

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:** April 24, 2025

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

**FROM:** Division of Engineering (Watts, Ramos, Smith II) *TB*  
Division of Accounting and Finance (Bardin, Norris) *ALM*  
Division of Economics (Bruce, Lenberg) *JP*  
Office of the General Counsel (Dose) *JSC*

**RE:** Docket No. 20240115-WU – Application for grandfather certificate to operate water utility in Citrus County by Hash Utilities, LLC. (Avalon Hills Water System)

**AGENDA:** 05/06/25 – Regular Agenda – Proposed Agency Action for Issues 2 and 3 – Interested Persons May Participate

**COMMISSIONERS ASSIGNED:** All Commissioners

**PREHEARING OFFICER:** Clark

**CRITICAL DATES:** None

**SPECIAL INSTRUCTIONS:** Please place Docket Nos. 20240113-WU, 20240114-WU, 20240115-WU, and 20240116-WU consecutively on the Agenda.

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## 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. On August 6, 2024, Hash Utilities, LLC (Avalon Hills or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County for its Avalon Hills water system pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Avalon Hills' application was found to be deficient, and staff sent a deficiency letter to the Utility on September 17, 2024. The Utility cured the deficiencies on January 27, 2025.

Avalon Hills provides water service to approximately 300 residential customers in single family homes, mobile homes, and multi-unit dwellings. Wastewater service is provided by septic tank. The Utility was established in the 1980s, but was not regulated by the Commission at that time; neither was it regulated by Citrus County in 1999, when the Citrus County Board of County Commissioners adopted Resolution No. 99-111 rescinding the Commission's jurisdiction in Citrus County.<sup>2</sup> The current owner purchased the Avalon Hills system in 2022. 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> Order No. PSC-99-1899-FOF-WS, issued September 24, 1999, in Docket No. 19990996-WS, *In re: Resolution by Citrus County Commission to rescind Citrus County Resolution No. 73-97 and remove jurisdiction of Florida Public Service Commission over private water and wastewater utilities in Citrus County.*

## Discussion of Issues

**Issue 1:** Should Hash Utilities, LLC's application for a grandfather water certificate in Citrus County for its Avalon Hills water system be acknowledged?

**Recommendation:** Yes. Avalon Hills' application should be acknowledged and the Utility should be granted Certificate No. 690-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Avalon Hills' certificate and should be retained by the Utility. (M. Watts, Bardin)

**Staff Analysis:** The Utility's application for a certificate under grandfather rights 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. The application contains a quitclaim deed as proof of ownership of the land on which the Utility's facilities are located, an accurate territory description, and adequate service territory and system maps. The territory description is provided in Attachment A.

As stated in the case background, Avalon Hills serves approximately 300 residential customers. 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 2024 Annual Report pursuant to Rule 25-30.110, F.A.C., and is also aware of its obligation to pay regulatory assessment fees pursuant to Rule 25-30.120, F.A.C. 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 Avalon Hills be granted Certificate No. 690-W to serve the territory described in Attachment A. The resultant order should serve as the Utility's certificate and should be retained by the Utility.

**Issue 2:** Should the Commission approve the Utility's current rates, charges, and deposit for Avalon Hills Water System?

**Recommendation:** Yes. The rates, charges, and deposit shown on Schedule No. 1 should be approved as proposed agency action for Avalon Hills. The rates, charges, and initial customer deposit 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, charges, and initial customer deposits shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Lenberg)

**Staff Analysis:** Since its inception the Utility has been either under the jurisdiction of the Commission or Citrus County; however, the Utility has never been actively regulated by either regulatory authority. The Utility has operated in Citrus County since at least 1981 without receiving a water certificate from the Commission or a Citrus County franchise certificate. Further, the rates, charges, and initial customer deposit have never been reviewed or approved by the Commission or Citrus County.

Under the prior owner, in 2019, a hearing was to take place for the Citrus County Water and Wastewater Authority to determine whether it would exercise its regulatory authority over the Utility. However, the prior owner never applied for the franchise certificate. In 2023, the current owner filed an application for a franchise certificate. Even though the Utility has never had a water certificate nor a franchise certificate, it has been registered with the Florida Department of Environmental Protection where it paid the annual fees and submitted monthly reports. In addition, the Utility has a water use permit issued by the Southwest Florida Water Management District.

Staff has verified that Avalon was charging its current rates, charges and initial customer deposit on May 28, 2024, the date Citrus County transferred jurisdiction. The Utility is currently charging its customers bi-monthly water rates, which consists of a base facility charge (BFC) and gallonage charge per 1,000 gallons. The Utility's water charges consists of miscellaneous service charges and service availability charges, which includes a service availability policy. Staff believes Avalon's rates and charges are reasonable. However, some of the Utility's miscellaneous service charges are not consistent with Florida Statutes or Commission Rules and are discussed in Issue 3.

A grandfathered utility's existing rates are normally continued and approved as final agency action. In this case however, where the Utility's rates were never approved by an appropriate regulatory authority, staff recommends that the existing rates be approved as proposed agency action.

### **Conclusion**

Based on the above, the rates and charges shown on Schedule No. 1 should be approved for Avalon Hills as proposed agency action. The rates, charges, and initial customer deposit 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, charges, and initial customer deposits shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

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**Issue 3:** Should the Utility’s current miscellaneous service charges for Avalon Hills Water System be approved?

