

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for staff-assisted rate case in
Highlands County by LP Waterworks, Inc.

DOCKET NO. 20220099-WS
ORDER NO. PSC-2023-0101-PAA-WS
ISSUED: February 28, 2023

The following Commissioners participated in the disposition of this matter:

ANDREW GILES FAY, Chairman
ART GRAHAM
GARY F. CLARK
MIKE LA ROSA
GABRIELLA PASSIDOMO

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RATE INCREASE FOR LP WATERWORKS AND ORDER ON
RECOVERY OF RATE CASE EXPENSES, AND TEMPORARY RATES

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records, are 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 (F.A.C.). The reduction of rates after four years, the granting of temporary rates in the event of protest, and the requirement for proof of adjustment of books and records are procedural agency actions and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

Case Background

LP Waterworks, Inc. (LP or utility) is a Class C water and wastewater utility located in Highlands County. The utility is currently providing service to approximately 425 residential customers, 21 general service customers, and 2 fire flow customers for its water system. The utility is located in the water use caution area of the Southwest Florida Water Management District (SWFWMD). According to the utility's 2021 Annual Report, the utility's operating revenues were \$133,280 and operating expenses were \$143,523 for water.

On March 13, 2014, we approved the transfer of L.P. Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S to LP Waterworks, Inc.¹ We last established LP's rates in a limited alternative rate increase proceeding in 2019.²

On May 17, 2022, the utility filed an application for a staff-assisted rate case (SARC) requesting an increase for its water rates only. We selected the test year ended December 31, 2021. The official filing date was established as July 15, 2022. LP's request for a SARC is based upon a significant decrease in water consumption. A virtual customer meeting was held on November 15, 2022. No customers spoke at the customer meeting.

We have jurisdiction pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 366.091, and 367.121, Florida Statutes (F.S.).

Review and Decision

1. Quality of Service

Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in every rate case we make a determination of the quality of service provided by the utility by evaluating the quality of the utility's product (water) and the utility's attempt to address customer satisfaction (water and wastewater). The Rule requires that the most recent chemical analyses, outstanding citations, violations, and consent orders on file with the DEP and the county health department, along with any DEP and county health department officials' testimony concerning quality of service shall be considered. In addition, any customer testimony, comments, or complaints shall also be considered. The operating condition of the water system is addressed below in Section 2.

A. Quality of Utility's Product

In evaluation of LP's product quality, we reviewed the utility's compliance with the DEP primary and secondary drinking water standards. Primary standards protect public health, while secondary standards regulate contaminants that may impact the taste, odor, and color of drinking water. The most recent comprehensive chemical analysis was performed on November 29, 2021. All results were in compliance with the DEP's standards.

B. The Utility's Attempts to Address Customer Satisfaction

We reviewed the complaints filed in the Commission's Consumer Activity Tracking System (CATS), filed with the DEP, and received by the utility for the test year and four years prior. During this time period, there were nine customer complaints filed in CATS, which were

¹Order No. PSC-2014-0130-PAA-WS, issued March 17, 2014, in Docket No. 20130055, *In re: Application for approval of transfer of LP Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.*

²Order No. PSC-2019-0141-PAA-WS, issued April 22, 2019, in Docket No. 20180215-WS, *In re: Petition for limited alternative rate increase in Highlands County by LP Waterworks, Inc.*

regarding billing and quality of service. These complaints addressed items such as poor water taste and poor customer service. There was one complaint received by the DEP stating the water was not properly chlorinated. However, DEP staff visited the facility and tested the chlorine residual and found it to be within the appropriate range.

Over the past five years, the utility received 22 complaints associated with service interruptions, 8 complaints regarding pressure issues, and 7 complaints addressing water quality. Several of the service interruption complaints were due to outages the system experienced following Hurricane Irma and the remaining complaints were related to issues such as water main breaks or disconnections due to non-payment. Customer complaints regarding water quality included reports of odor or cloudy water. All complaints were resolved by the utility. We note that customer complaints have been decreasing over the past five years.

A virtual customer meeting was held on November 15, 2022. No customers spoke at the customer meeting. A supplemental review of the complaints filed in CATS was conducted following the customer meeting and we found no additional complaints. Four written comments were submitted, three regarding billing and one regarding service quality.

C. Conclusion

LP has been responsive to customer complaints and is currently in compliance with the DEP standards; therefore, the quality of service shall be considered satisfactory.

2. Infrastructure and Operating Conditions

Rule 25-30.225 F.A.C., requires that each water utility shall operate and maintain its plant and facilities by employing qualified operators in accordance with the rules of the DEP in order to provide safe and efficient service up to and including the point of delivery into the piping owned by the customer. During a rate making proceeding, Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In making this determination, we must consider testimony of the DEP and county health department officials, sanitary surveys for water systems and compliance evaluation inspections for wastewater systems, citations, violations, and consent orders issued to the utility, customer testimony, comments, and complaints, and utility testimony and responses to the aforementioned items.

A. Water System Operating Conditions

LP's water system has two wells; one well is rated at 300 gallons per minute (gpm) and the other well is rated at 280 gpm. We reviewed the November 19, 2020, sanitary survey conducted by the DEP to determine the utility's overall water facility compliance. The DEP found no deficiencies or violations, and the system was determined to be in compliance.

B. Conclusion

LP's water system is currently in compliance with the DEP regulations.

3. Used and Useful Percentages

LP's water treatment system has two wells. One well is rated at 300 gpm and the second well is rated at 280 gpm. The utility's water system has two hydropneumatic storage tanks totaling 22,000 gallons in capacity. The distribution system is comprised of varying sizes of polyvinyl chloride pipes.

