

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in  
Polk County, by Alturas Water, LLC.

DOCKET NO. 20240119-WU  
ORDER NO. PSC-2025-0285-PAA-WU  
ISSUED: July 22, 2025

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION ORDER  
APPROVING RATE INCREASE FOR ALTURAS WATER, LLC

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, and (2) the granting of temporary rates in the event of protest are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.). The reduction of rates after four years and the granting of temporary rates in the event of protest are procedural agency actions and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

**Case Background**

Alturas Water, LLC (Alturas or Utility) is a Class C utility providing water service to approximately 53 residential customers and 7 general service customers in Polk County. Wastewater service is provided by septic tanks. The Utility's last staff-assisted rate case (SARC) was in 2014.<sup>1</sup> In 2019, the Utility was transferred from Alturas Utilities, L.L.C. to Alturas Water, LLC.<sup>2</sup> In October 2020, the Utility, along with three sister utilities, was approved for a limited

<sup>1</sup> Order No. PSC-16-0128-PAA-WU, issued March 29, 2016, in Docket No. 20140219-WU, *In re: Application for staff-assisted rate case in Polk County by Alturas Utilities, L.L.C.*

<sup>2</sup> Order No. PSC-2019-0304-PAA-WU, issued July 29, 2019, in Docket No. 20180175-WU, *In re: Application to transfer facilities and Certificate No. 628-W in Polk County from Alturas Utilities, L.L.C. to Alturas Water, LLC.*

alternative rate increase.<sup>3</sup> According to the Utility's 2024 Annual Report, its operating revenues were \$38,080 and operating expenses were \$41,637.

Alturas has been in existence since 1928 and was granted a Grandfather Certificate by the Commission in 1997 in the name of Alturas Water Works.<sup>4</sup> The Utility's service territory is located in the Southwest Florida Water Management District (SWFWMD) and is subject to a year-round irrigation rule.

On August 12, 2024, the Utility filed an application for a SARC and the official date of filing was established as September 20, 2024. The 12-month period ending on June 30, 2024 was selected as the test year. A customer meeting occurred on April 2, 2025, no customers provided comments. We have jurisdiction pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, and 367.121, Florida Statutes (F.S.).

## **Review and Decision**

### **1. Quality of Service**

Pursuant to Section 367.081(2)(a)(1), 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. The Rule further states that the most recent chemical analyses for the water system, outstanding citations, violations, and consent orders on file with the Florida 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 Section 2.

#### *A. Quality of the Utility's Product*

In evaluation of Alturas' product quality, we 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 20, 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's standards. In the Utility's last Consumer Confidence Report, dated April 22, 2024, no violations of contaminant levels were noted for the testing period.

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<sup>3</sup> Order No. PSC-2020-0396-PAA-WS, issued October 22, 2020, in Docket No. 20200152-WS, *In re: Application for a limited alternative rate increase proceeding in Polk and Marion Counties, by Alturas Water, LLC, Sunrise Water, LLC, Pinecrest Utilities, LLC, and East Marion Utilities, LLC.*

<sup>4</sup> Order No. PSC-97-0513-FOF-WU, issued May 5, 1997, in Docket No. 19961109-WU, *In re: Application for grandfather certificate to operate a water utility in Polk County by Alturas Water Works.*

*B. The Utility's Attempt to Address Customer Satisfaction*

We reviewed the complaints filed in our Consumer Activity Tracking System (CATS), received by the Utility, and filed with the DEP for the test year and four years prior. There were six complaints filed in CATS. Five of these complaints were related to an outage caused by a lightning strike and one was related to low water pressure. The Utility reported that it received 21 complaints during this timeframe. Of these 21 complaints, 7 were related to billing, 7 were related to low water pressure and 7 were related to utility repair requests. The Utility indicated that all 21 complaints were resolved. The DEP indicated that it did not receive any complaints during this timeframe.

A customer meeting was held on April 2, 2025, no customers spoke at the meeting; however, one customer comment was placed in the docket file. This customer comment was in opposition of the rate increase and expressed frustration with the Utility for constant "boil water" notices, intermittent service disruptions, and water quality issues. We note that three water service interruptions occurred in the service area between March 2025 and April 2025. Two of these service interruptions were due to water line breaks, and one service interruption was attributed to a customer water tank installation, which were all resolved in a timely manner. We performed a supplemental review, through May 15, 2025, of complaints filed in the CATS following the customer meeting and found no additional complaints.

*C. Conclusion*

Alturas has been responsive to customer complaints and is currently in compliance with the DEP's standards; therefore, we find that the quality of service is satisfactory.

2. Infrastructure and Operating Conditions

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, we 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.

*A. Water System Operating Conditions*

The Utility's water system has one well with a pumping capacity of 350 gallons per minute (gpm) and one hydropneumatic tank with a capacity of 3,000 gallons. Its permitted capacity is 108,000 gallons per day (gpd). The water system provides finished water obtained from a single well, which draws ground water from the aquifer. The raw water is injected with liquid chlorine prior to entering a 3,000-gallon hydropneumatic tank, and then pumped into the water distribution system. The distribution system is a composite network mix of polyvinyl

chloride (PVC), concrete and galvanized pipe. We reviewed Alturas' sanitary survey reports conducted by the DEP to determine the Utility's overall water facility compliance. A review of the inspection conducted on March 20, 2023, indicated that Alturas' water treatment facility is in compliance with the DEP's rules and regulations.

*B. Conclusion*

The Alturas water system is currently in compliance with DEP regulations.

3. Used and Useful

Alturas' water system is served by a single 6-inch diameter well, rated at 350 gpm. The raw water is injected with liquid chlorine prior to entering the 3,000-gallon hydropneumatic tank, and then pumped into the water distribution system. The Utility is permitted to withdraw an average of 34,200 gpd, up to 108,000 gpd peak. According to the Utility, there are no fire hydrants in the service area.

*A. Water Treatment Plant and Distribution System U&U*

We found both the water treatment plant (WTP) and distribution system to be 100 percent U&U in the prior SARC.<sup>5</sup> There have been no major plant additions or growth in the last five years. Therefore, consistent with our prior decision, the WTP and distribution system shall be considered 100 percent U&U.

