

BEFORE THE PUBLIC SERVICE COMMISSION

In re: Application for increase in water and
wastewater rates in Pasco County by Labrador
Utilities, Inc.

DOCKET NO. 060262-WS
ORDER NO. PSC-06-0668-FOF-WS
ISSUED: August 7, 2006

The following Commissioners participated in the disposition of this matter:

LISA POLAK EDGAR, Chairman
J. TERRY DEASON
ISILIO ARRIAGA
MATTHEW M. CARTER II
KATRINA J. TEW

ORDER SUSPENDING PROPOSED FINAL RATES AND
GRANTING INTERIM RATES SUBJECT TO REFUND

BY THE COMMISSION:

BACKGROUND

Labrador Utilities, Inc. ("Labrador" or "utility") is a Class B water and wastewater utility located approximately one mile east of Zephyrhills, in Pasco County. The utility is located within the Southwest Florida Water Management District, but the utility's service territory is not in a water use caution area. The utility serves approximately 902 water customers and 896 wastewater customers. According to its 2005 annual report, Labrador reported revenues of \$93,184 and \$327,716 for water and wastewater, respectively. Labrador reported a net operating loss of \$12,568 for water and a net operating income of \$42,856 for wastewater. Water and wastewater rates were last established for this utility in its 2003 rate proceeding.¹

On May 11, 2006, Labrador filed an application for approval of final and interim rate increases. Labrador requested that its application be processed using the proposed agency action ("PAA") procedure. The Minimum Filing Requirements ("MFRs") provided with the application were determined to be deficient. These deficiencies will not be corrected until after the statutory 60-day limit to suspend the requested interim rate increase, therefore the official filing date for the utility's final rate increase request has not been established. The test year for interim and final purposes is the historical test year ended December 31, 2005.

¹ See Order No. PSC-04-1281-PAA-WS, issued December 28, 2004, in Docket No. 030443-WS, In re: Application for rate increase in Pasco County by Labrador Utilities, Inc., which was made final and effective by Order No. PSC-05-0087-CO-WS, issued January 24, 2005.

DOCUMENT NUMBER-DATE

07041 AUG-7 06

FPSC-COMMISSION CLERK

Through its application, Labrador has requested annual interim revenue increases of \$55,637 (36.95%) for water and \$97,826 (28.55%) for wastewater. The utility has requested final revenue increases of \$103,047 (68.43%) for water and \$145,461 (42.45%) for wastewater.

The 60-day statutory deadline for us to suspend Labrador's requested final rates was July 16, 2006. However, by letter dated June 5, 2006, the utility agreed to extend the statutory time frame by which we are required to address its interim rate request. We have jurisdiction to address the suspension of Labrador's requested final rates and to address its requested interim rates pursuant to Sections 367.081 and 367.082, Florida Statutes.

SUSPENSION OF PROPOSED FINAL RATES

Section 367.081(6), Florida Statutes, provides that the rates proposed by the utility shall become effective within sixty days after filing unless this Commission, for good cause, votes to withhold consent to implementation of the requested rates. Further, Section 367.081(8), Florida Statutes, permits the proposed rates to go into effect (secured and subject to refund) at the expiration of five months if: (1) we have not acted upon the requested rate increase; or (2) if our PAA action is protested by a party other than the utility.

We have reviewed the filing and have considered the proposed rates, the revenues thereby generated, and the information filed in support of the rate application. We find that it is reasonable and necessary to require further amplification and explanation of this data, and to require production of additional and/or corroborative data. This further examination will include on-site investigations by Commission staff accountants and engineers. Based on the foregoing, we find it appropriate to suspend the utility's proposed final rate increase.

INTERIM RATES

The utility filed rate base, cost of capital, and operating statements to support its requested interim water and wastewater rate increases for the test year ended December 31, 2005. Pursuant to Section 367.082(5)(b)1., Florida Statutes, the achieved rate of return for interim purposes must be calculated by applying appropriate adjustments consistent with those made in the utility's most recent rate proceeding. We have reviewed the utility's interim request, as well as prior orders concerning the utility's rate base, and accordingly make adjustments to Labrador's requested interim rates as discussed below. Attached are accounting schedules to illustrate rate base, capital structure, and test year operating income amounts consistent with the adjustments made herein. The rate base schedules are labeled as Nos. 1-A and 1-B, the capital structure schedule is labeled as No. 2, and the operating income schedules are labeled as Nos. 3-A and 3-B, with adjustments shown on Schedule No. 3-C. Schedule Nos. 4-A and 4-B reflect the monthly service rates.

