BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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| In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc. | DOCKET NO. 20160222-WSORDER NO. PSC-2017-0334-PAA-WSISSUED: August 23, 2017 |

The following Commissioners participated in the disposition of this matter:

JULIE I. BROWN, Chairman

ART GRAHAM

RONALD A. BRISÉ

DONALD J. POLMANN

NOTICE OF PROPOSED AGENCY ACTION ORDER

APPROVING RATE INCREASE FOR

LP WATERWORKS, INC.

AND FINAL ORDER ON RECOVERY OF RATE CASE EXPENSES,

TEMPORARY RATES, AND ACCOUNTING ADJUSTMENTS

BY THE COMMISSION:

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

Background

 LP Waterworks, Inc. (LP or Utility) is a Class C water and wastewater utility serving approximately 444 water and 389 wastewater residential customers in the Camp Florida Resort RV Park (RV Park or Park) in Highlands County. The Utility also serves 21 water and 18 wastewater general service customers in Highlands County. The customer base is comprised of single-family homes, mobile homes, and RV sites. LP’s service territory is located in the water use caution area of the Southwest Florida Water Management District (SWFWMD).

 We approved the transfer of Certificate Nos. 620-W and 533-S from LP Utilities Corporation to LP Waterworks, Inc. in March 2014.[[1]](#footnote-1) The Utility’s rate base was last established in its 2013 staff assisted rate case (SARC) settlement with the Office of Public Counsel (OPC).[[2]](#footnote-2) The water and wastewater rate increase was implemented in two phases. Phase I recovered only the approved 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 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.

 In its application for the instant SARC, the Utility requested that a test year ended August 31, 2016, be used. In addition, LP is requesting the opportunity to recover all prudent 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. LP reports investing $45,379 in water plant and $70,034 in wastewater plant during the years 2014 and 2015. The Utility is also requesting pro forma plant additions and recovery of the cost of manhole rehabilitation and repair which occurred in October 2016. In the Utility’s application, it noted that another contributing factor for the need to request a SARC at this time is a significant decrease in water consumption.

 We have jurisdiction in this case pursuant to Sections 367.081(8), 367.0812, 367.0814, and 367.091, Florida Statutes, (F.S.).

Review and Decision

1. Quality of Service

 Pursuant to Rule 25-30.433(1), F.A.C., in water rate cases, this Commission must determine the overall quality of service provided by a utility. This determination is based on an evaluation of three separate components of a utility’s operations. These components are the quality of the utility's product, the operating conditions of the utility's plant and facilities, and the utility's attempt to address customer satisfaction. The Rule further provides that sanitary surveys, outstanding citations, violations, and consent orders on file with the Florida Department of Environmental Protection (DEP) and the county health department over the preceding three-year period are to be considered. Pursuant to Section 367.0812(l)(c), F.S., input from DEP and health department officials and customer comments, or complaints, over the preceding five-year period must also be considered.

 The Utility is located in the water use caution area of the SWFWMD. A significant portion of LP’s residential customer base is seasonal.

*A. Quality of Utility’s Product*

 In evaluating LP’s product quality, we reviewed the Utility's compliance with 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. We reviewed the chemical analysis of samples dated May 27, 2015. All of the contaminants were below the maximum contaminant level set by DEP. However, in December 2015, there was a lead warning issued by the Utility because of failed DEP lead testing results. The Utility completed corrosion control treatment for lead in April 2016, and was in compliance with DEP as of January 13, 2017.

*B. Operating Condition of the Utility’s and Facilities*

 The Utility’s water treatment system has two wells. One well is rated at 850 gallons per minute (gpm) and the second well is rated at 350 gpm. LP’s water system has two ground storage tanks totaling 25,000 gallons in capacity. There are two fire hydrants located in the service area. The distribution system is comprised of varying sizes of PVC pipes. The Utility only provides wastewater service to a portion of its service territory, which primarily serves seasonal customers, with peak flows from January through March. We reviewed the Utility’s last DEP Sanitary Survey, dated November 28, 2016, and the facility was determined to be in compliance.

*C. The Utility’s Attempt to Address Customer Satisfaction*

 In order to receive customer comments concerning quality of service, on April 18, 2017, a customer meeting was held at the Lake View Clubhouse within the Utility’s service territory. There were approximately 51 customers in attendance, 19 of which made comments. The majority of the comments related to improper billing and a single customer had service quality concerns about notices of lead.

 We requested a response from the Utility about the notice of elevated lead in the drinking water at some of the homes and buildings. The Utility responded that, based on a failed compliance test, DEP required that the notice be placed on customers’ bills. The Utility stated that it is now in compliance, but the notice had to remain on the bills for a set time period. DEP confirmed that Utility is currently in compliance and the issue has been resolved.

 DEP received no complaints about the Utility regarding either water or wastewater during the past five years. In the past five years, we recorded 12 billing complaints in our Consumer Activity Tracking System. All complaints were resolved in a timely manner. However, when we considered this matter at our August 3, 2017, Agenda Conference, concerns were raised regarding billing issues; the Utility shall address these billing issues and respond back to the Office of Public Counsel (OPC) within six months.

*D. Conclusion*

 The Utility has taken reasonable actions to comply with DEP’s regulations and to address customer concerns. Upon review, we find that the overall quality of service provided by the Utility to be satisfactory.

2. Used and Useful

 LP’s water treatment system has two wells. One well is rated at 850 gpm and the second well is rated at 350 gpm. The Utility’s water system has two ground storage tanks totaling 25,000 gallons in capacity. There are two fire hydrants located in the service area. The distribution system is comprised of varying sizes of PVC pipes. The Utility’s wastewater treatment plant is permitted by the DEP as a 50,000-gallon per day (gpd) annual average daily flow facility. According to the Utility, the wastewater collection system is comprised of 9,313 feet of PVC collection mains of varying sizes and 918 feet of force mains. There are 47 manholes throughout the service area.

*A. Excessive Unaccounted for Water*

 Rule 25-30.4325, F.A.C., defines Excessive Unaccounted for Water (EUW) 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. Pursuant to Rule 25-30.4325(10), F.A.C., in determining whether adjustments to plant and operating expenses are necessary we consider several factors. These include the causes of EUW, any corrective action taken, and the economical feasibility of a proposed solution. EUW is calculated by subtracting both the gallons sold to customers and the gallons used for other services, such as flushing, from the total gallons pumped for the test year.

 The Monthly Operating Reports that the Utility files with DEP, indicate that the Utility treated 16,285,500 gallons during the test year. The Utility purchased no water and used 1,428,000 gallons for other uses during the test year. The Utility sold 9,299,000 gallons of water for the test year. When the gallons sold and the water used for other uses are subtracted from the total gallons pumped, there are 5,558,500 gallons of unaccounted for water. The resulting unaccounted for water is 34 percent and the excessive unaccounted for water is 24 percent. Accordingly, we approve an adjustment to purchased power and chemical expenses due to 24 percent EUW.

*B. Infiltration and Inflow*

 Rule 25-30.432, F.A.C., provides that in determining the amount of U&U plant, we must consider Infiltration & Inflow (I&I). Infiltration typically results from groundwater entering a wastewater collection system through broken or defective pipes and joints; whereas inflow results from water entering a wastewater collection system through manholes or lift stations. The allowance for infiltration is 500 gpd per inch diameter pipe per mile, and an additional 10 percent of water sold is allowed for inflow. Adjustments to operating expenses, such as chemical and electrical costs, are considered necessary if I&I is excessive. Excessive I&I is calculated based on a comparison of the allowable wastewater treated to the actual amount of wastewater treated.

 Using the pipe lengths of the Utility’s collection system, the infiltration allowance is calculated to be 3,761,436 gallons per year. Ten percent of the total gallons sold to customers is allowed for inflow, which totals 929,900 gallons. The total I&I allowance is then calculated as 4,691,336 gallons per year.

 The amount of wastewater expected to be returned from the system is calculated. This figure is determined by summing 80 percent of water sold to residential users with 90 percent of water sold to non-residential users. The amount calculated for expected return is 7,692,300 gallons per year. In order to find the total amount of wastewater allowed, the I&I allowance and the expected return are summed, yielding 12,383,636 gallons per year. Finally, this total is compared to the total wastewater actually treated during the test year, which in this case is 9,289,000 gallons. The actual amount does not exceed the allowable amount, therefore, there is no excessive I&I.

*C. Water Treatment Plant (WTP)*

 LP’s water service territory covers approximately 125 acres. The WTP is a closed system with two wells and a permitted capacity of 200,000 gallons per day. There are two fire hydrants located in the service area which must meet a minimum of 500 gallons per minute for a four-hour period of time. In the previous rate case, the water treatment facility was determined to be 100 percent U&U.[[3]](#footnote-3) We evaluated the circumstances and determined that there has been no change and the system shall still be considered 100 percent U&U.

*D. Water Distribution System and Storage*

 The distribution system is evaluated based on equivalent residential connections (ERCs) consisting of customer demand, growth and system capacity. The customer demand is the sum of the 499 ERCs (444 residential ERCs plus 21 general service customers equal to 55 ERCs) for the 2016 test year, and a growth of 8 ERCs over the statutory five-year period. System capacity is 519 ERCs. This is a calculated 98 percent U&U, but as the system appears built out, it shall be considered 100 percent U&U. The Utility has two useable storage tanks with a total capacity of 25,000 gallons. Rule 25-30.4325(8), F.A.C., provides that usable storage capacity less than or equal to the peak day demand is considered 100 percent used and useful. The peak day demand is 125,000 gallons per day. The storage shall be considered 100 percent U&U.

*E. Wastewater Treatment Plant (WWTP)*

 The Utility only provides wastewater service to a portion of its service territory, and serves seasonal customers with peak flows from January through March. The formula for calculating U&U for the WWTP is (average daily flow + growth – excessive I&I) / permitted plant capacity. The average daily flow for the Utility is 48,032 gallons per day. There is no excessive I&I and no growth based on a linear regression. The permitted capacity of the plant is 50,000 gallons per day. Based on this calculation, WWTP is 96 percent U&U. However, consistent with our prior practice, when a system is calculated to be over 95 percent U&U, WWTP is considered to be 100 percent U&U.[[4]](#footnote-4)

*F. Wastewater Collection System*

 LP’s wastewater service territory provides wastewater service to customers within park boundaries. Using the linear regression formula, there is no estimated growth over the next statutory five-year growth period. As there has been no significant customer growth and the system is built out as established in the previous SARC, the wastewater collection system shall still be considered 100 percent U&U.

*G. Conclusion*

 The Utility’s WTP, WWTP, water storage, water distribution system, and wastewater collection system shall all be considered 100 percent U&U. A 24 percent adjustment to purchased power and chemical expenses shall be made for EUW.

3. Rate Base

 The appropriate components of the Utility’s rate base include utility plant in service, land, accumulated depreciation, contributions-in-aid-of-construction (CIAC), amortization of CIAC, and working capital. The last proceeding that established balances for rate base was Docket No. 130153-WS. We selected the test year ended August 31, 2016, for the instant docket. A summary of each component and our approved adjustments are explained below.

