

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: March 22, 2017

TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk

FROM: Giovanni Wolmers, Public Utility Analyst I, Division of Accounting & Finance

RE: Customer Notice for the Customer Meeting in Docket #160222-Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

GAW

Please file Customer Notice for the Customer Meeting in Docket# 160222.

RECEIVED-FPSC
2017 MAR 22 PM 3:04
COMMISSION
CLERK

COMMISSIONERS:
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ART GRAHAM
RONALD A. BRISÉ
JIMMY PATRONIS
DONALD J. POLMANN

STATE OF FLORIDA



DIVISION OF
ACCOUNTING AND FINANCE
ANDREW L. MAUREY
DIRECTOR
(850) 413-6900

Public Service Commission

March 22, 2017

Mr. Troy Rendell
U.S. Water Corporation
d/b/a LP Waterworks, Inc.
4939 Cross Bayou Blvd.
New Port Richey, FL 34652
trendell@uswatercorp.net

VIA EMAIL AND US MAIL

Re: Docket No. 160222-WS – Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.

Dear Mr. Rendell

This letter will confirm that Commission staff will hold a customer meeting on Tuesday, April 18, 2017, at 6:00 pm. We ask that, if at all possible, a knowledgeable representative of the Utility attend the meeting in order to answer customer questions. The location of the customer meeting will be as follows:

Lake View Clubhouse
231 Shoreline Drive
Lake Placid, FL 33852

As required by Rule 25-22.0407(9)(b), Florida Administrative Code (F.A.C.), the Utility must provide, in writing, a customer meeting notice to all customers within its service area no less than 14 days and no more than 30 days prior to the date of a customer meeting. A draft customer meeting notice is attached. Please note the date has been left blank so that you can fill in the date that the notice is sent to the customers. Please furnish me with a copy of the notice, as reproduced at the time it is distributed to your customers, together with a cover letter indicating the exact date(s) on which the notice was mailed or otherwise delivered to the customers.

In addition, attached is a copy of the Staff Report. Please ensure that two copies of the completed Application for Staff Assistance and the Staff Report are available for review, pursuant to Rule 25-22.0407(9)(a), F.A.C., by all interested persons at the following location:

Lake View Clubhouse
231 Shoreline Drive
Lake Placid, FL 33852

For your convenience, I have also attached a copy of Rule 25-22.0407(9), F.A.C. Should you have any questions about any of the matters contained herein, please do not hesitate to contact Giovanni Wolmers at (850) 413-6838 or Charles Murphy at (850) 413-6191.

Respectfully,

A handwritten signature in black ink, appearing to read "G. Wolmers", with a large, sweeping flourish at the end.

Giovanni Wolmers
Finance & Tax Analyst I
Division of Accounting & Finance

Attachments

- Copy of Rule 25-22.0407(9), F.A.C.
- Customer Meeting Notice
- Staff Report

DB/gw

Enclosures

cc: Office of the Commission Clerk (Docket No. 160222-WS)

25-22.0407 Notice of and Public Information for General Rate Increase Requests by Water and Wastewater Utilities.

(1) This rule applies to all requests for general rate increases made by water and wastewater utilities.

(2) Upon filing a petition for a general rate increase, the utility shall mail a copy of the petition to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request. Each copy of the petition shall be accompanied by a statement that a copy of the minimum filing requirements (MFRs) when accepted by the Commission can be obtained from the petitioner upon request.

(3) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of the petition and the MFRs at its official headquarters and at any business offices it has in the service areas included in the rate request. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in a service area included in its rate request, the utility shall place a copy of the petition and the MFRs at the main county library, the local community center or other appropriate location which is within or most convenient to the service area and which is willing to accept and provide public access to the copies. If the Commission determines that these locations will not provide adequate access, the Commission will require that copies of the petition and MFRs be placed at other specified locations.

(4)(a) Within 30 days after the official date of filing established by the Commission, the utility shall place a copy of its rate case synopsis at all locations where copies of the petition and MFRs were placed.