A. Used and Useful Percentages

Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. LP's U&U percentages were last determined in Docket No. 20160222-WS, and we found the treatment facilities and distribution system were 100 percent U&U. The utility has not increased the capacity of its facilities and the service area is built out. Therefore, consistent with our previous decision, we find that the utility's WTP and distribution system are 100 percent U&U.

B. Excessive Unaccounted for Water

Rule 25-30.4325, F.A.C., additionally provides factors to be considered in determining whether adjustments to operating expenses are necessary for EUW. EUW is defined as "unaccounted for water in excess of 10 percent of the amount produced." Unaccounted for water is all water produced that is not sold, metered, or accounted for in the records of the utility. A review of the utility's Monthly Operating Reports, 2021 Annual Report, and audited billing data indicate that LP treated 12,522,000 gallons and sold 6,929,000 gallons with 236,950 gallons used for flushing and 2,580,000 gallons recorded for water main breaks during the test year. The resulting calculation $([12,522,000 - 6,929,000 - 236,950 - 2,580,000]/12,522,000)$ for unaccounted for water is 22.2 percent; therefore, there is 12.2 percent EUW.

C. Conclusion

LP's WTP and water distribution system shall be considered 100 percent U&U. Additionally, there is 12.2 percent EUW; therefore, a 12.2 percent adjustment be made to operating expenses for chemicals and purchased power.

4. Average Test Year Rate Base

The appropriate components of the utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions in aid of construction (CIAC), accumulated amortization of CIAC, and working capital. The test year ended December 31, 2021, was selected for the instant case. Our audit determined that the utility's books and records are in compliance with the National Association of Regulatory Utility Commissioners'

Uniform System of Accounts (NARUC USOA). A summary of each component and the approved adjustments are discussed below.

A. Utility Plant in Service

The utility recorded UPIS of \$664,237 for its water system. There were auditing adjustments increasing UPIS by a net amount of \$1,912 to reflect unrecorded retirements and to capitalize an item that was expensed. In order to reflect the test year beginning and ending UPIS average balance, we made an adjustment decreasing UPIS by \$16,328.

The utility requested one pro forma item be included in rate base. The utility replaced the generator controller at the water treatment plant due to a high voltage issue. The paid invoice for this project shows a cost of \$3,174. As shown in Table 1, we made a net adjustment increasing UPIS by \$794 for water pro forma plant additions.

In accordance with our standard practice, we requested that three bids be provided for the pro forma project. However, due to the time-sensitive nature of this repair, the utility did not obtain three bids. The new G series conversion on the transfer switch was replaced due to a high voltage issue. This repair was necessary to ensure the generator remained functional in the event of a power loss. The replacement of the generator controller at the water treatment plant was necessary for the utility to provide safe and reliable service to its customers. We reviewed the paid invoice provided by the utility and find that the cost for this project is appropriate.

Table 1
Pro Forma Plant Addition

Project	Acct. No.	Description	Amount
			Water
Generator Controller	310	Installed and programed new G series conversion.	\$3,174
		Associated Retirement	(\$2,381)
Net Adjustment			<u>\$794</u>

Source: Document No. 05055-2022.

Based on the above, we increased UPIS by \$3,174 to reflect pro forma additions, offset by a decrease of \$2,381 for pro forma retirements.

As described above and summarized in Table 2 below, our adjustments to UPIS result in a decrease of \$13,622. We find an average UPIS balance of \$650,615 (\$664,237 - \$13,622) for the water system.

Table 2
Adjustments to UPIS

Description	Adjustment
To reflect auditing adjustments.	\$1,912
To reflect an averaging adjustment.	(16,328)
To reflect pro forma additions.	3,174
To reflect pro forma retirements.	<u>(2,381)</u>
Total adjustment to UPIS.	<u>(\$13,622)</u>

B. Land and Land Rights

The utility recorded a land and land rights balance of \$27,412 for its water system. We made no adjustments to this account, and therefore find a land and land rights balance of \$27,412 for the water system.

C. Accumulated Depreciation

The utility recorded an accumulated depreciation balance of \$460,542 for its water system. We made auditing adjustments increasing accumulated depreciation by \$21,358 to reflect unrecorded retirements and to capitalize an item that was expensed. In order to reflect the test year beginning and ending accumulated average balance, we decreased accumulated depreciation by \$19,329. We also made an adjustment decreasing accumulated depreciation by \$2,334 to reflect pro forma adjustments.

As described above and summarized in Table 3 below, our adjustments to accumulated depreciation result in a decrease of \$305. As such, we find an average accumulated depreciation balance of \$460,237 (\$460,542 - \$305) for the water system.

Table 3
Adjustments to Accumulated Depreciation

Description	Adjustment
To reflect auditing adjustments.	(\$21,358)
To reflect an averaging adjustment.	19,329
To reflect pro forma adjustments.	<u>2,334</u>
Total adjustment to accumulated depreciation.	<u>\$305</u>

D. Contributions in Aid of Construction

The utility recorded a CIAC balance of \$268,967 for its water system. To reflect the test year beginning and ending accumulated average balance, we decreased CIAC by \$125. We find an average CIAC balance of \$268,842 (\$268,967 - \$125) for the water system.

E. Accumulated Amortization of CIAC

The utility recorded an accumulated amortization of CIAC balance of \$215,860 for its water system. Using the correct composite rates to calculate amortization expense we made auditing adjustments decreasing accumulated amortization of CIAC by \$312. In order to reflect the test year beginning and ending accumulated average balance, we decreased accumulated amortization of CIAC by \$3,954. Our adjustments to accumulated amortization of CIAC result in a decrease of \$4,266. As such, we find an average accumulated amortization of CIAC balance of \$211,595 (\$215,860 - \$4,266) for the water system.