*A. Utility Plant in Service (UPIS)*

 The Utility recorded $527,435 for water and $441,119 for wastewater. The Utility has represented that all repairs and/or replacements below the $400 limit are covered in the annual contract with U.S. Water Services Corporation. Therefore, only pro forma items costing more than $400 were included in the pro forma plant balance. Pro forma projects over $400 for water and wastewater are listed below in Table 3-1, below. Our adjustments to UPIS are identified in Table 3-2 below.

i. Audit Finding Adjustments

 The Utility recorded an invoice for a control panel and pumps in 2014 for $18,477 in Account 371; however there was no retirement associated with this invoice. We made an adjustment of $13,858 to reflect this retirement (75 percent). Additionally, the Utility recorded an invoice for replacing diffusers in the wastewater tanks in June 2015, for $4,571 in Account 380 but inadvertently did not record a related retirement. We made an adjustment of $3,428 to reflect this retirement (75 percent).

ii. Pro Forma Plant Additions

 The Utility was required to perform an emergency rehabilitation of a sewer line due to a leaking manhole which caused a customer’s yard to sink around the manhole. The Utility installed a new surge pump and replaced the contactor and overload protector in the surge pump control panel. These repairs were necessary to maintain proper operation of the wastewater treatment plant. The Utility also performed an emergency replacement of the chlorine injector to maintain the required disinfection and chlorine residual to preserve water quality. As these were emergency repairs, the procurement of three bids was not necessary. Repair of the wash-down well in the wastewater treatment plant was also included by LP as a pro forma addition. The wash-down well is a necessary component in the wastewater treatment process and the repairs were made pursuant to the existing Operations and Maintenance Agreement with U.S. Water Services Corporation. The values in Table 3-1 are from the final invoices for the pro forma projects. As shown in Table 3-1, we shall approve a net adjustment increasing UPIS by $279 and $9,544 for water and wastewater pro forma plant additions, respectively.

Table 3-1 Pro Forma Plant Additions

|  |  |  |  |
| --- | --- | --- | --- |
| Project | Acct.No. | Description | Amount |
| Water | Wastewater |
| Manhole Repair | 354 | Materials, Labor and Equipment for Sanitary Sewer Rehabilitation. | $0 | $8,236 |
| Replaced Contactor & Overload Switch | 371 | Replaced contactor and overload switch in surge pump control panel. | 0 | 519 |
|  | Associated Retirement | 0 | (390) |
| Surge Pump at WWTP | 371 | Installed new pump at WWTP in surge tank. | 0 | 3,303 |
|  | Associated Retirement | 0 | (2,477) |
| WWTP Wash-down Well Repair | 371 | Repairs to the Wash-down well. Installed new water pump. Repaired water line and replaced check valve. | 0 | 1,408 |
|  | Associated Retirement | 0 | (1,055) |
| Replace Gas Chlorine Injector # 2 | 320 | Replaced chlorine injector at WTP #2. | 1,116 | 0 |
|  | Associated Retirement | (837) | 0 |
| Net Adjustment |  | $279 | $9,544 |

\*The total retirements associated with the pro forma projects are $837 for water and $3,922 ($390 + $2,477 + $1,055) for wastewater.

 Our adjustments to UPIS result in net reductions of $230 for water and $7,742 for wastewater as shown in Table 3-2 below. We approve a UPIS balance of $527,205 ($527,435 – $230) for water and $433,377 ($441,119 - $7,742) for wastewater.

Table 3-2 Adjustment to UPIS

|  |  |  |  |
| --- | --- | --- | --- |
|  | Adjustment Description | Water | Wastewater |
| 1. | To reflect retirement of Control Panel and Pumps to Acct. 371. | $0 | ($13,858) |
| 2. | To reflect retirement of replacement Diffuser to Acct. 380. | 0 | (3,428) |
| 3. | To reflect net amount of pro forma projects. | 279 | 9,544 |
| 4. | To reflect an averaging adjustment. | (509) | 0 |
|  | Total | ($230) | ($7,742) |

*B. Land & Land Rights*

 The Utility recorded a test year land value of $27,412 for water and $36,000 for wastewater. No adjustments are necessary, and therefore, we approve a land balance of $27,412 for water and $36,000 for wastewater.

*C. Non-Used and Useful Components*

 As discussed above under the heading, “2. Used and Useful,” LP’s water and wastewater systems are both considered 100 percent U&U. Therefore, a U&U adjustment is not necessary.

*D. Accumulated Depreciation*

 The Utility recorded a balance for accumulated depreciation of $362,984 and $311,950 for water and wastewater, respectively. We reduced wastewater accumulated depreciation by $19,519 ($16,091 + $3,428) for the retirement of the control panel, pumps, and diffusers. We increased accumulated depreciation for water by $40, and wastewater by $293 for pro forma plant. We reduced accumulated depreciation associated with the retirement or pro forma projects by $837 for water and $3,922 for wastewater. We further adjusted wastewater accumulated depreciation by $4,921 to reconcile the Utility’s beginning accumulated depreciation balance to that approved by us in Docket No. 130153-WS. We also adjusted wastewater accumulated depreciation by $457 ($383 + $39 + $35) for additions to Structures and Improvements, Collection Sewers, and Pumping Equipment. We have calculated accumulated depreciation using the prescribed rates set forth in Rule 25-30.140, F.A.C., and have also made an averaging adjustment of $9,295 for water and $7,765 for wastewater. Based on these adjustments, we approve an accumulated depreciation balance of $352,892 ($362,984 - $10,092) for water and $275,659 ($311,950 - $36,291) for wastewater. Our adjustments are reflected in Table 3-3, below.

Table 3-3 Accumulated Depreciation Adjustments

|  |  |  |
| --- | --- | --- |
| Commission Adjustments | Water | Wastewater |
| Retirement of control panel, pumps, and diffusers | $0 | $19,519 |
| Depreciation on Pro Forma Plant | (40) | (293) |
| Retirement of Plant associated with Pro Forma Plant | 837 | 3,922 |
| Reconciliation of wastewater beginning balance | 0 | 4,921 |
| Additions to Structures and Improvements, Collection Sewers, and Pumping Equipment | 0 | 457 |
| Averaging Adjustment | 9,295 | 7,765 |
| Total | $10,092 | $36,291 |

*E. Contribution In Aid of Construction (CIAC)*

 The Utility recorded a CIAC balance of $266,480 for water and $92,400 for wastewater. An adjustment of $417 for water is necessary to reflect a simple average balance for rate base, pursuant to Rule 25-30.433, F.A.C. No adjustment is necessary for wastewater. Thus, we approve a CIAC balance of $266,063 ($266,480 - $417) for water and $92,400 for wastewater.

*F. Accumulated Amortization of CIAC*

 The Utility recorded a balance for accumulated amortization of CIAC of $167,447 for water and $55,709 for wastewater. We decreased accumulated amortization of CIAC by $4,930 for water and $1,717 for wastewater, to reflect the simple average for the test year. Thus, we approve an accumulated amortization of CIAC balance of $162,517 ($167,447 - $4,930) for water and $53,992 ($55,709 - $1,717) for wastewater.

*G. Working Capital Allowance*

 Working capital is the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(2), F.A.C., we used the one-eighth of the operation and maintenance (O&M) expense formula approach for calculating the working capital allowance. We also removed the unamortized balance of rate case expense of $421 for water and $351 for wastewater pursuant to Section 367.081(9), F.S. Applying this formula, we approve a working capital allowance of $11,453 for water (based on O&M expense of $92,044 – $421 ÷ 8 for water) and $9,493 for wastewater (based on O&M expense of $76,295-$351 ÷ 8 for wastewater).

*H. Rate Base Summary*

 Based on the foregoing, we find that the appropriate average test year rate base is $109,632 for water and $164,803 for wastewater. The approved rate base is shown on Schedule No. 1-A for water and on Schedule No. 1-B for wastewater. The related adjustments for water and wastewater are shown on Schedule No. 1-C.

4. Return on Equity (ROE)

  Rule 25-30.433(4), F.A.C., requires that a simple average method be used to calculate the cost of capital for Class C utilities. Upon review, the simple average capital structure included common equity of $147,317, long-term debt of $63,547, and customer deposits of $3,353.

 The Utility indicated that it is funding the pro forma project additions of $14,582 with equity contributions from the shareholders. We made an adjustment to increase common equity to reflect the equity infusion from the shareholders.

 Finally, we made a pro rata adjustment to reconcile the average rate base to the average capital structure by increasing common equity and long-term debt by $41,954 and $3,682, respectively. The resulting average capital structure based on investor sources only used to determine the ROE consists of common equity of $203,853 ($147,317 + $14,582 + $41,954) and long-term debt of $67,229 ($63,547 + $3,682). The equity ratio used for determining the allowed mid-point ROE is 75.21 percent of investors’ sources which excludes customer deposits.

 The appropriate ROE is 9.27 percent using our approved leverage formula currently in effect and an equity ratio of 75.21 percent.[[5]](#footnote-5) The Utility’s capital structure has been reconciled with our approved rate base. We approve a mid-point ROE of 9.27 percent, with a range of 8.27 percent to 10.27 percent and an overall rate of return of 7.89 percent. The approved ROE and overall rate of return are shown on Schedule No. 2.

5. Test Year Revenues

 The Utility recorded total test year revenues of $107,183 for water and $84,240 for wastewater. The water revenues included $104,515 of service revenues and $2,668 of miscellaneous revenues. The wastewater revenues included $84,240 of service revenues and no miscellaneous revenues. Based on LP’s billing determinants and the service rates that were in effect during the test year, test year service revenues shall be $103,452 for water and $84,228 for wastewater. This results in decreases of $1,063 and $12 for water and wastewater test year service revenues, respectively. We increased the Utility’s miscellaneous revenues by $376 and allocated these revenues to the Utility’s water and wastewater systems consistent with each system’s corresponding ERCs to reflect the approved miscellaneous service charges. Therefore, there are miscellaneous revenues of $1,613 for the water system and $1,431 for the wastewater system. Thus, the approved test year revenues for LP’s water and wastewater systems are $105,065 and $85,659 respectively.

6. Operating Expense

 The Utility recorded operating expense of $110,497 for water and $96,385 for wastewater for the test year ended August 31, 2016. The test year O&M expenses have been reviewed, including invoices, canceled checks, and other supporting documentation. We have made several adjustments to the Utility’s operating expenses as summarized below.

*A. Salaries and Wages – Officers, Directors (603/703)*

 The Utility recorded a balance of $6,120 for water and $5,880 for wastewater in Accounts 603 and 703 respectively. This represents compensation for the officers and directors of the Utility. The amount of officer and director compensation for the Utility is $12.07 and $13.91 per ERC for water and wastewater respectively. The average amount of officer’s and director’s salaries for LP Waterworks, Inc.’s affiliated utilities is approximately $27 per ERC for water and $28 per ERC for wastewater. The total amount included in Accounts 603 and 703 is $12,000, which is the same amount approved in Docket No. 130153-WS. Therefore, no adjustments are required for salaries and wages - officers and directors expense.

*B. Sludge Removal Expense (711)*

 The Utility recorded $2,312 for sludge hauling expenses. We reviewed the source documentation and agree with the amount. Thus, no adjustment is required for to sludge removal expense.

*C. Purchased Power (615/715)*

 The Utility recorded $2,770 for purchased power expense for water and $4,528 for wastewater in Accounts 615 and 715, respectively. We made an adjustment of $99 to increase purchased power expense for water to reflect the actual amount of purchased power expense of $2,869. We made a second adjustment to decrease water purchased power expense by $689 to reflect excessive unaccounted for water as discussed above under the heading, “2. Used and Useful.” Finally, we increased purchased power expense for wastewater by $323 to reflect actual amount of purchased power expense of $4,851 for the test year. Thus, we approve purchased power expense of $2,180 ($2,770 + $99 - $689) for water and $4,851 ($4,528 + $323) for wastewater.

