

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Levy County by FIMC Hideaway, Inc.

DOCKET NO. 20170147-WS
ORDER NO. PSC-2019-0074-PAA-WS
ISSUED: February 25, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

NOTICE OF PROPOSED AGENCY ACTION
ORDER DIRECTING FIMC HIDEAWAY, INC. TO TAKE CERTAIN ACTION

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the action discussed herein is 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.

Background

FIMC Hideaway, Inc. (FIMC or Utility) is a Class C utility that was granted water and wastewater certificates in 1984 to serve the Hideaway development when Levy County transferred jurisdiction to this Commission in 1983.¹ The Hideaway systems were transferred to Florida Investors Mortgage Corporation (FIMC) Hideaway, Inc. in 1992 following its foreclosure on the Utility.² Subsequently, this Commission approved a transfer of majority organizational control in 2005 when the Utility stock was acquired by the current owners.³ In 2009, this Commission approved the transfer of the Springside water and wastewater systems

¹Order No. 13497, issued July 10, 1984, in Docket No. 19830552-WS, *In re: Application of Hideaway Service, Inc. for a certificate to operate a water and sewer utility in Levy County.*

²Order No. 25584, issued January 8, 1992, in Docket No. 19910672-WS, *In re: Application for transfer of Certificates Nos. 426-W and 362-S from Hideaway Service, Inc. to FIMC Hideaway, Inc. in Levy County.*

³Order No. PSC-05-0298-PAA-WS, issued March 18, 2005, in Docket No. 20040152-WS, *In re: Application for transfer of majority organizational control of FIMC Hideaway, Inc. in Levy County from Florida Investors Mortgage Corporation, a Florida corporation, to Robert and Janet McBride.*

from Par Utilities, Inc. to FIMC Hideaway, Inc.⁴ The Hideaway and Springside water and wastewater systems were interconnected in April 2013.

On June 22, 2017, FIMC filed an application for a staff-assisted rate case. Pursuant to Order No. PSC-2018-0389-PAA-WS, we approved rates and charges for FIMC. Order No. PSC-2018-0389-PAA-WS, additionally ordered:

[T]he overall quality of service provided by FIMC Hideaway, Inc. shall be considered marginal until the utility can sufficiently demonstrate that it meets the Department of Environmental Protection's [DEP] secondary water standards. The [U]tility shall file the results of its next primary and secondary water standards tests with this Commission in this docket by November 1, 2018. If the results are unfavorable, our staff will bring this item to this Commission by March 1, 2019, for further action.

By email, on October 8, 2018, FIMC provided our staff with the results of its most recent DEP primary and secondary water tests. By letter dated November 6, 2018, our staff notified the Utility that this item would be brought before us for consideration at the February 5, 2019 Commission Conference.⁵ This Order addresses the test results provided by FIMC and the required further action. We have jurisdiction pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, and 367.091, Florida Statutes (F.S.).

Decision

Pursuant to Section 367.081(2)(a)1., F.S., in water and wastewater rate cases, we shall consider the quality of service provided by a utility. Additionally, Section 367.0812(2), F.S., states:

(2)(a) In determining the quality of water service, the commission shall consider a finding by the Department of Environmental Protection as to whether the utility has failed to provide water service that meets the secondary water quality standards of the department.

(b) The utility shall create an estimate of the costs and benefits of a plausible solution to each issue identified by the commission.

(c) The utility shall meet with its customers within a time prescribed by the commission to discuss the estimated costs and benefits of and time necessary for implementing a plausible solution for each quality of water service issue identified, and the utility shall report the results of such meetings to the commission.

(d) The utility shall inform the commission, if:

⁴Order No. PSC-09-0279-PAA-WS, issued April 29, 2009, in Docket No. 20080268-WS, *In re: Joint Application for transfer of the Springside water and wastewater systems from Par Utilities, Inc. in Levy County to FIMC Hideaway, Inc.; amendment of Certificates 426-W and 362-S held by FIMC Hideaway, Inc.; and amendment of Certificate 428-W and cancellation of Certificate 366-S held by Par Utilities, Inc.*

⁵ Document No. 07000-2018.

1. The customers and the utility agree on a solution for each quality of water service issue identified, of each agreed-on solution and the cost of each solution;
or
2. The customers and the utility prefer a different solution to at least one of the quality of water service issues identified, of the preferred solutions by each and the cost of each solution.