*B. Excessive Unaccounted for Water*

Rule 25-30.4325, F.A.C., describes EUW as unaccounted for water in excess of 10 percent of the amount produced. When establishing the Rule, we recognized that some uses of water are readily measurable and others are not. Unaccounted for water is all water produced that is not sold, metered or accounted for in the records of the Utility. The Rule provides that to determine whether adjustments to plant and operating expenses, such as purchased electrical power and chemicals cost, are necessary, we will consider all relevant factors as to the reason for EUW, solutions implemented to correct the problem, and whether a proposed solution is economically feasible. The unaccounted for water is calculated by subtracting both the gallons used for other purposes, such as flushing, and the gallons sold to customers from the total gallons pumped for the test year.

In its reports to DEP, the Utility stated it produced a total of 4,700,969 gallons during the test year. In our review, we determined June 2024 had abnormally low flows. In response to our staff's data request, the Utility indicated that a flow meter failed to properly operate during the majority of June 2024, due to a blockage. As a result, complete data of the water treated for the test year was unavailable. Using the available flow data, from July 2023 through May 2024, we

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<sup>5</sup> Order No. PSC-16-0128-PAA-WU, issued March 29, 2016, in Docket No. 20140219-WU, *In re: Application for staff-assisted rate case in Polk County by Alturas Utilities, L.L.C.*

calculated an average daily flow value of 13,580 gpd, and applied that to zero flow days to estimate the total gallons produced during the test year, resulting in a value of 4,999,722 gallons. In response to our staff's data request, the Utility indicated that it purchased no water and used 163,460 gallons for other uses during the test year. According to the audit report, the Utility sold 3,028,000 gallons of water for the test year. Therefore, the total amount of unaccounted for water is 1,808,262 gallons or 36.2 percent  $[(4,999,722 \text{ gal} - 163,460 \text{ gal} - 3,028,000 \text{ gal}) / (4,999,722 \text{ gal})]$  that are unaccounted for. Ten percent of the gallons produced is allowed per the rule; therefore, the EUW is 26.2 percent. Accordingly, we find that an adjustment of 26.2 percent shall be made to reduce operating expenses (chemicals and purchased power) due to EUW.

### *C. Conclusion*

Alturas' WTP and its distribution system shall both be considered 100 percent U&U. Additionally, we find that a 26.2 percent adjustment for EUW shall be made to operating expenses for chemicals and purchased power.

#### 4. Average Test Year Rate Base

The appropriate components of the Utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, and working capital. We selected the test year ended June 30, 2024, for the instant rate case. We determined that the Utility's books and records are in compliance with the currently applicable National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). A summary of each component and our adjustments are discussed below.

##### *A. Utility Plant in Service*

The Utility recorded UPIS of \$77,221. We made an adjustment decreasing UPIS by \$2,167 due to lack of supporting documentation. Further, we made an averaging adjustment reducing this amount by \$1,333, and several pro forma adjustments as described below.

#### **Pro Forma Plant Additions**

Table 1 shows Alturas' two pro forma plant items and their costs. The first item is the replacement of the water storage tank which was struck by lightning and an emergency replacement was required. This included replacing the storage tank and piping. Also, crane rental, concrete and bacterial testing at the water treatment plant. The total cost of this project was \$40,169 and was completed in November 2024.

The second item is a dump trailer that will be used for hauling dirt, sod and other larger items used in maintaining the system.<sup>6</sup> The dump trailer was purchased by Alturas' parent company, Florida Utility Services 1, LLC (FUS1), to be used by all subsidiary systems,

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<sup>6</sup> Document No. 02110-2025, filed March 25, 2025, in Docket No. 20240105-SU.

including Alturas, for a total of \$7,294. This results in only a percentage of the total purchase being allocated to Alturas, as shown below in Table 1.

The Utility provided one bid for each pro forma item. As the water storage tank replacement was an emergency the Utility could not seek additional bids for this item. Regarding the dump trailer, the Utility indicated that the trailer vendor was the only option available in a reasonable distance that could provide service work or warranty repairs. We find that the Utility provided a reasonable response for why no other bids were obtained. Also, the Utility provided paid invoices for both items. Therefore, we approve the pro forma project costs.

**Table 1**  
**Pro Forma Plant Items**

<u>Description</u>	<u>Amount</u>
Emergency Water Storage Tank Replacement – Acct. No. 330	\$40,169
<i>Associated Retirement</i>	(\$30,127)
Dump Trailer – Acct. No. 341	\$146
Net Adjustment	<u>\$10,188</u>

As detailed above in Table 1, we increased UPIS by \$40,315. This amount was offset by retirements of \$30,127. Table 2 below summarizes our adjustments to UPIS.

**Table 2**  
**Commission Approved Adjustments to UPIS**

<u>Description</u>	<u>Adjustment</u>
To reflect auditing adjustments.	(\$2,167)
To reflect an averaging adjustment.	(1,333)
To reflect pro forma additions.	40,315
To reflect associated pro forma retirements.	(30,127)
Net adjustment to UPIS	<u>\$6,688</u>

Source: Staff calculations.

As described above and summarized in Table 2, our approved adjustments to UPIS result in an increase of \$6,688. Therefore, we approve an average UPIS balance of \$83,909 (\$77,221 - \$2,167 - \$1,333 + \$40,315 - \$30,127).

*B. Land and Land Rights*

The Utility recorded a land and land rights balance of \$500. We made no adjustments to this account, and therefore approve a land and land right balance of \$500.

*C. Used and Useful*

As previously discussed in Section 3, the Utility's systems are considered 100 percent U&U. Therefore, no U&U adjustments are necessary.

*D. Accumulated Depreciation*

The Utility recorded accumulated depreciation of \$46,391. We reduced this amount by \$142 to reflect the depreciation rates established by Rule 25-30.140, F.A.C. Additionally, we increased accumulated depreciation by \$5,328 to reflect an averaging adjustment. We further decreased accumulated depreciation by \$29,804 for pro forma additions. Our adjustments are summarized below in Table 3.

**Table 3**  
**Commission Approved Adjustments to Accumulated Depreciation**

<u>Description</u>	<u>Adjustment</u>
To reflect auditing adjustments.	(\$142)
To reflect an averaging adjustment.	5,328
To reflect pro forma adjustments.	(29,804)
Total adjustments to accumulated depreciation.	<u>(\$24,618)</u>

Source: Staff calculations.

As described above and summarized in Table 3, our approved adjustments to accumulated depreciation result in a decrease of \$24,618. Therefore, we approve an average accumulated depreciation balance of \$21,773 (\$46,391 - \$142 + \$5,328 - \$29,804).