F. Working Capital Allowance

The utility recorded a working capital balance of \$15,221 for its water system. Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., we used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance. Section 367.081(9), F.S., prohibits a utility from earning a return on the unamortized balance of rate case expense. For this calculation, we removed the rate case expense balance of \$698. This resulted in an adjusted O&M expense balance of \$123,669 (\$124,367 - \$698). Applying this formula, we established a working capital allowance of \$15,459 (\$123,669/8) for the water system. Thus, we find that the working capital allowance shall be increased by \$238 (\$15,459 - \$15,221).

G. Rate Base Summary

Based on the foregoing, we find that the appropriate average test year rate base is \$176,001 for the water system. Rate base is shown on Schedule No. 1-A. The related adjustments are shown on Schedule No. 1-B.

5. Rate of Return

The utility's reported capital structure consists of \$200,588 in common equity and \$19,094 in customer deposits. The utility has no debt, and no test year adjustments are necessary. The utility's capital structure has been reconciled with our approved rate base. The appropriate ROE is 7.84 percent based upon the approved leverage formula currently in effect.³ We find an ROE of 7.84 percent, with a range of 6.84 percent to 8.84 percent, and an overall rate of return of 7.33 percent. The ROE and overall rate of return are shown on Schedule No. 2.

6. Test Year Revenues

LP recorded test year revenues of \$133,280. The water revenues included \$128,056 of service revenues and \$5,224 of miscellaneous revenues. We annualized service revenues by

³Order No. PSC-2022-0208-PAA-WS, issued June 15, 2022, in Docket No. 20220006-WS, *In re: Water and wastewater industry annual reestablishment of authorized range of return on common equity for water and wastewater utilities pursuant to Section 367.081(4)(f), F.S.*

applying the number of billing determinants to the utility's existing rates, which became effective September 22, 2021. As a result, we determined that service revenues shall be \$117,062, which is a decrease of \$10,994 (\$128,056 - \$117,062). Using the number of occurrences and the approved miscellaneous service charges, we determined that miscellaneous revenues are \$5,281, which is an increase of \$57 (\$5,281 - 1,224). Based on the above, the appropriate test year revenues for LP's water system, including miscellaneous revenues are \$122,343 (\$117,062 + \$5,281).

7. Operating Expenses

The utility recorded operating expense of \$149,439 for its water system. We have reviewed the test year O&M expenses, including invoices and other supporting documentation. We have made several adjustments to the utility's operating expenses as described below.

A. Operation and Maintenance Expenses

Purchased Power (615)

The utility recorded a purchased power expense of \$2,406 for its water system. We made an auditing adjustment to increase purchased power expense by \$132 based on the calculation of actual power bills. Additionally, as discussed above, we established a 12.2 percent reduction to purchased power expense to reflect EUW. As such, we made an adjustment to reduce purchased power expense by \$310. Our adjustments result in a net decrease of \$178. Therefore, we find a purchased power expense of \$2,228 (\$2,406 - \$178) for the water system.

Chemicals (618)

The utility did not record any chemicals expense for its water system as it did not purchase chemicals in the test year. To correct this error, LP requested a pro forma increase to chemicals expense of \$1,000. Additionally, as discussed above, we found a 12.2 percent reduction to chemicals expense to reflect EUW. As such, we made an adjustment to reduce chemicals expense by \$122. Thus, we find a chemicals expense of \$878 (\$1,000 - \$122) for the water system.

Rental Expense (640)

The utility recorded a rental expense of \$855 for its water system. We made an auditing adjustment to reclassify the rental expense as a miscellaneous expense. As such, we find a rental expense of \$0 for the water system.

Insurance Expense (655)

The utility recorded an insurance expense of \$878 for its water system. We made an auditing adjustment to increase insurance expense by \$75 based on the actual bill amount. Therefore, we find an insurance expense of \$953 (\$878 + \$75) for the water system.

Rate Case Expense (665)

The utility recorded a rate case expense of \$619. The utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, final rates, and four-year rate reduction. We calculated noticing costs to be \$1,322 and the distance from the utility to Tallahassee as 215 miles. Based on the 2022 IRS business mileage rate of \$0.625, we calculated a round-trip travel expense to the Commission Conference and back, as well as one night of lodging to be \$469. We calculated a total amount of noticing costs and travel expense of \$1,790 (\$1,322 + \$469). Additionally, the utility paid a filing fee of \$1,000. We find a total rate case expense of \$2,790 (\$1,790 + \$1,000), which amortized over four years is \$698 ($\$2,790 \div 4$ years); and an increase to rate case expense of \$79 and an annual rate case expense of \$698 ($\$619 + \79) for the water system.

Miscellaneous Expenses (675)

The utility recorded miscellaneous expenses of \$863. As discussed above, we made an auditing adjustment to reclassify \$855 recorded in rental expense as a miscellaneous expense. LP requested a pro forma increase of \$1,127 to account for emergency monitoring system services. As such, we find miscellaneous expenses of \$2,845 ($\$863 + \$1,127 + \855) for the water system.

B. Operation and Maintenance Expense Summary

The utility recorded test year O&M expenses of \$122,386 for its water system. Based on the above adjustments, we find the O&M expense shall be increased by \$1,981. This results in total O&M expenses of \$124,367 ($\$122,386 + \$1,981$) for the water system. Our findings concerning adjustments to O&M expenses are shown on Schedule 3-C.

C. Depreciation Expense

The utility recorded net depreciation expense of \$12,015 ($\$20,233$ depreciation expense less $\$8,218$ CIAC amortization expense) for its water system. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., we increased depreciation expense for water by \$47 to reflect the incremental depreciation expense associated with pro forma investments. LP recorded CIAC amortization expense of \$8,218. Using the correct composite rates, we made an auditing adjustment to increase CIAC amortization expense by \$1,626. As such, we find CIAC amortization expense of \$9,844 ($\$8,218 + \$1,626$) for the water system. Therefore, we find net depreciation expense of \$10,436 ($\$20,233 + \$47 - 9,844$) for the water system.

