

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: February 20, 2025

TO: Office of Commission Clerk (Teitzman)

FROM: Division of Engineering (Ramirez-Abundez, Smith II) *TB*
Division of Accounting and Finance (Bardin, Cicchetti, Norris, Sowards) *ALM*
Division of Economics (Bruce, Chambliss) *GP*
Office of the General Counsel (Dose) *JSC*

RE: Docket No. 20240104-WS – Application for grandfather certificate to operate water and wastewater utility in Citrus County, by Tarawood Utilities, LLC.

AGENDA: 03/04/25 – Regular Agenda – Proposed Agency Action for Issues 3 - 6 – Interested Persons May Participate

COMMISSIONERS ASSIGNED: All Commissioners

PREHEARING OFFICER: Fay

CRITICAL DATES: None

SPECIAL INSTRUCTIONS: None

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 Commission Order No. PSC-2024-0267-FOF-WS, the Commission acknowledged the Resolution.¹

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.*

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 July 22, 2024, Tarawood Utilities, LLC (Tarawood or Utility) filed an application for a certificate under grandfather rights to provide water and wastewater service in Citrus County pursuant to Section 367.171(2), F.S., and Rule 25-30.035, Florida Administrative Code (F.A.C.). The Utility's initial application was found to be deficient and staff issued a deficiency letter on August 22, 2024.² Tarawood filed a response to the deficiencies on September 3, 2024.³ The application was still found to be deficient. Staff issued a second deficiency letter on November 19, 2024.⁴ Tarawood cured the deficiencies on November 22, 2024.⁵

The Tarawood system has been in existence since 2008 and currently serves 90 residential and 1 general service customer. The Utility's service area is located in the Southwest Florida Water Management District. This recommendation addresses the application for grandfather water and wastewater certificates and rates and charges. The Commission has jurisdiction pursuant to Section 367.171, F.S.

² Document No. 08601-2024, filed August 22, 2024, in Docket No. 20240104-WS.

³ Document No. 08818-2024, filed September 3, 2024, in Docket No. 20240104-WS.

⁴ Document No. 09933-2024, filed November 19, 2024, in Docket No. 20240104-WS.

⁵ Document No. 09995-2024, filed November 22, 2024, in Docket No. 20240104-WS.

Discussion of Issues

Issue 1: Should Tarawood Utilities, LLC's application for grandfather water and wastewater certificates in Citrus County be acknowledged?

Recommendation: Yes. Tarawood's application should be approved and the Utility should be issued Certificate Nos. 685-W and 584-S, effective May 28, 2024, to serve the territory described in Attachment A. The resultant order should serve as Tarawood's certificate and should be retained by the Utility. (Ramirez-Abundez, Bardin)

Staff Analysis: The Utility's application for certificate under grandfather rights to provide water and wastewater service in Citrus County is in compliance with Section 367.171(2)(b), F.S., and Rule 25-30.035, F.A.C. An adequate service territory description and system maps were provided. As the Utility has its own treatment facilities, the application contains a warranty deed as proof of ownership of the land on which the Utility's facilities are located as required by Rule 25-30.035(11), F.A.C. A description of the Utility's territory is described in Attachment A.

As stated in the case background, Tarawood has been in existence since 2008 and currently serves 90 residential and 1 general service customer. 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.

Based on the above, staff recommends that Tarawood be granted Certificate Nos. 685-W and 584-S to serve the territory described in Attachment A. The resultant order should serve as Tarawood's certificate and should be retained by the Utility.

Issue 2: What rates, charges, and deposits should be approved for Tarawood Utilities, LLC?

Recommendation: Of the Utility's rates, charges, and deposits for water and wastewater service that were in effect when Citrus County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposits shown in Schedule Nos. 1 and 2, are appropriate and should be approved. The rates, charges, and initial customer deposits shown in Schedule Nos. 1 and 2 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 Nos. 1 and 2 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 water and wastewater rates by Final Order No. 24-03 on February 29, 2024. The monthly water rates consist of a base facility charge (BFC) and gallonage charge per 1,000 gallons. The wastewater rates consist of a BFC for all meter sizes and a gallonage charge with a 6,000 gallonage cap. The Utility's current bulk rate was approved by Final Order 18-05 on November 20, 2018. The bulk rate includes a gallonage charge per 1,000 gallons.

