

State of Florida



Public Service Commission

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

-M-E-M-O-R-A-N-D-U-M-

DATE: December 6, 2018

TO: Adam J. Teitzman, Commission Clerk, Office of Commission Clerk

FROM: Dylan Andrews, Public Utility Analyst I, Division of Accounting & Finance *DA*

RE: Docket No. 20180179-WU - Application for limited proceeding rate increase in Gulf County, by Lighthouse Utilities Company, Inc.

Please file the attached letter, dated December 3, 2018, from the Utility, with attached responses to staff's deficiency letter, dated October 26, 2018, in the above mentioned docket file.

Holland & Knight

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D. Bruce May, Jr.
(850) 425-5607
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December 3, 2018

Via E-Mail and Hand Delivery

Andrew Maurey, Director
Division of Accounting and Finance
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: In re: Application for Limited Proceeding Rate Increase in Gulf County, by
Lighthouse Utilities Company, Inc. - Docket No. 20180179-WU

Dear Mr. Maurey:

Set forth below is the information you requested from Lighthouse Utilities Company, Inc. ("Lighthouse") in your letter dated October 26, 2018. For ease of reference, the information requested in your letter is repeated verbatim herein, with the response immediately following each request.

1. Pursuant to Rule 25-30.445(4)(d), Florida Administrative Code (F.A.C.), if a utility's application includes a request for recovery of plant in service, accumulated depreciation and depreciation expense, supporting detail shall be provided by primary account as defined by the National Association of Regulatory Utility Commissioners (NARUC) Uniform System of Accounts (USDA). Please provide supporting detail by primary account for the requested plant in service, accumulated depreciation and depreciation expense.

Response: The supporting detail by primary account for requested plant in-service, accumulated depreciation and depreciation expense is attached as Composite Exhibit "1".

2. Pursuant to Rule 25-30.445(4)(t)2., F.A.C., if a utility is requesting recovery of operating expenses, the total cost by primary account pursuant to the NARUC USDA shall be provided. Please provide the operating expenses by primary account.

Response: The operating expenses by primary account are provided in Exhibit "2".

3. Pursuant to Rule 25-30.445(7), F.A.C., the applicant shall provide a statement in its filing to the Commission which addresses whether the utility's rate base has declined or whether any expense recovery sought by the utility is offset by customer growth since its most recent rate proceeding or will be offset by future customer growth expected to occur within one year of the date new rates are implemented. Please provide a statement addressing the above.

Response: Pursuant to Rule 25-30.445(7), Florida Administrative Code, Lighthouse states that there is no expense recovery sought by the utility which has been off-set by customer growth since its most recent rate proceeding, or will be off-set by future customer growth expected to occur within one (1) year of the date new rates are implemented. However, at this point Lighthouse estimates that there are at least 200 customers that are not currently able to take service as a result of the devastation caused by Hurricane Michael.

4. Pursuant to Rule 25-30.445(3), F.A.C., the applicant should provide a filing fee as required by Rule 25-30.020(g), F.A.C. Rule 25-30.020(g)5., F.A.C., requires a utility with the existing capacity to serve from 2,001 to 4,000 ERCs to remit a fee of \$1,750. The Utility paid a filing fee of \$1,000 at the time that its application was filed; therefore, the Utility should remit the remaining balance of \$750.

Response: A copy of the check in the amount of \$750, which reflects the remaining balance of the application fee is attached as Exhibit "3". The original is being provided to the Commission Clerk by hand delivery.

5. Pursuant to Rule 25-30.445(4)(o)l. , F.A.C. the applicant should provide a copy of all customer complaints that the utility has received regarding DEP secondary water quality standards during the past five years. Please provide all customer complaints, received by the Utility, regarding DEP secondary water quality standards during the past five years.

Response: As previously advised in our letter dated November 26, 2018, Lighthouse is not aware of any customer complaints regarding DEP secondary water quality standards during the past five (5) years.

Andrew Maurey
December 3, 2018
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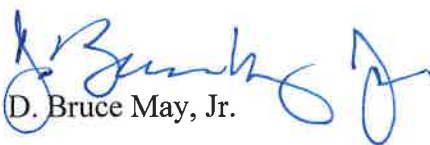
6. Pursuant to Rule 25-30.445(4)(o)2., F.A.C., the applicant should provide a copy of the most recent secondary water quality standards test results. Please provide the results of the Utility's most recent secondary water quality standards test.