*E. 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., we used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance. As such, for this calculation, we removed the rate case expense of \$480. This resulted in an adjusted O&M expense balance of \$39,599 (\$40,079 - \$480). Applying this formula, we approve a working capital allowance of \$4,950 (\$39,599 ÷ 8).

*F. Rate Base Summary*

Based on the foregoing, we find that the appropriate average test year rate base is \$67,586. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

5. Rate of Return

The Utility's capital structure consists of long-term debt, common equity, and customer deposits. In response to the audit, the Utility stated its equity consists of \$3,675 in allocated

plant, \$85,825 in negative retained earnings, and a related party debt totaling \$94,858. It is Commission practice to treat related party debt as equity when no interest or scheduled payments on principal are being made.<sup>7</sup> As such, we approve the Utility's capital structure to reflect the related party debt as common equity. Therefore, the total equity balance for Alturas is \$12,708 (\$3,675 – \$85,825 + \$94,858). In response to our staff's email, the Utility stated additional long-term debt of \$34,742 will be used to finance the pro forma items.

The Utility's capital structure has been reconciled with our approved rate base. The appropriate ROE is 11.24 percent based on the Commission-approved leverage formula currently in effect.<sup>8</sup> Therefore, we approve an ROE of 11.24 percent with a range of 10.24 percent to 12.24 percent, and an overall rate of return of 7.58 percent. The ROE and overall rate of return are shown on Schedule No. 2.

#### 6. Test Year Revenues

Alturas recorded total test year revenues of \$37,330, which included \$36,173 of service revenues and \$1,169 of miscellaneous revenues. The Utility had a price index that became effective on June 1, 2024, within the test year, and a four-year rate reduction subsequent to the test year, which became effective on November 18, 2024. Therefore, we annualized revenues to reflect the change in rates. By applying the rates subsequent to the test year, along with the test year billing determinants, we find that service revenues shall be \$38,851. This results in an increase of \$2,678 (\$38,851 - \$36,173) to test year service revenues. We also made adjustments to miscellaneous revenues, which included removing an unapproved non-sufficient funds charge of \$50. The Utility did not record two normal reconnections during the test year in the amount of \$30 total. This results in miscellaneous revenues of \$1,149 (\$1,169 + \$30 - \$50). As a result, miscellaneous revenues shall be decreased by \$20 (\$1,169 - \$1,149). Based on the above, we find that the appropriate test year revenues for Alturas are \$40,000 (\$38,851 + \$1,149).

#### 7. Operating Expenses

The Utility recorded operating expenses of \$47,603. The test year O&M expenses have been reviewed by us, including invoices and other supporting documentation. We have made several adjustments to the Utility's operating expense as described below.

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<sup>7</sup> Order No. PSC-2021-0106-PAA-WS, issued March 17, 2021, in Docket No. 20200169-WS; *In re: Application for staff-assisted rate case in Lake County, and request for interim rate increase, by Lake Yale Utilities, LLC.*

<sup>8</sup> Order No. PSC-2024-0165-PAA-WS, issued May 22, 2024, in Docket No. 20240006-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)(j), F.S.*



*A. Operation and Maintenance Expenses*

**New Maintenance Technician Position**

On January 27, 2025, the Utility requested a new maintenance technician position be added to FUS1's currently approved positions. The maintenance technician's responsibilities include weekly lift station maintenance, spray field sprinkler maintenance, percolation pond maintenance, mowing grass, bar screen cleaning, digester tank skimming, tree trimming, hurricane season prep, running generators, sludge hauling, and cleaning up spills or sewage overflows. According to the Utility, this new maintenance technician is required, as FUS1 intends to promote a current employee to the level of Operations Supervisor, which would reduce the maintenance technician positions from 4 to 3 employees.

The Utility stated that reliance on overtime from current employees and contracting outside contractors has been required to maintain FUS1's systems. Alturas provided invoices from outside contractors and overtime payroll information to justify the need for a new maintenance technician position.<sup>9</sup> Additionally, the Utility filed a letter from Consta Flow, Alturas' outside Contractor, which addresses an operations cost increase for Alturas due to new technology, insurance costs, and employment costs.<sup>10</sup> As such, we approve the addition of a new maintenance technician position in order to maintain the number of maintenance technician positions and reduce the additional costs incurred from overtime and outside contractors.

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

The Utility recorded salaries and wages – employees expense of \$8,915. We increased this amount by \$576 as calculated from allocations from the Utility's source documentation. Additionally, we increased this account by \$1,067 to reflect the Utility's allocated portion of an additional maintenance position.<sup>11</sup> Therefore, we approve a salaries and wages – employees expense of \$10,558 (\$8,915 + \$576 + \$1,067).

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

The Utility recorded \$1,600 for salaries and wages – officers and directors. We made no adjustment to this amount and therefore approve a salaries and wages – officers and directors expense of \$1,600.

**Employee Pensions and Benefits (604)**

The Utility recorded employee pensions and benefits expense of \$6. We decreased this amount by \$6 to reflect an auditing adjustment to remove allocated non-utility related costs. Therefore, we approve an employee pensions and benefits expense of \$0 (\$6 - \$6).

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<sup>9</sup> Document No. 03159-2025, filed April 25, 2025.

<sup>10</sup> Document No. 10118-2024, filed December 6, 2024.

<sup>11</sup> Document No. 00478-2025, filed January 27, 2025.

**Purchased Power (615)**

The Utility recorded purchased power expense of \$2,241. We decreased this amount by \$10 to reflect the Utility's source documentation. We further decreased this amount by \$363 to reflect an EUW adjustment. Therefore, we approve a purchased power expense of \$1,868 (\$2,241 - \$10 - \$363).

**Chemicals (618)**

The Utility recorded an expense for chemicals of \$2,130. We decreased this amount by \$203 to reflect the Utility's source documentation. We further decreased this amount by \$345 to reflect an EUW adjustment. Therefore, we approve a chemicals expense of \$1,582 (\$2,130 - \$203 - \$345).

**Materials and Supplies (620)**

The Utility recorded materials and supplies expense of \$2,525. We decreased this amount by \$2,022 to reflect the Utility's source documents. However, we this amount by \$3,395 to reflect the documentation of costs that were provided by the Utility. Therefore, we approve a materials and supplies expense of \$3,898 (\$2,525 - \$2,022 + \$3,395).