Rate Base

In its application, Labrador used a simple average to calculate its requested rate base and cost of capital. Labrador is a Class B utility and filed its interim rate request consistent with the averaging requirement of Rule 25-30.433(4), Florida Administrative Code.

We have reviewed the utility's interim rate base and find that no adjustments are necessary. Accordingly, we approve the utility's requested rate base of \$433,619 for water and \$1,191,779 for wastewater.

Cost of Capital

The utility's capital structure is based on that of its parent company, Utilities, Inc. ("UI"), which includes long-term debt, short-term debt, and common equity. Deferred income taxes and customer deposits are specifically identified to Labrador. We have reviewed the utility's requested capital structure and find that the utility erred in using the leverage formula in calculating its cost rate for common equity. Section 367.082(5)(b)3, Florida Statutes, states that in calculating an interim rate increase, the minimum of the range of the utility's last authorized return on equity ("ROE") shall be used. In Labrador's last rate case, the midpoint of the authorized ROE was established as 11.35%, with a range of 10.35%-12.35%. See Order No. PSC-04-1281-PAA-WS. Accordingly, for interim purposes, the appropriate cost of equity is 10.35%. As a result, cost of capital for interim purposes shall be 7.78%. The approved capital structure for interim purposes is shown on Schedule No. 2.

Net Operating Income

Operating Revenues

Based on our review, we find that one adjustment to the utility's operating revenues is appropriate. Section 367.085(5)(b)(1), Florida Statutes, states that revenues should be annualized to reflect any rate changes that occurred during the interim test year. Annualizing the utility's rates that became effective February 3, 2005, results in operating revenue increases of \$182 for water and \$1,308 for wastewater.

Taxes other than Income

Based on our review, we find that two adjustments to Labrador's operating income are appropriate. First, the utility reflected test year regulatory assessment fees ("RAFs") of \$4,594 for water and \$16,156 for wastewater. Those amounts do not reflect the appropriate RAFs for test year revenues. To correct this, we find that RAFs shall be decreased by \$401 for water and \$1,409 for wastewater.

Second, Labrador increased payroll taxes by \$441 for water and \$427 for wastewater as a result of salary changes. We find that these expenses are pro forma in nature; accordingly, these expenses are not appropriate on an interim basis and shall be removed.

Based on these adjustments, the appropriate test year operating income before any revenue increase is \$6,744 for water and \$62,175 for wastewater. The approved net operating income for interim purposes is shown on Schedule Nos. 3-A and 3-B, with our adjustments reflected on Schedule No. 3-C.

Revenue Requirements

Based on the above adjustments, we approve interim revenue requirements of \$196,092 for water and \$395,301 for wastewater. This represents interim increases in annual revenues of \$45,319 (30.06%) for water and \$51,294 (14.91%) for wastewater. This will allow the utility the opportunity to recover its water and wastewater operating expenses and earn a 7.78% return on its water and wastewater rate bases.

Interim Rates

Interim water and wastewater service rates for Labrador shall be designed to allow the utility the opportunity to generate annual operating revenues of \$196,092 for water operations and \$395,301 for wastewater operations. To determine the appropriate percentage increase to apply to the service rates, miscellaneous service revenues shall be removed from the test year revenues. The calculation is as follows:

| | <u>Water</u> | <u>Wastewater</u> |
|--|-----------------|-------------------|
| 1 Total Test Year Revenues | \$150,773 | \$344,008 |
| 2 Less: Miscellaneous Revenues | <u>15</u> | <u>0</u> |
| 3 Test Year Revenues from Service Rates | \$150,758 | \$344,008 |
| 4 Revenue Increase | <u>\$45,319</u> | <u>\$51,294</u> |
| 5 % Service Rate Increase (Line 4/Line3) | <u>30.06%</u> | <u>14.91%</u> |

The interim rate increase of 30.06% for water and 14.91% for wastewater shall be applied as an across-the-board increase to the service rates in effect as of December 31, 2005. We note that the utility erred when applying its requested revenue increase to its current rates, resulting in lower requested interim rates than the rates that would have resulted from correct application of the percentage increase. The approved rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1), Florida Administrative Code. The rates shall not be implemented until Commission staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. The utility shall provide proof of the date notice was given within 10 days after the date of notice.

