

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

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

DOCKET NO. 20250013-WS
ORDER NO. PSC-2025-0427-PAA-WS
ISSUED: November 20, 2025

The following Commissioners participated in the disposition of this matter:

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

NOTICE OF PROPOSED AGENCY ACTION
ORDER APPROVING RATE INCREASE FOR
LP WATERWORKS, INC.

BY THE COMMISSION:

NOTICE is hereby given by the Florida Public Service Commission (Commission) that the actions discussed herein, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records, are preliminary in nature and will become final unless a person whose interests are substantially affected files a petition for a formal proceeding, pursuant to Rule 25-22.029, Florida Administrative Code (F.A.C.). The reduction of rates after four years, the granting of temporary rates in the event of protest, and the requirement for proof of adjustment of books and records are procedural agency actions and subject to reconsideration and appeal as described below under the heading, "NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW."

Background

LP Waterworks, Inc. (LP or utility) is a Class C water and wastewater utility located in Highlands County. The utility is currently providing water service to approximately 418 residential, 22 general service, and 2 private fire protection customers. For its wastewater service, the utility provides service to approximately 360 residential customers and 17 general service customers. The utility is located in the water use caution area of the Southwest Florida Water Management District (SWFWMD). According to LP's 2024 Annual Report, total gross water revenue was \$172,922, total gross wastewater revenue was \$128,512, total water operating expense was \$169,841, and total wastewater operating expense was \$136,679.

On March 13, 2014, we approved the transfer of L.P. Utilities Corporation's water and wastewater systems and Certificate Nos. 620-W and 533-S to LP Waterworks, Inc.¹ We last established LP's water rates in a staff assisted rate case in 2023,² and its wastewater rates in 2017.³ Subsequently, the utility was approved for a 2023 price index increase.

On January 7, 2025, the utility filed an application for a staff-assisted rate case (SARC) requesting an increase of its water and wastewater rates. The utility requested the test year ended October 31, 2024. The official filing date was established as March 6, 2025. LP's request for a SARC is due to capital improvements and additional pro forma expense to the water and wastewater systems.

We have jurisdiction in this case pursuant to Sections 367.011, 367.081, 367.0812, 367.0814, 367.091, and 367.121, Florida Statutes (F.S.)

Decision and Analysis

1. Quality of Service

Pursuant to Section 367.081(2)(a)1, F.S., and Rule 25-30.433(1), Florida Administrative Code (F.A.C.), in water and wastewater rate cases, this Commission shall determine the overall quality of service provided by the utility. This determination is made from an evaluation of the utility's product and the utility's attempt to address customer satisfaction. The Rule further states that the most recent chemical analysis for the water system, outstanding citations, violations, and consent orders on file with the DEP and the county health department, and any DEP or county health department official's testimony, comments, or complaints received by this Commission are also reviewed. The operating condition of the water and wastewater systems are addressed in Section 2.

A. Quality of Utility's Product

In evaluating LP's product quality, we reviewed the utility's compliance with the DEP's 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 DEP's Safe Drinking Water Program chemical analysis of samples dated April 15, 2024, and June 26, 2024. The disinfection by-products were tested in the distribution system on August 19, 2024. All of the contaminants were below the maximum contaminant level set by the DEP.

¹Order No. PSC-2014-0130-PAA-WS, issued March 17, 2014, in Docket No. 20130055-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.*

²Order No. PSC-2023-0101-PAA-WS, issued February 28, 2023, in Docket No. 20220099-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.*

³Order No. PSC-2017-0334-PAA-WS, issued August 23, 2017, in Docket No. 20160222-WS, *In re: Application for staff-assisted rate case in Highlands County by LP Waterworks, Inc.*

B. The Utility's Attempt to Address Customer Satisfaction

We reviewed complaints filed during the test year and four years prior in the Commission's Consumer Activity Tracking System (CATS), received by the utility, and filed with the DEP. There were 10 complaints recorded in CATS, 2 complaints recorded by the DEP, and 46 complaints recorded by the utility. A review of the customer complaints indicates the utility resolved all complaints filed with this Commission, the DEP, and the utility. Table 1 summarizes the number of complaints by source and subject for the test year and four years prior.

Table 1
Number of Complaints by Source and Subject

Subject of Complaint	CATS Records	DEP Records	Utility Records	Total
Water Quality	2	-	3	5
Water Leak	-	-	11	11
Repair	1	-	3	4
Customer Service	1	-	-	1
Did Not Get Boil Water Notice	-	2	-	-
Disconnected	-	-	1	1
Service Interruption	-	-	15	15
Water Pressure	-	-	9	9
Sewer Backup	-	-	1	1
Billing	6	-	-	6
Delay in Connection	-	-	3	3
Total*	10	2	46	56

*A single customer complaint may be counted multiple times if it fits into multiple categories.

A customer meeting was held on July 9, 2025. No customers spoke at the meeting, and no customer comments were filed in the docket file. We performed a supplemental review, through August 14, 2025, of complaints filed in CATS following the customer meeting and found one additional complaint for improper billing.

C. Conclusion

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

2. Infrastructure and Operating Conditions

Rule 25-30.225(2), F.A.C., requires each water and wastewater utility to maintain and operate its plant and facilities by employing qualified operators in accordance with the rules of the DEP. Rule 25-30.433(2), F.A.C., requires consideration of whether the infrastructure and operating conditions of the plant and facilities are in compliance with Rule 25-30.225, F.A.C. In

making this determination, we must consider testimony of the DEP and county health department officials, compliance evaluations, inspections, citations, violations, consent orders issued to the utility, customer testimony, comments, complaints, utility testimony, and responses to the aforementioned items.

A. Water and Wastewater System Operating Conditions

LP's water treatment system has a permitted capacity of 95,900 gallons per day (gpd). The system consists of two wells rated at 850 gallons per minute (gpm) and 350 gpm and two ground storage tanks totaling 25,000 gallons in capacity. Groundwater from the wells is treated with chlorine gas. There are seven fire hydrants present throughout the service area. The distribution system is comprised of varying sizes of polyvinyl chloride (PVC) pipes ranging from 1 inch to 8 inches. We reviewed the utility's last DEP Sanitary Survey, dated January 27, 2023. The DEP noted five deficiencies, which the utility corrected. The deficiencies included two minor plant repair items, an overdue inspection and cleaning for the hydropneumatic tanks, an overdue water quality test for total xylenes, and no standby plan on site for the generator. LP provided photos of the repair items, performed the overdue inspections, cleanings and water quality tests, and supplied the required generator standby plan. The DEP issued a return to compliance letter on April 26, 2024.

