

# LP WATERWORKS, INC.

October 18, 2016

June Fisher  
County Administrator  
Highlands County  
600 S. Commerce Ave.  
Sebring, FL 33870

***Re: Docket No. 160222-WS - Application of LP Waterworks, Inc. for Staff Assisted Rate Case in Highlands County***

Dear Ms. Fisher,

Please find attached LP Waterworks, Inc. application for a staff assisted rate case (SARC) in Highlands County which was filed with the Florida Public Service Commission in Docket No. 160222-WS.

Pursuant to Section 367.091(2), Florida Statutes,

Upon filing an application for new rates, the utility shall mail a copy of the application to the chief executive officer of the governing body of each county within the service areas included in the rate request. The governing body may petition the commission for leave to intervene in the rate change proceeding, and the commission shall grant intervenor status to any governing body that files a petition.

If you have any questions, please do not hesitate to contact me at (727) 848-8292, ext. 245.

Respectfully Submitted,



Troy Rendell  
Manager of Regulated Utilities  
*// for LP Waterworks, Inc.*

Cc: Commission Clerk, Florida Public Service Commission

# LP WATERWORKS, INC.

October 12, 2016

Office of Commission Clerk  
Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

Re: Application of LP Waterworks, Inc. for Staff Assisted Rate Case in Highlands County for increased water and wastewater rates

Dear Commission Clerk,

Please find attached LP Waterworks, Inc. (LPWW) application for a staff assisted rate case (SARC) in Highlands County for increased water and wastewater rates.

## **Need for Rate Relief**

LPWW last filed for a SARC in 2013, which culminated in Order No. PSC-14-0413-PAA-WU, issued August 14, 2014 (PAA Order), in Docket No. 130153-WS. The PAA Order approved a Settlement Agreement entered into between LP Waterworks, Inc., Camp Florida Property Owners Association, and the Office of Public Counsel. The Settlement Agreement was entered into on June 2, 2014 and established a two phases of rate implementation and also provided that the Utility would seek a rate increase no sooner than September 2016.

In Order No. PSC-14-0413-PAA-WU, the Commission found that the water treatment facility was 100% used and useful; the water distribution system was 87% used and useful; the wastewater treatment plant was 59% used and useful and the wastewater collection system was 100% used and useful.

Also in Order No. PSC-14-0413-PAA-WU, the approved Phase II revenue requirements were \$119,444 for water and \$97,065 for wastewater with a rate of return of 8.74%.

For the test year ending August 31, 2016, the water revenues were \$107,183, with a net operating loss of (\$2,863) and wastewater revenues were \$84,240, with a net operating loss of (\$11,866.) LPWW is requesting an overall rate of return (ROR) of 7.71% with a return on equity of 9.39% based on the most recent leverage formula in Order No. PSC-16-0254-PAA-WS, issued June 29, 2016.

The main reason for the need to request the SARC is due to the significant decrease in water consumption. The chart below shows this decrease in water consumption:

<b>Year</b>	<b>Billed Consumption</b>
2013 (February – December)	12,277,000
2014	11,656,000
2015	8,881,000
2016 (January – August)	7,123,000

LP Waterworks, Inc.  
Staff Assisted Rate Case Request  
October 12, 2016

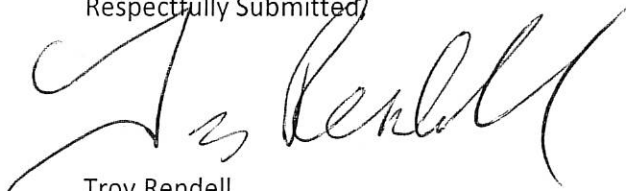
In addition, since the last test year ending May 31, 2013, LPWW has invested \$45,379 in water plant and \$70,034 in wastewater plant during the years 2014 and 2015. LPWW is also requesting pro forma plant for wastewater for a manhole rehabilitation and repair which occurred in October 2016. This manhole is located on a customer's property and was collapsing causing the customer's yard to sink. LP Waterworks has included the estimated costs in its SARC filing and will provide actual invoices once received. The Utility has included part of the estimate as an attachment. However, a pump truck also had to be brought in for the completion of the work and the invoice has not been received yet.

