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# Public Service Commission

December 29, 2010

Mr. Norman Horton, Jr.  
Messer, Caparello & Self, P.A.  
P.O. Box 15579  
Tallahassee, FL 32308

**Re: Docket No. 100128-WU - Application by Lighthouse Utilities Company, Inc. for an Increase in Water Rates in Gulf County.**

Dear Mr. Horton:

We have reviewed the revised minimum filing requirements (MFRs) submitted on December 10, 2010, on behalf of Lighthouse Utilities Company, Inc. (LUCI or Utility). After reviewing this information, we find that LUCI's MFRs remain deficient. An explanation of the specific deficiencies are identified below.

I. Rule 25-30.110(2), Florida Administrative Code (F.A.C.) requires that a utility shall furnish the Commission with any information concerning the utility's facilities or operation that the Commission may request and require for determining rates or judging the practices of the utility. All such data, unless otherwise specified, shall be consistent with and reconcilable with the utility's annual report to the Commission. The following items contain deficiencies pursuant to this rule.

(A) Regarding the Utility's 2009 Annual Report, Water Operating Schedule on page W-9, column (e), compared to MFR Schedule E-2, column (5):

- (1) Residential revenues do not reconcile;
- (2) Other / Public Authority revenues do not reconcile; and
- (3) Total revenues do not reconcile.

II. Rule 25-30.437, F.A.C., requires that each utility applying for a rate increase shall provide the information required by Commission Form PSC/ECR 20-W (11/93), entitled "Class B Water and/or Wastewater Utilities Financial, Rate and Engineering Minimum Filing Requirements." The following items on the list below are deficiencies pursuant to this rule.

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(A) Regarding MFR Schedule E-2, Revenue Schedule at Present and Proposed Rates: The Utility is required to provide a calculation of revenues at present and proposed rates using the billing analysis (MFR Schedule E-14). However, the billing determinants presented on Schedule E-2 do not match the corresponding number of billing determinants from Schedule E-14 in the following areas:

- (1) The Residential kgals sold presented on Revised Schedule E-2, column (3), line 3, do not match the corresponding **unrounded** figures from Revised Schedule E-14, p. 5, columns (5) and (7), line 150. Please also refer to deficiency II (D) (2) below.
- (2) The Residential kgals sold presented on Revised Schedule E-2, column (3), line 5, do not match the corresponding **unrounded** figures from Revised Schedule E-14, p. 7, columns (5) and (7), line 28. Please also refer to deficiency II (D) (2) below.
- (3) The Residential kgals sold presented on Revised Schedule E-2, column (3), line 9, do not match the corresponding **unrounded** figures from Revised Schedule E-14, p. 13, columns (5) and (7), line 14. Please also refer to deficiency II (D) (2) below.
- (4) The sum of the Residential kgals sold presented on Revised Schedule E-2, column (3), line 10, does not match the reconciliation of the Residential usage per the Utility's billing software as shown on Revised Schedule E-14, p. 5, column (7), line 167.
- (5) On the reconciliation of the Residential usage per the Utility's billing software as shown on Revised Schedule E-14, p. column (7), lines 155 and 165, the Utility has indicated an "unlocated" usage of 295,610 gallons in its Residential billing software for the test year. A possible method to help rectify this difference is to include one bill at the 296 kgals level for the Residential 5/8" meter size.
- (6) The Other Service kgals sold presented on Revised Schedule E-2, column (3), line 16, do not match the corresponding **unrounded** figures from Revised Schedule E-14, p. 8, columns (5) and (7), line 18. In addition, please refer to deficiency II (D) (2) below.
- (7) The Other Service kgals sold presented on Revised Schedule E-2, column (3), line 18, do not match the corresponding **unrounded** figures from Revised Schedule E-14, p. 11, columns (5) and (7), line 24. In addition, please refer to deficiency II (D) (2) below.
- (8) The Other Service kgals sold presented on Revised Schedule E-2, column (3), line 20, do not match the corresponding **unrounded** figures from Revised Schedule E-14, p. 14, columns (5) and (7), line 7. In addition, please refer to deficiency II (D) (2) below.
- (9) On the reconciliation of the Other Service usage per the Utility's billing software as shown on Revised Schedule E-14, p. 15, column (7), lines (17-19) and (28-29), the Utility has indicated: a) an extra, unadjusted bill of 910.3 kgals; and b) an unposted test year usage adjustment of 10,000 kgals to St. Joseph State Park. A possible method to help rectify these differences is to, for the 4" meter billing analysis: a) include one bill at the 911 kgal level; and b) include one bill at the 10,000 kgals level. Although this will result in two additional bills at this meter size for the test year, the effect of those additional bills is immaterial, compared to excluding additional, known test year consumption of 10,910.3 kgals.
- (10) The Commercial Service kgals sold presented on Schedule E-2, column (3), line 29, do not match the corresponding unrounded figures from Schedule E-14, p. 6, columns (5) and (7), line 31. In addition, please refer to deficiency II (D) (2) below.

