractual services – professional of \$24,444. Therefore, staff recommends contractual services – professional of \$70,880.

**Contractual Services – Testing (635)**

The Utility recorded a contractual services – testing expense of \$3,629. Staff made no adjustments to this account. Therefore, staff recommends a contractual services – testing expense of \$3,629.

**Contractual Services – Other (636)**

The Utility recorded contractual services – other expense of \$24,421. Audit staff removed \$2,175 of non-recoverable wastewater-related expenses. Therefore, staff recommends contractual services – other expenses of \$22,246.

**Regulatory Commission Expense (665)**

The Utility did not record any rate case expense for the instant docket. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, interim rates, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$4,471.

Under Section 367.0814(3), F.S., the Commission may allow rate case expense for attorney fees or fees of other outside consultants if such fees are incurred after the initial staff report. On February 17, 2026, the Utility filed documentation to support \$5,368 in additional rate case expense including actual legal expenses and consulting fees incurred to date and estimated through the end of the proposed agency action process.<sup>25</sup> Staff reviewed the supporting documentation and believes the Utility’s requested rate case expense is reasonable.

Staff calculated the distance from the Utility representative’s office in Orlando, Florida, to Tallahassee, Florida as 261 miles. Based on the 2026 Internal Revenue Service business mileage rate of \$0.725, staff calculated round trip travel and lodging expense to the Commission Conference of \$578.<sup>26</sup> However, because the same Utility representative will be attending the Commission Conference on behalf of this and two sister utilities, staff allocated only 33.3 percent of the total travel expense, or \$193, to Water Oak. Additionally, the Utility paid a filing fee of \$1,000.

Staff recommends a total rate case expense, consisting of noticing costs, travel, lodging expenses and filing fee of \$11,031, which amortized over four years is \$2,758. Therefore, staff recommends total annual rate case expense of \$2,758.

**Bad Debt Expense (670)**

The Utility recorded \$0 of bad debt expense. Staff notes that it is Commission practice to calculate bad debt expense using a three-year average when the information is available.<sup>27</sup> In its three most-recent Annual Reports (2022, 2023, and 2024), the Utility recorded bad debt expenses of \$0 for all three years. In response to Staff’s Third Data Request, the Utility confirmed that it

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<sup>25</sup> Document No. 01118-2026, filed on February 17, 2026.

<sup>26</sup> <https://www.irs.gov/newsroom/irs-sets-2026-business-standard-mileage-rate-at-725-cents-per-mile-up-25-cents> (last visited March 19, 2026)

<sup>27</sup> Order No. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*; Order No. PSC-2025-0284-PAA-SU, issued July 22, 2025, in Docket No. 20250105-SU, *In re: Application for staff-assisted rate case in Polk County, by West Lakeland Wastewater, LLC*.

recorded no bad debt and that any uncollectible accounts are handled and absorbed by the parent company.<sup>28</sup> Therefore, staff recommends a bad debt expense of \$0.

### **Miscellaneous Expenses (675)**

The Utility recorded a miscellaneous expense of \$1,001. Staff made no adjustments to this account. Therefore, staff recommends a miscellaneous expense of \$1,001.

### **Operation and Maintenance (O&M) Expense Summary**

The Utility recorded a test year O&M expense of \$216,890. Based on the above adjustments, staff recommends that O&M expenses be reduced by \$36,008. This results in a total O&M expense of \$180,882. Staff's recommended adjustments to O&M are shown on Schedule No. 3-C.

### **Depreciation Expense**

The Utility recorded depreciation expense of \$107,275. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., audit staff decreased this amount by \$39. Staff increased depreciation expense by \$2,606 to reflect the additional depreciation expense resulting from the reclassification of \$70,365 of site work from land to Account 304 – Structures and Improvements. Additionally, staff increased this amount by \$2,977 to reflect the addition of pro forma items. Staff's adjustments result in an increase to depreciation expense of \$5,544. Therefore, staff recommends a depreciation expense of \$112,819.

### **Taxes Other Than Income (TOTI)**

The Utility recorded TOTI of \$18,382, which includes payroll tax, property tax, and regulatory assessment fees (RAF). Staff increased this amount by \$3,669 to reflect the reclassification of payroll tax expense that had been recorded to Account 601 – Salaries and Wages. In response to Staff's Fifth Data Request, the Utility stated that it paid \$4,297 in property taxes.<sup>29</sup> As such, staff decreased property taxes by \$5,484 to reflect the accurate property taxes the Utility paid in the test year. Additionally, staff increased TOTI by \$794 to reflect property taxes associated with pro forma plant additions.

Based on revenues discussed in Issue 6, TOTI should be decreased by \$1,039 to reflect a RAF rate of 4.5 percent applied to the change in test year revenues. As such, staff recommends the appropriate amount of test year RAFs are \$7,562.

As discussed in Issue 9, staff recommends revenues be increased by \$294,379 in order to reflect the change in revenue required to cover expenses and allow an opportunity to earn the recommended rate of return. As a result, TOTI should be increased by \$13,247 to reflect RAFs of 4.5 percent of the change in revenues. Therefore, staff recommends a test year TOTI of \$29,570.

### **Operating Expense Summary**

The Utility recorded an operating expense of \$342,547. The application of staff's recommended adjustments to the Utility's operating expense results in a total operating expense of \$323,271.

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<sup>28</sup> Document No. 15081-2025, filed November 14, 2025.

<sup>29</sup> Document No. 00833-2026, filed February 3, 2026.

Operating expenses are shown on Schedule No. 3-A, and the related adjustments are shown on Schedule No. 3-B.

**Issue 8:** Does Water Oak Utility meet the criteria for application of the operating ratio methodology?

**Recommendation:** No. Water Oak does not meet the criteria for application of the operating ratio methodology for calculating the revenue requirement. (Cohn)

**Staff Analysis:** Rule 25-30.4575(2), F.A.C., provides that, in rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the operating ratio methodology to establish the Utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory commission expense, and the use of the operating ratio methodology does not change the Utility's qualification for a SARC.

With respect to Water Oak, staff has recommended a rate base of \$1,635,857. After removal of rate case expense, staff has calculated an adjusted O&M expense of \$178,124. Based on staff's recommended amounts, the Utility's rate base is 918.38 percent of its adjusted O&M expense. Therefore, the Utility does not qualify for application of the operating ratio methodology.

**Issue 9:** What is the appropriate revenue requirement for Water Oak Utility?

**Recommendation:** The appropriate revenue requirement is \$462,434, resulting in an annual increase of \$294,379 (175.17 percent). (Cohn)

**Staff Analysis:** Water Oak Utility should be allowed an annual increase of \$294,379 (175.17 percent). This should allow the Utility the opportunity to recover expenses and earn 8.51 percent return on its rate base. The calculations of revenue requirement are shown on Table 9-1 below.<sup>30</sup>

**Table 9-1**  
**Water Revenue Requirement**

Water Rate Base	\$1,635,857
Rate of Return	× 8.51%
Return on Rate Base	<u>\$139,162</u>
Water O&M Expense	\$180,882
Depreciation Expense	112,819
Taxes Other Than Income	<u>29,570</u>
Revenue Requirement	<u>\$462,434</u>
Less Test Year Revenues	<u>\$168,055</u>
Annual Increase	<u>\$294,379</u>
Percent Increase	175.17%

Source: Staff calculations.

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<sup>30</sup> Staff notes the calculations presented in Table 9-1 may not sum due to rounding.

**Issue 10:** What are the appropriate rate structure and rates for Water Oak Utility?

**Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice. (Sibley)

**Staff Analysis:** Water Oak is located in Lake County within the St. Johns River Water Management District. The Utility provides water service to 1,265 residential customers and 16 general service customers. A review of the billing data indicates approximately 13 percent of the residential customer bills during the test year had zero gallons, which reflects a non-seasonal customer base. The average residential water demand was 4,540 gallons per month during the test period. Currently, the rate structure for the residential class consists of a base facility charge (BFC) and a three-tier inclining block gallonage charge. The general service class consists of a BFC and uniform gallonage charge.

Staff performed an analysis of the Utility's billing in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the recommended revenue requirement; (2) equitably distribute cost recovery among the Utility's customers; (3) establish the appropriate discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with Commission practice.

For this case, due to the non-seasonal customer base, staff recommends that 30 percent of the water revenues be generated from the BFC, which will provide sufficient revenues to design gallonage charges that will send the appropriate pricing signals to customers using above the non-discretionary level. The average number of people per household is 1.87;<sup>31</sup> therefore, based on the number of people per household, 50 gallons per day, per person, and the number of days per month, the discretionary usage threshold should be 3,000 gallons per month. Staff's review of the billing data indicates that discretionary usage above 3,000 gallons represents approximately 46 percent of the bills, which accounts for approximately 57 percent of water demand. This indicates that there is some high discretionary usage above 3,000 gallons.

Staff recommends a continuation of the three-tier inclining block rate structure which includes separate gallonage charges for non-discretionary and discretionary usage for residential water rates. Due to the fairly high usage above 3,000 gallons per month, staff believes that it is appropriate in this case to recommend rate factors of 1.50 in the second tier and 1.75 in the third tier because it will target those customers with higher levels of consumption. General service customers should continue to be billed a BFC and uniform gallonage charge.

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<sup>31</sup> Average persons per household may be found by following:  
<https://data.census.gov/table/ACSDP5Y2023.DP02?q=Lady+Lake+town,+Florida+dp02> (last visited March 20, 2026).

Based on staff's recommended revenue increase of 175.17 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 34,131,000 gallons resulting in an anticipated average residential demand of 2,244 gallons per month. Staff recommends a 50.6 percent reduction in test year residential gallons for ratesetting purposes. As a result, the corresponding reductions for purchased power expense is \$5,000, \$5,680 for chemicals expense, and \$503 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of \$451,251.

Based on the above, staff's recommended rate structure and monthly water rates are shown on Schedule No. 4. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice.

Date: March 26, 2026

**Issue 11:** What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense?

**Recommendation:** The rates should be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Water Oak should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and or pass-through increase and the reduction in the rates due to the amortized rate case expense. (Cohn)

**Staff Analysis:** Section 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is \$2,888.

Staff recommends that the rates should be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Water Oak should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

**Issue 12:** Should the recommended rates be approved for Water Oak Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Water Oak should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Cohn)

**Staff Analysis:** This recommendation proposes an increase in rates. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the proposed rates be approved on a temporary basis. Water Oak should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should 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. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and it has been received by the customers. The additional revenue produced by staff's recommended rates and collected by the Utility should be subject to the refund provisions discussed below.

Water Oak should be authorized to initiate the temporary rates upon staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security should be in the form of either a bond or letter of credit in the amount of \$201,015. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond for securing the potential refund, the bond should contain wording to the effect that it will be terminated only under the following conditions:

1. The Commission approves the rate increase; or,
2. If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit should contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Cosentino v. Elson*, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should 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 should be maintained by the Utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

**Issue 13:** Should Water Oak Utility be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA?

**Recommendation:** Yes. Water Oak should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days. (Cohn)

**Staff Analysis:** Water Oak should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

**Issue 14:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the Utility submitted its letter confirming all adjustments to applicable NARUC USOA primary accounts were made. Once these actions are complete, this docket should be closed administratively. (Marquez)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the Utility submitted its letter confirming all adjustments to applicable NARUC USOA primary accounts were made. Once these actions are complete, this docket should be closed administratively.

SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY		SCHEDULE NO. 1-A	
TEST YEAR ENDED 12/31/2024		DOCKET NO. 20250088-WU	
SCHEDULE OF WATER RATE BASE			
DESCRIPTION	BALANCE PER UTILITY	STAFF ADJUST.	BALANCE PER STAFF
1. UTILITY PLANT IN SERVICE	\$2,925,041	(\$447,693)	\$2,477,349
2. LAND & LAND RIGHTS	73,415	(70,365)	3,050
3. ACCUMULATED DEPRECIATION	(1,092,623)	225,816	(866,807)
4. CIAC	(174,916)	0	(174,916)
5. ACCUMULATED AMORTIZATION OF CIAC	174,916	0	174,916
6. WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$22,266</u>	<u>\$22,266</u>
WATER RATE BASE	<u>\$1,905,833</u>	<u>(\$269,976)</u>	<u>\$1,635,857</u>

<b>SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY</b>		<b>SCHEDULE NO. 1-B</b>
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250088-WU</b>
<b>ADJUSTMENTS TO RATE BASE</b>		
		<b><u>WATER</u></b>
<b><u>UTILITY PLANT IN SERVICE</u></b>		
1. To reclassify plant additions from Land Account.		\$70,365
2. To reflect averaging adjustments.		(570,871)
3. To reflect pro forma additions.		211,254
4. To reflect pro forma retirements.		<u>(158,441)</u>
Total		<u>(\$447,693)</u>
<b><u>LAND &amp; LAND RIGHTS</u></b>		
1. To reflect an auditing adjustment.		(\$70,365)
<b><u>ACCUMULATED DEPRECIATION</u></b>		
1. To reflect auditing adjustments.		\$11,585
2. To reflect a staff adjustment.		(1,302)
3. To reflect an averaging adjustment.		60,070
4. To reflect pro forma adjustments.		<u>155,463</u>
Total		<u>\$225,816</u>
<b><u>WORKING CAPITAL ALLOWANCE</u></b>		
To reflect 1/8 of test year O&M expenses.		<u>\$22,266</u>

<b>SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY</b>					<b>SCHEDULE NO. 2</b>	
<b>TEST YEAR ENDED 12/31/2024</b>					<b>DOCKET NO. 20250088-WU</b>	
<b>SCHEDULE OF CAPITAL STRUCTURE</b>						
<b>CAPITAL COMPONENT</b>	<b>PER UTILITY</b>	<b>ADJUST-MENTS</b>	<b>BALANCE PER STAFF</b>	<b>PERCENT OF TOTAL</b>	<b>COST</b>	<b>WEIGHTED COST</b>
1. COMMON EQUITY	<u>\$1,905,833</u>	<u>(\$269,976)</u>	<u>\$1,635,857</u>	<u>100.00%</u>	<u>8.51%</u>	<u>8.51%</u>
TOTAL CAPITAL	<u>\$1,905,833</u>	<u>(\$269,976)</u>	<u>\$1,635,857</u>	<u>100.00%</u>	<u>8.51%</u>	<u>8.51%</u>
					<b><u>LOW</u></b>	<b><u>HIGH</u></b>
					7.51%	9.51%
					7.51%	9.51%

<b>SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY</b>				<b>SCHEDULE NO. 3-A</b>	
<b>TEST YEAR ENDED 12/31/2024</b>				<b>DOCKET NO. 20250088-WU</b>	
<b>SCHEDULE OF WATER OPERATING INCOME</b>					
	<b>TEST YEAR PER UTILITY</b>	<b>STAFF ADJUST- MENTS</b>	<b>STAFF ADJUSTED TEST YEAR</b>	<b>ADJUST FOR INCREASE</b>	<b>REVENUE REQUIREMENT</b>
<b>1. TOTAL OPERATING REVENUES</b>	\$191,134	(\$23,079)	\$168,055	\$294,379 175.17%	\$462,434
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$216,890	(\$36,008)	\$180,882		\$180,882
3. DEPRECIATION (NET)	107,275	5,544	112,819		112,819
4. TAXES OTHER THAN INCOME	<u>18,382</u>	<u>(2,059)</u>	<u>16,323</u>	<u>\$13,247</u>	<u>29,570</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$342,547</u></b>	<b><u>(\$32,523)</u></b>	<b><u>\$310,024</u></b>	<b><u>\$13,247</u></b>	<b><u>\$323,271</u></b>
<b>5. OPERATING INCOME / (LOSS)</b>	(\$151,413)		(\$141,969)		\$139,162
<b>6. WATER RATE BASE</b>	\$1,905,833	(\$269,976)	\$1,635,857		\$1,635,857
<b>7. RATE OF RETURN</b>					8.51%

<b>SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY</b>		<b>SCHEDULE 3-B</b>
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250088-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>		
		<u><b>WATER</b></u>
<b>OPERATING REVENUES</b>		
To reflect an auditing adjustment to Service Revenues.		( <u>\$23,571</u> )
<b>OPERATION AND MAINTENANCE EXPENSE</b>		
1. Salaries and Wages - Employees (601)		
b. To reclassify payroll taxes to TOTL.		( <u>\$3,669</u> )
2. Purchased Power (615)		
a. To reflect an auditing adjustment.		\$529
c. To reflect the EUW adjustment.		( <u>4,189</u> )
Subtotal		( <u>\$3,660</u> )
3. Chemicals Expense (618)		
a. To reflect the EUW adjustment.		( <u>\$4,758</u> )
4. Materials and Supplies (620)		
a. To reflect an auditing adjustment.		( <u>\$60</u> )
5. Contractual Services - Professional (631)		
a. To reflect an auditing adjustment.		(\$15,870)
b. To reflect amortization of EPA costs over a 5-year period.		( <u>8,574</u> )
Subtotal		( <u>\$24,444</u> )
6. Contractual Services - Other (636)		
a. To reflect auditing adjustments.		( <u>\$2,175</u> )
7. Rate Case Expense (665)		
To reflect 1/4 rate case expense.		<u>\$2,758</u>
<b>TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS</b>		<u><b>(\$36,008)</b></u>
<b>DEPRECIATION EXPENSE</b>		
1. To reflect an auditing adjustment.		(\$39)
2. To reflect staff adjustments.		2,606
3. To reflect pro forma additions.		<u>2,977</u>
Total		<u><b>\$5,544</b></u>
<b>TAXES OTHER THAN INCOME</b>		
1. To reclassify payroll taxes to TOTL.		\$3,669
2. To reflect appropriate test year property tax expense.		(5,484)
3. To reflect appropriate test year RAFs.		(1,039)
4. To reflect revenue requirement RAFs.		13,247
5. To reflect property taxes associated with pro forma plant additions.		794
Total		<u><b>\$11,187</b></u>
<b>TOTAL OPERATING EXPENSE ADJUSTMENTS</b>		<u><b>(\$19,276)</b></u>

SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY TEST YEAR ENDED 12/31/2024 ANALYSIS OF WATER O&M EXPENSE		SCHEDULE NO. 3-C DOCKET NO. 20250088-WU		
ACCT. #	DESCRIPTION	TOTAL PER UTILITY	STAFF ADJUST- MENT	TOTAL PER STAFF
601	Salaries and Wages - Employees	\$51,843	(\$3,669)	\$48,174
615	Purchased Power	13,574	(3,660)	9,914
618	Chemicals	16,019	(4,758)	11,261
620	Materials and Supplies	294	(60)	234
630	Contractual Services - Billing	10,785	0	10,785
631	Contractual Services - Professional	95,324	(24,444)	70,880
635	Contractual Services - Testing	3,629	0	3,629
636	Contractual Services - Other	24,421	(2,175)	22,246
665	Rate Case Expense	0	2,758	2,758
670	Bad Debt Expense	0	0	0
675	Miscellaneous Expenses	<u>\$1,001</u>	<u>\$0</u>	<u>\$1,001</u>
	Total O&M Expense	<u>\$216,890</u>	<u>(\$36,008)</u>	<u>\$180,882</u>
	Working Capital is 1/8 of O&M Less RCE			\$22,266

<b>SUN COMMUNITIES FINANCE, LLC D/B/A WATER OAK UTILITY</b>		<b>SCHEDULE NO. 4</b>	
<b>TEST YEAR ENDED DECEMBER 31, 2024</b>		<b>DOCKET NO. 20250088-WU</b>	
<b>MONTHLY WATER RATES</b>			
	<b>UTILITY CURRENT RATES</b>	<b>STAFF RECOMMENDED RATES</b>	<b>4-YEAR RATE REDUCTION</b>
<b><u>Residential &amp; General Service</u></b>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$5.74	\$8.94	\$0.06
3/4"	\$8.61	\$13.41	\$0.09
1"	\$14.35	\$22.35	\$0.14
1-1/2"	\$28.70	\$44.70	\$0.29
2"	\$45.92	\$71.52	\$0.46
3"	\$91.84	\$143.04	\$0.92
4"	\$143.50	\$223.50	\$1.43
6"	\$287.00	\$447.00	\$2.86
Charge per 1,000 gallons - Residential Service			
0 - 3,000 gallons	\$1.07	\$8.85	\$0.06
3,001 - 6,000 gallons	\$1.11	\$13.27	\$0.08
Over 6,000 gallons	\$1.43	\$15.49	\$0.10
Charge per 1,000 gallons - General Service			
	\$1.17	\$9.42	\$0.06
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$8.95	\$35.49	
6,000 Gallons	\$12.28	\$75.30	
8,000 Gallons	\$15.14	\$106.28	

# Item 2

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:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Lewis, King, Ramos, Thompson) *TB*  
Division of Economics (Bruce, Chambliss, Hudson) *CP*  
Office of the General Counsel (Farooqi, Crawford) *JSC*

**RE:** Docket No. 20250140-WU – Application for amendment of Certificate No. 684-W to add territory in Citrus County, by Citrus Waterworks, Inc.

**AGENDA:** 04/07/26 – Regular Agenda – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Administrative

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** Schedule immediately before Docket No. 20250075-WU.

### Case Background

On February 6, 2025, the Florida Public Service Commission (Commission) granted Citrus Waterworks, Inc. (Citrus or Utility) a grandfather certificate to operate as a water utility in Citrus County.<sup>1</sup> Citrus is a Class C water utility providing service to approximately 154 residential customers and one general service customer. The Utility is in the Southwest Florida Water Management District.

On April 30, 2025, Citrus filed an application for a staff-assisted rate case (SARC) that is being reviewed in Docket No. 20250075-WU.<sup>2</sup> During staff's review of the application, supporting

<sup>1</sup> Order No. PSC-2025-0041-PAA-WU, issued February 6, 2025, in Docket No. 20240111-WU, *In re: Application for grandfather certificate to operate water utility in Citrus County, by Citrus Waterworks, Inc.*

<sup>2</sup> Document No. 03257-2025, filed April 30, 2025, in Docket No. 20250075-WU, *In re: Application for staff-assisted rate case in Citrus County, by Citrus Waterworks, Inc.*

documentation, and the legal description of the territory, staff discovered that Citrus is serving 40 residential customers and one general service customer outside of, and adjacent to, the Utility's certificated territory.

As a result, on November 18, 2025, Citrus filed an application to amend Certificate No. 684-W, to expand its existing territory. In its application, the Utility stated that the customers were being served when Citrus acquired the Utility. The amendment application was initially found to be deficient and staff issued a deficiency letter on December 16, 2025. The application was deemed complete on January 30, 2026, which is considered the official filing date.

This recommendation addresses the Utility's request to extend its water service territory, and the Utility's apparent violation of Commission statutes for serving customers outside of its certificated territory. The Commission has jurisdiction pursuant to Section 367.045, Florida Statutes (F.S.).

## Discussion of Issues

**Issue 1:** Should the Commission initiate a show cause proceeding against Citrus for an apparent violation of Section 367.045, F.S.?

**Recommendation:** No. A show cause proceeding should not be initiated. (Farooqi)

### Staff Analysis:

#### Legal Standard

Section 367.045(2), F.S., states that a utility may not extend its service outside the area described in its certificate of authorization until the Commission approves an amended certificate of authorization to include the new area. Section 367.161(1), F.S., authorizes the Commission to assess a penalty of not more than \$5,000 for each offense if a utility is found to have willfully violated any provision of Chapter 367, F.S.

#### Analysis

As indicated in the case background, during staff's evaluation of Citrus' legal territory description in its staff-assisted rate case, Docket No. 20250075-WU, Commission staff notified the Utility that it was serving customers outside of its certificated territory. The provision of service outside of its approved territorial boundary is an apparent violation of Section 367.045(2), F.S. Nevertheless, staff does not believe this apparent violation rises to the level of a show cause action. The service of extra-territorial customers took place before the current owner acquired the system. Once the apparent violation was identified, Citrus immediately filed an application requesting the territory be added to come into compliance with the statutory requirement. Further, Citrus has filed annual reports and paid regulatory assessment fees based on the total number of customers it serves, including those inadvertently outside of its certificated area.

#### Conclusion

For the reasons discussed above, staff recommends that the Commission not initiate a show cause proceeding for the apparent violation of Section 367.045(2), F.S.<sup>3</sup>

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<sup>3</sup> See Order Nos. PSC-2025-0060-FOF-WS, issued February 24, 2025, in Docket No. 20240140-WS, *In re: Application for amendment of Certificate Nos. 589-W and 507-S in Polk County, by NC Real Estate Projects, LLC d/b/a Grenelefe Utility*; and PSC-05-0678-FOF-WU, issued June 20, 2005, in Docket No. 20050255-WU, *In re: Application for a "Quick Take" Amendment of Certificate No. 339-W in Lake County by Brendenwood Water System, Inc.* (“[W]e find that this apparent violation does not rise to the level of a show cause action because the utility has filed the application at issue in order to come into compliance with the statutory requirement.”).

**Issue 2:** Should the Commission approve Citrus Waterworks, Inc.'s application to amend Certificate No. 684-W to extend its service territory in Citrus County?

**Recommendation:** Yes. The Commission should amend Certificate No. 684-W to include the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Citrus' amended certificate and should be retained by the Utility. Citrus should continue to charge customers in the amended service territory the rates and charges contained in the Utility's current tariff until a change is authorized by the Commission in a subsequent proceeding. (Lewis, Chambliss)

**Staff Analysis:**

**Legal Standard**

Applications for amendments of service territory are governed by Section 367.045, F.S, and Rule 25-30.036, Florida Administrative Code (F.A.C.). The statute provides that the Commission may grant, amend, or deny a certificate in whole or in part or with modifications in the public interest. The rule provides all of the requirements the applicant must provide in an application for amendment to a certificate of authorization to extend or delete service area. In granting or amending a certificate, the Commission does not need to consider any local comprehensive plan unless an objection is timely made. No such objection has been made in this proceeding.

**Analysis**

The Utility's application to amend its authorized service territory is in compliance with the governing Statute, Section 367.045, F.S., and Rule 25-30.036, F.A.C. The appropriate filing fee, as required by Section 367.145(2), F.S., was received by the Commission on November 25, 2025. Citrus provided notice of the application pursuant to Section 367.045, F.S., and Rule 25-30.030(5), F.A.C. The notice provided 30 days for customers to file an objection to the amendment. No objection was received and the time for filing such has expired.

Citrus provided an adequate legal description and service territory map as prescribed by Rules 25-30.036(2)(f) and (h), F.A.C. The legal description is appended to this recommendation as Attachment A. The Utility also submitted an affidavit, consistent with Rule 25-30.036(2)(q), F.A.C., stating that it has tariffs and annual reports on file with the Commission. Citrus verified that the affected customers are being charged the rates in its current tariff; however, the Utility should revise Original Sheet No. 3.1 in its tariff to reflect the correct legal description of its service territory.

The Utility has satisfied all of the conditions required by Rule 25-30.036(2), F.A.C. Therefore, staff recommends that the Commission approve Citrus' request to amend Certificate No. 684-W to expand its service territory.

**Conclusion**

Based on the above information, the Commission should amend Certificate No. 684-W to include the territory described in Attachment A, effective the date of the Commission's vote. The resultant order should serve as Citrus' amended certificate and should be retained by the Utility. Citrus should continue to charge customers in the amended service territory the rates and charges

contained in the Utility's current tariffs until a change is authorized by the Commission in a subsequent proceeding.

**Issue 3:** Should this docket be closed?

**Recommendation:** If the Commission approves staff's recommendation, no further action will be necessary, and this docket should be closed upon issuance of the order. (Farooqi)

**Staff Analysis:** If the Commission approves staff's recommendation, no further action will be necessary, and this docket should be closed upon issuance of the order.

**Citrus Waterworks, Inc.  
Citrus County**

In Section 06, Township 17 North, Range 18 East, Citrus County, Florida

**Citrus Waterworks, North Service Territory**

Commence at the Southwest corner of Section 06, Township 17 North, Range 18 East, Citrus County, Florida, the Point of Beginning; thence run North 63°43' 06.27" West 823.766 feet, North 19°43' 18.34" West 97.222 feet, thence North 86°09' 09.90" West 614.071 feet, thence South 2°44' 11.00" East 482.164 feet; thence South 0°18' 05.53" East 561.552 feet, thence run North 89°37' 49.55" East 1358.116 feet, thence run North 0°00' 17.14" East 536.924 feet, to the Point of Beginning.

**Citrus Waterworks, South Service Territory**

Commence at the Southwest corner of Section 06, Township 17 North, Range 18 East, Citrus County, Florida, thence run South 01° 02' 38.27" West 1241.582 feet to the Point of Beginning; thence run North 88° 21' 51.33" West 1344.191 feet, thence North 0° 00' 38.89" East 640.824 feet, thence South 71° 33' 30.90" West 218.838 feet, thence South 55° 38' 06.38" West 2674.271 feet, thence run South 00° 04' 47.57" East 1474.357 feet, thence South 89° 59' 18.68" East 3778.532 feet, thence North 00° 30' 47.90" West 245 1.505 feet to the Point of Beginning.

**FLORIDA PUBLIC SERVICE COMMISSION**

**Authorizes  
Citrus Waterworks, Inc.  
Pursuant to  
Certificate Number 684-W**

to provide water service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rules, Regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-2025-0041-PAA-WU	02/06/2025	20240111-WU	Grandfather Certificate
*	*	20250140-WU	Certificate Amendment

**\*Order Number and date to be provided at time of issuance.**

# Item 3

FILED 3/26/2026  
DOCUMENT NO. 01788-2026  
FPSC - COMMISSION CLERK

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-**

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**DATE:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Accounting and Finance (Lenberg, Cohn, Higgins, G. Kelley) *mc*  
Division of Economics (Bruce, Chambliss, Hudson) *EDD*  
Division of Engineering (Lewis, Smith II) *TB*  
Office of the General Counsel (Farooqi, Augspurger) *SS*

**RE:** Docket No. 20250075-WU – Application for staff-assisted rate case in Citrus County, by Citrus Waterworks, Inc.

**AGENDA:** 4/7/26 – Regular Agenda – Proposed Agency Action – Except for Issue Nos. 12, 13, and 14 - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Payne

**CRITICAL DATES:** 09/21/26 (15-Month Effective Date (SARC))

**SPECIAL INSTRUCTIONS:** Place Item after Docket No. 20250140-WU.

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## Case Background

Citrus Waterworks, Inc. (Citrus or Utility) is a Class C water-only utility located within the Southwest Florida Water Management District. Citrus provides service to approximately 154 residential customers and one general service customer in Citrus County. Gary Deamer is the President and Owner of the Utility. In 2025, the Commission approved a grandfather certificate for the Utility to operate as a water utility.<sup>1</sup> The Utility's last rate setting proceeding was in 2024 before the Citrus County Water and Wastewater Authority (CCWWA). At the conclusion of that proceeding, the CCWWA approved the Utility's current rates in Amended Final Order No. 24-02. The Commission reviewed Amended Final Order No. 24-02 as part of the Utility's application for a grandfather certificate in Docket No. 20240111-WU.<sup>2</sup>

On April 30, 2025, Citrus filed an application for a staff-assisted rate case (SARC).<sup>3</sup> The official filing date of the SARC was established as June 19, 2025. According to Citrus' 2024 Annual Report, total gross revenues were \$53,224 and total operating expenses were \$55,845. On November 20, 2025, Citrus filed an application for an Extension of Service Territory Amendment of Certificate No. 684-W, as provided for by Rule 25-30.036, Florida Administrative Code (F.A.C.), to include territory served by the Utility but not included in its territory description when the Commission granted Citrus a grandfather certificate in 2025.<sup>4</sup>

The Commission has jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, Florida Statutes (F.S.).

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<sup>1</sup> Order No. PSC-2025-0041-PAA-WU, issued on February 6, 2025, in Docket No. 20240111-WU, *In re: Application for grandfather certificate to operate water utility in Citrus County, by Citrus Waterworks, Inc.*

<sup>2</sup> Document No. 08211-2024, filed August 02, 2024, in Docket No. 20240111-WU.

<sup>3</sup> Document No. 03257-2025, filed April 30, 2025, in Docket No. 20250075-WU.

<sup>4</sup> Docket No. 20250140-WU.

## Discussion of Issues

**Issue 1:** Is the quality of service provided by Citrus Waterworks, Inc. satisfactory?

**Recommendation:** Yes. Citrus Waterworks, Inc. has been responsive to customer complaints and is in compliance with the Department of Environmental Protection (DEP) standards; therefore, the quality of service should be considered satisfactory. (Lewis)

**Staff Analysis:** Pursuant to Section 367.081(2)(a)(I), F.S., and Rule 25-30.433(1), F.A.C., in water rate cases the Commission shall determine the overall quality of service provided by the Utility. This determination is made from an evaluation of the quality of the Utility’s product and the Utility’s attempt to address customer satisfaction. Rule 25-30.433(1) F.A.C., further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the DEP and the county health department, and any DEP and county health department official’s testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints received by the Commission are also reviewed. The operating condition of the water system is addressed in Issue 2.

### Quality of the Utility’s Product

In evaluation of Citrus’ product quality, staff reviewed the Utility’s compliance with the DEP’s primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Staff reviewed the DEP’s Safe Drinking Water Program chemical analysis of samples taken on April 11, 2024, at Ellsworth Point, and on April 24, 2024, at Blackwater Heights, and both plants were deemed in compliance with DEP standards. In addition, staff reviewed the most current Disinfection Byproducts testing conducted on July 1, 2024, at the Ellsworth Point water treatment plant (WTP), and on July 26, 2024, at the Blackwater Heights WTP, and the results were in compliance with DEP standards.