Response: Lighthouse previously provided you with the most recent secondary water quality test results in its letter dated November 26, 2018.

Please contact me if you have any questions. Thank you for your consideration.

Sincerely,

HOLLAND & KNIGHT LLP



D. Bruce May, Jr.

DBM:kjg

Enclosures

cc: *Via E-Mail w/Enclosures to:*

Jennifer Crawford
Johana Nieves
Amber Norris
Cheryl Bulecza-Banks
Dylan Andrews
Malissa Bennett
Stephen Fletcher
Marissa Friedrich
Shannon Hudson
Emily Knoblauch
Luis Salvador
Robert Graves
Patty Christensen
Office of Commission Clerk

Composite Exhibit 1

LIGHTHOUSE UTILITIES COMPANY, INC.
 DEPRECIATION SCHEDULE -Proforma (using 2017 ending)

Description of Property	Date	Cost	Rate	Acc Dep 12/31/17	Dep/Amortz current year	Acc Dep 12/31/17	Net Value	Yrs
301 ORGANIZATION		8,570.00	n/a	-	-	-	8,570.00	
PSC adj - 12/31/09		1,371.00	n/a	-	-	-	1,371.00	
TOTAL		9,941.00		-	-	-	9,941.00	
303 LAND		26,000.00	n/a	-	-	-	26,000.00	
304 STRUCTURES/IMPROVEMENTS:								
2 Buildings		18,000.00	0.030303	17,847.44	152.56	18,000.00	-	33
Paving		10,897.66	0.025000	8,454.61	272.44	8,727.05	2,170.61	40
Booster Station (9/1/01)	2001 D	370,879.45	0.030303	174,777.74	11,238.76	186,016.50	184,862.95	33
Repairs to Booster Station	2004 D	15,716.54	0.030303	6,310.45	476.26	6,786.71	8,929.83	33
PSC adj - 12/31/09	D	(48,316.00)	0.030303	(33,802.29)	(1,464.12)	(35,266.41)	(13,049.59)	33
Storage Shed	2013	1,500.00	0.030303	204.53	45.45	249.98	1,250.03	33
Storage Shed	2015	2,603.93	0.030303	197.28	78.91	276.19	2,327.75	33
Disposal subtotal (2019)	D	(338,279.99)	0.030303	-	(10,250.90)	(157,536.80)	(180,743.19)	33
Hardening Project (2019) first year		445,500.00	0.030303	-	6,750.00	6,750.00	438,750.01	33
TOTAL		371,281.58		173,989.75	7,299.36	34,003.21	444,498.39	
307 WELLS								
Wells		30,000.00	0.033333	30,000.00	-	30,000.00	-	30
Fence	1998	3,140.00	0.100000	3,140.00	-	3,140.00	-	10
Fence	1999	2,500.00	0.033333	1,774.28	83.33	1,857.61	642.39	30
Fence	2000	16,902.00	0.033333	10,306.41	563.40	10,869.81	6,032.19	30
Deck	2002	2,414.00	0.033333	1,220.46	80.47	1,300.93	1,113.07	30
Deck	2002	119,368.61	0.033333	61,673.73	3,978.95	65,652.68	53,715.93	30
Fence	2003	5,302.78	0.100000	5,302.78	-	5,302.78	-	10
Fence	2003	27,027.35	0.033333	13,063.21	900.91	13,964.12	13,063.23	30
Fence	2006	7,880.00	0.033333	3,108.26	262.67	3,370.93	4,509.07	30
Scales	2005	853.04	0.033333	319.84	28.43	348.27	504.77	30
Wells	2006	31,500.00	0.033333	11,812.50	1,050.00	12,862.50	18,637.50	30
PSC adj - 12/31/09		(22,879.00)	0.033333	(13,130.41)	(762.63)	(13,893.04)	(8,985.96)	30
Hardening Project (2019) first year		1,255,000.00	0.033333	-	20,916.46	20,916.46	1,234,083.54	30
TOTAL		1,479,006.78		128,591.06	27,101.99	155,693.05	1,323,315.73	
309 SUPPLY MAINS								
		188,943.47	0.028571	143,379.12	5,398.38	148,777.50	40,165.97	35
	1998	20,000.00	0.028571	10,530.14	571.43	11,101.57	8,898.43	35
	2000	605.00	0.028571	289.63	17.29	306.92	298.08	35
	2010	27,509.35	0.028571	5,894.85	785.98	6,680.83	20,828.52	35