LP only provides wastewater service to a portion of its service territory, primarily the Camp Florida Resort. Furthermore, the wastewater system serves seasonal customers which have peak flows from January through March. The wastewater treatment system consists of a 50,000 gallons per day (gpd) extended aeration system, a lift station, 8,549 feet of PVC collecting mains, and a 918-foot force main. We reviewed the utility's last DEP Compliance Evaluation Inspection report, dated October 29, 2024. The DEP noted eight deficiencies, which the utility corrected. Five of the deficiencies noted excessive solids and scum in various parts of the wastewater treatment plant (WWTP). The utility addressed these by having the sludge built up in the system hauled away and the timing of processes adjusted to prevent the buildup. The cost for the sludge hauling required to correct this deficiency is included in LP's pro forma request and is addressed in Section 7. One of the deficiencies concerned an overdue Elapsed Time Meter calibration at the lift station pumps, which LP completed and submitted to the DEP. One deficiency noted transcription errors on some of the Discharge Monitoring Reports (DMRs). The utility corrected and resubmitted the DMRs. The final deficiency concerned an effluent exceedance reported on one of the DMRs. After conferring with the plant operator and hearing the explanation, the DEP inspector concluded there was no exceedance. The DEP issued a return to compliance letter on December 10, 2024.

B. Conclusion

LP's water and wastewater systems are currently in compliance with the DEP.

3. Used and Useful (U&U)

As stated in Section 2, LP's water treatment system has two wells rated at 850 gpm and 350 gpm. The utility's water system has two ground storage tanks totaling 25,000 gallons in capacity. There are seven fire hydrants present throughout the service area. The distribution system is comprised of varying sizes of PVC pipes. The LP WWTP is permitted by the DEP as a 50,000 gallon per day annual average daily flow extended aeration facility. According to the utility, the LP wastewater collection system is comprised of varying sizes of PVC collecting mains and a 918-foot force main. There are 47 manholes and 1 lift station present throughout the service area.

A. Water Treatment Plant (WTP), Distribution System, and Storage U&U

Rule 25-30.4325, F.A.C., addresses the method by which the U&U of a water system is determined. LP's U&U percentages were last determined in Docket No. 20160222-WS, and the we found the water treatment facilities, distribution system, and storage were 100 percent U&U. The utility has not increased the capacity of its facilities and the service area is built out. We evaluated the circumstances under which the system was considered 100 percent U&U and it appears that there has been no change to the system. Therefore, we find that the WTP, distribution system, and storage be considered 100 percent U&U.

B. Wastewater Treatment Plant and Collection System U&U

As stated in Section 2, the utility only provides wastewater service to a portion of its service territory and serves seasonal customers whose peak flows occur from January through March. Rule 25-30.432, F.A.C., addresses the method by which the U&U of a wastewater system is determined. LP's U&U percentages were last determined in Docket No. 20160222-WS and we found the wastewater treatment facilities and collection system were 100 percent U&U. The utility has not increased the capacity of its facilities and the service area is built out. We evaluated the circumstances under which the system was considered 100 percent U&U and it appears that there has been no change to the system. Therefore, we find that the WWTP and collection system be considered 100 percent U&U.

C. Excessive Unaccounted for Water (EUW)

Rule 25-30.4325(1)(e), F.A.C., defines 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. In determining whether adjustments to plant and operating expenses are necessary in accordance with Rule 25-30.4325(10), F.A.C., we consider several factors. These include the causes of EUW, any corrective action taken, or the economic 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 the DEP indicate that the utility treated 10,694,237 gallons during the test year. In response to a data request from our staff, the

utility indicated that it purchased no water and used 601,400 gallons for other uses during the test year. According to our audit report, the utility sold 8,197,000 gallons of water for the test year. Therefore, the total amount of unaccounted for water is 1,895,837 gallons or 17.7 percent. $([10,694,237 - 601,400 - 8,197,000] / [10,694,237 + 0])$. Ten percent of the gallons produced is allowed per the rule; therefore the EUW is 7.7 percent. Accordingly, we approve an adjustment of 7.7 percent to be made to reduce operating expenses.

D. Infiltration and Inflow (I&I)

Rule 25-30.432, F.A.C., provides that in determining the amount of U&U plant, we will consider 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, with an additional 10 percent of water sold allowed for inflow. In addition, adjustments to operating expenses, such as chemical and electrical costs, are considered necessary if such costs are excessive. Excessive I&I is a calculation that is based on a comparison of the allowable wastewater treated to the actual amount of wastewater treated. Allowable treated wastewater was calculated as 4,633,300 gallons and the actual amount of wastewater treated was 3,808,000 gallons. The actual amount does not exceed the allowable amount; therefore, there is no excessive I&I and no adjustment to operating expenses is necessary.

E. Conclusion

The utility's WTP, WWTP, water storage, water distribution system, and wastewater collection system shall all be considered 100 percent U&U. We find that no adjustment is necessary for excessive I&I; however, a 7.7 percent adjustment to purchased power and chemical expenses shall be made for EUW.

4. Average Test Year Water Rate Base and Wastewater Rate Base

The appropriate components of the utility's rate base include utility plant in service (UPIS), land and land rights, accumulated depreciation, contributions-in-aid of construction (CIAC), accumulated amortization of CIAC, and working capital. We selected the test year ended October 31, 2024, for the instant rate case. We determined that the utility's books and records are in compliance with the National Association of Regulatory Utility Commissioners' Uniform System of Accounts (NARUC USOA). A summary of each component and the approved adjustments are discussed below.

A. Utility Plant in Service

The utility recorded UPIS of \$685,567 for the water system and \$513,667 for wastewater system. We decreased this amount by \$4,713 for water UPIS and \$35,835 for wastewater UPIS to reflect averaging adjustments and therefore approve an average UPIS of \$680,854 for water and \$477,832 for wastewater.

B. Used and Useful

As discussed in Section 2, the utility's system is considered 100 percent U&U. Therefore, no U&U adjustment is necessary.

C. Land and Land Rights

The utility recorded a test year land and land rights balance of \$27,412 for the water system and \$36,000 for the wastewater system. We did not make any adjustments to this account and therefore approve a land and land rights balance of \$27,412 for water and \$36,000 for wastewater.