**Contractual Services – Professional (631)**

The Utility recorded contractual services – professional expense of \$265. We increased this amount by \$1,515 to reflect the Utility's source documentation and to add \$1,440 of expense erroneously entered as contractual services - testing. However, the \$1,440 that was originally posted to this account was reclassified by the Utility to Account 186.2 – Deferred Tank Inspection and shall not be included as an expense. We decreased this amount by \$1,537 to reflect the deferred tank inspection and the appropriate allocated costs. Therefore, we approve a contractual services – professional expense of \$243 (\$265 + \$1,515 - \$1,537).

**Contractual Services – Testing (635)**

The Utility recorded contractual services – testing expense of \$1,460. We decreased this amount by \$1,460 to reflect the Utility's source documentation and to remove \$1,440 of expense that was erroneously entered under this account instead of contractual services – professional. In response to our staff's Fourth Data Request, the Utility provided supporting documentation for \$4,410 of contractual services – testing.<sup>12</sup> However, one of the invoices included a triennial sample totaling \$2,568 that shall be amortized over three years. Therefore, we decreased this amount by \$1,712 to remove two years of expense. We approve a contractual services – testing expense of \$2,698 (\$1,460 - \$1,460 + \$4,410 - \$1,712).

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<sup>12</sup> Document No. 02074-2025, filed March 24, 2025.

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

The Utility recorded contractual services other expense of \$7,092. We decreased this amount by \$32 to reflect the Utility's source documentation. We further decreased this amount by \$144 to remove amortization of the tank inspection that was posted in error. Therefore, we approve a contractual services – other expense of \$6,916 ( $\$7,092 - \$32 - \$144$ ).

### **Rents (640)**

The Utility recorded rental of building/real property expense of \$1,155. We decreased this amount by \$507 to reflect the appropriate allocated portion of rental expense. Therefore, we approve a rents expense of \$648 ( $\$1,155 - \$507$ ).

### **Transportation Expense (650)**

The Utility recorded transportation expense of \$1,777. We decreased this amount by \$2 to reflect the appropriate allocated portion from the Utility's source documentation. Therefore, we approve a transportation expense of \$1,775 ( $\$1,777 - \$2$ ).

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

The Utility recorded an insurance expense of \$4,706. We increased this amount by \$181 to reflect the Utility's source documentation. We decreased this amount by \$109 to reflect periodic policy changes within the test year that were provided in the Utility's response to the audit. Therefore, we approve an insurance expense of \$4,778 ( $\$4,706 + \$181 - \$109$ ).

### **Rate Case Expense (665)**

The Utility recorded an annual rate case expense of \$1,143. The Utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, final rates, and, and four-year rate reduction. We calculated noticing costs to be \$200. We calculated the distance from the Utility to Tallahassee as 226 miles. Based on the 2025 Internal Revenue Service (IRS) business mileage rate of \$0.70, we calculated round-trip travel and lodging expense to the Commission Conference of \$516.<sup>13</sup> However, because the Utility representative will be attending the Commission Conference for a sister utility as well, we allocated only 50 percent, or \$258, of travel expense to Alturas.<sup>14</sup> Additionally, the Utility paid a filing fee of \$1,000.<sup>15</sup>

On May 22, 2025, the Utility submitted its invoices for consulting fees from OCBOA Consulting, LLC, which serves as the Utility's accounting firm.<sup>16</sup> The summary of expenses attached to the invoices reflect rate case expense of \$154, \$166, and \$143 for March 2025, April

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

<sup>14</sup> West Lakeland Wastewater, LLC, as Docket No. 20240105-SU, is currently scheduled for the same Commission Conference.

<sup>15</sup> Document No. 09130-2024, filed September, 20, 2024.

<sup>16</sup> Document No. 03852-2025, filed May 22, 2025.

2025, and May 2025, respectively. There was an additional estimated expense of \$380 included in the summary. We did not include the estimated portion, but believes the March, April and May amounts are reasonable. As such, we have included \$463 for consulting fees as part of rate case expense.

Based on the above, we approve a total rate case expense, consisting of noticing costs, travel and lodging expenses, consulting fees, and filing fee of \$1,922 ( $\$200 + \$258 + \$1,000 + \$463$ ), which amortized over four years is \$480 ( $\$1,922 \div 4$  years). Therefore, we approve a rate case expense decrease of \$663.

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

The Utility recorded bad debt expense of \$647. It is Commission practice to calculate bad debt expense using a three-year average when the information is available. Using the Utility's 2021, 2022, and 2023 Annual Reports, the Utility recorded bad debt expenses of \$115, \$24, and \$647, respectively. We calculated the average bad debt expense for these previous three years to be \$262 ( $(\$647 + \$24 + \$115) \div 3$ ) which represents a decrease of \$385. Therefore, we approve a bad debt expense of \$262 ( $\$647 - \$385$ ).

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

The Utility recorded a miscellaneous expense of \$2,953. We decreased this amount by \$180 to remove allocated costs due to lack of supporting documentation and non-utility related costs. Therefore, we approve a miscellaneous expense of \$2,773 ( $\$2,953 - \$180$ ).

### *B. Operation and Maintenance Expense Summary*

The Utility recorded test year O&M expense of \$38,615. Based on the above adjustments, we approve O&M expense be increased by \$1,464. This results in a total O&M expense of \$40,079 ( $\$38,615 + \$1,464$ ). Our approved adjustments to O&M are shown on Schedule No. 3-C.

### *C. Depreciation Expense*

The Utility recorded depreciation expense of \$2,448. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., we increased this amount by \$80. Additionally, we increased depreciation expense by \$322 due to pro forma additions. Therefore, we approve a depreciation expense of \$2,850 ( $\$2,448 + \$80 + \$322$ ).

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

The Utility recorded a TOTI of \$6,540; this amount included \$4,169 for property taxes, \$691 for payroll taxes, and \$1,680 for regulatory assessment fees (RAFs).

We decreased property taxes by \$600 to reflect a DEP fee that was included in Account 675. Additionally, we removed \$3,506 to reflect a Polk County Service Tax that is a franchise fee assessed by Polk County and is remitted to the county and is not recorded as revenue. Furthermore, we increased TOTI by \$129 to reflect property taxes associated with pro forma plant additions.

We increased payroll taxes by \$47 as calculated from allocations from the Utility's source documents. As part of the Utility's request for a pro forma increase for an additional maintenance position, we further increased payroll taxes by \$83.<sup>17</sup> As such, we approve payroll taxes of \$821 ( $\$691 + \$47 + \$83$ ).

