

# LP WATERWORKS, INC.

May 12, 2022

CK# 2133

DATE DEPOSIT \$ 1,000.00

Office of Commission Clerk  
Public Service Commission  
2540 Shumard Oak Blvd.  
Tallahassee, FL 32399

MAY 20 2022 5 53 -

DEF #: 20220099

Re: Application of LP Waterworks, Inc. for Staff Assisted Rate Case in Highlands County for increased water rates

Dear Commission Clerk,

Please find attached LP Waterworks, Inc. (LPWW) application for a staff assisted rate case (SARC) in Highlands County for increased water rates only.

### Need for Rate Relief

LPWW last filed for a SARC in 2016, which culminated in Order No. PSC-2017-0334-PAA-WS, issued August 23, 2017 (PAA Order), in Docket No. 20160222-WS. LPWW also had a Limited Alternative Rate Increase (LARI) in 2019, which culminated in Order No. PSC-2019-0141-PAA-WS, issued April 22, 2019.

In Order No. PSC-2017-0334-PAA-WS, the Commission found that the water treatment facility was 100% used and useful; the water distribution system was 100% used and useful; and storage was 100% used and useful.

For the test year ending December 31, 2021, the water revenues were \$133,280, with a net operating loss of (\$14,542). Also for the year ending 2020, the water revenues were \$130,793, with a net operating loss of (\$19,324). LPWW is requesting an overall rate of return (ROR) of 7.34% with a return on equity of 7.85% based on the most recent leverage.

One of the reasons for the need to request the SARC is due to the significant decrease in water consumption. The chart below shows this decrease in water consumption since the last SARC:

Year	Billed Consumption
2016	9,603,000
2017	9,538,000
2018	8,014,000
2019	7,605,000
2020	7,441,000
2021	7,751,000

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In addition, since the last test year ending August 31, 2016, LPWW has invested \$145,996.94 in water plant in service.

LP Waterworks, Inc.  
Staff Assisted Rate Case Request  
May 12, 2022

The Utility is requesting water rates which will allow it to recover all prudently incurred expenses the Utility will incur on a going-forward basis, and generate a fair rate of return on its investment in all property considered used and useful in the public service. In support of its requested rate increase, LPWW provides the following information attached to this letter:

1. Commission Application for Staff Assisted Rate Case Form PSC/AFD 2-W;
2. LPWW's supporting schedules for requested test year ending December 31, 2021 including:
  - a. Schedule 1-A – Water Rate Base
  - b. Schedule 1-C – Adjustments to Rate Base
  - c. Schedule 2 – Capital Structure
  - d. Schedule 3 – A – Statement of Water Operations
  - e. Calculation of Annualized Water Revenue
  - f. Schedule 3-C – Adjustments to Operating Income
  - g. O&M Expenses – Water
  - h. Schedule RCE – Analysis of Rate Case Expense
  - i. Plant, Accumulated Depreciation, Depreciation Expenses – Adjustments for Used and Useful – Water
  - j. Taxes Other Than Income Schedule
  - k. Allocation of Revenue Requirement – Rate Design – Water
  - l. Schedule E-1w – Water Rates at Present and Proposed Rates (with elasticity adj.)
  - m. Schedule 4 – A – Utility Requested Water Rate Schedule
  - n. Schedule F-1 – Gallons of Water Purchased, Sold and Unaccounted For

The total filing fee in the amount of \$1,000 is also attached to this SARC application pursuant to Rule 25-30.30.020(2)(f), Florida Administrative Code.

Respectfully Submitted,



Troy Rendell  
Vice President  
Investor Owned Utilities  
*// for LP Waterworks, Inc.*