D. Accumulated Depreciation

The utility recorded accumulated depreciation of \$497,127 for the water system and \$385,888 for the wastewater system. We increased accumulated depreciation by \$4,900 for water and decreased accumulated depreciation by \$5,419 for wastewater to reflect the use of the correct depreciation rates per Rule 25-30.140, F.A.C. Additionally, we decreased accumulated depreciation by \$7,721 for water and \$4,674 for wastewater to reflect averaging adjustments. Therefore, we approve an average accumulated depreciation balance of \$494,306 for water and \$375,795 for wastewater.

E. Contributions In Aid of Construction

The utility recorded CIAC of \$271,795 for water and \$92,400 for wastewater. We made no adjustments to CIAC and therefore approve average CIAC balances of \$271,795 for water and \$92,400 for wastewater.

F. Accumulated Amortization of CIAC

The utility recorded accumulated amortization of CIAC of \$236,585 for water and \$77,650 for wastewater. We increased accumulated amortization by \$1,910 for water and decreased accumulated amortization by \$816 for wastewater to reflect the effect of the change in accumulated depreciation. We made averaging adjustments to reduce accumulated amortization of CIAC by \$4,602 for water and \$706 for wastewater. Therefore, we approve an average accumulated amortization of CIAC balances of \$233,893 for water and \$76,128 for wastewater.

G. Working Capital Allowance

Working capital is defined as the short-term investor-supplied funds that are necessary to meet operating expenses. Consistent with Rule 25-30.433(3), F.A.C., we used the one-eighth operation and maintenance (O&M) expense (less rate case expense) formula for calculating the working capital allowance. As such, we removed the rate case expense of \$1,147 for water and

\$420 for wastewater.⁴ This resulted in an adjusted O&M expense balance of \$156,977 for water and \$119,536 for wastewater. Applying this formula, we approve a working capital allowance of \$19,662 for water and \$14,942 for wastewater.

H. Rate Base Summary

Based on the foregoing, we find that the appropriate average test year rate bases are \$195,680 for water and \$136,706 for wastewater. Rate base is shown on Schedule No. 1-A for water and Schedule No. 1-B for wastewater. The related adjustments are shown on Schedule No. 1-C.

5. Rate of Return

The utility's capital structure consists of common equity and customer deposits. The utility's capital structure has been reconciled with our staff's recommended rate base. The ROE is 8.51 percent based on our approved leverage formula that is currently in effect.⁵

We approve an ROE of 8.51 percent, with a range of 7.51 percent to 9.51 percent, and an overall rate of return of 8.30 percent. The ROE and overall rate of return are shown on Schedule No. 2.

6. Test Year Revenues

During the test year, the utility had a rate change. When there is a rate change in a month, the prorated base facility charge shows up as two bills with a proration of usage for each customer in the utility's billing system. The duplicate bills will overstate the operating revenues. The prorated usage will understate the operating revenues for a tiered rate structure because the total usage would not be reflected in the appropriate tier. LP's adjustments included in its application for a SARC had corrected the duplicate bills; however in reviewing the billing analysis in preparation for writing this recommendation, staff determined that LP did not adjust the usage. Staff adjusted the billing determinants and billing analysis to correct the issues that take place when there is a rate change during the month.

Annualizing the operating revenues using the rates at the time of filing and the revised billing determinants, staff determined test year service revenues should be \$174,455 for water and \$133,899 for wastewater. The utility recorded service revenues of \$167,675 for water and \$124,080 for wastewater. The corrections discussed above result in an increase to service

⁴Order Nos. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*; and PSC-2025-0284-PAA-SU, issued July 22, 2025, in Docket No. 20240105-SU, *In re: Application for staff-assisted rate case in Polk County, by West Lakeland Wastewater, LLC*.

⁵Order No. PSC-2025-0213-PAA-WS, issued on June 18, 2025, in Docket No. 20250006-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)(j), F.S.*

revenues of \$6,780 (\$174,455 – \$167,675) for water and \$9,819 (\$133,899 – \$124,080) for wastewater.

We also annualized miscellaneous revenues by applying the number of occurrences to the rates in effect as of September 1, 2024, resulting in miscellaneous revenues of \$5,496. The utility recorded all miscellaneous revenues to the water system. When both water and wastewater services are provided, only a single miscellaneous service charge is appropriate. Since water customers represent approximately 64 percent of the customer base, we determined miscellaneous revenues shall be allocated as \$3,517 for water and \$1,979 for the wastewater system.

Based on the above, the appropriate test year operating revenues for LP's water system are \$177,972 (\$174,455 + \$3,517) and \$135,878 (\$133,899 + \$1,979) for the wastewater system.

7. Operating Expenses

The utility recorded operating expense of \$177,247 for water and \$135,326 for wastewater. The test year O&M expenses have been reviewed by us, including invoices and other supporting documentation. We have made several adjustments to the utility's operating expenses as described below.

A. Operation and Maintenance Expenses

Salaries and Wages – Officers and Directors (603/703)

The utility recorded Salaries and Wages - Officers and Directors expense of \$6,300 for water and \$6,300 for wastewater. We made no adjustments to these amounts and therefore approve Salaries and Wages – Officers and Directors expenses of \$6,300 for water and \$6,300 for wastewater.

Sludge Removal (711)

The utility recorded \$2,420 for sludge removal. We made no adjustments to this amount and therefore approve a sludge removal expense of \$2,420.

Purchased Power (615/715)

The utility recorded purchased power expense of \$3,520 for water and \$7,654 for wastewater. We decreased water to reflect an EUW adjustment of \$271. Therefore, we approve purchased power expenses of \$3,249 for water and \$7,654 for wastewater.

Chemicals Expense (618/718)

The utility recorded chemicals expense of \$505 for water and \$3,034 for wastewater. We decreased water by \$39 to reflect an EUW adjustment. Therefore, we approve chemicals expenses of \$466 for water and \$3,034 for wastewater.

Contractual Services – Accounting (632/732)

The utility recorded Contractual Services - Accounting expense of \$262 for water and \$263 for wastewater. We made no adjustments to these amounts and therefore approve Contractual Services - Accounting expenses of \$262 for water and \$263 for wastewater.

Contractual Services – Legal (633/733)

The utility recorded Contractual Services - Legal expense of \$150 for water and \$150 for wastewater. We made no adjustments to these amounts and therefore approve Contractual Services - Legal expenses of \$150 for water and \$150 for wastewater.

Contractual Services – Testing (635/735)

The utility recorded Contractual Services - Testing expense of \$524 for water and \$0 for wastewater. We made no adjustments to these amounts and therefore approve Contractual Services – Testing expenses of \$524 for water and \$0 for wastewater.

