

**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

In re: Application for staff-assisted rate  
case in Highlands County, by L.P. Utilities  
Corporation c/o LP Waterworks, Inc.

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DOCKET NO. 130153-WS

Filed: July 7, 2014

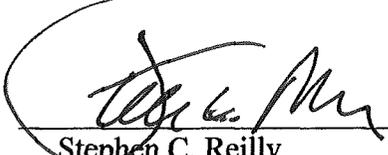
**JOINT MOTION REQUESTING COMMISSION APPROVAL OF  
SETTLEMENT AGREEMENT**

The Office of Public Counsel (“OPC”) and L.P. Utilities Corporation (“Utility”) file this Joint Motion requesting the Florida Public Service Commission (“Commission”) to approve the Settlement Agreement, attached as Exhibit “A”, as provided in this motion. In support of the Joint Motion, OPC and the Utility state:

1. To avoid the time, expense and uncertainty associated with adversarial litigation, and in keeping with the Commission’s long-standing policy and practice of encouraging parties to settle issues whenever possible, OPC and the Utility entered into a Settlement Agreement, which was expressly supported by the Camp Florida Property Owners Association, which resolved the issues in this docket.
2. After entering into the Settlement Agreement, the Utility and OPC learned that staff would not be issuing an updated staff recommendation in this docket, prior to the July 10, 2014, Agenda Conference.
3. While the Settlement Agreement mentions the staff issuing an amended recommendation, it does not matter to the Parties to the Settlement Agreement if the Staff does not issue an amended recommendation. It being the intent of the Parties that the Commission approve an Order that adopts the terms of the March 27, 2014 staff recommendation, as amended by paragraphs 1-5 of the Settlement Agreement.

WHEREFORE, OPC and the Utility respectfully request the Commission to issue an Order which approves the terms of the March 27, 2014 staff recommendation, as amended by paragraphs 1-5 of the attached Settlement Agreement.

Respectfully submitted this 7<sup>th</sup> day of July, 2014.



Stephen C. Reilly  
Associate Public Counsel  
Office of Public Counsel

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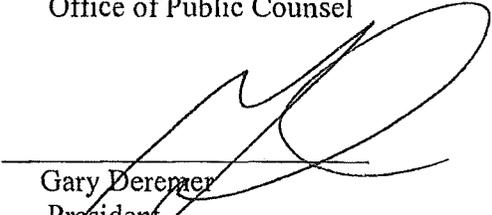
Gary Deremer  
President  
L.P. Utilities Corporation c/o  
L.P. Waterworks, Inc.

WHEREFORE, OPC and the Utility respectfully request the Commission to issue an Order which approves the terms of the March 27, 2014 staff recommendation, as amended by paragraphs 1-5 of the attached Settlement Agreement.

Respectfully submitted this 7 day of July, 2014.

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Stephen C. Reilly  
Associate Public Counsel  
Office of Public Counsel



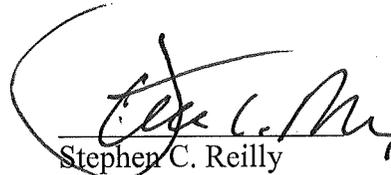
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Gary Derenzer  
President  
L.P. Utilities Corporation c/o  
L.P. Waterworks, Inc.

**CERTIFICATE OF SERVICE**  
**DOCKET NO. 130153-WS**

I **HEREBY CERTIFY** that a true and correct copy of the foregoing Joint Motion Requesting Commission Approval of Settlement Agreement has been furnished by electronic mail to the following party on this 7<sup>th</sup> day of July, 2014.

Charles Murphy, Esquire  
Office of General Counsel  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

  
Stephen C. Reilly  
Associate Public Counsel



"Bad Debt Expense (670/770): L.P. Waterworks, Inc. recorded bad debt expense of \$1,123 for water and \$907 for wastewater. Staff recommends bad debt expense of \$1,123 for water and \$907 for wastewater.

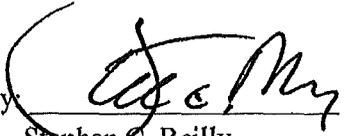
3. The Parties agree to a reduced list of pro forma plant additions to be included in the revenue requirement of this case. The modified list of pro forma plant additions is detailed in Exhibit "A" attached hereto and made a part of this Settlement Agreement.
4. The water and wastewater revenue requirements provided by the Recommendation produce significant rate increases for the L.P. Waterworks customers. In an effort to moderate and delay the financial impact of these rate increases, the parties agree to the following:
  - a. The water and wastewater rate increases shall be implemented in two phases. Phase I shall recover only the recommended operation and maintenance expenses, property taxes and regulatory assessment fee (RAF) expense, as modified by this Agreement. There shall be no recovery of the Utility's return on rate base, including modified water and wastewater pro forma plant additions, including depreciation net of CIAC amortization, in Phase I rates, which are estimated to be implemented sometime in September, 2014.
  - b. Phase II rates shall not be implemented any sooner than 1 year after implementation of the Phase I rates, which is estimated to be in September, 2015. Phase II rates shall include the recovery of the Utility's return on rate base, including the modified water and wastewater pro forma plant additions, including depreciation net of CIAC amortization, together with the recovery of the approved operation and maintenance expenses, property taxes and RAF expense, as modified by this Agreement.
  - c. The Utility agrees not to file a new rate case before one year after implementation of the Phase II rate increase, which is estimated to be no sooner than September, 2016.
5. Staff shall make all of the fall-out adjustments, including any required retirements, to the Recommendation consistent with the changes made by this Settlement Agreement.

