

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: April 24, 2025

TO: 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, Chambliss) *OP*
Office of the General Counsel (Marquez) *ACH*

RE: Docket No. 20240114-WU – Application for grandfather certificate to operate water utility in Citrus County by Hash Utilities, LLC. (Dunnellon Hills Water System)

AGENDA: 05/06/25 – Regular Agenda – Proposed Agency Action for Issue 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.

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 to the provisions of Chapter 367, Florida

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

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 (Dunnellon Hills or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County for its Dunnellon Hills water system pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Dunnellon Hills' application was found to be deficient, and staff sent deficiency letters to the Utility on September 17, 2024, and October 21, 2024. The Utility cured the deficiencies on January 27, 2025.

Dunnellon Hills provides water service to approximately 45 residential customers, in single family homes and mobile homes. Wastewater service is provided by septic tank. The Utility was granted Certificate No. 396-W in 1983.² In 1999, the Citrus County Board of County Commissioners adopted Resolution No. 99-111 (1999 Resolution) rescinding the Commission's jurisdiction in Citrus County. The Commission subsequently issued an order acknowledging the County's 1999 Resolution and canceling the certificates of the regulated water and wastewater utilities in the County, including Certificate No. 396-W.³ The current owner purchased the system in 2008. 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.

¹ 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.*

² Order No. 11870, issued April 21, 1983, in Docket No. 19820396-W, *In re: Application of Utility Systems, Inc., for original certificate to operate a water system in Citrus County (Dunnellon Hills), Florida.*

³ 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 Dunnellon Hills water system be acknowledged?

Recommendation: Yes. Dunnellon Hills' application should be acknowledged and the Utility should be granted Certificate No. 689-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Dunnellon 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, Dunnellon Hills serves approximately 45 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 Dunnellon Hills be granted Certificate No. 689-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: What rates, charges, and deposits should be approved for Dunnellon Hills Utilities, LLC?

Recommendation: Of the Utility's rates, charges, and deposits that were approved by Citrus County and in effect when Citrus County transferred jurisdiction to the Commission, the rates, charges, and initial customer deposit shown on Schedule No. 1 are appropriate and should be approved. In addition, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved. These charges, as well as the rate, 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 Violation Reconnection Charge, Late Payment Charge, and NSF Charge, as well as the rates, charges and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Chambliss)

Staff Analysis: Citrus County Water and Wastewater Authority approved the Utility's current monthly rates by Final Order 23-03 on August 14, 2023. The bi-monthly water rates consist of a base facility charge (BFC) and gallonage charge per 1,000 gallons. However, it appears the Utility has not been billing the appropriate rates, which will be addressed in Issue 4. Staff recommends that the rates that were last approved in Final Order 23-03 by Citrus County should be billed to customers and approved by the Commission.

The Utility's water charges consist of miscellaneous service charges and service availability charges, which include a service availability policy. The miscellaneous service charges were established under the prior owner, however, some of the miscellaneous service charges are not consistent with the Florida Statutes or Commission Rules and staff recommends they be modified in Issue 3. However, as stated previously, the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and should be approved herein. The Utility's service availability charges were approved in Final Order 24-01 on January 29, 2024.

Conclusion

Staff recommends that, of the Utility's rates, charges, and deposits that were approved by Citrus County and in effect when Citrus County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposit shown on Schedule No. 1, and the Utility's existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge, are appropriate and should be approved. The rate, 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 Violation Reconnection Charge, Late Payment Charge, and NSF Charge, as well as the rates, charges and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding.

Issue 3: What are the appropriate miscellaneous service charges for Dunnellon Hills Utilities, LLC?

Recommendation: With the exception of the Utility’s existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge (which are approved in Issue 2), the appropriate miscellaneous service charges shown on Table 3-2 should be approved. The Utility should be required to file a proposed customer notice to reflect the Commission-approved charges. The approved charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheets will be approved upon staff’s verification that the tariffs are consistent with the Commission’s decision and that the proposed customer notice is adequate. (Chambliss)

Staff Analysis: The Utility did not request to revise its existing miscellaneous service charges. 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 some of the Utility’s existing charges that are set forth in Table 3-1, be revised to conform with Rule 25-30.460, F.A.C. As discussed in Issue 2, the Utility’s existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge should be approved without modification, but are shown below for illustrative purposes. The Utility’s current miscellaneous service charges for water service consist of various charges and are shown on Table 3-1.

Table 3-1
Dunnellon 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: Document No. 08240-2024, filed on August 6, 2024, in Docket No. 20240114-WU.

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 (in lieu of disconnection) of \$45. The Utility also has a separate “Premises Visit Charge” of \$30. However, pursuant to Rule 25-30.460(2)(a), F.A.C., initial and reconnection charges are subsumed within the definition of the premises visit charge. Therefore, staff recommends that the initial and normal reconnection charges be removed.