We increased TOTI by \$147 to reflect the appropriate RAFs based on corrected Utility test year revenues. Based on revenues discussed in Issue 6, TOTI shall be decreased by \$27 to reflect RAFs of 4.5 percent of the change in revenues. As such, we find the appropriate amount of test year RAFs to be \$1,800 ( $\$1,680 + \$147 - \$27$ ).

As discussed in Section 9, we find revenues be increased by \$11,377 in order to reflect the change in revenue required to cover expenses and allow the Utility to earn a 7.58 percent return on rate base. As a result, TOTI shall be increased by \$512 to reflect RAFs of 4.5 percent of the change in revenues. Therefore, we approve TOTI of \$3,325 ( $\$6,540 - \$600 - \$3,506 + \$129 + \$47 + \$83 + \$147 - \$27 + \$512$ ).

#### *E. Operating Expense Summary*

The Utility recorded operating expenses of \$47,603. The application of Commission approved adjustments to the Utility's operating expense results in a total operating expense of \$46,254. Operating expenses are shown on Schedule No. 3-A, and the related adjustments are shown on Schedule No. 3-B.

#### 8. Operating Ratio Methodology

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 Alturas, we approved a rate base of \$67,586. After removal of rate case expense, we have calculated an adjusted O&M expense of \$39,598. Based on our approved amounts, the Utility's rate base is 170.68 percent of its adjusted O&M expense. Therefore, the Utility does not qualify for application of the operating ratio methodology.

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<sup>17</sup> Document No. 00478-2025, filed January 27, 2025.

### 9. Revenue Requirement

Alturas shall be allowed an annual increase of \$11,377 (28.44 percent). This will allow the Utility the opportunity to recover expenses and earn a 7.58 percent return on rate base. The calculations for revenue requirement are shown on Table 4.

**Table 4**  
**Revenue Requirement**

Water Rate Base	\$67,586
Rate of Return	<u>7.58%</u>
Return on Rate Base	<u>\$5,123</u>
Water O&M Expense	40,079
Depreciation Expense	2,850
Taxes Other Than Income	<u>3,325</u>
Revenue Requirement	<u>\$51,377</u>
Less Test Year Revenues	\$40,000
Annual Increase	\$11,377
Percent Increase	28.44%

Source: Staff calculations.

### 10. Rate Structure

Alturas is located in Polk County within the SWFWMD. The Utility provides water service to 53 residential customers and there are 7 general service customers. Approximately 13 percent of the residential customer bills during the test year had zero gallons, indicating a non-seasonal customer base. The average residential water demand is 4,330 gallons per month. Currently, the Utility's water rate structure consists of a monthly base facility charge (BFC) and a charge per 1,000 gallons for residential and general service customers.

We performed an analysis of the Utility's billing data 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 non-discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with our practice.

For this case, we find that 30 percent of the water revenues shall be generated from the BFC, which will provide sufficient revenues to design gallonage charges that send pricing signals to customers using above the non-discretionary level. The average people per household served by the water system is 2.70;<sup>18</sup> therefore, based on the number of people per household, 50 GPD per person, and the number of days per month, we find that the non-discretionary usage threshold shall be 5,000 gallons per month. Our review of the billing data indicates that discretionary usage above 5,000 gallons represents approximately 25 percent of the bills, which

<sup>18</sup> Average person per household was obtained from [www.census.gov/quickfacts/polkcounty](http://www.census.gov/quickfacts/polkcounty), Florida.

accounts for approximately 28 percent of water demand. This indicates that there is moderate amount of discretionary usage above 5,000 gallons.

We approve 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) 0-5,000 gallons and 2) all usage in excess of 5,000 gallons per month. Due to the moderate usage above 5,000 gallons per month, we approve a rate factor of 1.25 in the second tier because it will target those customers with higher levels of consumption. General service customers shall continue to be billed a BFC and uniform gallonage charge.

Based on our approved revenue increase of 29.3 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 57,000 gallons, resulting in anticipated average residential demand of 4,243 gallons per month. We approve a 2.0 percent reduction in test year residential gallons for rate setting purposes. As a result, the corresponding reductions are \$42 for purchased power expense, \$36 for chemicals expense, and \$4 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of \$50,147.

The approved rate structures and monthly water rates are shown on Schedule No. 4. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

#### 11. Appropriate Initial Customer Deposits

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>19</sup> Currently, the Utility has an initial customer deposit of \$86 for the 5/8 inch x 3/4 inch meter size. However, this amount does not cover two months' average bills based on our rates. Based on our approved water rates and the post repression average residential demand of 4,243, the appropriate initial customer deposit shall be \$131 to reflect an average residential customer bill for two months. The monthly average residential bill is \$65.52.

We find that the appropriate initial customer deposit shall be \$131 for the 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 shall be two times the average estimated bill for water. The approved initial

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<sup>19</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*.

customer deposits shall 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 shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding.

## 12. Appropriate Miscellaneous Charges

Alturas is requesting to revise its existing miscellaneous service charges to reflect an increase in the amount of some of the charges. The late payment charge was established in 1997.<sup>20</sup> The Utility's existing miscellaneous service charges were established in 1996.<sup>21</sup> Section 367.091, F.S., authorizes us to change miscellaneous service charges. The Utility's requested miscellaneous charges were accompanied with cost justification as required by Section 367.091(6), F.S. The Utility's existing and requested miscellaneous service charges are shown below in Table 5.

**Table 5**  
**Alturas' Existing and Requested Miscellaneous Service Charges**

	<u>Existing</u>	<u>Requested</u>
Initial Connection Charge	\$15.00	\$30.00
Normal Reconnection Charge	\$15.00	\$30.00
Violation Reconnection Charge	\$15.00	\$30.00
Premises Visit Charge	\$10.00	\$30.00
Late Payment Charge	\$5.50	\$7.85
Investigation of Meter Tampering Charge	N/A	Actual Cost
Meter Tampering Charge	N/A	Actual Cost

Source: Utility's Current Tariffs and Application Filings.

### A. *Premises Visit Charge*

As shown on Table 5, the Utility is requesting to increase the amount of some of its existing miscellaneous service charges. The existing miscellaneous service charges include initial connection and normal reconnection charges which are obsolete and inconsistent with Rule 25-30.460, F.A.C. The Utility provided cost justification of \$30.05; however, the utility requested a charge of \$30.00 for the premises visit which represents the cost of a trip to perform a specified service. We find that the cost justification is reasonable and imposes the cost on the cost causer. Based on the Rule, we find that the initial connection and normal reconnection charges shall be removed. We also find that the definition for the premises visit charge shall be updated to comply with Rule 25-30.460, F.A.C. The premises visit charge shall be \$30.00. The Utility's calculation for the premises visit charge is shown below on Table 6.

