

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: July 23, 2026

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Accounting and Finance (Gatlin, Ford-Green, Vogel) *MC*
Division of Economics (Bethea, Bruce) *ED*
Office of the General Counsel (Stiller) *SPS*

RE: Docket No. 20260097-SU – Joint motion to approve settlement agreement regarding disposition of 2026 overearnings for West Lakeland, by Office of Public Counsel and West Lakeland Wastewater, LLC.

AGENDA: 08/04/26 – Regular Agenda – Proposed Agency Action - Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Ortega

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

Case Background

West Lakeland Wastewater, LLC (West Lakeland or Utility) is a Class C utility providing wastewater service to approximately 317 residential and general service customers in Polk County, Florida. On July 22, 2025, the Florida Public Service Commission (Commission) authorized an 11.24 percent return on equity (ROE) with an authorized range of 10.24 percent to 12.24 percent and a rate of return of 5.92 percent, as codified by Order No. PSC-2025-0284-PAA-SU. Based on the review of West Lakeland's 2025 Annual Report, Commission staff identified possible overearnings with a reported earned rate of return of 45.30 percent.

On April 24, 2026, the Office of Public Counsel (OPC) filed a letter with the Commission outlining concerns of potential water and wastewater utilities overearning, with West Lakeland being the only utility requiring a reduction. On May 1, 2026, Mike Smallridge, the owner of West Lakeland, consented to the Commission's jurisdiction over revenues which exceeded the high end of West Lakeland's return on equity on a prospective basis. West Lakeland and the OPC (the Parties) conducted further discussions and evaluations of the potential overearnings. On June 30, 2026, the Parties filed a joint motion requesting Commission approval of a Settlement Agreement to resolve the potential overearnings and to avert future overearnings.

The purpose of this recommendation is to present the Parties' Settlement Agreement to the Commission for consideration. The Joint Motion and Settlement Agreement are attached as Attachment A. The Commission has jurisdiction pursuant to Sections 367.081, 367.082, and 367.121, Florida Statutes.

Discussion of Issues

Issue 1: Should the Commission grant the Joint Motion and approve the Settlement Agreement by the Parties?

Recommendation: Yes. The proposed Settlement Agreement adequately addresses the potential overearnings staff identified during its ongoing earnings surveillance activities. As outlined in the proposed Settlement Agreement, West Lakeland should reduce its rates by 2.65 percent. Additionally, West Lakeland should refund customers 2.65 percent of wastewater revenues billed from May 1, 2026, until the effective date of the rate reduction. The refund should be made pursuant to Rule 25-30.360, Florida Administrative Code (F.A.C.). The Utility should file a proposed customer notice reflecting the Commission's decision within 15 days of the Commission vote. The approved rates should be effective for service rendered on or after the stamped approval date of 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 within 10 days of the date of the notice. (Ford-Green, Bethea)

Staff Analysis: As stated in the case background, staff identified possible overearnings based upon a review of West Lakeland's 2025 Annual Report. On June 30, 2026, the Parties filed a Joint Motion to request Commission approval of a Settlement Agreement to resolve the disposition of ongoing overearnings. West Lakeland agreed to reduce its rates by 2.65 percent to ensure it will remain within the Commission authorized range. Furthermore, West Lakeland agreed to refund customers 2.65 percent of wastewater revenues billed from May 1, 2026, until the effective date of the rate reduction. The refund credit will be based upon each individual customer's billed amounts from May 1, 2026, until the effective date of the rate reduction, and will be made pursuant to Rule 25-30.360, F.A.C. Additionally, West Lakeland will withdraw its price index adjustment application, filed April 1, 2026, and not request a price index adjustment in 2026.

Staff recommends that the Commission grant the Joint Motion and approve the Settlement Agreement by the Parties. The Settlement Agreement provides protections for West Lakeland's customers for possible overearnings in subsequent years. Staff notes that this recommendation is consistent with other Commission decisions regarding possible overearnings. Attachment A reflects the Utility's existing rates and the reduced rates per the Utility's settlement proposal. Staff will continue to monitor the earnings of the Utility, and if any subsequent overearnings are identified, staff may open a formal earnings investigation.