### The Utility’s Attempt to Address Customer Satisfaction

Staff reviewed the Commission’s Consumer Activity Tracking System records, and discovered that no complaints were recorded during the test year and four years prior for Citrus. There were no complaints filed against the Utility with the DEP during the same timeframe. Citrus reported receiving 38 complaints during this timeframe. Table 1-1 shows the number of complaints, by subject and year, received by the Utility.

**Table 1-1  
Number of Utility Complaints by Subject**

Subject of Complaint	2020	2021	2022	2023	2024	Total
Water Service Interruption	0	1	9	4	6	20
Pressure Issue	0	3	3	10	0	16
Water Quality	0	1	0	0	1	2
<b>Total</b>	0	5	12	14	7	38

Source: Utility responses to staff data requests.

Date: March 26, 2026

Staff investigated the causes for the complaints displayed above. The complaints related to water service interruptions can be attributed to specific instances such as, a tree falling and damaging one of the hydropneumatic tanks, a circuit breaker trip due to a bad wire, and Hurricane Helene. The water pressure complaints resulted from broken service lines which have since been repaired by the Utility. There were two water quality complaints from customers experiencing cloudy water. One instance occurred on October 19, 2021, after a main break and another on September 30, 2024, after Hurricane Helene. The cloudiness was caused by air in the service lines and was resolved by flushing. A review of the complaints indicates that they have been resolved. For reference, Citrus serves approximately 154 customers. A virtual customer meeting was held on October 30, 2025, and no customers participated.

**Conclusion**

Citrus has been responsive to customer complaints and is in compliance with the DEP standards; therefore, the quality of service should be considered satisfactory.

Date: March 26, 2026

**Issue 2:** Are the infrastructure and operating conditions of Citrus Waterworks, Inc. in compliance with DEP regulations?

**Recommendation:** Yes. Citrus Waterworks, Inc.'s water system is currently in compliance with the DEP. (Lewis)

**Staff Analysis:** Rule 25-30.225(2), F.A.C., requires each water utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, the Commission must consider testimony of the DEP and county health department officials, sanitary surveys for water systems, citations, violations, and consent orders issued to the Utility, customer testimony, comments, and complaints, and Utility testimony and responses to the aforementioned items.

### **Water System Operating Conditions**

Citrus consists of two separate systems, Blackwater Heights and Ellsworth Point. The Blackwater Heights system has two wells that each have a pumping capacity of 60 gallons per minute (gpm). This system is also served by hydropneumatic tanks with capacities of 1,000 and 2,000 gallons. The Ellsworth Point system has one well with a pumping capacity of 60 gpm along with a hydropneumatic tank with a capacity of 1,400 gallons. Groundwater from the wells is treated through hypochlorination.

Staff reviewed Citrus' most recent Sanitary Survey Reports conducted by the DEP to determine the Utility's overall compliance. Staff reviewed the March 7, 2023, report for the Blackwater Heights system which indicated three deficiencies. These deficiencies were for not having an Operation and Maintenance Manual onsite, a missing screen on tank number one, and the accuracy of the flow meter had not been checked as required. The corrections were made and the plant was deemed in compliance on March 23, 2023. A review of the Report dated May 11, 2023, for the Ellsworth Point system indicated no deficiencies, and the plant was deemed in compliance on May 18, 2023.

### **Conclusion**

Citrus Waterworks, Inc.'s water system is in compliance with the DEP.

Date: March 26, 2026

**Issue 3:** What are the used and useful percentages (U&U) of Citrus Waterworks, Inc. water treatment plants (WTP) and water distribution system?

**Recommendation:** Citrus Waterworks Inc.'s WTPs and water distribution systems should be considered 100 percent U&U. There is 23.1 percent Excessive Unaccounted for Water (EUW). Therefore, an adjustment to reduce the operating expenses of purchased power and chemicals should be made. (Lewis)

**Staff Analysis:** As stated in Issue 2, Citrus' water system consists of two separate systems, Blackwater Heights and Ellsworth Point. The Blackwater Heights system consists of two wells, each with a pumping capacity of 60 gpm, and two hydropneumatic tanks with capacities of 1,000 and 2,000 gallons. The Ellsworth Point system has one well with a pumping capacity of 60 gpm and one hydropneumatic tank with a capacity of 1,400 gallons. The Utility's water distribution system is comprised of 3,050 linear feet of 2-inch polyvinyl chloride pipe.

### **Used and Useful Percentages**

Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. Rule 25-30.4325(4), F.A.C., states that a water treatment system is considered 100 percent U&U if the service territory the system is designed to serve is built out and there is no apparent potential for expansion of the service territory or the system is served by a single well. Citrus provided data indicating the number of customers served from 2020 to 2024 has ranged from 149 to 157 customers. From staff's review of the customer billing data, the Utility served 155 customers during the test year. Based on the numbers, customer growth appears to be flat. In addition, both the Blackwater Heights and Ellsworth Point service territories appear to be built out. Therefore, the U&U percentage for the Utility's Blackwater Heights and Ellsworth Point WTPs and distribution systems should be considered 100 percent. As discussed in the Case Background, this is Citrus' first SARC before the Commission, and therefore the first time the Commission has set U&U for the Utility.

### **Excessive Unaccounted for Water**

Rule 25-30.4325, F.A.C., provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as "unaccounted for water in excess of 10 percent of the amount produced." Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the Utility.

EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage.

A review of the Utility's 2024 monthly operating reports on file with the DEP indicates that Citrus produced 11,339,693 gallons of water during the test year. No water was purchased during the test year. An examination of the Utility's billing records indicates 7,267,000 gallons of treated water was sold to its customers. Citrus' 2024 Annual Report on file with the Commission states that the Utility estimated 318,000 gallons were used for line flushing and main breaks. The calculation  $([11,339,693 + 0 - 7,267,000 - 318,000] / [11,339,693 + 0])$  results in 33.1 percent unaccounted for water. The Commission allows a 10 percent margin; therefore, there is 23.1

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percent EUW. The Utility indicated that due to the age of the system, there are many leaks in the mains and services. Also, after the Staff Report was issued, the Utility evaluated the system and several leaks were discovered and repaired. Additionally, the Utility indicated, since purchasing the system, it has spent \$18,103 to address leaks. As discussed later in Issue 4, the Utility also replaced older meters, which were incorrectly reading water usage due to their age, which may also mitigate the Utility's EUW.<sup>5</sup>

### **Conclusion**

Citrus' Waterworks Inc.'s WTPs and water distribution systems should be considered 100 percent U&U. There is 23.1 percent EUW. Therefore, an adjustment to reduce the operating expenses of purchased power and chemicals should be made.

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<sup>5</sup> Document No. 14366-2025, filed October 8, 2025, in Docket No. 20250075-WU.

**Issue 4:** What is the appropriate average test year rate base for Citrus Waterworks, Inc.?

**Recommendation:** The appropriate average test year rate base for Citrus Waterworks, Inc. is \$90,147. (Lenberg)

**Staff Analysis:** The appropriate components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions-in-aid of construction (CIAC), accumulated amortization of CIAC, and working capital. Staff selected the test year ended December 31, 2024, for the current rate case. Commission audit staff determined that the Utility's books and records are in compliance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). A summary of each component and the recommended adjustments are discussed below.

### **Utility Plant in Service**

The Utility recorded UPIS of \$151,811. Audit staff decreased this amount by \$15,744 to reflect UPIS reductions approved by the CCWWA in Final Order No. 24-02 that were not reflected in the Utility's general ledger. Audit staff also made a reduction of \$216 to remove two additions that were unsupported by the Utility. In a letter from Citrus, the Utility requested a pro forma addition to cover the cost of 43 meter replacements<sup>6</sup>. Staff increased UPIS by \$6,833 to reflect pro forma place additions; this amount is offset by retirements of \$5,125. Additionally, staff decreased this amount by \$956 to reflect an averaging adjustment. Staff's adjustments to UPIS result in a decrease of \$15,209. Therefore, staff recommends a UPIS of \$136,602.

### **Pro Forma Plant Additions**

Citrus is requesting recovery of costs to replace 43 residential meters. While the Utility serves 154 customers, Citrus stated that it had replaced 94 meters since 2021 and is requesting recovery of 43 additional meters.<sup>7</sup> The Utility stated that these 43 meters were replaced during the first five months of 2025. Citrus explained that meters are typically replaced once they have reached the end of their expected service life, registered a certain amount of water, or are not operating properly.<sup>8</sup> Citrus' reasoning behind the meter replacements is to address the high EUW experienced by the Utility and reduce lost revenue. When meters get older they register slow and eventually become inoperable which causes customer's bills to not reflect the actual water used. This in turn lowers the amount of revenue received by the Utility. Further, unaccounted for water will also be reduced since the new meters are now accurately recording actual water usage.

Citrus also provided invoices totaling to \$6,833, which is \$159 per meter, including installation.<sup>9</sup> The Utility stated it has a service contract with U.S. Water Services Corporation (USWSC), the operator of the facility, which includes a provision for meter replacements. Staff believes the cost per meter of \$159 is reasonable based on previous Commission-approved meter replacements

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<sup>6</sup> Document Number 04245-2025, filed June 5, 2025, in Docket No. 20250075-WU.

<sup>7</sup> Document Number 04245-2025, filed June 5, 2025, in Docket No. 20250075-WU.

<sup>8</sup> Document Number 14366-2025, filed October 8, 2025, in Docket No. 20250075-WU.

<sup>9</sup> Document Number 04245-2025, filed June 5, 2025, in Docket No. 20250075-WU.

which have ranged from approximately \$103 to \$206.<sup>10</sup> Based on the above, staff believes this project is reasonable and recommends approval of this pro forma expense.

### **Land and Land Rights**

The Utility recorded a test year land and land rights balance of \$2,975. Staff did not make any adjustments to this account and, therefore, recommends a land and land rights balance of \$2,975.

### **Used and Useful**

As discussed in Issue 3, the Utility's system is considered 100 percent U&U. Therefore, no U&U adjustment is necessary.

### **Accumulated Depreciation**

The Utility recorded accumulated depreciation of \$57,783. Audit staff decreased this amount by \$3,679 to reflect the balance approved by the CCWA in Final Order No. 24-02, and recalculated the balance using depreciation rates established by Rule 25-30.140, F.A.C. Staff further decreased accumulated depreciation by \$5,024 due to pro forma additions and retirements. Additionally, staff decreased this amount by \$2,037 to reflect an averaging adjustment. Staff's adjustments to accumulated depreciation results in a decrease of \$10,740. Therefore, staff recommends an average accumulated depreciation balance of \$47,043.

### **Contributions In Aid of Construction**

The Utility recorded CIAC of \$25,178. Staff decreased this amount by \$433 to reflect an averaging adjustment and, therefore, recommends an average CIAC balance of \$24,746.

### **Accumulated Amortization of CIAC**

The Utility recorded accumulated amortization of CIAC of \$17,341. Audit staff recalculated this amount using a composite, which resulted in an increase of \$41. Per Rule 25-30.140(9)(b), F.A.C., the specific depreciation rates of the related plant accounts should be used, with the use of a composite rate reserved for instances when the specific associated plant accounts are unknown. Additionally, staff decreased this amount by \$416 to reflect an averaging adjustment. Staff's adjustments to accumulated CIAC result in a decrease of \$375. Therefore, staff recommends an average accumulated amortization of CIAC balance of \$16,966.

### **Working Capital Allowance**

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(2), F.A.C., and Commission practice, staff used the one-eighth of operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance.<sup>11</sup> As such, staff removed the rate case

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<sup>10</sup> Order No. PSC-16-0537-PAA-WU, issued November 23, 2016, in Docket No. 20150181-WU, *In re: Application for staff-assisted rate case in Duval County by Neighborhood Utilities, Inc.*; Order No. PSC-2021-0107-PAA-WU, issued March 19, 2021, in Docket No. 20200168-WU, *In re: Application for staff-assisted rate case in Polk County, and request for interim rate increase, by McLeod Gardens Utilities, LLC.*

<sup>11</sup> Order No. PSC-2025-0284-PAA-SU, issued July 22, 2025, in Docket No. 20240105-SU, *In re: Application for staff-assisted rate case in Polk County, by West Lakeland Wastewater, LLC*; Order No. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC.*

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expense of \$675. This resulted in an adjusted O&M expense balance of \$43,137. Applying this formula, staff recommends a working capital allowance of \$5,392.

**Rate Base Summary**

Based on the foregoing, staff recommends that the appropriate average test year rate base is \$90,147. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

**Issue 5:** What is the appropriate return on equity and overall rate of return for Citrus Waterworks, Inc.?

**Recommendation:** The appropriate return on equity (ROE) is 8.51 percent with a range of 7.51 percent to 9.51 percent. The appropriate overall rate of return is 8.41 percent. (Lenberg)

**Staff Analysis:** The Utility's capital structure consists of common equity and customer deposits. The Utility's capital structure has been reconciled with staff's recommended rate base. The appropriate ROE is 8.51 percent based on the Commission-approved leverage formula currently in effect.<sup>12</sup> Staff recommends an ROE of 8.51 percent with a range of 7.51 percent to 9.51 percent, and an overall rate of return of 8.41 percent. The ROE and overall rate of return are shown on Schedule No. 2.

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<sup>12</sup> Order No. PSC-2025-0213-PAA-WS, issued on June 18, 2025, in Docket No. 20250006-WS; *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

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**Issue 6:** What are the appropriate test year operating revenues for the water system of Citrus Waterworks, Inc.?

**Recommendation:** The appropriate test year operating revenues are \$56,613. (Chambliss)

**Staff Analysis:** The Utility recorded total test year operating revenues of \$53,223 for water. The water revenues included \$50,824 of service revenues and \$2,399 of miscellaneous revenues. During the test year, the Utility had rate changes in April 2024 and July 2024 when it was under the jurisdiction of Citrus County. In the months wherein there was a rate change due to prorating bills, the Utility's billing data indicated two bills per customer. Therefore, staff adjusted the billing data to correct the number of bills during the months of a rate change. To determine the appropriate service revenues, staff applied the adjusted billing determinants to the existing rates. As a result, staff determined services revenues to be \$54,250, which is an increase of \$3,426 (\$54,250 - \$50,824).

Staff made an adjustment to miscellaneous revenues. During the test year, the Utility recorded \$2,399 for its miscellaneous revenues. The Utility's tariff charge for a violation reconnection is \$21. However, the Utility billed four customers a violation reconnection charge in the amount of \$30 each. Therefore, staff made an adjustment to reduce miscellaneous revenues by \$36 [(\$30 - \$21) x 4]. As a result, miscellaneous revenues should be \$2,363 (\$2,399 - \$36).

Based on the above, the appropriate test year operating revenues for Citrus' water system are \$56,613 (\$54,250 + \$2,363) for the water system.

**Issue 7:** What is the appropriate amount of operating expenses for Citrus Waterworks, Inc.?

**Recommendation:** The appropriate amount of operating expense for Citrus Waterworks is \$51,562. (Lenberg)

**Staff Analysis:** The Utility recorded operating expense of \$55,817. The test year O&M expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the Utility's operating expense as described below.

## **Operation and Maintenance Expenses**

### **Salaries and Wages – Officers and Directors (603)**

The Utility recorded a salaries and wages expense of \$2,500. According to the Utility's 2024 Annual Report, this amount represents compensation to Citrus' President, who is also the Owner of Citrus. In Order No. PSC-2024-0046-PAA-WS, the Commission approved a total owner's salary of \$159,034 for all U.S. Water-affiliated systems. Citrus makes up approximately 1.18 percent of all U.S. Water-affiliated systems; therefore, staff calculated a total owner's salary for Citrus of \$1,877. Applying the Commission's 2024 Price Index of 3.24 percent, staff recommends a salaries and wages expense of \$1,942, a decrease of \$558.

### **Purchased Power (615)**

The Utility recorded purchased power expense of \$6,396. Audit staff decreased this amount by \$33 to reflect the removal of an out-of-test-year expense. Additionally, staff decreased this amount by \$1,477 to reflect the 23.1 percent EUW discussed in Issue 3. Staff's adjustments to purchase power expense result in a decrease of \$1,510. Therefore, staff recommends a purchased power expense of \$4,886.

### **Chemicals (618)**

The Utility recorded chemicals expense of \$118. Staff decreased this amount by \$27 to reflect the 23.10 percent EUW discussed in Issue 3. Therefore, staff recommends a chemicals expense of \$91.

### **Contractual Services - Accounting (632)**

The Utility recorded contractual services - accounting expense of \$525. Staff made no adjustments to this amount and, therefore, recommends a contractual services - accounting expense of \$525.

### **Contractual Services - Legal (633)**

The Utility recorded contractual services - legal expense of \$300. Staff made no adjustments to this amount and, therefore, recommends a contractual services - legal expense of \$300.

### **Contractual Services - Testing (635)**

The Utility recorded contractual services - testing expense of \$445. Staff made no adjustments to this amount and, therefore, recommends a contractual services - testing expense of \$445.

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### **Contractual Services - Other (636)**

The Utility recorded contractual services - other expense of \$31,534. Staff made no adjustments to this amount and, therefore, recommends a contractual services - other expense of \$31,534.

### **Insurance Expense (655)**

The Utility recorded insurance expense of \$1,677. Staff decreased this amount by \$12 to reflect an auditing adjustment based on the currently effective insurance policy. Therefore, staff recommends an insurance expense of \$1,665.

### **Regulatory Commission Expense (665)**

The Utility recorded an annual rate case expense of \$125. Audit staff increased this amount by \$40 to reflect the annual rate case expense of \$165 approved by the CCWWA in Final Order No. 24-02.

The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, interim rates, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$541. Staff calculated a distance of 215 miles from the Utility to Tallahassee. Based on the 2025 Internal Revenue Service (IRS) business mileage rate of \$0.70, staff calculated round trip travel and lodging expense to the Commission Conference of \$501.<sup>13</sup> Additionally, the Utility paid a filing fee of \$1,000.

Staff recommends a total rate case expense, consisting of noticing costs, travel, and lodging expenses, and filing fee of \$2,042, which amortized over four years is \$510. Therefore, staff recommends an increase of \$550 and a total annual rate case expense of \$675.

### **Bad Debt Expense (670)**

Citrus recorded a bad debt expense of \$2,040 for the test year. Staff notes that it is Commission practice to calculate bad debt expense using a three-year average when the information is available.<sup>14</sup> In response to staff's second data request, the Utility provided the bad debt amounts of (\$292), \$757, and \$2,040 for 2022, 2023, and 2024, respectively.<sup>15</sup> Because the negative bad debt in 2022 reflects recovery of prior-year write-offs, relying on it would skew the historical three-year average. Therefore, staff calculated a bad debt expense of 1 percent of total revenues, resulting in a bad debt expense of \$566, a decrease of \$1,474. The Commission has previously used a percent of revenue as an approximate proxy for bad debt expense in previous dockets.<sup>16</sup>

### **Miscellaneous Expense (675)**

The Utility recorded miscellaneous expense of \$2,921. During the test year, the Utility incurred certain non-recurring expenses. Pursuant to Rule 25-30.433(9), F.A.C., staff amortized these expenses over a five-year period. Specifically, the Utility incurred \$1,430 for tree trimming and \$741 in fees associated with compliance actions related to DEP's Lead Service Line Inventory (LSLI) requirements. Staff amortized these costs over a five-year period resulting in a total

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<sup>13</sup> <https://www.irs.gov/tax-professionals/standard-mileage-rates>

<sup>14</sup> Order No. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*.

<sup>15</sup> Document No. 08585-2025, filed on September 2, 2025, in Docket No. 20250075-WU.

<sup>16</sup> Order No. PSC-2022-0435-PAA-WU, issued December 22, 2022, in Docket No. 20220026-WU, *Application for staff-assisted rate case in Marion County, and request for interim rate increase, by Leighton Estates Utilities, LLC*.

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annual expense of \$434. This amount represents a reduction of \$1,737. Therefore, staff recommends a miscellaneous expense of \$1,184.

### **Operation and Maintenance Expense Summary**

The Utility recorded test year O&M expense of \$48,581. Based on the above adjustments, staff recommends O&M expense be decreased by \$4,769. This results in a total O&M expense of \$43,812. Staff's recommended adjustments to O&M are shown on Schedule No. 3-C.

### **Depreciation Expense**

The Utility recorded depreciation expense of \$5,142. Based on the depreciation rates prescribed in Rule 25-30.140, F.A.C., audit staff decreased this amount by \$487. Staff increased this amount by \$100 to reflect pro forma additions. Therefore, staff recommends depreciation expense of \$4,755.

### **Amortization of CIAC**

The Utility recorded amortization of CIAC expense of \$831. Staff decreased this amount by \$1 to reflect an auditing adjustment, and therefore recommends an amortization of CIAC of \$832.

### **Taxes Other Than Income (TOTI)**

The Utility recorded TOTI of \$2,925. Audit staff increased tangible tax by \$525 to reflect 2024 Real and Tangible Personal Property tax assessments from Citrus County. Audit staff increased TOTI by \$159 to reflect the appropriate RAFs related to the revenue adjustment. Audit staff also decreased property tax by \$34 to reflect the maximum early-payment discount of four percent. Staff increased TOTI by \$123 to reflect updated property tax information filed by the Utility.<sup>17</sup> Staff further increased TOTI by \$21 to reflect property taxes associated with pro forma plant additions.

Based on revenues discussed in Issue 6, TOTI should be decreased by \$6 to reflect a regulatory assessment fee (RAF) rate of 4.5 percent applied to the adjustment in revenues.

As discussed in Issue 9, staff recommends revenues be increased by \$2,527 to reflect the increased revenue required to cover expenses and allow an opportunity to earn the recommended rate of return. As a result, TOTI should be increased by \$114 to reflect a RAF rate of 4.5 percent of the change in revenues. Staff's adjustments result in a total increase of \$901. Therefore, staff recommends a TOTI of \$3,826.

### **Operating Expense Summary**

The Utility recorded operating expenses of \$55,817. The application of staff's recommended adjustments to the Utility's recommended operating expense results in a total operating expense of \$51,562, which is a decrease of \$4,255. Operating expenses are shown on Schedule No. 3-A, and the related adjustments are shown on Schedule No. 3-B.

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<sup>17</sup> Document No. 14972-2025, filed November 7, 2025, in Docket No. 20250075-WU.

**Issue 8:** Does Citrus Waterworks, Inc. meet the criteria for application of the operating ratio methodology?

**Recommendation:** No. Citrus does not meet the requirement for application of the operating ratio methodology for calculating the revenue requirement. (Lenberg)

**Staff Analysis:** Rule 25-30.4575(2), F.A.C., indicates that in rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the operating ratio methodology to establish the Utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory commission expense, and the use of the operating ratio methodology does not change the Utility's qualification for a SARC.

With respect to Citrus, staff has recommended a rate base of \$90,147. After removal of rate case expense, staff has calculated an adjusted O&M expense of \$43,137. Based on staff's preliminary recommended amounts, the Utility's rate base is 208.98 percent of its adjusted O&M expense. Pursuant to the above analysis, the Utility does not qualify for application of the operating ratio methodology.

**Issue 9:** What is the appropriate revenue requirement for Citrus Waterworks, Inc.?

**Recommendation:** The appropriate revenue requirement is \$59,140, resulting in an annual increase of \$2,527 (4.46 percent). (Lenberg)

**Staff Analysis:** Citrus should be allowed an annual increase of \$2,527 (4.46 percent). This should allow the Utility the opportunity to recover expenses and earn an 8.41 percent return on rate base. The calculations for revenue requirement are shown on Table 9-1.<sup>18</sup>

**Table 9-1**  
**Revenue Requirement**

Water Rate Base	\$90,147
Rate of Return	× 8.41%
Return on Rate Base	<u>\$7,578</u>
Water O&M Expense	43,812
Depreciation Expense	4,755
Amortization of CIAC	(832)
Taxes Other Than Income	<u>3,826</u>
Revenue Requirement	<u>\$59,140</u>
Less Test Year Revenues	\$56,613
Annual Increase	\$2,527
Percent Increase	4.46%

Source: Staff calculations.

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<sup>18</sup> Staff notes calculations may not sum due to rounding.

**Issue 10:** What are the appropriate rate structure and rates for Citrus Waterworks, Inc.?

**Recommendation:** The recommended rate structure and monthly water rates are shown on Schedule No. 4. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice. (Chambliss)

**Staff Analysis:** Citrus is located in Citrus County within the Southwest Florida Water Management District. The Utility provides water service to 154 residential customers and one general service customer. A review of the billing data indicates approximately 22 percent of the residential customer bills during the test year had zero gallons. However, the billing data at the 1,000 gallon level reflects approximately 42 percent of the residential customer bills, which indicates a moderate seasonal customer base. The average residential water demand was 3,883 gallons per month during the test period. The average water demand, excluding zero gallons bills, was 5,005 gallons per month. The Utility's current rate structure for both residential and general service customers consists of a monthly base facility charge (BFC) and uniform gallonage charge.

Staff performed an analysis of the Utility's billing in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the recommended revenue requirement; (2) equitably distribute cost recovery among the Utility's customers; (3) establish the appropriate discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with Commission practice.

As mentioned in Issue 9, staff's recommended revenue requirement increase is 4.46 percent. Typically, when the revenue requirement is less than 20 percent, staff does an across-the board increase to the existing rates. However, in this case, staff is recommending redesigning the rates because the Utility serves a seasonal customer base and is currently using incorrect meter equivalents.

Currently, 58 percent of the revenues are recovered through the BFC. Due to the seasonal customer base, staff recommends that 60 percent of the revenue requirement be recovered through the BFC in an effort to maintain sufficient revenue stability. Although the billing analysis indicates a seasonal customer base, there is also some discretionary usage at higher levels of consumption. The average number of people per household is 2.5. Based on the number of people per household, 50 gallons per day per person, and the number of days per month, the discretionary usage threshold should be 4,000 gallons per month. Staff's review of the billing data indicates that discretionary usage above 4,000 gallons represents approximately 33 percent of the bills, which accounts for approximately 47 percent of water demand. This indicates that there is some high discretionary usage above 4,000 gallons.

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The meter equivalents for Citrus' rates are not based on the American Water Works Association (AWWA) meter equivalents, which are used by the Commission when designing rates. The meter equivalents assign the demand on a system as well as cost recovery by meter size in terms of equivalent residential connections (ERCs). In comparison to the AWWA meter equivalents, Citrus' meter equivalents for larger meter sizes are significantly lower than the AWWA. Redesigning rates based on the AWWA meter equivalents distributes the cost recovery to the appropriate meter size. The table below shows a comparison of the AWWA meter equivalents to Citrus' existing meter equivalents.

**Table 10-1  
Comparison of ERCs**

Meter Sizes	AWWA	Citrus
5/8" x 3/4"	1	1
3/4"	1.5	1.5
1"	5	2.5
2"	8	5
3"	15	8

Source: Rule 25-30.055, F.A.C. and Citrus' tariff rates

Staff recommends a two-tier inclining block rate structure, which includes separate gallonage charges for non-discretionary and discretionary usage for residential water rates. The rate blocks are: (1) 0 - 4,000 gallons; and (2) all usage in excess of 4,000 gallons per month. Staff's recommended rate structure will target those customers with higher levels of consumption. General service customers should continue to be billed a BFC and uniform gallonage charge.

Based on staff's recommended revenue increase of 4.5 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 269,000 gallons resulting in an anticipated average residential demand of 3,739 gallons per month. Staff recommends a 3.7 percent reduction in test year residential gallons for ratesetting purposes. As a result, the corresponding reductions for purchase power expense is \$236, \$4 for chemicals expense, and \$11 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of \$56,526.

The recommended rate structure and monthly water rates are shown on Schedule No. 4. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice.

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**Issue 11:** What are the appropriate initial customer deposits for Citrus Waterworks, Inc.?

**Recommendation:** The appropriate initial customer deposit should be \$54 for the residential 5/8 inch x 3/4 inch meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

**Staff Analysis:** Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the Utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill. Currently, the Utility has an initial customer deposit of \$45 for the residential 5/8 inch x 3/4 inch meter size. However, this amount does not cover two months' average bills based on staff's recommended rates. The Utility's anticipated post-repression average monthly residential usage is 3,739 gallons per customer. Therefore, the average residential monthly bill is approximately \$27.04 for water service based on staff's recommended rates.

Staff recommends that the appropriate initial customer deposit should be \$54 for the residential 5/8 inch x 3/4 inch meter size. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

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**Issue 12:** What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense?

**Recommendation:** The rates should be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Citrus should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense. (Lenberg, Chambliss)

**Staff Analysis:** Section 367.081(8), F.S., requires that the rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. This results in a reduction of \$535.

Staff recommends that the rates should be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Citrus should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

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**Issue 13:** Should the recommended rates be approved for Citrus Waterworks, Inc. on temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Citrus should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Lenberg)

**Staff Analysis:** This recommendation proposes an increase in rates. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the proposed rates be approved on a temporary basis. Citrus should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and it has been received by the customers. The additional revenue produced by staff's recommended rates and collected by the Utility should be subject to the refund provisions discussed below.

Citrus should be authorized to initiate the temporary rates upon staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security should be in the form of either a bond or letter of credit in the amount of \$1,726. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond for securing the potential refund, the bond should contain wording to the effect that it will be terminated only under the following conditions:

1. The Commission approves the rate increase; or,
2. If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

Date: March 26, 2026

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit should contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Cosentino v. Elson*, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should 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 should be maintained by the Utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund

at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Date: March 26, 2026

**Issue 14:** Should Citrus Waterworks, Inc. be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA?

**Recommendation:** Yes. Citrus should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days. (Lenberg)

**Staff Analysis:** Citrus should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

Date: March 26, 2026

**Issue 15:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the Utility submitted its letter confirming all adjustments to applicable NARUC USOA primary accounts were made. Once these actions are complete, this docket should be closed administratively. (Farooqi)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the Utility submitted its letter confirming all adjustments to applicable NARUC USOA primary accounts were made. Once these actions are complete, this docket should be closed administratively.