*D. Chemicals (618/718)*

 The Utility recorded chemical expense of $650 for water and $525 for wastewater. We decreased chemical expense for water by $156 to reflect excessive unaccounted for water, as discussed above under the heading, “2. Used and Useful.” Thus, we approve a balance of $494 ($650 - $156) for water. There were no adjustments for wastewater. We approve chemical expense for the test year of $494 for water and $525 for wastewater.

*E. Contractual Services – Accounting Fees (632/732)*

 The Utility recorded a credit (negative balance) of $638 for water and $613 for wastewater in these accounts for accounting fees. The Utility explained that this relates to an over accrual from a prior period and currently there are no outside accounting fees. We made adjustments to remove these amounts because they are outside the test year period; we approve an accounting expense of $0 for both water and wastewater.

*F. Contractual Services – Legal Fees (633/733)*

 The Utility recorded legal fees of $2,575 for water and $835 for wastewater. We reduced legal fees by $1,808 for water and $195 for wastewater to remove out-of-period expenses. The Utility provided invoices showing that legal fees of $287 for water and $240 for wastewater are recurring expenses. In addition to the recurring legal fees, the Utility also had non-recurring legal fees for utility-related corporate purposes of $480 for water and $400 for wastewater. Because these fees are non-recurring, they shall be amortized over five years, or $96 per year for water and $80 per year for wastewater. Consequently, we reduced legal fees by $384 for water and $320 for wastewater to reflect the five-year amortization of the non-recurring legal fees. Our total adjustments result in reductions of $2,192 ($1,808 + $384) for water and $515 ($195 + $320) for wastewater. Therefore, we approve contractual services – legal of $383 ($287 + $96) for water and $320 ($240 + $80) for wastewater.

*G. Contractual Services – Other (636/736)*

 The Utility recorded $79,598 for water and $60,530 for wastewater for operating, maintenance and customer service fees. The Utility receives all of its operational and administrative services under a contract with an affiliated company, U.S. Water Services Corporation (USWSC). We reviewed and approved expenses related to the USWSC management services contract for the Utility in its last SARC. We also approved the expenses related to the USWSC management service contract for five of LP Waterworks, Inc.’s affiliated utility systems.[[6]](#footnote-6) In those dockets, we found USWSC’s costing and allocation model to be reasonable with the exception of some allocated expenses related to salary overtime, fuel, and vehicle maintenance which were adjusted in those dockets.

i. Consumer Price Index

 The Utility submitted invoices to show an increase in the annual contract of $557 for water and $424 for wastewater to reflect an increase in the Consumer Price Index. Consistent with our prior decisions, we increased these accounts by $557 and $424 for water and wastewater, respectively.

ii. Salaried Employees Overtime

 We found USWSC’s costing and allocation model to be reasonable in four related dockets with the exception of some allocated expense related to salary overtime, fuel, and vehicle maintenance which were adjusted in those dockets. In the instant docket, the Utility acknowledges an overtime expense to salaried employees of $1,278 for water and $747 for wastewater, which we shall disallow.

 Our adjustment to this account results in a net decrease of $721 ($557 - $1,278) for water and a net decrease of $323 ($424 - $747) for wastewater. For water, the adjusted annual contract fee of $78,877 results in an average of $156 per ERC. For wastewater, the adjusted annual contract fee of $60,207 results in an average of $142 per ERC. These amounts are comparable to the amounts we approved for LP’s affiliated utilities which ranged from $171 to $247 per water ERC and $138 to $383 per wastewater ERC.

 The Utility confirmed that USWSC’s current cost model for the contract continues to include 1,000 additional projected ERCs for all systems for which USWSC provides service. Inclusion of the 1,000 potential future ERCs that are expected to be added through growth or acquisitions serves to spread the costs over a larger base and lowers the cost per ERC. USWSC and its managers bring considerable management and operator experience and expertise at a comparably reasonable cost. By spreading costs over multiple systems, and adding ERCs to recognize potential future growth, LP’s customers are realizing operational and cost benefits that would not be available if the Utility operated on a stand-alone basis. We find that the adjusted cost of the USWSC management services contract is reasonable. Therefore, we approve contractual services – other expense of $78,877 for water and $60,207 for wastewater.

*H. Rent Expense (640/740)*

 The Utility recorded rent expense of $220 for water and $0 for wastewater. The rent expense amount was reclassified to Account 675 for miscellaneous expense. Therefore, the approved rent expense for water and wastewater shall be $0 for the test year.

*I. Insurance Expense (655/755)*

 The Utility recorded insurance expense of $619 for water and $619 for wastewater. We increased the insurance expense $26 for water and $26 for wastewater to reflect the April 2016, invoice which totaled $1,290. This amount was allocated 50 percent to water and 50 percent to wastewater to follow both the methodology used by the Utility and our prior order.[[7]](#footnote-7) Thus, we approve an insurance expense of $645 for water and $645 for wastewater.

*J. Regulatory Commission Expense (665/765)*

 In its initial SARC filing, the Utility recorded $430 for water and wastewater for regulatory commission expense (RCE). We approve the current annual RCE of $421 for water and $351 for wastewater.

i. Filing Fees and Customer Notices

 Pursuant to Rule 25-22.0407, F.A.C., the Utility is required to mail notices of the customer meeting, final rates and the four-year rate reduction to its customers. For these notices, we have estimated $686 for postage expense, $467 for printing expense, and $70 for envelopes, resulting in noticing expense of $1,223. The Utility paid a $1,000 rate case filing fee for water, and a $500 rate case filing fee for wastewater.

ii. Travel Expenses

 The Utility recorded rate case travel expense of $250 to attend the customer meeting and $250 to attend our conference. In its support documentation, the Utility submitted copies of two hotel reservation receipts for a total of $247 to attend the Customer Meeting and one hotel reservation receipt for $120 to attend our conference. After reviewing invoices submitted by the Utility, we decreased the travel expense to attend the customer meeting by $3 and decreased the travel expense to attend our conference by $130.

iii. Rate Case Expense Amortization

 We approve a total current rate case expense of $3,090; this includes postage, notices, envelopes, filing, and travel costs. Pursuant to Section 367.0816, F.S., rate case expense is amortized over a four-year period, which is $772 per year ($3,090 ÷ 4). In the Utility’s previous rate case, we allocated rate case expense equally between water and wastewater based on the settlement agreement between OPC and the Utility. In the instant docket, we find that it is more appropriate to allocate rate case expense based on the level of ERCs for water (481) and wastewater (393). Our adjustments to these accounts, described above, results in a decrease of $9 for water and a decrease of $79 for wastewater. We approve a Regulatory Commission Expense of $421 ($430 - $9) for water and $351 ($430 - $79) for wastewater. The approved rate case expense is set forth in Table 6-1.

Table 6-1 Current Rate Case Expense Breakdown

|  |  |  |  |
| --- | --- | --- | --- |
| Item |  Approved  | Water | Wastewater |
| Filing Fee | $1,500 | $818 | $682 |
| Travel – Customer Meeting | 247 | 135 | 112 |
| Travel – Agenda Conference | 120 | 65 | 55 |
| Notices – Customer Meeting | 533 | 291 | 242 |
| Notices – Final Rates | 345 | 188 | 157 |
| Notices – Four-Year Rate Reduction | 345 | 188 | 157 |
| Total Rate Case Expense | $3,090 | $1,685 | $1,405 |
| Annual Rate Case Expense | $772 | $421 | $351 |

 *iv. Prior Rate Case Expense*

 In its previous rate case, the Utility was authorized a total rate case expense including postage, notices, envelopes, and filing fee of $2,774.[[8]](#footnote-8) The rate case expense was amortized over a four-year period, or $694 per year ($2,774 ÷ 4) allocated equally between water and wastewater. Our approved Commission expense was $347 for water and $347 for wastewater. The Utility has one year remaining of this previous rate case expense. Therefore, we approve an annual regulatory commission expense of $768 ($421 + $347) for water and $698 ($351 + $347) for wastewater.

*K. Bad Debt Expense (670/770)*

 The Utility recorded negative bad debt expense of $408 for water and positive bad debt expense of $157 for wastewater. We were unable to take the average of the last three years bad debt expense because the Utility’s 2014 and 2016 bad debt expense were credits (negative amounts) for both water and wastewater. The credit balances result from the bad debt accrual method used by the Utility. In LP’s previous SARC, a settlement was reached between the Utility and the OPC in which they agreed to a bad debt expense of 1 percent of test year revenue. We reviewed the previous years’ bad debt expense and find that basing bad debt expense on 1 percent of test year revenue is reasonable. We adjusted bad debt expense to reflect 1 percent of test year revenue. This results in an increase of $1,459 for water and $700 for wastewater. Thus, we approve a bad debt expense of $1,051 ($1,459 - $408) for water and $857 ($157 + $700) for wastewater which is equivalent to 1 percent of test year revenues.

*L. Miscellaneous Expense (675/775)*

 The Utility recorded $1,306 of miscellaneous expense for water. This amount included $500 representing the Florida DEP Operating License Fee, and $750 for three quarters of annual property owner’s association fees from Camp Florida POA, Inc. The Utility owns lots for egress to its facilities and must pay the property owners’ association fees assessed by Camp Florida POA, Inc. for those lots. The other quarter of the annual property owner’s association fees is $220 which was moved to Account 675 Miscellaneous Expense from Account 640 as discussed in this section above under the heading, “*H. Rent Expense (640/740).”* The Utility does not report any miscellaneous expense for wastewater. Therefore, we approve miscellaneous expense of $1,526 ($1,306 + $220) for water and $0 for wastewater.

*M. Operating and Maintenance Expense Summary*

 The Utility recorded O&M expenses of $93,242 for water and $75,203 for wastewater. Total adjustments to O&M expense result in a decrease of $1,198 for water and an increase of $1,092 for wastewater. Thus, we approve O&M expense is $92,044 ($93,242 - $1,198) for water and $76,295 ($75,203 + $1,092) for wastewater. O&M expenses are shown on Schedule Nos. 3-A and 3-B for water and wastewater, respectively.

*N. Depreciation Expense*

 The Utility’s records reflect test year water depreciation expense of $19,511 and CIAC amortization expense of $9,861, resulting in a net water depreciation expense of $9,650 ($19,511 - $9,861 = $9,650). Also, the Utility’s records reflect test year wastewater depreciation expense of $16,426 and CIAC amortization expense of $3,434, resulting in a net wastewater depreciation expense of $12,992 ($16,426 - $3,434 = $12,992). We calculated depreciation expense using the prescribed rates set forth in Rule 25-30.140, F.A.C., and also determined the adjustments necessary to reflect the pro forma additions and retirements discussed above under the heading, “3. Rate Base.” Based on audit adjustments and recalculated depreciations expense, we decreased wastewater depreciation expense by $602. We increased water depreciation expense by $40 to reflect the pro forma plant additions. In addition, we calculated CIAC amortization based on composite rates, and determined that no adjustments are necessary. This results in a net depreciation expense of $9,690 ($9,650 + $40) for water, and a net depreciation expense of $12,390 ($12,992 - $602) for wastewater. Therefore, we approve a net depreciation expense of $9,690 and $12,390 for water and wastewater, respectively.