The Utility is requesting water and wastewater rates which will allow it to recover all prudently incurred expenses the Utility will incur on a going-forward basis, and generate a fair rate of return on its investment in all property considered used and useful in the public service. In support of its requested rate increase, LPWW provides the following information attached to this letter:

1. Commission Application for Staff Assisted Rate Case Form PSC/AFD 2-W;
2. LPWW's supporting schedules for requested test year ending August 31, 2016 including:
  - a. Schedule 1-A – Water Rate Base
  - b. Schedule 1-C – Adjustments to Rate Base
  - c. Schedule 2 – Capital Structure
  - d. Schedule 3 – A – Statement of Water Operations
  - e. Schedule 3-C – Adjustments to Operating Income
  - f. O&M Expenses – Water
  - g. Schedule RCE – Analysis of Rate Case Expense
  - h. Plant, Accumulated Depreciation, Depreciation Expenses – Adjustments for Use and Useful – Water
  - i. Schedule A-5 – Average Plant in Service – by Primary Account
  - j. Schedule A-9 – Average Accumulated Depreciation by Primary Account
  - k. Schedule A-14 – Average CIAC and Accumulated Amortization
  - l. Taxes Other Than Income Schedule
  - m. Allocation of Revenue Requirement – Rate Design – Water / Wastewater
  - n. Schedule E-1w – Water Rates at Present and Proposed Rates (with elasticity adj.)
  - o. Schedule 4 – A – Utility Requested Water Rate Schedule
  - p. Schedule F-1 – Gallons of Water Purchased, Sold and Unaccounted For
  - q. Schedule F-2 – Gallons of Wastewater Treated

The total filing fee in the amount of \$1,500 is also attached to this SARC application pursuant to Rule 25-30.30.020(2)(f), Florida Administrative Code.

Respectfully Submitted,



Troy Rendell  
Manager of Regulated Utilities  
*// for LP Waterworks, Inc.*

# FLORIDA PUBLIC SERVICE COMMISSION

## APPLICATION FOR A STAFF ASSISTED RATE CASE

### I. GENERAL DATA

A

Name of Utility: **LP Waterworks, Inc.**

B

Address: **4939 Cross Bayou Blvd., New Port Richey, FL 34652**

1. Telephone Nos.: **(727) 848- 8292**

2. County: **Highlands**

Nearest City: **Lake Placid, FL**

3. General Area Served: **Camp Florida Resort RV Park**

C

Authority: **See Order No. PSC-14-0130-PAA-WS, issued March 17, 2014**

1. Water Certificate No. **620-W**

Date Received: **March 17, 2014**

2. Wastewater Certificate No. **533-S**

Date Received: **March 17, 2014**

3. Date Utility Started Operations: Water: **1988**

Wastewater: **1988**

D

How System Was Acquired: **Purchased from LP Utilities Corporation**

If utility was purchased, give date **December 27, 2012**

Amount Paid \$ **\$165,000**

1. Name of Seller: **LP Utilities Corporation**

2. Was seller affiliated with present owners?  Yes  No

3. Did you purchase:  Stock  or assets only

E

Type of Legal Entity:

Corporation

Partnership

Sole Proprietorship

F

Ownership & Officers:

	Name	Title	Percent Ownership
1.	<u>Gary Deremer</u>	<u>President</u>	<u>51%</u>
2.	<u>Cecil Delcher</u>	<u>Vice-President</u>	<u>19%</u>
3.	<u>Dave Shultz, Sr.</u>	<u></u>	<u>15%</u>
4.	<u>Vickie Penick</u>	<u></u>	<u>5%</u>

G

List of Associated Companies and Addresses:

**U.S. Water Services Corporation**

**4939 Cross Bayou Blvd.**

**New Port Richey, FL 34652**

H

If you have retained an attorney and/or a consultant to represent the utility for this application, furnish the name(s) and address(es):

Name:

Address:

**Troy Rendell, U.S. Water Services Corporation**

**4939 Cross Bayou Blvd.  
New Port Richey, FL 34652**

**II. ACCOUNTING DATA**

A

Outside Accountant

- 1. Name: **Jack Baillie, Jr.**
- 2. Firm: **J.S. Baillie, Jr.**
- 3. Address: **2153 Grand Blvd., Holiday, FL 34690**
- 4. Telephone: **(727) 937- 6650**

B

Individual To Contact On Accounting Matters:

- 1. Name: **Troy Rendell, Manager of Regulated Utilities, U.S. Water Services Corp.**
- 2. Telephone: **(727) 848- 8292 ext. 245**

C

Location of Books and Records: **4939 Cross Bayou Blvd., New Port Richey, FL 34652**

D

Have you filed an Annual Report with the Commission?  Yes  No

Date Last Filed: **2015**

E

Has your latest Regulatory Assessment Fee Payment been made?