Conclusion

The proposed Settlement Agreement adequately addresses the potential overearnings staff identified during its ongoing earnings surveillance activities. As outlined in the proposed Settlement Agreement, West Lakeland should reduce its rates by 2.65 percent. Additionally, West Lakeland should refund customers 2.65 percent of wastewater revenues billed from May 1, 2026, until the effective date of the rate reduction. The refund should be made pursuant to Rule 25-30.360, F.A.C. The Utility should file a proposed customer notice reflecting the Commission's decision within 15 days of the Commission vote. The approved rates should be effective for service rendered on or after the stamped approval date of the tariff sheets pursuant

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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 was given within 10 days of the date of the notice. Furthermore, West Lakeland should withdraw its application for a price index adjustment and not request a price index adjustment in 2026.

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Issue 2: Should this docket be closed?

Recommendation: No. If no timely protest is received from a substantially affected person upon expiration of the protest period, this docket should be placed into monitoring status upon issuance of the consummating order to allow staff to verify completion of the refunds discussed in Issue 1. Staff should be granted administrative authority to close this docket after verifying that the Utility has completed the refunds in accordance with Rule 25-30.360, F.A.C. (Stiller)

Staff Analysis: If no timely protest is received from a substantially affected person upon expiration of the protest period, this docket should be placed into monitoring status upon issuance of the consummating order to allow staff to verify completion of the refunds discussed in Issue 1. Staff should be granted administrative authority to close this docket after verifying that the Utility has completed the refunds in accordance with Rule 25-30.360, F.A.C.

Exhibit A

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Disposition of 2026 Overearnings for
West Lakeland Wastewater, LLC.

DOCKET NO.: 20260000

FILED: June 30, 2026

WEST LAKELAND SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT is made and entered into this 30th day of June, 2026, by and between West Lakeland Wastewater LLC. (hereafter referred to as “West Lakeland”), and the Office of Public Counsel (“OPC”), on behalf of the Citizens of the State of Florida (“Citizens”) and customers of West Lakeland (hereafter, “Parties”).

Recitals

WHEREAS, the OPC identified possible 2026 overearnings based upon the review of the 2025 Annual Reports of West Lakeland;¹

WHEREAS, on May 1, 2026, West Lakeland consented to the Commission’s jurisdiction over revenues which exceed the high end of West Lakeland’s return on equity on a prospective basis;²

WHEREAS, the Parties have conducted further discussions and evaluation of additional data provided by West Lakeland to OPC on such overearnings;

WHEREAS, the Parties to this Agreement have undertaken in good faith to reasonably and amicably resolve the issues raised in this proceeding so as to maintain a degree of fairness, stability and predictability with respect to customer bills;

WHEREAS, the Parties have entered into this Settlement Agreement in compromise of

¹ See Document No. WU937-25-AR; See also Document No. 02392-2026 – OPC (Fletcher) – Letter dated April 24, 2026, providing summary of review of possible WAW overearning for reporting year 2025 for A Utility Inc., Citrus Waterworks, Inc., East Marion Utilities, LLC., Environmental Protection Systems of Pine Island, Inc., Keen Sales, Rentals and Utilities, Inc., Kirby D. Morgan, Inc., Lake Yale Utilities, LLC., Mcleod Gardens Utilities, LLC., and West Lakeland Wastewater, LLC.

