

Diamond Williams

From: Ann Bassett [abassett@lawfla.com]
Sent: Thursday, July 07, 2011 1:59 PM
To: Filings Electronic <Filings@PSC.STATE.FL.US
Cc: William Rish; Doc Horton; Stephen Reily; Keino Young; Michael McKenzie; Ralph Roberson
Subject: Docket No. 100128-WU
Attachments: 2011-07-07, 100128, LUC Responses to Staff's Seveth Data Request.pdf

The person responsible for this electronic filing is:

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The Docket No. is 100128-WU - Application for Increase in Water Rates in Gulf County by Lighthouse Utilities Company, Inc.

This is being filed on behalf of Lighthouse Utilities Company, Inc.

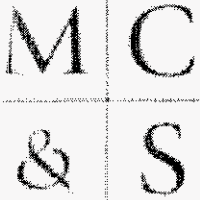
Total Number of Pages is 5

Lighthouse's Response to Staff's Seventh Data Request

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July 7, 2011

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Ms. Ann Cole, Commission Clerk
Office of Commission Clerk
Room 110, Easley Building
Florida Public Service Commission
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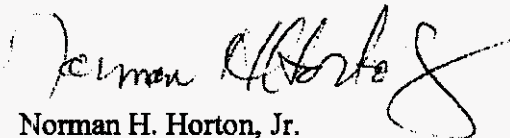
Re: Docket No. 100128-WU

Dear Ms. Cole:

Enclosed for filing on behalf of Lighthouse Utilities Company, Inc. is an electronic version of Lighthouse Utilities Company, Inc.'s Response to Staff's Seventh Data Request in the above referenced docket.

Should you have any questions, please do not hesitate to contact me. Thank you for your assistance with this filing.

Sincerely,



Norman H. Horton, Jr.

NHH:amb

cc: Keino Young, Esq. (with enclosures)
Office of Public Counsel (with enclosures)
Mr. Jay Rish
Mr. Michael McKenzie

Lighthouse Utilities Company's Responses to STAFF'S SEVENTH DATA REQUEST

**Re: Docket No. 100128-WU, Application for increase in water rates in Gulf County
by Lighthouse Utilities Company**

1. In response to Question 1 of Staff's Sixth Data Request, the Utility stated in part that, "When we find no usage is billed for an extended period of time we acquire the mechanical reading and reconcile that reading with the transmitted reading."

(a) When there is no usage billed for an extended period of time, how many months does the Utility consider "an extended period of time" before a mechanical reading is obtained and reconciled with a transmitted reading?

Response: The utility considers six months of no usage normal, anything beyond six consecutive months would be extended and investigated.

(b) If the response to (a) above is greater than 12 months, based on the language contained in Rule 25-30.340, Florida Administrative Code, did the Utility realize it would suffer lost revenues?

Response: See the response to 1(a).

(c) If the response to (b) above is affirmative, why did the Utility wait for periods of greater than 12 months to check customers' meters?

Response: See the response to 1(a).

(d) If the response to (b) above is not affirmative, was the Utility unaware of Rule 25-30.340, F.A.C.?

Response: See the response to 1(a).

(e) Has the Utility taken steps to implement checks of "drive by" meter readings versus mechanical meter readings on a regular basis?

Response: Our "drive by" meters read both mechanically and by transmitting the reading digitally. Our system has many homes that are unoccupied for extended periods of time so an account with no usage billed for several months is common. When we find no usage is billed for an extended period of time we acquire the mechanical reading and reconcile that reading with the transmitted reading. Any difference would be considered the total amount of non-billed usage. If the timeframe between readings exceeds the back billing limit of 12 months, the total non-billed usage is divided by the number of months between reads to obtain an average usage; this average is then multiplied by 12 to back bill. Each customer was back billed using the same method.

(f) Have all of the Utility's billing problems involving meter reading been rectified?

Response: The utility still has a few meters each month that are investigated and either manually read and/or considered for replacement.

(g) If the response to (f) above is negative, please state any billing problem(s) involving meter reading that still exists, and provide an explanation of why the(those) problem(s) still exist.

Response: The utility still finds meters that stop transmitting electronically.