Contractual Services – Other (636/736)

The utility recorded Contractual Services - Other expense of \$126,147 for water and \$97,938 for wastewater. LP is requesting cost recovery for submitting a National Primary Drinking Water Regulations: Lead and Copper Rule Revision (LCRR) inventory to the state DEP. On January 15, 2021, the United States Environmental Protection Agency (EPA) issued the LCRR that amended the Lead and Copper Rule (40 C.F.R. §§ 141.80 - .93). This amendment requires all water systems to create an inventory of all service lines. The LCRR also required the inventory to be sent to the state DEP no later than October 16, 2024. The utility contracted with U.S. Water Services Corporation (U.S. Water) to perform this inventory. This project was outside of the normal operations contracted with U.S. Water. The project was completed and the LCRR inventory was submitted on October 15, 2024. The invoice for this project is \$12,751.51. LP stated this amount was not included in the O&M expenses filed in this SARC. Since this project was required by the EPA, the utility has submitted a paid invoice, and the costs appear reasonable, we find that LP shall be allowed to recover the project's costs. We increased this amount by \$2,550 (\$12,751.51/5) for the water system to reflect a pro forma expense amortized over five years associated with a required Lead Service Line Inventory, and therefore approve a Contractual Services - Other expense of \$128,697 for water and \$97,938 for wastewater.

Insurance Expense (655/755)

The utility recorded insurance expense of \$1,057 for water and \$1,057 for wastewater. We made no adjustments to these amounts and therefore approve insurance expenses of \$1,057 for water and \$1,057 for wastewater.

Rate Case Expense (665/765)

The utility recorded an instant rate case expense of \$336 for water and \$336 for wastewater. We made an adjustment of \$362 to reflect the utility's prior regulatory commission expense of \$698 for the water system as prescribed by Order No. PSC-2023-0101-PAA-WS.

The utility is required by Rule 25-22.0407, F.A.C., to mail notices of the rate case overview, interim rates, final rates, and four-year rate reduction. We calculated noticing costs to be \$1,496. The utility stated that its representatives will not be traveling to the Commission Conference; therefore, we did not include travel and lodging expense. Additionally, the utility paid a filing fee of \$2,000.

We approve a total current rate case expense, consisting of noticing costs and a filing fee, of \$1,797 for water and \$1,680 for wastewater. When amortized over four years, this amounts to \$449 per year for water and \$420 per year for wastewater. Therefore, we approve an increase of \$811 for water and \$84 for wastewater, resulting in a total regulatory commission expense of \$1,147 for water and \$420 for wastewater.

Bad Debt Expense (670/770)

The utility recorded bad debt expense of \$161 for water and \$121 for wastewater. We note that it is our practice to calculate bad debt expense using a three-year average when the information is available.⁶ In its three most-recent Annual Reports (2022, 2023, and 2024), the utility recorded bad debt expenses of \$2,856, (\$1,959), and \$848 for water and \$123, \$121, and \$0 for wastewater. We calculated the average bad debt expense for these previous three years to be \$582 for water and \$81 for wastewater, which represents an increase of \$421 for water and a decrease of \$40 for wastewater. Therefore, we approve bad debt expenses of \$582 for water and \$81 for wastewater.

Miscellaneous Expense (675/775)

The utility recorded miscellaneous expense of \$15,690 for water and \$639 for wastewater. We made no adjustments to these amounts and therefore approve miscellaneous expenses of \$15,690 for water and \$639 for wastewater.

⁶Order Nos. PSC-2025-0285-PAA-WU, issued July 22, 2025, in Docket No. 20240119-WU, *In re: Application for staff-assisted rate case in Polk County, by Alturas Water, LLC*; and PSC-2025-0284-PAA-SU, issued July 22, 2025, in Docket No. 20240105-SU, *In re: Application for staff-assisted rate case in Polk County, by West Lakeland Wastewater, LLC*.

B. Operation and Maintenance Expense Summary

The utility recorded test year O&M expense of \$154,652 for water and \$119,912 for wastewater. Based on the above adjustments, we find that O&M expenses shall be increased by \$3,472 and \$44 for water and wastewater, respectively. This results in a total O&M expense of \$158,124 for water and \$119,956 for wastewater. Our approved adjustments to O&M are shown on Schedule No. 3-D and Schedule No. 3-E, respectively.

C. Depreciation Expense

The utility recorded depreciation expense of \$18,414 for water and \$11,360 for wastewater. Using the depreciation rates prescribed in Rule 25-30.140, F.A.C., we decreased these amounts by \$80 for water and \$2,048 for wastewater. Therefore, we approve a depreciation expense of \$18,334 for water and \$9,312 for wastewater.

D. Amortization Expense of CIAC

The utility recorded amortization expense of CIAC of \$7,342 for water and \$2,228 for wastewater. We decreased amortization expense by \$32 for water and \$336 for wastewater to reflect corrected depreciation rates set forth by us. Therefore, we approve an amortization expense of CIAC of \$7,310 for water and \$1,892 for wastewater.

E. Taxes Other Than Income (TOTI)

The utility recorded TOTI of \$11,523 for water and \$6,282 for wastewater. We increased these amount by \$314 for water and \$25 for wastewater to reflect 2024 property tax assessments.

Based on revenues discussed in Section 6, TOTI shall be increased by \$266 for water and \$531 for wastewater to reflect a Regulatory Assessment Fee (RAF) rate of 4.5 percent applied to the change in revenues. As such, we find that the appropriate amount of test year RAFs are \$8,559 for water and \$6,440 for wastewater.

As discussed in Section 9, we find that revenues shall be increased by \$22,220 for water and \$10,006 for wastewater in order to reflect the change in revenue required to cover expenses and allow an opportunity to earn the approved operating margin. As a result, TOTI shall be increased by \$861 for water and \$598 for wastewater to reflect RAFs of 4.5 percent of the change in revenues. Therefore, we approve a TOTI of \$12,964 for water and \$7,435 for wastewater.

F. Operating Expense Summary

The utility recorded operating expenses of \$177,247 for water and \$135,326 for wastewater. The application of our staff's recommended adjustments to the utility's recommended operating expense results in a total operating expense of \$182,112 for water and \$134,811 for wastewater. Operating expenses are shown on Schedule No. 3-A for water and Schedule No. 3-B for wastewater, with the related adjustments shown on Schedule No. 3-C.