*O. Taxes Other Than Income (TOTI)*

 LP recorded taxes other than income (TOTI) for the test year of $7,605 and $8,190 for water and wastewater, respectively. The Utility recorded regulatory assessment fees (RAFs) of $4,823 and $3,791 for water and wastewater, respectively. RAFs shall be decreased by $95 for water and increased by $64 for wastewater to reflect the appropriate amount of RAFs for the test year.

 Utility recorded property tax expense of $2,782 for water and $4,399 for wastewater. We determined that the Utility’s actual property taxes for the test year were $3,907 for water and $3,141 for wastewater. Therefore, we increased water property taxes by $1,125 and decreased wastewater property taxes by $1,258 to reflect the proper amounts for the test year.

 We also made an adjustment to reflect the appropriate property taxes related to the pro forma plant additions discussed above under the heading,“3. Rate Base” and the plant retirement related to the pumping equipment. The pro forma plant additions increased property taxes by $4 and $146 for water and wastewater, respectively. Under the heading, “3. Rate Base,” we approved a plant retirement of $13,858 which reduced property taxes by $39 for wastewater. Our net adjustments to TOTI are an increase of $1,034 for water and a decrease of $1,087 for wastewater.

 In addition, as discussed below under the heading, “7. Revenue Requirement,” revenues have been increased by $14,616 for water and $24,222 for wastewater to reflect the change in revenue required to cover expenses and allow the approved rate of return. As a result, TOTI shall be increased by $658 for water and $1,090 for wastewater to reflect RAFs of 4.5 percent for the increase in revenues.

Therefore, we approve a TOTI of $9,296 ($7,605 + $1,034 + $658) for water and $8,193 ($8,190 - $1,087 + $1,090) for wastewater.

*P. Operating Expense Summary*

 The application of our approved adjustments to the Utility’s adjusted test year operating expenses results in approved operating expenses of $111,031 for water and $96,878 for wastewater. Operating expenses are shown on Schedule Nos. 3-A and 3-B for water and wastewater, respectively. The related adjustments for water and wastewater are shown on Schedule No. 3-C.

7. Revenue Requirement

 The Utility shall be allowed an annual increase of $14,616 (13.91 percent) for water and $24,222 (28.28 percent) for wastewater. This will allow the Utility the opportunity to recover its expenses as well as a 7.89 percent return on its investment. The calculations are shown in Table 7-1 for water and Table 7-2 for wastewater.

Table 7-1 Water Revenue Requirement

|  |  |
| --- | --- |
| Adjusted Rate Base | $109,632 |
| Rate of Return | 7.89% |
| Return on Rate Base | 8,650 |
| Adjusted O&M Expense | 92,044 |
| Depreciation Expense (Net) | 9,690 |
| Taxes Other Than Income | 9,296 |
| Income Taxes | 0 |
| Revenue Requirement | $119,681 |
| Less Test Year Revenues | 105,065 |
| Annual Increase / (Decrease) | $14,616 |
| Percent Increase / Decrease | 13.91% |

Table 7-2 Wastewater Revenue Requirement

|  |  |
| --- | --- |
| Adjusted Rate Base | $164,803 |
| Rate of Return | 7.89% |
| Return on Rate Base | 13,003 |
| Adjusted O&M Expense | 76,295 |
| Depreciation Expense (Net) | 12,390 |
| Taxes Other Than Income | 8,193 |
| Income Taxes | 0 |
| Revenue Requirement | $109,881 |
| Less Test Year Revenues | 85,659 |
| Annual Increase / (Decrease) | $24,222 |
| Percent Increase / Decrease | 28.28% |

8. Rates and Rate Structures

*A. Water Rates*

 The Utility is located in Highlands County within the SWFWMD. LP provides water service to approximately 444 residential customers and 21 general service customers. Approximately 57.15 percent of the residential customer bills during the test year had zero gallons, indicating a highly seasonal customer base. The average residential water demand is 1,336 gallons per month. The average residential water demand excluding zero gallon bills is 3,117 gallons per month.

 The Utility’s current water system rate structure for residential customers consists of a base facility charge (BFC) and 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 structure consists of a BFC and uniform gallonage charge. In addition, 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 reviewed the Utility’s billing data in order to evaluate the appropriate rate structure for the residential water customers. The goal of the review 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 Commission practice.

 Upon review, we find that an across-the-board increase to the Utility’s existing rates is appropriate because of the low revenue requirement percentage increase. In addition, the existing rate structure appears reasonable and no significant repression is anticipated. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues were removed from the test year revenues, resulting in a 13.97 percent increase in the service rates. We approve rate structure and rates for LP Waterworks, Inc.’s water system are shown on Schedule No. 4-A.

*B. Wastewater Rates*

 The Utility provides wastewater service to 389 residential customers and 18 general service customers. Currently, the residential wastewater rate structure consists of a uniform BFC for all meter sizes and a gallonage charge with an 8,000-gallon cap per month. The general service rate structure consists of a BFC by meter size and a gallonage charge that is 1.2 times higher than the residential gallonage charge.

 We reviewed the Utility’s billing data to evaluate various BFC cost recovery percentages and gallonage caps for the residential customers. The goal of our 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; and (3) implement a gallonage cap that considers approximately the amount of water that may return to the wastewater system.

 Our practice is to allocate at least 50 percent of the wastewater revenue to the BFC due to the capital-intensive nature of wastewater plants. Upon review, we find that a BFC allocation of 65 percent is more appropriate and will increase revenue stability due to the high seasonality of the Utility’s customer base.

 LP’s current residential wastewater cap is 8,000 gallons per month. It is our practice to set the wastewater cap at approximately 80 percent of residential water gallons sold, which typically results in gallonage caps of 6,000, 8,000, or 10,000. The wastewater gallonage cap recognizes that not all water used by the residential customers is returned to the wastewater system. However, due to the seasonality of the Utility’s customer base, 83 percent of the total water sold is captured at 3,000 gallons, which is lower than gallonage caps typically approved for wastewater. Although we typically base the approved residential wastewater cap on 80 percent of the total water sold, in this case, it would yield an exceptionally low residential wastewater cap. In addition, we find that lowering the gallonage cap below 6,000 gallons would have an adverse effect on the residential gallonage charge and resulting customer bills. Therefore, we approve 6,000 gallons per month is a reasonable residential wastewater cap.

 Consistent with our practice, the general service gallonage charge shall be 1.2 times greater than the residential gallonage charge. The approved rate structure and rates for LP’s wastewater system are shown on Schedule No. 4-B.

*C. Conclusion*

 The approved rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. The Utility shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. The approved rates shall be 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 approved rates shall not be implemented until our staff has 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 this notice.

9. Rate Case Expense (Final Agency Action)

 Section 367.081(8), F.S., requires that rates be reduced immediately following the expiration of the four-year period by the amount of the rate case expense previously included in rates unless a longer period can be justified and is in the public interest. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reductions are $441 for water and $368 for wastewater.

 The water and wastewater rates shall be reduced as shown on Schedule Nos. 4-A and 4-B, respectively, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates shall become effective immediately following the expiration of the four-year rate case expense recovery period, pursuant to Section 367.081(8), F.S. The Utility 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, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense.

10. Miscellaneous Service Charges

 LP’s current miscellaneous service charges were approved on February 22, 2002.[[9]](#footnote-9) Section 367.091, F.S., authorizes this Commission to change miscellaneous service charges. The Utility’s request to revise its miscellaneous charges was accompanied by its reason for requesting the charges, as well as the cost justification required by Section 367.091(6), F.S.

 Within its cost justification, the Utility requested recovery of benefits and overhead for the technician who performs the miscellaneous services. The Utility did not request recovery of overhead and benefits for the administrative employee since this is a contracted employee of Opus 21, an outside billing contractor. Therefore, the field labor component displayed in the tables below reflects the hourly salary of the technician marked up to include benefits and overhead consistent with the Utility’s Commission-approved contract with USWSC.

 Additionally, as part of its cost justification, the Utility requested recovery of vehicle costs associated with performing miscellaneous services. However, it is our practice to calculate transportation costs for miscellaneous services using the Internal Revenue Service mileage rate and the average miles the field employee will travel to the Utility’s territory during and after hours. The calculations for our approved charges for miscellaneous services are shown in Tables 10-1 through 10-4 and are rounded up to the nearest tenth. The Utility’s current and newly-approved miscellaneous service charges are shown in Table 10-5.

*A. Initial Connection Charge*

 The initial connection charge is levied for service initiation at a location where service did not exist previously. A Utility representative makes one trip when performing the service of an initial connection. Based on labor and transportation to and from the service territory, we approve initial connection charges for LP’s water and wastewater systems of $31.10 for normal hours and $36.20 for after hours. Our calculations are shown in Table 10-1.

Table 10-1 Initial Connection Charge Calculation

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Normal Hours Cost | Activity | After Hours Cost |
| Labor (Administrative)($28/hr x 1/4 hr) | $7.00 | Labor (Administrative)($28/hr x 1/4 hr) | $7.00 |
| Labor (Field)($30.42/hr x 1/3 hr) | $10.14 | Labor (Field)(45.63/hr x 1/3 hr) | $15.21 |
| Transportation($0.535/mile x 26 miles-to/from) | $13.91 | Transportation($0.535/mile x 26 miles-to/from) | $13.91 |
| Total | $31.05 | Total | $36.12 |

*B. Normal Reconnection Charge*

 A normal reconnection charge is levied for the transfer of service subsequent to a customer requested disconnection. A normal reconnection requires two trips, which includes one to turn service on and the other to turn service off. Based on labor and transportation to and from the service territory, we approve normal reconnection charges for LP’s water and wastewater systems of $57.10 for normal hours and $64.70 for after hours. Our calculations are shown in Table 10-2.

Table 10-2 Normal Reconnection Charge Calculation

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Normal Hours Cost | Activity | After Hours Cost |
| Labor (Administrative)($28/hr x1/4hr x 2) | $14.00 | Labor (Administrative)($28/hr x1/4hr x 2) | $14.00 |
| Labor (Field)($30.42/hr x 1/4 hr x 2) | $15.21 | Labor (Field) ($45.63/hr x 1/4hr x 2) | $22.81 |
| Transportation($0.535/mile x 26 miles-to/from x 2) | $27.82 | Transportation($0.535/mile x 26 miles-to/from x 2) | $27.82 |
| Total | $57.03 | Total | $64.63 |

*C. Violation Reconnection Charge*

 The violation reconnection charge is levied prior to reconnection of an existing customer after discontinuance of service for cause. The service performed for violation reconnection requires two trips, which includes one trip to turn off service and a subsequent trip to turn on service once the violation has been remedied. Based on labor and transportation to and from the service territory, we approve violation reconnection charges for LP’s water system of $57.10 for normal hours and $64.70 for after hours. However for LP’s wastewater system, this charge shall remain at actual cost pursuant to Rule 25-30.460(1)(c), F.A.C. Our calculations are shown in Table 10-3.