<b>CITRUS WATERWORKS, INC.</b>		<b>SCHEDULE NO. 1-A</b>	
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250075-WU</b>	
<b>SCHEDULE OF WATER RATE BASE</b>			
<b>DESCRIPTION</b>	<b>BALANCE PER UTILITY</b>	<b>STAFF ADJ.</b>	<b>BALANCE PER STAFF</b>
1. UTILITY PLANT IN SERVICE	\$151,811	(\$15,209)	\$136,602
2. LAND & LAND RIGHTS	2,975	0	2,975
3. ACCUMULATED DEPRECIATION	(57,783)	10,740	(47,043)
4. CIAC	(25,178)	433	(24,746)
5. ACCUMULATED AMORTIZATION OF CIAC	17,341	(375)	16,966
6. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>5,392</u>	<u>5,392</u>
<b>WATER RATE BASE</b>	<b><u>\$89,166</u></b>	<b><u>\$981</u></b>	<b><u>\$90,147</u></b>

<b>CITRUS WATERWORKS, INC.</b>	<b>SCHEDULE NO. 1-B</b>
<b>TEST YEAR ENDED 12/31/2024</b>	<b>DOCKET NO. 20250075-WU</b>
<b>ADJUSTMENTS TO RATE BASE</b>	
	<b>WATER</b>
<b>UTILITY PLANT IN SERVICE</b>	
1. To reflect audit adjustments.	(\$15,962)
2. To reflect pro forma addition.	6,833
3. To reflect pro forma retirement.	(5,125)
4. To reflect an averaging adjustment.	<u>(956)</u>
Total	<u>(\$15,209)</u>
<b>ACCUMULATED DEPRECIATION</b>	
1. To reflect audit adjustments.	\$3,679
2. To reflect a pro forma adjustment.	5,024
3. To reflect an averaging adjustment.	<u>2,037</u>
Total	<u>\$10,740</u>
<b>CIAC</b>	
1. To reflect an averaging adjustment.	<u>\$433</u>
<b>ACCUMULATED AMORTIZATION OF CIAC</b>	
1. To reflect an auditing adjustment.	\$41
2. To reflect an averaging adjustment.	<u>(416)</u>
Total	<u>(\$375)</u>
<b>WORKING CAPITAL ALLOWANCE</b>	
To reflect 1/8 of adjusted test year O&M expenses.	<u>\$5,392</u>

<b>CITRUS WATERWORKS, INC.</b>				<b>SCHEDULE NO. 2</b>		
<b>TEST YEAR ENDED 12/31/2024</b>				<b>DOCKET NO. 20250075-WU</b>		
<b>SCHEDULE OF CAPITAL STRUCTURE</b>						
<b>CAPITAL COMPONENT</b>	<b>PER UTILITY</b>	<b>PRO RATA ADJUST- MENTS</b>	<b>BALANCE PER STAFF</b>	<b>PERCENT OF TOTAL</b>	<b>COST</b>	<b>WEIGHTED COST</b>
1. COMMON EQUITY	\$128,704	(\$39,954)	\$88,750	98.45%	8.51%	8.38%
2. CUSTOMER DEPOSITS	<u>2,025</u>	<u>(629)</u>	<u>1,396</u>	<u>1.55%</u>	2.00%	<u>0.03%</u>
TOTAL CAPITAL	<u>\$130,729</u>	<u>(\$40,582)</u>	<u>\$90,147</u>	<u>100.00%</u>		<u>8.41%</u>
				<b>RANGE OF REASONABLENESS</b>	<b>LOW</b>	<b>HIGH</b>
				RETURN ON EQUITY	7.51%	9.51%
				OVERALL RATE OF RETURN	7.42%	9.39%

<b>CITRUS WATERWORKS, INC.</b>			<b>SCHEDULE NO. 3-A</b>		
<b>TEST YEAR ENDED 12/31/2024</b>			<b>DOCKET NO. 20250075-WU</b>		
<b>SCHEDULE OF WATER OPERATING INCOME</b>					
	<b>TEST YEAR PER UTILITY</b>	<b>STAFF ADJUST- MENTS</b>	<b>STAFF ADJUSTED TEST YEAR</b>	<b>ADJ. FOR INCREASE</b>	<b>REVENUE REQUIREMENT</b>
<b>1. TOTAL OPERATING REVENUES</b>	\$53,223	\$3,390	\$56,613	\$2,527 4.46%	\$59,140
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$48,581	(\$4,769)	\$43,812	\$0	\$43,812
3. DEPRECIATION	5,142	(387)	4,755	0	4,755
4. AMORTIZATION OF CIAC	(831)	(1)	(832)	0	(832)
5. TAXES OTHER THAN INCOME	<u>2,925</u>	<u>788</u>	<u>3,713</u>	<u>114</u>	<u>3,826</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$55,817</u></b>	<b><u>(\$4,369)</u></b>	<b><u>\$51,448</u></b>	<b><u>\$114</u></b>	<b><u>\$51,562</u></b>
<b>6. OPERATING INCOME/(LOSS)</b>	(\$2,594)		\$5,165		\$7,578
<b>7. WATER RATE BASE</b>	\$89,166	\$981	\$90,147		\$90,147
<b>8. RATE OF RETURN</b>					8.41%

<b>CITRUS WATERWORKS, INC.</b>	<b>SCHEDULE 3-B</b>
<b>TEST YEAR ENDED 12/31/2024</b>	<b>DOCKET NO. 20250075-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>	
	<b>WATER</b>
<b>OPERATING REVENUES</b>	
1. To reflect a staff adjustment to Service Revenues.	\$3,426
2. To reflect a staff adjustment to Miscellaneous Revenues.	(36)
Total	<u>\$3,390</u>
<b>OPERATION AND MAINTENANCE EXPENSE</b>	
1. Salaries and Wages - Officers and Directors (603) To correct allocation of salary.	<u>(\$558)</u>
2. Purchased Power (615) To reflect an auditing adjustment.	(\$33)
To reflect EUW adjustment.	<u>(1,477)</u>
Subtotal	<u>(\$1,510)</u>
3. Chemicals Expense (618) To reflect EUW adjustment.	<u>(\$27)</u>
4. Insurance Expense (655) a. To reflect an auditing adjustment.	<u>(\$12)</u>
5. Rate Case Expense (665) To reflect an auditing adjustment.	\$40
To reflect 1/4 rate case expense.	<u>\$510</u>
Subtotal	<u>\$550</u>
6. Bad Debt Expense (670) To reflect 1.0 percent of test year revenues.	<u>(\$1,474)</u>
7. Miscellaneous Expense (675) To reflect amortized non-recurring tree trimming and LSLI expenses.	<u>(\$1,737)</u>
<b>TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS</b>	<u>(\$4,769)</u>
<b>DEPRECIATION EXPENSE</b>	
1. To reflect an auditing adjustment.	(\$487)
2. To reflect pro forma additions.	100
Total	<u>(\$387)</u>

<b>AMORTIZATION EXPENSE</b>	
1. To reflect an auditing adjustment	<u>(\$1)</u>
<b>TAXES OTHER THAN INCOME</b>	
1. To reflect auditing adjustments to tangible and property taxes.	\$650
2. To reflect staff adjustment to property taxes.	123
3. To reflect property taxes associated with pro forma plant additions.	21
4. To reflect appropriate test year RAF's.	(6)
5. To reflect appropriate RAF's on revenue requirement increase.	<u>114</u>
Total	<u>\$901</u>
<b>TOTAL OPERATING EXPENSE ADJUSTMENTS</b>	<u>(\$4,255)</u>

<b>CITRUS WATERWORKS, INC.</b>		<b>SCHEDULE NO. 3-C</b>		
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250075-WU</b>		
<b>ANALYSIS OF WATER O&amp;M EXPENSE</b>				
<b>ACCT.</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>STAFF ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
603	Salaries and Wages - Officers and Directors	\$2,500	(\$558)	\$1,942
615	Purchased Power	6,396	(1,510)	4,886
618	Chemicals	118	(27)	91
632	Contractual Services - Accounting	525	0	525
633	Contractual Services - Legal	300	0	300
635	Contractual Services - Testing	445	0	445
636	Contractual Services - Other	31,534	0	31,534
655	Insurance Expense	1,677	(12)	1,665
665	Regulatory Commission Expense	125	550	675
670	Bad Debt Expense	2,040	(1,474)	566
675	Miscellaneous Expenses	<u>2,921</u>	<u>(1,737)</u>	<u>1,184</u>
	Total O&M Expense	<u>\$48,581</u>	<u>(\$4,769)</u>	<u>\$43,812</u>
	Working Capital is 1/8 of O&M Less RCE			\$5,392

<b>CITRUS WATERWORKS, INC.</b>		<b>SCHEDULE NO. 4</b>	
<b>TEST YEAR ENDED DECEMBER 31, 2024</b>		<b>DOCKET NO. 20250075-WU</b>	
<b>MONTHLY WATER RATES</b>			
	<b>UTILITY CURRENT RATES</b>	<b>STAFF RECOMMENDED RATES</b>	<b>4-YEAR RATE REDUCTION</b>
<b><u>Residential and General Service</u></b>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$16.80	\$18.00	\$0.17
3/4"	\$25.12	\$27.00	\$0.25
1"	\$41.94	\$45.00	\$0.42
2"	\$83.83	\$144.00	\$1.35
3"	\$134.14	\$270.00	\$2.54
4"	N/A	\$450.00	\$4.23
6"	N/A	\$900.00	\$8.46
Charge per 1,000 gallons - Residential and General Service	\$3.11	N/A	
Charge per 1,000 gallons - Residential			
0 - 4,000 gallons	N/A	\$2.42	\$0.02
Over 4,000 gallons	N/A	\$4.23	\$0.04
Charge per 1,000 gallons - General Service		\$3.23	\$0.03
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
4,000 Gallons	\$29.24	\$27.68	
8,000 Gallons	\$41.68	\$44.60	
10,000 Gallons	\$47.90	\$53.06	

# Item 4

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:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Sanchez, Ellis, Ramos) *TE*  
Division of Accounting and Finance (Bardin) *MC*  
Division of Economics (Chambliss) *CP*  
Office of the General Counsel (Stiller) *JSC*

**RE:** Docket No. 20240126-WU – Application for grandfather certificate to operate water utility in Citrus County, by Cinnamon Ridge Utilities, Inc.

**AGENDA:** 04/07/26 – Regular Agenda – Proposed Agency Action for Issues 3 through 8 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Clark

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

### Case Background

On May 28, 2024, the Board of County Commissioners of Citrus County (County) adopted Resolution No. 2024-040 (Resolution), transferring regulation of the privately-owned, for profit water and wastewater utilities in Citrus County to the Florida Public Service Commission (Commission). Effective upon the adoption of the resolution, all non-exempt water and wastewater systems in Citrus County became subject of the provisions of Chapter 367, Florida

Statutes (F.S.). By Order No. PSC-2024-0267-FOF-WS, the Commission acknowledged the Resolution.<sup>1</sup>

Pursuant to Section 367.171(2)(b), F.S., each utility engaged in the operation or construction of a system shall be entitled to receive a certificate for the area served by such utility on the day the chapter becomes applicable to the utility, commonly known as a “grandfather certificate.” On August 19, 2024, Cinnamon Ridge Utilities, Inc. (Cinnamon Ridge or Utility) filed an application for a grandfather certificate to provide water service in Citrus County pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). The Utility’s initial application was found to be deficient and staff issued a deficiency letter on September 13, 2024.<sup>2</sup> Cinnamon Ridge cured all deficiencies on February 9, 2026.<sup>3</sup>

Cinnamon Ridge was established on February 10, 1982, and currently provides water service to approximately 286 customers, with a projected customer base of approximately 450 customers when the territory is fully developed. Wastewater service is provided by individual septic systems. The Utility’s service area is located in the Southwest Florida Water Management District. This recommendation addresses the application for a grandfather water certificate and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

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<sup>1</sup> Order No. PSC-2024-0267-FOF-WS, issued July 25, 2024, in Docket No. 20240095-WS, *In re: Resolution of the Board of County Commissioners of Citrus County declaring Citrus County subject of the provisions of Sections 367, F.S.*

<sup>2</sup> Document No. 08997-2024, filed September 13, 2024, in Docket No. 20240126-WU.

<sup>3</sup> Document No. 04030-2025, filed May 29, 2025; Document No. 11293-2025, filed September 17, 2025; Document No. 11295-2025, filed September 17, 2025; Document No. 01009-2026, filed February 9, 2026, in Docket No. 20240126-WU.

## Discussion of Issues

**Issue 1:** Should Cinnamon Ridge Utilities, Inc.'s application for a grandfather water certificate in Citrus County be acknowledged?

**Recommendation:** Yes. Cinnamon Ridge's application should be acknowledged and the Utility should be granted Certificate 695-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Cinnamon Ridge's certificate and should be retained by the Utility. (Sanchez, Bardin, Stiller)

### **Staff Analysis:**

#### **Legal Standard**

Under Section 367.171(2)(b), F.S., on the day a county declares it is subject to the provisions of Chapter 367, any utility engaged in the operation or construction of a non-exempt water or wastewater system shall be entitled to receive a certificate for the area served by the utility. Within 90 days after the day this chapter becomes applicable to it, the utility shall make application for a grandfather certificate. The filing requirements for a grandfather application are set forth in Rule 25-30.035, F.A.C.

#### **Analysis**

The Utility's application for a grandfather certificate to provide water service in Citrus County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. An adequate service territory description and system maps were provided. As the Utility has its own treatment facilities, Cinnamon Ridge filed a Quit Claim deed as proof of ownership of the land on which the Utility's facilities are located as required by Rule 25-30.035(11), F.A.C. A description of the Utility's territory is contained in Attachment A.

As stated in the case background, Cinnamon Ridge currently provides water service to approximately 286 residential customers, with a projected customer base of approximately 450 customers when the territory is fully developed. The Utility does not currently have any outstanding citations, violations, or consent orders on file with the Florida Department of Environmental Protection.

The Utility is aware of its obligation to submit its 2026 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees (RAFs) pursuant to Rule 25-30.120, F.A.C. During the pendency of this docket, the Utility filed its 2025 Annual Report and RAFs. In addition, the Utility is aware that it must maintain its books and records according to the National Association of Regulatory Utility Commissioners' Uniform System of Accounts.

#### **Conclusion**

Based on the above, staff recommends that Cinnamon Ridge's application should be acknowledged and the Utility should be granted Certificate 695-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Cinnamon Ridge's certificate and should be retained by the Utility.

**Issue 2:** What rates and charges should be approved for Cinnamon Ridge Utilities, Inc.?

**Recommendation:** Of the Utility's rates and charges that were in effect when Citrus County Water and Wastewater Authority (CCWWA) transferred jurisdiction to the Commission, only the rates, late payment charge, and system capacity charges shown on Schedule No. 1 are appropriate and should be approved. The rates and charges shown in Schedule No. 1 should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets. Cinnamon Ridge should be required to charge the approved rates and charges shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

**Staff Analysis:** CCWWA approved the Utility's current monthly rates by Final Order 23-07 on September 19, 2023. The monthly water rates consist of a base facility charge and a four-tier inclining block rate structure.

Cinnamon Ridge has an initial customer deposit of \$125, which is two and a half times the average monthly bill. Staff is recommending in Issue 3 that the initial customer deposit be revised to be consistent with Commission practice. Cinnamon Ridge's water charges consist of miscellaneous service and service availability charges. The miscellaneous service charges were established by Final Order 18-06 on November 5, 2018. The Utility's miscellaneous service charges are provided by a third-party vendor. Some of the miscellaneous service charges are not consistent with the Florida Statutes or Commission Rules. Therefore, staff recommends the miscellaneous service charges be modified as described in Issue 4. The Utility's late payment charge should remain unchanged. In addition, Cinnamon Ridge has system capacity charges and a meter installation charge. The Utility requested an increase in its meter installation charge, which is discussed in Issue 7.

Staff recommends that of Cinnamon Ridge's rates and charges that were in effect when CCWWA transferred jurisdiction to the Commission, only the rates, late payment charge, and system capacity charges shown on Schedule No. 1 are appropriate and should be approved. The rates and charges shown in Schedule No. 1 should be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets. The Utility should be required to charge the approved rates and charges shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

**Issue 3:** Should Cinnamon Ridge's current initial customer deposits be approved?

**Recommendation:** No. The appropriate initial customer deposit for the residential 5/8 inch x 3/4 inch meter size should be \$90. The initial customer deposits for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved customer deposits should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Cinnamon Ridge should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

**Staff Analysis:** Rule 25-30.311, F.A.C., contains criteria for collecting, administering, and refunding customer deposits. Rule 25-30.311(1), F.A.C., requires that each company's tariff shall contain its specific criteria for determining the amount of initial deposits. The Utility currently charges initial customer deposits of \$125, which is equal to two and a half times an average monthly bill based on average consumption for the residential 5/8 inch x 3/4 inch meter size.

Rule 25-30.311(7), F.A.C., authorizes utilities to collect new or additional deposits from existing customers, not to exceed an amount equal to the average actual charge for water and/or wastewater service for two billing periods for the 12-month period immediately prior to the date of notice. The two billing periods reflect the lag time between the customer's usage and the Utility's collection of the revenues associated with that usage. Commission practice has been to set initial customer deposits equal to two months' bills based on the average consumption for a 12-month period for each class of customers. Based on the billing determinants and average residential bills provided by the Utility, staff determined that the anticipated average residential usage will be approximately 6,905 gallons per month for water. Consequently, the average residential monthly bill will be approximately \$45 for water service.

Based on the above, the appropriate initial customer deposit for the residential 5/8 inch x 3/4 inch meter size should be \$90. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill. The approved initial customer deposits should be effective for service rendered on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. Cinnamon Ridge should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

**Issue 4:** What are the appropriate revisions to miscellaneous service charges for Cinnamon Ridge Utilities?

**Recommendation:** The appropriate revisions to miscellaneous service charges shown on Table 4-2 should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Chambliss)

**Staff Analysis:** Section 367.091, F.S., authorizes the Commission to establish, increase, or change a rate or charge other than monthly rates or service availability charges. Some of Cinnamon Ridge's existing charges should be revised to conform to the Florida statutes or the Commission's rules. The Utility's existing miscellaneous service charges that should be revised are shown below in Table 4-1.

**Table 4-1**  
**Cinnamon Ridge's Existing Miscellaneous Service Charges**

	<u>Existing Charges</u>
Initial Connection Charge	\$300.00
Normal Reconnection Charge	\$25.00
Violation Reconnection	\$100.00
Premises Visit Charge	\$55.00
Returned Payment Checks	\$40.00
Tampering Fee	\$200.00 Plus Actual Cost to Repair Damage

**Initial Connection, Normal Reconnection Charge, Violation Reconnection Charge, and Premises Visit Charge**

Pursuant to Rule 25-30.460, F.A.C., "initial" and "reconnection" charges are obsolete and are subsumed in the definition of the premises visit charge. Therefore, staff recommends that the initial and reconnection charges be removed. In the past, when conforming the charges to the rule, the Commission has made the premises visit the higher of the initial connection, normal reconnection or premises visit charges, which would be the initial connection charge of \$300. However, the Utility's existing initial connection charge is higher than what the Commission has approved in the past.

As mentioned in Issue 3, the miscellaneous service charges are provided by a third-party vendor. When the Utility's miscellaneous service charges are provided by a third-party vendor, a cost justification is typically not required. However, in this case, staff believes it was necessary to evaluate the costs embedded in the initial connection charge, and reached out to Cinnamon Ridge for a cost justification of the third-party charges. Based on the cost justification provided of the miscellaneous service charges, the initial connection charge includes the cost of a meter and its installation. As a result, staff believes it is appropriate to leave the premises visit charge at \$55.

Staff recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C.

Cinnamon Ridge is requesting that the violation reconnection charge be revised. The Utility provided an invoice indicating that the third-party charges \$140 to remove the meter for a delinquent account. Once the account is paid, a subcontractor reinstalls the meter for a return charge of \$70. Therefore, staff believes it is appropriate to recommend an increase in the violation reconnection charge to \$210 (\$140 + \$70).

### **NSF Check Charge**

Cinnamon Ridge currently has a returned check charge of \$40.00. However, staff recommends that the Utility's returned check charges be amended to comply with Section 68.605, F.S., which sets forth allowable charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed.

- 1) \$25, if the face value does not exceed \$50
- 2) \$30, if the face value exceeds \$50 but does not exceed \$300
- 3) \$40, if the face value exceeds \$300
- 4) or 5 percent of the face amount of the check, whichever is greater.

### **Tampering or Prohibited Connection or Use Charge**

As shown on Table 4-1, Cinnamon Ridge has a tampering charge of \$200 plus actual cost. Rule 25-30.320(2)(j), F.A.C., provides that a Utility may refuse or discontinue service without notice in the event of unauthorized or fraudulent use of service. Whenever service is discontinued for fraudulent use of such service, the Utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer's fraudulent use before restoring service. Based on the above, staff recommends that Cinnamon Ridge's tampering charge of \$200 plus actual cost be approved solely at actual cost.

**Table 4-2**  
**Staff's Recommended Miscellaneous Service Charges**

Premises Visit	\$55
Violation Reconnection Charge	\$210
Tampering Charge	Actual Cost
NSF Check Charge	Pursuant to Section 68.065, F.S.

**Conclusion**

Based on the above, the appropriate revisions to miscellaneous service charges shown on Table 4-2 should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(2), F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

Date: March 26, 2026

**Issue 5:** Should Cinnamon Ridge's current terms of payment be revised to conform to Rule 25-30.335(6), F.A.C.?

**Recommendation:** Yes. The Utility's current terms of payment should be revised to conform to Rule 25-30.335(6), F.A.C. Cinnamon Ridge should file revised tariff sheets to reflect the appropriate terms of payment pursuant to Rule 25-30.335(6), F.A.C. The approved tariffs should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Chambliss)

**Staff Analysis:** The Utility's current water tariff indicates that a customer residing in Florida will become delinquent if their bill is not paid within 16 days, while a non-Florida resident has 21 days to pay their bill before becoming delinquent. However, Rule 25-30.335(6), F.A.C., states that a utility may not consider a customer delinquent in paying his or her bill until the 21st day after the bill has mailed or presented for payment.

Based on the above, staff recommends that the Utility's current terms of payment should be revised to conform to Rule 25-30.335(6), F.A.C. Cinnamon Ridge should file revised tariff sheets to reflect the appropriate terms of payment pursuant to Rule 25-30.335(6), F.A.C. The approved tariffs should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

**Issue 6:** What are the appropriate meter test deposits for Cinnamon Ridge?

**Recommendation:** Staff recommends that the appropriate meter test deposits be revised to conform to Rule 25-30.266(2)(a), F.A.C. The Utility should file a revised tariff sheet to reflect the appropriate meter test deposits pursuant to Rule 25-30.335(6), F.A.C. The approved tariff should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheet should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate. (Chambliss)

**Staff Analysis:** The Utility's water tariff indicates meter test deposits of \$65 for 5/8 inch x 3/4 inch to 1 1/2 inch meter sizes and actual costs for 2 inch meter sizes and over. However, Cinnamon Ridge may not exceed meter test deposits pursuant to Rule 25-30.266(2)(a), F.A.C., shown below on Table 6-1.

**Table 6-1**  
**Current Meter Test Deposits**

<b>Meter Size</b>	<b>Fee</b>
5/8" x 3/4"	\$20.00
1 1/2"	\$25.00
2" and over	Actual Cost of Test

Therefore, staff recommends that the appropriate meter test deposits be revised pursuant to Rule 25-30.266(2)(a), F.A.C. The Utility should file a revised tariff sheet to reflect the appropriate meter test deposits pursuant to Rule 25-30.335(6), F.A.C. The approved tariff should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheet should be approved upon staff's verification that the tariffs are consistent with the Commission's decision and that the proposed customer notice is adequate.

Date: March 26, 2026

**Issue 7:** Should Cinnamon Ridge be authorized to increase its meter installation charge and, if so, what is the appropriate charge?

**Recommendation:** Yes. A \$395 meter installation charge for the 5/8 inch x 3/4 inch meter size and actual costs for other meter sizes should be approved. Cinnamon Ridge should file a tariff sheet and a proposed customer notice. The Utility should provide notice to potential customers who have requested service within 12 calendar months prior to the month the application was filed, and up until the Order becomes final. The approved charge should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet. Cinnamon Ridge should provide proof of the date notice was given within 10 days of the date of notice. (Chambliss)

**Staff Analysis:** According to Cinnamon Ridge's water tariff, the current meter installation charge is \$250 for the 5/8 inch x 3/4 inch meter size and actual costs for all other meter sizes. As previously mentioned, the Utility's charges are provided by a third-party vendor. Based on information provided by the Utility, the cost to install a new 5/8 inch x 3/4 inch meter at a residence where there is no previous service is \$395. This charge is based on the cost and labor to install a meter.

Based on staff's review of the information provided by Cinnamon Ridge, staff recommends that a \$395 meter installation charge for the 5/8 inch x 3/4 meter size and actual costs for other meter sizes be approved.

Cinnamon Ridge should file a tariff sheet and a proposed customer notice. The Utility should provide notice to potential customers who have requested service within 12 calendar months prior to the month the application was filed, and up until the Order becomes final. The approved charge should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet. Cinnamon Ridge should provide proof of the date notice was given within 10 days of the date of notice.

**Issue 8:** Should Cinnamon Ridge be approved for a tap-in charge and, if so, what is the appropriate charge?

**Recommendation:** Yes. Staff recommends a tap-in charge of \$1,075 be approved. Cinnamon Ridge should file a tariff sheet and a proposed customer notice. The Utility should provide notice to potential customers who have requested service within 12 calendar months prior to the month the application was filed, and up until the Order becomes final. The approved charge should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet. Cinnamon Ridge should provide proof of the date notice was given within 10 days of the date of notice. (Chambliss)

**Staff Analysis:** Currently, Cinnamon Ridge does not have an approved tap-in charge. A tap-in charge is designed to recover the cost of the line extending from the customer's property to the meter. In a conversation with the Utility, it was indicated that Cinnamon Ridge incurs a substantial amount of cost for new connections due to the location of the lines. A significant number lines are located behind the property. As mentioned in Issue 2, the Utility's charges are provided by a third-party vendor. As per staff's request, Cinnamon Ridge provided a proposal by Suncoast Plumbing, which indicates a breakdown of its charges to connect a meter to a line located behind a customer's property. The proposal indicated that new connections involve digging up and installing a saddle valve on the main water line behind property, installing a new meter with curator in meter box, and performing labor with a tractor, at a total cost of \$1,470. As discussed in the Issue 6, the cost to install a meter is \$395. Therefore, removing the cost of the meter installation results in \$1,075 for the tap-in charge.

Staff recommends a tap-in charge of \$1,075 be approved. Cinnamon Ridge should file a tariff sheet and a proposed customer notice. The Utility should provide notice to potential customers who have requested service within 12 calendar months prior to the month the application was filed, and up until the Order becomes final. The approved charge should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet. Cinnamon Ridge should provide proof of the date notice was given within 10 days of the date of notice.

**Issue 9:** Should this docket be closed?

**Recommendation:** If no person with substantial interests are affected by the proposed agency action portion of this recommendation files a protest within 21 days of the issuance of this order, a consummating order should be issued. The docket should remain open for staff's verification that notice has been provided to customers, and the revised tariff sheets have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively if no timely protest has been filed. (Stiller)

**Staff Analysis:** If no person with substantial interests are affected by the proposed agency action portion of this recommendation files a protest within 21 days of the issuance of this order, a consummating order should be issued. The docket should remain open for staff's verification that notice has been provided to customers, and the revised tariff sheets have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively if no timely protest has been filed.

**DESCRIPTION OF TERRITORY SERVED**

**Cinnamon Ridge Utilities, Inc.**  
**Citrus County**

Section 6, Township 19 South, Range 18 East, Citrus County, Florida

The Northeast quarter except for 100 feet from the North boundary line of Section 6

And

The Southeast quarter except for the Northeast quarter of the Southeast quarter

And

The South half of the Southwest quarter

And

The South half of the Southeast quarter of the Northwest quarter of the Southwest quarter

**FLORIDA PUBLIC SERVICE COMMISSION**

**authorizes  
Cinnamon Ridge Utilities, Inc.  
pursuant to  
Certificate Number 695-W**

to provide water service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<b><u>Order Number</u></b>	<b><u>Date Issued</u></b>	<b><u>Docket Number</u></b>	<b><u>Filing Type</u></b>
*	*	20240126-WS	Grandfather Certificate

**\* Order Number and date to be provided at time of issuance.**

**Cinnamon Ridge Utilities, Inc.  
Existing Water Rates**

**Residential and General Service**

Base Facility Charge by Meter Size

5/8" X 3/4"	\$28.89
3/4"	\$42.08
1"	\$71.85
1-1/2"	\$143.70
2"	\$229.94
3"	\$459.90
4"	\$718.59
6"	\$1,436.73

**Charge per 1,000 gallons**

0 to 5,000 gallons	\$2.24
5,001 to 10,000 gallons	\$2.35
10,001 to 15,000 gallons	\$2.44
All Usage above 15,000 gallons	\$2.54

**Miscellaneous Service Charges**

Late Payment Charge	\$10.00
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**Service Availability Charges**

System Capacity Charge	
Single Family Residence – Per ERC (350 GPD)	\$300.00
Mobile Home – Per ERC (250 GPD)	\$300.00
All Others	\$300.00

# Item 5

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:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Olivieri, King, Ramos) *TB*  
Division of Accounting and Finance (McClelland, Vogel, York) *MC*  
Division of Economics (Bruce, Chambliss) *CB*  
Office of the General Counsel (Thompson) *JSC*

**RE:** Docket No. 20250110-WS – Application for transfer of water and wastewater facilities and Certificate Nos. 600-W and 516-S from Orchid Springs Development Corporation to CSWR-Florida Utility Operating Company, LLC, in Polk County.

**AGENDA:** 04/07/26 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Payne

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

### Case Background

Orchid Springs Development Corporation (Orchid Springs, Utility, or Seller) is a Class C utility, providing water and wastewater service to 345 residential and 207 general service customers in Polk County, Florida. The Utility's wastewater treatment plant (WWTP) was decommissioned in 2010; therefore, the Utility purchases wastewater treatment from the City of Winter Haven. The Utility is located in the Southwest Florida Water Management District (SWFWMD). In its 2024 Annual Report, Orchid Springs reported a net operating loss of \$89,491 for water and a net operating income of \$2,808 for wastewater.

In 1998, the Florida Public Service Commission (Commission) granted Orchid Springs grandfather certificates for water and wastewater services.<sup>1</sup> The certificated service territory has not been amended since that time. The Utility's last rate increase was in 2018.<sup>2</sup> On September 2, 2025, CSWR-Florida Utility Operating Company, LLC (CSWR – Orchid Springs or Buyer) filed an application with the Commission for transfer of Certificate Nos. 600-W and 516-S from Orchid Springs to CSWR – Orchid Springs. The sale will close after the Commission votes to approve the transfer.

This recommendation addresses the transfer of the water and wastewater systems and Certificate Nos. 600-W and 516-S, and the appropriate net book value (NBV) of the water and wastewater systems for transfer purposes. The Commission has jurisdiction, pursuant to Section 367.071, Florida Statutes (F.S.).

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<sup>1</sup> Order No. PSC-98-0918-FOF-WS, issued July 7, 1998, in Docket No. 19970158-WS, *In re: Application for grandfather certificate to operate a water and wastewater utility in Polk County, by Orchid Springs Development Corporation.*

<sup>2</sup> Order Nos. PSC-2018-0591-PAA-WS, issued December 19, 2018, and PSC-2018-0591A-PAA-WS, issued January 16, 2019, in Docket No. 20180063-WS, *In re: Application for limited proceeding rate increase in Polk County by Orchid Springs Development Corporation.*

## Discussion of Issues

**Issue 1:** Should the transfer of Certificate Nos. 600-W and 516-S in Polk County from Orchid Springs Development Corporation to CSWR-Florida Utility Operating Company, LLC be approved?

**Recommendation:** Yes. The transfer of the water and wastewater systems and Certificate Nos. 600-W and 516-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates, initial customer deposits, violation reconnection charge, late payment charge, and NSF charge are shown on Schedule No. 2, and should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective 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 is current with respect to regulatory assessment fees (RAFs) and annual reports through December 31, 2024. Based on the application, the Seller will be responsible for RAFs and annual reports until closing. The Buyer should be responsible for filing annual reports and paying RAFs for all future years. (Olivieri, York, Chambliss)

### **Staff Analysis:**

#### **Legal Standard**

Transfers of certificates are governed by Section 367.071, F.S. and by Rule 25-30.037, F.A.C. The statute provides that the Commission may approve the transfer if it is in the public interest and the transferee will fulfill the commitments, obligations, and representations of the utility. To demonstrate that the transferee can do so, the rule requires the transferee to show the financial and technical ability to operate the utility.

#### **Analysis**

On September 2, 2025, CSWR – Orchid Springs filed an application for the transfer of Certificate Nos. 600-W and 516-S from Orchid Springs to the buyer, CSWR – Orchid Springs, in Polk County. The application is in compliance with Section 367.071, F.S., and Commission rules concerning applications for transfer of certificates. The sale to CSWR – Orchid Springs will become final after Commission approval of the transfer, pursuant to Section 367.071(1), F.S.

#### **Noticing, Territory, and Land Ownership**

CSWR – Orchid Springs provided notice of the application pursuant to Section 367.071, F.S., and Rule 25-30.030, F.A.C. No objections to the transfer were filed, and the time for doing so has expired. The application contains a description of the Utility's authorized service territory, which is appended to this recommendation as Attachment A. Pursuant to Rule 25-30.037(2)(s), F.A.C., CSWR – Orchid Springs provided an unrecorded warranty deed as evidence that the Buyer will have rights to long-term use of the land upon which the treatment facilities are

Date: March 26, 2026

located. CSWR – Orchid Springs committed to providing the executed and recorded deed to the Commission within 60 days of the Order approving this transfer.

### **Facility Description and Compliance**

The Utility's water system consists of one operational well and one deactivated well on reserve, two hydropneumatic ground tanks, and a total of 22,850 feet of water mains varying in diameter from 2 inches to 8 inches.<sup>3</sup> Orchid Springs is permitted to withdraw up to 576,000 gallons of water per day.<sup>4</sup> The Utility's wastewater system consists of four lift stations, 32 manholes, 18,020 feet of collecting mains, and 3,400 feet of force mains.<sup>5</sup> As stated in the case background, Orchid Springs no longer has a WWTP and wastewater treatment is purchased from the City of Winter Haven. CSWR – Orchid Springs provided a copy of Orchid Springs' current permit from the SWFWMD pursuant to Rule 25-30.037(2)(r)1, F.A.C. The Buyer committed to providing a copy of its permit transfer application, reflecting the change in ownership, to the Commission within 60 days of the Order approving this transfer.

Staff reviewed the Utility's most recent sanitary survey, dated January 27, 2022. The Utility was found to be in compliance with the Department of Environmental Protection (DEP).

### **Purchase Agreement and Financing**

Pursuant to Rule 25-30.037(2)(i) and (j), F.A.C., the application contains a statement regarding financing and a copy of the purchase agreement, which includes the purchase price, terms of payment, and a list of the assets purchased. There are no guaranteed revenue contracts or customer advances of Orchid Springs that must be disposed of in regard to the transfer. CSWR – Orchid Springs will review all leases and developer agreements and will assume or renegotiate those agreements on a case-by-case basis prior to closing. Any customer deposits will be refunded to customers by the Seller prior to the closing. According to the purchase and sale agreement, the total purchase price for the water and wastewater assets is \$500,000. According to the Buyer, the closing has not yet taken place and is dependent on Commission approval of the transfer.

### **Technical and Financial Ability**

Pursuant to Rule 25-30.037(2)(1) and (m), F.A.C., the application contains statements describing the technical and financial ability of the Buyer to provide service to the proposed service area. As referenced in the transfer application, the Buyer will fulfill the commitments, obligations, and representations of the Seller with regard to Utility matters. CSWR – Orchid Springs' application states that it owns and operates water and wastewater systems in Florida, Missouri, Arkansas, Kentucky, Texas, Louisiana, Tennessee, Mississippi, Arizona, South Carolina, and North Carolina that currently serve more than 190,000 water and 257,500 wastewater customers. CSWR - Orchid Springs currently owns and operates eleven utilities certificated by the

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<sup>3</sup> Orchid Springs' 2024 Annual Report.

<sup>4</sup> Orchid Springs' January 27, 2022, Sanitary Survey.

<sup>5</sup> Orchid Springs' 2024 Annual Report.

Commission.<sup>6</sup> The Buyer plans to use qualified and licensed contractors to provide routine operation and maintenance of the systems, as well as to handle billing and customer service. The Buyer stated that the purchasing entity was created for the purpose of acquiring and operating water and wastewater systems in Florida as a public utility. In its application, the parent company of CSWR – Orchid Springs, Central States Water Resources, Inc., provided financial statements for itself and its subsidiaries, including CSWR – Orchid Springs, as well as an affidavit stating its ability and intent to meet all reasonable capital needs arising from the operation of the Utility. Staff has reviewed the parent company’s financial statements. Based on the above, the Buyer has demonstrated the technical and financial ability to provide service to the existing service territory.