8. Operating Ratio Methodology

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

With respect to LP, we approve a rate base of \$195,680 for water and \$136,706 for wastewater. After removal of rate case expense, we have calculated an adjusted O&M expense of \$156,977 for water and \$119,536 for wastewater. Based on our approved amounts, the utility's water rate base is 124.66 percent of its adjusted O&M expense and wastewater rate base is 114.36 percent of its adjusted O&M expense. Based on this, the utility does qualify for application of the operating ratio methodology.

9. Revenue Requirement

LP shall be allowed an annual increase of \$19,140 (10.75percent) for water and \$13,279 (9.77percent) for wastewater. This shall allow the utility the opportunity to recover expenses and earn an operating margin of \$15,000 for water and \$14,344 for wastewater. The calculations of revenue requirement are shown on Table 2 and Table 3.

Table 2
Water Revenue Requirement

Adjusted O&M Expense	\$156,977
Operating Margin (%)	× <u>12.00%</u>
Operating Margin (\$)	<u>\$15,000</u>
Water O&M Expense	158,124
Depreciation Expense	18,334
Amortization	(7,310)
Taxes Other Than Income	<u>12,964</u>
Revenue Requirement	<u>\$197,112</u>
Less Test Year Revenues	\$177,972
Annual Increase	\$19,140
Percent Increase	10.75%

Source: Staff calculations.

Table 3
Wastewater Revenue Requirement

Adjusted O&M Expense	\$119,536
Operating Margin (%)	× <u>12.00%</u>
Operating Margin (\$)	<u>\$14,344</u>
Wastewater O&M Expense	119,956
Depreciation Expense	9,312
Amortization	(1,892)
Taxes Other Than Income	<u>7,435</u>
Revenue Requirement	<u>\$149,156</u>
Less Test Year Revenues	\$135,877
Annual Increase	\$13,279
Percent Increase	9.77%

Source: Staff calculations

10. Rate Structure

A. Water Rates

LP is located in Highlands County within the South Florida Water Management District. The utility provides water service to approximately 418 residential customers, 22 general service customers, and 2 private fire protection customers. Approximately 54 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 1,102 gallons per month. The average water demand, excluding zero gallon bills, is 2,394 gallons per month. Currently, the utility's water rate structure consists of a monthly base facility charge (BFC) and a two-tier inclining block rate structure, which includes separate gallonage charges for discretionary and non-discretionary usage for residential water customers. The rate blocks are: (1) 0-3,000 gallons; and (2) all usage in excess of 3,000 gallons per month. The general service rate structure consists of a monthly BFC and a uniform gallonage charge.

LP did not request a change in the percent BFC allocation in this application. In the 2022 SARC for LP's predecessor, we approved that 60 percent of the revenue requirement be recovered through the BFC because of the very seasonal customer base coupled with low average consumption. Due to the continued customers' low average monthly consumption and high seasonal customer base, we approve a continuation of the existing rate structure, BFC allocation, and the percentage increase be applied as an across-the-board increase to existing service rates. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues shall be removed from the test year revenues.

<u>Water</u>	
Total Test Year Revenues	\$177,972
Less: Miscellaneous Revenues	\$3,517
Test Year Revenues from Service Rates	\$174,455
Revenues Increase	\$19,140
% Service Rate Increase (Line 4/ Line 3)	10.97%

B. Wastewater Rates

LP provides wastewater service to approximately 360 residential customers and 17 general service customers. Currently, the residential wastewater rate structure consists of a uniform BFC for all meter sizes and a gallonage charge with a 6,000 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.

In addition, for the same reasons provided for the water system, we approve a continuation of existing rate structure and the percentage increase be applied as an across-the-board increase to existing service rates. To determine the appropriate percentage increase to apply to the service rates, miscellaneous revenues shall be removed from the test year revenues.

<u>Wastewater</u>	
Total Test Year Revenues	\$135,878
Less: Miscellaneous Revenues	\$1,979
Test Year Revenues from Service Rates	\$133,899
Revenues Increase	\$13,279
% Service Rate Increase (Line 4/ Line 3)	9.92%

Based on the above, we find that the appropriate test year operating revenues for LP's water system are \$177,972 (\$174,455 + \$3,517) and \$135,878 (\$133,899 + \$1,979) for the wastewater system. Furthermore, we find that the rate increase of 10.97 percent for water and 9.92 percent for wastewater be applied as an across-the-board increase to service rates. The approved water and wastewater rates are shown on Schedule Nos. 4-A and 4-B, respectively. 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 our 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.

11. Appropriate Initial Customer Deposits

Rule 25-30.311, F.A.C., provides the criteria for collecting, administering, and refunding customer deposits. Customer deposits are designed to minimize the exposure of bad debt expense for the utility and, ultimately, the general body of ratepayers. An initial customer deposit ensures that the cost of providing service is recovered from the cost causer. Historically, we have set initial customer deposits equal to two times the average estimated bill.⁷ Currently, the utility's initial deposit for water customers is \$48 for the 5/8 inch x 3/4 inch meter size and two times the average estimated bill for the general service customers. For wastewater, the utility's initial deposit is \$50 for the 5/8 inch x 3/4 inch meter size and two times the average estimated bill for the general service customers. However, this amount does not cover two months' average bills based on our approved rates. Based on our approved rates the appropriate initial customer deposit shall be \$54 for water and \$64 for wastewater to reflect an average residential customer bill for two months. The monthly average residential water bill is \$26.78 and the monthly average residential wastewater bill is \$31.65

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

12. Four-Year Rate Reduction

Section 367.081(8), F.S., requires that the rates be reduced by the amount of the rate case expense previously included in rates immediately following the expiration of the recovery period. The reduction will reflect the removal of revenue associated with the amortization of rate case expense and the gross-up for RAFs. The total reduction is \$470 for water and \$440 for wastewater.

We find that the rates shall be reduced as shown on Schedule Nos. 4-A and 4-B, 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 shall become effective immediately following the expiration of the rate case expense recovery period. LP shall 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 shall be filed for the price index and/or pass-through increase and the reduction in the rates due to the amortized rate case expense.

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

13. Approval of Rates on a Temporary Basis

This order proposes an increase in rates. A timely protest might delay a rate increase resulting in an unrecoverable loss of revenue to the utility. Therefore, pursuant to Section 367.0814(7), F.S., in the event of a protest filed by a party other than the utility, we find that the proposed rates be approved on a temporary basis. LP shall file revised tariff sheets and a proposed customer notice reflecting our 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 we have approved the proposed notice, and it has been received by the customers. The additional revenue produced by our proposed rates and collected by the utility shall be subject to the refund provisions discussed below.