(January 30 or July 30 whichever is applicable)  Jan 30  July 30

F. Basic Rate Base Data: (Most recent two years)

	<u>Year Ending</u> <u>12/31/2015</u>	<u>Proposed</u> <u>Test Year</u> <u>8/31/2016</u>
1. <u>Water:</u>		
Cost of Plant In Service	<u>\$553,830</u>	<u>\$ 554,847</u>
Less Accumulated Depreciation	<u>(350,856)</u>	<u>(362,984)</u>
Less Contributed Plant	<u>(266,480)</u>	<u>(266,480)</u>
Plus Accumulated Amortization – CIAC	<u>160,862</u>	<u>167,447</u>
Net Owner’s Investment	\$ 97,356	\$ 92,829

	<u>Year Ending</u> <u>12/31/2015</u>	<u>Proposed</u> <u>Test Year</u> <u>08/31/2016</u>
2. <u>Wastewater:</u>		
Cost of Plant In Service	\$ 477,119	\$ 477,119
Less Accumulated Depreciation	(301,014)	(311,950)
Less Contributed Plant	(92,400)	(92,400)
Plus Accumulated Amortization - CIAC	53,417	55,709
Net Owner's Investment	\$ 137,122	\$ 128,477

G. Basic Income Statement: *(Most recent two years)*

	<u>Year Ending</u> <u>12/31/2015</u>	<u>Proposed</u> <u>Test Year</u> <u>08/31/2016</u>
1. <u>Water:</u>		
Revenues (By Class)		
a. <b>Residential</b>	\$ 15,557	\$ 17,087.12
b. <b>Commercial</b>	73,884	87,428.07
c. <b>Other</b>	2,408	2,667.80
Total Operating Revenues:	\$ 91,849	\$ 107,182.99
Less Expenses:		
a. Salaries & Wages - Employees	0	0
b. Salaries & Wages - Officers, Directors, & Majority Stockholders	6,120	6,120
c. Employee Pensions & Benefits	0	0
d. Purchased Water	0	0
e. Purchased Power	3,028	2,770
f. Fuel for Power Production	0	0
g. Chemicals	140	650
h. Contractual Services – Customer Service	0	0
i. Contractual Services - Professional	79,285	79,598
j. Contractual Services - Legal	379	2,575.1
k. Contractual Services – Accounting	0	-638
l. Materials and Supplies	0	0
m. Rental of Real Estate	220	220
n. Office Supplies	0	0
o. Insurance Expense	450	619
p. Regulatory Commission Expense	0	0
q. Bad Debt Expense	2,035	-408
r. Miscellaneous Expense	2,373	1,306

s.	Depreciation Expense	19,497	19,490
t.	CIAC Amortization Expense	(9,823)	-9,861
u.	Property Taxes	4,561	\$2,782
v.	Other Taxes - RAFs	4,133	4,823
w.	Income Taxes	0	0
	Operating Income (Loss)	(20,548)	-\$2,863
		<b>Year Ending</b>	<b>Proposed</b>
		<b>12/31/2015</b>	<b>Test Year</b>
2.	<u>Wastewater</u>		
	Revenues (By Class):	\$	\$
a.	<b>Residential</b>	1,282	1,340.11
b.	Commercial	75,939	82,900.24
c.		0	0
	Total Operating Revenues:	\$ 77,221	\$ 84,240.35
	Less Expenses:		
a.	Salaries & Wages - Employees	0	0
b.	Salaries & Wages - Officers, Directors, & Majority Stockholders	5,880	5,880
c.	Employee Pensions & Benefits	0	0
d.	Purchased Wastewater Treatment	0	0
e.	Sludge Removal Expense	0	2,312
f.	Purchased Power	4,535	4,528
g.	Fuel for Power Production	0	0
h.	Chemicals	1,345	525
i.	Materials & Supplies	0	0
j.	Contractual Services - Professional	60,292	60,530
k.	Contractual Services - Accounting	0	-613
	Contractual Services - Legal	379	835
	Rents	0	0
	Insurance Expense	450	619
l.	Regulatory Commission Expense	0	0
m.	Bad Debt Expense	1,495	156
n.	Miscellaneous Expense	0	0
o.	Depreciation Expense	14,437	16,535
p.	Amortization CIAC	(3,068)	-3,434
q.	Property Taxes	2,201	\$4,399
r.	Other Taxes	3,475	3,791
s.	Income Taxes	0	0
	Operating Income (Loss)	(14,201)	-\$11,823