D. Amortization Expense

The utility recorded amortization expense of \$4,299 for a non-recurring expense related to sandblasting and painting of a hydro tank completed in January, 2019. LP provided an invoice supporting the expense.⁴ According to the provided invoice, the total cost was \$21,494. Rule 25-

⁴ DN 00218-2023

30.433(9), F.A.C., requires that non-recurring expenses be amortized over a five-year period unless a shorter or longer period of time can be justified. We verified one year of amortization expense to be \$4,299 ($\$21,494/5$). Additionally, a five-year period will not expire until 2024. Therefore, we find an amortization expense of \$4,299 for the water system.

E. Taxes Other Than Income (TOTI)

The utility recorded TOTI of \$10,739 for its water system. We made auditing adjustments to decrease TOTI by \$222 to reflect the proper amount of property taxes, as well as Regulatory Assessment Fees (RAFs) based on the auditor's test year revenues. We further decreased TOTI by \$12 to reflect the RAFs based on corrected utility test year revenues. We also increased TOTI by \$10 to reflect property taxes associated with pro forma additions. We find an increase in revenues by \$42,071, in order to reflect the change in revenue required to cover expenses and allow an opportunity to earn the approved rate of return. As a result, TOTI is increased by \$1,893 to reflect RAFs of 4.5 percent of the change in revenues. As such, we find a TOTI of \$12,408 ($\$10,739 - \$222 - \$12 + \$10 + \$1,893$) for the water system.

F. Operating Expense Summary

The utility recorded operating expenses of \$149,439 for its water system. The application of our adjustments to the utility's operating expenses results in a total operating expense of \$151,509. Operating expenses are shown on Schedule No. 3-A, and the related adjustments are shown on Schedule No. 3-B.

8. Operating Ratio Methodology

Rule 25-30.4575(2), F.A.C., provides that, in rate cases processed under Rule 25-30.455, F.A.C., we will use the operating ratio methodology to establish the utility's revenue requirement when its rate base is not greater than 125 percent of O&M expenses and the use of the Operating Ratio Methodology does not change the utility's qualification for a SARC.

Under the Operating Ratio Methodology, instead of calculating the utility's revenue requirement based on a rate of return on rate base, the revenue requirement is calculated using a margin of 12 percent of O&M expenses, not to exceed \$15,000. Purchased water and wastewater expenses, if any, must be removed from O&M expense prior to calculating the margin of 12 percent.

With respect to LP, we find a rate base of \$176,001 for the water system. We also calculated an O&M expense of \$124,367. Based upon our review, the utility's rate base is 142 percent of its O&M expense for its water system. Based on the above, the utility does not qualify for application of the Operating Ratio Methodology.

9. Revenue Requirement

LP shall be allowed an annual increase of \$42,071 (34.39 percent) for its water system. This shall allow the utility the opportunity to recover its expenses and earn a 7.33 percent return on rate base. The calculations for the water system are shown in Table 4.

Table 4
Water Revenue Requirement

Water Rate Base	\$176,001
Rate of Return	<u>7.33%</u>
Return on Rate Base	<u>\$12,905</u>
Water O&M Expense	\$124,367
Depreciation Expense	\$10,436
Amortization Expense	\$4,299
Taxes Other Than Income	<u>\$12,408</u>
Revenue Requirement	<u>\$164,414</u>
Less Test Year Revenues	<u>\$122,343</u>
Annual Increase	\$42,071
Percent Increase	34.39%

Source: our staff's calculations.

10. Rate Structure

LP is located in Highlands County within the SWFWMD. The utility provides water service to approximately 425 residential customers, 2 fire flow customers, and 21 general service customers. Approximately 51 percent of the residential customer bills had zero gallons indicating a very seasonal customer base. The average water demand is 1,100 gallons per month. The average water demand excluding zero gallon bills is 2,266 gallons per month. Currently, the utility's residential water rate structure consists of a base facility charge (BFC) and a two-tier inclining block rate structure. The rate blocks are: (1) 0-3,000 gallons and (2) all usage in excess of 3,000 gallons per month. The general service rate consists of a BFC and uniform gallonage charge. Moreover, the utility's private fire protection service rates are based on one-twelfth of the utility's BFC for each meter size pursuant to Rule 25-30.465, F.A.C.

We analyzed the utility's billing in order to evaluate the appropriate rate structure for the residential water customers. The goal of the evaluation was to select the rate design parameters that: (1) produce the approved revenue requirement; (2) equitably distribute cost recovery among the utility's customers; (3) establish the appropriate non-discretionary usage threshold for restricting repression; and (4) implement, where appropriate, water conserving rate structures consistent with our standard practice.

The customer base is very seasonal coupled with low average consumption. The utility's current BFC allocation is 52 percent, which is typical for a seasonal customer base. In this case, the utility has experienced a significant decrease in consumption and we have determined it is appropriate to have more of the cost recovery in the BFC. For this reason, we find that 60 percent

of the revenue requirement be recovered through the BFC in an effort to provide revenue stability for this utility. Furthermore, the average people per household served by the water system is 2; therefore, based on the number of people per household, 50 gallons per day per person, and the number of days per month the discretionary usage threshold shall be 3,000 gallons per month.⁵ Our review of the billing data indicate that discretionary usage above 3,000 gallons represents 7 percent of the bills, which accounts for approximately 37 percent of the water demand. This is an indication that there is a significant amount of discretionary usage above 3,000 gallons.