### **Rates, Charges, and Initial Customer Deposits**

Orchid Springs’ rates and miscellaneous service charges, with the exception of the late payment charges, were last approved in 2018 in a limited proceeding rate case.<sup>7</sup> The late payment charges were approved in 2015 in a staff assisted rate case.<sup>8</sup> The Utility’s initial customer deposits were approved in 1998 for its water system and in 2016 for its wastewater system.<sup>9</sup> The Utility has no

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<sup>6</sup> See Order No. PSC-2022-0115-PAA-WS, issued March 15, 2022, in Docket No. 20210093-WS, *In re: Application for transfer of water and wastewater systems of Aquarina Utilities, Inc., water Certificate No. 517-W, and wastewater Certificate No. 450-S to CSWR-Florida Utility Operating Company, LLC, in Brevard County.*; Order No. PSC-2022-0120-PAA-WU, issued March 18, 2022, in Docket No. 20210095-WU, *In re: Application for transfer of water facilities of Sunshine Utilities of Central Florida, Inc. and water Certificate No. 363-W to CSWR-Florida Utility Operating Company, LLC, in Marion County.*; Order No. PSC-2022-0116-PAA-SU, issued March 17, 2022, in Docket No. 20210133-SU, *In re: Application for transfer of facilities of North Peninsula Utilities Corporation and wastewater Certificate No. 249-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.*; Order No. PSC-2022-0364-PAA-WU, issued October 25, 2022, in Docket No. 20220019-WU, *In re: Application for transfer of water facilities of Neighborhood Utilities, Inc. and water Certificate No. 430-W to CSWR-Florida Utility Operating Company, LLC, in Duval County.*; Order No. PSC-2023-0216-PAA-SU, issued July 27, 2023, in Docket No. 20220149-SU, *In re: Application for transfer of wastewater Certificate No. 365-S of Sebring Ridge Utilities, Inc. to CSWR-Florida Utility Operating Company, LLC, in Highlands County.*; Order PSC-2023-0266-PAA-WS, issued August 22, 2023, in Docket No. 20220062-WS, *In re: Application for transfer of water and wastewater facilities of C.F.A.T. H2O, Inc., water Certificate No. 552-W, and wastewater Certificate No. 481-S to CSWR-Florida Utility Operating Company, LLC, in Marion County.*; Order No. PSC-2023-0245-PAA-WS, issued August 17, 2023, in Docket No. 20220063-WS, *In re: Application for transfer of water and wastewater facilities of Tradewinds Utilities, Inc., water Certificate No. 405-W, and wastewater Certificate No. 342-S to CSWR-Florida Utility Operating Company, LLC, in Marion County.*; Order No. PSC 2023-0359-PAA-SU, issued November 28, 2023, in Docket No. 20230033, *In re: Application for transfer of wastewater Certificate No. 562-S of TKCB, Inc. to CSWR-Florida Utility Operating Company, LLC, in Brevard County.*; Order Nos. PSC-2023-0305-PAA-WS, issued October 13, 2023, and PSC-2023-0305A-PAA-WS, issued February 16, 2024, in Docket No. 20220064-WS, *In re: Application for transfer of water and wastewater facilities of Tymber Creek Utilities, Inc., water Certificate No. 303-W, and wastewater Certificate No. 252-S to CSWR-Florida Utility Operating Company, LLC, in Volusia County.*; Order No. PSC-2023-0257-PAA-SU, issued August 21, 2023, in Docket No. 20220061-SU, *In re: Application for transfer of wastewater Certificate No. 318-S from BFF Corp to CSWR-Florida utility Operating Company, LLC, in Marion County.*; Order No. PSC-2025-0280-PAA-WS, issued July 21, 2025, in Docket No. 20240130-WS, *In re: Application for grandfather certificate to operate water and wastewater utility in Citrus County, by CSWR-Florida Utility Operating Company, LLC.*

<sup>7</sup> Order No. PSC-2018-0591-PAA-WS, issued December 19, 2018, in Docket No. 20180063-WS, *In re: Application for limited proceeding rate increase in Polk County by Orchid Springs Development Corporation.*

<sup>8</sup> Order No. PSC-15-0569-PAA-WS, issued December 16, 2015, in Docket No. 20140239-WS, *In re: Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation.*

<sup>9</sup> Order No. PSC-2019-0043-CO-WS, issued January 17, 2019, in Docket No. 20180063-WS, *In re: Application for limited proceeding rate increase in Polk County by Orchid Springs Development Corporation.*; and Order No. PSC-

service availability charges for water or wastewater. Subsequently, the rates have been amended by seven price index rate adjustments. Rule 25-9.044(1), F.A.C., provides that, in the case of a change of ownership or control of a utility, the rates, classifications, and regulations of the former owner must continue unless authorized to change by the Commission.

In regard to the Utility's existing miscellaneous service charges, the violation reconnection, late payment, and non-sufficient funds (NSF) charges are appropriate. However, the remaining miscellaneous service charges do not conform to Rule 25-30.460, F.A.C., and are discussed in Issue 3. Therefore, staff recommends that the Utility's existing rates, initial customer deposits, violation reconnection charge, late payment charge, and NSF charge as shown on Schedule No. 2 should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C.

### **Regulatory Assessment Fees and Annual Reports**

Staff has verified that the Utility is current on the filing of annual reports and RAFs through December 31, 2024. The Seller will continue to be responsible for filing the Utility's annual reports and paying RAFs, until the closing of the sale. After the closing, the Buyer will be responsible for all future years.

### **Conclusion**

Based on the foregoing, staff recommends that the transfer of the water and wastewater systems and Certificate Nos. 600-W and 516-S is in the public interest and should be approved effective the date that the sale becomes final. The resultant Order should serve as the Buyer's certificate and should be retained by the Buyer. The Buyer should submit the executed and recorded deed for continued access to the land upon which its facilities are located, copies of its permit transfer application, and a copy of its signed and executed contract for sale to the Commission within 60 days of the Order approving the transfer, which is final agency action. If the sale is not finalized within 60 days of the transfer Order, the Buyer should file a status update in the docket file. The Utility's existing rates, initial customer deposits, violation reconnection charge, late payment charge, and NSF charge as shown on Schedule No. 2 should remain in effect until a change is authorized by the Commission in a subsequent proceeding. The tariff pages reflecting the transfer should be effective on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. The Utility is current with respect to RAFs and annual reports through December 31, 2024. Based on the application, the Seller will be responsible for RAFs and annual reports until closing. The Buyer should be responsible for filing annual reports and paying RAFs for all future years.

**Issue 2:** What is the appropriate Net Book Value for the Orchid Springs Development Corporation's water and wastewater system for transfer purposes?

**Recommendation:** The NBV of the water and wastewater system for transfer purposes is \$26,968 for water and \$28,815 for wastewater as of September 2, 2025. Within 90 days of the date of the Final Order, CSWR – Orchid Springs should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2026 Annual Report when filed. The Buyer is not requesting a positive acquisition adjustment as part of this transfer docket, but may petition for a for a positive acquisition adjustment within the three years established in Rule 25-30.0371, F.A.C. (York, McClelland, Vogel)

**Staff Analysis:** Rate base for the water and wastewater systems were last established for the Utility as of December 31, 2014, by Order No. PSC-15-0569-PAA-WS.<sup>10</sup> The purpose of establishing NBV for transfers is to determine whether an acquisition adjustment should be approved. The Buyer has not requested an acquisition adjustment at this time; however, CSWR – Orchid Springs states that it reserves the right to petition for a positive acquisition adjustment within three years of the approval of the transfer under Rule 25-30.0371, F.A.C. The NBV does not include normal ratemaking adjustments for used and useful plant or working capital. The Utility's NBV has been updated to reflect balances as of September 2, 2025.<sup>11</sup>

### **Utility Plant In Service (UPIS)**

The Utility's general ledger reflected a water plant balance of \$309,962 as of September 2, 2025. Audit staff determined that the correct water plant balance is \$319,951. The \$9,990 variance reflects additions and retirements identified by audit staff. In addition, the Utility reported a wastewater plant balance of \$651,585 as of September 2, 2025. However, audit staff determined that the correct wastewater plant balance is \$560,489, reflecting additions and retirements identified by audit staff. As a result, water plant should be increased by \$9,990, and wastewater plant should be reduced by \$91,096. As such, staff recommends a water plant balance of \$319,951 and a wastewater plant balance of \$560,489.

### **Land**

In Order No. PSC-15-0569-PAA-WS, the land balances for water and wastewater were \$1,682 and \$0, respectively. However, the Utility's general ledger reflected land balances of \$480 for water and \$58,860 for wastewater. The Utility stated that these discrepancies resulted from a change in accounting staff responsible for Orchid Springs and that the necessary land value adjustments were not made. Audit staff adjusted the land balances for both water and wastewater in accordance with the prior Commission Order. As such, staff recommends a land balance of \$1,682 for water and a land balance of \$0 for wastewater.

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<sup>10</sup> Order No. PSC-15-0569-PAA-WS, issued December 16, 2015, in Docket No. 20140239-WS, *In re: Application for staff-assisted rate case in Polk County by Orchid Springs Development Corporation*.

<sup>11</sup> Net book value is calculated through the date of the closing. According to the Utility's application, the closing will not occur until after the transaction receives Commission approval. Therefore, staff is relying on the most current information provided to staff auditors at the time of the filing.

### **Accumulated Depreciation**

The Utility's general ledger reflected an accumulated depreciation balance of \$278,092 for water and \$489,019 for wastewater. Audit staff recalculated accumulated depreciation using the audited UPIS plant balances and the depreciation rates established by Rule 25-30.140(2), F.A.C. Audit staff determined accumulated depreciation for water to be understated by \$16,573 and wastewater to be overstated by \$12,216. Staff further recalculated accumulated depreciation for wastewater to be \$479,590, to properly reflect the balance for Account 355 – Power Generation Equipment. As a result, accumulated depreciation should be increased by \$16,573 for water and decreased by \$9,429 for wastewater. As such, staff recommends an accumulated depreciation balance of \$294,665 for water and \$479,590 for wastewater, as of September 2, 2025.

### **Contributions-in-Aid-of-Construction (CIAC) and Accumulated Amortization of CIAC**

Audit staff noted that the Utility's wastewater system received a donated power generator valued at \$64,000 from the City of Winter Haven in April 2022. The Utility recorded the asset in Account 355 – Power Generation Equipment, but did not record a corresponding increase to CIAC. Audit staff increased CIAC Account 271 by \$64,000 and determined the accumulated amortization of CIAC balance for wastewater should be \$9,098. Commission staff further recalculated the accumulated amortization of CIAC to be \$11,917. Staff recommends a balance of \$64,000 for CIAC and a balance of \$11,917 for accumulated amortization of CIAC.

### **Net Book Value**

The Utility's general ledger reflected an NBV of \$32,350 for water and \$221,426 for wastewater, as of September 2, 2025. Based on the adjustments above, staff recommends an NBV for the Utility of \$26,968 for water and \$28,815 for wastewater, as of September 2, 2025.

### **Conclusion**

Based on the above, staff recommends that, for transfer purposes, the NBV of the Utility's water system is \$26,968, and the NBV of the wastewater system is \$28,815, as of September 2, 2025. Within 90 days of the date of the final order, the Buyer should be required to notify the Commission in writing that it has adjusted its books in accordance with the Commission's decision. The adjustments should be reflected in the Utility's 2026 Annual Report when filed. The Buyer is not requesting a positive acquisition adjustment as part of this transfer docket, but may petition for a for a positive acquisition adjustment within the three years established in Rule 25-30.0371, F.A.C.

**Issue 3:** Should CSWR-Florida Utility Operating Company, LLC’s miscellaneous service charges be revised to conform to Rule 25-30.460, F.A.C.?

**Recommendation:** Yes. Staff recommends the miscellaneous service charges be revised to conform to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. CSWR – Orchid Springs should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given, no less than 10 days after the date of the notice. CSWR – Orchid Springs should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

**Staff Analysis:** The Utility did not request to revise its existing miscellaneous service charges. Section 367.091, F.S., authorizes the Commission to establish, increase, change a rate, or charge other than monthly rates or service availability charges. The Utility’s miscellaneous service charges include an initial connection and normal reconnection charges. Rule 25-30.460, F.A.C., does not allow for initial connection and normal reconnection charges. The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge. Therefore, staff recommends that the initial connection and normal reconnection charges be removed and the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C. The charges needing to be revised are shown below in Table 3-1.

**Table 3-1  
 Miscellaneous Service Charges to Be Revised**

	Water/Wastewater Existing		Water/Wastewater Staff Recommended	
	Water	Wastewater	Water	Wastewater
Initial Connection Charge	\$15.00	\$15.00	N/A	N/A
Normal Reconnection Charge	\$15.00	\$15.00	N/A	N/A
Premises Visit Charge	\$15.00	\$15.00	\$15.00	\$15.00

**Conclusion**

Based on the above, staff recommends the miscellaneous service charges be revised to conform to Rule 25-30.460, F.A.C. The tariff should be revised to reflect the removal of initial connection and normal reconnection charges. CSWR – Orchid Springs should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge should not be implemented until staff has approved the proposed customer notice and the notice has been received by customers. The Utility should provide proof of the date notice was given, no less than 10 days after the date of the notice. CSWR – Orchid Springs should be required to charge the approved miscellaneous services charges until authorized to change them by the Commission in a subsequent proceeding.

**Issue 4:** Should this docket be closed?

**Recommendation:** Yes. If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C., the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP, and that the Buyer has submitted a signed and executed copy of its contract for sale within 60 days of the Commission's Order approving the transfer. (Thompson)

**Staff Analysis:** If no protest to the proposed agency action is filed by a substantially affected person within 21 days of the date of the issuance of the Order, a Consummating Order should be issued and the docket should be closed administratively upon Commission staff's verification that the revised tariff sheets have been filed, that proof has been provided that appropriate noticing has been done pursuant to Rule 25-30.475, F.A.C, the Buyer has notified the Commission in writing that it has adjusted its books in accordance with the Commission's decision, the Buyer has submitted the executed and recorded warranty deed, that the Buyer has submitted a copy of its application for permit transfer to the DEP, and that the Buyer has submitted a signed and executed copy of its contract for sale within 60 days of the Commission's Order approving the transfer.

**CSWR-Florida Utility Operating Company, LLC**

**Polk County**

**Orchid Springs Village Water and Wastewater Service Area**

**TRACT A:** STARTING AT THE NORTHEAST CORNER OF SECTION 35, TOWNSHIP 28 SOUTH, RANGE 26 EAST, RUN THENCE SOUTH 00E22'00" EAST ALONG THE EAST BOUNDARY OF SECTION 35 A DISTANCE OF 580.8 FEET TO A CONCRETE MARKER FOR THE POINT OF BEGINNING; RUN THENCE SOUTH 00E22'00" EAST ALONG THE EAST BOUNDARY OF SECTION 35 A DISTANCE OF 1414.2 FEET; THENCE NORTH 89E44'00" EAST A DISTANCE OF 560 FEET; THENCE NORTH 33E58'00" EAST A DISTANCE OF 1000 FEET; THENCE NORTH 40E11'00" WEST A DISTANCE OF 1826.13 FEET; THENCE NORTH 60E57'00" WEST A DISTANCE OF 467 FEET TO THE EASTERLY RIGHT-OF-WAY BOUNDARY OF COUNTY ROAD 550; THENCE SOUTH 29E03'00" WEST ALONG THE EASTERLY RIGHT-OF-WAY OF COUNTY ROAD 550 A DISTANCE OF 1195 FEET; THENCE NORTH 89E44'00" EAST A DISTANCE OF 1038.76 FEET TO THE POINT OF BEGINNING, AND

**TRACT B:** NORTH 420 FEET OF THE SOUTH 749.20 FEET OF THE NORTHEAST QUARTER OF THE NORTHEAST QUARTER OF SECTION 35, TOWNSHIP 28 SOUTH, RANGE 26 EAST, LYING EAST OF THE RIGHT-OF-WAY OF COUNTY ROAD 550, CONTAINING APPROXIMATELY 11.16 ACRES. ALSO THE 122 FEET IMMEDIATELY EAST OF THE ABOVE-DESCRIBED PROPERTY WHICH WAS CLOSED AS A ROAD BY POLK COUNTY COMMISSIONERS, RESOLUTION RECORDED IN OFFICIAL RECORDS BOOK 1067, PAGE 823.

**TRACT #2:** ALL THAT PART OF THE WEST HALF OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 25, TOWNSHIP 28 SOUTH, RANGE 26 EAST, AND THE EAST HALF OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER, SECTION 26, TOWNSHIP 28 SOUTH, RANGE 26 EAST, LYING SOUTHEASTERLY AND SOUTHERLY OF THE RIGHT-OF-WAY OF COUNTY ROAD 550, AND LYING NORTHERLY OF A LINE DESCRIBED AS FOLLOWS: STARTING AT THE CORNER COMMON TO SECTIONS 25, 26, 35, AND 36, TOWNSHIP 28 SOUTH, RANGE 26 EAST, POLK COUNTY, FLORIDA, RUN THENCE NORTH 89E46'00" EAST ALONG THE SOUTH BOUNDARY OF SAID SECTION 25 A DISTANCE OF 148.78 FEET FOR THE POINT OF BEGINNING; THENCE RUN NORTH 40E11'00" WEST A DISTANCE OF 303.13 FEET, THENCE NORTH 60E57'00" WEST A DISTANCE OF 467 FEET TO A CONCRETE MARKER LOCATED ON THE EASTERLY RIGHT-OF-WAY BOUNDARY OF COUNTY ROAD 550 AT A POINT 459.05 FEET NORTH AND 454.77 FEET WEST OF THE COMMON CORNER ABOVE DESCRIBED FOR THE END OF SAID LINE. SUBJECT TO RIGHTS-OF-WAY AS OF RECORD AND/OR IN USE.

**TRACT #3:** THE SOUTH HALF OF THE SOUTHEAST QUARTER OF THE NORTHEAST QUARTER, SECTION 35, TOWNSHIP 28 SOUTH, RANGE 26 EAST, AND THAT PART OF THE NORTHWEST QUARTER OF SECTION 36, TOWNSHIP 28 SOUTH, RANGE 26 EAST, POLK COUNTY, FLORIDA, DESCRIBED AS: STARTING AT THE NORTHWEST

CORNER OF SECTION 36, TOWNSHIP 28 SOUTH, RANGE 26 EAST, RUN THENCE NORTH 89E46'00" EAST ALONG THE NORTH BOUNDARY OF SECTION 36 A DISTANCE OF 148.78 FEET FOR A POINT OF BEGINNING; THENCE RUN SOUTH 40E11'00" EAST A DISTANCE OF 1523.0 FEET, THENCE SOUTH 33E58'00" WEST A DISTANCE OF 1000.0 FEET, THENCE SOUTH 89E44'00" WEST A DISTANCE OF 560 FEET TO THE WEST BOUNDARY OF SECTION 36, THENCE SOUTH 00E22'00" EAST ALONG THE SECTION LINE 464.95 FEET TO A POINT 200.04 FEET NORTHERLY OF THE SOUTHWEST CORNER OF THE NORTHWEST QUARTER OF SECTION 36, THENCE RUN NORTH 69E50'30" EAST ALONG THE CENTERLINE OF A CANAL A DISTANCE OF 683.83 FEET, THENCE NORTH 33E58'00" EAST A DISTANCE OF 1296.18 FEET, THENCE NORTH 40E11'00" WEST A DISTANCE OF 1506.60 FEET TO A POINT ON THE NORTH BOUNDARY OF SECTION 36, THENCE RUN SOUTH 89E46'00" WEST ALONG THE SAID NORTH BOUNDARY OF SECTION 36 A DISTANCE OF 260.89 FEET TO THE POINT OF BEGINNING. SUBJECT TO RIGHTS-OF-WAY AS OF RECORD AND/OR IN USE. (37.1).

**TRACT #4:** ALL THAT PART OF THE NORTHWEST QUARTER OF SECTION 36, TOWNSHIP 28 SOUTH, RANGE 26 EAST, POLK COUNTY, FLORIDA, LYING EASTERLY AND NORTHERLY OF A LINE DESCRIBED AS: STARTING AT THE NORTHWEST CORNER OF SECTION 36, RUN THENCE NORTH 89E46'00" EAST ALONG THE NORTH BOUNDARY OF SECTION 36, A DISTANCE OF 409.67 FEET FOR THE POINT OF BEGINNING OF SAID LINE; RUN THENCE SOUTH 40E11'00" EAST A DISTANCE OF 1506.60 FEET, THENCE SOUTH 33E58'00" WEST A DISTANCE OF 1296.18 FEET TO THE CENTERLINE OF A CANAL, THENCE RUN NORTH 69E50'30" EAST ALONG THE CENTERLINE OF SAID CANAL A DISTANCE OF 2139.4 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE EAST BOUNDARY OF SAID NORTHWEST QUARTER OF SECTION 36, FOR THE END OF SAID LINE. SUBJECT TO RIGHTS-OF-WAY AS OF RECORD AND/OR IN USE.

**TRACT #5:** THE SOUTH HALF OF THE SOUTHEAST QUARTER SECTION 25, TOWNSHIP 28 SOUTH, RANGE 26 EAST, POLK COUNTY, FLORIDA, LESS AND EXCEPT: BEGIN AT THE NORTHEAST CORNER OF SAID SOUTH HALF OF THE SOUTHEAST QUARTER AND RUN SOUTH 0E19'17" EAST ALONG THE EAST LINE OF SAID SOUTH HALF OF THE SOUTHEAST QUARTER A DISTANCE OF 457.10 FEET, THENCE NORTH 88E44'17" WEST 108.15 FEET, THENCE SOUTH 52E15'43" WEST 476.63 FEET, THENCE SOUTH 00E05'17" EAST 252.20 FEET, THENCE SOUTH 89E54'43" WEST 138.00 FEET, THENCE NORTH 00E05'17" WEST 182.00 FEET, THENCE NORTH 80E58'17" WEST 419.00 FEET, THENCE NORTH 50E57'17" WEST 725.00 FEET, THENCE NORTH 69E41'17" WEST 625.70 FEET, THENCE NORTH 00E05'17" WEST 72.69 FEET TO A POINT ON THE NORTH LINE OF SAID SOUTH HALF OF THE SOUTHEAST QUARTER, THENCE NORTH 89E54'43" EAST ALONG SAID NORTH LINE 2184.81 FEET TO THE POINT OF BEGINNING, LESS AND EXCEPT RIGHT-OF-WAY OF COUNTY ROAD 550, AND LESS AND EXCEPT THE EAST 30 FEET OF THE SOUTH 866.9 FEET OF THE SOUTHEAST QUARTER OF THE SOUTHEAST QUARTER OF SAID SECTION 25 FOR ROAD, AND LESS AND EXCEPT BEGINNING 473.96 FEET NORTH OF THE SOUTHWEST CORNER OF THE SOUTH HALF OF THE SOUTHEAST QUARTER AND

RUN NORTH A DISTANCE OF 812.03 FEET THENCE RUN EAST A DISTANCE OF 313.07 FEET THENCE RUN SOUTH A DISTANCE OF 806.95 FEET THENCE RUN WEST A DISTANCE OF 313.03 FEET TO THE POINT OF BEGINNING.

**TRACT #6:** THAT PART OF THE NORTHEAST QUARTER OF SECTION 36, TOWNSHIP 28 SOUTH, RANGE 26 EAST, POLK COUNTY, FLORIDA, DESCRIBED AS: BEGINNING AT THE NORTHEAST CORNER OF SECTION 36, RUN THENCE SOUTH ALONG THE EAST BOUNDARY OF SECTION 36 A DISTANCE OF 533.80 FEET TO ITS INTERSECTION WITH THE CENTERLINE OF A CANAL, THENCE RUN SOUTH 69E50'30" WEST ALONG SAID CENTERLINE OF CANAL A DISTANCE OF 2823.3 FEET, MORE OR LESS, TO ITS INTERSECTION WITH THE WEST BOUNDARY OF SAID NORTHEAST QUARTER, THENCE RUN A DISTANCE OF 1,496.01 FEET NORTH ALONG THE WEST BOUNDARY OF SAID NORTHEAST QUARTER TO THE NORTHWEST CORNER OF THE NORTHEAST QUARTER, THENCE RUN EASTERLY ALONG THE NORTH BOUNDARY OF SAID NORTHEAST QUARTER OF SECTION 36 A DISTANCE OF 2642.28 FEET TO THE POINT OF BEGINNING. SUBJECT TO RIGHT-OF-WAY OVER THE EAST 30 FEET THEREOF.

**FLORIDA PUBLIC SERVICE COMMISSION  
authorizes  
CSWR-Florida Utility Operating Company, LLC  
pursuant to  
Certificate Number 600-W**

to provide water service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-98-0918-FOF-WS	07/07/1998	19970158-WS	Grandfather Certificate
PSC-98-1579-PAA-WS	11/25/1998	19980441-WS	Rate Increase
PSC-15-0569-PAA-WS	12/16/2015	20140239-WS	Rate Increase
PSC-2018-0591-PAA-WS	12/19/2018	20180063-WS	Limited Proceeding
*	*	20250110-WS	Transfer

**\* Order Number and date to be provided at time of issuance.**

**FLORIDA PUBLIC SERVICE COMMISSION  
authorizes  
CSWR-Florida Utility Operating Company, LLC  
pursuant to  
Certificate Number 516-S**

to provide wastewater service in Polk County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, regulations, and Orders of this Commission in the territory described by the Orders of this Commission. This authorization shall remain in force and effect until superseded, suspended, cancelled or revoked by Order of this Commission.

<u>Order Number</u>	<u>Date Issued</u>	<u>Docket Number</u>	<u>Filing Type</u>
PSC-98-0918-FOF-WS	07/07/1998	19970158-WS	Grandfather Certificate
PSC-98-1579-PAA-WS	11/25/1998	19980441-WS	Rate Increase
PSC-15-0569-PAA-WS	12/16/2015	20140239-WS	Rate Increase
PSC-2018-0591-PAA-WS	12/19/2018	20180063-WS	Limited Proceeding
*	*	20250110-WS	Transfer

**\* Order Number and date to be provided at time of issuance.**

**CSWR-Florida Utility Operating Company, LLC  
Orchid Springs Development Corporation**

**Schedule of Water Net Book Value as of September 2, 2025**

<b><u>Description</u></b>	<b><u>Balance Per Utility 09/02/25</u></b>	<b><u>Adjustments</u></b>		<b><u>Balance Per Staff 09/02/25</u></b>
Utility Plant in Service	\$309,962	\$9,990	A	\$319,951
Land & Land Rights	480	1,202	B	1,682
Accumulated Depreciation	(278,092)	(16,573)	C	(294,665)
CIAC	0	0		0
Amortization of CIAC	<u>0</u>	<u>0</u>		<u>0</u>
Net Book Value	<u>\$32,350</u>	<u>(\$5,382)</u>		<u>\$26,968</u>

**CSWR-Florida Utility Operating Company, LLC  
Orchid Springs Development Corporation**

**Schedule of Wastewater Net Book Value as of September 2, 2025**

<b><u>Description</u></b>	<b><u>Balance Per Utility 09/02/25</u></b>	<b><u>Adjustments</u></b>		<b><u>Balance Per Staff 09/02/25</u></b>
Utility Plant in Service	\$651,585	(\$91,096)	A	\$560,489
Land & Land Rights	58,860	(58,860)	B	0
Accumulated Depreciation	(489,019)	9,429	C	(479,590)
CIAC		(64,000)		(64,000)
Amortization of CIAC	<u>0</u>	<u>11,917</u>	D	<u>11,917</u>
Net Book Value	<u>\$221,426</u>	<u>(\$192,611)</u>		<u>\$28,815</u>

**CSWR-Florida Utility Operating Company, LLC  
Orchid Springs Development Corporation**

**Explanation of Adjustments to Water Net Book Value as of  
September 2, 2025**

<b>Explanation</b>	<b>Amount</b>
A. UPIS To reflect the appropriate balance, including all additions and retirements.	\$9,990
B. Land To reflect the appropriate balance.	1,202
C. Accumulated Depreciation To reflect the appropriate balance.	(16,573)
Total Adjustments to Water Net Book Value as of September 2, 2025	<u>(\$5,382)</u>

**CSWR-Florida Utility Operating Company, LLC  
Orchid Springs Development Corporation**

**Explanation of Adjustments to Wastewater Net Book Value as of  
September 2, 2025**

<b>Explanation</b>	<b>Amount</b>
A. UPIS To reflect the appropriate balance, including all additions and retirements.	(\$91,096)
B. Land To reflect the appropriate balance, based on previous order.	(58,860)
C. Accumulated Depreciation To reflect the appropriate balance.	9,429
D. CIAC To reflect the appropriate balance	(64,000)
E. Accumulated Amortization of CIAC To reflect the appropriate balance.	<u>11,917</u>
Total Adjustments to Wastewater Net Book Value as of September 2, 2025	<u>(\$128,611)</u>

**CSWR-Florida Utility Operating Company, LLC  
Orchid Springs Development Corporation**

**Schedule of Staff's Recommended Water Account Balances as of  
September 2, 2025**

<b>Account No.</b>	<b>Description</b>	<b>UPIS</b>	<b>Accumulated Depreciation</b>
304	Structures & Improvements	\$17,667	(\$10,330)
307	Wells and Springs	3,360	(3,360)
310	Power Generation Equipment	37,437	(37,437)
311	Well Pumps	25,601	(10,054)
320	Water Treatment Equipment	10,758	(10,198)
330	Distribution Reservoirs & Standpipes	12,049	(12,049)
331	Transmission & Distribution Mains	162,129	(162,129)
333	Services	16,737	(16,737)
334	Meters & Meter Installations	24,903	(24,903)
335	Hydrants	9,310	(7,468)
340	Office Furniture & Equipment	<u>0</u>	<u>0</u>
	Total	<u>\$319,951</u>	<u>(\$294,665)</u>

**CSWR-Florida Utility Operating Company, LLC  
Orchid Springs Development Corporation**

**Schedule of Staff's Recommended Wastewater Account Balances as of  
September 2, 2025**

<b>Account No.</b>	<b>Description</b>	<b>UPIS</b>	<b>Accumulated Depreciation</b>
354	Structure and Improvements	\$21,246	(\$10,905)
355	Power Generation Equipment	64,000	(11,917)
360	Collection Sewers - Force	21,740	(21,740)
361	Collection Sewers - Gravity	219,184	(219,184)
363	Service to Customers	64,454	(64,454)
364	Wastewater Treatment Equipment	3,101	(3,101)
370	Receiving Wells	150,628	(150,628)
370.1	Decommissioning of WWTP	0	0
371	Pumping Equipment	9,385	(9,089)
389	Services	5,081	(5,081)
395	Power Operated Equipment	<u>1,670</u>	<u>(1,670)</u>
	Total	<u>\$560,489</u>	<u>(\$479,591)</u>

**CSWR – Florida Utility Operating Company, LLC  
Existing Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

5/8" X 3/4"	\$13.35
3/4"	\$20.03
1"	\$33.38
1 1/2"	\$66.75
2"	\$106.80
3"	\$213.60
4"	\$333.75
6"	\$667.50
Charge Per 1,000 gallons	\$2.42

**Initial Customer Deposits**

	Residential Service	General Service
5/8" X 3/4"	\$35.00	\$35.00
Over 5/8" X 3/4"	2x average estimated bill	2x average estimated bill

**Miscellaneous Service Charges**

Violation Reconnection	\$15.00
Late Payment Charge	\$7.00
NSF Check Charge	Pursuant to Section 68.065, F.S.

**CSWR – Florida Utility Operating Company, LLC  
 Existing Monthly Wastewater Rates**

**Residential Service**

All Meter Sizes	\$28.13
Charge Per 1,000 gallons – Residential 6,000 gallon cap	\$6.72

**General Service**

Base Facility Charge by Meter Size	
5/8" X 3/4"	\$28.13
3/4"	\$42.19
1"	\$70.32
1 1/2"	\$140.64
2"	\$225.02
3"	\$450.04
4"	\$703.19
6"	\$1,406.38
Charge Per 1,000 gallons	\$8.01

**Initial Customer Deposits**

	Residential Service	General Service
5/8" X 3/4"	\$91.00	2x average estimated bill
Over 5/8" X 3/4"	2x average estimated bill	2x average estimated bill

**Miscellaneous Service Charges**

Violation Reconnection	Actual Cost
Late Payment Charge	\$7.00
NSF Check Charge	Pursuant to Section 68.065, F.S.

# Item 6

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:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Olivieri, King, Ramos) *TB*  
Division of Accounting and Finance (Higgins, G. Kelley, Lenberg) *MC*  
Division of Economics (Bethea, Bruce) *CP*  
Office of the General Counsel (Marquez, Farooqi) *SPS*

**RE:** Docket No. 20250084-SU – Application for staff-assisted rate case in Orange County, by Gulfstream Utility LLC.

**AGENDA:** 04/07/26 – Regular Agenda – Proposed Agency Action – Except for Issue Nos. 12, 13, and 14 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** La Rosa

**CRITICAL DATES:** 10/19/26 (15-Month Effective Date (SARC))

**SPECIAL INSTRUCTIONS:** None

### Case Background

Gulfstream Utility LLC (Gulfstream or Utility) is a Class C utility providing wastewater service to approximately 965 residential customers in Orange County. Gulfstream provides water service to its wastewater customers through a bulk service agreement with Orange County. Because Gulfstream is acting as a reseller of water, pursuant to Section 367.022(9), Florida Statutes (F.S.), the water operations are exempt from Florida Public Service Commission (Commission) regulation. In October 2023, Gulfstream applied for a staff-assisted rate case (SARC). However, in June 2024, the Utility withdrew its application. Thus, this is Gulfstream's first SARC before the Commission. According to the Utility's 2024 annual report, its operating revenues were \$132,236 and operating expenses were \$187,386.

Docket No. 20250084-SU

Date: March 26, 2026

Gulfstream has been in existence since 2005 and was granted an original certificate by the Commission in 2022.<sup>1</sup> On June 4, 2025, the Utility filed an application for a SARC and the official filing date of the SARC was established as July 18, 2025. Gulfstream's request for a SARC is due to capital improvements and additional pro forma expense to the wastewater system. The 12-month period ending on December 31, 2024, was selected as the test year.