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LIGHTHOUSE UTILITIES COMPANY, INC.
DEPRECIATION SCHEDULE -Proforma (using 2017 ending)

Description of Property	Date	Cost	Rate	Acc Dep 12/31/17	Dep/Amortz current year	Acc Dep 12/31/17	Net Value	Yrs
PSC adj - 12/31/09		(209,548.47)	0.028571	(154,030.22)	(5,987.09)	(160,017.31)	(49,531.16)	35
	2011	56,581.65	0.028571	10,508.03	1,616.62	12,124.65	44,457.00	35
		84,091.00		16,571.55	2,402.61	18,974.16	65,116.84	
310 POWER GENERATION								
PSC adj - 12/31/09		19,966.00	0.045455	19,966.00	-	19,966.00	-	22
311 PUMPING EQUIPMENT		197,445.84	0.050000	197,445.84		197,445.84	-	20
	2001	13,004.35	0.050000	10,862.32	650.22	11,512.54	1,491.81	20
	2004	6,143.00	0.050000	4,044.14	307.15	4,351.29	1,791.71	20
	2006	29,736.00	0.050000	16,850.40	1,486.80	18,337.20	11,398.80	20
PSC adj - 12/31/09		4,583.00	0.050000	4,583.00	-	4,583.00	-	20
Pumping Equipment	2014	12,825.50	0.050000	2,244.48	641.28	2,885.76	9,939.74	20
Pumping Equipment	2015	20,381.11	0.050000	2,547.65	1,019.06	3,566.71	16,814.40	20
Pumping Equipment	2016	4,450.00	0.050000	333.75	222.50	556.25	3,893.75	20
Hardening Project (2019) first year		1,355,000.00	0.050000	-	33,875.00	33,875.00	1,321,125.00	20
		1,643,568.80		238,911.58	38,202.01	277,113.59	1,366,455.21	
320 WATER TREATMENT EQUIPMENT:		6,000.00	0.045455	6,000.00	-	6,000.00	-	22
		1,193.16	0.045455	1,193.16	-	1,193.16	-	22
		1,952.00	0.045455	1,242.22	88.73	1,330.95	621.05	22
TANK		18,053.48	0.045455	10,941.59	820.62	11,762.21	6,291.27	22
WATER TANK		318,739.10	0.045455	171,444.64	14,488.29	185,932.93	132,806.17	22
		5,722.50	0.045455	3,121.44	260.12	3,381.56	2,340.94	22
PSC adj - 12/31/09		(301,817.00)	0.045455	(162,342.47)	(13,719.09)	(176,061.56)	(125,755.44)	22
Hardening Project (2019) first year		1,425,000.00	0.045455	-	32,386.69	32,386.69	1,392,613.31	22
TOTAL		1,474,843.24		31,600.58	34,325.36	65,925.94	1,408,917.30	
330 DISTRIBUTION RESERVOIR		32,000.00	0.027027	32,000.00	-	32,000.00	-	37
PSC adj - 12/31/09		272,197.00	0.027027	87,293.69	7,356.67	94,650.36	177,546.64	37
2010		5,850.00	0.027027	1,106.77	158.11	1,264.88	4,585.12	37
TOTAL		310,047.00		120,400.46	7,514.78	127,915.24	182,131.76	
331 DISTRIBUTION MAINS:		297,342.03	0.030303	236,111.86	9,010.36	245,122.22	52,219.81	33
TREASURE SHORES		23,553.00	0.030303	16,554.20	713.73	17,267.93	6,285.07	33
EXTENSION	1994	82,093.52	0.030303	51,978.67	2,487.68	54,466.35	27,627.17	33

LIGHTHOUSE UTILITIES COMPANY, INC
DEPRECIATION SCHEDULE -Proforma (using 2017 ending)