The utility's test year rates, its proposed interim and final rates, and the approved interim rates are shown on Schedule No. 4-A for water and Schedule No. 4-B for wastewater.

Security for Refund

Pursuant to Section 367.082, Florida Statutes, revenues collected under interim rates shall be placed under bond, escrow, letter of credit, or corporate undertaking subject to refund with

interest at a rate ordered by this Commission. As discussed above, the total annual interim increase is \$96,613 for water and wastewater combined. In accordance with Rule 25-30.360, Florida Administrative Code, we have calculated the potential refund of revenues and interest collected under interim conditions to be \$57,183. This amount is based on an estimated seven months of revenue being collected from the approved interim rates over the utility's current authorized rates shown on Schedule Nos. 4A and 4B.

Labrador is a wholly-owned subsidiary of UI, which provides all investor capital to its subsidiaries. UI has requested a corporate undertaking to secure any interim increases granted in Dockets Nos. 060254-SU, 060255-SU, 060256-SU, 060257-WS, 060258-WS, 060260-WS, 060261-WS, and 060262-WS. As such, we have reviewed the financial statements of the parent company. As a result of the interim rate action taken in all of the above dockets, the total requested cumulative corporate undertaking amount is \$718,575, which includes \$57,183 subject to refund for this docket.

The criteria for a corporate undertaking includes sufficient liquidity, ownership equity, profitability, and interest coverage to guarantee any potential refund. We have reviewed UI's financial statements from 2003 to 2005 to determine the financial condition of the parent company. Our analysis shows that UI has experienced a significant decline in liquidity and interest coverage during 2005 compared to prior years. However, UI's average equity ratio over the three-year period has been 40%. Additionally, net income has been on average six times greater than the requested cumulative corporate undertaking amount. UI's financial performance has demonstrated adequate levels of both profitability and equity capitalization to offset the recent decline in liquidity and interest coverage. Based upon this analysis, we find that a cumulative corporate undertaking of \$718,575 is acceptable contingent upon the receipt of the written guarantee of UI and written confirmation that UI does not have any outstanding guarantees on behalf of UI-owned utilities in other states.

Pursuant to Rule 25-30.360(6), Florida Administrative Code, the utility shall provide a report by the 20th day of each month indicating the monthly and total revenue collected subject to refund. If a refund is required, the refund shall be with interest and undertaken in accordance with Rule 25-30.360, Florida Administrative Code.

In no instance shall maintenance and administrative costs associated with any refund be borne by the customers. The costs are the responsibility of, and shall be borne by, the utility.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the final water and wastewater rates proposed by Labrador Utilities, Inc. are hereby suspended. It is further

ORDERED that Labrador Utilities, Inc.'s request for interim water and wastewater rates is hereby granted, subject to our modifications, as set forth in the body of this Order. It is further

ORDERED that all matters contained in the schedules attached hereto are incorporated herein by reference. It is further

ORDERED that the approved interim rates shall be effective for service rendered as of the stamped approval date on the tariff sheets pursuant to Rule 25-30.475(1)(a), Florida Administrative Code. It is further

ORDERED that the interim rates shall not be implemented until Commission staff verifies that the tariff sheets are consistent with our decision, the proposed customer notice is adequate, and the required security has been filed. It is further

ORDERED that Labrador Utilities, Inc. shall provide proof of the date notice was given within 10 days after the date of notice. It is further

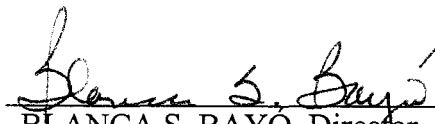
ORDERED that Labrador Utilities, Inc. shall file a corporate undertaking on behalf of its subsidiaries to guarantee any potential refunds of revenues collected under interim conditions, as set forth in the body of this Order, contingent upon receipt of the written guarantee of Utilities, Inc. and written confirmation of UI's continued attestation that it does not have any outstanding guarantees on behalf of UI-owned utilities in other states, and in the cumulative amount of \$718,575, which includes an amount of \$57,183 subject to refund in this docket. It is further

ORDERED that, pursuant to Rule 25-30.360(6), Florida Administrative Code, Labrador Utilities, Inc. shall provide a report by the 20th of each month indicating the monthly and total revenue collected subject to refund. It is further

ORDERED that, if a refund is required, the refund shall be with interest and undertaken in accordance with rule 25-30.360, Florida Administrative Code, It is further

ORDERED that this docket shall remain open pending the Commission's final action on Labrador Utilities, Inc.'s requested final water and wastewater rates.