The Commission has jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, F.S.

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<sup>1</sup> Order No. PSC-2022-0246-PAA-SU, issued June 28, 2022, in Docket No. 20210191-SU, *In re: Application for certificate to provide wastewater service in Orange County by Gulfstream Utility LLC.*

## Discussion of Issues

**Issue 1:** Is the quality of service provided by Gulfstream Utility LLC satisfactory?

**Recommendation:** Yes. Gulfstream is currently in compliance with the Department of Environmental Protection (DEP) and there were no complaints recorded during the test year or four years prior. Therefore, the quality of service should be considered satisfactory. (Olivieri)

**Staff Analysis:** Pursuant to Section 367.081(2)(a)(1), F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in wastewater rate cases, the Commission shall determine the overall quality of service provided by the utility. This determination is made from an evaluation of the utility's attempt to address customer satisfaction. Rule 25-30.433, F.A.C., further states that the most recent outstanding citations, violations, and consent orders on file with the DEP, the county health department, and any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints received by the Commission are also reviewed. The operating condition of the wastewater system is addressed in Issue 2.

### The Utility's Attempt to Address Customer Satisfaction

There were no complaints recorded by the Commission's Consumer Activity Tracking System (CATS), received by the Utility, or filed with the DEP for the test year and four years prior. As of March 2, 2026, there were six customer comments filed in the docket file, including a letter submitted by each of the three Homeowner's Associations within Gulfstream's service territory. The majority of the comments were in opposition to the overall rate increase. The remaining comments addressed potential Utility under earnings due to malfunctioning meters and being billed a lower rate than approved by the Commission. Table 1-1 summarizes the customer comments filed in this docket.

**Table 1-1  
Number of Comments by Source and Subject**

Subject of Comment	Total
Billing	3
Noticing	4
Rate Increase	5
Meters	1
<b>Total*</b>	<b>13</b>

\*A single customer comment may be counted multiple times if it fits into multiple categories.

A customer meeting was held on January 13, 2026, and one customer provided comment. This customer echoed the same concerns identified in their written comment which was included in the above analysis. Staff performed a supplemental review, through March 2, 2026, of complaints filed in CATS following the customer meeting and found one billing complaint, which was addressed by the Utility. Based on the above, the Utility's quality of service appears to be satisfactory.

**Conclusion**

Gulfstream is currently in compliance with the DEP and there were no complaints recorded during the test year or four years prior. Therefore, the quality of service should be considered satisfactory.

**Issue 2:** Are the infrastructure and operating conditions of Gulfstream Utility LLC's wastewater system in compliance with DEP regulations?

**Recommendation:** Yes. Gulfstream's wastewater treatment facilities are in compliance with DEP regulations. (Olivieri)

**Staff Analysis:** Rule 25-30.225(2), F.A.C., requires each wastewater utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, the Commission must consider testimony of the DEP and county health department officials, compliance evaluations, inspections, citations, violations, consent orders issued to the utility, customer testimony, comments, complaints, utility testimony, and responses to the aforementioned items.

### **Wastewater System Operating Conditions**

Gulfstream's wastewater system has a permitted capacity of 99,000 gallons per day (gpd) Annual Average Daily Flow (AADF) and is a contact stabilization domestic wastewater treatment plant. Liquid chlorine disinfection is applied prior to wastewater effluent flowing into the percolation ponds and spray field. Staff reviewed the Utility's compliance evaluation inspections conducted by the DEP to determine the Utility's overall wastewater facility compliance. A review of the inspection conducted on May 5, 2025, indicated that the Gulfstream wastewater treatment facility was in compliance with the DEP's rules and regulations.

### **Conclusion**

Gulfstream's wastewater treatment facilities are in compliance with DEP regulations.

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**Issue 3:** What are the used and useful (U&U) percentages of Gulfstream Utility LLC's wastewater treatment plant (WWTP) and the wastewater collection system?

**Recommendation:** Gulfstream's WWTP and wastewater collection system should both be considered 100 percent U&U. There is no excessive infiltration and inflow (I&I) and no adjustment to operating expenses is necessary. (Olivieri)

**Staff Analysis:** As stated in Issue 2, Gulfstream's WWTP is permitted by the DEP as a 99,000 gpd facility. According to the Utility, its wastewater collection system is comprised of approximately 39,117 feet of 8-inch polyvinyl chloride (PVC) collecting mains. There are fifty-one manholes and six lift stations throughout the service area.

### **Infiltration and Inflow (I&I)**

Rule 25-30.432, F.A.C., provides that in determining the amount of U&U plant, the Commission will consider I&I. Excessive I&I is a calculation that is based on a comparison of allowable wastewater treated to the actual amount of wastewater treated. Allowable treated water was calculated as 18,871,043 gallons and the amount of wastewater treated was 15,095,000 gallons. The amount treated is less than the estimated allowable amount. Therefore, there is no excessive I&I and no adjustment to operating expenses is necessary.

### **Wastewater Treatment Plant and Collection System U&U**

The formula for calculating U&U for the WWTP is  $(AADF + \text{growth} - \text{excessive I\&I}) / \text{permitted plant capacity}$ . The AADF for the Utility during the test year is 41,356 gpd. There is no excessive I&I and no growth based on a linear regression. The permitted capacity of the plant is 99,000 gpd. Based on this calculation, the WWTP is 42 percent U&U.

However, Rule 25-30.432, F.A.C., provides that in calculating U&U, the Commission will also consider other factors, such as whether the area served by the plant is built out. Based on staff's review of the customer growth and the maps provided by Gulfstream, the service territory has experienced little to no growth over the last five years. Additionally, all lots within the service territory are occupied. Therefore, staff recommends that Gulfstream's WWTP and the wastewater collection system be considered 100 percent U&U.

### **Conclusion**

Staff recommends Gulfstream's WWTP and wastewater collection system should both be considered 100 percent U&U. There is no excessive I&I and no adjustment to operating expenses is necessary.

**Issue 4:** What is the appropriate average test year rate base for Gulfstream Utility LLC?

**Recommendation:** The appropriate average test year rate base for Gulfstream Utility LLC is \$473,502. (Lenberg, Olivieri)

**Staff Analysis:** The appropriate components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, and working capital. Staff selected the test year ended December 31, 2024, for the current rate case. A summary of each component and the recommended adjustments are discussed below.

### **Pro Forma Plant Additions**

Gulfstream is requesting recovery of three pro forma projects. Staff requested that the Utility provide any bids solicited for each project. However, in response to staff's data request, Gulfstream indicated that, although it is standard practice is to obtain three bids for every project, multiple bids were not obtained for any of these projects due to the urgent nature of each repair. The Utility's requested pro forma projects are described below.

#### ***Project No. 1 – Lift Station Repair***

Project No. 1 was for repairs to lift station No. 1. This project required the removal of hydraulic cement covering the float wires before replacing all four floats. Additionally, a repair to a 4-inch discharge pipe was required. Gulfstream stated that this repair was urgent in order to avoid any potential leaks or contamination. The Utility provided an invoice for this project totaling \$7,809, with an in-service date of February 2025.

#### ***Project No. 2 – Trolley Cable/Wheel, Diffuser Pull, and Digester Repair***

Project No. 2 involved the construction of a trolley cable system and the replacement of a wheel for the #1 trolley, pulling and cleaning of diffusers in the tanks, and the welding of a hole in the digester. Gulfstream stated that this repair was urgent due to the vital role the trolley system plays in uninterrupted operation of large machinery at the WWTP, including enabling continuous sludge removal. The Utility provided an invoice for this project totaling \$20,232, with an in-service date of July 2025.

#### ***Project No. 3 – LED Lights (Withdrawn)***

In its initial filing, Gulfstream requested recovery for the installation of LED lighting. However, this request was withdrawn as the lighting was installed at the Clubhouse and therefore not on utility property.

#### ***Project No. 4 – Blower Replacement***

Project No. 4 was the replacement of the starter on blower #1 due to item failure, and the replacement of the belts, oil, and intake filters for both blowers as preventative maintenance. Blowers are an essential element of a WWTP as they serve several functions. Gulfstream explained that this project was urgent given that the blower system is vital to biological treatment, odor control of the plant, and maintaining proper discharge standards. The Utility provided an invoice totaling \$2,385 for this project, with an in-service date of March 2025.

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Staff believes the Utility's three requested pro forma projects are reasonable and should be approved because these projects involve repairs to vital utility infrastructure necessary to maintain safe and reliable service to customers.

### **Utility Plant in Service**

The Utility recorded UPIS of \$425,241. Audit staff increased this amount by \$3,750,000 to reflect the Original Cost Study provided by the Utility in Docket No. 20210191-SU.<sup>2</sup> The Original Cost Study reflected plant balances totaling \$3,750,000 as of December 31, 2021, which were deemed fully depreciated. Additionally, audit staff decreased this amount by \$12,351 to remove installation costs of backflow preventers that were unrelated to the wastewater system. As described above, the Utility requested pro forma additions to UPIS. Therefore, staff increased UPIS by \$30,876 to reflect the three pro forma additions to UPIS; this amount is offset by the retirements of \$23,157. Staff further decreased this amount by \$9,981 to reflect an averaging adjustment. Staff's net adjustment to UPIS results in an increase of \$3,735,387. Therefore, staff recommends a total UPIS of \$4,160,628.

### **Land and Land Rights**

The Utility recorded a test year land and land rights balance of \$98,726. Staff made no adjustments to this amount and, therefore, recommends a land and land rights balance of \$98,726.

### **Used and Useful**

As discussed in Issue 3, the Utility's system is considered 100 percent U&U. Therefore, no U&U adjustment is necessary.

### **Accumulated Depreciation**

The Utility recorded accumulated depreciation of \$66,862. However, the Utility did not record the accumulated depreciation associated with the UPIS identified in the Original Cost Study. Audit staff increased this amount by \$3,750,000 to reflect the fully depreciated plant balance from the Original Cost Study. Audit staff further increased this amount by \$3,263 to reflect depreciation the Utility did not record in Account 351 – Organization. Audit staff then decreased this amount by \$377 to remove over depreciation for Account 364. Audit staff further increased accumulated depreciation by \$24,628 to reflect the use of the correct depreciation rates per Rule 25-30.140, F.A.C. Additionally, audit staff decreased this amount by \$1,235 to reflect the backflow preventers removed from UPIS. Staff decreased accumulated depreciation by \$22,642 to reflect pro forma additions and retirements. Lastly, staff decreased this amount by \$11,669 to reflect an averaging adjustment. Staff's adjustments are summarized on Table 4-1.

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<sup>2</sup> Document No. 13066-2021, filed December 15, 2021, in Docket No. 20210191-SU.

**Table 4-1  
 Staff Adjustments to Accumulated Depreciation**

<u>Description</u>	<u>Adjustment</u>
To reflect an auditing adjustment from the Original Cost Study.	\$3,750,000
To reflect an auditing adjustment for unrecorded depreciation.	3,263
To reflect an auditing adjustment to remove over depreciation.	(377)
To reflect an auditing adjustment for the use of correct depreciation rates.	24,628
To reflect an auditing adjustment to remove backflow preventers.	(1,235)
To reflect pro forma additions.	(22,642)
To reflect an averaging adjustment.	(11,669)
Total adjustments to accumulated depreciation.	<u>\$3,741,968</u>

Source: Staff calculations.

As described above and summarized in Table 4-1, staff’s net adjustment to accumulated depreciation result in an increase of \$3,741,968. Therefore, staff recommends an accumulated depreciation of \$3,808,830.

**Working Capital Allowance**

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., and Commission practice, staff used the one-eighth of operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance.<sup>3</sup> As such, staff removed the rate case expense of \$3,492. This resulted in an adjusted O&M expense balance of \$183,828. Based on this calculation, staff recommends a working capital allowance of \$22,978.

**Rate Base Summary**

Based on the foregoing, staff recommends that the appropriate average test year rate base is \$473,502. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

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<sup>3</sup> E.g., Order No. PSC-2025-0359-PAA-WU, issued September 24, 2025, in Docket No. 20240168-WU, *In re: Application for staff-assisted rate case in Highlands County, by Country Walk Utilities, Inc.*

**Issue 5:** What is the appropriate return on equity and overall rate of return for Gulfstream Utility LLC?

**Recommendation:** The appropriate return on equity (ROE) is 8.51 percent, with a range of 7.51 percent to 9.51 percent. The appropriate overall rate of return is 8.51 percent. (Lenberg)

**Staff Analysis:** The Utility's capital structure consists of common equity. The Utility's capital structure has been reconciled with staff's recommended rate base. The appropriate ROE is 8.51 percent based on the Commission-approved leverage formula currently in effect.<sup>4</sup> Staff recommends an ROE of 8.51 percent, with a range of 7.51 percent to 9.51 percent, and an overall rate of return of 8.51 percent. The ROE and overall rate of return are equal, as shown on Schedule No. 2.

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<sup>4</sup> Order No. PSC-2025-0213-PAA-WS, issued on June 18, 2025, in Docket No. 20250006- WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

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**Issue 6:** What are the appropriate amount of test year operating revenues for Gulfstream Utility LLC's wastewater system?

**Recommendation:** The appropriate test year operating revenues for Gulfstream's wastewater system are \$157,926. (Bethea)

**Staff Analysis:** The Utility recorded total test year operating revenues of \$139,605 for wastewater. The wastewater revenues included \$139,605 of service revenues and no miscellaneous revenues. During the test year, Gulfstream was approved for a price index rate adjustment, which was effective August 13, 2024. However, a review of the billing data indicated that the Utility incorrectly billed customers at a lower base facility (BFC) and usage charge, resulting in the Utility not collecting the appropriate test year operating revenues. Therefore, staff applied the current rates to the billing determinants to determine the appropriate test year operating revenues. As a result, staff determined test year service revenues should be \$157,926 for wastewater. This results in an increase to service revenue of \$18,321 (\$157,926 – \$139,605) for wastewater.

Based on the above, the appropriate test year operating revenues for Gulfstream's wastewater system are \$157,926.

**Issue 7:** What is the appropriate amount of operating expense for Gulfstream Utility LLC?

**Recommendation:** The appropriate amount of operating expense for Gulfstream is \$232,036. (Lenberg, Olivieri)

**Staff Analysis:** The Utility recorded operating expenses of \$216,748. The test year expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the Utility's operating expenses as described below.

### **Pro Forma O&M**

Gulfstream is requesting recovery of the cost to submit a WWTP Permit Renewal to the DEP. In order to complete this process, Gulfstream contracted with a professional engineering firm to prepare the following: a Capacity Analysis Report; an Operations and Maintenance Performance Report; a Power Outage Contingency Plan; and a Collection System Action Plan. The cost for preparing these reports was \$4,050. Staff has reviewed the supporting documentation submitted with the Utility's application in this SARC and believes this cost to be reasonable. The Utility's WWTP permit was renewed by the DEP on March 24, 2025. Since this expense is required for the Utility to maintain its permit with the DEP, staff recommends approval of this expense.

### **Operation and Maintenance Expenses**

#### **Salaries and Wages – Employees (701)**

The Utility recorded a salaries and wages expense of \$10,669, which included payroll tax. Staff decreased this amount by \$749 to reclassify payroll taxes to Taxes Other Than Income (TOTI). Therefore, staff recommends a salaries and wages expense of \$9,920.

#### **Purchased Wastewater Treatment (710)**

The Utility recorded purchased wastewater treatment expense of \$68,726. Staff decreased this amount by \$3,823 to reflect an audit adjustment based on actual invoices provided by the Utility. Therefore, staff recommends a purchased wastewater treatment expense of \$64,903.

#### **Sludge Removal Expense (711)**

The Utility recorded sludge removal expense of \$15,645. Staff decreased this amount by \$998 to reflect an audit adjustment related to an out-of-period invoice. Staff also increased this amount by \$3,923 to reflect an audit adjustment for invoices provided by the Utility that had not been charged to an expense account. Staff further increased this amount by \$5,895 to reflect a reclassification of sludge removal costs that had been recorded in Account 731 – Contractual Services – Professional. Staff's net adjustment to sludge removal expense results in an increase of \$8,820. Therefore, staff recommends a sludge removal expense of \$24,465.

#### **Purchased Power (715)**

The Utility recorded purchased power expense of \$4,328. Staff increased this amount by \$2,161 to reflect an audit adjustment based on invoices for the test year provided by the Utility. Therefore, staff recommends a purchased power expense of \$6,489.

### **Chemicals (718)**

The Utility recorded chemicals expense of \$7,397. Staff decreased this amount by \$561 to reflect an audit adjustment to remove an out-of-period invoice. Staff also increased this amount by \$2,056 to reflect an audit adjustment for the reclassification of chemicals expense that had been recorded in Account 731 – Contractual Services – Professional. Staff’s net adjustment to chemical expense results in an increase of \$1,495. Therefore, staff recommends a chemicals expense of \$8,892.

### **Materials and Supplies (720)**

The Utility recorded materials and supplies expense of \$800. Staff made no adjustments to this amount. Therefore, staff recommends a materials and supplies expense of \$800.

### **Contractual Services – Billing (730)**

The Utility recorded contractual services – billing expense of \$8,427. Staff decreased this amount by \$651 to reflect an audit adjustment to remove an out-of-period invoice. Staff further decreased this amount by \$1,366 to remove charges for November and December 2024 for which no supporting documentation was provided. Staff’s net adjustment to contractual services – billing expense results in a decrease of \$2,017. Therefore, staff recommends a contractual services – billing expense of \$6,410.

### **Contractual Services – Professional (731)**

The Utility recorded contractual services – professional expense of \$59,676. Staff increased this amount by \$481 to reflect a full year of groundskeeping services at the wastewater treatment plant. Staff decreased this amount by \$1,279 to reflect an audit adjustment due to lack of supporting documentation. In addition, staff decreased this amount by \$5,895 and \$2,056 to reclassify expenses that had been inappropriately recorded in Account 731 – Contractual Services and properly assign them to Accounts 711 – Sludge Removal and 718 – Chemicals, respectively. Staff’s net adjustment to contractual services – professional expense results in a decrease of \$8,749. Therefore, staff recommends a contractual services – professional expense of \$50,927.

### **Contractual Services – Other (736)**

The Utility recorded contractual services – other expense of \$9,723. Staff made no adjustments to this amount. Therefore, staff recommends a contractual services – other expense of \$9,723.

### **Transportation Expense (750)**

The Utility recorded transportation expense of \$536. Staff decreased this amount by \$310 to reflect an audit adjustment due to lack of supporting documentation. Therefore, staff recommends a transportation expense of \$226.

### **Regulatory Commission Expense (765)**

The Utility did not record any rate case expense for the current docket. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$3,368.

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Under Section 367.0814(3), F.S., the Commission may award rate case expense for attorney fees or fees of other outside consultants if such fees are incurred after the initial staff report. On February 13, 2026, the Utility provided documentation to support \$9,407 in additional rate case expense including legal expenses and consulting fees incurred to date and estimated through the end of the proposed agency action process.<sup>5</sup> Staff reviewed the documentation and believes the Utility's requested rate case expense is reasonable.

Staff calculated the distance from the Utility representative's office in Orlando, Florida, to Tallahassee, Florida as 261 miles. Based on the 2026 Internal Revenue Service business mileage rate of \$0.725, staff calculated round trip travel and lodging expense to the Commission Conference of \$578. However, because the same Utility representative will be attending the Commission Conference on behalf of this and two sister utilities, staff allocated only 33.3 percent of the total travel expense, or \$193, to Gulfstream. Additionally, the Utility paid a filing fee of \$1,000 for its SARC application.

Staff recommends a total rate case expense, consisting of noticing costs, travel, lodging expenses and filing fee of \$13,967, which amortized over four years is \$3,492. Therefore, staff recommends total annual rate case expense of \$3,492.

#### **Miscellaneous Expenses (775)**

The Utility recorded miscellaneous expenses of \$1,460. Staff decreased this amount by \$1,147 to remove telephone and cable expenses the Utility elected not to include for recovery. Staff further decreased this amount by \$50 to remove unsupported office expenses. As described above, the Utility requested O&M pro forma to recover the costs of its WWTP permit renewal, which is a non-recurring cost estimated to be \$4,050. Pursuant to Rule 25-30.433(9), F.A.C., staff amortized this amount over five years, resulting in an increase to the test year expense of \$810. Staff's net adjustment to miscellaneous expenses results in a decrease of \$387. Therefore, staff recommends miscellaneous expenses of \$1,073.

#### **Operation and Maintenance Expense Summary**

The Utility recorded test year O&M expense of \$187,387. Based on the above adjustments, staff recommends O&M expense be decreased by \$68. This results in a total O&M expense of \$187,319. Staff's recommended adjustments to O&M are shown on Schedule No. 3-C.

#### **Depreciation Expense**

The Utility recorded depreciation expense of \$14,861. Based on the depreciation rates prescribed in Rule 25-30.140, F.A.C., audit staff increased this amount by \$8,853. Staff further increased this amount by \$515 to reflect pro forma additions and retirements. In addition, staff decreased this amount by \$377 to remove depreciation expense associated with a fully depreciated account.

Staff's net adjustments to depreciation expense result in an increase of \$8,991. Therefore, staff recommends depreciation expense of \$23,852.

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<sup>5</sup> Document No. 01096-2026, filed February 13, 2026, in Docket No. 20250084-SU.

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### **Taxes Other Than Income (TOTI)**

The Utility recorded TOTI of \$14,500. Audit staff decreased property tax by \$468 to reflect 2024 Real and Tangible Personal Property tax assessments from Orange County. Staff increased payroll tax by \$749 to reflect the reclassification of payroll tax expense that had been recorded in Account 701 – Salaries and Wages. Staff further increased TOTI by \$111 to reflect property taxes associated with pro forma plant additions.

Furthermore, based on revenues discussed in Issue 6, TOTI should be increased by \$824 to reflect a regulatory assessment fee (RAF) rate of 4.5 percent applied to the adjustment in revenues.

As discussed later in Issue 9, staff recommends revenues be increased by \$114,391 to reflect the increased revenue required to cover expenses and allow an opportunity to earn the recommended rate of return. As a result, TOTI should be increased by \$5,148 to reflect a RAF rate of 4.5 percent of the change in revenues. Staff's adjustments result in a total increase of \$6,365. Therefore, staff recommends a TOTI of \$20,865.

### **Operating Expense Summary**

The Utility recorded operating expenses of \$216,748. The application of staff's recommended adjustments to the Utility's recommended operating expense results in a total operating expense of \$232,036, an increase of \$15,288. Operating expenses are shown on Schedule No. 3-A, and the related adjustments are shown on Schedule No. 3-B.

**Issue 8:** Does Gulfstream Utility LLC meet the criteria for application of the operating ratio methodology?

**Recommendation:** No. Gulfstream does not meet the criteria for application of the operating ratio methodology for calculating the revenue requirement. (Lenberg)

**Staff Analysis:** Rule 25-30.4575(2), F.A.C., indicates that in rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the operating ratio methodology to establish the utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory Commission expense and purchased wastewater treatment expense, and the use of the operating ratio methodology does not change the utility's qualification for a SARC.

With respect to Gulfstream, staff has recommended a rate base of \$473,502. After removal of rate case expense and purchased wastewater treatment expense, staff calculated an adjusted O&M expense of \$118,925. Based on staff's recommended amounts, the Utility's rate base is 398.15 percent of its adjusted O&M expense. Therefore, the Utility does not qualify for application of the operating ratio methodology.

**Issue 9:** What is the appropriate revenue requirement for Gulfstream Utility LLC?

**Recommendation:** The appropriate revenue requirement is \$272,317, resulting in an annual increase of \$114,391 (72.43 percent). (Lenberg)

**Staff Analysis:** Gulfstream should be allowed an annual increase of \$114,391 (72.43 percent). This should allow the Utility the opportunity to recover its expenses and earn an 8.51 percent return on rate base. The calculations for the revenue requirement are shown on Table 9-1.<sup>6</sup>

**Table 9-1**  
**Revenue Requirement**

Wastewater Rate Base	\$473,502
Rate of Return	× <u>8.51%</u>
Return on Rate Base	<u>\$40,281</u>
Water O&M Expense	187,319
Depreciation Expense	23,852
Taxes Other Than Income	<u>20,865</u>
Revenue Requirement	<u>\$272,317</u>
Less Test Year Revenues	\$157,926
Annual Increase	\$114,391
Percent Increase	72.43%

Source: Staff calculations.

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<sup>6</sup> Staff notes calculations may not sum due to rounding.

**Issue 10:** What are the appropriate rate structure and rates for Gulfstream Utility LLC?

**Recommendation:** The recommended rate structure and monthly wastewater rates are shown on Schedule No. 4. The Utility's proposal to include a repression adjustment should be denied. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice. (Bethea)

**Staff Analysis:** Gulfstream provides wastewater service to approximately 965 residential customers and no general service customers. Currently, the wastewater rate structure for residential and general service customers consists of a monthly uniform BFC for all meter sizes and a gallonage charge with no gallonage cap for residential customers.

Staff performed an analysis of the Utility's billing data in order to evaluate various BFC cost recovery percentages and gallonage caps for the residential wastewater customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the recommended revenue requirement; (2) equitably distribute cost recovery among the Utility's customers; and (3) implement a gallonage cap, where appropriate, that considers the approximate amount of water that may return to the wastewater system.

Staff allocated 50 percent of the wastewater revenue to the BFC due to the capital intensive nature of wastewater plants. As mentioned above, the Utility currently does not have a wastewater gallonage cap set. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. The wastewater cap of most utilities is set at approximately 80 percent of residential water sold, which typically results in gallonage caps of 6,000, 8,000, or 10,000. Based on staff's review of the billing analysis, 86 percent of the gallons are captured at the 4,000 gallon level. Although the approved residential wastewater cap is typically based on 80 percent of total water sold, in this case, doing so would yield an exceptionally low residential wastewater cap. In addition, lowering the gallonage cap below 6,000 gallons would have an adverse effect on the residential gallonage charge and resulting customer bills. Based on staff's review of the billing data, staff recommends that the gallonage cap for residential customers be set at 6,000 gallons.

In addition, although the Utility does not have any general service customers, staff recommends implementing general service rates by meter size for future customers. Staff also recommends that the general service gallonage charge be set 1.2 times greater than the residential gallonage charge, which is consistent with Commission practice.

Finally, in its application, Gulfstream requested a repression adjustment. The Commission, as a result of an increase in the price of water, has applied a corresponding wastewater repression adjustment when the water and wastewater provider are the same utility.<sup>7</sup> Even in cases with a

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<sup>7</sup> Order No. PSC-2017-0459-PAA-WS, issued November 30, 2017, in Docket No. 20160176-WS, *In re: Application for staff-assisted rate case in Polk County by Four Lakes Golf Club, Ltd.*

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single water and wastewater utility provider, there has still been no recognition of an adjustment due to an increase in the price of wastewater. The Commission has only recognized the effect on customer demand from an increase in the price of water. It is Commission practice that an increase in the price of water is the catalyst for whether or not to make a repression adjustment, which would ultimately flow through to wastewater. Therefore, a repression adjustment for the Utility's wastewater system is not applicable in this case.

Based on the above, staff's recommended rate structure and monthly wastewater rates are shown on Schedule No. 4. The Utility's proposal to include a repression adjustment should be denied. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice.

**Issue 11:** What are the appropriate initial customer deposits for Gulfstream Utility LLC?

**Recommendation:** The appropriate initial customer deposit is \$49 for all residential meter sizes. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for wastewater. The approved initial customer deposits should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding. (Bethea)

**Staff Analysis:** Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, the Commission has set initial customer deposits equal to two times the average estimated bill.<sup>8</sup> Currently, Gulfstream has an initial customer deposit of \$28 for the 5/8 inch x 3/4 inch meter size, and two times the average estimated bill for the general service customers. However, this amount does not cover two months' average bills based on staff's recommended rates. Based on the Utility's average monthly residential consumption, the appropriate initial customer deposit should be \$49 to reflect an average residential customer bill for two months. The monthly average residential water bill is \$24.67.

Staff recommends the appropriate initial customer deposit is \$49 for all residential meter sizes. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for wastewater. The approved initial customer deposits should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The Utility should be required to collect the approved initial customer deposits until authorized to change them by the Commission in a subsequent proceeding.

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<sup>8</sup> Order No. PSC-15-0142-PAA-SU, issued March 26, 2015, in Docket No. 20130178-SU, *In re: Application for staff assisted rate case in Polk County by Crooked Lake Park Sewerage Company*.

**Issue 12:** What is the appropriate amount by which rates should be reduced four years after the published effective date, to reflect the removal of the amortized rate case expense?

**Recommendation:** The rates should be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Gulfstream should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense. (Lenberg, Bethea)

**Staff Analysis:** Section 367.081(8), F.S., requires that the rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in rates. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. This results in a reduction of \$3,656.

Staff recommends that the rates be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. Gulfstream should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

Date: March 26, 2026

**Issue 13:** Should the recommended rates be approved for Gulfstream Utility LLC on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Gulfstream should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheets, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Lenberg)

**Staff Analysis:** This recommendation proposes an increase in rates. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the proposed rates be approved on a temporary basis. Gulfstream should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should 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. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and it has been received by the customers. The additional revenue produced by staff's recommended rates and collected by the Utility should be subject to the refund provisions discussed below.

Gulfstream should be authorized to initiate the temporary rates upon staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security should be in the form of either a bond or letter of credit in the amount of \$78,111. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond for securing the potential refund, the bond should contain wording to the effect that it will be terminated only under the following conditions:

1. The Commission approves the rate increase; or,
2. If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

Date: March 26, 2026

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit should contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Cosentino v. Elson*, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should 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 should be maintained by the Utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund

at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

Date: March 26, 2026

**Issue 14:** Should Gulfstream Utility LLC be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA?

**Recommendation:** Yes. Gulfstream should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USOA) primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days. (Lenberg)

**Staff Analysis:** Gulfstream should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

Date: March 26, 2026

**Issue 15:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the Utility submitted its letter confirming all adjustments to applicable NARUC USOA primary accounts were made. Once these actions are complete, this docket should be closed administratively. (Marquez)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the proposed agency action order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff, and that the Utility submitted its letter confirming all adjustments to applicable NARUC USOA primary accounts were made. Once these actions are complete, this docket should be closed administratively.

