

FLORIDA PUBLIC SERVICE COMMISSION

VOTE SHEET

September 4, 2025

FILED 9/4/2025
DOCUMENT NO. 09077-2025
FPSC - COMMISSION CLERK

Item 11

Docket No. 20250013-WS – Application for staff-assisted rate case in Highlands County, by LP Waterworks, Inc.

Issue 1: Is the quality of service provided by LP Waterworks, Inc. satisfactory?

Recommendation: Yes. LP has been responsive to customer complaints and is currently in compliance with the Department of Environmental Protection (DEP); therefore, staff recommends that the quality of service should be considered satisfactory.

APPROVED

Issue 2: Are the infrastructure and operating conditions of LP Waterworks, Inc.'s water and wastewater systems in compliance with the DEP regulations?

Recommendation: Yes. The LP water and wastewater systems are currently in compliance with the DEP.

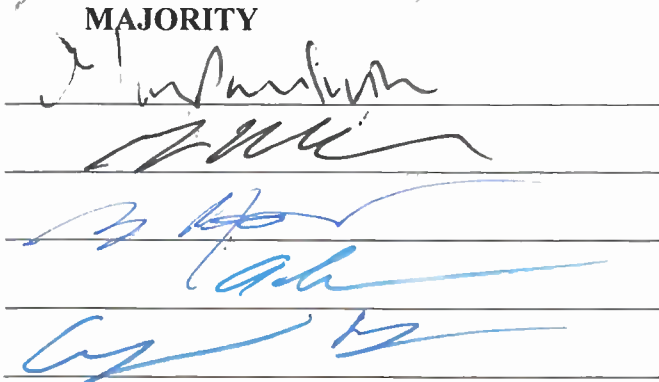
APPROVED

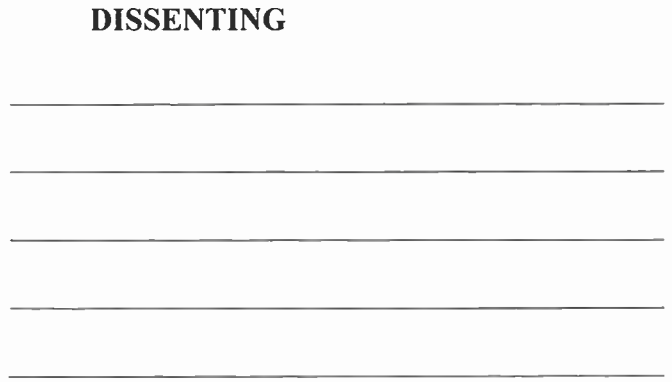
COMMISSIONERS ASSIGNED: All Commissioners

COMMISSIONERS' SIGNATURES

MAJORITY

DISSENTING

The majority section contains four handwritten signatures in blue ink, each written over a horizontal line. The signatures are stylized and appear to be of different individuals.

The dissenting section consists of four horizontal lines, none of which have been signed.

REMARKS/DISSENTING COMMENTS:

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Issue 3: What are the used and useful percentages (U&U) of LP Waterworks, Inc.’s water treatment plant (WTP), water storage, WWTP, and distribution and collection systems?

Recommendation: The utility’s WTP, WWTP, water storage, water distribution system, and wastewater collection system should all be considered 100 percent U&U. Staff recommends that no adjustment is necessary for excessive infiltration and inflow (I&I); however, a 7.7 percent adjustment to purchased power and chemical expenses should be made for excessive unaccounted for water (EUW).

APPROVED

Issue 4: What are the appropriate average test year water rate base and wastewater rate base amounts for LP Waterworks, Inc.?

Recommendation: The appropriate average test year rate bases for LP are \$195,680 for water and \$136,706 for wastewater.

APPROVED

Issue 5: What is the appropriate return on equity and overall rate of return for LP Waterworks, Inc.?

Recommendation: The appropriate return on equity (ROE) is 8.51 percent, with a range of 7.51 percent to 9.51 percent. The appropriate overall rate of return is 8.30 percent.

APPROVED

Issue 6: What are the appropriate amount of test year operating revenues for LP Waterworks, Inc.’s water and wastewater systems?

Recommendation: The appropriate test year operating revenues are \$190,201 for LP’s water system and \$143,112 for the wastewater system.

APPROVED

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Issue 7: What are the appropriate operating expense for LP Waterworks, Inc.?

