

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) *OP*  
Office of the General Counsel (Sparks) *ACF*

**RE:** Docket No. 20240116-WU – Application for grandfather certificate to operate water utility in Citrus County by Hash Utilities, LLC. (Lucky 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.

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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 to 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 (Lucky Hills or Utility) filed an application for a certificate under grandfather rights to provide water service in Citrus County for its Lucky Hills water system pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). Lucky 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.

Lucky Hills provides water service to approximately 80 residential customers, in single family homes and mobile homes, and has 15 vacant lots in the subdivision. Wastewater service is provided by septic tank. The Utility began providing service in 1977. In 1989, the Commission granted Lucky Hills, Inc. Certificate No. 513-W.<sup>2</sup> The system was transferred to Wellaqu Company in 1995.<sup>3</sup> 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. 513-W.<sup>4</sup> The current owner purchased the Lucky Hills system in 2015. 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. 20943, issued March 27, 1989, in Docket No. 19881419-WU, *In re: Application of Lucky Hills, Inc. for a water certificate in Citrus County, Florida.*

<sup>3</sup> Order No. PSC-95-0421-FOF-WU, issued March 28, 1995, in Docket No. 19940340-WU, *In re: Application for transfer of Certificate No. 513-W from Lucky Hills, Inc. to Wellaqu Company in Citrus County.*

<sup>4</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 Lucky Hills water system be acknowledged?

**Recommendation:** Yes. Lucky Hills' application should be acknowledged and the Utility should be granted Certificate No. 691-W, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Lucky 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 warranty 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, Lucky Hills serves approximately 80 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 Lucky Hills be granted Certificate No. 691-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 Lucky Hills Water System?

**Recommendation:** Of the Utility's rates, charges, and deposits that were in effect when Citrus County transferred jurisdiction to the Commission, only 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 Charges, 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 rates, charges, and initial customer deposit shown in Schedule No. 1 until authorized to change them by the Commission in a subsequent proceeding. (Lenberg)

**Staff Analysis:** Citrus County Water and Wastewater Authority approved the Utility's current bi-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. 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 Utility's miscellaneous service charges are not consistent with the Florida Statutes or Commission Rules and are discussed 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 Lucky Hills Water System?

**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. (Lenberg)

**Staff Analysis:** The Utility did not request to revise its existing miscellaneous service charges. Section 367.091, F.S., however, 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**  
**Lucky 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. 02871-2025, Filed on April 16, 2025, in Docket No. 20240116-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, 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, one assessed for the purpose of discontinuing of service while the other is assessed when a utility representative visits a premises for purposes other than discontinuing of service. The Commission rule encompasses both of

these Utility charges 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 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 state 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. To be consistent with this Rule, staff recommends that the Utility’s tampering charge of \$150 be denied and the meter tampering charge be approved at actual cost. Setting the meter tampering charge at actual cost is also consistent with prior Commission decisions. The water miscellaneous service charges shown on Table 3-2 are appropriate and should be approved.

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

	<b>All Hours</b>
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**

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 Lucky Hills bill the appropriate rates pursuant to Citrus County Final Order 23-03, if not, what is the appropriate action?

**Recommendation:** The Utility did not bill the appropriate rates pursuant to 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. (Lenberg)

**Staff Analysis:** As mentioned in Issue 2, the Utility is currently charging unauthorized rates. As reflected in the current tariff, Lucky Hills bills a bi-monthly BFC of \$21.27 and a gallonage charge of \$4.37 per 1,000 gallons. However, Citrus County Final Order 23-03 only authorizes monthly BFC \$20.81 and a gallonage charge of \$4.28 per 1,000. Staff contacted Citrus County, which indicated that the Utility's last price index increase was approved in Final Order 23-03 on August 14, 2023. The last price index approved rates are a bi-monthly BFC of \$20.81 and a gallonage charge of \$4.28.

On March, 4, 2024 the County issued Final Order 24-04 which authorizes the Utility to *apply* for a 3.24 percent price index increase. Lucky Hills allegedly applied. As reflected in unissued Citrus County Final Order 24-05, County staff had identified application deficiencies which suggested that a 2.19 percent would be the more appropriate price index adjustment for the Utility. However, proposed Final Order 24-05 was never signed by the county because the Citrus County Water and Wastewater Authority meeting, scheduled on May 20, 2024 to decide that matter, was canceled because of the changes of Citrus County Jurisdiction in progress with the commission. It appears to Commission staff that the Utility mistakenly implemented a 2.19 percent increase to its 2023 approved rates before Citrus County Water and Wastewater Authority officially approved or decided the matter. Therefore, according to the Utility's own tariff, customers are being overcharged. Staff recommends that this matter should be investigated further.

### **Conclusion**

Based on the above, the Utility did not bill the appropriate rates pursuant to 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. (Sparks)

**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**  
**Lucky Hills Subdivision, Citrus County.**

Section 36, Township 19 South, Range 17 East, Citrus County, Florida.

Commence at the Northwest corner of the Southeast 1/4 of the Northwest 1/4 of Section 36, Township 19 South, Range 17 East; thence North 89°54'10" East a distance of 331.96 feet; thence North 00°24'06" East a distance of 645.45 feet; thence North 89°57'32" East a distance of 332.54 feet; thence South 00°29'57" West a distance of 644.98 feet; thence North 89°54'10" East a distance of 663.92 feet; thence South 00°31'44" West a distance of 1,357.05 feet, thence South 89°54'10" West a distance of 1,323.82 feet, thence North 00°24'06" East a distance of 1,340.24 feet to the Point of Beginning.

**FLORIDA PUBLIC SERVICE COMMISSION**

**authorizes**  
**Hash Utilities, LLC (Lucky Hills Water System)**  
**pursuant to**  
**Certificate Number 691-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>
*	*	20240116-WU	Grandfather Certificate

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

**Hash Utilities, LLC (Lucky 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"	\$20.81
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 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"	\$750.00
<b>Plant Capacity Charge</b> Residential – Per ERC (GPD)	\$795.00