<sup>20</sup> Order No. PSC-98-1752-FOF-WU, issued December 22, 1998, in Docket No. 19980536-WU, *In re: Application for transfer of water facilities from Alturas Water Works to Keen Sales, Rentals and Utilities, Inc. in Polk County, cancellation of Alturas' Certificate No. 591-W, and amendment of Keen's Certificate No. 582-W to include additional territory.*

<sup>21</sup> Order No. PSC-97-0513-FOF-WU, issued May 5, 1997, in Docket No. 19961109-WU, *In re: Application for grandfather certificate to operate a water utility in Polk County by Alturas Water Works.*



**Table 6**  
**Calculation for Requested Premises Visit**

<u>Activity</u>	<u>Cost</u>
Mileage (\$0.70 per mile x 1)	\$0.70
Labor – Tech – Round Trip Drive (\$27.85 x 0.30)	\$8.36
Labor – Tech – Location Labor Time (\$27.85 x 0.50)	\$13.93
Labor – Tech – Customer Care Representative (28.25 x 0.25)	<u>\$7.06</u>
Total	<u>\$30.05</u>

Source: Utility's Cost Justification.

*B. Late Payment Charge*

The Utility currently has a \$5.50 late payment charge. The Utility is requesting a \$7.85 late payment charge to recover the cost of labor, supplies, and postage associated with processing late payment notices. The purpose of this charge is not only to provide an incentive for customers to make timely payment, thereby reducing the number of delinquent accounts, but also to place the cost burden of processing delinquent accounts solely upon those who are cost causers. The Utility calculated the actual costs for its late payment charges to be \$7.85. The Utility indicated that it will take approximately 15 minutes per account to research, compile, and produce late notices. The delinquent customer accounts will be processed by the administrative employee, which results in labor cost of \$7.06 ( $28.25 \times 0.25$ hr). This is consistent with our prior decisions where we have allowed 5-15 minutes per account per month for the administrative labor associated with processing delinquent customer accounts. In addition, the Utility included material cost of \$0.79 for paper, envelopes, and postage, which results in total costs of \$7.85 ( $\$7.06 + \$0.79$ ). The Utility's calculation for its costs associated with a late payment charge is shown on Table 7. Therefore, we approve the requested late payment charge of \$7.85.

**Table 7**  
**Calculation of Proposed Late Payment Charge**

	<u>Cost</u>
Supply- Paper Envelope (\$0.10 x 1.00)	\$0.10
Supply - Postage (\$0.69 x 1.00)	\$0.69
Labor – Customer Care Representative (28.25 x 0.25)	<u>\$7.06</u>
Total	<u>\$7.85</u>

Source: Utility's cost justification documentation.

**Table 8**  
**Commission Approved Miscellaneous Service Charges**

Premises Visit Charge	\$30.00
Late Payment Charge	\$7.85

Source: Staff Calculations.

*C. Conclusion*

Based on the above, we find that the appropriate miscellaneous service charges shown on Table 8 shall be approved. The Utility shall be required to file a proposed customer notice to reflect our approved charges. The approved charges shall 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 shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by customers. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

13. Four-Year Rate Reduction

Section 367.081, F.S., requires that the rates be reduced immediately following the expiration of the 4-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 \$503.

We find that the rates shall 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 shall become effective immediately following the expiration of the rate case expense recovery period. Alturas shall 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 shall be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

14. Approval of Rates on a Temporary Basis

This Order 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, we approve the proposed rates on a temporary basis. Alturas shall file revised tariff sheets and a proposed customer notice reflecting our approved rates. The approved rates shall 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 shall not be implemented until our staff has approved the proposed notice, and it has been received by the customers. The additional revenue produced by our approved rates and collected by the Utility shall be subject to the refund provisions discussed below.

Alturas shall be authorized to initiate the temporary rates upon our staff's approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security shall be in the form of either a bond or letter of credit in the amount of \$7,804. 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 shall 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 shall 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 shall 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 shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the Utility. Irrespective of the form of security chosen by the Utility, an account of all monies received as a result of the rate increase shall be maintained by the Utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The Utility shall 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 shall 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 shall also indicate the status of the security being used to guarantee repayment of any potential refund.

15. Adjustment to Books

Alturas Water, LLC shall be required to notify the Commission, in writing, that it has adjusted its books in accordance with our decision. The Utility shall submit a letter within 90 days of our 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 shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff shall be given administrative authority to grant an extension of up to 60 days.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Alturas has been responsive to customer complaints and is currently in compliance with Department of Environmental Protection standards; therefore, the quality of service is satisfactory. It is further

ORDERED that Alturas's water system is currently in compliance with Department of Environmental Protection regulations. It is further

ORDERED that Alturas' WTP and its distribution system shall both be considered 100 percent U&U. Additionally, we find that a 26.2 percent adjustment for EUW shall be made to operating expenses for chemicals and purchased power. It is further

ORDERED that the appropriate average test year rate base for Alturas is \$67,586. It is further

ORDERED that the appropriate return on equity (ROE) is 11.24 percent with a range of 10.24 percent to 12.24 percent. The appropriate overall rate of return is 7.58 percent. It is further

ORDERED that the appropriate test year operating revenue for Alturas's water system is \$40,000. It is further

ORDERED that the appropriate amount of operating expense for Alturas is \$46,254. It is further

ORDERED that Alturas does not meet the requirement for application of the operating ratio methodology for calculating the revenue requirement. It is further

ORDERED that the appropriate revenue requirement is \$51,377, resulting in an annual increase of \$11,377 (28.44 percent). It is further

ORDERED that the approved rate structure and monthly wastewater rates are shown on Schedule No. 4. The utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates shall be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates shall not be implemented until we have approved the proposed customer notice and the notice has been received by the customers. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that the appropriate initial customer deposit shall be \$131 for the 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 shall be two times the average estimated bill for water. The approved initial customer deposits shall 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 shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding. It is further

ORDERED that the appropriate miscellaneous service charges are shown on Table 8 and shall be approved. The Utility shall be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges shall 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 shall not be implemented until Commission staff has approved the proposed customer notice and the notice has been received by customers. The Utility shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that the rates shall 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 shall become effective immediately following the expiration of the rate case expense recovery period. Alturas shall 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 shall be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