The Utility's water and wastewater charges consist of miscellaneous service charges and service availability charges, which include a service availability policy. The Utility's current water service availability charges were approved by Final Order No. 23-05. The miscellaneous service charges and wastewater service availability charges were put in place under the prior owner. In addition, there are meter test deposits for the water service which were also put in place under the prior owner.

Staff believes that the Utility's current rates and the service availability charges are reasonable for both water and wastewater with the exceptions of the meter test deposits, miscellaneous service charges other than late payment and premises visit charges, and the Utility's readiness to serve charge. Staff's recommendation regarding the meter test deposits are discussed in Issue 4. The miscellaneous service charges other than the late payment and premises visit charges are not consistent with the Florida Statutes or Commission Rules and are discussed in Issue 5. In Issue 6, staff addresses the Utility's readiness to serve charge.

Staff recommends, of the Utility's rates, charges, and deposits for water and wastewater service that were in effect when Citrus County transferred jurisdiction to the Commission, only the rates, charges, and initial customer deposits shown in Schedule Nos. 1 and 2, are appropriate and should be approved. The rates, charges, and initial customer deposits shown in Schedule Nos. 1 and 2 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 Nos. 1 and 2 until authorized to change them by the Commission in a subsequent proceeding.

Issue 3: Should the Utility's current terms of payment be revised to conform to Rule 25-30.335(6), F.A.C.?

Recommendation: Yes. The Utility's current terms of payment should be revised to conform to Rule 25-30.335(6), F.A.C. The Utility should file revised tariff sheets to reflect the appropriate terms of payment pursuant to Rule 25-30.335(6), F.A.C. The approved tariffs should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets 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's current water and wastewater tariff indicates that a customer residing in Florida will become delinquent if their bill is not paid within 16 days while a non-Florida resident has 21 days to pay their bill before becoming delinquent. However, Rule 25-30.335(6), F.A.C., states that a Utility may not consider a customer delinquent in paying his or her bill until the 21st day after the Utility has mailed or presented the bill for payment.

Based on the above, staff recommends that the Utility's methodology of billing a customer should be revised to conform to Rule 25-30.335(6), F.A.C. The Utility should file revised tariff sheets to reflect the appropriate terms of payment pursuant to Rule 25-30.335(6), F.A.C. The approved tariffs should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets 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.

Issue 4: What are the appropriate meter test deposit charges for Tarawood Utilities, LLC?

Recommendation: Staff recommends that the appropriate meter test deposits be revised to conform to Rule 25-30.266(2)(a), F.A.C. The Utility should file a revised tariff sheet to reflect the appropriate meter test deposits pursuant to Rule 25-30.335(6), F.A.C. The approved tariff should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheet 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: According to the Utility's current water tariff, Sheet No. 15, indicates meter test deposits of \$25 for field test and \$25 plus cost for a certified test for the 5/8 inch x 3/4 inch meter size. However, the Utility may not exceed meter test deposits pursuant to Rule 25-30.266(2)(a), F.A.C., shown below on Table 4-1.

Table 4-1
Meter Test Deposits

| Meter Size | Fee |
|-------------------|---------------------|
| 5/8" x 3/4" | \$20.00 |
| 1 1/2" | \$25.00 |
| 2" and over | Actual Cost of Test |

Therefore, staff recommends that the appropriate meter test deposits be revised pursuant to Rule 25-30.266(2)(a), F.A.C. The Utility should file a revised tariff sheet to reflect the appropriate meter test deposits pursuant to Rule 25-30.335(6), F.A.C. The approved tariff should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. In addition, the tariff sheet 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 5: What are the appropriate water and wastewater miscellaneous service charges for Tarawood Utilities, LLC?

Recommendation: The appropriate water and wastewater miscellaneous service charges are shown on Table 5-2. 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 believes that some of the Utility's existing charges should be revised to conform to the Florida Statutes or Commission's Rules. The Utility's current miscellaneous service charges for water and wastewater consist of various charges and are shown on Table 5-1. Staff's recommended miscellaneous service charges are shown on Table 5-2.