Description of Property	Date	Cost	Rate	Acc Dep 12/31/17	Dep/Amortz current year	Acc Dep 12/31/17	Net Value	Yrs
REPAIRS OF HURRICANE	1995	30,694.80	0.030303	18,684.24	930.14	19,614.38	11,080.42	33
	1996	97,091.63	0.030303	58,619.69	2,942.17	61,561.86	35,529.77	33
INDIAN SUMMER 11/97	1997	57,876.00	0.030303	32,615.74	1,753.82	34,369.56	23,506.44	33
	1997	26,996.00	0.030303	15,213.45	818.06	16,031.51	10,964.49	33
OTHER EXTEN COST	1997	9,217.75	0.030303	5,194.69	279.33	5,474.02	3,743.73	33
Indian Pass	1998	119,093.00	0.030303	66,002.74	3,608.88	69,611.62	49,481.38	33
Indian Lagoon	1998	118,906.90	0.030303	65,899.59	3,603.24	69,502.83	49,404.07	33
Other extension costs	1998	12,294.00	0.030303	6,813.53	372.55	7,186.08	5,107.92	33
Other extension costs	1999	57,572.00	0.030303	30,766.04	1,744.60	32,510.64	25,061.36	33
Other extension costs	2000	19,113.20	0.030303	9,677.39	579.19	10,256.58	8,856.62	33
Repairs	2001	4,925.00	0.030303	2,485.44	149.24	2,634.68	2,290.32	33
Other extension costs	2003	12,930.00	0.030303	5,583.43	391.82	5,975.25	6,954.75	33
REPAIRS OF HURRICANE	2004	13,132.32	0.030303	5,272.82	397.95	5,670.77	7,461.55	33
PSJ CONNECTION	2007	88,417.83	0.030303	28,132.97	2,679.33	30,812.30	57,605.54	33
Non U & U calc (2009)		81,022.00	0.030303	26,569.68	2,455.21	29,024.89	51,997.11	33
PSC adj - 12/31/09		251,915.02	0.030303	79,273.46	7,633.78	86,907.24	165,007.78	33
Main Improvements	2016	3,000.00	0.030303	136.37	90.91	227.28	2,772.73	
Hardening Project (2019) first year		1,210,000.00	0.030303	-	18,333.32	18,333.32	1,191,666.69	33
TOTAL		2,617,186.00		761,585.99	60,975.31	822,561.30	1,794,624.71	
333 SERVICES								
	1993	48,400.00	0.025000	33,674.49	1,210.00	34,884.49	13,515.51	40
	1993	1,640.97	0.025000	932.74	41.02	973.76	667.21	40
	1994	4,777.20	0.025000	2,620.92	119.43	2,740.35	2,036.85	40
	1995	2,580.48	0.025000	1,364.57	64.51	1,429.08	1,151.40	40
	1996	6,089.56	0.025000	3,159.94	152.24	3,312.18	2,777.38	40
	1997	5,076.67	0.025000	2,457.16	126.92	2,584.08	2,492.59	40
	1998	6,906.84	0.025000	3,241.80	172.67	3,414.47	3,492.37	40
	1999	5,718.68	0.025000	2,570.85	142.97	2,713.82	3,004.86	40
	2000	9,212.66	0.025000	3,995.19	230.32	4,225.51	4,987.15	40
	2001	19,600.33	0.025000	8,034.39	490.01	8,524.40	11,075.93	40
	2002	17,703.43	0.025000	6,860.14	442.59	7,302.73	10,400.70	40
	2003	19,250.00	0.025000	6,978.13	481.25	7,459.38	11,790.62	40
	2004	27,900.00	0.025000	9,416.25	697.50	10,113.75	17,786.25	40
	2005	23,100.00	0.025000	7,218.74	577.50	7,796.24	15,303.76	40
	2006	27,000.00	0.025000	7,762.50	675.00	8,437.50	18,562.50	40
PSJ CONNECTION	2007	116,658.54	0.025000	30,622.83	2,916.46	33,539.29	83,119.25	40
	2009	11,510.04	0.025000	2,445.88	287.75	2,733.63	8,776.41	40
	2010	41,790.00	0.025000	7,835.63	1,044.75	8,880.38	32,909.62	40
PSC adj - 12/31/09		(288,235.36)	0.025000	(106,810.95)	(7,205.88)	(114,016.83)	(174,218.53)	40