ORDERED that, pursuant to Section 367.0814(7), F.S., the approved rates are temporary and subject to refund with interest, in the event of a protest filed by a party other than the Utility. Alturas shall file revised tariff sheets and a proposed customer notice reflecting our approved rates. The approved rates shall 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. It is further


ORDERED that the temporary rates shall not be implemented until Commission staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the Utility shall provide appropriate financial security. The approved temporary rates collected by the Utility shall be subject to refund provisions. It is further

ORDERED that after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility shall 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 shall also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that Alturas shall notify us, in writing, that it has adjusted its books in accordance with our decision. Alturas shall submit a letter within 90 days of our 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 shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, Commission staff shall be given administrative authority to grant an extension of up to 60 days. It is further

ORDERED that 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 shall be issued. The docket shall remain open for Commission staff's verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by Commission staff. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 22nd day of July, 2025.

  
ADAM J. TEITZMAN  
Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, Florida 32399  
(850) 413-6770  
www.floridapsc.com

Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our actions are preliminary in nature, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, and (2) the granting of temporary rates in the event of protest. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on August 12, 2025. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

Any objection or protest filed in this docket before the issuance date of this order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

Any party adversely affected by the Commission's procedural action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

<b>ALTURAS WATER, LLC</b> <b>TEST YEAR ENDED 06/30/2024</b> <b>SCHEDULE OF WATER RATE BASE</b>		<b>SCHEDULE NO. 1-A</b> <b>DOCKET NO. 20240119-WU</b>		
<b>DESCRIPTION</b>		<b>BALANCE PER UTILITY</b>	<b>COMM. ADJ.</b>	<b>BALANCE PER COMM.</b>
1.	UTILITY PLANT IN SERVICE	\$77,221	\$6,688	\$83,909
2.	LAND & LAND RIGHTS	500	0	500
3.	ACCUMULATED DEPRECIATION	(46,391)	24,618	(21,773)
4.	WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>4,950</u>	<u>4,950</u>
	WATER RATE BASE	<u>\$31,330</u>	<u>\$36,256</u>	<u>\$67,586</u>



<b>ALTURAS WATER, LLC</b>		<b>SCHEDULE NO. 1-B</b>
<b>TEST YEAR ENDED 06/30/2024</b>		<b>DOCKET NO. 20240119-WU</b>
<b>ADJUSTMENTS TO RATE BASE</b>		
		<b>WATER</b>
<b>UTILITY PLANT IN SERVICE</b>		
1.	To reflect audit adjustments.	(\$2,167)
2.	To reflect an averaging adjustment.	(1,333)
3.	To reflect pro forma additions.	40,315
4.	To reflect pro forma retirements.	<u>(30,127)</u>
	Total	<u>\$6,688</u>
<b>ACCUMULATED DEPRECIATION</b>		
1.	To reflect audit adjustments.	(\$142)
2.	To reflect an averaging adjustment.	5,328
3.	To reflect pro forma adjustments.	<u>(29,804)</u>
	Total	<u>(\$24,618)</u>
<b>WORKING CAPITAL ALLOWANCE</b>		
	To reflect 1/8 of test year O&M expenses (less RCE).	<u>\$4,950</u>

ALTURAS WATER, LLC TEST YEAR ENDED 6/30/2024 SCHEDULE OF CAPITAL STRUCTURE							SCHEDULE NO. 2 DOCKET NO. 20240119-WS	
<u>CAPITAL COMPONENT</u>	<u>PER UTILITY</u>	<u>SPECIFIC ADJUSTMENTS</u>	<u>BALANCE AFTER ADJ.</u>	<u>PRO RATA ADJUSTMENTS</u>	<u>BALANCE PER COMM.</u>	<u>PERCENT OF TOTAL</u>	<u>COST</u>	<u>WEIGHTED COST</u>
1. LONG-TERM DEBT	\$27,043	\$34,742	\$61,785	(\$6,939)	\$54,846	81.15%	6.98%	5.66%
2. COMMON EQUITY	(82,150)	94,858	12,708	(1,427)	11,281	16.69%	11.24%	1.88%
3. CUSTOMER DEPOSITS	1,644	0	1,644	(185)	1,459	2.16%	2.00%	0.04%
TOTAL CAPITAL	<u>(\$53,463)</u>	<u>\$129,600</u>	<u>\$76,137</u>	<u>(\$8,551)</u>	<u>\$67,586</u>	<u>100.00%</u>		<u>7.58%</u>
<b><u>RANGE OF REASONABLENESS</u></b>							<b><u>LOW</u></b>	<b><u>HIGH</u></b>
RETURN ON EQUITY							10.24%	12.24%
OVERALL RATE OF RETURN							7.41%	7.75%

ALTURAS WATER, LLC TEST YEAR ENDED 06/30/2024 SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-A DOCKET NO. 20240119-WU		
	TEST YEAR PER UTILITY	COMM. ADJUST- MENTS	COMM. ADJUSTED TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT
1. TOTAL OPERATING REVENUES	\$37,329	\$2,671	\$40,000	\$11,377 28.44%	\$51,377
<b>OPERATING EXPENSES:</b>					
2. OPERATION & MAINTENANCE	\$38,615	\$1,464	\$40,079		\$40,079
3. DEPRECIATION	2,448	\$402	2,850		2,850
4. TAXES OTHER THAN INCOME	6,540	(\$3,727)	2,813	512	3,325
<b>TOTAL OPERATING EXPENSES</b>	<u>\$47,603</u>	<u>(\$1,861)</u>	<u>\$45,742</u>	<u>\$512</u>	<u>\$46,254</u>
5. OPERATING INCOME/(LOSS)	(\$10,274)		(\$5,742)		\$5,123
6. WATER RATE BASE	\$31,330		36,256		\$67,586
7. RATE OF RETURN					7.58%