<b>GULFSTREAM UTILITY LLC</b>		<b>SCHEDULE NO. 1-A</b>	
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250084-SU</b>	
<b>SCHEDULE OF WASTEWATER RATE BASE</b>			
<b>DESCRIPTION</b>	<b>BALANCE PER UTILITY</b>	<b>STAFF ADJUST.</b>	<b>BALANCE PER STAFF</b>
1. UTILITY PLANT IN SERVICE	\$425,241	\$3,735,387	\$4,160,628
2. LAND & LAND RIGHTS	98,726	0	98,726
3. ACCUMULATED DEPRECIATION	(66,862)	(3,741,968)	(3,808,830)
4. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>22,978</u>	<u>22,978</u>
WASTEWATER RATE BASE	<u>\$457,105</u>	<u>\$16,397</u>	<u>\$473,502</u>

**GULFSTREAM UTILITY LLC**  
**TEST YEAR ENDED 12/31/2024**  
**ADJUSTMENTS TO RATE BASE**

**SCHEDULE NO. 1-B**  
**DOCKET NO. 20250084-SU**

**WASTEWATER**

**UTILITY PLANT IN SERVICE**

1. To reflect audit adjustments.	\$3,737,649
2. To reflect pro forma additions.	30,876
3. To reflect pro forma retirements.	(23,157)
4. To reflect an averaging adjustment.	<u>(9,981)</u>
Total	<u>\$3,735,387</u>

**ACCUMULATED DEPRECIATION**

1. To reflect audit adjustments.	(\$3,776,279)
2. To reflect pro forma adjustments.	22,642
3. To reflect an averaging adjustment.	<u>11,669</u>
Total	<u>(\$3,741,968)</u>

**WORKING CAPITAL ALLOWANCE**

To reflect 1/8 of test year O&M expenses.	<u>\$22,978</u>
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<b>GULFSTREAM UTILITY LLC</b>				<b>SCHEDULE NO. 2</b>		
<b>TEST YEAR ENDED 12/31/2024</b>				<b>DOCKET NO. 20250084-SU</b>		
<b>SCHEDULE OF CAPITAL STRUCTURE</b>						
<b>CAPITAL COMPONENT</b>	<b>PER UTILITY</b>	<b>ADJUST-MENTS</b>	<b>BALANCE PER STAFF</b>	<b>PERCENT OF TOTAL</b>	<b>COST</b>	<b>WEIGHTED COST</b>
1. COMMON EQUITY	<u>\$457,105</u>	<u>\$16,397</u>	<u>\$473,502</u>	<u>100.00%</u>	8.51%	<u>8.51%</u>
TOTAL CAPITAL	<u>\$457,105</u>	<u>\$16,397</u>	<u>\$473,502</u>	<u>100.00%</u>		<u>8.51%</u>
			<b>RANGE OF REASONABLENESS</b>		<b><u>LOW</u></b>	<b><u>HIGH</u></b>
			RETURN ON EQUITY		7.51%	9.51%
			OVERALL RATE OF RETURN		7.51%	9.51%

<b>GULFSTREAM UTILITY LLC</b>			<b>SCHEDULE NO. 3-A</b>		
<b>TEST YEAR ENDED 12/31/2024</b>			<b>DOCKET NO. 20250084-SU</b>		
<b>SCHEDULE OF WASTEWATER OPERATING INCOME</b>					
	<b>TEST YEAR PER UTILITY</b>	<b>STAFF ADJUST- MENTS</b>	<b>STAFF ADJUSTED TEST YEAR</b>	<b>ADJUST FOR INCREASE</b>	<b>REVENUE REQUIREMENT</b>
<b>1. TOTAL OPERATING REVENUES</b>	\$139,605	\$18,321	\$157,926	\$114,391 72.43%	\$272,317
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$187,387	(\$68)	\$187,319		\$187,319
3. DEPRECIATION (NET)	14,861	8,991	23,852		23,852
4. TAXES OTHER THAN INCOME	<u>14,500</u>	<u>1,217</u>	<u>15,717</u>	<u>5,148</u>	<u>20,865</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$216,748</u></b>	<b><u>\$10,140</u></b>	<b><u>\$226,888</u></b>	<b><u>\$5,148</u></b>	<b><u>\$232,036</u></b>
<b>5. OPERATING INCOME / (LOSS)</b>	(\$77,143)		(\$68,962)		\$40,281
<b>6. WASTEWATER RATE BASE</b>	\$457,105	\$16,397	\$473,502		\$473,502
<b>7. RATE OF RETURN</b>					8.51%

<b>GULFSTREAM UTILITY LLC</b>		<b>SCHEDULE 3-B</b>
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250084-SU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>		
		<u><b>WASTEWATER</b></u>
<b>OPERATING REVENUES</b>		
To reflect an audit adjustment to Service Revenues.		<u>\$18,321</u>
<b>OPERATION AND MAINTENANCE EXPENSE</b>		
1. Salaries and Wages - Employees (701)		
To reflect the reclassification of payroll tax.		<u>(\$749)</u>
2. Purchased Water / Sewage (710)		
To reflect an audit adjustment.		<u>(\$3,823)</u>
3. Sludge Removal Expense (711)		
To reflect audit adjustments.		<u>\$8,820</u>
4. Purchased Power (715)		
To reflect an audit adjustment.		<u>\$2,161</u>
5. Chemicals Expense (718)		
To reflect audit adjustments.		<u>\$1,495</u>
6. Contractual Services - Billing (730)		
To reflect audit adjustments.		<u>(\$2,017)</u>
7. Contractual Services - Professional (731)		
To reflect audit adjustments.		<u>(\$8,749)</u>
8. Transportation Expense (750)		
To reflect an audit adjustment.		<u>(\$310)</u>
9. Rate Case Expense (765)		
To reflect 1/4 rate case expense.		<u>\$3,492</u>
10. Miscellaneous Expense (775)		
a. To reflect an audit adjustment.		(\$1,147)
b. To reflect unsupported expenses.		(50)
c. To reflect amortization of WWTP permit.		810
Subtotal		<u>(\$387)</u>
<b>TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS</b>		<u><b>(\$68)</b></u>

**DEPRECIATION EXPENSE**

1. To reflect an audit adjustment.	\$8,853
2. To reflect pro forma additions.	515
3. To reflect staff adjustment.	<u>(377)</u>
Total	<u>\$8,991</u>

**TAXES OTHER THAN INCOME**

1. To reflect an audit adjustment.	(\$468)
2. To reflect 2024 tangible and property taxes.	749
3. To reflect property taxes associated with pro forma plant additions.	111
4. To reflect test year revenue RAF's	824
5. To reflect appropriate revenue requirement RAF's.	<u>5,148</u>
Total	<u>\$6,365</u>

**TOTAL OPERATING EXPENSE ADJUSTMENTS** \$15,288

<b>GULFSTREAM UTILITY LLC</b>		<b>SCHEDULE NO. 3-C</b>		
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250084-SU</b>		
<b>ANALYSIS OF WASTEWATER O&amp;M EXPENSE</b>				
<b>ACCT.</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>STAFF ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
701	Salaries and Wages - Employees	\$10,669	(\$749)	\$9,920
710	Purchased Wastewater Treatment	68,726	(3,823)	64,903
711	Sludge Removal Expense	15,645	8,820	24,465
715	Purchased Power	4,328	2,161	6,489
718	Chemicals	7,397	1,495	8,892
720	Materials and Supplies	800	0	800
730	Contractual Services - Billing	8,427	(2,017)	6,410
731	Contractual Services - Professional	59,676	(8,749)	50,927
736	Contractual Services - Other	9,723	0	9,723
750	Transportation Expense	536	(310)	226
765	Rate Case Expense	0	3,492	3,492
775	Miscellaneous Expenses	<u>1,460</u>	<u>(387)</u>	<u>1,073</u>
	Total O&M Expense	<u>\$187,387</u>	<u>(\$68)</u>	<u>\$187,319</u>
	Working Capital is 1/8 of O&M Less RCE			\$22,978

<b>GULFSTREAM UTILITY, LLC.</b>		<b>SCHEDULE NO. 4</b>	
<b>TEST YEAR ENDED DECEMBER 31, 2024</b>		<b>DOCKET NO. 20250084-SU</b>	
<b>MONTHLY WASTEWATER RATES</b>			
	<b>UTILITY CURRENT RATES</b>	<b>STAFF RECOMMENDED RATES</b>	<b>4 YEAR RATE REDUCTION</b>
<b><u>Residential Service</u></b>			
All Meter Sizes	\$2.38	\$11.85	\$0.16
Charge per 1,000 gallons 6,000 gallon cap*	\$4.93	\$5.55	\$0.07
<b><u>General Service</u></b>			
All Meter Sizes	\$2.38	N/A	
Base Facility Charge by Meter Size			
5/8" X 3/4"	N/A	\$11.85	\$0.16
3/4"	N/A	\$17.78	\$0.24
1"	N/A	\$29.63	\$0.40
1 1/2"	N/A	\$59.25	\$0.79
2"	N/A	\$94.80	\$1.27
3"	N/A	\$177.75	\$2.38
4"	N/A	\$296.25	\$3.97
6"	N/A	\$592.50	\$7.94
Charge per 1,000 gallons	\$4.93	\$6.66	\$0.09
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
2,000 Gallons	\$12.24	\$22.95	
6,000 Gallons	\$31.96	\$45.15	
8,000 Gallons	\$41.82	\$45.15	

\*Wastewater charges are now subject to a gallonage cap. This cap did not apply under previous rate schedules

# Item 7

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:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Division of Engineering (Lewis, King, Ramos) *TB*  
Division of Accounting and Finance (Cohn, Higgins, G. Kelley, Lenberg) *MC*  
Division of Economics (Bruce, Chambliss) *CP*  
Office of the General Counsel (Sapoznikoff, Sparks) *SPS*

**RE:** Docket No. 20250094-WS – Application for staff-assisted rate case in Polk County by GCP Plantation Landings, LLC.

**AGENDA:** 04/07/26 – Regular Agenda – Proposed Agency Action - Except for Issue Nos. 11, 12, and 13 - Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Ortega

**CRITICAL DATES:** 12/04/26 (15-Month Effective Date (SARC))

**SPECIAL INSTRUCTIONS:** None

### Case Background

GCP Plantation Landings, LLC (GCP or Utility) is a Class C water and wastewater utility operating in Polk County. The Utility serves 388 residential and one general service customer. GCP's service territory is located in the Southwest Florida Water Management District. In October 2023, GCP applied for a staff-assisted rate case (SARC). However, in June 2024, the Utility withdrew its application. The Utility's last SARC was in 2008.<sup>1</sup> The Utility reported, in its 2024 Annual Report, net operating losses of \$17,380 for water and \$29,511 for wastewater.

<sup>1</sup> Order No. PSC-08-0548-PAA-WS, issued August 19, 2008, in Docket No. 20070416-WS, *In re: Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd.*

Docket No. 20250094-WS

Date: March 26, 2026

GCP has been in existence since 1987 and was granted grandfather certificates for water and wastewater services in 1999.<sup>2</sup> On July 21, 2025, GCP filed an application for a staff-assisted rate case (SARC) and the official filing date of this SARC was established as September 4, 2025. The 12-month period ending December 31, 2024, was selected as the test year. GCP's request for a SARC is due to capital improvements and an increase in operating expenses since its last rate increase.

The Commission has jurisdiction pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, Florida Statutes (F.S.).

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<sup>2</sup> Order No. PSC-99-1227-PAA-WS, issued June 21, 1999, in Docket No. 19981338-WS, *In re: Application for grandfather certificates to operate water and wastewater utility in Polk County by Plantation Landings, Ltd.*

## Discussion of Issues

**Issue 1:** Is the quality of service provided by GCP Plantation Landings, LLC satisfactory?

**Recommendation:** Yes. GCP is currently in compliance with the Department of Environmental Protection (DEP) and there were no complaints recorded during the analyzed time period. Therefore, the quality of service should be considered satisfactory. (Lewis)

**Staff Analysis:** Pursuant to Section 367.081(2)(a)(I), F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in water and wastewater rate cases, the Commission shall determine the overall quality of service provided by the utility. This determination is made from an evaluation of the quality of the utility's product (water) and the utility's attempt to address customer satisfaction (water and wastewater). The Rule further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the DEP and the county health department, and any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints received by the Commission are also reviewed. The operating condition of the water and wastewater systems are addressed in Issue 2.

### Quality of the Utility's Product

In evaluation of GCP's product quality, staff reviewed the Utility's compliance with the DEP's primary and secondary drinking water standards. Primary standards protect public health while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. Staff reviewed the DEP's Safe Drinking Water Program chemical analysis of samples taken on September 25, 2024, and the Utility was determined to be in compliance with DEP standards. In addition, staff reviewed the most current Disinfection Byproducts testing conducted on July 15, 2025, at the GCP water treatment plant (WTP) and the results were in compliance with DEP standards.

### The Utility's Attempt to Address Customer Satisfaction

There have been no complaints recorded by the Commission's Consumer Activity Tracking System (CATS), received by the Utility, or filed with the DEP for the test year and four years prior.

At the January 27, 2026 customer meeting, four customers (representing three households) provided comments. The customers expressed their opposition to the proposed rate increase, the smell of the finished water, and the number of service outages and subsequent Boil Water Notices. One customer expressed concerns about the odor emanating from the wastewater plant (WWTP). In response to staff's fourth data request, the Utility indicated that it was not aware of its customers' concerns prior to the customer meeting regarding the smell of the water or foul odors from the WWTP.<sup>3</sup> The Utility also explained that it has reached out to the customers who spoke at the customer meeting and was able to connect with three out of the four to address their concerns. When responding to the customers who spoke at the customer meeting, the Utility explained that it previously discovered low chlorine-levels, which can result in a sulfur-type

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<sup>3</sup> Document No. 01224-2026, filed February 20, 2026, in Docket No. 20250094-WS.

Date: March 26, 2026

smell and replaced the chlorine injector to improve the odor. As for the odors emanating from the WWTP, the Utility explained that it will monitor these conditions daily, but as stated above, was not aware of this issue prior to the customer meeting.

Pursuant to Rule 25-30.251(1) and (2), F.A.C., staff requested the Utility provide record of all interruptions in service which affect 10 percent or more of its customers since January 1, 2021. In response, the Utility indicated that a total of 24 service interruptions occurred during the specified period, 16 of which may have affected 10 percent or more of its customers. The information provided by the Utility did not address all items required by the Rule, such as the cause of the interruption, nor did the Utility provide notification to the Commission of any interruptions. As such, staff recommends that the Utility maintain its service interruption records meeting the 10 percent threshold in the manner outlined in Rule 25-30.251(1), F.A.C., and notify the Commission of any such interruptions on a going-forward basis.

In addition to the customer comments during the customer meeting, 28 customers filed comments in the docket file. All 28 customers were opposed to the rate increase, with 13 providing negative comments concerning the smell of the finished water. Eleven customers expressed concerns regarding the condition of the distribution and collection mains. One customer expressed concerns about the capacity of the wastewater treatment plant. Staff performed a supplemental review though March 2, 2026, of complaints filed in CATS following the customer meeting and none were found.

### **Conclusion**

GCP is currently in compliance with the DEP and there were no complaints recorded during the analyzed time period. Therefore, the quality of service should be considered satisfactory.

Date: March 26, 2026

**Issue 2:** Are the infrastructure and operating conditions of GCP Plantation Landings, LLC's water and wastewater system in compliance with DEP regulations?

**Recommendation:** Yes. GCP's water and wastewater treatment facilities are in compliance with DEP regulations. (Lewis)

**Staff Analysis:** Rule 25-30.225(2), F.A.C., requires each water and wastewater utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, the Commission must consider testimony of the DEP and county health department officials, sanitary surveys for water and compliance evaluations for wastewater systems, citations, violations, and consent orders issued to the utility, customer testimony, comments, complaints, utility testimony, and responses to the aforementioned items.

### **Water and Wastewater Operating Conditions**

GCP's water system has two wells that each have a pumping capacity of 350 gallons per minute (gpm). The system is served by a hydropneumatic tank with a capacity of 15,000 gallons. There are 13 fire hydrants throughout the service territory. Groundwater from the wells is treated through hypochlorination. Staff reviewed GCP's most recent Sanitary Survey Reports conducted by the DEP on September 15, 2021, which indicated no deficiencies.

GCP's wastewater system consists of a 0.080 million gallons per day (MGD) Three-Month Rolling Average Daily Flow (3MADF) design capacity, Type III, extended aeration domestic wastewater treatment plant, with disposal to a two-cell Rapid Infiltration Basin (RIB). Staff reviewed the Utility's compliance evaluation inspections conducted by the DEP to determine GCP's overall wastewater facility compliance. A Compliance Evaluation Inspection on April 2, 2024, determined the facility to be in compliance with the DEP's rules and regulations.

### **Conclusion**

GCP's water and wastewater treatment facilities are in compliance with DEP regulations.

**Issue 3:** What are the used and useful (U&U) percentages of GCP Plantation Landings, LLC's WTP, WWTP, water distribution, and wastewater collection systems?

**Recommendation:** GCP's WTP, WWTP, water distribution, and wastewater collection systems should all be considered 100 percent U&U. Additionally, staff recommends that a 17.3 percent adjustment to purchased power and chemicals should be made for excessive unaccounted for water (EUW). However, as the Utility declined recovery of purchased power expense, no adjustment was made to purchased power. No adjustment is recommended for excessive infiltration and inflow (I&I). (Lewis)

**Staff Analysis:** As stated in Issue 2, GCP's WTP consists of two wells, each with a pumping capacity of 350 gpm, and a 15,000 gallon hydropneumatic tank. There is no water storage tank. The Utility's water distribution system is comprised of 6,960 linear feet of 6-inch; 5,110 linear feet of 4-inch; and 2,120 linear feet of 2-inch PVC (polyvinyl chloride) pipe. There are 13 fire hydrants throughout the service territory.

GCP's WWTP is permitted by the DEP as a 0.080 MGD, 3MADF design capacity, Type III, extended aeration domestic wastewater treatment plant, with disposal to a two-cell RIB. There are 50 manholes throughout the service territory. The Utility's wastewater collection system is comprised of approximately 12,660 feet of 8-inch, and 2,980 feet of 4-inch PVC collecting mains.

### **Infiltration and Inflow (I&I)**

Rule 25-30.432, F.A.C., provides that in determining the amount of U&U plant, the Commission will consider I&I. Excessive I&I is a calculation that is based on a comparison of allowable wastewater treated to the actual amount of wastewater treated. Allowable treated wastewater was calculated as 16,109,084 gallons, and the actual amount of wastewater treated was 9,872,000 gallons. The actual amount does not exceed the allowable amount, therefore, there is no excessive I&I and no adjustment to operating expenses is necessary.

### **Used and Useful Percentages (U&U)**

Rules 25-30.432 and 25-30.4325, F.A.C., address the method by which the U&U percentages of a wastewater and water system is determined, respectively. GCP's U&U percentages were last determined in Docket No. 20070416.<sup>4</sup> In that docket, the Commission determined the Utility's WTP, WWTP, water distribution, and wastewater collection systems to be 100 percent U&U. GCP has not increased the capacity of its facilities and the service territory is built out. As such, and consistent with the Commission's previous decision, staff recommends that the Utility's WTP, WWTP, water distribution, and wastewater collections systems be considered 100 percent U&U.

### **Excessive Unaccounted for Water (EUW)**

Rule 25-30.4325, F.A.C., additionally provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as "unaccounted for

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<sup>4</sup> Order No. PSC-08-0548-PAA-WS, issued August 19, 2008, in Docket No. 20070416-WS, *In re: Application for staff-assisted rate case in Polk County by Plantation Landings, Ltd.*

water in excess of 10 percent of the amount produced.”<sup>5</sup> Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the utility. In determining whether adjustments to plant and operating expenses are necessary in accordance with Rule 25-30.4325(10), F.A.C., staff considers several factors. These include the causes of EUW, any corrective action taken, or the economic feasibility of a proposed solution. EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped and purchased for the test year, and dividing by the sum of gallons pumped and purchased. The amount in excess of 10 percent, if any, is the EUW percentage.

A review of the Utility’s 2024 monthly operating reports on file with the DEP indicates that GCP produced 26,300,000 gallons of water during the test year. In response to a staff data request, the Utility indicated that it purchases no water and did not record any water for flushing or other uses for each month during the test year.<sup>6</sup> An examination of the Utility’s billing records indicates 19,115,488 gallons of treated water were sold to customers. The calculation  $([26,300,000 + 0 - 19,115,488 - 0] / [26,300,000 + 0])$  results in 27.3 percent unaccounted for water. The Commission allows a 10 percent margin; therefore, there is 17.3 percent EUW. Accordingly, staff recommends an adjustment of 17.3 percent be made to purchased power and chemicals. However, the Utility declined recovery of purchased power. Therefore, no adjustment was made to purchased power.

### **Conclusion**

GCP’s WTP, WWTP, water distribution, and wastewater collection systems should all be considered 100 percent U&U. Additionally, staff recommends that a 17.3 percent adjustment to purchased power and chemicals should be made for EUW. However, as the Utility declined recovery of purchased power expense, no adjustment was made to purchased power. No adjustment is recommended for excessive I&I.

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<sup>5</sup> Rule 25-30.4325(1)(e), F.A.C.

<sup>6</sup> Document No. 15198-2025, filed November 21, 2025, in Docket No. 20250094-WS.

**Issue 4:** What are the appropriate average test year water rate base and wastewater rate base amounts for GCP Plantation Landings, LLC?

**Recommendation:** The appropriate average test year rate bases for GCP Plantation Landings, LLC are \$320,909 for water and \$218,460 for wastewater. (Lenberg, Higgins)

**Staff Analysis:** The components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, capital recovery, accumulated amortization of capital recovery, and working capital. Staff selected the test year ended December 31, 2024, for the instant rate case. A summary of each component and the recommended adjustments are discussed below.

### **Utility Plant in Service**

The Utility recorded UPIS balances of \$656,570 for water and \$732,231 for wastewater. Audit staff reconciled these balances to the last Commission order and adjusted UPIS to reflect proper account classifications and historical adjustments that had not been recorded. Because the Utility did not maintain complete ledgers or property records for several years, staff reconstructed the Utility's UPIS by using Commission Order No. PSC-13-0121-PAA-WS, the Utility's annual reports, and any available invoices.<sup>7</sup>

Audit staff corrected misclassified additions, applied previously-ordered adjustments, and removed items that had been improperly booked or recorded in the wrong period. These adjustments increased water UPIS by \$17,975 and decreased wastewater UPIS by \$21,261. Staff decreased water UPIS by \$62,568 and wastewater UPIS by \$22,183 to reflect the appropriate retirements of assets. In addition, staff increased water UPIS by \$22,430 and decreased wastewater UPIS by \$7,783 to reflect averaging adjustments. Staff's adjustments result in a net decrease of \$22,163 to water UPIS and a net decrease of \$51,227 to wastewater UPIS. Therefore, staff recommends total UPIS balances of \$634,407 for water and \$681,004 for wastewater.

### **Capped Retirement**

In general, it is Commission practice to apply the 75 percent of plant addition methodology to estimate the retirement amount of assets being replaced when the original cost is unknown. In this case, the Utility did not record retirements for certain accounts in prior years. When performing these retirements after the fact by staff, application of the 75 percent retirement methodology would result in negative plant balances. Therefore, staff capped the retirement amounts at the plant balances for the respective accounts.

This methodology was utilized in Docket No. 20160101-WS and approved by Order No. PSC-2017-0361A-FOF-WS. In that order, the Commission found that:

...the amount of retirement to plant in service and accumulated depreciation reflected in the adjusted test year shall be calculated based on either the 75 percent methodology . . . or on the actual balance in the impacted plant in service

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<sup>7</sup> Order No. PSC-13-0121-PAA-WS, issued March 11, 2013, in Docket No. 20120219-WS, *In re: Application for approval of transfer of Plantation Landings, Ltd. water and wastewater system and Certificate Nos. 606-W and 522-S in Polk County to GCP Plantation Landings, LLC.*

account . . . if that balance would be negative as a result of the 75 percent methodology.”<sup>8</sup>

Due to the capped retirements, three accounts have remaining undepreciated plant balances. Staff recommends that these balances be placed on amortization schedules for recovery. Rule 25-30.433(10), F.A.C., prescribes the methodology for determining the appropriate amortization period for forced abandonment or the prudent retirement of plant assets prior to the end of their depreciable life, unless specific circumstances demonstrate a more appropriate amortization period should be used. Staff recommends an alternative amortization period in this instance.

Staff initially contemplated a five-year amortization period, as presented in the Staff Report. However, OPC raised concerns regarding this proposal, stating that a longer amortization period is warranted due to the overall revenue requirement increases and associated rate impacts.<sup>9</sup> OPC suggested applying the formula outlined in Rule 25-30.433(10), F.A.C., which results in approximately 5.5 years for the unrecovered water investment and approximately 8.2 years for the unrecovered wastewater investment, based on the values in the Staff Report.

After consulting with OPC, staff agreed to recommend a compromise amortization period of seven years for both systems. This change lowers the proposed revenue requirements by \$1,540 for water and \$318 for wastewater.

The specific balances and associated amortization expenses are shown in Tables 4-2 and 4-3 below. Staff notes that the accumulated amortization for both water and wastewater on Schedules 1-A and 1-B reflects half of the accumulated annual expense due to mid-year (half-year) averaging.

**Table 4-2  
 Water Capital Amortization**

Account	Plant Balance	Accumulated Depreciation	Undepreciated Plant Balance	Amortization Expense
320	\$7,507	\$5,009	\$2,498	\$357
334	\$38,597	\$14,214	\$24,383	\$3,483
<b>Total</b>	<b>\$46,104</b>	<b>\$19,223</b>	<b>\$26,881</b>	<b>\$3,840</b>

Source: Staff calculations.

**Table 4-3  
 Wastewater Capital Amortization**

Account	Plant Balance	Accumulated Depreciation	Undepreciated Plant Balance	Amortization Expense
382	\$5,903	\$346	\$5,557	\$794
<b>Total</b>	<b>\$5,903</b>	<b>\$346</b>	<b>\$5,557</b>	<b>\$794</b>

Source: Staff calculations.

<sup>8</sup> Order No. PSC-2017-0361A-FOF-WS, issued October 4, 2017, in Docket No. 20160101-WS, *In re: Application for increase in water and wastewater rates in Charlotte, Highlands, Lake, Lee, Marion, Orange, Pasco, Pinellas, Polk, and Seminole Counties by Utilities, Inc. of Florida.*

<sup>9</sup> Document No. 00109-2026, filed January 8, 2026, in Docket No. 20250094-WS.

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### **Used and Useful**

As discussed in Issue 2, the Utility's system is considered 100 percent U&U. Therefore, no U&U adjustment is necessary.

### **Land and Land Rights**

The Utility recorded land and land rights balances of \$14,970 for water and \$78,192 for wastewater. Audit staff determined that these balances were not recorded at original cost. The Utility stated that no land has been purchased or sold since the last Commission order.

Audit staff decreased water land by \$13,806 and wastewater land by \$60,514 to reflect the original cost values established in Commission Order No. PSC-13-0121-PAA-WS.<sup>10</sup> Therefore, staff recommends land and land rights balances of \$1,164 for water and \$17,678 for wastewater.

### **Accumulated Depreciation**

The Utility recorded accumulated depreciation of \$431,482 for water and \$491,702 for wastewater. Audit staff decreased this amount by \$33,538 for water and increased this amount by \$28,893 for wastewater to reflect corrections to UPIS and the application of the correct depreciation rates per Rule 25-30.140, F.A.C.

Staff decreased this amount by \$66,477 for water and by \$16,626 for wastewater to reflect the appropriate retirements of assets and to correct over-depreciation associated with Account 331 – Transmission and Distribution Lines. Staff further decreased this amount by \$12,991 for water and by \$3,029 for wastewater to reflect the updated depreciation expense associated with plant retirements recognized outside the test year.

Additionally, Staff increased this amount by \$27,084 for water and decreased this amount by \$4,816 for wastewater to reflect averaging adjustments. Staff's adjustments to accumulated depreciation result in a net decrease of \$85,923 for water and a net increase of \$4,422 for wastewater. Therefore, staff recommends accumulated depreciation balances of \$345,559 for water and \$496,124 for wastewater.

### **Working Capital Allowance**

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., and Commission practice, staff used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance.<sup>11</sup> As such, staff removed the rate case expense of \$1,016 for water and \$1,022 for wastewater. This resulted in an adjusted O&M expense balance of \$47,490 for water and \$85,940 for wastewater. Applying this formula, staff recommends a working capital allowance of \$5,936 for water and \$10,742 for wastewater.

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<sup>10</sup> Order No. PSC-13-0121-PAA-WS, issued March 11, 2013, in Docket No. 20120219-WS, *In re: Application for approval of transfer of Plantation Landings, Ltd. water and wastewater system and Certificate Nos. 606-W and 522-S in Polk County to GCP Plantation Landings, LLC.*

<sup>11</sup> Order No. PSC-2025-0359-PAA-WU, issued September 24, 2025, in Docket No. 20240168-WU, *In re: Application for staff-assisted rate case in Highlands County, by Country Walk Utilities, Inc.*

**Rate Base Summary**

Based on the foregoing, staff recommends that the appropriate average test year rate bases are \$320,909 for water and \$218,460 for wastewater. Rate base is shown on Schedule No. 1-A for water and Schedule No. 1-B for wastewater. The related adjustments are shown on Schedule No. 1-C.

**Issue 5:** What is the appropriate return on equity and overall rate of return for GCP Plantation Landings, LLC?

**Recommendation:** The appropriate return on equity (ROE) is 8.51 percent with a range of 7.51 percent to 9.51 percent. The appropriate overall rate of return is 8.51 percent. (Lenberg)

**Staff Analysis:** The Utility's capital structure consists of common equity. The Utility's capital structure has been reconciled to staff's recommended rate base. The ROE is 8.51 percent based on the Commission-approved leverage formula currently in effect.<sup>12</sup> Staff recommends an ROE of 8.51 percent with a range of 7.51 percent to 9.51 percent, and an overall rate of return of 8.51 percent. The ROE and overall rate of return are shown on Schedule No. 2.

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<sup>12</sup> Order No. PSC-2025-0213-PAA-WS, issued on June 18, 2025, in Docket No. 20250006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

**Issue 6:** What are the appropriate test year revenues for GCP Plantation Landings, LLC's water and wastewater systems?

**Recommendation:** The appropriate test year operating revenues for GCP Plantation Landing are \$68,949 for the water system and \$103,275 for the wastewater system. (Chambliss)

**Staff Analysis:** GCP recorded test year revenues of \$65,900 for water and \$100,535 for wastewater. The Utility did not record any miscellaneous revenues during the test year. Staff's review of the audit indicated that the Utility's billing register consisted of several inaccuracies for both the water and wastewater systems during the test year.

For water, the Utility billed an incorrect base facility charge (BFC) of \$5.74, rather than the Commission-approved BFC of \$5.72 for the 5/8-inch x 3/4-inch meter size, which resulted in an overcharge of two cents per month. The Utility also improperly billed a 6-inch meter size general service customer as a 5/8-inch x 3/4-inch meter size residential customer. In addition, staff discovered that there was one month of billing data missing for the general service customer. Finally, for water, staff discovered that two months of bills were not recorded for some of the residential customers. For wastewater, there were four residential customers that were billed incorrect BFCs as well as duplicate bills for several customers.

Staff removed the duplicate bills and adjusted the billing data to reflect the appropriate billing determinants for water and wastewater. To determine the appropriate service revenues, staff applied the adjusted number of billing determinants to the Utility's existing Commission-approved rates. As a result, staff determined that service revenues for water should be \$68,949, which is an increase of \$3,049 (\$68,949 - \$65,900), and \$103,275 for wastewater, which is an increase of \$2,740 (\$103,275 - \$100,535).

Based on the above, staff recommends the appropriate test year operating revenues for GCP's water system are \$68,949 and \$103,275 for the wastewater system.

**Issue 7:** What are the appropriate amount of operating expenses for GCP Plantation Landings, LLC?

**Recommendation:** The appropriate amount of operating expenses are \$80,780 for water and \$126,333 for wastewater. (Lenberg)

**Staff Analysis:** The Utility recorded operating expenses of \$83,558 for water and \$130,311 for wastewater. The test year expenses have been reviewed by staff, including invoices and other supporting documentation. Staff has made several adjustments to the Utility's operating expenses as described below.

## **Operation and Maintenance Expenses**

### **Salaries and Wages – Employees (601/701)**

The Utility did not record salaries and wages – employees expense for water or wastewater. Audit staff increased this amount by \$5,218 for water and wastewater to reflect the appropriate salaries and wages expense, which included payroll taxes. Staff decreased this amount by \$343 for water and wastewater to reclassify payroll taxes to Taxes Other Than Income. Therefore, staff recommends a salaries and wages - employees expense of \$4,875 for water and \$4,875 for wastewater.

### **Sludge Removal Expense (711)**

The Utility recorded sludge removal expense of \$18,850. Staff made no adjustments to this amount. Therefore, staff recommends a sludge removal expense of \$18,850.

### **Fuel for Power Production (616/716)**

The Utility did not record fuel for power production expense for water or wastewater. Audit staff increased each amount by \$256 to reclassify the Utility's generator fuel expense that had been incorrectly recorded in Accounts 650/750 – Transportation Expense. Therefore, staff recommends a fuel for power production expense of \$256 for water and \$256 for wastewater.

### **Chemicals (618/718)**

The Utility recorded chemicals expense of \$12,443 for water and \$27,330 for wastewater. Audit staff decreased the water amount by \$311 to remove an out-of-period expense. Audit staff increased the wastewater amount by \$499 to reclassify chemicals expense that had been incorrectly recorded in Account 720 – Materials and Supplies. Staff decreased this amount by \$2,099 to reflect the 17.3 percent EUW discussed in Issue 3. Therefore, staff recommends chemicals expense of \$10,033 for water and \$27,829 for wastewater.

### **Materials and Supplies (620/720)**

The Utility recorded materials and supplies expense of \$240 for water and \$1,799 for wastewater. Staff made no adjustments to the water amount. Staff decreased the wastewater amount by \$499 to reclassify chemicals expense that had been incorrectly recorded in Account 720 – Materials and Supplies. Therefore, staff recommends materials and supplies expense of \$240 for water and \$1,300 for wastewater.

**Contractual Services – Billing (630/730)**

The Utility recorded contractual services – billing expense of \$3,298 for water and \$3,298 for wastewater. Audit staff increased each amount by \$204 to reflect actual invoices provided by Utility. Therefore, staff recommends contractual services – billing expense of \$3,502 for water and \$3,502 for wastewater.

**Contractual Services – Professional (631/731)**

The Utility recorded contractual services – professional expense of \$29,725 for water and \$45,740 for wastewater. Audit staff decreased the water amount by \$7,263 to remove three out-of-period invoices and to reclassify expenses that were incorrectly recorded in Account 635 – Contractual Services – Testing and Account 636 – Contractual Services – Other. Staff also decreased the water amount by \$2,922 to reflect the amortization of non-recurring Environmental Protection Agency – Related Regulatory costs over five years pursuant to Rule 25-30.433(9), F.A.C.

Audit staff decreased the wastewater amount by \$13,157 to remove unrecoverable legal costs and overstated grounds keeping expenses. Staff further reduced wastewater contractual services – professional expense by \$11,700 to reclassify grounds keeping costs that had been incorrectly recorded in Account 731– Contractual Services – Professional.

Staff's adjustments result in a net decrease of \$10,185 for water and \$24,857 for wastewater. Therefore, staff recommends contractual services – professional expense of \$19,540 for water and \$20,883 for wastewater.

**Contractual Services – Accounting (632/732)**

The Utility did not record contractual services – accounting expense. The Utility requested recovery of a pro forma accounting consulting expense to ensure compliance with the NARUC Uniform System of Accounts. This pro forma expense is a non-recurring cost estimated to be \$5,000. Pursuant to Rule 25-30.433(9), F.A.C., staff amortized this amount over five years, resulting in an increase to the test year expense of \$500 for both water and wastewater. Therefore, staff recommends contractual service – accounting expense of \$500 for water and wastewater.

**Contractual Services – Testing (635)**

The Utility recorded contractual services – testing expense of \$2,983. Audit staff decreased this amount by \$484 to remove items that were incorrectly recorded in this account and to properly allocate general Utility service expenses. Therefore, staff recommends contractual services – testing expense of \$2,499.

**Contractual Services – Other (636/736)**

The Utility recorded contractual services – other expense of \$7,150 for water and \$7,103 for wastewater. Audit staff decreased the water amount by \$7,150 to reclassify expenses that had been incorrectly recorded in this account and to remove out-of-period invoices. Audit staff decreased the wastewater amount by \$5,068 to reclassify expenses that had been incorrectly recorded in this account. Technical staff increased both the water and wastewater amount by \$5,850 to reclassify and properly allocate grounds keeping expenses that had been incorrectly

recorded in Account 731– Contractual Services – Professional. Staff’s adjustments result in a net decrease of \$1,300 for water and a net increase of \$782 for wastewater. Therefore, staff recommends contractual services – other expense of \$5,850 for water and \$7,885 for wastewater.

