

COMMISSIONERS:  
NANCY ARGENZIANO, CHAIRMAN  
LISA POLAK EDGAR  
NATHAN A. SKOP  
ART GRAHAM  
RONALD A. BRISÉ

STATE OF FLORIDA



MARSHALL WILLIS, DIRECTOR  
DIVISION OF ECONOMIC REVENUE  
(850) 413-6900

RECEIVED-FPSC

10 OCT -4 AM 10:58

COMMISSION  
CLERK

## Public Service Commission

September 30, 2010

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

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

Dear Mr. Horton:

We have reviewed the minimum filing requirements (MFRs) submitted on September 1, 2010, on behalf of Lighthouse Utilities Company, Inc. (Lighthouse or Utility). After reviewing this information, we find the MFRs to be deficient.

According to rule 25-30.110(2), Florida Administrative Code (F.A.C.) 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. Numbers 1 through 4 of the following list are deficiencies pursuant to this rule.

1. Regarding the Utility's 2009 Annual Report Water Operating Revenue Schedule, page W-9, columns (c) and (d), compared to MFR Schedule E-2, column (2):
  - a) General Service customers on Annual Report page W-9 do not reconcile with MFR Schedule E-2; and
  - b) there is a Public Authority class with associated customers that appears on Annual Report page W-9 but that class is not reflected on MFR Schedule E-2.
2. Regarding the Utility's 2009 Annual Report Water Operating Schedule on page W-9, columns (c) and (d), compared to MFR Schedule E-3, columns (2) through (4):

DOCUMENT NUMBER DATE

08283 OCT-4 01

FPSC-COMMISSION CLERK

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD • TALLAHASSEE, FL 32399-0850

An Affirmative Action / Equal Opportunity Employer

PSC Website: <http://www.floridapsc.com>

Internet E-mail: [contact@psc.state.fl.us](mailto:contact@psc.state.fl.us)

Mr. Norman Horton

Page 2

September 30, 2010

- a) Residential customers indicated in columns (c) and (d) of Annual Report page W-9 do not reconcile with the corresponding number of customers reflected on MFR Schedule 3, column (2);
- b) General Service customers indicated in columns (c) and (d) of Annual Report page W-9 do not reconcile with the corresponding number of customers reflected on MFR Schedule 3, column (3); and
- c) Public Authority customers indicated in columns (c) and (d) of Annual Report page W-9 do not appear on MFR Schedule 3, column (4).

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

- a) Residential revenues do not reconcile;
- b) Commercial/General Service revenues do not reconcile; and
- c) there is a Public Authority class with associated revenues that appears on Annual Report page W-9 but is not reflected on MFR Schedule E-2.

4. Regarding the Utility's 2009 Annual Report Water Operating Schedule on page W-9, compared to MFR Schedule E-5:

- a) According to Annual Report p. W-9, the utility grew by 33 customers (from 1,350 customers to 1,383 customers) during 2009. However, MFR Schedule E-5 fails to indicate the associated revenues, by type of service (initial connection, normal reconnection, violation reconnection and premises visit) associated with this increase in customers.

Rule 25-30.436(4)(b), F.A.C., requires that each schedule shall be consecutively numbered.

5. All MFR schedules are deficient pursuant to this rule because they do not reflect the prior year and simple average balance.

Rule 25-30.436(4)(g) and 25-30.433(4), F.A.C., requires that a Class B utility file its MFR schedules using the simple beginning and end-of-year average balance. Numbers 6 through 11 of the following list are deficient pursuant to these rules.

6. Schedule A-1, Water Rate Base

Accumulated Depreciation, CIAC, Accumulated Amortization of CIAC, and Working Capital Allowance Per Books for 2009 are not the simple average balances for 2009. Please provide a corrected MFR schedule A-1 with the simple average balances for 2009.

7. Schedule A-9, Water Accumulated Depreciation By Primary Account

On page 1 of 3 and page 3 of 3, the total Accumulated Depreciation on line 38 is not the simple average balance. Please provide a corrected MFR Schedule A-9 with the simple average balance for 2009.

8. Schedule A-12, Contributions in Aid of Construction (CIAC) by Classifications

On page 1 of 3 and page 3 of 3, the total CIAC on line 7 is not the simple average balance. Please provide a corrected MFR schedule A-12 with the simple average balance for 2009.

9. Schedule A-14, Accumulated Amortization of CIAC

On page 1 of 3 and page 3 of 3, the total of Accumulated Amortization of CIAC on line 7 is not the simple average balance. Please provide a corrected MFR schedule A-14 with the simple average balance for 2009.