(b) Within 30 days after the official date of filing established by the Commission, the utility shall mail a copy of its rate case synopsis to the chief executive officer of the governing body of each municipality and county within the service areas included in the rate request.

(c) The utility's rate case synopsis shall be approved by the Commission staff prior to distribution and shall include the following:

1. A summary of the section of the MFRs showing a comparison of the present and proposed rates and charges;
2. A statement of the general reasons for the rate request;
3. A statement of any anticipated major issues involved in the rate case;
4. A description of the ratemaking process and the time schedule established for the rate case; and
5. The locations where complete MFRs are available.

(5)(a) Within 50 days after the official date of filing established by the Commission, the utility shall provide, in writing, an initial customer notice to all customers within the service areas included in the rate request and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.

(b) The initial customer notice shall be approved by Commission staff prior to distribution and shall include the following:

1. The date the notice was issued;
2. A statement that the utility has filed a rate request with the Commission and a statement of the general reasons for the request;
3. A statement of the locations where copies of the MFRs, petition, and rate case synopsis are available for public inspection and the hours and days when inspection may be made;
4. The time schedule established for the case, including the dates, times, and locations of any hearings scheduled;
5. A comparison of current rates and charges and the proposed new rates and charges;
6. The utility's address, telephone number, and business hours;
7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and that such comments should identify the docket number assigned to the proceeding;
8. A statement that complaints regarding service may be made to the Commission's Office of Consumer Assistance and Outreach at the following toll-free number: 1(800)342-3552; and
9. If the utility has not requested a change in its service availability charges as part of its rate request, a statement that the Commission will be reviewing the utility's service availability charges in the pending rate case and that the Commission may adjust those charges.

10. The docket number assigned by the Commission's Office of Commission Clerk.

(c) The initial customer notice shall be mailed to the out-of-town address of all customers who have provided

the utility with an out-of-town address.

(6)(a) No less than 14 days and no more than 30 days prior to the date of each service hearing, in those cases where the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the service hearing to all customers within service areas designated by the prehearing officer or the Commission staff. The notice shall be approved by the Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(b) No less than 14 days and no more than 30 days prior to the date of the hearing, in all cases, including those in which the Commission has scheduled a service hearing, the utility shall provide written notice of the date, time, location, and purpose of the hearing to all customers within the service areas included in the rate request. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(7) No less than 14 days and no more than 30 days prior to the date of each hearing held in or near a utility service area included in the rate request, the utility shall have published in a newspaper of general circulation in the area in which such hearing is to be held a display advertisement stating the date, time, location, and purpose of the hearing. The notice shall be approved by Commission staff prior to publication.

(8) When a utility files for a petition for a general rate increase and requests that its case be processed as proposed agency action in accordance with Section 367.081(8), F.S., the utility shall comply with the requirements of subsections (2), (3), (4) and (5) of this rule.

(a) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide written notice of the date, time, location, and purpose of the customer meeting to all customers within service areas designated by the Commission staff. The notice shall be approved by Commission staff prior to distribution. The notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(b) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.

(9) When a utility applies for a staff-assisted rate case in accordance with Section 367.0814, F.S. and Rule 25-30.455, F.A.C., and staff-assistance is granted, the requirements of subsections (2), (3), (4) and (5) of this rule shall not apply.

(a) Upon receipt of the staff reports, the utility shall place two copies of its application for staff-assistance and the staff reports at any business offices it has in its service area. Such copies shall be available for public inspection during the utility's regular business hours. If the utility does not have a business office in its service area, the utility shall place two copies of its application and the staff reports at the main county library, the local community center or other appropriate location that is within or most convenient to the service area and that is willing to accept and provide public access to the copies.

(b) No less than 14 days and no more than 30 days prior to the date of a customer meeting conducted by the Commission staff, the utility shall provide, in writing, a customer meeting notice to all customers within its service area and to all persons in the same service areas who have filed a written request for service or who have been provided a written estimate for service within the 12 calendar months prior to the month the petition is filed.