Table 10-3 Violation Reconnection Charge Calculation

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Normal Hours Cost | Activity | After Hours Cost |
| Labor (Administrative)($28/hr x1/4hr x 2) | $14.00 | Labor (Administrative)($28/hr x1/4hr x 2) | $14.00 |
| Labor (Field)($30.42/hr x 1/4 hr x 2) | $15.21 | Labor (Field)($45.63hr x 1/4 hr x 2) | $22.81 |
| Transportation ($0.535/mile x 26 miles-to/from) x 2 | $27.82 | Transportation ($0.535/mile x 26 miles-to/from) x 2 | $27.82 |
| Total | $57.03 | Total | $64.63 |

*D. Premises Visit Charge*

 The premises visit charge is levied when a service representative visits premises at the customer’s request for complaint resolution and the problem is found to be the customer’s responsibility. In addition, the premises visit charge can be levied when a service representative visits premises for the purpose of discontinuing service for nonpayment of a due and collectible bill, and does not discontinue service because the customer pays the service representative or otherwise makes satisfactory arrangements to pay the bill. A premises visit requires one trip. Based on labor and transportation to and from the service territory, we approve a premises visit charge of $31.10 for normal hours and $36.20 for after hours. Our calculations are shown in Table 10-4.

Table 10-4 Premises Visit Charge Calculation

|  |  |  |  |
| --- | --- | --- | --- |
| Activity | Normal Hours Cost | Activity | After Hours Cost |
| Labor (Administrative)($28.00/hr x1/4hr) | $7.00 | Labor (Administrative)($28.00/hr x1/4hr) | $7.00 |
| Labor (Field)($30.42/hr x 1/3 hr) | $10.14 | Labor (Field)($45.63/hr x 1/3 hr) | $15.21 |
| Transportation ($0.535/mile x 26 miles-to/from) | $13.91 | Transportation ($0.535/mile x 26 miles-to/from) | $13.91 |
| Total | $31.05 | Total | $36.12 |

*E. Conclusion*

 Based on the foregoing review, the miscellaneous service charges identified in Table 10-5 are hereby approved. The charges shall be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved changes shall not be implemented until our staff has 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.

Table 10-5 Miscellaneous Service Charges

|  |  |  |
| --- | --- | --- |
|  | Current |  Approved |
|  | Normal and After Hours | NormalHours | AfterHours |
| Initial Connection Charge | $15.00 | $31.10 | $36.20 |
| Normal Reconnection Charge | $15.00 | $57.10 | $64.70 |
| Violation Reconnection Charge (Water Only) | $15.00 | $57.10 | $64.70 |
| Violation Reconnection Charge(Wastewater Only) | Actual Cost | Actual Cost |
| Premises Visit Charge | $10.00 | $31.10 | $36.20 |

11. Non-Sufficient Funds Charges (NSF)

 Section 367.091, F.S., authorizes this Commission to approve miscellaneous service charges. Upon review, the Utility shall be authorized to collect NSF charges consistent with Section 68.065, F.S., which provides for the assessment of charges for the collection of worthless checks, drafts, or orders of payment. As currently set forth in Section 68.065(2), F.S., the following NSF charges may be assessed:

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

Approval of NSF charges is consistent with our prior decisions.[[10]](#footnote-10) Such charges place the cost on the cost-causer, rather than requiring that the costs associated with the return of the NSF checks to be spread across the general body of ratepayers. Thus, the Utility shall be authorized to collect NSF charges. The charges shall be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved changes shall not be implemented until our staff has 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.

12. Main Extension Charges

 The Utility’s current service availability charges were approved in 2002 and include customer connection (tap-in) and main extension charges for LP’s water and wastewater systems; as well as a meter installation charge for LP’s water system.[[11]](#footnote-11) Rule 25-30.580, F.A.C., establishes guidelines for designing service availability charges. Pursuant to the rule, the maximum amount of contributions-in-aid-of construction (CIAC), net of amortization, shall not exceed 75 percent of the total original cost, net of accumulated depreciation, of the Utility’s facilities and plant when the facilities and plant are at their designed capacity. The minimum amount of CIAC shall not be less than the percentage of such facilities and plant that is represented by the sewage collection systems. The Utility’s current contribution levels for the water and wastewater systems are 52 percent and 20 percent, respectively.

 A main extension charge allows a utility to recover a portion of the cost of the utility’s distribution and collection systems from future customers. The costs of LP’s distribution and collection systems are $264,875 and $181,057 for water and wastewater, respectively. Additionally, the water distribution system has a design capacity of 519 ERCs and the wastewater collection system has a design capacity of 464 ERCs. Therefore, based on the average historical cost of the existing distribution and collection systems, and the capacity of those systems, we approve main extension charges of $510 and $390 per ERC for LP’s water and wastewater systems in lieu of its current charges at actual cost. The Utility’s current and our newly-approved service availability charges are shown in Table 12-1.

Table 12-1 Service Availability Charges

|  |  |  |
| --- | --- | --- |
| Service Availability Charges | Current | Approved  |
| Water | Wastewater | Water | Wastewater |
| Main Extension Charge | Actual Cost | Actual Cost | $510 | $390 |
| Customer Connection (Tap-in) Charge  | $200 | $400 | $200 | $400 |
| Meter Installation Charge | $189 | N/A | $189 | N/A |

Thus, the appropriate main extension charges for LP’s water and wastewater systems are $510 and $390 per ERC, respectively. The approved service availability charge is based on an estimated 350 gallons per day of water. The Utility shall file revised tariff sheets and a proposed customer notice. The Utility shall provide notice to customers who have requested service within the 12 calendar months prior to the month the application was filed to the present. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheets. The Utility shall provide proof of the date notice was given within 10 days of the date of the notice.

13. Temporary Rate *(Final Agency Action)*

 By this order, we propose an increase in water and wastewater rates. A timely protest might delay what may be a justified 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, rates shall be approved as temporary rates. LP shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. The approved rates shall be 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 our staff has approved the proposed notice, and the notice has been received by the customers. The approved rates collected by the Utility shall be subject to the refund provisions discussed below.

 The Utility shall be authorized to collect the temporary rates upon our staff's approval of an appropriate security for the potential refund and the proposed customer notice. Security shall be in the form of a bond or letter of credit in the amount of $26,047. Alternatively, the Utility may establish an escrow agreement with an independent financial institution.

 If the Utility chooses a bond as security, the bond shall contain wording to the effect that it will be terminated only under the following conditions:

1. The Commission approves the rate increase; or,

 2) If the Commission denies the increase, the Utility shall refund the amount collected that is attributable to the increase.

If the Utility chooses a letter of credit as a security, it shall contain the following conditions:

1. The letter of credit is irrevocable for the period it is in effect, and,
2. The letter of credit will be in effect until a final Commission 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; and,
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.

 Should the rates be approved by the Commission on a temporary basis, the Utility shall maintain a record of the amount of the security, 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 our Office of Commission Clerk no later than the 20th of each 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.

14. Adjustments to NARUC USOA Primary Accounts *(Final Agency Action)*

 The Utility is required to notify this Commission, 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 have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice shall be provided within seven days prior to the deadline. Our staff is hereby given administrative authority to grant an extension of up to 60 days upon the Utility providing good cause.

 Based on the foregoing, it is

 ORDERED by the Florida Public Service Commission that the overall quality of service provided by LP Waterworks, Inc. is satisfactory. The Utility shall address billing issues and respond back to the Office of Public Counsel within six months of this order becoming final. It is further,

 ORDERED that LP Waterworks, Inc.’s water treatment plant, wastewater treatment plant, water storage, water distribution system and wastewater collection system are considered 100 percent U&U. It is further,

 ORDERED that a 24 percent adjustment has been made to purchased power and chemical expenses for excessive unaccounted for water. It is further,

 ORDERED that LP Waterworks, Inc.’s simple average rate base for the test year ended August 31, 2016 is $109,632 for water and $164,803 for wastewater. It is further,

 ORDERED that the approved mid-point return on equity for LP Waterworks, Inc. is 9.27 percent with a range of 8.27 percent to 10.27 percent. The approved overall rate of return is 7.89 percent. It is further,

 ORDERED that the approved test year revenues for LP Waterworks, Inc.’s water and wastewater systems are $105,065 and $85,659, respectively. It is further,

 ORDERED that the approved amount of operating expense for the LP Waterworks, Inc. is $111,031 for water and $96,878 for wastewater. It is further,

 ORDERED that the approved revenue requirement for LP Waterworks, Inc. is $119,681 for water and $109,881 for wastewater, resulting in an annual increase of $14,616 (13.91 percent) for water and an annual increase of $24,222 (28.28 percent) for wastewater. It is further,

 ORDERED that LP Waterworks, Inc.’s approved rate structures and monthly water and wastewater rates are shown on Schedule Nos. 4-A and 4-B. It is further,

 ORDERED that LP Waterworks, Inc. shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. The approved rates shall be 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 approved rates shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. LP Waterworks, Inc. shall provide proof of the date notice was given within 10 days of the date of this notice. It is further,

 ORDERED that LP Waterworks, Inc.’s water and wastewater rates shall be reduced as shown on Schedule Nos. 4-A and 4-B, respectively, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. The decrease in rates shall become effective immediately following the expiration of the four-year rate case expense recovery period. The Utility 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, separate data shall be filed for the price index and/or pass-through increase or decrease and the reduction in the rates due to the amortized rate case expense. *(Final Agency Action)* It is further,

 ORDERED that the approved miscellaneous service charges are found at Table 10-5 of this order. The charges shall be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved changes shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. LP Waterworks, Inc. shall provide proof of the date notice was given within 10 days of the date of the notice. It is further,

 ORDERED that LP Waterworks, Inc. is hereby authorized to collect NSF charges as set forth in the body of this order. The charges shall be effective on or after the stamped approval date on the tariff pursuant to Rule 25-30.475, F.A.C. In addition, the approved changes shall not be implemented until our staff has approved the proposed customer notice and the notice has been received by the customers. The LP Waterworks, Inc. shall provide proof of the date notice was given within 10 days of the date of the notice. It is further,

 ORDERED that main extension charges for The LP Waterworks, Inc.’s water and wastewater systems are $510 and $390 per equivalent residential connection (ERC), respectively. The approved service availability charge shall be based on an estimated 350 gallons per day of water. The Utility shall file revised tariff sheets and a proposed customer notice. LP Waterworks, Inc. shall provide notice to customers who have requested service within the 12 calendar months prior to the month the application was filed to the present. The approved charges shall be effective for connections made on or after the stamped approval date on the tariff sheets. LP Waterworks, Inc. shall provide proof of the date notice was given within 10 days of the date of the notice. It is further,

 ORDERED that the rates for LP Waterworks, Inc. are approved on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the Utility. Waterworks, Inc. shall file revised tariff sheets and a proposed customer notice to reflect the approved rates. The approved rates shall be 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. The temporary rates shall not be implemented until our staff has approved the proposed notice, and the notice has been received by the customers. (Final Agency Action) It is further,

 ORDERED that prior to implementation of any temporary rates, LP Waterworks, Inc. shall provide appropriate security. Temporary rates collected by LP Waterworks, Inc. shall be subject to refund. (Final Agency Action) It is further,

 ORDERED that after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the Utility LP Waterworks, Inc. shall file reports with the Office of Commission Clerk no later than the 20th of each 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. (Final Agency Action) It is further,

ORDERED that LP Waterworks, Inc. shall notify this Commission, in writing, that it has adjusted its books in accordance with our decision. The Utility 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 have been made to the Utility's books and records. In the event the Utility needs additional time to complete the adjustments, notice shall be provided within seven days prior to the deadline. Upon providing good cause, our staff is hereby given administrative authority to grant an extension of up to 60 days. *(Final Agency Action)* 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 order, a consummating order shall be issued. The docket shall remain open for our staff’s verification that the revised tariff sheets and customer notice have been filed by the Utility and approved by staff. Once these actions are complete, this docket shall be closed administratively.