**Recommendation:** The Utility’s existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved as proposed agency action. The remaining miscellaneous service charges shown on Table 3-2 should be approved as modified, also as proposed agency action. 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. (Lenberg)

**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. Staff recommends that the Utility’s existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be continued; however, they should be approved as proposed agency action because they have received no prior regulatory approval. Staff recommends that some of the Utility’s existing charges that are set forth in Table 3-1 should be revised to conform with Rule 25-30.460, F.A.C. The Utility’s current miscellaneous service charges for water service shown on Table 3-1.

**Table 3-1  
Avalon Hills Utilities, LLC Existing Miscellaneous Service Charges**

	<u>Existing Charges</u>
Initial Connection Charge	\$45.00
Normal Reconnection Charge	\$45.00
Violation Reconnection Charge	\$45.00
Premises Visit Charge (in lieu of disconnection)	\$45.00
Premises Visit Charge	\$30.00
Late Payment Charge	\$5.00
NSF Charge	Pursuant to Section 68.065, F.S.
Tampering Charge	\$150.00

Source: Utility’s current tariff and response to staff’s deficiencies.

**Premises Visit Charge and Violation Reconnection Charge**

As shown on Table 3-1, the Utility currently has an initial connection charge, a normal reconnection charge, a violation reconnection charge, and a premises visit charge of \$45. The Utility also has a premises visit charge of \$30. However, 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. As mentioned above, the Utility has two premises visit charges. According to the Utility’s tariff, the definitions for the premises visit charge is assessed for the purpose of discontinuing of service while the other definition is defined when a utility representative visits a premises except for the purposes of discontinuing service. The Commission rule encompasses both of the Utility

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definitions into one for the premises visits charge. Since the premises visit now entails a broader range of tasks, staff recommends that the premises visit charge reflect the amount of the higher premises visit charge of \$45. Therefore, staff recommends that the premises visit charge of \$30 be removed. Staff recommends that the definition for the premises visit charge be updated to comply with Rule 25-30.460, F.A.C.

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

The Utility has a tampering charge of \$150 for water service. 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. The rule further states that 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. As shown in Table 3-2, staff recommends that the Utility's tampering charge of \$150 be modified and the meter tampering charge be approved at actual cost. Setting the meter tampering charge at actual cost is consistent with prior Commission decisions.

**Table 3-2**  
**Staff's Recommended Miscellaneous Service Charges**

	<u>All Hours</u>
Premises Visit Charge	\$45.00
Violation Reconnection Charge	\$45.00
Tampering Charge	Actual Cost
NSF Charge	Pursuant to Section 68.065, F.S.
Late Payment Charge	\$5.00

### **Conclusion**

Based on the above, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved as proposed agency action. The remaining miscellaneous service charges shown on Table 3-2 should be approved as modified, also as proposed agency action. 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.

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

**Recommendation:** If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Dose)

**Staff Analysis:** If no person whose substantial interests are affected by the proposed agency action portion of this recommendation 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 have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

**DESCRIPTION OF TERRITORY SERVED**

**Hash Utilities, LLC**  
**Avalon Hills Subdivision, Citrus County.**

490 Commercial  
Hills of Avalon and 1st Addition  
Campbell Woods Units 2 & 3  
O. K. Heights

Subdivisions of Sections 7 and 18, Township 19 South, Range 18 East County, Florida, more particularly described as follows:

Begin at the Northwest corner of the Northwest 1/4 of the Southwest 1/4 of said Section 7; thence parallel to the North line of Section 7, North 89°31'22" East to the Northeast corner of Section 7 a distance of 5,395.9 feet; thence parallel to the East line of Section 7, South 00°13'50" West a distance of 2,350 feet; thence South 45°19'21" West a distance of 2,260.05 feet; thence South 89°27'00" West a distance of 1,068.5 feet; thence South 00°21'31" East a distance of 1,019.61 feet; thence South 45°18'49" West a distance of 464.45 feet; thence North 13°34'35" West a distance of 1,404.17 feet; thence South 89°27'00" East a distance of 653.32 feet; thence North 00°29'49" West a distance of 2,597.7 feet; thence South 89°23'39" West a distance of 2,539.3 feet; thence North 00°10'09" West a distance of 163.9 feet; thence South 89°23'39" West a distance of 124.69 feet; thence North 00°45'46" West a distance of 1,155.4 feet to the Point of Beginning.

**FLORIDA PUBLIC SERVICE COMMISSION**

**authorizes**  
**Hash Utilities, LLC (Avalon Hills Water System)**  
**pursuant to**  
**Certificate Number 690-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>
*	*	20240115-WU	Grandfather Certificate

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

**Hash Utilities, LLC (Avalon Hills Water System)  
Existing Bi-Monthly Water Rates**

**Residential, Multi-Residential, and General  
Service**

Base Facility Charge by Meter Size 5/8" X 3/4"	\$21.44
Charge Per 1,000 gallons	\$4.28

**Customer Deposits**

<b>Residential and General Service</b> All Meter Sizes	\$85.00
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**Miscellaneous Service Charges**

<b>Miscellaneous Service Charges</b>	
NSF Charge	Pursuant to Section 68.065, F.S.
Late Payment Charge	\$5.00

**Service Availability Charges**

<b>Customer Connection (Tap-in) Charge</b> 5/8" X 3/4"	\$450.00
<b>Meter Installation Charge</b> 5/8" X 3/4"	\$650.00
1"	\$760.00
<b>Plant Capacity Charge</b> Residential – Per ERC	\$795.00