(c) The customer meeting notice shall be approved by the Commission staff prior to distribution and shall include the following:

1. The date the notice was issued;
2. The time, date, location, and purpose of the customer meeting;
3. A statement that the utility has applied for a staff-assisted rate case and the general reasons for doing so;
4. A statement of the location where copies of the application and the staff reports are available for public inspection and the times during which inspection may be made;
5. A comparison of current rates and charges and the proposed new rates and charges;
6. The utility's address, telephone number, and business hours;
7. A statement that written comments regarding utility service or the proposed rates and charges should be addressed to the Office of Commission Clerk, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, and that such comments should identify the docket number assigned to the proceeding;
8. A statement that complaints regarding service may be made to the Commission's Office of Consumer

Assistance and Outreach at the following toll-free number: 1(800) 342-3552.

9. A statement that the Commission will be reviewing the utility's service availability charges in the pending case and that the Commission may adjust those charges.

10. The docket number assigned by the Commission's Office of Commission Clerk.

(d) The customer meeting notice shall be mailed to the out-of-town address of all customers who have provided the utility with an out-of-town address.

(e) If the proposed agency action order issued in the case is protested and any hearings are subsequently held, the utility shall give notice in accordance with subsections (6) and (7) above.

(10) After the Commission issues an order granting or denying a rate change, the utility shall notify its customers of the order and any revised rates. The customer notification shall be approved by Commission staff and be distributed no later than with the first bill containing any revised rates.

Rulemaking Authority 350.127(2), 367.121(1)(f) FS. Law Implemented 120.569, 120.57, 367.081(2)(a), 367.0814(1), 367.0817, 367.091, 367.121(1)(a) FS. History—New 5-27-93. Amended 5-3-99.

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

NOTICE OF CUSTOMER MEETING

TO THE CUSTOMERS OF LP WATERWORKS, INC.

AND

ALL OTHER INTERESTED PERSONS

DOCKET NO. 160222-WS

APPLICATION BY LP WATERWORKS, INC.

FOR A STAFF-ASSISTED RATE CASE IN

HIGHLANDS COUNTY

Issued: _____

Notice is hereby given that the staff of the Florida Public Service Commission (Commission) will conduct a customer meeting to discuss the application for staff-assisted rate case in Highlands County by LP Waterworks, Inc. (LPWW or Utility). The meeting will be held at the following time and place:

6:00 p.m., Tuesday, April 18, 2017
Lake View Clubhouse
231 Shoreline Drive
Lake Placid, FL 33852

All persons who wish to comment are urged to be present at the beginning of the meeting, since the meeting may be adjourned early if no customers are present. One or more of the Commissioners of the Commission may attend and participate in this meeting. The meeting will begin as scheduled and will continue until all the customers have been heard.

If a named storm or other disaster requires cancellation of the meeting, Commission staff will attempt to give timely direct notice to the parties. Notice of the cancellation of the meeting will also be provided on the Commission's website (<http://www.psc.state.fl.us/>) under the Hot Topics link found on the home page. Cancellation can also be confirmed by calling the Commission's Office of the General Counsel at (850) 413-6199.

Any person requiring some accommodation at the customer meeting because of a physical impairment should call the Office of Commission Clerk at (850) 413-6770 at least five calendar days prior to the meeting. Any person who is hearing or speech impaired should contact the Commission by using the Florida Relay Service, which can be reached at 1-800-955-8771 (TDD).

PURPOSE

The purpose of this meeting is to give customers and other interested persons an opportunity to offer comments to Commission staff regarding the quality of service the Utility provides, the proposed rate increase, and to ask questions and comment on staff's preliminary rates included in this notice as well as other issues. Staff members will summarize the Utility's application, the preliminary work accomplished, and answer questions to the extent possible. A representative from the Utility has also been invited to respond to questions.

At the beginning of the meeting, procedures will be established for the order of comments. Commission staff will have sign-up sheets, and customers will be called to speak in the order that they sign up. Staff will be available to coordinate customers' comments and to assist members of the public.