By ORDER of the Florida Public Service Commission this 7th day of August, 2006.



BLANCA S. BAYO, Director
Division of the Commission Clerk
and Administrative Services

(S E A L)

WCK

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.

Any party adversely affected by this order, which is non-final in nature, may request (1) reconsideration within 15 days pursuant to Rule 25-22.060, 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 Director, Division of the Commission Clerk and Administrative Services, in the form prescribed by Rule 25-22.060, Florida Administrative Code. Citizens of the State of Florida v. Mayo, 316 So.2d 262 (Fla. 1975) states that an order on interim rates is not final or reviewable until a final order is issued. Such review may be requested from the appropriate court, as described above, pursuant to Rule 9.100, Florida Rules of Appellate Procedure.

Labrador Utilities, Inc.
Schedule of Water Rate Base
Test Year Ended 12/31/05

Schedule No. 1-A
Docket No. 060262-SU

| Description | Test Year Per Utility | Utility Adjust- ments | Adjusted Test Year Per Utility | Commission Adjust- ments | Commission Adjusted Test Year |
|------------------------------------|-----------------------------|-----------------------------|--------------------------------------|--------------------------------|-------------------------------------|
| 1 Plant in Service | \$541,863 | (\$10,906) | \$530,957 | \$0 | \$530,957 |
| 3 CWIP | \$78,116 | (\$78,116) | \$0 | \$0 | \$0 |
| 4 Accumulated Depreciation | (\$111,220) | \$0 | (\$111,220) | \$0 | (\$111,220) |
| 5 CIAC | (\$171) | \$0 | (\$171) | \$0 | (\$171) |
| 6 Acquisition Adjustment | (\$335,285) | \$335,285 | \$0 | \$0 | \$0 |
| 7 Accum. Amort. Of Acq. Adjustment | \$9,204 | (\$9,204) | \$0 | \$0 | \$0 |
| 8 Working Capital Allowance | \$0 | \$14,053 | \$14,053 | \$0 | \$14,053 |
| 9 Rate Base | <u>\$182,507</u> | <u>\$251,112</u> | <u>\$433,619</u> | <u>\$0</u> | <u>\$433,619</u> |

| Labrador Utilities, Inc. Schedule of Wastewater Rate Base Test Year Ended 12/31/05 | | Schedule No. 1-B Docket No. 060262-SU | | | |
|--|-----------------------------|--|--------------------------------------|--------------------------------|-------------------------------------|
| Description | Test Year Per Utility | Utility Adjust- ments | Adjusted Test Year Per Utility | Commission Adjust- ments | Commission Adjusted Test Year |
| 1 Plant in Service | \$1,550,061 | \$4,272 | \$1,554,333 | \$0 | \$1,554,333 |
| 2 CWIP | 31,815 | (31,815) | 0 | 0 | 0 |
| 3 Accumulated Depreciation | (385,535) | 0 | (385,535) | 0 | (385,535) |
| 4 Working Capital Allowance | \$0 | \$22,981 | 22,981 | 0 | 22,981 |
| 5 Rate base | \$1,196,341 | (\$4,562) | \$1,191,779 | \$0 | \$1,191,779 |

Labrador Utilities, Inc.
Capital Structure-Simple Average
Test Year Ended 12/31/05