- (11) The Commercial Service kgals sold presented on Schedule E-2, line 31, do not match the corresponding unrounded figures from Schedule E-14, p. 9, columns (5) and (7), line 9.
  - (12) The Commercial Service kgals sold presented on Schedule E-2, column (3), line 29, do not match the corresponding **unrounded** figures from Schedule E-14, p. 10, columns (5) and (7), line 11. Furthermore, for applicants having master metered multiple dwellings, provide number of bills at each level by meter size or number of bills categorized by the number of units. Consumption is to be rounded to the nearest 1,000 gallons, and begin at zero. Please also refer to deficiency II (D) (1) below.
- (B) Regarding MFR Schedule E-5, Schedule of Miscellaneous Service Charges: The Utility is required to provide a schedule of test year miscellaneous service charges received by type, and provide a schedule for proposed charges, if applicable.
- (1) Although the Utility has listed charges received from returned check fees and late charges, the Utility did not list any charges received from initial connections, normal connections, violation reconnections or premises visits.
- (C) Regarding MFR Schedule E-14, Billing Analysis Schedules: The Utility is required to provide a billing analysis for each class of service by meter size. For applicants having master metered multiple dwellings, provide the number of bills at each level by meter size or the number of bills categorized by the number of units. Consumption is to be rounded to the nearest 1,000 gallons, and begin at zero.
- (1) The Utility reports that Revised Schedule E-14, p. 10, is for a meter serving the six dwellings known as Scallop Cove Villas. This meter should therefore be appropriately categorized as providing Multi-Residential service. Please revise this page of the billing analysis: a) changing the customer class; and b) providing the number of bills at each level by meter size or number of bills categorized by the number of units. Consumption is to be rounded to the nearest 1,000 gallons, and begin at zero.
  - (2) The Utility has listed rounding errors on pages 5, 6, 7, 8, 9, 10, 11, 13, and 14 of Revised Schedule E-14. There should be no unexplained rounding errors in Schedule E-14. That is, the total kgals reported for each customer class and meter size on Schedule E-14 should match the corresponding information from the utility's billing analysis, appropriately adjusted for known items including, but not limited to: a) errors; or b) items that occurred during the test year but have not yet been recorded. As stated in the Commission's MFR deficiencies letter to the Utility dated September 30, 2010, the cumulative kgals sold totals listed in column (5) on the summary pages for each meter size and customer class on Schedule E-14 should total the consolidated factor totals indicated in column (7) on the corresponding pages.
  - (3) Because "rounding errors" remain a deficiency in the Utility's Revised Schedule E-14, please explain how each error either: a) arises; b) is calculated; or c) is determined for each of the MFR pages listed in II (A) above.

Mr. Norman Horton

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III. Pursuant to Rule 25-30.4325 F.A.C., the calculation used to determine the used and useful percentage for the Water Treatment Plant (Schedule F-5 [Rev.]) was not provided. Please perform the appropriate calculations.

If these reconciliations require a corresponding change to any MFR schedule(s), those corrected schedule(s) must also be submitted. Your petition will not be deemed filed until the deficiencies identified in this letter have been corrected. These corrections should be submitted no later than January 28, 2011. If you have any questions, please contact Bart Fletcher at 850-413-7017.

Sincerely,



Marshall Willis  
Director

cc: Division of Economic Regulation (Bulecza-Banks, Maurey, Daniel, Fletcher, Linn, Brown, Lingo, Rieger, Stallcup, Thompson)  
Office of the General Counsel (Young, Crawford)  
Office of Commission Clerk  
Office of Auditing and Performance Analysis (Prestwood)