We find that it is appropriate to continue the utility's current rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: (1) 0-3,000 gallons and (2) all usage in excess of 3,000 gallons per month. Due to the high usage above 3,000 gallons per month we find it is appropriate in this case to approve a rate factor of 1.50 in the second tier because it will target those customers with high consumption levels. General Service customers shall continue to be billed a BFC and a gallonage charge.

Based on a revenue increase of 35.9 percent, which excludes miscellaneous revenues, the residential consumption can be expected to decline by 105,000 gallons resulting in anticipated average residential demand of 1,078 gallons per month. We also find a 2.1 percent reduction in test year gallons for rate setting purposes. As a result, the corresponding reductions are \$34 for purchased power expense, \$13 for chemical expense, and \$2 for RAFs to reflect the anticipated repression, which results in a post repression revenue requirement of \$159,084.

11. Appropriate Miscellaneous Charges

Effective June 24, 2021, Rule 25-30.460, F.A.C., was amended to remove initial connection and normal reconnection charges.⁶ The definitions for initial connection charges and normal reconnection charges were subsumed in the definition of the premises visit charge.

LP's current miscellaneous service charges consist of initial connection and normal reconnection charges. Since the premises visit entails a broader range of tasks, the premises visit shall reflect the amount of normal reconnection charges of \$57.89 for normal hours and \$65.50 for after hours. Although this proceeding is for the water system, in order to maintain uniformity with the miscellaneous service charges, the wastewater miscellaneous service charges shall be revised pursuant to the amended rule. Therefore, we find that the initial connection and normal reconnection charges be removed for both water and wastewater, and the definition for the premises visit charge be updated to comply with amended Rule 25-30.460, F.A.C. The premises visit charge shall be revised from \$31.53 for normal hours and \$36.70 for after hours to \$57.89 for normal hours and \$65.60 for after hours for both water and wastewater. The violation reconnection shall also remain at \$57.89 for normal hours and \$65.60 for after hours and at actual cost for wastewater. The utility's current miscellaneous service charges and our

⁵Average person per household was obtained from www.census.gov/quickfacts/polkcounty.

⁶Order No. PSC-2021-0201-FOF-WS, issued June 4, 2020, in Docket No. 20200240-WS, *In re: Proposed amendment of Rule 25-30.460, F.A.C., Application for Miscellaneous Service Charges*.

determination of the appropriate miscellaneous service charges are shown below in Tables 5 and 6.

Table 5
Utility's Current Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Initial Connection Charge	\$31.53	\$36.70
Normal Reconnection Charge	\$57.89	\$65.60
Violation Reconnection Charge – Water	\$57.89	\$65.60
Violation Reconnection Charge – Wastewater	Actual Cost	Actual Cost
Premises Visit Charge	\$31.53	\$36.70

Table 6
Approved Miscellaneous Service Charges

	<u>Normal Hours</u>	<u>After Hours</u>
Violation Reconnection Charge - Water	\$57.89	\$65.60
Violation Reconnection Charge -Wastewater	Actual Cost	Actual Cost
Premises Visit Charge	\$57.89	\$65.60

Based on the above, we find that the miscellaneous service charges for both water and wastewater be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff shall be revised to reflect the removal of initial connection and normal reconnection charges. LP is required to file a proposed customer notice to reflect our approved charges. The approved charges shall be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by customers. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice.

12. Appropriate Initial Customer Deposits

Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, we have set initial customer deposits equal to two times the average estimated bill.⁷ Currently, the utility's initial deposit for residential water is \$45 for the 5/8 inch x 3/4 inch meter size and two times the average estimated bill for all other meter sizes and all general service meter sizes. However, this amount does not cover two months' average bills based on our approved rates. The utility's average monthly residential water usage after repression is 1,078 gallons per customer.

⁷Order No. PSC-2015-0142-PAA-SU, issued March 26, 2015, in Docket No. 20130178-SU, *In re: Application for staff-assisted rate case in Polk County by Crooked Lake Park Sewerage Company.*

Therefore, the average residential monthly bill based on our approved rates is approximately \$23.94.

We have determined the appropriate initial customer deposits shall be \$48 for the residential 5/8 inch x 3/4 inch meter size for water. The initial customer deposits for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill for water. The approved initial customer deposits shall be effective for services rendered or connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility shall collect the approved deposits until authorized to change them by us in a subsequent proceeding.

13. Four-Year Rate Reduction

Section 367.081(8), F.S., requires that the rates be reduced immediately following the expiration of the recovery period by the amount of the rate case expense previously included in rates. The reduction shall reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction for water is \$730.

We have determined that the rates be reduced as shown on Schedule No 4, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates shall be effective immediately following the expiration of the rate case expense recovery period, pursuant to Section 367.081(8), F.S. LP shall file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, the utility shall file separate data for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

14. Recommended Rates on a Temporary Basis

We have determined that an increase in rates is appropriate. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the utility, our approved rates are effective on a temporary basis. LP shall file revised tariff sheets and a proposed customer notice reflecting our approved rates. The approved rates are effective for service rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until we have approved the proposed notice, and it has been received by the customers. The additional revenue produced by our approved rates and collected by the utility shall be subject to the refund provisions discussed below.

LP is authorized to initiate the temporary rates upon our approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security shall be in the form of either a bond or letter of credit in the amount of \$28,816. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

If the utility chooses a bond for securing the potential refund, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

1. We approve the rate increase; or,
2. If we deny the increase, the utility shall refund the amount collected that is attributable to the increase.

If the utility chooses a letter of credit for securing the potential refund, the letter of credit shall contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit shall be in effect until our final order is rendered, either approving or denying the rate increase.