LP shall be authorized to initiate the temporary rates upon our approval of an appropriate security for the potential refund and cost of the proposed customer notice. Security shall be in the form of either a bond or letter of credit in the amount of \$15,241 for water and \$6,863 for wastewater. Alternatively, the utility may establish an escrow agreement with an independent financial institution.

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

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

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

1. The letter of credit is irrevocable for the period it is in effect.
2. The letter of credit 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.
2. No monies in the escrow account may be withdrawn by the utility without the prior written authorization of the Commission Clerk, or his or her designee.
3. The escrow account shall be an interest bearing account.
4. If a refund to the customers is required, all interest earned by the escrow account shall be distributed to the customers.

5. If a refund to the customers is not required, the interest earned by the escrow account shall revert to the utility.
6. All information on the escrow account shall be available from the holder of the escrow account to a Commission representative at all times.
7. The amount of revenue subject to refund shall be deposited in the escrow account within seven days of receipt.
8. This escrow account is established by the direction of the Florida Public Service Commission for the purpose(s) set forth in its order requiring such account. Pursuant to *Cosentino v. Elson*, 263 So. 2d 253 (Fla. 3d DCA 1972), escrow accounts are not subject to garnishments.
9. The account must specify by whom and on whose behalf such monies were paid.

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

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

14. Adjustment to Books

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

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that LP Waterworks, Inc. has been responsive to customer complaints and is currently in compliance with the Department of Environmental Protection (DEP); therefore, the quality of service shall be considered satisfactory. It is further

ORDERED that LP Waterworks, Inc.'s WTP, WWTP, water storage, water distribution system, and wastewater collection system shall all be considered 100 percent U&U. We find that no adjustment is necessary for excessive infiltration and inflow; however, a 7.7 percent adjustment to purchased power and chemical expenses shall be made for excessive unaccounted for water. It is further

ORDERED that the appropriate average test year rate bases for LP Waterworks, Inc., are \$195,680 for water and \$136,706 for wastewater. It is further

ORDERED that the appropriate return on equity for LP Waterworks, Inc., 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. It is further

ORDERED that the appropriate test year operating revenues are \$177,972 for LP Waterworks, Inc.'s water system and \$135,878 for the wastewater system. It is further

ORDERED that the appropriate amount of operating expenses for LP Waterworks, Inc., are \$182,112 for water and \$134,811 for wastewater. It is further

ORDERED that LP Waterworks, Inc., does meet the requirement for application of the operating ratio methodology for calculating the water and wastewater revenue requirements. It is further

ORDERED that the appropriate revenue requirement for LP Waterworks, Inc., is \$197,112 for water and \$149,156 for wastewater, resulting in an annual increase of \$6,911 (10.97 percent) for water and \$6,044 (9.92 percent) for wastewater. It is further

ORDERED that the approved rate structure and monthly water 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 our approved rates. The approved rates shall 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 shall not be implemented until we have approved the proposed customer notice and the notice has been received by the customers. The utility shall provide proof of the date notice was given within 10 days of the date of the notice. It is further

ORDERED that the appropriate initial customer deposit shall 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 shall be two times the average estimated bill for water. The approved initial customer deposits shall be effective for connections made on or after the stamped approval date on the tariff sheets pursuant to Rule 25-30.475, F.A.C. The utility shall be required to collect the approved deposits until authorized to change them by the Commission in a subsequent proceeding. It is further

ORDERED that the rates shall be reduced as shown on Schedule Nos. 4-A and 4-B, 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 shall become effective immediately following the expiration of the rate case expense recovery period. LP Waterworks, Inc. shall 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 shall be filed for the price index and or pass-through increase and the reduction in the rates due to the amortized rate case expense. It is further

ORDERED that Pursuant to Section 367.0814(7), F.S., the approved rates are temporary and subject to refund with interest, in the event of a protest filed by a party other than the utility. LP Waterworks, Inc. shall file revised tariff sheets and a proposed customer notice reflecting our approved rates. The approved rates shall 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. It is further

ORDERED that the temporary rates shall not be implemented until Commission staff has approved the proposed notice, and the notice has been received by the customers. Further, prior to implementing any temporary rates, the utility shall provide appropriate financial security. The approved temporary rates collected by the Utility shall be subject to refund provisions. It is further

ORDERED that after the increased rates are in effect, pursuant to Rule 25-30.360(6), F.A.C., LP Waterworks, Inc., shall 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 shall also indicate the status of the security being used to guarantee repayment of any potential refund. It is further

ORDERED that LP Waterworks, Inc., shall be required to notify the Commission, in writing, that it has adjusted its books in accordance with the Commission's decision. The utility shall 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 shall be filed not less than seven days prior to the deadline. Upon providing a notice of good cause, our staff shall be given administrative authority to grant an extension of up to 60 days. It is further

ORDERED that if no person whose substantial interests are affected by the proposed agency action files a protest within 21 days of the issuance of the 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 us. In addition, this docket shall 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 shall be closed administratively.

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DOCKET NO. 20250013-WS

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By ORDER of the Florida Public Service Commission this 20th day of November, 2025.

/s/ Adam J. Teitzman

ADAM J. TEITZMAN

Commission Clerk

Florida Public Service Commission

2540 Shumard Oak Boulevard

Tallahassee, Florida 32399

(850) 413-6770

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

As identified in the body of this order, our actions are preliminary in nature, except for (1) the reduction of rates after four years based upon the recovery of rate case expense, (2) the granting of temporary rates in the event of protest, and (3) the requirement for proof of adjustment of books and records. Any person whose substantial interests are affected by the action proposed by this order may file a petition for a formal proceeding, in the form provided by Rule 28-106.201, Florida Administrative Code. This petition must be received by the Office of Commission Clerk, at 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 11, 2025. If such a petition is filed, mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing. In the absence of such a petition, this order shall become effective and final upon the issuance of a Consummating Order.