\_\_\_ H. Outstanding Debt:

	Creditor	Date Borrowed	Balance Due	Interest Rate	Expiration Date
1.	<b>U.S. Water Services Corp</b>	<b>January 1, 2015</b>	<b>\$56,212</b>	<b>4.0%</b>	<b>January 1, 2020</b>
2.					
3.					
4.					

I. Indicate Type of Tax Return Filed:

- Form 1120 -Corporation
- Form 1120S -Subchapter S Corporation
- Form 1065 - Partnership
- Form 1040 - Schedule C - Individual (Proprietorship)

III

ENGINEERING DATA

A. Outside Engineering Consultant:

- 1. Name: **N/A**
- 2. Firm:
- 3. Address:
- 4. Telephone: ( )

B. Individual to contact on engineering matters:

- 1. Name: **Troy Rendell, Manager of Regulated Utilities, U.S. Water Service Corp.**
- 2. Telephone: **(727) 848- 8292 ext. 245**

C. Is the utility under citation by the Department of Environmental Protection (DEP) or County Health Department?

**No.**

If yes, explain: **N/A.**

D. List any known service deficiencies and steps taken to remedy problems: **Pro forma plant to repair and rehab a manhole in wastewater collection system.**

E. Name of plant operator(s) and DEP operator certificate number(s) held:

**Ron Derossett - U.S. Water Services Corporation**  
**Water Class A - 00003531**  
**Wastewater – Class A - 0003216**

F. Is the utility serving customers outside of its certificated area? **No**

If yes, explain: **N/A**

G. Wastewater:

- 1. Gallons per day capacity of treatment facilities:
  - a. Existing: **50,000**
  - b. Under Construction: **0**
  - c. Proposed: **50,000**
- 2. Type and make of present treatment facilities: **Marlof Concrete**



3. Approximate average daily flow of treatment plant effluent: **25,449**

4. Approximate length of wastewater mains:

Size (diameter):	<b>4" Force</b>	<b>4"/6"/8"</b>			
Linear feet:	<b>918</b>	<b>9,313</b>			

5. Number of manholes: **47**

6. Number of lift stations: **1**

7. How do you measure treatment plant effluent? **Ultrasonic flow meter at V-notch wier**

8. Is the treatment plant effluent chlorinated?  Yes  No

If yes, what is the normal dosage rate? **1.6 lbs/day**

9. Tap in fees – Wastewater: \$ **400.00**

10. Service availability fees – Wastewater: \$ **Main Extension – Actual Cost**

11. Note DEP Treatment Plant Certificate Number and date of expiration:

Number Expiration Date: **FLA 01430 – Exp. 05-11-2020**

12. Total gallons treated during most recent twelve months: **9,289,000**

13. Wastewater treatment purchased during most recent twelve months: **0**

H. Water: PWS ID No. 6280304

1. Gallons per day capacity of treatment facilities:

a. Existing: **200,000**                      b. Under Construction : **n/a**                      c. Proposed: **n/a**

2. Type of treatment: **Disinfection**

3. Approximate average daily flow of treated water: **44,624 gpd**

4. Source of water supply: **Ground Water**

5. Types of chemicals used and their normal dosage rates: **Sodium Hypochlorite**

6. Number of wells in service: **2**

Total capacity in gallons per minute (gpm): **gpm**

Diameter/Depth:	<b>10" / 1,780</b>	<b>6" / Unknown</b>	
Motor horsepower:	<b>50</b>	<b>20</b>	
Pump capacity (gpm):	<b>500</b>	<b>350</b>	