Table 5-1
Tarawood Utilities, LLC Existing Miscellaneous Service Charges

| | <u>Existing</u> <u>Water</u> | <u>Existing</u> <u>Wastewater</u> |
|--|---------------------------------|--------------------------------------|
| Service Initial Fee and Reconnection Charge | \$20.00 | \$20.00 |
| Premise Visit Fee – Outside of Business Hours | \$40.00 | \$40.00 |
| Meter Replacement Fee – Customer Requested | \$55.00 | N/A |
| Utility Locate at Customer Request Charge | \$40.00 | \$40.00 |
| Meter Re-read Charge | \$20.00 | N/A |
| Tampering or Prohibited Connection or Use Chg. | \$300.00 | \$300.00 |
| Late Payment Charge | \$5.00 | \$5.00 |
| NSF Check Charge | \$30.00 | \$30.00 |

Source: Utility's current tariff and response to staff's deficiencies

Service Initial, Reconnection Charge, Premises Visit, and Meter Re-Read

As shown on Table 5-1, the Utility has a service initial fee and reconnection charge of \$20 for water and wastewater, which account for the transfer and turn on of a customer's account, as well as a premises visit charge of \$40. Additionally, the Utility assesses a meter re-read charge of \$20. However, pursuant to Rule 25-30.460, F.A.C., initial and reconnection charges as well as meter re-read charges are subsumed in the definition of the premises visit charge. The Utility currently defines its premises visit as a customer requested visit due to no fault of the Utility. The definition for the premises visit charge should be updated to comply with Rule 25-30.460, F.A.C.

The Utility does not have a violation reconnection charge. The violation reconnection charge accounts for the discontinuance of service and the subsequent reconnection of service. Staff believes the existing service initial fee and reconnection charge of \$20 is representative of the

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Utility's cost to either turn off service or reconnect service. As a result, staff believes a violation reconnection charge of \$40 (\$20 x 2) is appropriate for water. For wastewater, the violation reconnection should be at actual cost pursuant to Rule 25-30.460, F.A.C. Based on the above, staff recommends the violation reconnection charges of \$40 for water and actual cost for wastewater.

Locate at Customer Request

As shown on Table 5-1, the Utility currently has a locate at customer request charge of \$40 for water and wastewater. However, the Utility recently indicated that the charge is obsolete. Therefore, staff recommends the locate at customer request charge of \$40 be removed.

NSF Check Charge

The Utility currently has a returned check charge of \$30.00 for water and wastewater. However, staff recommends that the Utility's returned check charges should comply with Section 68.065, F.S., which allows for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed:

- 1) \$25, if the face value does not exceed \$50
- 2) \$30, if the face value exceeds \$50 but does not exceed \$300
- 3) \$40, if the face value exceeds \$300
- 4) or 5 percent of the face amount of the check, whichever is greater

Tampering or Prohibited Connection or Use Charge

As shown on Table 5-1, the Utility has a tampering or prohibited connection or use charge of \$300 to actual costs for water and wastewater. 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 or prohibited charge of \$300 to actual costs be discontinued, and modified to be approved solely at actual cost.

Meter Replacement Charge

As shown on Table 5-1 for water, the Utility has a meter replacement charge of \$55. However, the Utility has a meter installation charge that includes its cost for replacing a meter. Therefore, staff recommends the meter replacement charge of \$55 be removed.

Table 5-2

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Staff Recommended Miscellaneous Service Charges

| | <u>All Hours</u> |
|--|----------------------------------|
| Premises Visit | \$40 |
| Violation Reconnection Charge (Water) | \$40 |
| Violation Reconnection Charge (Wastewater) | Actual Cost |
| Tampering or Prohibited Connection or Use Charge | Actual Cost |
| NSF Check Charge (Water and Wastewater) | Pursuant to Section 68.065, F.S. |
| Late Payment Charge | \$5.00 |

Conclusion

Based on the above, the appropriate water and wastewater miscellaneous service charges shown on Table 5-2 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(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 6: Should Tarawood Utilities, LLC's water and wastewater charge for readiness to serve be classified as guaranteed revenue charges?

Recommendation: The Utility's water and wastewater charge for readiness to serve should be classified as guaranteed revenue charges. The charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets, provided customers have received notice 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. (Chambliss)

Staff Analysis: The Utility's current service availability charges consist of an availability charge for readiness to serve as shown on water tariff Sheet No. 17 and wastewater tariff Sheet No. 18. According to the Utility, the readiness charge to serve of \$2.49 for water and \$11.56 for wastewater is charged on a monthly basis to the developers, who are the lot owners, and reserved service for all the undeveloped lots in Tarawood Utilities' service area. Staff believes that the Utility's charge is consistent with the Commission's guaranteed revenue charge. The guaranteed revenue charge is designed to help the Utility recover a portion of its cost from the time capacity is reserved until a customer begins to pay monthly service charges.