Schedule No. 2
Docket No. 060262-SU

| Description | Total Capital | Specific Adjustments | Subtotal Adjusted Capital | Prorata Adjustments | Capital Reconciled to Rate Base | Ratio | Cost Rate | Weighted Cost | |
|--------------------------|----------------------|----------------------|---------------------------|------------------------|---------------------------------|----------------|---------------|---------------|--|
| Per Utility | | | | | | | | | |
| 1 Long-term Debt | \$124,044,203 | \$0 | \$124,044,203 | \$0 | \$124,044,203 | 54.83% | 6.81% | 3.73% | |
| 2 Short-term Debt | 11,347,000 | 0 | \$11,347,000 | 0 | \$11,347,000 | 5.02% | 2.00% | 0.10% | |
| 3 Preferred Stock | 0 | 0 | \$0 | 0 | \$0 | 0.00% | 0.00% | 0.00% | |
| 4 Common Equity | 90,787,422 | 0 | \$90,787,422 | 0 | \$90,787,422 | 40.13% | 11.77% | 4.72% | |
| 5 Customer Deposits | 0 | 0 | \$0 | 0 | \$0 | 0.00% | 6.00% | 0.00% | |
| 6 Deferred Income Taxes | <u>42,533</u> | <u>0</u> | <u>\$42,533</u> | <u>0</u> | <u>\$42,533</u> | <u>0.02%</u> | 0.00% | <u>0.00%</u> | |
| 7 Total Capital | <u>\$226,221,158</u> | <u>\$0</u> | <u>\$226,221,158</u> | <u>\$0</u> | <u>\$226,221,158</u> | <u>100.00%</u> | | <u>8.56%</u> | |
| Per Commission | | | | | | | | | |
| 8 Long-term Debt | \$124,044,203 | \$0 | \$124,044,203 | (\$123,176,105) | \$868,098 | 53.41% | 6.81% | 3.64% | |
| 9 Short-term Debt | 11,347,000 | 0 | \$11,347,000 | (\$11,267,590) | 79,410 | 4.89% | 2.00% | 0.10% | |
| 10 Preferred Stock | 0 | 0 | \$0 | \$0 | 0 | 0.00% | 0.00% | 0.00% | |
| 11 Common Equity | 90,787,422 | 0 | \$90,787,422 | (\$90,152,065) | 635,357 | 39.09% | 10.35% | 4.05% | |
| 12 Customer Deposits | 0 | 0 | \$0 | \$0 | 0 | 0.00% | 6.00% | 0.00% | |
| 13 Deferred Income Taxes | <u>42,533</u> | <u>0</u> | <u>\$42,533</u> | <u>\$0</u> | <u>42,533</u> | <u>2.62%</u> | 0.00% | <u>0.00%</u> | |
| 14 Total Capital | <u>\$226,221,158</u> | <u>\$0</u> | <u>\$226,221,158</u> | <u>(\$224,595,760)</u> | <u>\$1,625,398</u> | <u>100.00%</u> | | <u>7.78%</u> | |
| | | | | | | LOW | HIGH | | |
| RETURN ON EQUITY | | | | | | <u>10.35%</u> | <u>12.35%</u> | | |
| OVERALL RATE OF RETURN | | | | | | <u>7.78%</u> | <u>8.56%</u> | | |

| Labrador Utilities, Inc. Statement of Water Operations Test Year Ended 12/31/05 | | | | | | Schedule No. 3-A Docket No. 060262-SU | |
|---|-----------------------------|-----------------------------|--------------------------------------|---------------------------|--------------------------------|--|------------------------|
| Description | Test Year Per Utility | Utility Adjust- ments | Adjusted Test Year Per Utility | Comm. Adjust- ments | Comm. Adjusted Test Year | Revenue Increase | Revenue Requirement |
| 1 Operating Revenues: | <u>\$93,184</u> | <u>\$113,044</u> | <u>\$206,228</u> | <u>(\$55,455)</u> | <u>\$150,773</u> | <u>\$45,319</u> 30.06% | <u>\$196,092</u> |
| Operating Expenses | | | | | | | |
| 2 Operation & Maintenance | \$112,426 | \$0 | \$112,426 | \$0 | \$112,426 | | \$112,426 |
| 3 Depreciation | \$20,355 | \$0 | \$20,355 | \$0 | \$20,355 | | \$20,355 |
| 4 Amortization | (\$7,894) | <u>\$7,894</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | | <u>\$0</u> |
| 5 Taxes Other Than Income | \$14,757 | \$5,078 | \$19,835 | (\$2,886) | \$16,949 | \$2,039 | \$18,989 |
| 6 Income Taxes | (\$31,671) | <u>\$48,165</u> | <u>\$16,494</u> | <u>(\$22,196)</u> | <u>(\$5,702)</u> | <u>\$16,286</u> | <u>\$10,584</u> |
| 7 Total Operating Expense | <u>\$107,973</u> | <u>\$61,137</u> | <u>\$169,110</u> | <u>(\$25,082)</u> | <u>\$144,028</u> | <u>\$18,326</u> | <u>\$162,354</u> |
| 8 Operating Income | <u>(\$14,789)</u> | <u>\$51,907</u> | <u>\$37,118</u> | <u>(\$30,374)</u> | <u>\$6,744</u> | <u>\$26,994</u> | <u>\$33,738</u> |
| 9 Rate Base | <u>\$182,507</u> | | <u>\$433,619</u> | | <u>\$433,619</u> | | <u>\$433,619</u> |
| 10 Rate of Return | <u>-8.10%</u> | | <u>8.56%</u> | | <u>1.56%</u> | | <u>7.78%</u> |