7. Reservoirs and/or hydropneumatic tanks:

Description:	<b>Steel / Ground</b>	<b>Steel / Ground</b>	
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Capacity:	11,000	14,000	
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8. High service pumping:

Motor horsepower:	N/A		
Pump capacity (gpm):	N/A		

9. How do you measure treatment plant production? Well Meters

10. Approximate feet of water mains:

Size (diameter):	8"	6"	4"	3" / 2" / 1"
Linear feet:	2,790 lf	9,440	1,660	2,818 / 920 / 9,258

11. Note any fire flow requirements and imposing government agency: Highlands County  
500 gpm

12. Number of fire hydrants in service: 3

13. Do you have a meter change out program?  No  Yes

14. Meter installation or tap in fees - Water \$ 189.00

15. Service availability fees - Water \$ 200.00

16. Has the existing treatment facility been approved by DEP?  No  Yes

17. Total gallons pumped during most recent twelve months: 16,287,643

18. Total gallons sold during most recent twelve months: 9,728,000

19. Gallons unaccounted for during most recent twelve months: 5,132,283

20. Gallons purchased during most recent twelve months: N/A

#### IV. RATE DATA

A. Individual to contact on tariff matters:

1. Name: Troy Rendell
2. Telephone Number: (727) 848- 8292 ext. 245

B. Schedule of present rates: (Attach additional sheets if more space is needed)

1. Water:

	<b>BFC - \$8.54</b>
	<b>Gallonge Charge -</b>
	<b>0 - 3,000 - \$4.91</b>
	<b>Over 3,000 - \$7.21</b>
a. Residential Water	<hr/>
	<b>BFC - \$8.54</b>
b. General Service	<b>Gallonge Charge - \$5.91</b>
c. Special Contract	<hr/>
d. Other - Specify	<hr/>

2. Wastewater:

	<b>BFC - \$12.27</b>
	<b>Gallonge Charge - \$4.94</b>
	<b>(8,000 gallon cap)</b>
a. Residential Wastewater	<hr/>
	<b>BFC - \$12.27</b>
b. General Service	<b>Gallonge - \$5.92</b>
c. Special Contract	<hr/>

d. Other - Specify

C. Number of Customers: (Most recent two years)

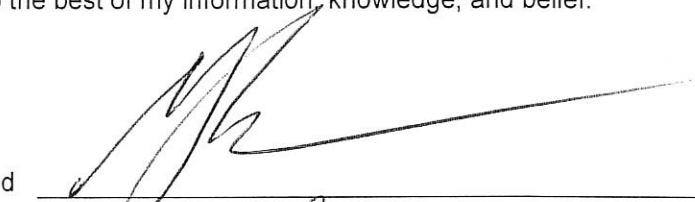
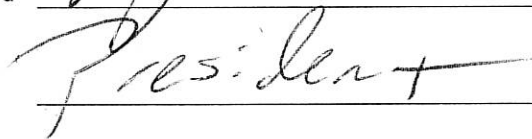
	<u>2015</u>	<u>Test Year</u>
1. Water Metered		
a. Residential	427	423
b. General Service	19	22
c. Special Contract	0	
d. Other - Specify	0	
2. Water Unmetered	<u>2015</u>	<u>Test Year</u>
a. Residential	0	
b. General Service	0	
c. Special Contract	0	
d. Other - Specify	0	
3. Wastewater	<u>2015</u>	<u>Test Year</u>
a. Residential	369	371
b. General Service	17	17
c. Special Contract	0	
d. Other - Specify	0	

V. AFFIRMATION

I, Gary Deremer the undersigned owner, officer, or partner of the above named public utility, doing business in the State of Florida and subject to the control and jurisdiction of the Florida Public Service Commission, certify that the statements set forth herein are true and correct to the best of my information, knowledge, and belief.

Signed

Title

Notice: Section 837.06, Florida Statutes, provides that any person who knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his duty shall be guilty of a misdemeanor of the second degree.