 By ORDER of the Florida Public Service Commission this 23rd day of August, 2017.

|  |  |
| --- | --- |
|  | /s/ Carlotta S. Stauffer |
|  | CARLOTTA S. STAUFFERCommission 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.

CWM

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, with the exception of our decisions (1) regarding the granting of temporary rates in the event of a protest, (2) addressing rate case expense, and (3) requiring specified accounting practices; these decisions are final agency actions. 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 September 13, 2017. 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 final 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.

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|  **LP WATERWORKS, INC.** |   |  **SCHEDULE NO. 1-A**  |
|  **TEST YEAR ENDED 08/31/2016** |  |  **DOCKET NO. 20160222-WS**  |
|  **SCHEDULE OF WATER RATE BASE** |  |  |  |   |
|   |   | **BALANCE** | **COMM.** | **BALANCE** |   |
|   |  | **PER** | **ADJUST.** | **PER** |   |
|   | **DESCRIPTION** | **UTILITY** | **TO UTIL. BAL.** | **COMM.** |   |
|   |   |   |   |   |   |
| 1. | UTILITY PLANT IN SERVICE | $527,435  | ($230) | $527,205  |   |
|   |  |  |  |  |   |
| 2. | LAND & LAND RIGHTS | 27,412  | 0  | 27,412  |   |
|   |  |  |  |  |   |
| 3. | NON-USED AND USEFUL COMPONENTS | 0  | 0  | 0  |   |
|   |  |  |  |  |   |
| 4. | ACCUMULATED DEPRECIATION | (362,984) | 10,092  | (352,892) |   |
|   |  |  |  |  |   |
| 5. | CIAC | (266,480) | 417  | (266,063) |   |
|   |  |  |  |  |   |
| 6. | AMORTIZATION OF CIAC | 167,447  | (4,930) | 162,517  |   |
|   |  |  |  |  |   |
| 7. | WORKING CAPITAL ALLOWANCE | 0  | 11,453  | 11,453  |   |
|   |  |  |  |  |   |
| 8. | WATER RATE BASE | $92,830  | $16,802  | $109,632  |   |
|   |   |   |   |   |   |

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|  **LP WATERWORKS, INC.** |   | **SCHEDULE NO. 1-B**  |
|  **TEST YEAR ENDED 08/31/2016** |  | **DOCKET NO. 20160222-WS**  |
|  **SCHEDULE OF WASTEWATER RATE BASE** |  |  |   |
|   |   | **BALANCE**  | **APP’D** | **APP’D.** |   |
|   |  | **PER** | **ADJUST** | **BAL.** |   |
|   | **DESCRIPTION** | **UTILITY** | **TO UTIL. BAL.** |  |   |
|   |   |   |   |   |   |
| 1. | UTILITY PLANT IN SERVICE | $441,119  | ($7,742) | $433,377  |   |
|   |  |  |  |  |   |
| 2. | LAND & LAND RIGHTS | 36,000  | 0  | 36,000  |   |
|   |  |  |  |  |   |
| 3. | NON-USED AND USEFUL COMPONENTS | 0  | 0  | 0  |   |
|   |  |  |  |  |   |
| 4. | ACCUMULATED DEPRECIATION | (311,950) | 36,291  | (275,659) |   |
|   |  |  |  |  |   |
| 5. | CIAC | (92,400) | 0  | (92,400) |   |
|   |  |  |  |  |   |
| 6. | AMORTIZATION OF CIAC | 55,709  | (1,717) | 53,992  |   |
|   |  |  |  |  |   |
| 7. | WORKING CAPITAL ALLOWANCE | 0  | 9,493  | 9,493  |   |
|   |  |  |  |  |   |
| 8. | WASTEWATER RATE BASE | $128,478  | $36,325  | $164,803  |   |
|   |   |   |   |   |   |

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|  **LP WATERWORKS, INC.** | **SCHEDULE NO. 1-C**  |
| **TEST YEAR ENDED 08/31/2016** | **DOCKET NO. 20160222-WS** |
| **ADJUSTMENTS TO RATE BASE** |  |  **Page 1 of 2** |   |
|   |  | **WATER** | **WASTEWATER** |   |
|   | **UTILITY PLANT IN SERVICE** |  |  |   |
| 1. | To reflect retirement of Control Panel and Pumps to Acct. 371 per Audit Request 5. | $0  | ($13,858) |   |
| 2. | To reflect retirement of replacement Diffuser to Acct. 380 per Audit Finding 1. | 0  | (3,428) |   |
| 3. | To reflect pro forma Manhole repair to Acct. 354. | 0  | 8,236  |   |
| 4. | To reflect pro forma replacement of Contactor and Overload to Acct. 371. | 0  | 519  |   |
| 5. | To reflect pro forma Surge Pump at WWTP to Acct. 371. | 0  | 3,303  |   |
| 6. | To reflect pro forma repairs to Wash-down Well at WWTP to Acct. 371. | 0  | 1,408  |   |
| 7. | To reflect pro forma replacement of Chlorine Injector at WTP # 2 to Acct. 320. | 1,116  | 0  |   |
| 8. | To reflect 75 percent retirement on pro forma projects. | (837) | (3,922) |   |
| 9. | To reflect an averaging adjustment. | (509) | 0  |   |
|   |  Total | ($230) | ($7,742) |   |
|   |  |  |  |   |
|   | **ACCUMULATED DEPRECIATION** |  |  |   |
| 1. | To reflect retirement of Control Panel and Pumps to Acct. 371 per Audit Request 5. | $0  | $16,091  |   |
| 2. | To reflect retirement of replacement Diffuser to Acct. 380 per Audit Finding 1. | 0 | 3,428  |   |
| 3. | To reflect an addition to Structure Improvements to Acct. 354 per Audit Finding 2. | 0  | 383  |   |
| 4. | To reflect an addition to Collection Sewers - Gravity Acct. 361 per Audit Finding 2. | 0  | 39  |   |
| 5.  | To reflect an addition to Pumping Equipment Acct. 371 per Audit Finding 2. | 0  | 35  |   |
| 6. | Adjustment to reconcile with Order No. PSC-14-0413-PAA-WS per Audit Finding 1. | 0  | 4,921  |   |
| 7. | To reflect 75 percent retirement on pro forma projects. | 837  | 3,922  |   |
| 8. | To reflect pro forma accumulated depreciation per Rule 25-30.140. | (40) | (293) |   |
| 9. | To reflect an averaging adjustment. | 9,295  | 7,765  |   |
|   |  Total  | $10,092  | $36,291  |   |
|   |  |  |  |   |
|   | **CIAC** |  |  |   |
|   | To reflect an averaging adjustment. | $417  | $0  |   |
|  |  **LP WATERWORKS, INC.** | **SCHEDULE NO. 1-C**  |
|  | **TEST YEAR ENDED 08/31/2016** | **DOCKET NO. 20160222-WS** |
|  |  |  | **Page 2 of 2** |  |
|  |  | **WATER** | **WASTEWATER** |  |
|   | **ADJUSTMENTS TO RATE BASE** |  |  |   |
|  |  |  |  |  |
|   | **AMORTIZATION OF CIAC** |  |  |   |
|   | To reflect an averaging adjustment. | ($4,930) | ($1,717) |   |
|   |  |  |  |   |
|   | **WORKING CAPITAL ALLOWANCE** |  |  |   |
|   | To reflect 1/8 of test year O&M expenses. | $11,084  | $9,186  |   |
|   |   |  |  |   |

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|  **LP WATERWORKS, INC.** |   |   |   |   **SCHEDULE NO. 2**  |
|  **TEST YEAR ENDED 08/31/2016** |  |  |  |  **DOCKET NO. 20160222-WS**  |
|  **SCHEDULE OF CAPITAL STRUCTURE** |  |  |  |  |  |   |
|   | **CAPITAL COMPONENT** | **TEST YEAR AVERAGE CAPITAL STRUCT.** | **ADJUST. FOR PRO FORMA PLANT\*** | **APPROVED****BALANCE** | **PERCENT OF TOTAL**  | **COST** | **WEIGHTED COST** |   |
|   |   |
|   |   |
|   |   |
|   |   |   |  |   |   |   |   |   |
| 1. | COMMON EQUITY | $147,317  | $56,536  | $203,853  | 74.28% | 9.27% | 6.89% |   |
|   |  |  |  |  |  |  |  |   |
| 2. | LONG TERM DEBT | 63,547  | 3,682  | 67,229  | 24.49% | 4.00% | 0.98% |   |
|   |  |  |  |  |  |  |  |   |
| 3. | CUSTOMER DEPOSITS | 3,353  | 0 | 3,353  | 1.23% | 2.00% | 0.02% |   |
|   |  |  |  |  |  |  |  |   |
| 4. | TOTAL | $214,217  | $60,218  | $274,435 | 100.00% |  | 7.89% |   |
|   |  |  |  |  |  |  |  |   |
|   |  | **RANGE OF REASONABLENESS** | **LOW** | **HIGH** |  |   |
|   |  |  RETURN ON EQUITY |  | 8.27% | 10.27% |  |   |
|   |  |  OVERALL RATE OF RETURN | 7.15% | 8.63% |  |   |
|   |   |   |   |   |   |   |   |   |

\*Pro rata adjustment to reconcile rate base and capital structure of $40,136, plus $14,582 added to equity for pro forma plant, for a total adjustment of $54,718

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|  **LP WATERWORKS, INC.** |   |   |   |  **SCHEDULE NO. 3-A**  |
|  **TEST YEAR ENDED 08/31/2016** |  |  |  |  **DOCKET NO. 20160222-WS**  |
|  **SCHEDULE OF WATER OPERATING INCOME** |  |  |  |   |
|   |   |   |   | COMMISSION | ADJUST. |   |   |
|   |  | TEST YEAR | COMMISSION | ADJUSTED | FOR | REVENUE |   |
|   |  | PER UTILITY | ADJUSTMENTS | TEST YEAR | INCREASE | REQUIREMENT |   |
|   |   |   |   |   |   |   |   |
| 1. | **OPERATING REVENUES**  | $107,183  | ($2,118) | $105,065  | $14,616  | $119,681  |   |
|   |  |  |  |  | 13.91% |  |   |
|   | **OPERATING EXPENSES:** |  |  |  |  |  |   |
| 2. |  OPERATION & MAINTENANCE | $93,242  | ($1,198) | $92,044  | $0  | $92,044  |   |
|   |  |  |  |  |  |  |   |
| 3. |  DEPRECIATION (NET) | 9,650  | 40 | 9,690  | 0  | 9,690  |   |
|   |  |  |  |  |  |  |   |
| 4. |  TAXES OTHER THAN INCOME | 7,605  | 1,034  | 8,639  | 658  | 9,296  |   |
|   |  |  |  |  |  |  |   |
| 5. |  INCOME TAXES | 0  | 0  | 0  | 0  | 0  |   |
|   |  |  |  |  |  |  |   |
| 6. | **TOTAL OPERATING EXPENSES**  | $110,497  | ($124)  | $110,373  | $658  | $111,031  |  |
|   |  |  |  |  |  |  |   |
| 7. | **OPERATING INCOME/(LOSS)**  | ($3,314) |  | ($5,308) |  | $8,650  |   |
|   |  |  |  |  |  |  |   |
| 8. | **WATER RATE BASE**  | $92,830  |  | $109,632  |  | $109,632  |   |
|   |  |  |  |  |  |  |   |
| 9. | **RATE OF RETURN** | -3.57% |  | -4.84% |  | 7.89% |   |