2. In response to Question 2 of Staff's Sixth Data Request, the Utility stated in part that, "The manufacturer replaced all of our meters. Not all of our meters quit transmitting but were replaced as a preventative measure."

a) How many of the Utility's "drive by" meters were malfunctioning? Please provide this information both in terms of the number of malfunctioning "drive by" meters and the percentage of those malfunctioning meters to total "drive by" meters.

Response: The utility does not have accurate records of exactly how many were malfunctioning, but the manufacturer replaced all digital meters at no additional cost to the Utility.

b) Did the manufacturer of the "drive by" meters replace all of the meters referenced in (a) above at no charge to the Utility?

Response: Yes

c) If the response to (b) above is negative, what did the manufacturer charge the Utility for replacing all of the meters?

Response: N/A

d) Did the Utility seek compensation from the manufacturer because of the faulty meters?

Response: No

(e) If the response to (d) above is positive, please provide any and all correspondence related to the Utility's request.

Response: N/A

(f) If the response to (d) is positive, please state the dollar amount of compensation received from the manufacturer.

Response: N/A

- (g) If the response to (d) above is negative, please explain why the Utility did not seek compensation from the manufacturer.

Response: The Utility believes that the manufacturer acted in good faith to replace all the meters at their cost and the percentage of customers that went beyond 12 months of no readings was relatively low.

- (h) Has the Utility incurred any costs associated with replacing any of the faulty meters?

Response: Yes

- (i) If the response to (h) above is positive, please state the costs incurred by the Utility, and when these costs were incurred.

Response: Due to time and budget constraints, the Utility was not able to accurately document every hour spent locating meters that were replaced and the ones the Utility had to replace because Utility employees were unable to locate all of them while the manufacturer's crew was onsite for the replacement process.

3. During the informal meeting held between the Utility, OPC and Staff on June 9th, 2011, Staff asked the Utility to provide customer-specific back billing details affecting the test year. On June 14th, 2011, the Utility provided the Excel spreadsheet titled "LUC 2010 Customer Detail with Adjustments.xls" in response to that request. The following questions pertain to that Excel spreadsheet.

Response: The 28 customers on the spreadsheet represent no reading for beyond the 12 month period we are allowed to back bill. These customers had their usage estimated so we documented the calculations.

- (a) Specifically, for each of the 28 customer accounts listed in the tab titled "Back Billed by Month," please identify the following:

- What circumstance(s) led to the necessity to back bill?

Response: Utility employees determined water usage was occurring at those meters, but no meter reading had occurred due to malfunction of the meter.

- What circumstance(s) led to the discovery of the billing errors?

Response: Please see response to Question 1(e).

- For each customer that was back billed, has the Utility resolved the problem(s) that led to the need to back bill that customer? To the extent back billing problems have been resolved, please indicate the specific remedy(ies) (i.e., new meter, discovery of unbilled usage, discovery of unauthorized usage, etc.) and the cost to implement the remedy(ies) for each customer.

Response: Those 28 customers are reading correctly, and all 28 received a new meter along with all the other Utility customers.

4. In regards to the letter from Patricia Merchant of OPC dated June 23, 2011, please provide reconciliations of the following:

| Utility Excel Files in Response to Data Requests | Adjustment | Residential | All Other |
|---|-------------------|--------------------|------------------|
| Received May 26 th , 2011, p. 20 of pdf | \$41,090 | \$7,479 | \$33,611 |
| Versus | | | |
| Received May 26 th , 2011, p. 24 of pdf | \$40,948 | \$22,394 | \$18,554 |
| Difference: | | | |
| Explanation: | | | |
| | | | |

Response: Those are two different time periods of adjustment reports. Page 20 of the PDF is for the period 2/1/09 – 1/31/10 and page 24 of the PDF is for 2/1/10-1/31/11. Reports are produced from 2/1-1/31 in order to capture usage data from 1/1-12/31 for any given year. The Utility has also provided detail billing registers for all periods requested which include billings, adjustments, and payments for all customers. The Utility feels the amounts of adjustments are reasonable and accurate considering all the billing and meter reading issues that have been discussed.