² Document No. 02588-2026 – West Lakeland (Smallridge) – Letter dated May 1, 2026, providing acknowledgement of an informal investigation into potential overearnings of West Lakeland Wastewater, LLC.

positions that could be taken in accord with their rights and interests under Chapters 350 and 367, Florida Statutes, as applicable, and, as a part of the negotiated exchange of consideration among the parties to this agreement, each has agreed to concessions to the others with the expectation that all provisions of this Settlement Agreement will be enforced by the Commission as to all matters addressed herein with respect to all parties regardless of whether a court ultimately determines such matters to reflect Commission policy, upon acceptance of the agreement as provided herein and upon approval in the public interest; and

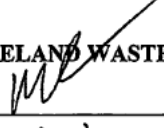
NOW, THEREFORE, in consideration of the foregoing, and the mutual covenants contained herein, which the Parties agree and acknowledge constitute good and valuable consideration, the Parties hereby stipulate and agree as follows:

1. West Lakeland Wastewater, LLC (West Lakeland) agrees to reduce its base facility charge and gallonage charges by 2.65%, as reflected in Attachment 1. In addition, West Lakeland also agrees to refund via credit on its customers' accounts 2.65% of wastewater revenues billed from May 1, 2026, until the effective date of the rate reduction. The refunds shall be made pursuant to Rule 25-30.360(3), Florida Administrative Code. This refund credit shall be based upon each individual customer's billed amounts from May 1, 2026, until the effective date of the rate reduction. Further, West Lakeland will withdraw the application for a price index adjustment, filed April 1, 2026, and will further forego requesting a price index adjustment in 2026.
2. In keeping with the Commission's long-standing policy and practice of encouraging parties to settle issues whenever reasonable and possible, the Parties submit this Settlement Agreement for review and approval. The Parties agree that this Settlement Agreement is in the public interest.
3. The provisions of this Settlement Agreement are contingent on approval of this Settlement Agreement in its entirety by the Commission without modification. The Parties further agree that

they will support this Settlement Agreement and will not request or support any order, relief, outcome, or result in conflict with the terms of this Settlement Agreement in any administrative or judicial proceeding relating to, reviewing, or challenging the establishment, approval, adoption, or implementation of this Settlement Agreement or the subject matter hereof. No Party will assert in any proceeding before the Commission that this Settlement Agreement nor any of the terms herein shall have any precedential value nor may it be used in any other proceeding. To the extent a dispute arises among the parties about the provisions, interpretation, or application of this agreement, the parties agree to meet and confer in an effort to resolve the dispute. To the extent that the Parties cannot resolve any dispute, the matter may be submitted to the Commission for resolution. Approval of this Settlement Agreement in its entirety will resolve all matters and issues discussed herein pursuant to and in accordance with Section 120.57(4), Florida Statutes. This docket should be closed administratively after Commission staff verifies the revised tariff sheets, customer notices have been mailed, and refunds have been made.

IN WITNESS WHEREOF, the Parties evidence their acceptance and agreement with the provisions of this Settlement Agreement by their signature.

WEST LAKELAND WASTEWATER, LLC

By: 

Date: 6/30/26

Mike Smallridge
Managing Member
West Lakeland Wastewater, LLC
5911 Trouble Creek Road
New Port Richey, FL 34652-5128

OFFICE OF PUBLIC COUNSEL

By: 

Date: 6/30/26

Walt Trierweiler
Public Counsel
111 W. Madison Street, Suite 812
Tallahassee, FL 32399-1400

Attachment 1

Description	Current Rates	2.65% Reduction	Reduced Rates
<u>Residential</u>			
Base Facility Charge - All Meter Sizes	\$28.75	(\$0.76)	\$27.99
Charge per 1,000 gallons (6,000-gallon cap)	\$8.66	(\$0.23)	\$8.43
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$28.75	(\$0.76)	\$27.99
3/4"	\$43.13	(\$1.14)	\$41.99
1"	\$71.88	(\$1.90)	\$69.98
1-1/2"	\$143.75	(\$3.81)	\$139.94
2"	\$230.00	(\$6.10)	\$223.91
3"	\$460.00	(\$12.19)	\$447.81
4"	\$718.75	(\$19.05)	\$699.70
6"	\$1,437.50	(\$38.09)	\$1,399.41
8"	\$2,300.00	(\$60.95)	\$2,239.05
Charge per 1,000 gallons	\$10.40	(\$0.28)	\$10.12
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$54.73	(\$1.45)	\$53.28
6,000 Gallons	\$80.71	(\$2.14)	\$78.57