Labrador Utilities, Inc.
Statement of Wastewater Operations
Test Year Ended 12/31/05

Schedule No. 3-B
Docket No. 060262-SU

| Description | Test Year Per Utility | Utility Adjust- ments | Adjusted Test Year Per Utility | Comm. Adjust- ments | Comm. Adjusted Test Year | Revenue Increase | Revenue Requirement |
|----------------------------------|-----------------------------|-----------------------------|--------------------------------------|---------------------------|--------------------------------|---------------------------|------------------------|
| 1 Operating Revenues: | <u>\$327,716</u> | <u>\$112,810</u> | <u>\$440,526</u> | <u>(\$96,518)</u> | <u>\$344,008</u> | <u>\$51,294</u> 14.91% | <u>\$395,301</u> |
| Operating Expenses | | | | | | | |
| 2 Operation & Maintenance | \$183,849 | \$0 | \$183,849 | \$0 | \$183,849 | 0 | \$183,849 |
| 3 Depreciation | 50,837 | 0 | 50,837 | 0 | 50,837 | 0 | 50,837 |
| 4 Amortization | 529 | (529) | 0 | 0 | 0 | 0 | 0 |
| 5 Taxes Other Than Income | 37,165 | 6,973 | 44,138 | (7,649) | 36,489 | 2,308 | 38,797 |
| 6 Income Taxes | <u>15,148</u> | <u>44,537</u> | <u>59,685</u> | <u>(49,028)</u> | <u>10,657</u> | <u>18,433</u> | <u>29,091</u> |
| 7 Total Operating Expense | <u>287,528</u> | <u>50,981</u> | <u>338,509</u> | <u>(56,676)</u> | <u>281,833</u> | <u>20,741</u> | <u>302,574</u> |
| 8 Operating Income | <u>40,188</u> | <u>61,829</u> | <u>102,017</u> | <u>(39,842)</u> | <u>62,175</u> | <u>30,552</u> | <u>92,727</u> |
| 9 Rate Base | <u>1,196,341</u> | | <u>1,191,779</u> | | <u>1,191,779</u> | | <u>1,191,779</u> |
| 10 Rate of Return | <u>3.36%</u> | | <u>8.56%</u> | | <u>5.22%</u> | | <u>7.78%</u> |

Schedule No. 3-C

Labrador Utilities, Inc.
 Adjustments to Operating Income
 Test Year Ended 12/31/05

Docket No. 060262-SU

| Explanation | Water | Wastewater |
|--|-------------------|-----------------|
| <u>Operating Revenues</u> | | |
| 1 Remove requested final revenue increase. | (\$55,637) | (97,826) |
| 2 To reflect the appropriate amount of TY Revenues | \$182 | 1,308 |
| Total | <u>(\$55,455)</u> | <u>(96,518)</u> |
| <u>Taxes Other Than Income</u> | | |
| 1 RAFs on revenue adjustments above | (\$2,044) | (5,813) |
| 2 To reflect the appropriate historical TY RAFs | (\$401) | (1,409) |
| 3 To remove proforma payroll taxes. | (\$441) | (427) |
| Total | <u>(\$2,886)</u> | <u>(7,649)</u> |