By Order No. PSC-2018-0389-PAA-WS, we determined the Utility's quality of service to be marginal based in part on the Utility not meeting DEP secondary standards for sulfates and total dissolved solids. We additionally ordered the Utility to file updated test results by November 1, 2018. On October 8, 2018, FIMC timely provided its test results to our staff. The test results indicated the water service provided by the Utility continues to exceed DEP standards for sulfates and total dissolved solids. The reading for sulfates was 426 milligrams per Liter (mg/L) which exceeds the 250 mg/L maximum containment level (MCL). The reading for total dissolved solids was 992 mg/L which exceeds the 500 mg/L MCL standard.⁶

Given the unfavorable test results and the requirements of Section 367.0812(2), F.S., we hereby direct FIMC to create an estimate of costs and benefits of a plausible solution to reduce sulfates and total dissolved solids to a level that is within acceptable DEP standards. We note that in 1992, this Commission found the following:

According to DER [predecessor of the Department of Environmental Protection], the utility has three options available to it which may secure compliance with the requirements. It may pursue the use of another water source, either an existing surface or ground water supply, or it may install additional means of treating the water. However, the only recommended treatment for sulfate is reverse osmosis, and, in this instance, reverse osmosis will be cost prohibitive for this utility. In addition, because of the plant's location, it is questionable that the utility could meet the industrial waste standards required for the backwash discharge. Lastly, the utility can procure land and permits to construct a well field outside the area where the gypsum deposits are located. The DER engineer suggests that the utility determine the cost of drilling a new well field outside of the subdivision. The DER engineer also suggested that Hideaway work with the Springside at Manatee, Ltd., and Fowlers Bluff utilities to locate a better source of water since all three are experiencing the same types of problems in the same general location.⁷

We further direct FIMC to meet with its customers within 60-90 days of the issuance of this Order. The Utility shall provide the Office of Public Counsel and our staff with notification of the customer meeting date. In its meeting with customers, the Utility shall discuss the estimated costs and benefits of and time necessary for implementing a plausible solution to reduce sulfates and total dissolved solids to a level that is within acceptable DEP standards. The

⁶ Document No. 00244-2019, filed January 16, 2019, p. 8.

⁷ Order No. PSC-92-0479-FOF-WS, issued June 9, 1992, in Docket No. 19911091-WS, *In re: Application for a staff-assisted rate case in Levy County by FIMC Hideaway, Inc.*, p. 5.

Utility shall report the results of the customer meeting to us within 30 days after the meeting is held. This item shall be brought back before us by the August 6, 2019 Commission Conference. If the Utility encounters any unforeseen events that will impede its ability to timely meet the ordered schedule, the Utility shall immediately notify this Commission in writing.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that FIMC Hideaway, Inc., is hereby directed to create an estimate of costs and benefits of a plausible solution to reduce sulfates and total dissolved solids to a level that is within acceptable Florida Department of Environmental Protection secondary water quality standards. It is further

ORDERED that FIMC Hideaway, Inc., is hereby directed to meet with its customers within 60-90 days of the issuance of this Order. The Utility shall provide the Office of Public Counsel and Commission staff with notification of the customer meeting date. In its meeting with customers, the Utility shall discuss the estimated costs and benefits of and time necessary for implementing a plausible solution to reduce sulfates and total dissolved solids to a level that is within acceptable Florida Department of Environmental Protection secondary water quality standards. The Utility shall report the results of the customer meeting to this Commission within 30 days after the meeting is held. It is further

ORDERED that the provisions of this Order, issued as proposed agency action, shall become final and effective upon the issuance of a Consummating Order unless an appropriate petition, in the form provided by Rule 28-106.201, Florida Administrative Code, is received by the Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on the date set forth in the "Notice of Further Proceedings" attached hereto. 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 this Order, a Consummating Order shall be issued. This docket shall remain open until such time as the quality of service issue has been vetted.

By ORDER of the Florida Public Service Commission this 25th day of February, 2019.



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.

MAD

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing that is available under Section 120.57, 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 will be granted or result in the relief sought.

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.

The action proposed herein is preliminary in nature. 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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 18, 2019.

In the absence of such a petition, this order shall become final and effective upon the issuance of a Consummating Order.

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