<b>ALTURAS WATER, LLC.</b>		<b>SCHEDULE 3-B</b>
<b>TEST YEAR ENDED 6/30/2024</b>		<b>DOCKET NO. 20240119-WU</b>
<b>ADJUSTMENTS TO OPERATING INCOME</b>		
		<b>WASTEWATER</b>
<b>OPERATING REVENUES</b>		
1.	To reflect auditing adjustments to Service Revenues.	\$3,260
2.	To reflect the appropriate test year Service Revenues.	(582)
3.	To reflect the appropriate test year Miscellaneous Revenues.	(7)
	Total	<u>\$2,671</u>
<b>OPERATION &amp; MAINTENANCE EXPENSE</b>		
1.	Salaries and Wages – Employees (601)	
	To reflect an auditing adjustment.	\$576
	To reflect pro forma maintenance tech position addition.	1,067
	Subtotal	<u>\$1,643</u>
2.	Salaries and Wages – Officers and Directors (603)	
	To reflect an auditing adjustment.	\$444
	To remove auditing adjustment reversal.	(444)
	Subtotal	<u>\$0</u>
3.	Employee Pensions and Benefits (604)	
	To reflect an auditing adjustment.	(\$6)
4.	Purchased Power (615)	
	To reflect an auditing adjustment.	(\$10)
	To reflect EUW adjustment.	(363)
	Subtotal	<u>(\$373)</u>
5.	Chemicals Expense (618)	
	To reflect an auditing adjustment.	(\$203)
	To reflect EUW adjustment.	(345)
	Subtotal	<u>(\$548)</u>
6.	Materials and Supplies (620)	
	To reflect an auditing adjustment.	(\$2,022)
	To reflect documentation provided by the Utility.	3,395
	Subtotal	<u>\$1,373</u>
7.	Contractual Services – Professional (631)	
	To reflect an auditing adjustment.	\$1,515
	To reflect Utility response.	(1,537)
	Subtotal	<u>(\$22)</u>
8.	Contractual Services – Testing (635)	
	To reflect an auditing adjustment.	(\$1,460)
	To reflect documentation proved in Response to Staff's data request.	4,410
	To reflect triennial sample amortization.	(1,712)

Subtotal	<u>\$1,238</u>
9. Contractual Services – Other (636)	
To reflect an auditing adjustment.	(\$32)
To remove double amortization of deferred tank inspection.	<u>(144)</u>
Subtotal	<u>(\$176)</u>
10. Rental Expense (640)	
To reflect an auditing adjustment.	(\$507)
11. Transportation Expense (650)	
To reflect an auditing adjustment.	(\$2)
12. Insurance Expense (655)	
To reflect an auditing adjustment.	\$181
To reflect Utility’s adjustment due to policy timing.	<u>(109)</u>
Subtotal	<u>\$72</u>
13. Rate Case Expense (665)	
To reflect 1/4 rate case expense.	(663)
14. Bad Debt Expense (670)	
To reflect a three year average Bad Debt expense.	(385)
15. Miscellaneous Expense (675)	
To reflect unsupported expenses.	<u>(180)</u>
<b>TOTAL OPERATION &amp; MAINTENANCE ADJUSTMENTS</b>	<u>\$876</u>
<b>DEPRECIATION EXPENSE</b>	
1. To reflect appropriate depreciation expense.	\$80
2. To reflect pro forma additions.	<u>322</u>
Total	<u>\$402</u>
<b>TAXES OTHER THAN INCOME</b>	
1. To reflect auditing adjustments.	\$147
2. To reflect appropriate test year RAFs.	(27)
3. To reflect removal of DEP fee.	(600)
4. To reflect removal of Polk County Service Tax.	(3,506)
5. To reflect payroll tax auditing adjustment.	47
6. To reflect payroll tax of pro forma maintenance technician addition.	83
7. To reflect property taxes associated with pro-forma plant additions.	<u>129</u>
Total	<u>(\$3,727)</u>
<b>TOTAL OPERATING EXPENSE ADJUSTMENTS</b>	<u>(\$1,861)</u>

<b>ALTURAS WATER, LLC</b>		<b>SCHEDULE NO. 3-C</b>		
<b>TEST YEAR ENDED 06/30/2024</b>		<b>DOCKET NO. 20240119-WU</b>		
<b>ANALYSIS OF WATER O&amp;M EXPENSES</b>				
<b>ACCT.#</b>	<b>DESCRIPTION</b>	<b>TOTAL PER UTILITY</b>	<b>COMM. ADJUST- MENT</b>	<b>TOTAL PER STAFF</b>
601	Salaries and Wages – Employees	\$8,915	\$1,643	\$10,558
603	Salaries and Wages – Officers and Directors	1,600	0	1,600
604	Employee Pensions and Benefits	6	(6)	0
615	Purchased Power	2,241	(373)	1,868
618	Chemicals	2,130	(548)	1,582
620	Materials and Supplies	2,525	1,373	3,898
631	Contractual Services – Professional	265	(22)	243
635	Contractual Services – Testing	1,460	1,238	2,698
636	Contractual Services – Other	7,092	(176)	6,916
640	Rents	1,155	(507)	648
650	Transportation Expense	1,777	(2)	1,775
655	Insurance Expense	4,706	72	4,778
665	Regulatory Commission Expense	1,143	(663)	480
670	Bad Debt Expense	647	(385)	262
675	Miscellaneous Expenses	<u>2,953</u>	<u>(180)</u>	<u>2,773</u>
	Total O&M Expense	<u>\$38,615</u>	<u>\$1,464</u>	<u>\$40,079</u>
	Working Capital is 1/8 of O&M less RCE			\$4,950

<b>ALTURAS WATER, LLC</b>		<b>SCHEDULE NO. 4</b>	
<b>TEST YEAR ENDED 6/30/24</b>		<b>Docket NO. 20240119-WU</b>	
<b>MONTHLY WATER RATES</b>			
	<b>UTILITY'S CURRENT RATES</b>	<b>COMM. APPROVED 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"	\$17.85	\$18.55	\$0.18
3/4"	\$26.77	\$27.83	\$0.27
1"	\$44.62	\$46.38	\$0.45
1-1/2"	\$89.25	\$92.75	\$0.89
2"	\$142.80	\$148.40	\$1.42
3"	\$285.60	\$296.80	\$2.85
4"	\$446.25	\$463.75	\$4.45
6"	\$892.50	\$927.50	\$8.90
Charge per 1,000 gallons	\$8.05	N/A	N/A
Charge per 1000 gallons - Residential			
0 - 5,000 gallons	N/A	\$11.07	\$0.11
Over 5,000 gallons	N/A	\$13.84	\$0.13
Charge per 1,000 gallons - General Service	N/A	\$11.81	\$0.11
<b><u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u></b>			
3,000 Gallons	\$58.10	\$73.90	
6,000 Gallons	\$98.35	\$143.10	
8,000 Gallons	\$138.60	\$212.30	