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

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

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF WATER RATE BASE		SCHEDULE NO. 1-A DOCKET NO. 20250013-WS	
DESCRIPTION	BALANCE PER UTILITY	COMM. ADJ.	BALANCE PER COMM.
1. UTILITY PLANT IN SERVICE	\$685,567	(\$4,713)	\$680,854
2. LAND & LAND RIGHTS	27,412	0	27,412
3. ACCUMULATED DEPRECIATION	(497,127)	2,821	(494,306)
4. CIAC	(271,795)	0	(271,795)
5. ACCUM. AMORT. CIAC	236,585	(2,692)	233,893
6. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>19,622</u>	<u>19,622</u>
WATER RATE BASE	<u>\$180,642</u>	<u>\$15,038</u>	<u>\$195,680</u>

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF WASTEWATER RATE BASE		SCHEDULE NO. 1-B DOCKET NO. 20250013-WS	
DESCRIPTION	BALANCE PER UTILITY	COMM. ADJ.	BALANCE PER COMM.
1. UTILITY PLANT IN SERVICE	\$513,667	(\$35,835)	\$477,832
2. LAND & LAND RIGHTS	36,000	0	36,000
3. ACCUMULATED DEPRECIATION	(385,888)	10,093	(375,795)
4. CIAC	(92,400)	0	(92,400)
5. ACCUM. AMORT. CIAC	77,650	(1,522)	76,128
6. WORKING CAPITAL ALLOWANCE	<u>0</u>	<u>14,942</u>	<u>14,942</u>
WATER RATE BASE	<u>\$149,029</u>	<u>(\$12,323)</u>	<u>\$136,706</u>

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 ADJUSTMENTS TO RATE BASE		SCHEDULE NO. 1-C DOCKET NO. 20250013-WS	
		WATER	WASTEWATER
UTILITY PLANT IN SERVICE			
1. To reflect averaging adjustments.		<u>(\$4,713)</u>	<u>(\$35,835)</u>
ACCUM. DEPRECIATION			
2. To reflect audit adjustments.		(\$4,900)	\$5,419
3. To reflect averaging adjustments.		<u>7,721</u>	<u>4,674</u>
Total		<u>\$2,821</u>	<u>\$10,093</u>
ACCUM. AMORT. CIAC			
4. To reflect auditing adjustments.		\$1,910	(\$816)
5. To reflect averaging adjustments.		<u>(4,602)</u>	<u>(706)</u>
Total		<u>(\$2,692)</u>	<u>(\$1,522)</u>
WORKING CAPITAL ALLOWANCE			
6. To reflect 1/8 of test year O&M expenses (less RCE).		<u>\$19,622</u>	<u>\$14,942</u>

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF CAPITAL STRUCTURE					SCHEDULE NO. 2 DOCKET NO. 20250013-WS		
	CAPITAL COMPONENT	PER UTILITY	PRO RATA ADJ.	BALANCE PER COMM.	PERCENT OF TOTAL	COST	WEIGHTED COST
1.	COMMON EQUITY	\$352,423	(\$30,433)	\$321,990	96.87%	8.51%	8.24%
2.	CUSTOMER DEPOSITS	<u>11,378</u>	<u>(983)</u>	<u>10,395</u>	<u>3.13%</u>	2.00%	<u>0.06%</u>
	TOTAL CAPITAL	<u>\$363,801</u>	<u>(\$31,415)</u>	<u>\$332,386</u>	<u>100.00%</u>		<u>8.30%</u>
			<u>RANGE OF REASONABLENESS</u>			<u>LOW</u>	<u>HIGH</u>
			RETURN ON EQUITY			7.51%	9.51%
			OVERALL RATE OF RETURN			7.33%	9.27%

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF WATER OPERATING INCOME			SCHEDULE NO. 3-A DOCKET NO. 20250013-WS		
	TEST YEAR PER UTILITY	STAFF ADJUST- MENTS	STAFF ADJUSTED TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT
1. TOTAL OPERATING REVENUES	\$172,065	\$5,907	\$177,972	\$19,140 10.75%	\$197,112
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$154,652	\$3,472	\$158,124		\$158,124
3. DEPRECIATION	18,414	(80)	18,334		18,334
4. AMORTIZATION	(7,342)	32	(7,310)		(7,310)
5. TAXES OTHER THAN INCOME	<u>11,523</u>	<u>580</u>	<u>12,103</u>	<u>861</u>	<u>12,964</u>
TOTAL OPERATING EXPENSES	<u>\$177,247</u>	<u>\$4,004</u>	<u>\$181,251</u>	<u>\$861</u>	<u>\$182,112</u>
7. OPERATING INCOME/(LOSS)	(\$5,182)		(\$3,279)		\$15,000
8. WATER RATE BASE	\$180,642	\$15,038	\$195,680		\$195,680
9. OPERATING MARGIN					12.00%

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 SCHEDULE OF WASTEWATER OPERATING INCOME			SCHEDULE NO. 3-B DOCKET NO. 20250013-WS		
	TEST YEAR PER UTILITY	COMM. ADJUST- MENTS	COMM. ADJUSTED TEST YEAR	ADJ. FOR INCREASE	REVENUE REQUIREMENT
1. TOTAL OPERATING REVENUES	\$124,080	\$11,797	\$135,877	\$13,279 9.77%	\$149,156
OPERATING EXPENSES:					
2. OPERATION & MAINTENANCE	\$119,912	\$44	\$119,956		\$119,956
3. DEPRECIATION	11,360	(2,048)	9,312		9,312
4. AMORTIZATION	(2,228)	336	(1,892)		(1,892)
5. TAXES OTHER THAN INCOME	<u>6,282</u>	<u>556</u>	<u>6,837</u>	<u>598</u>	<u>7,435</u>
TOTAL OPERATING EXPENSES	<u>\$135,326</u>	<u>(\$1,112)</u>	<u>\$134,214</u>	<u>\$598</u>	<u>\$134,811</u>
7. OPERATING INCOME/(LOSS)	(\$11,246)		\$1,663		\$14,344
8. WATER RATE BASE	\$149,029	(\$12,323)	\$136,706		\$136,706
9. OPERATING MARGIN					12.00%

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 ADJUSTMENTS TO OPERATING INCOME		SCHEDULE NO. 3-C DOCKET NO. 20250013-WS	
		<u>WATER</u>	<u>WASTEWATER</u>
OPERATING REVENUES			
1.	To reflect adjustments to Service Revenues.	\$16,240	\$17,165
2.	To reflect an auditing adjustment to Miscellaneous Revenues.	1,035	0
3.	To reflect the appropriate test year Service Revenues.	(9,460)	(7,346)
4.	To reflect appropriate test year Miscellaneous Revenues.	<u>(1,908)</u>	<u>1,978</u>
	Total	<u>\$5,907</u>	<u>\$11,797</u>
OPERATION AND MAINTENANCE EXPENSE			
1.	Purchased Power (615/715) To reflect EUW and I&I adjustment.	(\$271)	\$0
	Chemicals Expense (618/718)		
2.	To reflect EUW and I&I adjustment.	(\$39)	\$0
3.	Contractual Services – Other (636/736) To reflect pro forma expense amortized over 5 years.	\$2,550	\$0
4.	Rate Case Expense (665/765) To reflect an auditing adjustment.	\$362	(\$336)
	To reflect 1/4 rate case expense.	<u>449</u>	<u>420</u>
	Subtotal	<u>\$881</u>	<u>\$84</u>
6.	Bad Debt Expense (670/770) To reflect three year average Bad Debt expenses.	\$421	(\$40)
TOTAL OPERATION AND MAINTENANCE ADJUSTMENTS		<u>\$3,472</u>	<u>\$44</u>
DEPREICATION EXPENSE			
	To reflect auditing adjustments.	(\$80)	(\$2,048)
AMORTIZATION EXPENSE (NET)			
	To reflect auditing adjustments.	(\$32)	\$336
TAXES OTHER THAN INCOME			
	To reflect auditing adjustments to property tax.	\$314	\$25
	To reflect appropriate test year RAFs.	266	531
	To reflect appropriate RAFs on the revenue requirement change.	<u>861</u>	<u>598</u>
	Subtotal	<u>\$1,441</u>	<u>\$1,154</u>
TOTAL OPERATING EXPENSE		<u>\$4,865</u>	<u>(\$514)</u>