Labrador Utilities, Inc.
Water Monthly Service Rates
Test Year Ended 12/31/05

Schedule No. 4-A
Docket No. 060262-WS

| | Test year Rates at 12/31/05 | Utility Requested Interim | Utility Requested Final | Commission Approved Interim |
|---|--|--|--|--|
| <u>Residential</u> | | | | |
| Base Facility Charge: | | | | |
| 5/8" x 3/4" | \$6.28 | \$6.61 | \$9.09 | \$8.17 |
| Gallorage Charge | | | | |
| (per 1,000 gallons) | \$3.14 | \$4.31 | \$5.92 | \$4.08 |
| <u>General Service</u> | | | | |
| Base Facility Charge by Meter Size: | | | | |
| 5/8" | \$6.28 | \$6.61 | \$9.09 | \$8.17 |
| 3/4" | \$9.42 | \$9.92 | \$13.64 | \$12.25 |
| 1" | \$15.70 | \$16.52 | \$22.73 | \$20.42 |
| 1-1/2" | \$31.40 | \$33.05 | \$45.45 | \$40.84 |
| 2" | \$50.24 | \$52.88 | \$72.72 | \$65.34 |
| 3" | \$100.48 | \$99.15 | \$136.35 | \$130.69 |
| 4" | \$157.00 | \$165.25 | \$227.25 | \$204.20 |
| 6" | \$314.00 | \$330.44 | \$454.55 | \$408.39 |
| Gallorage Charge, per 1,000 | | | | |
| Gallons | \$3.14 | \$4.31 | \$5.92 | \$4.08 |
| <u>Irrigation</u> | | | | |
| Base Facility Charge by Meter Size: | | | | |
| 2" | \$50.24 | \$52.87 | \$72.73 | \$65.34 |
| Gallorage Charge, per 1,000 | | | | |
| gallons | \$3.14 | \$4.31 | \$5.92 | \$4.08 |
| <u>Typical Residential Bills 5/8" x 3/4" Meter</u> | | | | |
| 3,000 Gallons | \$15.70 | \$19.54 | \$26.85 | \$20.41 |
| 5,000 Gallons | \$21.98 | \$28.16 | \$38.69 | \$28.57 |
| 10,000 Gallons | \$37.68 | \$49.71 | \$68.29 | \$48.97 |

| Labrador Utilities, Inc. Wastewater Monthly Service Rates Test Year Ended 12/31/05 | Schedule 4-B Docket No. 060262-WS | | | |
|--|--------------------------------------|---------------------------------|-------------------------------|-----------------------------------|
| | Test year Rates at 12/31/05 | Utility Requested Interim | Utility Requested Final | Commission Approved Interim |
| <u>Residential</u> | | | | |
| Base Facility Charge All Meter Sizes: | \$12.09 | \$14.36 | \$18.13 | \$13.89 |
| Gallonge Charge - Per 1,000 gallons (10,000 gallon cap) | \$9.34 | \$10.14 | \$12.80 | \$10.73 |
| <u>General Service</u> | | | | |
| Base Facility Charge by Meter Size: | | | | |
| 5/8" | \$12.09 | \$14.36 | \$18.13 | \$13.89 |
| 3/4" | \$18.14 | \$21.54 | \$27.20 | \$20.84 |
| 1" | \$30.23 | \$35.90 | \$45.32 | \$34.74 |
| 1-1/2" | \$60.45 | \$71.80 | \$90.65 | \$69.46 |
| 2" | \$96.72 | \$114.80 | \$145.04 | \$111.14 |
| 3" | \$193.44 | \$215.40 | \$271.95 | \$222.28 |
| 4" | \$302.25 | \$359.00 | \$453.25 | \$347.32 |
| 6" | \$604.50 | \$717.94 | \$906.35 | \$694.63 |
| Gallonge Charge, per 1,000 Gallons | \$11.21 | \$12.17 | \$15.36 | \$12.88 |
| <u>Typical Residential Bills 5/8" x 3/4" Meter</u> | | | | |
| 3,000 Gallons | \$40.11 | \$44.78 | \$56.53 | \$46.08 |
| 5,000 Gallons | \$58.79 | \$65.06 | \$82.13 | \$67.54 |
| 10,000 Gallons (Wastewater Gallonge Cap - 10,000 Gallons) | \$105.49 | \$115.76 | \$146.13 | \$121.19 |