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|  **LP WATERWORKS, INC.** |   |   |   |  **SCHEDULE NO. 3-B**  |
|  **TEST YEAR ENDED 08/31/2016** |  |  |  |  **DOCKET NO. 20160222-WS**  |
|  **SCHEDULE OF WASTEWATER OPERATING INCOME** |  |  |  |   |
|   |   |   |   | COMMISSION | ADJUST. |   |   |
|   |  | TEST YEAR | COMMISSION | ADJUSTED | FOR | REVENUE |   |
|   |  | PER UTILITY | ADJUSTMENTS | TEST YEAR | INCREASE | REQUIREMENT |   |
|   |   |   |   |   |   |   |   |
| 1. | **OPERATING REVENUES**  | $84,240  | $1,419  | $85,659  | $24,222  | $109,881  |   |
|   |  |  |  |  | 28.28% |  |   |
|   | **OPERATING EXPENSES:** |  |  |  |  |  |   |
| 2. |  OPERATION & MAINTENANCE | $75,203  | $1,092  | $76,295  | $0  | $76,295  |   |
|   |  |  |  |  |  |  |   |
| 3. |  DEPRECIATION (NET) | 12,922  | (602) | 12,390  | 0  | 12,390  |   |
|   |  |  |  |  |  |  |   |
| 4. |  TAXES OTHER THAN INCOME | 8,190  | (1,087) | 7,103  | 1,090  | 8,193  |   |
|   |  |  |  |  |  |  |   |
| 5. |  INCOME TAXES | 0  | 0  | 0  | 0  | 0  |   |
|   |  |  |  |  |  |  |   |
| 6. | **TOTAL OPERATING EXPENSES**  | $96,385  | ($597)  | $95,788  | $1,090  | $96,878  |   |
|   |  |  |  |  |  |  |   |
| 7. | **OPERATING INCOME/(LOSS)**  | ($12,145) |  | ($10,129) |  | $13,003  |   |
|   |  |  |  |  |  |  |   |
| 8. | **WASTEWATER RATE BASE**  | $128,478  |  | $164,803  |  | $164,803  |   |
|   |  |  |  |  |  |  |   |
| 9. | **RATE OF RETURN** | -9.45% |  | -6.15% |  | 7.89% |   |

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| **LP WATERWORKS, INC.** |  **SCHEDULE NO. 3-C**  |
| **TEST YEAR ENDED 08/31/2016** |  **DOCKET NO. 20160222-WS**  |
| **ADJUSTMENTS TO OPERATING INCOME** | **Page 1 of 2** |   |
|   |   |   |   |   |
|   |   | **WATER** | **WASTEWATER** |   |
|  |  |  |  |  |
|  | OPERATING REVENUES |  |  |  |
| 1. | To reflect the appropriate amount of service revenues. | ($1,063) | ($12) |  |
| 2. | To reflect the appropriate amount of miscellaneous revenues. | (1,055) | 1,431 |  |
|  |  Subtotal | ($2,118) | $1,419 |  |
|  |  |  |  |  |
|  | OPERATION AND MAINTENANCE EXPENSES |  |  |  |
| 1. | Purchased Power (615/715) |  |  |  |
|  | a. To reflect actual amount per auditor. | $99 | $323 |  |
|  | b. To reflect 24 percent excessive unaccounted for water. | (689) | 0 |  |
|  |  Subtotal | ($590) | $323 |  |
|  |  |  |  |  |
| 2. | Chemicals (618/718) |  |  |  |
|  | To reflect 24 percent excessive unaccounted for water. | ($156) | $0 |  |
|  |  |  |  |  |
| 3. | Contractual Services - Accounting (632/732) |  |  |  |
|  | To reflect auditor's adjustments. | $638 | $613 |  |
|  |  |  |  |  |
| 4. | Contractual Services – Legal Fees (633/733) |  |  |  |
|  | a. To reflect removal of out-of-period expenses | ($1,808) | ($195) |  |
|  | b. To reflect non-recurring legal fees. | (384) | (320) |  |
|  |  Subtotal | ($2,192) | ($515) |  |
|  |  |  |  |  |
| 5. | Contractual Services - Other (636/736) |  |  |  |
|  | a. To reflect CPI adjustment to contractual services - other. | $557 | $424 |  |
|  | b. To reflect removal of overtime for salaried employees. | (1,278) | (747) |  |
|  |  Subtotal | ($721) | ($323) |  |
|  |  |  |  |  |
| 6. | Rent Expense (640) |  |  |  |
|  | To reflect auditor's adjustments. | ($220) | $0 |  |
|  |  |  |  |  |

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| **LP WATERWORKS, INC.** |  **SCHEDULE NO. 3-C**  |
| **TEST YEAR ENDED 08/31/2016** |  **DOCKET NO. 20160222-WS**  |
| **ADJUSTMENTS TO OPERATING INCOME** | **Page 2 of 2** |   |
|   |   |   |   |   |
|   |   | **WATER** | **WASTEWATER** |   |
|  |  |  |  |  |
| 7. | Insurance Expense (655/755) |  |  |   |
|   | To reflect adjustments. | $26  | $26  |   |
|   |  |  |  |   |
| 8. | Regulatory Commission Expense (665/765) |  |  |   |
|  | a. To reflect the 4-year amortization of current RCE. | ($9) | ($79) |   |
|  | b. To reflect 1 year of amortized prior rate case expense. | 347  | 347  |   |
|   |  Subtotal | $338  | $268  |   |
|   |  |  |  |   |
| 9. | Bad Debt Expense (670/770) |  |  |   |
|   | To reflect 1 percent of test year revenue. | $1,459  | $700  |   |
|   |  |  |  |   |
| 10. | Miscellaneous Expense (675) |  |  |   |
|   | Reclassification of Rent Expense per audit adjustment. | $220  | $0  |   |
|   |  |  |  |   |
|   | TOTAL OPERATING & MAINTENANCE ADJUSTMENTS | ($1,198) | $1,092  |   |
|   |  |  |  |   |
|   | DEPRECIATION EXPENSE (NET) |  |  |   |
| 1. | To reflect adjustments. | $0  | ($895) |   |
| 2. | To reflect Pro forma Plant Addition Projects Depreciation Expense. | 40 | 293 |  |
|  |  Total | $40 | ($602) |  |
|   |  |  |  |   |
|   | TAXES OTHER THAN INCOME |  |  |   |
| 1. | To reflect appropriate Test Year RAFs. | (95) | 64  |  |
| 2. | To reflect appropriate Test Year Property Tax per Audit Finding 6. | $1,125 | ($1,258) |   |
| 3. | To reflect property taxes associated with pro forma plant additions. | 4 | 146 |   |
| 4. | To reflect reduction to property taxes related to wastewater plant retirements. | $0 | ($39) |  |
|  |  Total | $1,034  | ($1,087) |   |
|   |   |   |   |   |

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|  **LP WATERWORKS, INC.** |   | **SCHEDULE NO. 3-D**  |
| **TEST YEAR ENDED 08/31/2016** |  **DOCKET NO. 20160222-WS**  |
| **ANALYSIS OF WATER OPERATION AND MAINTENANCE EXPENSE** |  |  |   |
| **ACCT. #** | **DESCRIPTION** | **TOTAL** | **COMM** | **TOTAL** |   |
| **PER** | **ADJUST-** | **PER** |   |
| **UTILITY** | **MENT** | **COMM.** |   |
|  |   |   |   |   |   |
| 603 | Salaries and Wages - Officers, Directors | $6,120  | $0  | $6,120  |   |
| 615 | Purchased Power | 2,770  | (590) | 2,180  |   |
| 618 | Chemicals | 650  | (156) | 494  |   |
| 632 | Contractual Services - Accounting  | (638) | 638  | 0  |   |
| 633 | Legal Fees  | 2,575  | (2,192) | 383  |   |
| 636 | Contractual Services - Other | 79,598  | (721) | 78,877  |   |
| 640 | Rent  | 220  | (220) | 0  |   |
| 655 | Insurance Expense  | 619  | 26  | 645  |   |
| 665 | Regulatory Commission Expense  | 430  | 338  | 768  |   |
| 670 | Bad Debt Expense  | (408) | 1,459  | 1,051  |   |
| 675 | Miscellaneous Expense | 1,306  | 220  | 1,526  |   |
|  |  |  |  |  |   |
|  | Total O & M Expense  | $93,242  | ($1,198) | $92,044  |   |
|  |   |   |   |   |   |

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|  **LP WATERWORKS, INC.** |  |  **SCHEDULE NO. 3-E**  |
| **TEST YEAR ENDED 08/31/2016** | **DOCKET NO. 20160222-WS**  |
| **ANALYSIS OF WASTEWATER OPERATION AND MAINTENANCE EXPENSE** |  |   |
|   |  | **TOTAL** | **COMM.** | **TOTAL** |   |
|   |  | **PER** | **ADJUST-** | **PER** |   |
| **ACCT. #** | **DESCRIPTION** | **UTILITY** | **MENT** | **COMM.** |   |
|  |   |   |   |   |   |
| 703 | Salaries and Wages - Officers, Directors | $5,880  | $0  | $5,880  |   |
| 711 | Sludge Removal | 2,312  | 0  | 2,312  |   |
| 715 | Purchased Power | 4,528  | 323  | 4,851  |   |
| 718 | Chemicals  | 525  | 0  | 525  |   |
| 732 | Contractual Services - Accounting | (613) | 613  | 0  |   |
| 733 | Legal Fees | 835  | (515) | 320  |   |
| 736 | Contractual Services - Other | 60,530  | (323) | 60,207  |   |
| 755 | Insurance Expense | 619  | 26  | 645  |   |
| 765 | Regulatory Commission Expense | 430  | 268  | 698  |   |
| 770 | Bad Debt Expense | 157  | 700  | 857  |   |
|  |  |  |  |  |   |
|  | Total O & M Expense  | $75,203  | $1,092  | $76,295  |   |
|  |   |   |   |   |   |

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| **LP WATERWORKS, INC.** |   |   **SCHEDULE NO. 4-A** |
| **TEST YEAR ENDED AUGUST 31, 2016** |  |  **DOCKET NO. 20160222-WS** |
| **MONTHLY WATER RATES** |  |  |
|  | **RATES AT** | **STAFF** | **4 YEAR** |
|  | **TIME OF** | **RECOMMENDED** | **RATE** |
|  | **FILING** | **RATES** | **REDUCTION** |
| **Residential and General Service** |  |  |  |
|  |  |  |  |
| **Base Facility Charge by Meter Size** |  |  |   |
| 5/8" x 3/4" | $8.54 | $9.74 | $0.04 |
| 3/4" | $12.82 | $14.61 | $0.06 |
| 1" | $21.38 | $24.35 | $0.10 |
| 1-1/2" | $42.74 | $48.70 | $0.20 |
| 2" | $68.38 | $77.92 | $0.32 |
| 3" | $136.77 | $155.84 | $0.64 |
| 4" | $213.70 | $243.50 | $1.00 |
| 6" | $427.40 | $487.00 | $2.00 |
|   |  |  |  |
| Charge per 1,000 Gallons- Residential Service |  |  |  |
| 0-3,000 gallons | $4.91 | $5.60 | $0.02 |
| Over 3,000 gallons | $7.21 | $8.23 | $0.03 |
|  |  |  |  |
| Charge per 1,000 Gallons- General Service | $5.91 | $6.74 | $0.02 |
|  |  |  |  |
| **Private Fire Protection Service** |  |  |
| 5/8" x 3/4" | $0.71 | $0.81 |  |
| 3/4" | $1.07 | $1.22 |  |
| 1” | $1.78 | $2.03 |  |
| 1-1/2” | $3.56 | $4.06 |  |
| 2” | $5.70 | $6.49 |  |
| 3” | $11.40 | $12.99 |  |
| 4” | $17.81 | $20.29 |  |
| 6” | $35.62 | $40.58 |  |
|  |  |  |  |
| **Typical Residential 5/8" x 3/4" Meter Bill Comparison** |  |  |
| 3,000 Gallons | $23.27 | $26.54 |  |
| 6,000 Gallons | $44.90 | $51.23 |  |
| 8,000 Gallons | $59.32 | $67.69 |  |