#### **Transportation Expense (650/750)**

The Utility recorded transportation expense of \$256 for water and \$256 for wastewater. Audit staff reduced each amount by \$256 to reclassify expenses that had been incorrectly recorded in this account. Therefore, staff recommends eliminating transportation expense for both water and wastewater.

#### **Rate Case Expense (665/765)**

The Utility did not record any rate case expense for the instant docket. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, interim rates, final rates, and four-year rate reduction. Staff calculated noticing costs to be \$1,368.

Under Section 367.0814(3), F.S., the Commission may award rate case expense for attorney fees or fees of other outside consultants after the initial staff report. On February 13, 2026, the Utility provided documentation to support \$5,090 in additional rate case expense including legal expenses and consulting fees incurred to date and estimated through the end of the PAA process. Staff reviewed the documentation and believes the Utility’s requested rate case expense is reasonable.

Staff calculated the distance from the Utility representative’s office in Orlando, Florida, to Tallahassee as 261 miles. Based on the 2026 Internal Revenue Service (IRS) business mileage rate of \$0.725, staff calculated round trip travel and lodging expense to the Commission Conference of \$578.<sup>13</sup> However, because the same Utility representative will be attending the Commission Conference on behalf of this and two sister utilities, staff allocated only 33.3 percent of the total travel expense, or \$193, to GCP Plantation Landings, LLC. Additionally, the Utility paid a filing fee, of \$750 for water and \$750 for wastewater.

Staff recommends a total rate case expense, consisting of noticing costs, travel, lodging expenses and filing fee of \$4,063 for water and \$4,088 for wastewater, which amortized over four years is \$1,016 for water and \$1,022 for wastewater. Therefore, staff recommends total annual rate case expense of \$1,016 for water and \$1,022 for wastewater.

#### **Bad Debt (670/770)**

The Utility did not record any bad debt for water or wastewater. In its three most recent Annual Reports (2022, 2023, 2024), the Utility reported bad debt expenses of \$0 in all three years. In response to staff’s third data request, the Utility confirmed that this reporting is accurate and reflects its accounting records.<sup>14</sup> The Utility has not recorded bad debt expense in the test year or in recent historical periods, thus, staff recommends a bad debt expense of zero for both water and wastewater.

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<sup>13</sup> <https://www.irs.gov/newsroom/irs-sets-2026-business-standard-mileage-rate-at-725-cents-per-mile-up-25-cents>

<sup>14</sup> Document No. 15367-2025, Filed December 8, 2025.

### **Miscellaneous Expenses (675/775)**

The Utility recorded miscellaneous expenses of \$135 for water and \$0 for wastewater. Audit staff increased both the water and wastewater amount by \$60 to reclassify expenses that had been incorrectly recorded in Account 636 – Contractual Services – Other. Therefore, staff recommends miscellaneous expenses of \$195 for water and \$60 for wastewater.

### **Operation and Maintenance Expense Summary**

The Utility recorded test year O&M expense of \$56,230 for water and \$104,376 for wastewater. Based on the above adjustments, staff recommends that O&M expenses be decreased by \$7,724 and \$17,414 for water and wastewater, respectively. This results in a total O&M expense of \$48,506 for water and \$86,962 for wastewater. Staff's recommended adjustments to O&M are shown on Schedule No. 3-D and Schedule No. 3-E, respectively.

### **Depreciation Expense**

The Utility recorded depreciation expense of \$24,362 for water and \$21,411 for wastewater. Audit staff increased this amount by \$1,036 for water and increased this amount by \$7,876 for wastewater to reflect corrections to UPIS and the application of the appropriate depreciation rates pursuant to Rule 25-30.140, F.A.C. Additionally, staff decreased this amount by \$2,738 for water and \$33 for wastewater to reflect the appropriate retirements to UPIS and accumulated depreciation and to reflect net salvage associated with Accounts 341 and 391. These adjustments result in a net decrease of \$1,702 for water and a net increase of \$7,843 for wastewater. Therefore, staff recommends depreciation expense of \$22,660 for water and \$29,254 for wastewater.

### **Capital Amortization**

As discussed in Issue 4, staff recommends a capital recovery schedule of \$26,881 for water and \$5,557 for wastewater over a seven-year amortization period. The corresponding annual amortization expense is \$3,840 for water and \$794 for wastewater.

### **Taxes Other Than Income (TOTI)**

The Utility recorded TOTI of \$2,966 for water and \$4,524 for wastewater. Audit staff increased this amount by \$562 for water and \$2,383 for wastewater to reflect 2024 property tax assessments and audit adjusted revenue regulatory assessment fees (RAFs). Technical staff further increased property taxes by \$59 for water and \$139 for wastewater to reflect the updated acreage allocation of 0.178 percent for water and 0.434 percent for wastewater. The adjustment is based on an updated total acreage of 192.96, as reported on the Polk County Property Appraiser's website, rather than the 214.52 acres used in the Audit.

Staff also increased both water and wastewater TOTI by \$343 to reclassify payroll tax expense that had been incorrectly recorded in Accounts 631/731 – Salaries and Wages – Employees.

Based on revenues discussed in Issue 6, TOTI should be increased by \$84 for water and \$60 to reflect a RAF rate of 4.5 percent applied to staff-adjusted revenues. As such, staff recommends the appropriate amount of RAFs are \$3,103 for water and \$4,647 for wastewater.

As discussed in Issue 9, staff recommends revenues be increased by \$39,131 for water and \$41,642 for wastewater in order to reflect the change in revenue required to cover expenses and

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allow an opportunity to earn the recommended operating margin. As a result, TOTI should be increased by \$1,761 for water and \$1,874 for wastewater to reflect RAFs of 4.5 percent of the change in revenues. Staff's adjustments result in a net increase of \$2,808 for water and \$4,799 for wastewater. Therefore, staff recommends TOTI of \$5,774 for water and \$9,324 for wastewater.

### **Operating Expense Summary**

The Utility recorded operating expenses of \$83,558 for water and \$130,311 for wastewater. Staff's net adjustments result in a decrease of \$2,778 for water and \$3,978 for wastewater. The application of staff's recommended adjustments to the Utility's recommended operating expense results in a total operating expense of \$80,780 for water and \$126,333 for wastewater. Operating expenses are shown on Schedule Nos. 3-A and 3-B, and the related adjustments are shown on Schedule No. 3-C.

**Issue 8:** Does GCP Plantation Landings, LLC meet the criteria for application of the operating ratio methodology?

**Recommendation:** No, GCP does not meet the requirement for application of the operating ratio methodology for calculating the revenue requirement. (Lenberg)

**Staff Analysis:** Rule 25-30.4575(2), F.A.C., indicates that in rate cases processed under Rule 25-30.455, F.A.C., the Commission will use the operating ratio methodology to establish the Utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses, less regulatory commission expense and purchased wastewater treatment expense (where applicable), and the use of the operating ratio methodology does not change the Utility's qualification for a SARC.

With respect to GCP, staff has recommended a rate base of \$320,909 for water and \$218,460 for wastewater. After removal of rate case expense, staff has calculated an adjusted O&M expense of \$47,490 for water and \$85,940 for wastewater. Based on staff's preliminary recommended amounts, the Utility's water rate base is 675.74 percent of its adjusted O&M expense and wastewater rate base is 254.20 percent of its adjusted O&M expense. Based on this, the Utility does not qualify for application of the operating ratio methodology.

**Issue 9:** What is the appropriate revenue requirement for GCP Plantation Landings, LLC?

**Recommendation:** The appropriate revenue requirement is \$108,080 for water and \$144,917 for wastewater, resulting in an annual increase of \$39,131 (56.75 percent) for water and \$41,642 (40.32 percent) for wastewater. (Lenberg)

**Staff Analysis:** GCP should be allowed an annual increase of \$39,131 (56.75 percent) for water and \$41,642 (40.32 percent) for wastewater. This should allow the Utility the opportunity to recover its expenses and earn an 8.51 percent rate of return for water and wastewater. The calculations of the revenue requirement are shown on Table 9-1 and Table 9-2.<sup>15</sup>

**Table 9-1  
 Water Revenue Requirement**

Water Rate Base	\$320,909
Rate of Return	× 8.51%
Return on Rate Base	<u>\$27,300</u>
Water O&M Expense	48,506
Depreciation Expense	22,660
Amortization Expense	3,840
Taxes Other Than Income	<u>5,774</u>
Revenue Requirement	<u>\$108,080</u>
Less Test Year Revenues	\$68,949
Annual Increase	\$39,131
Percent Increase	56.75%

Source: Staff calculations.

**Table 9-2  
 Wastewater Revenue Requirement**

Wastewater Rate Base	\$218,460
Rate of Return	× 8.51%
Return on Rate Base	<u>\$18,584</u>
Water O&M Expense	86,962
Depreciation Expense	29,254
Amortization Expense	794
Taxes Other Than Income	<u>9,324</u>
Revenue Requirement	<u>\$144,917</u>
Less Test Year Revenues	\$103,275
Annual Increase	\$41,642
Percent Increase	40.32%

Source: Staff calculations.

<sup>15</sup> Staff notes the calculations presented in Tables 9-1 and 9-2 may not sum due to rounding.

**Issue 10:** What are the appropriate water and wastewater rate structures and rates for GCP Plantation Landings, LLC?

**Recommendation:** The recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The Utility's proposal to include a repression adjustment for wastewater should be denied. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice. (Chambliss)

**Staff Analysis:**

**Water Rates**

GCP provides water service to 388 residential customers and one general service customer. A review of the billing data indicated that 12 percent of the residential customer bills during the test year had zero gallons, which reflects a non-seasonal customer base. The average residential water demand was 3,700 gallons per month during the test year. Currently, the rate structure for the residential and general services classes consists of a BFC and a uniform gallonage charge.

Staff performed an analysis of the Utility's billing in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the recommended revenue requirement; (2) equitably distribute cost recovery among the Utility's customers; (3) establish the appropriate discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with Commission practice.

Due to the Utility's non-seasonal customer base, staff recommends that 35 percent of the water revenues be generated from the BFC, which will provide sufficient revenues to design gallonage charges that will send the appropriate pricing signals to customers using above the non-discretionary level. The average number of people per household is 2.60;<sup>16</sup> therefore, based on the number of people per household, 50 gallons per day, per person, and the number of days per month, the discretionary usage threshold should be 4,000 gallons per month. Staff's review of the billing data indicates that discretionary usage above 4,000 gallons represents approximately 26 percent of the bills, which accounts for approximately 43 percent of water demand. This indicates that there are some customers with high discretionary usage above 4,000 gallons.

Staff recommends a three-tier inclining block rate structure, which includes separate gallonage charges for non-discretionary and discretionary usage for residential water rates. Due to the high usage above 4,000 gallons per month, staff believes that it is appropriate in this case to recommend rate factors of 1.50 in the second tier and 1.75 in the third tier because it will target

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<sup>16</sup> <https://data.census.gov/table?q=Haines+city,+Florida+dp02>

those customers with higher levels of consumption. General service customers should continue to be billed a BFC and uniform gallonage charge.

Based on staff's recommended revenue increase of 56.8 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 2,779,000 gallons resulting in an anticipated average residential demand of 3,105 gallons per month. Staff recommends a 16.1 percent reduction in test year residential gallons for rate setting purposes. As a result, the corresponding reduction for chemicals expense is \$1,458 and \$69 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of \$106,553.

### **Wastewater Rates**

As for wastewater, the Utility provides service to approximately 388 residential customers and one general service customer. Currently, the Utility's residential rate structure consists of a uniform BFC for all meter sizes and a gallonage charge with a 6,000 gallon cap. The general service rate structure consists of a BFC charge per meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge.

Staff performed an analysis of the Utility's billing data in order to evaluate various BFC cost recovery percentages and gallonage caps for the residential wastewater customers. The goal of the evaluation was to select the rate design parameters that: 1) produce the recommended revenue requirement; 2) equitably distribute cost recovery among the Utility's customers; and 3) implement a gallonage cap, where appropriate, that considers approximately the amount of water that may return to the wastewater system.

Consistent with Commission practice, staff allocated 50 percent of the wastewater revenue to the BFC due to the capital intensive nature of wastewater plants. Currently, the Utility's residential wastewater gallonage cap is set at 6,000 gallons. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. However, it is Commission practice to set the wastewater cap at approximately 80 percent of residential water sold, which typically results in gallonage caps of 6,000, 8,000, or 10,000. Based on staff's review of the billing analysis, 68 percent of the gallons are captured at the 6,000 gallon consumption level, which should be changed because the wastewater gallonage cap is not consistent with Commission practice. According to the billing data, approximately 80 percent of the gallons are captured at 10,000 gallons. Therefore, staff recommends that the residential wastewater cap be set at 10,000 gallons. Staff recommends that the general service gallonage charge continue to be 1.2 times greater than the residential charge, which is consistent with Commission practice.

Furthermore, in its application, the Utility requested a repression adjustment for wastewater. It is Commission practice to calculate increases in the price of water as the catalyst for whether or not there is a repression adjustment which would ultimately flow through to wastewater. Staff recommended a reduction in water gallons to determine the appropriate wastewater repression adjustment. This resulted in a wastewater repression adjustment of 4.58 percent, which is de minimis. Therefore, no repression adjustment for wastewater is necessary in this case.

Date: March 26, 2026

Based on the above, staff's recommended rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The Utility's proposal to include a repression adjustment for wastewater should be denied. The Utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should 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. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The Utility should provide proof of the date notice was given by affidavit within 10 days of the date of the notice.

**Issue 11:** What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense?

**Recommendation:** The rates should be reduced as shown on Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. GCP should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and or pass-through increase and the reduction in the rates due to the amortized rate case expense. (Lenberg, Chambliss)

**Staff Analysis:** Section 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is \$1,064 for water and \$1,070 for wastewater.

Staff recommends that the rates should be reduced as shown on Schedule Nos. 4-A and 4-B, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. GCP should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the Utility files revised tariffs reflecting this reduction in conjunction with a price index, or pass-through rate adjustment, separate data should be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

**Issue 12:** Should the recommended rates be approved for GCP Plantation Landings, LLC on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility?

**Recommendation:** Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the Utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. GCP should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the Utility should be subject to the refund provisions discussed below in the staff analysis. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month, indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund. (Lenberg)

**Staff Analysis:** This recommendation proposes an increase in rates. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the Utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the Utility, staff recommends that the proposed rates be approved on a temporary basis. GCP should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and it has been received by the customers. The additional revenue produced by staff's recommended rates and collected by the Utility should be subject to the refund provisions discussed below.

GCP should be authorized to initiate the temporary rates upon staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security should be in the form of either a bond or letter of credit in the amount of \$26,720 for water and \$28,435 for wastewater. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

If the Utility chooses a bond for securing the potential refund, the bond should contain wording to the effect that it will be terminated only under the following conditions:

1. The Commission approves the rate increase; or,
2. If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit for securing the potential refund, the letter of credit should contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit will be in effect until a final Commission order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions should be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Cosentino v. Elson*, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

In no instance should the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and should 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 should be maintained by the Utility. If a refund is ultimately required, it should be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility should maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility should file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

**Issue 13:** Should GCP Plantation Landings, LLC be required to notify the Commission within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA?

**Recommendation:** Yes. GCP should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days. (Lenberg)

**Staff Analysis:** GCP should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The Utility should submit a letter within 90 days of the Commission's final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, a notice providing good cause should be filed not less than seven days prior to the deadline requesting an extension. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

**Issue 14:** Should this docket be closed?

**Recommendation:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. (Sapoznikoff)

**Staff Analysis:** No. If no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the order, a consummating order should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff.

<b>GCP PLANTATION LANDINGS, LLC</b>		<b>SCHEDULE NO. 1-A</b>	
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250094-WS</b>	
<b>SCHEDULE OF WATER RATE BASE</b>			
<b>DESCRIPTION</b>	<b>BALANCE PER UTILITY</b>	<b>STAFF ADJUST.</b>	<b>BALANCE PER STAFF</b>
1. UTILITY PLANT IN SERVICE	\$656,570	(\$22,163)	\$634,407
2. LAND & LAND RIGHTS	14,970	(13,806)	1,164
3. ACCUMULATED DEPRECIATION	(431,482)	85,923	(345,559)
4. CAPITAL RECOVERY	0	26,881	26,881
5. ACCUMULATED CAPITAL RECOVERY	0	(1,920)	(1,920)
6. WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$5,936</u>	<u>\$5,936</u>
<b>WATER RATE BASE</b>	<b><u>\$240,058</u></b>	<b><u>\$80,851</u></b>	<b><u>\$320,909</u></b>

<b>GCP PLANTATION LANDINGS, LLC</b>		<b>SCHEDULE NO. 1-B</b>	
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250094-WS</b>	
<b>SCHEDULE OF WASTEWATER RATE BASE</b>			
<b>DESCRIPTION</b>	<b>BALANCE PER UTILITY</b>	<b>STAFF ADJUST.</b>	<b>BALANCE PER STAFF</b>
1. UTILITY PLANT IN SERVICE	\$732,231	(\$51,227)	\$681,004
2. LAND & LAND RIGHTS	78,192	(60,514)	17,678
3. ACCUMULATED DEPRECIATION	(491,702)	(4,422)	(496,124)
4. CAPITAL RECOVERY	0	5,557	5,557
5. ACCUMULATED CAPITAL RECOVERY	0	(397)	(397)
6. WORKING CAPITAL ALLOWANCE	<u>\$0</u>	<u>\$10,742</u>	<u>\$10,742</u>
WASTEWATER RATE BASE	<u>\$318,721</u>	<u>(\$100,261)</u>	<u>\$218,460</u>

<b>GCP PLANTATION LANDINGS, LLC</b>		<b>SCHEDULE NO. 1-C</b>	
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250094-WS</b>	
<b>ADJUSTMENTS TO RATE BASE</b>			
		<b><u>WATER</u></b>	<b><u>WASTEWATER</u></b>
<b><u>UTILITY PLANT IN SERVICE</u></b>			
1.	To reflect auditing adjustments.	\$17,975	(\$21,261)
2.	To reflect staff adjustments.	(62,568)	(22,183)
3.	To reflect averaging adjustments.	<u>22,430</u>	<u>(7,783)</u>
	Total	<u>(\$22,163)</u>	<u>(\$51,227)</u>
<b><u>LAND &amp; LAND RIGHTS</u></b>			
4.	To reflect auditing adjustments.	<u>(\$13,806)</u>	<u>(\$60,514)</u>
<b><u>ACCUMULATED DEPRECIATION</u></b>			
5.	To reflect auditing adjustments.	\$33,538	(\$28,893)
6.	To reflect staff adjustments.	66,477	16,626
7.	To reflect the updated depreciation expense associated with plant retirements recognized outside the test year.	12,991	3,029
8.	To reflect averaging adjustments.	<u>(27,084)</u>	<u>4,816</u>
	Total	<u>\$85,923</u>	<u>(\$4,422)</u>
<b><u>CAPTIAL RECOVERY</u></b>			
9.	To reflect staff adjustments.	<u>\$26,881</u>	<u>\$5,557</u>
<b><u>ACCUMULATED AMORTIZATION OF CAPITAL RECOVERY</u></b>			
10.	To reflect averaging adjustments.	<u>(\$1,920)</u>	<u>(\$397)</u>
<b><u>WORKING CAPITAL ALLOWANCE</u></b>			
11.	To reflect 1/8 of test year O&M expenses.	<u>\$5,936</u>	<u>\$10,742</u>

<b>GCP PLANTATION LANDINGS, LLC</b>				<b>SCHEDULE NO. 2</b>		
<b>TEST YEAR ENDED 12/31/2024</b>				<b>DOCKET NO. 20250094-WS</b>		
<b>SCHEDULE OF CAPITAL STRUCTURE</b>						
<b>CAPITAL COMPONENT</b>	<b>PER UTILITY</b>	<b>ADJUST-MENTS</b>	<b>BALANCE PER STAFF</b>	<b>PERCENT OF TOTAL</b>	<b>COST</b>	<b>WEIGHTED COST</b>
1. COMMON EQUITY	<u>\$558,779</u>	<u>(\$19,410)</u>	<u>\$539,369</u>	<u>100.00%</u>	8.51%	<u>8.51%</u>
TOTAL CAPITAL	<u>\$558,779</u>	<u>(\$19,410)</u>	<u>\$539,369</u>	<u>100.00%</u>		<u>8.51%</u>
			<b>RANGE OF REASONABLENESS</b>		<b><u>LOW</u></b>	<b><u>HIGH</u></b>
			RETURN ON EQUITY		7.51%	9.51%
			OVERALL RATE OF RETURN		7.51%	9.51%

<b>GCP PLANTATION LANDINGS, LLC</b>			<b>SCHEDULE NO. 3-A</b>		
<b>TEST YEAR ENDED 12/31/2024</b>			<b>DOCKET NO. 20250094-WS</b>		
<b>SCHEDULE OF WATER OPERATING INCOME</b>					
	<b>TEST YEAR PER UTILITY</b>	<b>STAFF ADJUST- MENTS</b>	<b>STAFF ADJUSTED TEST YEAR</b>	<b>ADJUST FOR INCREASE</b>	<b>REVENUE REQUIREMENT</b>
<b>1. TOTAL OPERATING REVENUES</b>	\$65,900	\$3,049	\$68,949	\$39,131 56.75%	\$108,080
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$56,230	(\$7,724)	\$48,506		\$48,506
3. DEPRECIATION (NET)	24,362	(1,702)	22,660		22,660
4. CAPITAL AMORTIZATION	0	3,840	3,840		3,840
5. TAXES OTHER THAN INCOME	<u>2,966</u>	<u>1,047</u>	<u>4,013</u>	<u>1,761</u>	<u>5,774</u>
<b>TOTAL OPERATING EXPENSES</b>	<b><u>\$83,558</u></b>	<b><u>(\$4,539)</u></b>	<b><u>\$79,019</u></b>	<b><u>\$1,761</u></b>	<b><u>\$80,780</u></b>
<b>6. OPERATING INCOME / (LOSS)</b>	(\$17,658)		(\$10,070)		\$27,300
<b>7. WATER RATE BASE</b>	\$240,058	\$80,851	\$320,909		\$320,909
<b>8. RATE OF RETURN</b>					8.51%

<b>GCP PLANTATION LANDINGS, LLC</b>			<b>SCHEDULE NO. 3-B</b>		
<b>TEST YEAR ENDED 12/31/2024</b>			<b>DOCKET NO. 20250094-WS</b>		
<b>SCHEDULE OF WASTEWATER OPERATING INCOME</b>					
	<b>TEST YEAR PER UTILITY</b>	<b>STAFF ADJUST- MENTS</b>	<b>STAFF ADJUSTED TEST YEAR</b>	<b>ADJUST FOR INCREASE</b>	<b>REVENUE REQUIREMENT</b>
<b>1. TOTAL OPERATING REVENUES</b>	\$100,535	\$2,740	\$103,275	\$41,642 40.32%	\$144,917
<b>OPERATING EXPENSES:</b>					
<b>2. OPERATION &amp; MAINTENANCE</b>	\$104,376	(\$17,414)	\$86,962		\$86,962
<b>3. DEPRECIATION (NET)</b>	21,411	7,843	29,254		29,254
<b>4. CAPITAL AMORTIZATION</b>	0	794	794		794
<b>5. TAXES OTHER THAN INCOME</b>	<u>4,524</u>	<u>2,926</u>	<u>7,450</u>	<u>1,874</u>	<u>9,324</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>\$130,311</u>	<u>(\$5,852)</u>	<u>\$124,459</u>	<u>\$1,874</u>	<u>\$126,333</u>
<b>6. OPERATING INCOME / (LOSS)</b>	(\$29,776)		(\$21,184)		\$18,584
<b>7. WASTEWATER RATE BASE</b>	\$318,721	(\$100,261)	\$218,460		\$218,460
<b>8. RATE OF RETURN</b>					8.51%

<b>GCP PLANTATION LANDINGS, LLC</b>		<b>SCHEDULE 3-C</b>	
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250094-WS</b>	
<b>ADJUSTMENTS TO OPERATING INCOME</b>			
	<u><b>WATER</b></u>	<u><b>WASTEWATER</b></u>	
<b>OPERATING REVENUES</b>			
1. To reflect an auditing adjustment to service revenues.	\$1,192	\$1,403	
2. To reflect the appropriate test year service revenues.	<u>1,857</u>	<u>1,337</u>	
Total	<u>\$3,049</u>	<u>\$2,740</u>	
<b>OPERATION AND MAINTENANCE EXPENSE</b>			
1. Salaries and Wages - Employees (601 / 701)			
a. To reflect auditing adjustments.	\$5,218	\$5,218	
b. To reflect reclassification of payroll taxes.	<u>(343)</u>	<u>(343)</u>	
Subtotal	<u>\$4,875</u>	<u>\$4,875</u>	
2. Fuel for Power Production (616 / 716)			
To reflect auditing adjustments.	<u>\$256</u>	<u>\$256</u>	
3. Chemicals Expense (618 / 718)			
a. To reflect auditing adjustments.	(\$311)	\$499	
b. To reflect EUW adjustment.	<u>(2,099)</u>	<u>0</u>	
Subtotal	<u>(\$2,410)</u>	<u>\$499</u>	
4. Materials and Supplies (720)			
To reflect an auditing adjustment.	<u>\$0</u>	<u>(\$499)</u>	
5. Contractual Services - Billing (630 / 730)			
To reflect auditing adjustments.	<u>\$204</u>	<u>\$204</u>	
6. Contractual Services - Professional (631 / 731)			
a. To reflect auditing adjustments.	(\$7,263)	(\$13,157)	
b. To amortize a non-recurring EPA cost.	(2,922)	0	
c. To reclassify groundskeeping expense.	<u>0</u>	<u>(11,700)</u>	
Subtotal	<u>(\$10,185)</u>	<u>(\$24,857)</u>	
7. Contractual Services - Accounting (632 / 732)			
To reflect O&M Proforma amortized over five years.	<u>\$500</u>	<u>\$500</u>	
8. Contractual Services - Testing (635)			
a. To reflect an auditing adjustment.	<u>(\$484)</u>	<u>\$0</u>	
9. Contractual Services - Other (636 / 736)			
a. To reflect auditing adjustments.	(\$7,150)	(\$5,068)	
b. To reclass and appropriately allocate groundskeeping expenses.	<u>5,850</u>	<u>5,850</u>	
Subtotal	<u>(\$1,300)</u>	<u>\$782</u>	
10. Transportation Expense (650 / 750)			
To reflect auditing adjustments.	<u>(\$256)</u>	<u>(\$256)</u>	
11. Rate Case Expense (665 / 765)			
To reflect 1/4 rate case expense.	<u>\$1,016</u>	<u>\$1,022</u>	
12. Miscellaneous Expense (675 / 775)			
To reflect auditing adjustments.	<u>\$60</u>	<u>\$60</u>	
<b>TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS</b>	<u><b>(\$7,724)</b></u>	<u><b>(\$17,414)</b></u>	

<b>DEPRECIATION EXPENSE</b>		
1. To reflect auditing adjustments.	\$1,036	\$7,876
2. To reflect staff adjustments.	(2,738)	(33)
Total	<u>(\$1,702)</u>	<u>\$7,843</u>
<b>AMORTIZATION EXPENSE</b>		
1. To reflect capital recovery expense.	<u>\$3,840</u>	<u>\$794</u>
<b>TAXES OTHER THAN INCOME</b>		
1. To reflect auditing adjustments.	\$562	\$2,383
2. To reflect staff adjustments.	402	482
3. To reflect appropriate test year RAF's.	84	60
4. To reflect appropriate revenue requirement RAF's.	<u>1,761</u>	<u>1,874</u>
Total	<u>\$2,808</u>	<u>\$4,799</u>
<b>TOTAL OPERATING EXPENSE ADJUSTMENTS</b>	<u>(\$2,778)</u>	<u>(\$3,978)</u>

<b>GCP PLANTATION LANDINGS, LLC</b>		<b>SCHEDULE NO. 3-D</b>		
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250094-WS</b>		
<b>ANALYSIS OF WATER O&amp;M EXPENSE</b>				
<b>ACCT.</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>STAFF ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
601	Salaries and Wages - Employees	\$0	\$4,875	\$4,875
616	Fuel for Power Production	0	256	256
618	Chemicals	12,443	(2,410)	10,033
620	Materials and Supplies	240	0	240
630	Contractual Services - Billing	3,298	204	3,502
631	Contractual Services - Professional	29,725	(10,185)	19,540
632	Contractual Services - Accounting	0	500	500
635	Contractual Services - Testing	2,983	(484)	2,499
636	Contractual Services - Other	7,150	(1,300)	5,850
650	Transportation Expense	256	(256)	0
665	Rate Case Expense	0	1,016	1,016
670	Bad Debt Expense	0	0	0
675	Miscellaneous Expenses	<u>135</u>	<u>60</u>	<u>195</u>
	Total O&M Expense	<u>\$56,230</u>	<u>(\$7,724)</u>	<u>\$48,506</u>
	Working Capital is 1/8 of O&M Less RCE			\$5,936

<b>GCP PLANTATION LANDINGS, LLC</b>		<b>SCHEDULE NO. 3-E</b>		
<b>TEST YEAR ENDED 12/31/2024</b>		<b>DOCKET NO. 20250094-WS</b>		
<b>ANALYSIS OF WASTEWATER O&amp;M EXPENSE</b>				
<b>ACCT.</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>STAFF ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
701	Salaries and Wages - Employees	\$0	\$4,875	\$4,875
711	Sludge Removal Expense	18,850	0	18,850
716	Fuel for Power Production	0	256	256
718	Chemicals	27,330	499	27,829
720	Materials and Supplies	1,799	(499)	1,300
730	Contractual Services - Billing	3,298	204	3,502
731	Contractual Services - Professional	45,740	(24,857)	20,883
732	Contractual Services - Accounting	0	500	500
736	Contractual Services - Other	7,103	782	7,885
750	Transportation Expense	256	(256)	0
765	Rate Case Expense	0	1,022	1,022
770	Bad Debt Expense	0	0	0
775	Miscellaneous Expenses	<u>0</u>	<u>60</u>	<u>60</u>
	Total O&M Expense	<u>\$104,376</u>	<u>(\$17,414)</u>	<u>\$86,962</u>
	Working Capital is 1/8 of O&M Less RCE			\$10,742

GCP Plantation Landings, LLC TEST YEAR ENDED 12/31/2024 MONTHLY WATER RATES		SCHEDULE NO. 4-A DOCKET NO. 20250094-WS	
	UTILITY CURRENT RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<b>Residential and General Service</b>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$5.83	\$7.08	\$0.07
3/4"	\$8.75	\$10.62	\$0.10
1"	\$14.58	\$17.70	\$0.17
1-1/2"	\$29.15	\$35.40	\$0.34
2"	\$46.64	\$56.64	\$0.54
3"	\$93.28	\$113.28	\$1.08
4"	\$145.75	\$177.00	\$1.68
6"	\$291.50	\$354.00	\$3.36
Charge per 1,000 gallons - Residential and General Service	\$2.00	N/A	N/A
Charge per 1,000 gallons - Residential Service			
0 - 4,000 gallons	N/A	\$3.55	\$0.03
4,001 - 10,000 gallons	N/A	\$5.33	\$0.05
Over 10,000 gallons	N/A	\$6.22	\$0.06
Charge per 1,000 gallons - General Service	\$2.45	\$4.24	\$0.04
<b>Typical Residential 5/8" x 3/4" Meter Bill Comparison</b>			
5,000 Gallons	\$15.83	\$26.61	
10,000 Gallons	\$25.83	\$53.26	
15,000 Gallons	\$35.83	\$84.36	

GCP PLANTATION LANDINGS, LLC.		SCHEDULE NO. 4-B	
TEST YEAR ENDED 12/31/2024		DOCKET NO. 20250094-WS	
MONTHLY WASTEWATER RATES			
	UTILITY'S EXISTING RATES	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<b><u>Residential</u></b>			
Base Facility Charge - All Meter Sizes	\$11.10	\$13.75	\$0.10
Charge Per 1,000 gallons 6,000 gallon cap	\$3.21	N/A	\$0.03
Charge Per 1,000 gallons 10,000 gallon cap	N/A	\$4.55	
<b><u>General Service</u></b>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$11.10	\$13.75	\$0.10
3/4"	\$16.65	\$20.63	\$0.15
1"	\$27.75	\$34.38	\$0.24
1-1/2"	\$55.50	\$68.75	\$0.48
2"	\$88.80	\$110.00	\$0.78
3"	\$177.60	\$220.00	\$1.55
4"	\$277.50	\$343.75	\$2.42
6"	\$555.00	\$687.50	\$4.85
Charge Per 1,000 gallons 10,000 gallon cap	N/A	\$5.46	
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$20.73	\$27.40	
6,000 Gallons	\$30.36	\$41.05	
10,000 Gallons	\$30.36	\$59.25	

# Item 8

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:** March 26, 2026

**TO:** Office of Commission Clerk (Teitzman)

**FROM:** Office of the General Counsel (Stiller, Sparks) *JSC*  
Division of Accounting and Finance (Cicchetti) *MC*  
Division of Economics (Draper) *EJD*  
Division of Engineering (Ballinger, Ellis) *TB*  
Division of Industry Development and Market Analysis (Hinton) *CH*

**RE:** Docket No. 20250011-EI – Petition for rate increase by Florida Power & Light Company.

**AGENDA:** 04/07/26 – Regular Agenda – Motion for Reconsideration – Oral Argument Requested – Participation is at the Discretion of the Commission

**COMMISSIONERS ASSIGNED:** Smith, Clark, La Rosa

**PREHEARING OFFICER:** La Rosa

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** None

### Case Background

On February 28, 2025, Florida Power & Light Company (FPL or Company) filed a petition for base rate increase, along with the minimum filing requirements and supporting direct testimony. Numerous individuals and associations were granted leave to intervene in this proceeding as parties.