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LIGHTHOUSE UTILITIES COMPANY, INC.
 DEPRECIATION SCHEDULE -Proforma (using 2017 ending)

Description of Property	Date	Cost	Rate	Acc Dep 12/31/17	Dep/Amortz current year	Acc Dep 12/31/17	Net Value	Yrs
Capitalized Services	2012	20,616.00	0.025000	2,834.70	515.40	3,350.10	17,265.90	40
Capitalized Services	2013	58,047.73	0.025000	6,530.36	1,451.19	7,981.55	50,066.19	40
Capitalized Services	2014	42,911.00	0.025000	3,754.73	1,072.78	4,827.51	38,083.49	40
Capitalized Services	2015	51,635.00	0.025000	3,227.20	1,290.88	4,518.08	47,116.92	40
Capitalized Services	2016	39,550.00	0.025000	1,483.13	988.75	2,471.88	37,078.13	40
Capitalized Services	2017	46,800.00	0.025000	585.00	1,170.00	1,755.00	45,045.00	40
Hardening Project (2019) first year		1,665,814.00	0.025000	-	20,822.68	20,822.68	1,644,991.33	40
TOTAL		2,032,053.77		52,796.31	29,978.69	82,775.00	1,949,278.78	
334 METERS								
		15,859.00	0.050000	15,832.01	26.99	15,859.00	-	20
	1994	1,043.46	0.050000	989.82	52.17	1,041.99	1.47	20
	1995	767.25	0.050000	712.63	38.36	750.99	16.26	20
	1996	644.49	0.050000	592.14	32.22	624.36	20.13	20
	1997	1,288.98	0.050000	1,146.17	64.45	1,210.62	78.36	20
	1998	1,350.36	0.050000	1,173.98	67.52	1,241.50	108.86	20
	1999	1,288.98	0.050000	1,095.07	64.45	1,159.52	129.46	20
	2000	1,534.50	0.050000	1,273.30	76.73	1,350.03	184.47	20
	2001	1,964.16	0.050000	1,590.82	98.21	1,689.03	275.13	20
	2002	2,178.99	0.050000	1,688.72	108.95	1,797.67	381.32	20
	2003	2,363.13	0.050000	1,713.32	118.16	1,831.48	531.65	20
	2004	2,854.17	0.050000	1,926.58	142.71	2,069.29	784.88	20
	2005	11,935.00	0.050000	7,459.37	596.75	8,056.12	3,878.88	20
	2006	11,545.80	0.050000	6,638.83	577.29	7,216.12	4,329.68	20
	2006	200,000.00	0.050000	116,666.67	10,000.00	126,666.67	73,333.33	20
	2009	19,322.40	0.050000	8,212.02	966.12	9,178.14	10,144.26	20
	2010	6,454.89	0.050000	2,420.55	322.74	2,743.29	3,711.60	20
PSC adj - 12/31/09		(53,317.02)	0.050000	(30,265.55)	(2,665.85)	(32,931.40)	(20,385.62)	20
	2012	22,145.23	0.050000	6,089.93	1,107.26	7,197.19	14,948.04	20
	2013	13,639.39	0.050000	3,068.87	681.97	3,750.84	9,888.56	20
	2017	31,809.43	0.050000	795.24	1,590.47	2,385.71	29,423.73	20
TOTAL		296,672.59		150,820.48	14,067.67	164,888.15	131,784.44	
335 HYDRANTS								
PSC adj - 12/31/09		14,849.00	0.050000	10,963.15	742.45	11,705.60	3,143.40	20
339 OTHER PLANT								
PSC adj - 12/31/09		7,094.00	0.050000	7,094.00	-	7,094.00	-	20
Equipment	2015	3,034.60	0.050000	379.33	151.73	531.06	2,503.55	20

LIGHTHOUSE UTILITIES COMPANY, INC
DEPRECIATION SCHEDULE -Proforma (using 2017 ending)