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| **LP WATERWORKS, INC.** |   |   **SCHEDULE NO. 4-B** |
| **TEST YEAR ENDED AUGUST 31, 2016**  |  |  **DOCKET NO. 20160222-WS** |
| **MONTHLY WASTEWATER RATES** |  |  |  |
|  | **RATES AT** | **STAFF** | **4 YEAR** |
|  | **TIME OF** | **RECOMMENDED** | **RATE** |
|  | **FILING** | **RATES** | **REDUCTION** |
| **Residential** |  |  |   |
| Base Facility Charge - All Meter Sizes | $12.27  | $14.81 | $0.05 |
|   |  |  |   |
| Charge per 1,000 gallons (8,000 gallon cap) | $4.94 |  | $0.03 |
| Charge per 1,000 gallons (6,000 gallon cap) |  | $7.65 |   |
|   |  |  |   |
| **General Service** |  |  |   |
| Base Facility Charge by Meter Size |  |  |   |
| 5/8" x 3/4" | $12.27 | $14.81 | $0.05 |
| 3/4" | $18.41 | $22.22 | $0.08 |
| 1" | $30.68 | $37.03 | $0.13 |
| 1-1/2" | $61.35 | $74.05 | $0.25 |
| 2" | $98.16 | $118.48 | $0.40 |
| 3" | $196.32 | $236.96 | $0.80 |
| 4" | $306.75 | $370.25 | $1.25 |
| 6" | $613.51 | $740.50 | $2.50 |
|   |  |  |   |
| Charge per 1,000 gallons  | $5.92 | $9.18 | $0.03 |
|   |  |  |   |
| **Typical Residential 5/8" x 3/4" Meter Bill Comparison** |  |   |
| 3,000 Gallons | $27.09  | $37.76  |   |
| 6,000 Gallons | $41.91  | $60.71  |   |
| 8,000 Gallons | $51.79  | $60.71  |   |

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| **LP WATERWORKS, INC.** | **SCHEDULE NO. 5-A** |
| **TEST YEAR ENDED 08/31/2016** | **DOCKET NO. 20160222-WS** |
| **SCHEDULE OF WATER PLANT, DEPRECIATION, CIAC &**  |  |  |  |
| **CIAC AMORTIZATION BALANCES** |  |  |  |
|  | **DEPR.** |   |  |  |  |
|  | **RATE** |  |  | **ACCUM.** |  |
|  | **PER** |  | **UPIS** | **DEPR.** |  |
| **ACCT.** | **RULE** |  | **8/31/2016** | **8/31/2016** |  |
| **NO.** | **25-30.140** | **DESCRIPTION** | **(DEBIT)** | **(CREDIT)\*** |  |
|  |  |  |  |  |  |
| 301 | 2.50% | Organization | $471  | $186  |  |
| 304 | 3.70% | Structures and Improvements | 68,986  | 59,965  |  |
| 307 | 3.70% | Wells and Springs | 41,707  | 29,852  |  |
| 309 | 3.13% | Supply Mains | 1,040  | 559  |  |
| 310 | 5.88% | Power Generation Equipment | 9,706  | 7,443  |  |
| 320 | 5.88% | Water Treatment Equipment | 15,542  | 568  |  |
| 330 | 3.03% | Distribution Reservoirs & Standpipes | 32,416  | 25,947  |  |
| 331 | 2.63% | Trans. & Dist. Mains | 206,312  | 123,413  |  |
| 333 | 2.86% | Services | 58,563  | 43,416  |  |
| 334 | 5.88% | Meter & Meter Installations | 74,899  | 65,859  |  |
| 335 | 2.50% | Hydrants | 5,364  | 3,543  |  |
| 336 | 10.00% | Backflow Prevention Devices | 1,874  | 1,870  |  |
| 340 | 6.67% | Office Furniture and Equipment | 698  | 462  |  |
| 346 | 10.00% | Communication Equipment | 9,131  | 1,598  |  |
| 347 | 6.67% | Miscellaneous Equipment | 726  | (2,082) |  |
|   |  | Total | $527,435  | $362,599  |  |
|   |  |  |  |  |  |
|   |  |  | **CIAC** |  |  |
|   |  |  | **AMORT.** | **CIAC** |  |
|   |  |  | **8/31/2016** | **8/31/2016** |  |
|   |  |  | **(DEBIT)\*** | **(CREDIT)** |  |
|   |  |  | $167,447 | $266,480  |  |
|   |   |   |   |   |  |
|  | \*The plant and accumulated depreciation balances exclude the pro forma chlorine injector project. Commission-approved averaging adjustments that are used only for rate setting purposes are excluded and shall not be reflected on the Utility’s books. |  |  |
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| **LP WATERWORKS, INC.** | **SCHEDULE NO. 5-B** |
| **TEST YEAR ENDED 08/31/2016** | **DOCKET NO. 20160222-WS** |
| **SCHEDULE OF WASTEWATER PLANT, DEPRECIATION, CIAC &** |  |  |  |
| **CIAC AMORTIZATION BALANCES** |  |  |  |
|  | **DEPR.** |  |  |  |  |
|  | **RATE** |  |  | **ACCUM.** |  |
|  | **PER** |  | **UPIS** | **DEPR.** |  |
| **ACCT.** | **RULE** |  | **8/31/2016** | **8/31/2016** |  |
| **NO.** | **25-30.140** | **DESCRIPTION** | **(DEBIT)** | **(CREDIT)\*** |  |
|  |  |  |  |  |  |
| 351 | 2.50% | Organization | $400  | $134  |   |
| 354 | 3.70% | Structures and Improvements | 43,191  | 41,286  |   |
| 360 | 3.70% | Collection Sewers - Force | 11,557  | 10,880  |   |
| 361 | 2.50% | Collection Sewers - Gravity | 161,264  | 94,297  |   |
| 362 | 2.70% | Special Collecting Structures | 1,040  | 482  |   |
| 363 | 2.86% | Services to Customers | 111,860  | 84,434  |   |
| 371 | 6.67% | Pumping Equipment | 5,367  | (12,533) |   |
| 380 | 6.67% | Treatment and Disposal Equipment | 87,561  | 67,918  |   |
| 390.7 | 6.67% | Office Furniture and Equipment | 645  | 266  |   |
| 393.7 | 6.67% | Tools, Shop and Garage Equipment | 947  | 947  |   |
|   |  | Total | $423,832  | $288,111  |   |
|   |  |  |  |  |   |
|   |  |  | **CIAC** |  |   |
|   |  |  | **AMORT.** | **CIAC** |   |
|   |  |  | **8/31/2016** | **8/31/2016** |   |
|   |  |  | **(DEBIT)\*** | **(CREDIT)** |   |
|   |  |  | $55,709 | $92,400 |   |
|  |  |  |  |  |  |
|  | \*The plant and accumulated depreciation balances exclude the pro forma projects. Commission-approved averaging adjustments that are used only for rate setting purposes are excluded and shall not be reflected on the Utility’s books. |  |  |
|  |  |  |
|   |   |   |   |   |   |

1. Order No. PSC-14-0130-PAA-WS, issued March 17, 2014, in Docket No. 130055-WS, *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.*  [↑](#footnote-ref-1)
2. Order No. PSC-14-0413-PAA-WS, issued 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.* [↑](#footnote-ref-2)
3. Order No. PSC-14-0474-CO-WS, issued September 8, 2014, in Docket No. 130153-WS, *In re: Application for staff-assisted rate case in Highlands County.* [↑](#footnote-ref-3)
4. *See e.g.,* Order No. PSC-12-0357-PAA-WU, issued July 10, 2012, in Docket No. 100048-WU, *In re: Application for increase in water rates in Marion County by Sunshine Utilities of Central Florida, Inc.* [↑](#footnote-ref-4)
5. *See* Order No. PSC-17-0249-PAA-WS, issued June 26, 2017, in Docket No. 170006-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.* [↑](#footnote-ref-5)
6. Order No. PSC-15-0013-PAA-WS, issued January 2, 2015, in Docket No. 130194-WS, *In re: Application for staff-assisted rate case in Lake County by Lakeside Waterworks, Inc.*; Order No. PSC-15-0282-PAA-WS, issued July 8, 2015, in Docket No. 140158-WS, *In re: Application for increase in water/wastewater rates in Highlands County by HC Waterworks, Inc.*; Order No. PSC-15-0329-PAA-WU, issued August 14, 2015, in Docket No. 140186-WU, *In re: Application for staff-assisted rate case in Brevard County by Brevard Waterworks, Inc.*; Order No. PSC-15-0335-PAA-WS, issued August 20, 2015, in Docket No 140147-WS, *In re: Application for staff-assisted rate case in Sumter County by Jumper Creek Utility Company*; Order No. PSC-16-0256-PAA-WU, issued June 30, 2016, in Docket No. 150199-WU, *In re: Application for staff-assisted rate case in Lake County by Raintree Waterworks, Inc.* [↑](#footnote-ref-6)
7. Order No. PSC-14-0413-PAA-WS, issued 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.* [↑](#footnote-ref-7)
8. Order No. PSC-14-0413-PAA-WS, issued 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.* [↑](#footnote-ref-8)
9. Order No. PSC-02-0250-PAA-WS, issued February 26, 2002, in Docket No. 990374-WS, *In re: Application for certificates to operate a water and wastewater utility in Highlands County by the Woodlands of Lake Placid, L.P., and for deletion of portion of wastewater territory in Certificate No.361-S held by Highlands Utilities Corporation.* [↑](#footnote-ref-9)
10. *See e.g.,* Order Nos. PSC-14-0198-TRF-SU, issued May 2, 2014, in Docket No. 140030-SU, *In re: Request for approval to amend Miscellaneous Service charges to include all NSF charges by Environmental Protection Systems of Pine Island, Inc,* *and* PSC-2013-0646-PAA-WU, issued December 5, 2013, in Docket No. 130025-WU, *In re: Application for increase in water rates in Highlands County by Placid Lakes Utilities, Inc.* [↑](#footnote-ref-10)
11. Order No. PSC-02-0250-PAA-WS, issued February 26, 2002, in Docket No. 990374-WS, *In re: Application for certificates to operate a water and wastewater utility in Highlands County by The Woodlands of Lake Placid, L.P., and for deletion of portion of wastewater territory in Certificate No. 361-S held by Highlands Utilities Corporation.* [↑](#footnote-ref-11)