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 ANALYSIS OF WATER O&M EXPENSES		SCHEDULE NO. 3-D DOCKET NO. 20250013-WS		
ACCT.#	DESCRIPTION	TOTAL PER UTILITY	COMM. ADJUST- MENT	TOTAL PER COMM.
603	Salaries and Wages – Officers and Directors	\$6,300	\$0	\$6,300
615	Purchased Power	3,520	(\$271)	3,249
618	Chemicals	505	(\$39)	466
632	Contractual Services – Accounting	262	0	262
633	Contractual Services – Legal	150	0	150
635	Contractual Services – Testing	524	0	524
636	Contractual Services – Other	126,147	2,550	128,697
657	Insurance Expense – General Liability	1,057	0	1,057
665	Rate Case Expense	336	811	1,147
670	Bad Debt Expense	161	421	582
675	Miscellaneous Expenses	<u>15,690</u>	<u>0</u>	<u>15,690</u>
	Total O&M Expense	<u>\$154,652</u>	<u>\$3,472</u>	<u>\$158,124</u>
	Working Capital is 1/8 of O&M less RCE			\$19,622

LP WATERWORKS, INC. TEST YEAR ENDED 10/31/2024 ANALYSIS OF WASTEWATER O&M EXPENSES		SCHEDULE NO. 3-E DOCKET NO. 20250013-WS		
ACCT.#	DESCRIPTION	TOTAL PER UTILITY	COMM. ADJUST- MENT	TOTAL PER COMM.
703	Salaries and Wages – Officers and Directors	\$6,300	\$0	\$6,300
711	Sludge Removal Expense	2,420	0	2,420
715	Purchased Power	7,654	0	7,654
718	Chemicals	3,034	0	3,034
732	Contractual Services – Accounting	263	0	263
733	Contractual Services – Legal	150	0	150
736	Contractual Services – Other	97,938	0	97,938
755	Insurance Expense	1,057	0	1,057
765	Rate Case Expense	336	84	420
770	Bad Debt Expense	121	(40)	81
775	Miscellaneous Expenses	<u>639</u>	<u>0</u>	<u>639</u>
	Total O&M Expense	<u>\$119,912</u>	<u>\$44</u>	<u>\$119,956</u>
	Working Capital is 1/8 of O&M less RCE			\$14,942

LP WATERWORKS, INC. TEST YEAR ENDED OCTOBER 31, 2024 MONTHLY WATER RATES		SCHEDULE NO. 4-A DOCKET NO. 20250013-WS	
	UTILITY CURRENT RATES	COMMISSION APPROVED RATES	4 YEAR RATE REDUCTION
<u>Residential and General Service</u>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$15.65	\$17.37	\$0.04
3/4"	\$23.48	\$26.06	\$0.06
1"	\$39.13	\$43.43	\$0.10
1-1/2"	\$78.25	\$86.85	\$0.20
2"	\$125.20	\$138.96	\$0.32
3"	\$250.40	\$277.92	\$0.64
4"	\$391.25	\$434.25	\$1.00
6"	\$782.50	\$868.50	\$2.00
Charge per 1,000 gallons - Residential			
0 - 3,000 gallons	\$9.24	\$10.25	\$0.02
Over 3,000 gallons	\$13.86	\$15.38	\$0.04
Charge per 1,000 gallons - General Service			
	\$10.06*	\$11.16	\$0.03
<u>Private Fire Protection</u>			
5/8"X3/4"	\$1.30	\$1.45	\$0.00
3/4"	\$1.96	\$2.17	\$0.00
1"	\$3.26	\$3.62	\$0.01
1-1/2"	\$6.52	\$7.24	\$0.02
2"	\$10.43	\$11.58	\$0.03
3"	\$20.87	\$23.16	\$0.05
4"	\$32.60	\$36.19	\$0.08
6"	\$65.21	\$72.38	\$0.17
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
1,000 Gallons	\$24.89	\$27.62	
3,000 Gallons	\$43.37	\$48.12	
5,000 Gallons	\$71.09	\$78.88	

LP WATERWORKS, INC. TEST YEAR ENDED OCTOBER 31, 2024 MONTHLY WASTEWATER RATES		SCHEDULE NO. 4-B DOCKET NO. 20250013-WS	
	UTILITY CURRENT RATES	COMMISSION APPROVED RATES	4 YEAR RATE REDUCTION
<u>General Service</u>			
Base Facility Charge by Meter Size			
5/8"X3/4"	\$19.34	\$21.26	\$0.06
3/4"	\$29.01	\$31.89	\$0.09
1"	\$48.35	\$53.15	\$0.15
1-1/2"	\$96.70	\$106.30	\$0.31
2"	\$154.72	\$170.08	\$0.49
3"	\$309.44	\$340.16	\$0.99
4"	\$483.50	\$531.50	\$1.54
6"	\$967.00	\$1,063.00	\$3.08
Charge per 1,000 gallons - General Service	\$12.00	\$13.19	\$0.04
<u>Residential Service</u>			
All Meter Sizes	\$19.34	\$21.26	\$0.06
Charge per 1,000 gallons - Residential Service	\$9.99	\$10.98	\$0.03
6,000 Gallonage Cap			
<u>Typical Residential 5/8" x 3/4" Meter Bill Comparison</u>			
1,000 Gallons	\$29.33	\$32.24	
3,000 Gallons	\$49.31	\$54.20	
5,000 Gallons	\$69.29	\$76.16	