Description of Property	Date	Cost	Rate	Acc Dep 12/31/17	Dep/Amortz current year	Acc Dep 12/31/17	Net Value	Yrs
Equipment	2016	1,069.49	0.050000	80.21	53.47	133.68	935.82	20
TOTAL		11,198.09		7,553.53	205.20	7,758.73	3,439.36	
343 TOOLS								
PSC adj - 12/31/09		209.00	0.050000	80.15	10.45	90.60	118.40	20
341 TRNSPORT. EQUIP								
TRUCK	1998	17,862.76	0.166667	17,862.76	-	17,862.76	-	6
CHEVY TRUCK	2005	18,216.91	0.166667	18,216.91	-	18,216.91	-	6
2006 DODGE	2013	21,731.94	0.166667	16,298.96	3,621.99	19,920.95	1,811.00	6
2014 JD 1025R	2014	19,606.00	0.166667	11,436.85	3,267.67	14,704.52	4,901.49	6
Tracer Electronics LLC	2014	13,419.98	0.166667	7,828.31	2,236.66	10,064.97	3,355.01	6
Equipment	2015	18,000.00	0.166667	7,500.00	3,000.00	10,500.00	7,500.00	6
Equipment	2016	117.12	0.166667	29.28	19.52	48.80	68.32	6
TOTAL		108,954.71		79,173.06	12,145.84	91,318.90	17,635.81	
345 POWER OP. EQUIP								
PSC adj - 12/31/09		16,500.00	0.050000	16,500.00	-	16,500.00	-	20
348 OTHER TANGIBLE PLANT								
CUP Permit	2009	5,606.94	0.200000	5,606.94	-	5,606.94	-	5
CUP Permit	2013	7,010.00	0.200000	6,309.00	701.00	7,010.00	-	5
NWFWMD Permit	2014	6,605.00	0.200000	4,623.50	1,321.00	5,944.50	660.50	5
NWFWMD Permit	2015	3,679.50	0.200000	1,839.75	735.90	2,575.65	1,103.85	5
TOTAL		22,901.44		18,379.19	2,757.90	21,137.09	1,764.35	
GRAND TOTAL		10,539,272.00		1,827,882.84	237,729.61	1,918,326.54	8,728,165.47	
DEPRECIATION TOTALS				1,827,882.84	234,971.71	1,918,326.54	(147,286) loss on disp	
AMORTIZATION TOTALS				-	2,757.90	-		
				1,827,882.84	237,729.61	1,918,326.54		
Prior year ending total		3,549,848.57						
Current year additions		7,356,314.00	**					
Current year disposals	D	(338,279.99)		8,711,389.16		8,620,945.46		
Grand total		10,539,272.00		Total Net 12/31/2017		Total Net 12/31/2018		
		366,890.57						

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LIGHTHOUSE UTILITIES COMPANY, INC
 DEPRECIATION SCHEDULE -Proforma (using 2017 ending)

Description of Property	Date	Cost	Rate	Acc Dep 12/31/17	Dep/Amortz current year	Acc Dep 12/31/17	Net Value	Yrs
OTHER ASSETS								
Description	Date	Cost	Rate	Acc Dep 12/31/2017	Dep/Amortz current year	Acc Dep 12/31/2018	Net Value	
Utility RC Exp	2011	64,358.00	0.250000	64,358.00	-	64,358.00	-	4
Non U RC Exp	2011	7,475.00	0.250000	7,475.00	-	7,475.00	-	4
TOTAL OTHER ASSETS		<u>71,833.00</u>		<u>71,833.00</u>	<u>-</u>	<u>71,833.00</u>	<u>-</u>	

