

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application for increase in water rates in
Gulf County by Lighthouse Utilities Company,
Inc.

DOCKET NO. 20190118-WU
ORDER NO. PSC-2019-0429-PCO-WU
ISSUED: October 18, 2019

The following Commissioners participated in the disposition of this matter:

ART GRAHAM, Chairman
JULIE I. BROWN
DONALD J. POLMANN
GARY F. CLARK
ANDREW GILES FAY

ORDER SUSPENDING PROPOSED FINAL RATES

BY THE COMMISSION:

Background

Lighthouse Utilities Company, Inc. (Lighthouse or Utility) is a Class B utility serving approximately 1,851 customers in Gulf County. Rates were last established for this Utility in 2011.¹ In 2018, Lighthouse recorded total operating revenues of \$728,696 and operating expenses of \$648,650.

On September 26, 2018, Lighthouse filed an application for a limited proceeding rate increase in Docket No. 20180179-WU to recover the costs of capital projects. On October 10, 2018, Hurricane Michael destroyed or damaged substantial portions of the Utility's water distribution system. Lighthouse and the Office of Public Counsel were not able to reach an agreement on whether a limited proceeding was the appropriate procedure for seeking rate relief under those circumstances. In a letter dated May 17, 2019, the Utility withdrew its application for a limited proceeding rate increase and conveyed its desire to file an application for general rate relief.

On July 12, 2019, Lighthouse filed its application for approval of interim and final water rate increases.² In its application, Lighthouse requested a test year ended December 31, 2018, for purposes of final rates and requested that the application be processed using the Proposed Agency Action procedure. A substantial portion of the expenses, costs, and investment for rate relief are related to capital projects for improved system reliability. Another substantial portion

¹ Order No. PSC-2011-0368-PAA-WU, issued September 1, 2011, in Docket No. 20100128-WU, *In re: Application for increase in water rates in Gulf County by Lighthouse Utilities Company, Inc.*

² The Office of Public Counsel's intervention in this docket was acknowledged by Order No. PSC-2019-0236-PCO-WU, issued June 18, 2019.

of the rate relief is related to storm restoration and repair costs that the Utility has incurred and will continue to incur as a result of Hurricane Michael. Lighthouse withdrew its request for interim rate relief in a letter dated August 13, 2019.

On August 9, 2019, Commission staff sent the Utility a letter indicating deficiencies in the filing of its minimum filing requirements. Lighthouse filed its response to staff's deficiency letter on September 30, 2019. Staff sent a second deficiency letter on October 17, 2019, with the Utility's response due on November 18, 2019.

The 60-day statutory deadline to suspend Lighthouse's proposed final rates was September 10, 2019. On September 5, 2019, the Utility filed a letter waiving the statutory deadline through October 3, 2019. This Order addresses the suspension of Lighthouse's proposed final rates. We have jurisdiction pursuant to Section 367.081, Florida Statutes (F.S.).

Decision

Section 367.081(6), F.S., provides that the rates proposed by a utility shall become effective within sixty days after filing unless we vote, for good cause, to withhold consent of implementation of the proposed rates.³ Further, Section 367.081(10), F.S., permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months from the official date of filing if: (1) we have not acted upon the requested rate increase; or (2) our action is protested by a party other than the Utility.

We reviewed the filing and considered the proposed rates, the revenues thereby generated, and the information filed in support of the application. We find that it is reasonable and necessary to require further amplification and explanation regarding this data, and to require production of additional and/or corroborative data. Commission staff has initiated an audit of Lighthouse's books and records. The audit report is tentatively due on November 15, 2019. In addition, staff sent a data request to Lighthouse on August 21, 2019. The Utility's response was filed on September 23, 2019. Staff believes additional requests will be necessary to process this case. Based on the foregoing, we find that the Utility's proposed final rates shall be suspended.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that Lighthouse Utilities Company, Inc.'s proposed final rates are hereby suspended. It is further

ORDERED that this docket shall remain open pending this Commission's final action on Lighthouse Utilities Company, Inc.'s proposed final rates.

³ As noted in the Background, Lighthouse waived the September 10, 2019, deadline to October 3, 2019.

By ORDER of the Florida Public Service Commission this 18th day of October, 2019.



ADAM J. TEITZMAN

Commission Clerk

Florida Public Service Commission

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Copies furnished: A copy of this document is provided to the parties of record at the time of issuance and, if applicable, interested persons.

KBS

NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.569(1), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

Mediation may be available on a case-by-case basis. If mediation is conducted, it does not affect a substantially interested person's right to a hearing.

Any party adversely affected by this order, which is preliminary, procedural or intermediate in nature, may request: (1) reconsideration within 10 days pursuant to Rule 25-22.0376, Florida Administrative Code; or (2) judicial review by the Florida Supreme Court, in the case of an electric, gas or telephone utility, or the First District Court of Appeal, in the case of a water or wastewater utility. A motion for reconsideration shall be filed with the Office of Commission Clerk, in the form prescribed by Rule 25-22.0376, Florida Administrative Code. Judicial review of a preliminary, procedural or intermediate ruling or order is available if review of the final action will not provide an adequate remedy. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.