If security is provided through an escrow agreement, the following conditions shall be part of the agreement:

1. The Commission Clerk, or his or her designee, must be a signatory to the escrow agreement.
2. No monies in the escrow account may be withdrawn by the Utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.
5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the Utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Cosentino v. Elson*, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

In no instance shall the maintenance and administrative costs associated with the refund be borne by the customers. These costs are the responsibility of, and shall be borne by, the utility. Irrespective of the form of security chosen by the utility, an account of all monies received as a result of the rate increase shall be maintained by the utility. If a refund is ultimately required, it shall be paid with interest calculated pursuant to Rule 25-30.360(4), F.A.C.

The utility shall maintain a record of the amount of the bond, and the amount of revenues that are subject to refund. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility shall file reports with the Commission Clerk's office no later than the 20th of every month indicating the monthly and total amount of money subject to refund at the end of the preceding month. The report filed shall also indicate the status of the security being used to guarantee repayment of any potential refund.

15. Adjustment to Books

LP shall notify us, in writing, that it has adjusted its books in accordance with our decision. LP shall submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all the applicable NARUC USOA primary accounts as shown on Schedule No. 5 have been made to the utility's books and records. In the event the utility needs additional time to complete the adjustments, notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing good cause, our staff has administrative authority to grant an extension of up to 60 days.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that LP Waterworks, Inc. is currently in compliance with the Department of Environmental Protection (DEP) standards; therefore, the quality of service is considered satisfactory. It is further

ORDERED the infrastructure and operating conditions of the utility's water system are in compliance with DEP regulations. It is further

ORDERED that LP's WTP and water distribution system is considered 100 percent U&U. There is 12.2 percent EUW; therefore, a 12.2 percent adjustment shall be made to operating expenses for chemicals and purchased power. It is further

ORDERED that the appropriate average test year rate base for LP is \$176,001 for the water system. It is further

ORDERED that the appropriate return on equity (ROE) is 7.84 percent with a range of 6.84 percent to 8.84 percent. The appropriate overall rate of return is 7.33 percent. It is further

ORDERED that the appropriate test year revenues for LP's water system are \$122,343. It is further

ORDERED that the appropriate amount of operating expense for LP is \$151,509 for its water system. It is further

ORDERED that LP does not meet the requirement for application of the Operating Ratio Methodology for calculating the revenue requirement. It is further

ORDERED that the appropriate revenue requirement for LP's water system is \$164,414 for the water system, resulting in an annual increase of \$42,071 (34.39 percent). It is further

ORDERED that the approved rate structure monthly water rates are shown on Schedule No. 4. The utility shall file revised tariff sheets and a proposed customer notice to reflect our approved rates. The approved rates are effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates shall not be implemented until we have approved the proposed customer notice and the notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that the miscellaneous service charges for both water and wastewater shall be revised to conform to the recent amendment to Rule 25-30.460, F.A.C. The tariff shall reflect the removal of initial connection and normal reconnection charges. LP shall file a proposed customer notice to reflect our approved charges. The approved charges shall be effective on or after the stamped approval date on the tariff sheet pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved charge shall not be implemented until we have approved the proposed customer notice and the notice has been received by customers. The utility shall provide proof of the date notice was given no less than 10 days after the date of the notice. It is further

ORDERED that the appropriate initial customer deposits shall be \$48 for the residential 5/8 inch x 3/4 inch meter size for water. The initial customer deposits for all other residential meter sizes and all general service meter sizes shall be two times the average estimated bill for water. The approved initial customer deposits shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility shall be required to collect the approved deposits until authorized to change them by us in a subsequent proceeding. It is further

ORDERED that the rates shall be reduced as shown on Schedule No. 4, to remove rate case expense grossed-up for regulatory assessment fees (RAFs) and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates shall become effective immediately following the expiration of the rate case expense recovery period. LP shall file revised tariffs and a proposed customer notice setting forth the lower rates and the reason for the reduction no later than one month prior to the actual date of the required rate reduction. If the utility files this reduction in conjunction with a price index or pass-through rate adjustment, the utility shall file separate data for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that, pursuant to Section 367.0814(7), F.S., the approved rates for the utility are temporary and subject to refund with interest in the event of a protest filed by a party other

than the utility. LP shall file revised tariff sheets and a proposed customer notice reflecting the approved rates. The approved rates are effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates shall not be implemented until we have approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the utility shall provide appropriate financial security. It is further

ORDERED that LP shall notify us, in writing, that it has adjusted its books in accordance with our decision. LP shall submit a letter within 90 days of the final order in this docket, confirming that the adjustments to all applicable NARUC USOA primary accounts as shown on Schedule No. 5 have been made to the utility's books and records. In the event the utility needs additional time to complete the adjustments, notice providing good cause shall be filed not less than seven days prior to the deadline. Upon providing good cause, our staff has the administrative authority to grant an extension of up to 60 days. 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 the Proposed Agency Action Order, a Consummating Order shall be issued. The docket shall remain open for our verification that the revised tariff sheets and customer notice have been filed by the utility and approved by our staff. Once these actions are complete, this docket shall be closed administratively.

By ORDER of the Florida Public Service Commission this 28th day of February, 2023.



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.

WLT

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 or judicial review of Commission orders that is available under Sections 120.57 or 120.68, 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 or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our actions are preliminary in nature, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records. 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, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on March 21, 2023. If such a petition is filed, 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. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

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

Any party adversely affected by the Commission's procedural action in this matter may request: (1) reconsideration of the decision by filing a motion for reconsideration with the Office of Commission Clerk, within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or the First District Court of Appeal in the case of a water or wastewater utility by filing a notice of appeal with the Office of Commission Clerk and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days after the issuance of this order, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.