** Total agrees to Engineer's Cost Opinion for Water System Improvements

**ENGINEER'S COST OPINION FOR
ALTERNATIVE TWO - SRF PLANNING DOCUMENT
LIGHTHOUSE UTILITIES COMPANY, INC**

	Description	Quantity	Unit	Unit Price	Extension
GENERAL COSTS					
1	Flushing/Testing	1	LS	\$ 20,000.00	\$ 20,000.00
2	Layout/As-Builts	1	LS	\$ 50,000.00	\$ 50,000.00
3	Demolition	1	LS	\$ 150,000.00	\$ 150,000.00
LUCI 1 WELL IMPROVEMENTS					
4	Upgrade Well Pump Motor	1	LS	\$ 75,000.00	\$ 75,000.00
5	Electrical Modifications	1	LS	\$ 50,000.00	\$ 50,000.00
6	Structural Modifications (Elevated Enclosure)	1	LS	\$ 100,000.00	\$ 100,000.00
7	Piping and Flow Meter	1	LS	\$ 30,000.00	\$ 30,000.00
7	Generator and all appurtenances (including fuel tank and elevated platform)	1	LS	\$ 90,000.00	\$ 90,000.00
LUCI 1 PIPING AND DISTRIBUTION					
8	8" Raw Water Main to LUCI - 2 (includes fittings, valves, etc.)	9,000	LF	\$ 40.00	\$ 360,000.00
9	8" Fusible PVC Directional Bores	3,000	LF	\$ 100.00	\$ 300,000.00
LUCI 2 PRODUCTION WELL					
10	Upgrade Existing 16" Well to 700 gpm	1	LS	\$ 120,000.00	\$ 120,000.00
11	Electrical and Controls	1	LS	\$ 50,000.00	\$ 50,000.00
12	Well Building	1	LS	\$ 60,000.00	\$ 60,000.00
LUCI 2 GROUND STORAGE TANK					
13	Demo Aerator and Install H2S and Disinfection Byproducts Treatment Systems	1	LS	\$ 350,000.00	\$ 350,000.00
LUCI 2 MCC BUILDING, CHLORINE BUILDING					
14	MCC Building	300	SF	\$ 200.00	\$ 60,000.00
15	Fiberglass Chlorine Building (54"x72"x84" high)	1	LS	\$ 40,000.00	\$ 40,000.00
16	Liquid Chlorine Equipment and Piping	1	LS	\$ 30,000.00	\$ 30,000.00
17	HVAC	1	LS	\$ 15,000.00	\$ 15,000.00
LUCI 2 SERVICE PUMPS					
18	Service Pumps	4	EA	\$ 30,000.00	\$ 120,000.00
19	Above-Grade Piping, Valves for Pumps	1	EA	\$ 60,000.00	\$ 60,000.00
20	Concrete Foundation	1	EA	\$ 40,000.00	\$ 40,000.00
21	Instrumentation, Controls, and Telemetry	1	LS	\$ 75,000.00	\$ 75,000.00
22	Electrical Power (Complete)	1	LS	\$ 225,000.00	\$ 225,000.00
23	Generator and all appurtenances (including fuel tank and elevated platform)	1	LS	\$ 100,000.00	\$ 100,000.00
LUCI 2 SITE IMPROVEMENTS					
24	Erosion Control	1	LS	\$ 10,000.00	\$ 10,000.00
25	4" Concrete Sidewalk	40	SY	\$ 35.00	\$ 5,000.00
26	Driveway - Limerock	100	CY	\$ 25.00	\$ 15,000.00
LUCI 2 PIPING AND DISTRIBUTION					
27	Yard Piping	1	LS	\$ 60,000.00	\$ 60,000.00
28	Master Meter Assembly (above grade)	1	LS	\$ 30,000.00	\$ 30,000.00
LUCI 3 SITE IMPROVEMENTS					
29	Install Disinfection Byproducts Treatment Systems	1	LS	\$ 50,000.00	\$ 50,000.00
ADDITIONAL IMPROVEMENTS					
30	8" Fusible PVC Directional Bores (Indian Pass)	250	LF	\$ 100.00	\$ 25,000.00
31	12" Fusible PVC Directional Bores (Stumphole)	1,500	LF	\$ 120.00	\$ 180,000.00
32	16" Fusible PVC Directional Bores (Money Bayou)	1,100	LF	\$ 150.00	\$ 165,000.00
Subtotal					\$ 3,110,000

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**ENGINEER'S COST OPINION FOR
ALTERNATIVE THREE - SRF PLANNING DOCUMENT
LIGHTHOUSE UTILITIES COMPANY, INC**