Recommendation: The appropriate amount of operating expenses are \$182,112 for water and \$134,811 for wastewater.

APPROVED

Issue 8: Does LP Waterworks, Inc. meet the criteria for application of the operating ratio methodology?

Recommendation: Yes, LP does meet the requirement for application of the operating ratio methodology for calculating the water and wastewater revenue requirements.

APPROVED

Issue 9: What is the appropriate revenue requirement for LP Waterworks, Inc.?

Recommendation: The appropriate revenue requirement is \$197,112 for water and \$149,156 for wastewater, resulting in an annual increase of \$6,911 (3.63 percent) for water and \$6,044 (4.22 percent) for wastewater.

APPROVED

Issue 10: What are the appropriate rate structures and rates for LP Waterworks, Inc.?

Recommendation: Staff recommends that the rate increase of 3.70 percent for water and 4.28 percent for wastewater be applied as an across-the-board increase to service rates. The recommended rate structure and monthly water rates are shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated August 22, 2025. The utility should file revised tariff sheets and a proposed customer notice to reflect the Commission-approved rates. The approved rates should be effective for service rendered on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), F.A.C. In addition, the approved rates should not be implemented until staff has approved the proposed customer notice and the notice has been received by the customers. The utility should provide proof of the date notice was given within 10 days of the date of the notice.

APPROVED

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Issue 11: What is the appropriate initial customer deposits for LP Waterworks, Inc.?

Recommendation: The appropriate initial customer deposit should be \$54 for the 5/8 inch x 3/4 inch meter size for water and \$64 for the 5/8 inch x 3/4 inch meter size for wastewater. The initial customer deposit for all other residential meter sizes and all general service meter sizes should be two times the average estimated bill for water. The approved initial customer deposits should be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility should be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding.

APPROVED

Issue 12: What is the appropriate amount by which rates should be reduced four years after the published effective date to reflect the removal of the amortized rate case expense as required by Section 367.081(8), F.S.?

Recommendation: The rates should be reduced as shown on Schedule Nos. 4-A and 4-B of staff's memorandum dated August 22, 2025, to remove rate case expense grossed-up for RAFs and amortized over a four-year period. Pursuant to Section 367.081(8), F.S., the decrease in rates should become effective immediately following the expiration of the rate case expense recovery period. LP should be required to file revised tariffs and a proposed customer notice setting forth the lower rates and rationale no later than one month prior to the effective date of the new rates. If the utility files revised tariffs reflecting this reduction in conjunction with a price index or pass-through rate adjustment, separate data should be filed for the price index and or pass-through increase and the reduction in the rates due to the amortized rate case expense.

APPROVED

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Issue 13: Should the recommended rates be approved for LP Waterworks, Inc. on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility?

Recommendation: Yes. Pursuant to Section 367.0814(7), F.S., the recommended rates should be approved for the utility on a temporary basis, subject to refund with interest, in the event of a protest filed by a party other than the utility. LP should file revised tariff sheets and a proposed customer notice reflecting the Commission-approved rates. The approved rates should be effective for services rendered on or after the stamped approval date on the tariff sheet, pursuant to Rule 25-30.475(1), F.A.C. In addition, the temporary rates should not be implemented until staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the utility should provide appropriate financial security.

If the recommended rates are approved on a temporary basis, the rates collected by the utility should be subject to the refund provisions discussed in the staff analysis portion of staff's memorandum dated August 22, 2025. In addition, after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., the utility should file reports with the Commission's Office of Commission Clerk no later than the 20th of each month indicating both the current monthly and total amount subject to refund at the end of the preceding month. The report filed should also indicate the status of the security being used to guarantee repayment of any potential refund.

APPROVED

Issue 14: Should LP Waterworks, Inc. be required to notify the Commission, within 90 days of an effective order finalizing this docket, that it has adjusted its books for all the applicable NARUC USOA?

Recommendation: Yes. LP should be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The utility should submit a letter within 90 days of the Commission's 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, a notice providing good cause should be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, staff should be given administrative authority to grant an extension of up to 60 days.

APPROVED

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Issue 15: Should this docket be closed?

Recommendation: No. 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 should be issued. The docket should remain open for staff's verification that the revised tariff sheets and customer notice have been filed by the utility and approved by staff. In addition, this docket should remain open until the report with the summary of the results of the customer meeting has been submitted by the utility. Once these actions are complete, this docket should be closed administratively.

APPROVED