LP WATERWORKS, INC. TEST YEAR ENDED 12/31/2021 SCHEDULE OF WATER RATE BASE		SCHEDULE NO. 1-A DOCKET NO. 20220099-WS	
DESCRIPTION	BALANCE PER UTILITY	APPROVED ADJUST.	APPROVED BALANCE
1. UTILITY PLANT IN SERVICE	\$664,237	(\$13,622)	\$650,615
2. LAND & LAND RIGHTS	27,412	0	27,412
3. ACCUMULATED DEPRECIATION	(460,542)	305	(460,237)
4. CIAC	(268,967)	125	(268,842)
5. ACCUMULATED AMORT. CIAC	215,860	(4,266)	211,595
6. WORKING CAPITAL ALLOWANCE	<u>15,221</u>	<u>238</u>	<u>15,459</u>
7. WATER RATE BASE	<u>\$193,221</u>	<u>(\$17,220)</u>	<u>\$176,001</u>

LP WATERWORKS, INC.	SCHEDULE NO. 1-B
TEST YEAR ENDED 12/31/2021	DOCKET NO. 20220099-WS
ADJUSTMENTS TO RATE BASE	
	<u>WATER</u>
<u>UTILITY PLANT IN SERVICE</u>	
1. To reflect unrecorded retirements and reclassify expense.	\$1,912
2. To reflect an averaging adjustment.	(16,328)
3. To reflect pro forma additions.	3,174
4. To reflect pro forma retirements.	(2,381)
Total	<u>(\$13,622)</u>
<u>ACCUMULATED DEPRECIATION</u>	
1. To reflect corresponding adjustments made to plant.	(\$21,358)
2. To reflect an averaging adjustment.	19,329
3. To reflect pro forma adjustments.	<u>2,334</u>
Total	<u>\$305</u>
<u>CIAC</u>	
To reflect an averaging adjustment.	<u>\$125</u>
<u>ACCUMULATED AMORTIZATION OF CIAC</u>	
1. To reflect calculations using correct composite rates.	(\$312)
2. To reflect an averaging adjustment.	<u>(3,954)</u>
Total	<u>(\$4,266)</u>
<u>WORKING CAPITAL ALLOWANCE</u>	
To reflect 1/8 of test year O&M expenses.	<u>\$238</u>

LP WATERWORKS, INC. TEST YEAR ENDED 12/31/2021 SCHEDULE OF CAPITAL STRUCTURE					SCHEDULE NO. 2 DOCKET NO. 20220099-WS		
COMPONENT	BALANCE PER UTILITY	PRO RATA ADJUST- MENTS	BALANCE PER STAFF	PERCENT OF TOTAL	COST	WEIGHTED COST	
1. LONG-TERM DEBT	\$0	\$0	\$0	0.00%	0.00%	0.00%	
2. SHORT-TERM DEBT	0	0	0	0.00%	0.00%	0.00%	
3. COMMON EQUITY	200,588	(39,885)	160,703	91.31%	7.84%	7.16%	
4. CUSTOMER DEPOSITS	19,094	(3,797)	15,297	8.69%	2.00%	0.17%	
5. DEFERRED INCOME TAXES	<u>0</u>	<u>0</u>	<u>0</u>	<u>0.00%</u>	0.00%	<u>0.00%</u>	
6. TOTAL CAPITAL	<u>\$219,682</u>	<u>(\$43,681)</u>	<u>\$176,001</u>	<u>100.00%</u>		<u>7.33%</u>	
RANGE OF REASONABLENESS					<u>LOW</u>	<u>HIGH</u>	
RETURN ON EQUITY					6.84%	8.84%	
OVERALL RATE OF RETURN					6.42%	8.25%	

LP WATERWORKS, INC. TEST YEAR ENDED 12/31/2021 SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-A DOCKET NO. 20220099-WS			
	TEST YEAR PER UTILITY	APPROVED ADJUST- MENTS	APPROVED ADJUSTED TEST YEAR	ADJUST FOR INCREASE	REVENUE REQUIREMENT	
1.	TOTAL OPERATING REVENUES	\$133,280	(\$10,937)	\$122,343	\$42,071 34.39%	\$164,414
	OPERATING EXPENSES					
2.	OPERATION & MAINTENANCE	\$122,386	\$1,981	\$124,367	\$0	\$124,367
3.	NET DEPRECIATION	12,015	(1,579)	10,436	0	10,436
4.	AMORTIZATION	4,299	0	4,299	0	4,299
5.	TAXES OTHER THAN INCOME	10,739	(224)	10,515	1,893	12,408
6.	INCOME TAXES	0	0	0	0	0
	TOTAL OPERATING EXPENSES	<u>\$149,439</u>	<u>\$177</u>	<u>\$149,616</u>	<u>\$1,893</u>	<u>\$151,509</u>
7.	OPERATING INCOME / (LOSS)			<u>(\$27,273)</u>		<u>\$12,905</u>
8.	WATER RATE BASE			<u>\$176,001</u>		<u>\$176,001</u>
9.	RATE OF RETURN			<u>(8.36%)</u>		<u>7.33%</u>

LP WATERWORKS, INC. TEST YEAR ENDED 12/31/2021 ADJUSTMENTS TO OPERATING INCOME	SCHEDULE NO. 3-B DOCKET NO. 20220099-WS
	<u>WATER</u>
OPERATING REVENUES	
1. To reflect an auditing adjustment to service revenues.	(\$10,994)
2. To reflect an auditing adjustment to miscellaneous revenues.	<u>57</u>
Total	<u>(\$10,937)</u>
OPERATION AND MAINTENANCE EXPENSE	
1. Purchased Power (615)	
a. To reflect actual amount from power bills.	\$132
b. To reflect EUW adjustment.	<u>(310)</u>
Total	<u>(\$178)</u>
2. Chemicals Expense (618)	
a. To reflect pro forma for unrecorded chemical expense.	\$1,000
b. To reflect EUW adjustment.	<u>(122)</u>
Total	<u>\$894</u>
3. Rental Expense (640)	
To reclassify property owner's association fees.	<u>(\$855)</u>
4. Insurance Expense (655)	
To reflect actual bill amounts.	<u>\$75</u>
5. Rate Case Expense (665)	
To reflect 1/4 rate case expense.	<u>\$79</u>
6. Miscellaneous Expense (675)	
a. To reclassify property owner's association fees.	\$855
b. To reflect pro forma for emergency monitoring service.	<u>1,127</u>
Total	<u>\$1,982</u>
TOTAL OPERATION AND MAINTENANCE EXPENSE	<u>\$1,981</u>
NET DEPRECIATION EXPENSE	
1. To reflect corresponding adjustments of pro forma plant additions.	\$47
2. To reflect auditing adjustment to amortization of CIAC expense	<u>(1,626)</u>
Total	<u>(\$1,579)</u>