6. In keeping with the Commission's long-standing practice of encouraging parties to settle issues whenever possible, the Parties offer this Settlement Agreement. As with every Settlement Agreement, it offers compromises of each Party's positions and must be accepted or rejected without modification. Consequently, if the terms of this Agreement, without modification, are not accepted by Staff and incorporated into an amended Recommendation, which is approved, without modification by Commission Order, not subject to further proceedings or judicial review, then this Settlement Agreement shall be considered null and void, and no party may use the attempted Agreement in this or any other proceeding.

IN WITNESS WHEREOF, the Parties have hereunder caused this Settlement Agreement to be executed as of the date next to each signature, in counterparts, each counterpart to be considered an original.

**OFFICE OF PUBLIC COUNSEL**

**L.P. UTILITIES CORPORATION c/o  
L.P. WATERWORKS, INC.**

By:  6/2/14  
Stephen C. Reilly Date  
Associate Public Counsel  
On behalf of the Customers of  
L.P. Waterworks, Inc.

By: \_\_\_\_\_  
Gary Deremer Date  
President

**CAMP FLORIDA PROPERTY  
OWNERS ASSOCIATION**

By: \_\_\_\_\_  
Bruce Ridley Date  
President

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By: \_\_\_\_\_  
Stephen C. Reilly                      Date  
Associate Public Counsel  
On behalf of the Customers of  
L.P. Waterworks, Inc.

**L.P. UTILITIES CORPORATION c/o  
L.P. WATERWORKS, INC.**

By: \_\_\_\_\_ 6-1-14  
Gary Doremer                      Date  
President

**CAMP FLORIDA PROPERTY  
OWNERS ASSOCIATION**

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Bruce Ridley                      Date  
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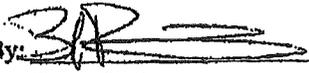
**OFFICE OF PUBLIC COUNSEL**

**L.P. UTILITIES CORPORATION c/o  
L.P. WATERWORKS, INC.**

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 Stephen C. Reilly Date  
 Associate Public Counsel  
 On behalf of the Customers of  
 L.P. Waterworks, Inc.

By: \_\_\_\_\_  
 Gary Deremer Date  
 President

**CAMP FLORIDA PROPERTY  
OWNERS ASSOCIATION**

By:  \_\_\_\_\_  
 Bruce Ridley Date  
 President

Jun 02 14:01:57p JOHN 8102272230 p.1  
 TIME RECEIVED June 2, 2014 2:04:40 PM EDT REMOTE CSID 8102272230 DURATION 61 PAGES 1 STATUS Received  
 \*\* INBOUND NOTIFICATION : FAX RECEIVED SUCCESSFULLY \*\*

EXHIBIT "A"

MODIFIED PRO FORMA PLANT ADDITIONS

<u>WATER</u>	
<u>Description of Plant Improvement</u>	<u>Cost</u>
1. Install chlorine monitoring system, two chlorine gas scales, safety equipment, automatic switchover units	\$3,800.00
2. Replace damaged roof @WTP #1	\$6,000.00
3. Alarm Upgrade to provide web based monitoring system at WTP #1	\$2,873.40
4. Improve chlorine feed system to meet safety codes at WTP #2	\$5,000.00
5. Alarm upgrade to provide web based monitoring system at WTP #2	\$2,873.40
6. Replace water meters that have up to 900,000 gallons of use (97 meters)	\$8,472.95
7. Replace self-contained breathing apparatus (SCUBA) with new equipment	\$2,500.00
8. Install new pressure gauge on hydro-pneumatic tank and install hardware cloth around fans in chlorine room for WTP #1	<u>\$1,137.70</u>
Water Total:	\$32,657.45

WASTEWATER

<u>Description of Plant Improvement</u>	<u>Cost</u>
1. Replace the existing air header with more reliable galvanized piping	\$3,800.00
2. Security fencing replacement	\$650.00
3. Replace one blower at WWTP	\$6,000.00
4. Repair check valve and replace pressure tank of washdown well	\$558,97
5. Replace float controls for surge tank pumps and replace valve	\$981.16
6. Replace existing 3HP pumps with 10 HP pumps to produce enough velocity to scour force main piping	<u>\$18,476.88</u>
Wastewater Total:	\$30,467.01