10. Schedule A-18, Comparative Balance Sheet-Assets

The total Assets on line 29 is not the simple average balance. Please provide a corrected MFR schedule A-18 with the simple average balance for 2009.

11. Schedule A-19, Comparative Balance Sheet- Equity Capital & Liabilities

The total of Equity Capital & Liabilities on line 24 is not the simple average balance. Please provide a corrected MFR schedule A-19 with the simple average balance for 2009.

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." Numbers 12 through 23 of the following list are deficiencies pursuant to this rule. In addition, numbers 12 through 15 are also deficient pursuant to this rule because they fail to show the prior year and average columns.

12. Schedule A-5, Water Plant in Service By Primary Account

13. Schedule A-9, Water Accumulated Depreciation By Primary Account

14. Schedule A-12, Contributions in Aid of Construction By Classifications

15. Schedule A-14, Accumulated Amortization of CIAC

16. Rule 25-30.437(1), F.A.C., requires that each section shall be indexed and tabbed, including a table of contents listing the page numbers of each schedule. The MFR application is deficient pursuant to this rule.

17. Schedules E-2, F-1, and F-9

The volumes of water sold reflected in Schedules E-2, F-1 and F-9 do not match. Please correct these schedules.

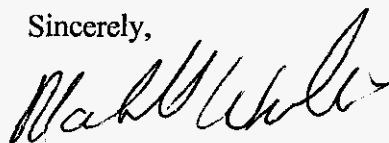
Used and Useful (U&U) Calculations in Schedules F-5 and F-7. The calculations to determine the U&U percentages for the Water Treatment Plant (Schedule F-5) and Water Distribution System (Schedule F-7) were not provided. Please provide the U&U calculations to these schedules.

19. 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:
  - a) The Residential kgals sold presented on Schedule E-2, column (3), line 4, do not match the corresponding **unrounded** figures from Schedule E-14, p. 5, columns (5) and (7).
  - b) The General Service kgals presented on Schedule E-2, column (3), line 12, do not match the corresponding **unrounded** figures from Schedule E-14.
  - c) The General Service kgals presented on Schedule E-2, column (3), line 14, do not match the corresponding **unrounded** figures from Schedule E-14.
  - d) The General Service kgals presented on Schedule E-2, column (3), line 16, do not match the corresponding **unrounded** figures from Schedule E-14.
  - e) The General Service kgals sold presented on Schedule E-2, column (3), lines 8 through 27, do not have corresponding General Service pages and meter sizes presented on Schedule E-14. (All 22 pages of Schedule E-14 are classified as Residential bills and kgals, rather than some combination of Residential and General Service (Commercial) bills and kgals. Furthermore, if the customer classifications on page W-9 in the Utility's 2009 Annual Report are correct, the number of Public Authority bills and kgals, plus any corresponding revenues, must also be presented on Schedules E-2 and E-14.)
20. Regarding MFR Schedule E-4, Schedule of Present and Proposed Miscellaneous Service Charges: The Utility has indicated on Schedule E-4, column (2) that normal reconnection fees for both normal and after business hours of \$50. However, per Commission Order No. 18897, the appropriate charges for these services are \$15.
21. 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.
  - a) Commission Order No. 18897 contains the Utility's current authorized miscellaneous service charges. According to Annual Report page W-9, the Utility grew by 33 customers (from 1,350 customers to 1,383 customers) during 2009. However, MFR Schedule E-5 fails to indicate the revenues associated with this increase in customers.
  - b) The Utility failed to carry the late charge fees into the totals indicated in column (5).
  - c) There are no corresponding miscellaneous service charge revenues indicated on MFR Schedule B-4.

22. 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 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.
- a) The Reversed Bills calculation from column (6) was left blank on all 22 pages of Schedule E-14.
  - b) The Consolidated Factor calculation from column (7) is incorrect for all consumption levels and meter sizes (other than consumption levels of 0 kgals) on all 22 pages of Schedule E-14.
  - c) All 22 pages of Schedule E-14 are classified as Residential bills and kgals, rather than some combination of Residential and General Service (Commercial) bills and kgals. (If the Utility has Public Authority customers (as indicated in its 2009 Annual Report), the Utility must also include this customer class, along with its associated bills and kgals sold.)
  - d) There are "rounding errors" indicated on pages 5, 9, 12 and 21 of Schedule E-14. The cumulative kgals sold totals listed in column (5) on these pages should total the consolidated factor totals indicated in column (7) on those same pages.
23. With regard to Schedule E-6, the Utility failed to provide the size, type and quantity of its fire hydrants.

If these reconciliations require a corresponding change to any MFR schedules, those corrected schedules 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 October 29, 2010.

Sincerely,



Marshall Willis  
Director

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

---