According to the Utility, the premises visit charge of \$30 is assessed when customers request a meter re-read. A meter re-read is usually assessed when an initial reading is not an error of the Utility. Therefore, staff recommends that the premises visit charge of \$30 be removed as it

should be covered under the general premises visit charge of \$45. Staff recommends that the Utility’s definition for “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. Whenever service is discontinued for fraudulent use of such service, the Utility, before restoring service, may require the customer to make at his own expense all changes in piping or equipment necessary to eliminate illegal use and to pay an amount reasonably estimated as the deficiency in revenue resulting from the customer’s fraudulent use before restoring service. Based on the above, staff recommends that the Utility’s tampering charge of \$150 be modified and approved at actual cost. The appropriate water miscellaneous service charges shown on Table 3-2 should be approved.

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

	All Hours
Premises Visit	\$45.00
Violation Reconnection	\$45.00
Tampering or Prohibited Connection or Use Charge	Actual Cost
NSF Charge (Water and Wastewater)	Pursuant to Section 68.065, F.S.
Late Payment Charge	\$5.00

Conclusion

The Utility’s existing Violation Reconnection Charge, Late Payment Charge, and NSF Charge remain unchanged and are recommended for approval in Issue 2, and are shown above for illustrative purposes. 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 will 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: Did Dunnellon Hills bill the appropriate rates pursuant to Citrus County Final Order 23-03 and, if not, what is the appropriate action?

Recommendation: The Utility did not bill the appropriate rates per Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the utility's billing practices and determine the appropriate action. (Chambliss)

Staff Analysis: As mentioned in Issue 2, the Utility is currently charging rates that were not authorized by Citrus County. As reflected in the current tariff, Dunnellon Hills bills a bi-monthly base facility charge of \$21.96 for its residential and general service customers and a gallonage charge of \$5.03 per 1,000 gallons. However, Citrus County Final Order 23-03 only authorizes a monthly BFC of \$21.35 and a gallonage charge of \$4.89 per 1,000 gallons. Staff contacted the County which indicated that the Utility's last price index increase was approved in Final Order 23-03 on August 14, 2023.

On March 4, 2024, the County issued Final Order 24-04 which authorized the Utility to *apply* for a 3.24 percent price index increase which Dunnellon Hills allegedly applied. As reflected in unissued Citrus County Final Order 24-05, County staff had identified application deficiencies which suggested that 2.84 percent would be the more appropriate price index adjustment for the Utility. However, draft Final Order 24-05 was never signed or issued by the Citrus County Water and Wastewater Authority because the May 20, 2024 meeting to officially decide that matter was canceled due to the change of Citrus County jurisdiction in progress with the Commission. It appears to Commission staff that the Utility mistakenly implemented a 2.84 percent increase to its 2023 approved rates before Citrus County Water and Wastewater Authority rendered a decision. Therefore, according to the Utility's tariff, customers are being overcharged. Staff recommends that a docket be opened to investigate this matter further.

Conclusion

Based on the above, the Utility did not bill the appropriate rates per Citrus County Final Order 23-03. Staff recommends that a docket be opened to investigate the Utility's billing practices and determine the appropriate action.

Issue 5: 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. (Marquez)

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
Dunnellon Hills Subdivision, Citrus County.

Section 2, Township 17 South, Range 18 East, Citrus County, Florida.

Begin at the Southwest corner of the Northeast 1/4 of the Northwest 1/4 of Section 2, Township 17 South, Range 18 East, thence North 00°37'57" West a distance of 666.39 feet; thence North 89°21'02" East a distance of 1,096.97 feet; thence South 46°36'10" East a distance of 306.71 feet; thence South 00°10'31" East a distance of 458.16 feet; thence South 89°34'07" West a distance of 1,313.85 feet, to the Point of Beginning.

FLORIDA PUBLIC SERVICE COMMISSION

authorizes
Hash Utilities, LLC (Dunnellon Hills Water System)
pursuant to
Certificate Number 689-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>
*	*	20240114-WU	Grandfather Certificate

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

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

Residential and General Service

Base Facility Charge by Meter Size 5/8" X 3/4"	\$21.35
Charge per 1,000 gallons	\$4.89

Customer Deposits

Residential and General Service

All Meter Sizes	\$85.00
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Miscellaneous Service Charges

Miscellaneous Service Charges

Late Payment Charge	\$5.00
NSF Charge	Pursuant to Section 68.065, F.S.

Service Availability Charges

Customer Connection (Tap-in) Charge

5/8" X 3/4"	\$650.00
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Meter Installation Charge

5/8" X 3/4"	\$650.00
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1"	\$750.00
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Plant Capacity Charge

Residential – Per ERC (GPD)	\$795.00
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