

STATE OF FLORIDA



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DIVISION OF
ACCOUNTING AND FINANCE
ANDREW L. MAUREY
DIRECTOR
(850) 413-6900

Public Service Commission

August 21, 2019

D. Bruce May, Jr.
Holland & Knight LLP
315 South Calhoun Street, Suite 600
Tallahassee, FL 32301

Re: Docket No. 20190118-WU- Application for increase in water rates in Gulf County by Lighthouse Utilities Company, Inc.

Dear Mr. May:

By this letter, the Commission staff requests that Lighthouse Utilities Company, Inc. (Lighthouse or Utility) provide responses to the follow data requests.

1. According to MFR Schedule B-5, line 8, Materials & Supplies expense increased substantially in March 2018 and April 2018 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation for the increases in Materials & Supplies.
2. According to MFR Schedule B-5, line 11, Contractual Services – Legal expense increased substantially in March 2018, April 2018, November 2018, and December 2018 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation for the increases in Contractual Services – Legal.
3. According to MFR Schedule B-5, line 15, Rental of Building/Real Property expense increased substantially in April 2018 and July 2018 when compared to other months.
 - a. Please provide all of the Utility's calculations, basis, work papers, and support documentation for the increases in Rental of Building/Real Property, including but not limited to, the most recent office rental or lease agreement.
 - b. Is the office used entirely for utility purposes or is there any shared space?
 - c. If there is shared space, please quantify how much is used for utility purposes.

4. According to MFR Schedule B-5, line 17, Transportation expense increased substantially in July 2018 when compared to other months. Please provide all of the Utility's calculations, basis, work papers, and support documentation for the increase in Transportation Expenses.
5. According to MFR Schedule B-9, there were several different consultants that performed outside services for the Utility during the test year. Please provide any invoice over \$1,000 related to these expenses.
6. The following questions refer to the Utility's requested rate case expense on MFR Schedule B-10.
 - a. For each individual person, in each firm providing consulting services to the Utility in this docket, provide an itemized description of work performed. Please provide detail of hours worked associated with each activity. Also provide a description and associated cost for all expenses incurred to date.
 - b. For each firm or consultant providing services for the Utility in this docket, please provide copies of all invoices for services provided to date.
 - c. Please provide an estimate of costs and hours to complete the case, for each consultant or employee, including a description of estimated work to be performed, and detail of the estimated remaining expense to be incurred through the PAA process.
 - d. Please provide an itemized list of all other costs estimated to be incurred through the PAA process.
7. According to the Utility's 2018 Annual Report and as reflected in its current filing, Lighthouse recorded expense for eight directors at \$9,500 each. In the last rate case, the Utility was allowed recovery of four directors at \$6,000 each. The following questions are related to the Utility's directors.
 - a. Have the duties of the directors changed since the last rate case?
 - b. Please provide justification for the Utility to maintain eight directors.
 - c. Please provide justification for the 58 percent increase in salary for the directors.
8. According to the Utility's 2018 Annual Report and as reflected in its current filing, Lighthouse recorded \$52,868 in allocated expense for the President. In the last rate case, the Utility recorded \$35,844 in allocated expense for the salary of the President. Please provide justification for the 47 percent increase in compensation.