LP WATERWORKS, INC.		SCHEDULE NO. 3-B
TEST YEAR ENDED 12/31/2021		DOCKET NO. 20220099-WS
ADJUSTMENTS TO OPERATING INCOME		
		<u>WATER</u>
TAXES OTHER THAN INCOME		
1.	To reflect auditing calculation of RAFs and property tax.	(\$222)
2.	To reflect appropriate test year RAFs.	(12)
3.	To reflect property taxes associated with pro forma adjustment.	<u>10</u>
	Total	<u>(\$224)</u>
TOTAL OPERATING EXPENSE ADJUSTMENTS		<u>\$177</u>

LP WATERWORKS, INC.		SCHEDULE NO. 3-C		
TEST YEAR ENDED 12/31/2021		DOCKET NO. 20220099-WS		
ANALYSIS OF WATER O&M EXPENSE				
ACCT.	DESCRIPTION	TOTAL PER UTILITY	APPROVED ADJUST- MENT	APPROVED TOTAL
601	Salaries and Wages – Employees	\$6,300	\$0	\$6,300
615	Purchased Power	2,406	(178)	2,228
618	Chemicals	0	878	878
632	Contractual Services – Accounting	425	0	425
633	Contractual Services – Legal	150	0	150
636	Contractual Services – Other	109,890	0	109,890
640	Rental Expense	855	(855)	0
655	Insurance Expense	878	75	953
665	Rate Case Expense	619	79	698
675	Miscellaneous Expenses	<u>863</u>	<u>1,982</u>	<u>2,845</u>
	Total O&M Expense	<u>\$122,386</u>	<u>\$1,981</u>	<u>\$124,367</u>
	Working Capital is 1/8 O&M less RCE	<u>\$15,221</u>	<u>\$238</u>	<u>\$15,459</u>

LP WATERWORKS, INC.		SCHEDULE NO. 4	
TEST YEAR ENDED 12/31/2021		DOCKET NO. 20220099-WS	
MONTHLY WATER RATES			
	UTILITY'S EXISTING RATES	COMMISSION APPROVED RATES	4 YEAR RATE REDUCTION
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$11.78	\$14.51	\$0.07
3/4"	\$17.67	\$21.77	\$0.10
1"	\$29.45	\$36.28	\$0.17
1-1/2"	\$58.90	\$72.55	\$0.33
2"	\$94.24	\$116.08	\$0.53
3"	\$188.48	\$232.16	\$1.07
4"	\$294.50	\$362.75	\$1.67
6"	\$589.00	\$725.50	\$3.33
Charge per 1,000 gallons - Residential			
0-3,000 gallons	\$6.77	\$8.57	\$0.04
Over 3,000 gallons	\$9.95	\$12.86	\$0.06
Charge per 1,000 gallons - General Service	\$8.15	\$9.33	\$0.04
<u>Private Fire Protection Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$0.98	\$1.21	\$0.01
3/4"	\$1.47	\$1.81	\$0.01
1"	\$2.45	\$3.02	\$0.01
1-1/2"	\$4.91	\$6.05	\$0.03
2"	\$7.85	\$9.67	\$0.04
3"	\$15.71	\$19.35	\$0.09
4"	\$24.54	\$30.23	\$0.14
6"	\$49.08	\$60.46	\$0.28
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
2,000 Gallons	\$25.32	\$31.65	
6,000 Gallons	\$61.94	\$78.80	
10,000 Gallons	\$101.74	\$130.24	

LP WATERWORKS, INC.			SCHEDULE NO. 5
TEST YEAR ENDED 12/31/2021			DOCKET NO. 20220099-WS
SCHEDULE OF WATER PLANT, DEPRECIATION, CIAC, & CIAC AMORTIZATION BALANCES			
ACCT.	DESCRIPTION	UPIS	ACCUMULATED DEPRECIATION
301	Organization	\$471	(\$251)
304	Structures and Improvements	75,171	(74,124)
307	Wells and Springs	41,707	(38,091)
309	Supply Mains	1,040	(732)
310	Power Generation Equipment	12,086	(11,375)
311	Pumping Equipment	616	(1,989)
320	Water Treatment Equipment	42,547	(6,129)
330	Dist. Reservoirs and Standpipes	123,439	(54,878)
331	Trans. and Distribution Lines	212,706	(152,537)
333	Services	60,079	(52,974)
334	Meters and Meter Installations	78,344	(73,904)
335	Hydrants	5,364	(4,258)
336	Backflow Prevention Devices	1,874	(2,869)
340	Office Furniture and Equipment	698	(710)
346	Communication Equipment	9,281	(6,984)
347	Miscellaneous Equipment	<u>726</u>	<u>(95)</u>
	Total	<u>\$666,149</u>	<u>\$481,900</u>
		<u>CIAC</u>	Accum.
		(\$268,967)	Amort.
			<u>CIAC</u>
			\$215,548