Any person who wishes to comment or provide information to staff may do so at the meetings, orally or in writing. Written comments may also be sent to the Commission at the address given at the end of this notice. Your letter will be placed in the correspondence file of this docket. You may also submit comments through the Commission's toll-free facsimile line at 1-800-511-0809.

BACKGROUND

LP Waterworks, Inc. (LPWW or Utility) is a Class C water and wastewater utility serving approximately 444 water and 389 wastewater residential customers and several general service customers in the Camp Florida Resort RV Park (RV Park or Park) in Highlands County. The customer base is comprised of single family homes, mobile homes, and RV sites. The LPWW service territory is located in the water use caution area of the Southwest Florida Water Management District (SWFWMD).

The Commission ordered that the transfer of Certificate Nos. 620-W and 533-S from LP Utilities Corporation to LP Waterworks, Inc., was in the public interest and was approved, effective the date of the Commission vote, March 13, 2014.¹ The Utility's rate base was last established in its 2013 staff-assisted rate case (SARC) settlement with OPC by Order No. PSC 14-0413-PAA-WS.² The water and wastewater rate increase was implemented in two phases. Phase I recovered only the recommended operation and maintenance expenses, property taxes, and regulatory assessment fee (RAF) expense. Phase II rates included the recovery of the Utility's return on rate base, including the modified water and wastewater pro forma plant additions, depreciation net of CIAC amortization, and recovery of the approved operation and maintenance expenses, property taxes, and RAF expense. The Utility agreed not to file a new rate case before one year after implementation of the Phase II rate increase. Phase II rates were implemented September 5, 2015.

¹Order No. PSC-14-0130-PAA-WS, issued March 17, 2014, in Docket No. 130055-WS, *In re: Application for approval of transfer LP Utilities Corporation's water and waste waster systems and Certificate Nos. 620-W and 533-S, to LP Waterworks, Inc., in Highlands County.*

²Issued August 14, 2014, in Docket No. 130153-WS, *In re: Application for staff-assisted rate case in Highlands County, by L.P. Utilities Corporation c/o LP Waterworks, Inc.*

In its application for the instant SARC, LPWW is requesting that a test year ending August 31, 2016, be used. In addition, LPWW is requesting the opportunity to recover all prudently incurred expenses the Utility will incur on a going-forward basis, and generate a fair rate of return on its investments in all property considered used and useful in the public service. LPWW reports investing \$45,379 in water plant and \$70,034 in wastewater plant during the years 2014 and 2015. Furthermore, LPWW is also requesting recovery of plant additions for wastewater for the cost of manhole rehabilitation and repair which occurred in October 2016. In the Utility's application, it stated the main reason for the need to request a SARC is due to the significant decrease in water consumption.

This Staff Report is a **preliminary** analysis of the Utility prepared by Commission staff to give customers and the Utility an advanced look at what staff may be proposing. The final recommendation to the Commission is currently scheduled to be filed June 28, 2017, for consideration at the July 11, 2017 Commission Conference. The recommendation will be revised as necessary using any updated information and results of customer quality of service concerns or other relevant information received during the customer meeting. The Commission has jurisdiction in this case pursuant to Sections 367.081(8), 367.0812, 367.0814, and 367.091 Florida Statutes, (F.S.).

CURRENT AND PRELIMINARY RATES AND CHARGES

Staff has compiled the following rates and charges for the purpose of discussion at the customer meeting. These rates are preliminary and subject to change based on information gathered at the customer meeting, further staff review, and the final decision by the Commission. The Utility's current, and staff's preliminary rates and charges, are as follows:

LP WATERWORKS, INC.
 TEST YEAR ENDED AUGUST 31, 2016
 MONTHLY WATER RATES

SCHEDULE NO. 4-A
 DOCKET NO. 160222-WS

	RATES AT TIME OF FILING	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$8.54	\$9.64	\$0.04
3/4"	\$12.82	\$14.46	\$0.06
1"	\$21.38	\$24.10	\$0.09
1-1/2"	\$42.74	\$48.20	\$0.19
2"	\$68.38	\$77.12	\$0.30
3"	\$136.77	\$154.24	\$0.60
4"	\$213.70	\$241.00	\$0.93
6"	\$427.40	\$482.00	\$1.86
Charge per 1,000 Gallons- Residential Service			
0-3,000 gallons	\$4.91	\$5.54	\$0.02
Over 3,000 gallons	\$7.21	\$8.14	\$0.03
Charge per 1,000 Gallons- General Service			
	\$5.91	\$6.67	\$0.03
<u>Private Fire Protection Service</u>			
5/8" x 3/4"	\$0.71	\$0.80	
3/4"	\$1.07	\$1.20	
1"	\$1.78	\$2.01	
1-1/2"	\$3.56	\$4.02	
2"	\$5.70	\$6.43	
3"	\$11.40	\$12.85	
4"	\$17.81	\$20.08	
6"	\$35.62	\$40.17	
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$23.27	\$26.26	
6,000 Gallons	\$44.90	\$50.68	
8,000 Gallons	\$59.32	\$66.96	

LP WATERWORKS, INC.
 TEST YEAR ENDED AUGUST 31, 2016
 MONTHLY WASTEWATER RATES

SCHEDULE NO. 4-B
 DOCKET NO. 160222-WS

	RATES AT TIME OF FILING	STAFF RECOMMENDED RATES	4 YEAR RATE REDUCTION
<u>Residential</u>			
Base Facility Charge - All Meter Sizes	\$12.27	\$14.98	\$0.06
Charge Per 1,000 gallons (8,000 gallon cap)	\$4.94		
Charge Per 1,000 gallons (6,000 gallon cap)		\$7.74	\$0.03
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8" x 3/4"	\$12.27	\$14.98	\$0.06
3/4"	\$18.41	\$22.47	\$0.09
1"	\$30.68	\$37.45	\$0.15
1-1/2"	\$61.35	\$74.90	\$0.29
2"	\$98.16	\$119.84	\$0.47
3"	\$196.32	\$239.68	\$0.94
4"	\$306.75	\$374.50	\$1.47
6"	\$613.51	\$749.00	\$2.93
Charge per 1,000 gallons	\$5.92	\$9.29	\$0.04
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
3,000 Gallons	\$27.09	\$38.20	
6,000 Gallons	\$41.91	\$61.42	
8,000 Gallons	\$51.79	\$61.42	

STAFF REPORTS AND UTILITY APPLICATION

The results of staff's preliminary investigation are contained in a staff report dated March 22, 2017. A copy of the report is available on the Commission's website, www.floridapsc.com, under Docket No. 160222-WS. Hardcopies of the report may be examined by interested members of the public from 9:00 a.m. to 3:00 p.m., Monday through Friday at the following location:

Lake View Clubhouse
231 Shoreline Drive
Lake Placid, FL 33852

PROCEDURES AFTER CUSTOMER MEETING

After the customer meeting, Commission staff will prepare a recommendation which is tentatively scheduled to be submitted to the Commission on June 28, 2017. The Commission will then vote on staff's recommendation at its July 11, 2017 Commission Conference. The Commission will thereafter issue a proposed agency action (PAA) order containing rates which may be different from those contained in staff's final recommendation. Substantially affected persons have 21 days from the date that the PAA order is issued to protest the Commission's PAA order. Five to ten customers or persons who attend the meeting, and who wish to receive a copy of the recommendation and the order, should so indicate at the meeting. Those individuals are expected to distribute the information in the recommendation and the order to other customers. Anyone who is unable to attend and who wishes to obtain a copy of the recommendation or the order may do so in writing to the Commission at the address at the end of this notice.

HOW TO CONTACT THE COMMISSION

Written comments regarding the Utility and the proposed rates, and requests to be placed on the mailing list for this case, may be directed to this address:

Director, Office of Commission Clerk
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

All correspondence should refer to "Docket No. 160222-WS – LP Waterworks, Inc." If you wish to contact the Commission regarding complaints about service, you may call the Commission's Office of Consumer Assistance and Outreach at the following toll-free number: 1-800-342-3552. This notice was prepared by Commission staff for distribution by the Utility to its customers.