	Description	Quantity	Unit	Unit Price	Extension
ALL IMPROVEMENTS INCLUDED IN ALTERNATIVE TWO					
1	All Improvements Listed in Alternative Two	1	LS	\$ 3,110,000.00	\$ 3,110,000.00
GENERAL COSTS					
2	Clearing and Grubbing	1	LS	\$ 5,000.00	\$ 5,000.00
3	Flushing/Testing	1	LS	\$ 10,000.00	\$ 10,000.00
4	Layout/As-Builts	1	LS	\$ 25,000.00	\$ 25,000.00
5	Earthwork Fill and Site Prep	1	LS	\$ 30,000.00	\$ 30,000.00
PRODUCTION WELL					
6	16" Well, Pump, and Appurtenances	1	LS	\$ 600,000.00	\$ 600,000.00
7	Electrical and Controls	1	LS	\$ 40,000.00	\$ 40,000.00
8	Well Building	1	LS	\$ 40,000.00	\$ 40,000.00
GROUND STORAGE TANK					
9	200,000 Gallon Ground Storage Tank (concrete)	1	LS	\$ 280,000.00	\$ 280,000.00
10	Hydrogen Sulfide and Disinfection Byproducts Treatment Systems	1	LS	\$ 300,000.00	\$ 300,000.00
MCC BUILDING, CHLORINE BUILDING					
12	MCC Building with Office Space and Bathroom	1,200	SF	\$ 200.00	\$ 240,000.00
13	Liquid Chlorine Equipment and Piping	1	LS	\$ 50,000.00	\$ 50,000.00
16	HVAC	1	LS	\$ 10,000.00	\$ 10,000.00
SERVICE PUMPS					
17	Service Pumps	4	EA	\$ 30,000.00	\$ 120,000.00
18	Above-Grade Piping, Valves for Pumps	1	EA	\$ 60,000.00	\$ 60,000.00
19	Concrete Foundation & Cover	1	EA	\$ 40,000.00	\$ 40,000.00
20	Instrumentation, Controls, and Telemetry	1	LS	\$ 75,000.00	\$ 75,000.00
21	Electrical Power (Complete)	1	LS	\$ 340,000.00	\$ 340,000.00
22	Generator and all appurtenances (including fuel tank)	1	LS	\$ 100,000.00	\$ 100,000.00
SITE IMPROVEMENTS					
23	Erosion Control	1	LS	\$ 10,000.00	\$ 10,000.00
24	6' Fence with 3 16' Gates	800	LF	\$ 20.00	\$ 16,000.00
25	4" Concrete Sidewalk	100	SY	\$ 35.00	\$ 3,500.00
26	Driveway - Concrete	200	CY	\$ 115.00	\$ 23,000.00
27	Driveway - Limerock	120	CY	\$ 25.00	\$ 3,000.00
28	Drainage and Stormwater Treatment	1	LS	\$ 50,000.00	\$ 50,000.00
29	Electrical Upgrades (to 3-phase power)	1	LS	\$ 20,000.00	\$ 20,000.00
PIPING AND DISTRIBUTION					
30	Yard Piping	1	LS	\$ 60,000.00	\$ 60,000.00
31	12" Master Meter Assembly (above grade)	1	LS	\$ 30,000.00	\$ 30,000.00
SUBTOTAL FOR LUCI IV IMPROVEMENTS					\$ 2,580,500.00
Subtotal Alternate Three					\$ 5,690,500
10% Bonds, Insurance, Mobilization					\$ 569,050
Construction Subtotal					\$ 6,259,550
5% Contingency					\$ 312,978
Engineer's Cost Opinion of Construction Total					\$ 6,572,528
Cost Opinion of Total Engineering Design and Permitting					\$498,786
Asset Management Plan (requirement of funding source)					\$45,000
Construction Services (12 month construction period)					\$ 180,000
Land					\$ 60,000
Cost Opinion of Total Construction Technical Services					\$ 285,000
Total Estimated Cost					\$ 7,356,314

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Exhibit 2

Lighthouse Utilities Company, Inc.

Operating Expense

601 – Salaries and Wages-Employees

Lighthouse estimates a 10-15% overall employee salary expense increase as well as an increase in employees by 1.5 to 2 FTEs for additional technicians to operate the system. Expense for employee Salaries and Wages was \$165,197 for 2017 not including officers or directors compensation.

615 – Purchased Power

Lighthouse estimates Purchased Power will increase by approximately 100% due to the large energy requirements to operate the planned improvements. Expense for Purchased Power was \$54,126 for 2017.

620 – Materials and Supplies

Materials and Supplies are estimated to increase by approximately \$100,000 due to the improved filtration system utilizing activated carbon. Expense for Materials and Supplies was \$89,551 for 2017.