9. Please refer to MFR Schedule F-5.
 - a. Per the sanitary survey conducted on May 10, 2018, there are two wells in service, LUCI #2 with 450 gallons per minute (gpm) capacity and LUCI #1 with 400 gpm capacity. Schedule F-5, line 2 shows 300 gpm as the firm reliable well pumping capacity without the largest well. Please verify the number of wells currently in service and their capacity.
 - b. For each storage tank currently in service, please indicate:
 - i. If the tank is an elevated storage tank.
 - ii. If the bottom of the tank is below the centerline of the pumping unit.
 - iii. If the storage tank was constructed with a bottom drain.
10. Please refer to MFR Schedule F-3, Schedule F-5, and Volume III, Section 3.2.3.4, page 19. What is the required fire flow in Gulf County?
11. Please indicate the amount of treated water used for hydrant flushing, line flushing, plant usage or to extinguish a fire during the test year. Please provide the dates, amount of treated water used, and a brief description of the event.
12. Please advise if there were any unusual circumstances such as fires or flushing for the following dates: June 13, 17, 22, 23, and 28, 2018. If an unusual event occurred, please describe it, provide the amount of water used or lost, and the date it happened.
13. Were there any line breaks or water leaks in the system during the calendar year 2018? If yes, were the leaks fixed? Please describe the incidents and provide the dates of the leaks.
14. Please refer to MFR Schedule B-9, and Volume III, Chemical Analysis. Provide all the invoices supporting the total annual payment of \$5,045 for water testing in the calendar year 2018.
15. Please refer to MFR Schedule B-7, and Volume III, Chemicals. Provide all the invoices supporting the total annual payment of \$6,886 for chemicals in the calendar year 2018. Do not include invoices for chemicals purchased in 2017.
16. Please refer to MFR Volume III, Schedules X and XI.
 - a. Does the cost estimate provided on Schedule X totaling \$383,600 include all of the Utility's requested pro forma projects? If not, please provide a cost estimate for all remaining pro forma projects.
 - b. How were the estimated costs listed on Schedule X totaling \$383,600 derived?
 - c. Will the Utility be pursuing one of the alternatives as provided on Schedule XI, Attachments 5, 6, and 7? If so, please indicate which alternative was selected and when the project is expected to begin?

D. Bruce May, Jr.

Page 4

August 21, 2019

17. Please refer to MFR Volume III, Schedule X. Will the Utility be using in-house labor to complete any of the improvements or will all work be contracted out?
18. Please refer to MFR Volume III, Schedule VI. The Consent Order dated May 23, 2019, addresses the Utility's maximum contaminant level exceedances for disinfection byproducts.
 - a. Please list the water treatment options that were considered to address the disinfection byproducts exceedances.
 - b. Please indicate which water treatment option was selected and why.
 - c. Please indicate if this option has been reviewed and approved by the DEP.
19. Please refer to MFR Volume III, Schedule XI. The Utility provided a Water System Improvements Facilities Plan (Improvement Plan) completed by Dewberry Engineers, Inc. Please explain the bidding process that was utilized by the Utility for the water system improvements, and explain why Dewberry Engineers, Inc. was selected.
20. Please refer to MFR Volume III, Schedule XI, page 2 of the Improvement Plan. The Improvement Plan states that the "proposed improvements will not affect the water system's operation and maintenance cost." Please explain why the operation and maintenance expenses, such as purchased power and chemicals, will not be affected by the new additions.
21. Please refer to MFR Volume III, Schedule XI, page 6 of the Improvement Plan.
 - a. How much water per month was purchased from the City of Port St. Joe over the past five years?
 - b. What is the maximum daily capacity (gallons per day) of water that the Utility can receive from the City of Port St. Joe?
22. Please refer to MFR Volume III, Schedule XI, pages 13-18 of the Improvement Plan. Following Hurricane Michael, have there been any adjustments to the projections for future demand and capacity?

Please provide responses to the above requests for data no later than September 23, 2019. If you have any questions, please contact me by phone at (850) 413-6510 or by email at dandrews@psc.state.fl.us.

D. Bruce May, Jr.
Page 5
August 21, 2019

Sincerely,



Dylan Andrews
Public Utilities Analyst II

DA

cc: Division of Accounting and Finance (D. Andrews, Bulecza-Banks, Fletcher, Norris,
Thurmond)
Division of Economics (Bruce, Draper, Hudson)
Division of Engineering (Graves, King, Knoblauch, Salvador)
Office of the General Counsel (J. Crawford, Simmons)
Office of Commission Clerk (Docket No. 20190118-WU)
Office of the Public Counsel