The evidentiary hearing on FPL’s petition was scheduled for August 11 through August 22, 2025.<sup>1</sup> On August 8, 2025, FPL filed a Notice of Settlement in Principle and Joint Motion to

<sup>1</sup> Order No. PSC-2025-0075-PCO-EI.

Suspend Schedule and Amend Procedural Order. Some of the intervenors, referred to collectively as the Signatories,<sup>2</sup> joined in the Joint Motion to Suspend. On August 11, 2025, the remaining intervenors, referred to collectively as the Non-Signatories,<sup>3</sup> filed a Joint Response in Opposition to the Joint Motion to Suspend. The Commission granted the Joint Motion and suspended the schedule in order to allow the parties time to finalize the settlement.

On August 20, 2025, FPL and the Signatories filed a Joint Motion for Approval of 2025 Stipulation and Settlement Agreement. The Non-Signatories did not sign or otherwise join in the 2025 Stipulation and Settlement Agreement (2025 SSA). The Prehearing Officer issued a First Order Revising Order Establishing Procedure,<sup>4</sup> and therein set this matter for a two-week hearing to commence October 6, 2025, in order to accommodate a hearing on both the February 28, 2025, FPL petition for base rate increase, as well as a hearing on the 2025 SSA.

The final hearing on FPL's as-filed petition, as well as the 2025 SSA, was held October 6-10 and 13-16, 2025. The testimony of 52 witnesses and 862 exhibits were admitted into the record. On November 10, 2025, multiple parties filed post-hearing briefs. At a special agenda conference on November 20, 2025, the Commission unanimously approved the 2025 SSA as being in the public interest and establishing rates that are fair, just, and reasonable.

On February 6, 2026, pursuant to Rule 25-22.060, Florida Administrative Code (F.A.C.), the Non-Signatories filed a Joint Motion for Reconsideration of the Final Order Approving the 2025 Stipulation and Settlement Agreement (Joint Motion). On that same date, the Non-Signatories filed a Joint Request for Oral Argument (Joint Request). On February 13, 2026, FPL filed a Response in Opposition to the Joint Motion and a Response in Opposition to the Joint Request.

Pursuant to Section 350.01(5), F.S., “[a] petition for reconsideration shall be voted upon by those commissioners participating in the final disposition of the proceeding.” Current Chairman Smith and Commissioners Clark and La Rosa participated in the final disposition of this proceeding on November 20, 2025. Current Commissioners Payne and Ortega, who replaced former Commissioners Fay and Graham, did not. Accordingly, the Joint Motion and Joint Request will be considered by only Chairman Smith, Commissioner Clark, and Commissioner La Rosa

The Commission has jurisdiction over this matter pursuant to Sections 366.04, 366.05, and 366.06, F.S., and Rule 25-22.060, F.A.C.

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<sup>2</sup> The Signatories are Florida Industrial Power Users Group (FIPUG), Florida Retail Federation (FRF), Florida Energy for Innovation Association (FEIA), Walmart Inc., EVgo, LLC (EVgo), Americans for Affordable Clean Energy (AACE), Circle K, RaceTrac, Wawa, Electrify America (EA), Federal Executive Agencies (FEA), Armstrong World Industries (AWI), and Southern Alliance for Clean Energy (SACE).

<sup>3</sup> The Non-Signatories are the Office of Public Counsel (OPC), Florida Rising, League of United Latin American Citizens Florida (LULAC), Environmental Coalition of Southwest Florida (ECOSWF), and Floridians Against Increased Rates (FAIR). Florida Rising, ECOSWF, and LULAC are referred to collectively as FEL.

<sup>4</sup> Order No. PSC-2025-0323-PCO-EI.

## Discussion of Issues

**Issue 1:** Should the Joint Request for Oral Argument be granted?

**Recommendation:** No. Staff believes that the information in the Joint Motion for Reconsideration is sufficient for the Commission to make an informed decision, and that the movants have not shown with particularity a reason why oral argument would assist the Commission in understanding and evaluating the issues to be decided. If the Commission chooses to grant the Joint Request for Oral Argument, staff believe that ten minutes per side for oral argument would be sufficient. (Stiller, Sparks)

### **Staff Analysis:**

#### Legal Standard

Rule 25-22.0022(1), F.A.C., allows a party to request oral argument before the Commission on a motion for reconsideration. This request must be filed concurrently with the motion for reconsideration, and must state with particularity why oral argument would aid the Commission in understanding and evaluating the issues to be decided. Granting or denying oral argument is within the Commission's sole discretion. Rule 25-22.0022(3), F.A.C.

#### Positions of the Parties

The Non-Signatories assert that oral argument would aid the Commission in understanding the "novel and recent" issues raised in the Joint Motion, which they assert are of great public importance. The Non-Signatories also posit that argument would allow them to provide context and to be available to answer any questions.

FPL counters that the Non-Signatories have not stated with particularity which issues in the Joint Motion are novel or recent, and have failed to make the threshold demonstration for the Commission to allow oral argument.

#### Analysis

The information in the Joint Motion for Reconsideration is sufficient for the Commission to make an informed decision. The movants have not shown with particularity a reason why oral argument would assist the Commission in understanding and evaluating the issues to be decided.

#### Conclusion

Staff recommends that the Joint Request be denied. If the Joint Request is granted, the Commission should allow no more than 10 minutes per side for oral argument.

**Issue 2:** Should the Joint Motion for Reconsideration of Final Order be granted?

**Recommendation:** Staff recommends that the Joint Motion for Reconsideration of Final Order be granted in part and denied in part as set forth below. (Stiller, Sparks)

**Staff Analysis:**

Legal Standard

A motion for reconsideration under Rule 25-22.060(1)(a), F.A.C., may be filed by any “[a]ny party to a proceeding who is adversely affected by an order of the Commission.” A party need not file a motion for reconsideration in every instance prior to taking appeal. A motion should be filed only where the order under review on its face demonstrates that the Commission has overlooked or failed to consider a point of fact or law. *See Diamond Cab Co. v. King*, 146 So. 2d 889 (Fla. 1962); *Pingree v. Quaintance*, 394 So. 2d 162 (Fla. 1st DCA 1981). A motion for reconsideration must be based upon facts in the record and susceptible to review. *Stewart Bonded Warehouse, Inc. v. Bevis*, 294 So. 2d 315 (Fla. 1974). A motion for reconsideration is not a vehicle to reargue matters that have been considered. *Sherwood v. State*, 111 So. 2d 96 (Fla. 3d DCA 1959) (*citing State ex. rel. Jaytex Realty Co. v. Green*, 105 So. 2d 817 (Fla. 1st DCA 1958)).

The Joint Motion raises five issues, each of which will be addressed in turn below.

*1. Stochastic Loss of Load Probability*

The stochastic loss of load probability (SLOLP) refers to the output of a methodology (stochastic) used to calculate the likelihood (probability) that a utility will not be able to provide sufficient electricity to all ratepayers for some period of time (loss of load). The SLOLP is expressed as a percentage or fraction reflecting expected occurrence per year(s). In its as-filed case, FPL relied upon the SLOLP to demonstrate that anticipated losses of load justified a need for the requested generation and storage capacity additions. FPL did not expressly rely upon the SLOLP as support for the solar generation and battery storage additions contained in the 2025 SSA. The 2025 SSA did not specify a particular methodology – SLOLP or otherwise – that will be used to support future resource additions in 2027, 2028, and 2029.

Positions of the Parties

In the Joint Motion, the Non-Signatories disagree with the premise that the SLOLP was not the foundation for the battery and solar additions approved in the 2025 SSA. The Non-Signatories argue that, whether expressly mentioned or not, the SLOLP is the only methodology in the record that could possibly support FPL’s requests in the 2025 SSA. The Non-Signatories emphasize that 70 pages of FEL’s post-hearing brief was dedicated to demonstrating the inadequacy of SLOLP to support “billions of dollars in battery storage and solar facilities in 2025, 2026, and 2027.”<sup>5</sup> The Non-Signatories argue that the Final Order overlooks their lengthy arguments that the SLOLP submitted and relied upon in this proceeding was based on biased

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<sup>5</sup> Joint Motion at 5.

inputs and, therefore, is not competent substantial evidence. The Non-Signatories further argue that the Final Order also overlooks the lack of evidence in this record regarding the general validity of the methodology.

Specifically as to the 2025-2027 battery additions, the Non-Signatories contend that the only finding in the Final Order regarding SLOLP is “the unhelpful tautology” that the battery additions will provide additional capacity. As to the solar facilities, the Non-Signatories contend that the Final Order mentions the SLOLP only as it relates to future proceedings and two tariffs, and makes no findings that the solar facilities are needed or the most cost-effective method of generation.

FPL responds that the entirety of the Non-Signatory protest on this issue is pure reargument and, as a matter of law, should be disregarded for failing to meet the threshold for reconsideration. FPL continues that the Non-Signatories’ arguments are legally misplaced in light of the specific standard for Commission consideration of settlement agreements set forth by the Florida Supreme Court in *Floridians Against Increased Rates, Inc. v. Clark*, 371 So. 2d 905 (Fla. 2023) (hereinafter *FAIR*). FPL asserts that the key directive from the Court in *FAIR* relative to the Joint Motion is that “while the Commission need not resolve every issue independently in its final order when it is reviewing a settlement agreement, it must nonetheless discuss the major elements of the settlement agreement and explain why it is in the public interest.” 371 So. 2d at 912 (internal quotations and citations omitted). FPL then argues that the Commission was under no obligation to address SLOLP because it was not identified as a major element, and is otherwise generally subsumed in the Commission’s discussion of the public interest. FPL concludes that the Commission fully explained all bases for finding the 2025 SSA to be in the public interest in its Final Order.

### Analysis

FEL spent considerable time at the Final Hearing cross-examining witnesses about the SLOLP in general, the inputs to the model provided by FPL, and the outputs as they related to time of day and solar production. FEL spent a corresponding portion of its post-hearing brief on these same issues. While the importance assigned to the SLOLP by FEL at the hearing and in its brief may correspond to its importance to the resource plan contained in FPL’s as-filed case, this importance does not carry over to the 2025 SSA.

The 2025 SSA itself is not based on and in no way required the Commission’s endorsement of the SLOLP or the stochastic methodology. The battery storage and solar additions authorized in the 2025 SSA were not justified based on the SLOLP. Furthermore, as the Commission found in the Final Order, “[u]nlike FPL’s initial petition which specified the use of FPL’s newly proposed (Stochastic Loss of Load Probability or SLOLP) resource planning methodology, the 2025 SSA does not specify the methodology.”<sup>6</sup> Accordingly, the SLOLP was not identified as a major element and was not directly relevant to the Commission’s approval of the 2025 SSA. There was nothing for the Commission to overlook with respect to a methodology it did not rely upon.

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<sup>6</sup> Order No. PSC-2026-0022-S-EI at p. 43.

The Commission approved the battery storage and solar generation additions contested by the Non-Signatories in the Final Order as part of Major Element 3, “2026 & 2027 Base Rate Adjustments.” The reasons for approval are set forth in the Final Order, and do not include any reliance on the SLOLP. To the extent the Joint Motion requests that the Commission reconsider its approval, staff believes such is pure reargument of litigated and decided issues, and beyond the scope of a motion for reconsideration.

### Conclusion

Because the Non-Signatories failed to identify a point of fact or law overlooked by the Commission in rendering its order, staff recommends that Section I of the Joint Motion titled “The SLOLP” be denied.

#### 2. *FPL’s FEECA Performance*

As required by Section 366.82(10), F.S., the Commission considered FPL’s performance under the Florida Energy Efficiency and Conservation Act (FEECA) and included appropriate findings in the Final Order.<sup>7</sup> After these findings, the Commission notes that “[n]o party submitted prefiled testimony on this topic or FPL’s FEECA compliance.”

### Positions of the Parties

The Non-Signatories take issue with the sentence quoted immediately above, and state that FEL jointly submitted prefiled testimony on this topic, “and further that FEL cross-examined the Company-designated witness on the subject of FPL’s FEECA performance at hearing and admitted an additional exhibit on this topic . . . .”<sup>8</sup> The Non-Signatories assert that the Commission overlooked the record evidence and failed to make findings regarding FPL’s FEECA performance in its Final Order.<sup>9</sup>

FPL counters that this single sentence is, at most, a “non-material drafting quibble” that does not affect the Final Order. FPL continues that the Final Order considered the Company’s FEECA performance, and that no substantive matter was overlooked. FPL notes that it submitted prefiled testimony and briefed the subject of its FEECA performance.

### Analysis

Staff believes the Non-Signatories’ argument that the Final Order overlooked the fact that prefiled testimony was submitted is well-founded. The finding in the Final Order with which issue is taken incorrectly states only that no prefiled testimony was submitted regarding FEECA compliance. FEL submitted the following prefiled testimony of Florida Rising witness Marcellin:

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<sup>7</sup> The Florida Energy Efficiency and Conservation Act is codified at Sections 366.80 through 366.83, and 403.519, F.S. Section 366.82(10), F.S., provides, in pertinent part, that “[t]he commission shall also consider the performance of each utility pursuant to ss. 366.80-366.83 and 403.519 when establishing rates for those utilities over which the commission has ratesetting authority.”

<sup>8</sup> Joint Motion at 7.

<sup>9</sup> *Id.* at 8.

In 2023, FPL failed to achieve any of the energy-efficiency goals for the residential sector as set by the Florida Public Service Commission. In 2024, FPL achieved the GWh energy savings goal for the residential sector, which, for our members, is the most important goal as this is the goal that helps our members save money on their electricity bills, but did not achieve the summer or winter peak MW savings goal for the residential sector. Compared to national averages, their savings are still rather small.<sup>10</sup>

While this reference does not mention FEECA, it does contain the phrase “energy-efficiency goals.” Further, as noted in its Response to the Joint Motion, FPL submitted prefiled testimony regarding FEECA.<sup>11</sup>

Staff believes the Final Order’s statement that there is no prefiled testimony regarding FEECA compliance overlooks the mention of energy-efficiency in the prefiled testimony of FEL witness Marcelin quoted above. Staff also believes that same statement overlooks the prefiled testimony on FEECA submitted by FPL witness Nichols. Accordingly, staff recommends that the Joint Motion be granted in this respect, and that the Final Order be amended as follows:

No party FPL and FEL submitted prefiled testimony on the topic of FPL’s FEECA compliance. FEL witness Marcelin stated that FPL failed to achieve any energy efficiency goals for 2023 and did not achieve the summer or winter peak MW savings goal for the residential sector in 2024. FPL witness Nichols testified that FPL reduced energy consumption by implementing various DSM measures, thereby saving ratepayers money and eliminating the need to construct new generation.

Staff does not concur with the Non-Signatories’ argument that additional findings regarding FEECA performance are warranted. The Final Order contains findings regarding the most recent approval of FPL’s demand-side management plan, the demand and energy savings programs in the plan, how these programs are available to eligible customers on a voluntary basis, and how goal achievement varies year-by-year.<sup>12</sup> Staff believes that the Commission’s consideration of FEECA in this Final Order is consistent with Section 366.82(10), F.S..

### Conclusion

Staff recommends that Section II of the Joint Motion titled “FPL’s FEECA Performance” be granted with respect to the prefiled testimony regarding FEECA, and that the Final Order be amended as noted immediately above. Staff recommends that Section II of the Joint Motion be denied in all other respects.

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<sup>10</sup> Tr. at 3907.

<sup>11</sup> See Tr. at 837, 858-60 & 978.

<sup>12</sup> Order No. PSC-2026-0022-S-I at p. 60.

### 3. *Cost of Service Legal Obligations*

Section 366.06(1), F.S., requires that the Commission, “to the extent practicable, consider the cost of providing service to the class, as well as . . . the consumption and load characteristics of the various classes of customers” as part of its analysis in setting fair, just, and reasonable rates. Five cost of service studies were submitted by the parties and entered into the record of this proceeding. Each study reached different results. The rates the Commission ultimately approved in the 2025 Settlement reflect compromise among competing parties who submitted the various studies and, accordingly, do not correspond precisely to any one of the studies.

#### Positions of the Parties

The Non-Signatories assert that the Commission found as follows:

Not only is one specific cost of service study not required . . . [o]ur duty is to determine whether the resulting allocation results in rates that are fair, just and reasonable, and is in the public interest.

The Non-Signatories then argue that this “finding” demonstrates that “[t]he Commission has overlooked its specific statutory duty to consider the cost of providing service to each customer class and has instead relied on a methodology that is not supported by any competent, substantial evidence of record.”<sup>13</sup>

FPL responds that the cost of service studies were considered, no point of law or fact was overlooked, and the Joint Motion on this point is reargument that should be rejected.

#### Analysis

The Non-Signatories’ argument is founded on two phrases taken from a much larger paragraph. The full paragraph is set forth below, with the two selected phrases underscored.

The revenue requirement allocation in the 2025 SSA is not the result of one specific cost of service study. The revenue requirement allocation is the result of negotiations in a complex docket with five cost of service studies, each with its own assumptions, methodologies, inputs, and conclusions. In this context, it stands to reason that the negotiated outcome would not be the result of one agreed-upon study, but would rather be based on inputs from more than one cost of service study. Not only is one specific cost of service study not required, the parity results of the revenue allocation under the proposed settlement are within the ranges of parity under each cost of service methodology presented and are reasonable. Our duty is to determine whether the resulting allocation results in rates that are fair, just, and reasonable, and is in the public interest when

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<sup>13</sup> Joint Motion at 9.

considered as part of the 2025 SSA as a whole. That determination is set forth at the conclusion of this Order.<sup>14</sup>

Staff notes that the sentence that immediately precedes the first underscored phrase clearly states that the Commission considered the cost of providing service to each class as set forth in five cost of service studies. The Commission ultimately approved rates by class that fall within the ranges of parity established by studies of record, all of which are competent substantial evidence. Staff believes the Commission has “to the extent practicable, consider[ed] the cost of providing service to the class,” consistent with section 366.06(1), F.S.

Staff does not agree with the Non-Signatories’ implicit argument that a settlement must be based on one cost-of-service study of record, or that the settling parties must necessarily undertake a new study during settlement negotiations. The introductory statutory phrase “to the extent practicable” and the directive “consider” the cost of providing service to the classes recognize the discretion inherent in ratemaking.<sup>15</sup> The Commission properly exercised its discretion in considering all cost of service studies, to the extent practical and in the context of a settlement agreement, and approving the 2025 SSA.

### Conclusion

Because the Non-Signatories failed to identify a point of fact or law overlooked by the Commission in rendering its order, staff recommends that Section III of the Joint Motion titled “Cost of Service Legal Obligations” be denied.

#### 4. *New Evidence*

The final hearing in this docket was conducted pursuant to the procedures set forth in Section 120.57(1), F.S. The record in such a case consists of the following:

1. All notices, pleadings, motions, and intermediate rulings.
2. Evidence admitted.
3. Those matters officially recognized.
4. Proffers of proof and objections and rulings thereon.
5. Proposed findings and exceptions.
6. Any decision, opinion, order, or report by the presiding officer.
7. All staff memoranda or data submitted to the presiding officer during the hearing or prior to its disposition, after notice of the submission to all parties, except communications by advisory staff as permitted under s. 120.66(1), if such communications are public records.
8. All matters placed on the record after an ex parte communication.
9. The official transcript.

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<sup>14</sup> Order No. PSC-2026-0022-S-EI at pp. 33-34.

<sup>15</sup> See *Action Grp. v. Deason*, 615 So. 2d 683, 686 (Fla. 1993) (Section 366.06(1) is a “broad grant of authority” to the Commission); *Martinez v. Reemployment Assistance Appeals Comm'n*, 118 So. 3d 878, 882 (Fla. 3d DCA 2013) (use of “practicable” in statute grants agency discretion).

Section 120.57(1)(f), F.S. This record is created during an administrative proceeding and is closed when the final hearing adjourns. *See Department of Transp. v. J.W.C. Company, Inc.*, 396 So. 2d 778, 786 (Fla. 1st DCA 1981). An agency is not specifically authorized by Chapter 120, F.S., to receive additional evidence after the hearing has concluded and the record has closed. *See Lawnwood Medical Center, Inc. v. Agency for Health Care Admin.*, 678 So. 2d 421, 425 (Fla. 1st DCA 1996).

The Commission conducted the final hearing in this rate case on October 6-10 and 13-16, 2025. The Commission admitted 862 exhibits and took official recognition of numerous documents. A transcript of the final hearing was filed in this docket. Staff filed a summary in the docket for Commission consideration before the special agenda conference on the 2025 SSA on November 20, 2025. All of these matters of record were before the Commission when they voted to approve the 2025 SSA.

One of the mechanisms in the 2025 SSA that the Commission approved in the Final Order is a “Rate Stabilization Mechanism” (RSM). The RSM is replacing a similar FPL mechanism known as the “Reserve Surplus Amortization Mechanism” (RSAM). The Commission found as following regarding the RSM in the Final Order:

The RSM will function almost identically to the RSAM. The RSM will be funded in the estimated amount of \$1.452 billion using the following . . . Any remaining balance in FPL’s existing RSAM as of January 1, 2026, estimated to be \$153.5 million . . . .<sup>16</sup>

This estimated \$153.5 million is referred to as the “carryover.”

Because the carryover was an estimated amount, the Final Order recited the following procedural commitment from the 2025 SSA:

Pursuant to the 2025 SSA, FPL will file an attachment to its monthly earnings surveillance report for December 2025 showing the final RSAM amount that will carry over to the TSM as well as the amount associated with the 2025 battery storage-related ITC. The sum of the \$1.155 billion unprotected deferred tax liability, the final RSAM residual amount, and the final amount to the 2025 ITCs shall constitute the ‘RSM amount.’<sup>17</sup>

### Positions of the Parties

The Non-Signatories assert that the Final Order overlooked certain facts regarding the ultimate amount of the carryover and seek reconsideration on this issue. In support of their argument, the Non-Signatories attached the following materials to the Joint Motion:

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<sup>16</sup> Order No. PSC-2026-0022-S-EI at 49.

<sup>17</sup> *Id.* at 50.

- (1) FPL's November 2025 earnings surveillance report, filed with the Commission clerk on January 15, 2026 (Attachment A to Joint Motion).
- (2) Transcript of prepared remarks presented at FPL's Fourth Quarter and Full-Year 2025 Earnings Conference Call, conducted January 27, 2026 (Attachment B to Joint Motion).
- (3) FPL's October 2025 earnings surveillance report, filed with the Commission clerk on December 15, 2025 (Attachment C to the Joint Motion).

The Non-Signatories assert that “[t]he Final Order overlooks that, based on this newly-available earning surveillance report, this [carryover] is likely to be a gross underestimate with the actual carryover likely to be at least double and possibly triple that amount.” Joint Motion at 11.

FPL responds that the Non-Signatories are again rearguing their case against the RSM. FPL asserts that these arguments were made at the final hearing and in post-hearing briefs and should not be heard here. FPL continues that the Final Order finds that the carryover is an estimate and establishes the procedure for that amount to be made certain. FPL further argues that rate cases are based on forecasts and estimates, and that allowing such matters to be revisited with new evidence would establish an unworkable precedent and result in a never-ending process. FPL concludes by noting that allowing the consideration of post-hearing evidence could raise due process concerns.

### Analysis

The carryover was never represented to be an amount certain. The Final Order acknowledged this uncertainty when the Commission found that the carryover is “*estimated* to be \$153.5 million.”<sup>18</sup> By including “estimated,” the Final Order expressly noted the fact that carryover may be larger (or smaller) than \$153.5 million. The Non-Signatories nonetheless argue that the Commission should grant reconsideration because subsequent events show that the \$153.5 amount in the Final Order is “a gross underestimate.”<sup>19</sup> A difference between an estimate and a final amount proves only that the former was, indeed, an estimate. The degree of difference does not necessarily mean a fact was overlooked when making the initial estimate. This rings especially true when the facts that were allegedly overlooked did not exist when the estimate was made.

As noted above, the Final Order requires that FPL file an attachment to its monthly earnings surveillance report for December 2025 showing the final RSAM amount. In support of the Joint Motion, the Non-Signatories submitted additional materials not mentioned in the Final Order related to both the carryover and FPL's return on equity. These materials were not introduced into evidence at the final hearing and are not part of the record. Staff notes that these materials did not exist when the Commission made its decision in November 2025. For all of these reasons, this new evidence is not appropriate to consider on a motion for reconsideration. *Stewart*

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<sup>18</sup> *Id.* at 49 (emphasis added).

<sup>19</sup> Joint Motion at 11 (emphasis added).

*Bonded Warehouse, Inc. v. Bevis*, 294 So. 2d 315, 317 (Fla. 1974) (reconsideration must be based upon specific factual matters set forth in the record).

The case cited by the Non-Signatories in support of their request to reopen or supplement the record with their newly-discovered evidence is readily distinguishable. At issue in *Florida Department of Corrections v. Provin* was whether the Career Service Commission (CSC) erred in receiving new evidence in support of a motion for rehearing. 515 So.2d 302, 306 (Fla. 1st DCA 1987). The court found that the statute regarding CSC proceedings and agency rule on rehearing afforded the CSC “broad discretion,”<sup>20</sup> and that the agency was acting consistently with prior orders on rehearing in receiving new evidence. *Id.* Notably, the new evidence that was introduced existed at the time of the hearing, but was not introduced into the record. The agency determined, and the court affirmed, that the party’s lack of due diligence in seeking to have the evidence admitted at the initial hearing was not a bar to its admission on rehearing. *Id.* at 306.

The statute and rules at issue in *Provin* are specific to the CSC. Unlike the Commission’s rule for reconsideration, the CSC’s rehearing rule allowed for that commission to consider whether the decision was based on fraud, collusion, deceit, or mistake. The court noted that the CSC “has interpreted the rule as permitting it to reconsider its earlier final order, *even if its reconsideration was based upon factors earlier considered when reaching its initial order.*” *Id.* (emphasis added). Unlike the CSC, the Commission has never applied its reconsideration rule to allow such reargument. Additionally, in *Provin*, the evidence sought to be introduced existed at the time of the hearing. The evidence the Non-Signatories rely on in support of reconsideration in this docket did not exist at the time of the final hearing in this docket.

The invitation by the Non-Signatories for the Commission to reopen the record and consider more recent earnings surveillance reports could be expected to result in a reciprocal request from FPL to admit countervailing evidence and testimony. Another earnings report would be available with every month that passes, repeatedly creating new evidence. Opening the door to recurring adjustments and reconsideration based on monthly reports would create “a never-ending process” that the Administrative Procedure Act does not envision,<sup>21</sup> and would eliminate the efficiencies sought to be achieved by the RSM and the four-year rate plan.

Perhaps the closest analogy to the instant situation is the Order on Reconsideration and Revising Implementation in Order No. PSC-97-0637-FOF-TL, issued June 3, 1997, in Docket No.

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<sup>20</sup> The court concluded its opinion with the following:

In consideration of these issues and the unique statutory powers conferred upon the [Career Service Commission], we think it helpful to repeat what was long ago stated by the United States Supreme Court in *ICC v. Jersey City*, 322 U.S. 503, 514–515, 64 S.Ct. 1129, 1134–1135, 88 L.Ed. 1420, 1428 (1944): “It has been almost a rule of necessity that rehearings were not matters of right, but were pleas to discretion. And likewise it has been considered that the discretion to be invoked was that of the body making the order, and not that of a *reviewing body*.” (emphasis supplied)

*Provin*, 515 So. 2d at 306–07.

<sup>21</sup> *Fla. Dep’t of Transp. v. J.W.C. Co.*, 396 So. 2d 778, 784 (Fla. 1st DCA 1981).

961153-TL, *In re Petition for Numbering Plan Relief for 904 area code, by BellSouth Telecommunications, Inc.*, cited by the Non-Signatories in the Joint Motion. At the agenda conference where the decision was to be made in that docket, the Commission debated whether to delay the vote in order to hear whether the North American Numbering Council (NANC) would object to the proposed action. *Id.* at 3. The Commission decided to not defer, opting instead to make a decision “and then the administrator and the NANC could respond.” *Id.* The NANC responded and the Commission, consistent with the statements made prior to the initial approval, voted on its own motion to reopen the record, consider the response, and reconsider the prior final order.

In this docket, the Commission was made aware that the carryover was an estimate. The Commission voted to approve the carryover as an estimate, and directed that FPL make a specific follow-up filing to fix an amount certain for the carryover. Consistent with the direction in the Final Order, FPL made the required filing. Like with the numbering plan docket discussed in the preceding paragraph, the Commission established a specific process to be followed after the initial approval. In this case, the process involved a post-hearing filing. In the docket discussed above, the process involved reopening the record. These processes were styled to particular cases based on specific facts, and are not interchangeable.

### Conclusion

Because the Non-Signatories failed to identify a point of fact or law in the record that was overlooked by the Commission in rendering its order, staff recommends that Section IV of the Joint Motion titled “New Evidence on Funding for RSM and FPL ROE” be denied.

### 5. *Final Order / Commission Decision*

The Commission met on November 20, 2025, at a special agenda conference to consider the 2025 SSA. Because these discussions are post-hearing, participation is limited to the Commission and staff under Rule 25-22.0021(6), F.A.C.. Staff presented a Summary and Overview document. All five Commissioners spoke to various aspects of the 2025 SSA. At the end of their deliberations, the Commission voted unanimously to approve the 2025 SSA.

### Positions of the Parties

The Non-Signatories contend that “the Final Order overlooked the point of law that the Final Order fails to accurately memorialize the Commission’s November 20, 2025, public discussion and explanation of its decision that the [2025 SSA] was in the public interest and results in fair, just, and reasonable rates.”<sup>22</sup> The Non-Signatories’ contention in the Joint Motion is that the Final Order errs in not simply reciting verbatim the statements the Commission made at the November special agenda conference. Because the Final Order contains words not spoken by any Commissioner at the special agenda conference, the Non-Signatories characterize it as Staff’s “reimagining” or “reconstruction” of the Commission’s “insufficient lip-service to the

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<sup>22</sup> Joint Motion at 13.

requirements of Florida law”<sup>23</sup> at the November special agenda conference. The position of the Non-Signatories is that “the Commission must discuss its consideration of the competing arguments of the major elements and supply a reasonable explanation, given the arguments, of how the evidence led to that decision.”<sup>24</sup>

FPL responds that the Non-Signatories’ argument lacks legal support and is contrary to decades of Commission practice. FPL contends that the binding legal precedent from the Florida Supreme Court requires that the final order contain detailed findings, and that the same precedent contains no requirement for the final order to strictly follow oral statements made by one or more Commissioners.

### Analysis

The Non-Signatories cite no law in support of their argument that boards or commissions must dictate the entire content of their final orders from the dais. Staff is aware of no such precedent. With respect to this Commission, the Florida Supreme Court has instructed that “a reasonable explanation, given the arguments, of how the evidence led to that decision” must be included in a final order. *FAIR*, 371 So. 3d at 922. Staff does not read this precedent from the Court as standing for the proposition that the Commission must dictate *verbatim* from the bench the precise words that must be included in a final order, or that the Commission must engage in detailed wordsmithing of a written order from the bench.

Nor does the case law cited by the Non-Signatories compel such a process. That case law instructs that “[o]ral pronouncements of an agency at a duly noticed hearing control over a written order which is inconsistent with those pronouncements.” *Verlini v. Department of Health*, 853 So. 2d 481, 483 (Fla. 1st DCA 2003). The court in *Verlini* held that relief was appropriate because the agency “enter[ed] a written final order which conflicts with its oral pronouncement.” *Id.* at 484. In reaching this conclusion, the court in *Verlini* relied on *Ulano v. Anderson*, 626 So.2d 1112 (Fla. 3d DCA 1992). In *Ulano*, the court granted relief upon a finding that “the trial judge made a series of oral pronouncements indicating that Dr. Ulano would recover . . . [and subsequently] entered a written final judgment in favor of Dr. Anderson, denying Dr. Ulano any recovery whatsoever.” 626 So.2d at 1112. In these cases and numerous others,<sup>25</sup> the inconsistency between the oral pronouncement and the written final order was not length or number of words, it was an actual conflict or material difference.

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<sup>23</sup> *Id.* at 13 & 28.

<sup>24</sup> Joint Motion at 37.

<sup>25</sup> See, e.g., *Leonard v. Leonard*, 613 So. 2d 1339, 1340 (Fla. 3d DCA 1993) (final judgment signed by the trial judge contained net pension value that was \$50,000 less than announced value must be modified); *Ivens Corp. v. Cohen*, 560 So. 2d 1352, 1353 (Fla. 3d DCA 1990) (“the record indicates that the trial court expressed to the parties findings different from those memorialized in the final judgment”); *Meyer v. Meyer*, 525 So.2d 462, 464 (Fla. 4th DCA) (entry of written judgment by trial court containing provision materially different from that which court announced at trial was substantive error).

There is no such conflict or material difference between the Final Order and the Commission's statements at the November 2025 special agenda conference. The Final Order did not overlook this law, or the facts at the November 2025 special agenda conference.

Conclusion

Because the Non-Signatories failed to identify a point of fact or law overlooked by the Commission in rendering its order, staff recommends that Section V of the Joint Motion titled "The Final Order Fails to Accurately Memorialize the Commission November 20, 2025 Public Discussion and Explanation for the Commission's Decision that the SIP Agreement is in the Public Interest and Result, in Fair, Just, and Reasonable Rate" be denied.

**Issue 3:** Should this docket be closed?

**Recommendation:** No. This docket should remain open while the appeals filed by OPC, FAIR, and FEL are pending with the Florida Supreme Court. (Stiller, Sparks)

**Staff Analysis:** OPC, FAIR, and FEL have each filed notices of appeal with the Florida Supreme Court. This docket should remain open while the appeals filed by OPC, FAIR, and FEL are pending with the Florida Supreme Court.