Based on the above, the Utility's water and wastewater charge for readiness to serve should be classified as guaranteed revenue charges. The charges should be effective for service rendered or connections made on or after the stamped approval date on the tariff sheets provided customers have received notice 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.

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Issue 7: Should this docket be closed?

Recommendation: No. 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 and customer notice have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively. (Dose)

Staff Analysis: No. 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 and customer notice have been filed by the Utility and approved by staff. Once this action is complete, this docket should be closed administratively.

Tarawood Utilities, LLC
Citrus County
Water and Wastewater Service Area

All that part of Southeast $\frac{1}{4}$ of the Southwest $\frac{1}{4}$ AND the Southwest $\frac{1}{4}$ of the Southeast $\frac{1}{4}$ of Section 28, Township 20 South, Range 20 East, lying westerly of the right-of-way of U.S. Highway No. 41 AND the West $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ AND that part of the East $\frac{1}{2}$ of the Northeast $\frac{1}{4}$ of the Northwest $\frac{1}{4}$ section 33, Township 20 South, Range 20 East, lying Westerly of the right-of-way of U.S. Highway No. 41.

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Tarawood Utilities, LLC

pursuant to

Certificate Number 685-W

to provide water service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, 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> |
|---------------------|--------------------|----------------------|-------------------------|
| * | * | 20240104-WS | Grandfather Certificate |

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

FLORIDA PUBLIC SERVICE COMMISSION

Authorizes

Tarawood Utilities, LLC

pursuant to

Certificate Number 584-S

to provide wastewater service in Citrus County in accordance with the provisions of Chapter 367, Florida Statutes, and the Rule, 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> |
|---------------------|--------------------|----------------------|-------------------------|
| * | * | 20240104-WS | Grandfather Certificate |

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

**Tarawood Utilities, LLC
Existing Monthly Water Rates**

Residential and General Service

Base Facility Charge by Meter Size

| | |
|--------------------------|------------|
| 5/8" x 3/4" | \$45.30 |
| 3/4" | \$67.95 |
| 1" | \$113.25 |
| 1 1/2" | \$226.50 |
| 2" | \$362.40 |
| 3" | \$724.80 |
| 4" | \$1,132.50 |
| 6" | \$2,265.50 |
| Charge Per 1,000 gallons | \$10.56 |

Miscellaneous Service Charges

| | |
|-----------------------|---------|
| Premises Visit Charge | \$40.00 |
| Late Payment Charge | \$5.00 |

Service Availability Charges

Customer Connection (Tap-in) Charge⁶

| | |
|-------------|----------|
| 5/8" x 3/4" | \$345.00 |
|-------------|----------|

Meter Installation Charge

| | |
|-------------|----------|
| 5/8" x 3/4" | \$405.00 |
|-------------|----------|

Main Extension Charge

| | |
|-----------------------------|----------|
| Residential – Per ERC (GPD) | \$220.00 |
|-----------------------------|----------|

Plant Capacity Charge

| | |
|-----------------------------|----------|
| Residential – Per ERC (GPD) | \$465.00 |
|-----------------------------|----------|

⁶ In the Utility's proposed tariff, the customer connection (Tap-In) was \$750. The amount also included the meter installation charge. The \$750 was separated to reflect the appropriate charge individually for the tap-in and meter installation charge.

**Tarawood Utilities, LLC.
Existing Monthly Wastewater Rates**

Residential and General Service

Base Facility Charge by Meter Size

| | |
|--------------------------|------------|
| 5/8" x 3/4" | \$40.66 |
| 3/4" | \$60.99 |
| 1" | \$101.65 |
| 1 1/2" | \$203.30 |
| 2" | \$325.28 |
| 3" | \$650.56 |
| 4" | \$1,016.50 |
| 6" | \$2,033.00 |
| Charge Per 1,000 gallons | \$11.79 |

Miscellaneous Service Charges

| | |
|-----------------------|---------|
| Premises Visit Charge | \$40.00 |
| Late Payment Charge | \$5.00 |

Service Availability Charges

Customer Connection (Tap-in) Charge

| | |
|-------------|----------|
| 5/8" x 3/4" | \$600.00 |
|-------------|----------|

Main Extension Charge

| | |
|-----------------------------|----------|
| Residential – Per ERC (GPD) | \$250.00 |
|-----------------------------|----------|

Plant Capacity Charge

| | |
|-----------------------------|----------|
| Residential – Per ERC (GPD) | \$495.00 |
|-----------------------------|----------|